



## Testimony

Before the Subcommittee on the  
Western Hemisphere, Committee on  
Foreign Affairs, House of  
Representatives

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# INTER-AMERICAN ORGANIZATIONS

## U.S. Share of Assessed Contributions and U.S. Agencies' Efforts to Monitor Assistance Agreements

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# GAO Highlights

Highlights of [GAO-18-357T](#), a testimony before the Subcommittee on the Western Hemisphere, Committee on Foreign Affairs, House of Representatives

## Why GAO Did This Study

The United States belongs to several inter-American organizations, including the OAS, PAHO, IICA, and PAIGH, which promote democracy, security, health care, agricultural development, and scientific exchange in the Western Hemisphere. The United States helps finance these organizations' operating expenses through assessed contributions. The United States also provides voluntary contributions through the federal funding of assistance agreements to OAS, PAHO, and IICA.

This testimony is based on GAO's June and December 2017 reports that, among other things, (1) determined the amounts and percentages of U.S. assessed contributions to the four organizations, (2) assessed the extent to which U.S. agencies included and documented key monitoring provisions as part of their assistance agreements, and (3) assessed the extent to which the organizations' strategic goals align with those of U.S. agencies.

GAO analyzed documents and interviewed officials from State, HHS, USAID, USDA, and the four organizations. GAO analyzed the four organizations' audited financial reports and a nongeneralizable sample of 12 assistance agreements awarded by State, USAID, HHS, and USDA active in calendar years 2014 through 2016.

## What GAO Recommends

In its December 2017 report, GAO recommended that (1) USDA ensure inclusion of all monitoring provisions as part of agreements and (2) USAID and USDA ensure full documentation of monitoring activities. USDA and USAID concurred with GAO's recommendations.

View [GAO-18-357T](#). For more information, contact Thomas Melito at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov).

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## INTER-AMERICAN ORGANIZATIONS

### U.S. Share of Assessed Contributions and U.S. Agencies' Efforts to Monitor Assistance Agreements

## What GAO Found

While the United States' assessed contributions constituted over 57 percent of total assessed contributions by member states to four inter-American organizations from 2014 to 2016, the U.S. share may be reduced in the near future (see table). In response to a statutory requirement, the U.S. Department of State (State) said it submitted to Congress a strategy that included working with the Organization of American States (OAS) member states toward ensuring that the OAS would not assess any single member state a contribution amounting to more than 50 percent of all OAS assessed contributions. At the OAS General Assembly in June 2017, OAS member states voted to draft a proposal to modify its system for determining member states' assessed contributions to potentially reduce the maximum assessed contribution to below 50 percent. The other three organizations use OAS's system for setting assessed contributions. Hence, any change in contributions at OAS should also be reflected at Pan American Health Organization (PAHO), Inter-American Institute for Cooperation on Agriculture (IICA), and the Pan-American Institute of Geography and History (PAIGH).

**U.S. Assessed and Voluntary Contributions Provided to Four Inter-American Organizations for 2016, as Dollar Amounts and as Percentages of Totals for All Member States**

	Assessed contributions dollars (percentage)	Voluntary contributions dollars (percentage)
Organization of American States (OAS)	49 million (59.47)	17 million (61.78)
Pan American Health Organization (PAHO)	63.5 million (59.45)	13 million (57.60)
Inter-American Institute for Cooperation on Agriculture (IICA)	17.5 million (59.47)	2 million (2.23)
Pan-American Institute of Geography and History (PAIGH)	0.3 million (57.59)	None (0)

Sources: GAO analysis of data from the OAS, PAHO, IICA, and PAIGH. | GAO-18-357T

State, the Department of Health and Human Services (HHS), the U.S. Agency for International Development (USAID), and the U.S. Department of Agriculture (USDA) provide voluntary contributions to OAS, PAHO, and IICA in the form of assistance agreements (e.g., grants and cooperative agreements). In December 2017, GAO reported that its review of 12 such agreements across the four agencies found that State and USDA did not include all key monitoring provisions in their agreements as called for by applicable guidance. State has since taken corrective action. GAO also found that all four U.S. agencies did not have full documentation of 18 of the 42 monitoring activities required by the 12 assistance agreements GAO reviewed. For example, USDA did not have full documentation, such as financial reports, of any of its 10 required monitoring activities, and USAID did not have full documentation of 2 of its 11 required activities. State and HHS said they initiated corrective action before our review. If an agency does not have full documentation of monitoring activities, it may lack information needed to make appropriate budgetary and programmatic decisions.

GAO found that the strategic goals of the OAS, PAHO, IICA, and PAIGH are predominantly aligned with the strategic goals of State, USAID, HHS, and USDA. According to agency officials, the agencies employ mechanisms to ensure that assistance agreements with these organizations align with U.S. goals.

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Chairman Cook, Ranking Member Sires, and Members of the Subcommittee:

I am pleased to be here to discuss our work regarding U.S. assistance to inter-American organizations. The United States belongs to several inter-American organizations that, among other things, promote democracy, security, health care, agricultural development, and scientific exchange in the Western Hemisphere. These organizations include the Organization of American States (OAS), the Pan American Health Organization (PAHO), the Inter-American Institute for Cooperation on Agriculture (IICA), and the Pan-American Institute of Geography and History (PAIGH). The United States uses its membership in these organizations to promote U.S. interests in the Western Hemisphere. According to the Department of State (State), the OAS is the premier multilateral forum in the Western Hemisphere for regional dispute resolution and promotion of democratic governance. The United States also works with PAHO, IICA, and PAIGH to provide technical support and guidance in areas including public health, agriculture, and cartography.

State provides the United States' assessed contributions to these four organizations' regular budgets.<sup>1</sup> State, the Department of Health and Human Services (HHS), the U.S. Agency for International Development (USAID), and the U.S. Department of Agriculture (USDA) also provide project-specific voluntary contributions to the OAS, PAHO, and IICA through assistance agreements, which include grants and cooperative agreements.<sup>2</sup> For calendar year 2016, the United States' assessed contributions to these four organizations totaled over \$130 million, and voluntary contributions to the OAS, PAHO, and IICA totaled \$32 million. OAS, PAHO, IICA, and PAIGH have established mechanisms for overseeing their use of these funds, such as external auditors and internal audit boards as required by the standards of the Institute of

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<sup>1</sup>The United States and other member states finance most of the regular budgets for these organizations through assessed contributions, which are used primarily to fund operating expenses.

<sup>2</sup>We worked with the four U.S. agencies and officials from the OAS, PAHO, and IICA to establish a consistent definition of "voluntary contributions" as funds provided by governments to these organizations for implementing specific projects outside the contributors' respective countries. According to PAIGH officials, PAIGH funds its regular budget and technical assistance projects through its assessed contributions from member states.

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Internal Auditors. State and USDA have directly supported these oversight mechanisms.

My testimony today summarizes the findings from our June 2017 report and our December 2017 report on U.S. assistance to inter-American organizations.<sup>3</sup> This testimony addresses, for calendar years 2014 through 2016, (1) the amounts and percentages of U.S. assessed contributions to the four organizations, (2) the extent to which U.S. agencies included and documented key monitoring provisions as part of their assistance agreements, and (3) the extent to which the organizations' strategic goals align with those of U.S. agencies.

For our reports, we analyzed strategic planning and budget documentation from the four organizations for calendar years 2014 through 2016. We also interviewed officials from the four organizations, as well as officials from State, HHS, USAID, and USDA, which provide contributions to these four organizations. To assess U.S. agencies' oversight of assistance agreements, we identified 60 active assistance agreements that these agencies awarded to OAS, PAHO, and IICA during calendar years 2014 through 2016 and selected a nongeneralizable sample of 12 agreements, three each from HHS, State, USAID, and USDA. We selected the three agreements from each agency based on the lowest, median, and highest dollar value. We assessed whether the agencies' agreements included key monitoring provisions implementing applicable agency guidance.<sup>4</sup> We identified key monitoring provisions agencies are to include as part of their agreements as provisions that ensure oversight of the use of funds by requiring monitoring activities, such as financial and progress reports.<sup>5</sup> We then

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<sup>3</sup>GAO, *Inter-American Organizations: Efforts Ongoing for Quota Reform at the Organization of American States, but Reaching Agreement Will Be Difficult*, [GAO-17-572](#) (Washington, D.C.: June 6, 2017), and *Inter-American Organizations: U.S. Agencies Support Oversight Mechanisms but Could Enhance Their Monitoring of U.S. Assistance Agreements*, [GAO-18-219](#) (Washington, D.C.: Dec. 29, 2017).

<sup>4</sup>The key monitoring provisions implement the agency guidance and regulations by assigning responsibilities to the agencies and recipients of the assistance agreements to carry out the required monitoring activities.

<sup>5</sup>These key monitoring provisions did not have to be identical to the language of the monitoring requirement in the agency guidance. However, the monitoring provision had to be related to the requirements. During the time period of our sample of assistance agreements, USDA did not have internal agency guidance applicable to the agreements, but instead cited applicable federal regulations. USDA has since created such agency guidance.

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assessed the extent to which the agencies had documentation of the required monitoring activities and examined the documentation of monitoring activities that they provided. More detailed information on our scope and methodology can be found in the two reports cited above.

We conducted the work on which this statement is based 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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## Background

According to State, the OAS is the primary inter-American political forum through which the United States engages with other countries in the Western Hemisphere to promote democracy, human rights, security, and development. While PAHO, IICA, and PAIGH are independent organizations, the *Charter of the Organization of American States* directs them to take into account the recommendations of the OAS General Assembly and Councils.<sup>6</sup> PAHO, a specialized international health agency for the Americas, works with member countries throughout the region to improve and protect people's health and serves as the Regional Office for the Americas of the World Health Organization, the United Nations agency on health. IICA, among other things, supports its member states' efforts to achieve agricultural development and rural well-being through consultation and the administration of agricultural projects through agreements with the OAS and other entities.<sup>7</sup> PAIGH specializes in regional cartography, geography, history, and geophysics and has facilitated the settlement of regional border disputes.

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<sup>6</sup>*Charter of the Organization of American States (A-41)*, Chapter XVIII, Art. 126.

<sup>7</sup>*Convention on the Inter-American Institute for Cooperation on Agriculture*, Chapter I, Art. 4, March 6, 1979.

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## U.S. Assessed Contributions to Inter-American Organizations and the Reform Act

Member states collectively finance these organizations by providing assessed contributions in accordance with the organizations' regulations. The member states' assessed contributions are intended to finance the organizations' regular budgets, which generally cover the organizations' day-to-day operating expenses, such as facilities and salaries. The budgets are based on each organization's total approved quota assessment and other projected income.<sup>8</sup> Member states of each organization meet to review and approve the organizations' budgets. The exact dollar amount each member state is responsible for providing corresponds to its assessed percentage of the total approved quota assessment for any given year.<sup>9</sup>

In October 2013, the United States enacted the Organization of American States Revitalization and Reform Act of 2013 (Reform Act). The Reform Act directed the Secretary of State to, among other things, submit "a multiyear strategy that...identifies a path toward the adoption of necessary reforms that would lead to an assessed fee structure in which no member state would pay more than 50 percent of the OAS's assessed yearly fees." According to the Reform Act, it is the sense of Congress that, among other things, it is in the interest of the United States, OAS member states, and a modernized OAS that the OAS move toward an assessed quota structure that (1) assures the financial sustainability of the organization and (2) establishes, by October 2018, that no member state pays more than 50 percent of the organization's assessed fees.<sup>10</sup>

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<sup>8</sup>All four organizations apply a similar formula to calculate the dollar amount each member state is responsible for providing. This formula is known as the "assessed quota structure," as explained later in this testimony.

<sup>9</sup>According to State officials, State pays the United States' assessed contributions from its International Organizations Program Account.

<sup>10</sup>Organization of American States Revitalization and Reform Act of 2013, Pub. L. No. 113-41, §§ 5(a)(1)(D)(i) and 4(15) (Oct. 2, 2013). The Reform Act refers to the annual assessed contributions as "assessed fees." State officials told us that these terms are interchangeable.

## The United States Contributed Over Half of Total Assessed Contributions to the Four Organizations, but OAS Member States Have Voted to Consider a Reduction of the U.S. Share

In June 2017, we reported that the United States' assessed contributions constituted over 57 percent of total assessed contributions by member states to four inter-American organizations from 2014 through 2016 (see table 1). During this time, the annual U.S. percentages (or quotas) of these organizations' assessed contributions have remained about the same. Therefore, the actual amounts assessed to the United States generally remained the same.

**Table 1: U.S. Assessed Contributions for Calendar Years 2014–2016, as Dollar Amounts and the Assessed Quota Percentages Used to Calculate the Amounts**

	2014	2015	2016
	dollars (percentage)	dollars (percentage)	dollars (percentage)
Organization of American States (OAS)	48.5 million (59.47)	49 million (59.47)	49 million (59.47)
Pan American Health Organization (PAHO)	66.5 million (59.45 <sup>a</sup> )	66.5 million (59.45 <sup>a</sup> )	63.5 million (59.45 <sup>a</sup> )
Inter-American Institute for Cooperation on Agriculture (IICA)	16.5 million (59.47)	16.5 million (59.47)	17.5 million (59.47)
Pan-American Institute of Geography and History (PAIGH)	0.3 million (57.59 <sup>a</sup> )	0.3 million (57.59 <sup>a</sup> )	0.3 million (57.59 <sup>a</sup> )
<b>Total</b>	<b>131.8 million</b>	<b>132.3 million</b>	<b>130.3 million</b>

Sources: GAO analysis of information from the OAS, PAHO, IICA, and PAIGH. | GAO-18-357T

Note: Each of the organizations establishes an assessed quota structure that sets each member state's percentage of the organization's total approved assessment for any given year. The data in the table reflect the quotas assessed to the United States and do not reflect total payments made by the U.S. government to the organizations' regular budget, which may include other miscellaneous payments.

<sup>a</sup>The United States' quota is slightly different at PAHO and PAIGH than at the OAS because of differences in membership that affect the assessed quota structures established by PAHO and PAIGH.

All four organizations apply a similar assessed quota structure that uses the relative size of member states' economies, among other things, to help determine each member state's assessed contributions. The OAS determines the assessed quota for each member state based on the

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United Nations' methodology, as adapted for the OAS, using criteria that include gross national income, debt burden, and per capita income.<sup>11</sup> The other three organizations use OAS's system for determining member states' quotas to calculate their member states' assessed contributions. Thus, any change in the OAS's assessed quota structure should be reflected at PAHO, IICA, and PAIGH, according to their respective processes regarding the determination of assessed contributions.<sup>12</sup>

The U.S. share of assessed contributions may be reduced in the future. The Reform Act required State to submit a strategy identifying, among other things, a path toward the adoption of necessary reforms to the OAS's assessed quota structure that would lead to a structure in which no member state would pay more than 50 percent of OAS assessed contributions. In response to that requirement, State told us that they submitted to Congress a strategy that included working with OAS member states toward ensuring that the OAS would not assess any single member state a quota of more than 50 percent of all OAS assessed contributions. State officials informed us that they worked with other OAS member states, including Canada and Mexico, to explore assessed quota reform options. For example, State officials consulted with their counterparts from Mexico to review the OAS's assessed quota structure and to consult on alternatives that would adjust all member states' quotas so that no member state's quota exceeds 50 percent of the OAS's assessed contributions. Subsequent to our June 2017 report, at the OAS General Assembly in June 2017, OAS member states voted to draft a proposal to modify the quota structure to potentially reduce the maximum assessed quota to below 50 percent. According to State officials, the modification to the quota structure, if approved, would be gradual and would not be implemented until 2019.<sup>13</sup>

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<sup>11</sup>*Methodology for Calculating the Scale of Quota Assessments to Finance the Regular Fund of the Organization*, AG/RES. 1 (XXXIV-E/07) rev. 1, November 20, 2007. This was originally adopted at the OAS General Assembly plenary session, held on November 13, 2007.

<sup>12</sup>For PAHO, see Provisional Agenda item 4.2, *New Scale of Assessed Contributions*, 54th Directing Council, September 2015. For IICA, see *Convention on the Inter-American Institute for Cooperation on Agriculture*, Chapter VIII, Art. 23. For PAIGH, see *PAIGH Organic Statutes, Rules of Procedure and Agreements 2013–2017*, Chapter XI, Art. 39.

<sup>13</sup>In the course of our audit work for the December 2017 report, we collected information on the status OAS's potential reform of its quota structure after the release of the June 2017 report.



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## U.S. Agencies Provided Voluntary Contributions to OAS, PAHO, and IICA through Assistance Agreements but Could Enhance Their Monitoring of These Agreements

State, HHS, USAID, and USDA fund activities at OAS, PAHO, and IICA in the form of assistance agreements. In our December 2017 report, we reviewed 12 such agreements across the four agencies and found that State and USDA did not include all key monitoring provisions in their agreements as called for by applicable guidance. State has taken corrective action since the grants were awarded. We also found that all four agencies did not have full documentation of 18 of the 42 monitoring activities required by the 12 assistance agreements we reviewed. State and HHS both initiated corrective action prior to our review of the grants.

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## U.S. Agencies Provided Voluntary Contributions through Assistance Agreements to OAS, PAHO, and IICA

The United States provided voluntary contributions to OAS, PAHO, and IICA through project-specific assistance agreements, such as grants and cooperative agreements. According to U.S. agency officials, the organizations' regional knowledge and technical expertise make them effective implementing partners for projects serving U.S. national interests and priorities throughout the hemisphere. From calendar years 2014 through 2016, the United States provided voluntary contributions totaling about \$105 million to the OAS, PAHO, and IICA, as shown in table 2. In 2016, for example, the United States contributed \$32 million, or approximately 22 percent of the total of \$143 million from all member states. According to U.S. officials, levels of U.S. voluntary contributions vary year-to-year due to factors that include the schedule of multiyear agreement disbursements, sudden crises, and member states' priorities. For example, in 2016, USAID approved an assistance agreement for \$2 million to OAS to support international observation of government elections in Haiti.

**Table 2: U.S. Voluntary Contributions for Calendar Years 2014–2016, as Dollar Amounts and Percentages of All Member States’ Voluntary Contributions**

	<b>2014</b>	<b>2015</b>	<b>2016</b>
	<b>dollars (percentage)</b>	<b>dollars (percentage)</b>	<b>dollars (percentage)</b>
Organization of American States (OAS)	18.5 million (48.26)	19.5 million (74.74)	17 million (61.78)
Pan American Health Organization (PAHO)	16 million (56.44)	13 million (69.84)	13 million (57.60)
Inter-American Institute for Cooperation on Agriculture (IICA)	2.5 million (2.61)	3.5 million (4.49)	2 million (2.23)
<b>Total</b>	<b>37 million (22)</b>	<b>36 million (29)</b>	<b>32 million (22)</b>

Sources: GAO analysis of data from the OAS, PAHO, and IICA. | GAO-18-357T

## U.S. Agencies Could Enhance Their Monitoring of Assistance Agreements

In our review of 12 selected assistance agreements from State, HHS, USAID, and USDA (out of a total of 60 active agreements during calendar years 2014 through 2016), we found that none of the agencies had both consistently included all the key monitoring provisions for their agreements and fully documented the monitoring activities required by those provisions. For example, USDA did not have full documentation, such as financial reports, of any of its 10 required monitoring activities, and USAID did not have full documentation of 2 of its 11 required monitoring activities (financial and performance reports). U.S. agencies could have greater assurance that the organizations are using these funds as intended if they enhanced their monitoring of their assistance agreements.

## Two of Four U.S. Agencies Did Not Include All Key Monitoring Provisions in the Agreements We Reviewed

Each of the four agencies has established applicable guidance that calls for agencies to conduct monitoring activities as part of their oversight of their assistance agreements.<sup>14</sup> The agencies implement their guidance by including key provisions to carry out required monitoring activities as part of their agreements. Federal standards for internal control call for agencies to include in agreements all key provisions delineating the parties’ responsibilities. For the 12 agreements we reviewed, the number of key monitoring provisions per agreement varied depending on when

<sup>14</sup>During the time period of our sample of assistance agreements, USDA did not have internal agency guidance applicable to the agreements but instead cited applicable federal regulations. USDA has since created such agency guidance.

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the agency issued and updated its guidance relative to when the agreements were approved.<sup>15</sup>

Federal standards for internal control call for agencies to document internal controls, transactions, and significant events.<sup>16</sup> Specifically, internal control standards state that agency management should include internal control activities (e.g., monitoring activities) in policies or directives for transactions such as assistance agreements.

For the 12 assistance agreements we reviewed, USDA and State did not include provisions implementing 6 of the 55 total (11 percent) monitoring activities required by applicable guidance (see table 3). For example, State did not include two of the key monitoring provisions (a risk assessment and a monitoring plan) in one of its agreements. State took corrective action in 2015 by issuing a standard operating procedure.<sup>17</sup>

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<sup>15</sup>For purposes of this review, we reviewed all of the documentation provided to us by the agency to see if the key monitoring provisions were anywhere in the agreement file, even if they were not in the agreement itself. Also, we used the agency guidance that the agencies told us was applicable and which was in effect at the time the original agreements were issued.

<sup>16</sup>GAO, Standards for Internal Control in the Federal Government, [GAO-14-704G](#) (Washington, D.C.: September 2014), and Standards for Internal Control in the Federal Government, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999). Internal control is a process effected by an entity's management, oversight body, and other personnel that provides reasonable assurance that the objectives of an entity will be achieved.

<sup>17</sup>Department of State, Bureau of Political-Military Affairs, Office of Weapons Removal and Abatement: PM/WRA Standard Operating Procedures, WRA-RM-SOP-006. (January 2015).

**Table 3: Extent to Which U.S. Agencies Included Key Monitoring Provisions for Selected Agreements with the Organization of American States, Pan American Health Organization, and Inter-American Institute for Cooperation on Agriculture**

	Not included	Partially included	Included	Total
USDA	4	1	8	13
State	2	0	19	21
USAID	0	0	6	6
HHS	0	0	15	15
Total	6	1	48	55

Sources: GAO analysis of documentation from the U.S. Department of Agriculture (USDA), Department of State (State), Department of Health and Human Services (HHS), and the U.S. Agency for International Development (USAID). | GAO-18-357T

Note: For purposes of this review, we reviewed all of the documentation provided to us by the agency to see if the key monitoring provisions were anywhere in the agreement file, even if they were not in the agreement itself. Also, we used the agency guidance that the agencies told us were applicable and which were in effect at the time the original agreements were approved.

**None of the U.S. Agencies Had Full Documentation of Monitoring Activities Called for by All of Their Assistance Agreements That We Reviewed**

The agencies specify the requirements to fulfill the key monitoring provisions in the individual assistance agreements, such as by requiring financial reports on a quarterly basis or including specific information in performance reports. Grants officers, if they deem it necessary or appropriate, include additional monitoring provisions requiring activities beyond those required by the applicable guidance, such as site visits.

Federal standards for internal control call for agency management to design monitoring activities, such as financial and performance reporting, so that all transactions are completely and accurately recorded.<sup>18</sup> Recording these activities maintains their relevance and value to management in controlling operations and making decisions. Without access to complete monitoring documentation, the agencies risk weakening the effectiveness of these controls.

None of the four U.S. agencies had full documentation of all of the monitoring activities required by their agreements we reviewed (see table 4). The agencies did not have full documentation of monitoring activities for 9 of the 12 agreements we reviewed. For the 42 monitoring activities identified across all of the individual agreements, the four agencies did not have full documentation of 18 of the activities (43 percent). However, State took corrective action in May 2017 to address its gaps in documentation, and according to HHS officials, the Food and Drug

<sup>18</sup>See [GAO-14-704G](#).

Administration addressed its gap in documentation by implementing its agreement monitoring program in fiscal year 2018.

**Table 4: Extent to Which U.S. Agencies Had Documentation of Monitoring Activities for Selected Assistance Agreements with the Organization of American States, Pan American Health Organization, and Inter-American Institute for Cooperation on Agriculture**

	Not documented	Partially documented	Fully documented	Total
USDA	8	2	0	10
USAID	0	2	9	11
State	1	4	11	16
HHS	0	1	4	5
<b>Total</b>	<b>9</b>	<b>9</b>	<b>24</b>	<b>42</b>

Sources: GAO analysis of documentation from the U.S. Department of Agriculture (USDA), Department of State (State), U.S. Agency for International Development (USAID), and Department of Health and Human Services (HHS). | GAO-18-357T

## The Strategic Goals of the Four Inter-American Organizations Are Predominantly Aligned with U.S. Agencies' Strategic Goals

In our December 2017 report, we found that the strategic goals of the four inter-American organizations are predominantly aligned with the high-level strategic goals for the Western Hemisphere documented by State, USAID, HHS, and USDA, as shown in table 5. For example, four of the five goals in State and USAID's Joint Strategy correspond with goals at the OAS, IICA, and PAIGH. According to officials, the agencies all consider U.S. strategic goals when deciding which projects to fund at OAS, PAHO, and IICA. U.S. agencies, on an ongoing basis, evaluate each inter-American organization to ensure U.S. and organization goals are aligned. For example, according to USAID officials, USAID's assistance project design and approval policies and procedures ensure that all USAID-funded activities are linked to applicable U.S. and USAID strategies.

**Table 5: U.S. Strategic Goals for Foreign Assistance in the Region Compared with the Goals of Four Inter-American Organizations**

U.S. strategic goals, by agency		Organizations' strategic goals	
<b>State/WHA and USAID/LAC</b>	<ul style="list-style-type: none"> <li>A secure and democratic future for all citizens in Latin America and the Caribbean</li> </ul>	<b>OAS</b>	<ul style="list-style-type: none"> <li>Democracy</li> <li>Human rights</li> <li>Integral development</li> <li>Multidimensional security</li> </ul>
	<ul style="list-style-type: none"> <li>Social inclusion and essential social services for all peoples of the Americas</li> <li>Expanded economic opportunity and prosperity for the hemisphere</li> <li>A clean and secure energy future and the mitigation of and adaptation to the effects of climate change</li> </ul>	<b>PAIGH</b>	<ul style="list-style-type: none"> <li>Adaptation to climate change</li> <li>Territorial management</li> <li>Management of natural hazards</li> <li>Historic heritage</li> </ul>
	<ul style="list-style-type: none"> <li>A public opinion environment that is supportive of U.S. policy initiatives</li> </ul>	<b>IICA</b>	<ul style="list-style-type: none"> <li>Enhance agriculture's capacity to mitigate the effects of and adapt to climate change and make better use of natural resources</li> </ul>
<b>HHS</b>	<ul style="list-style-type: none"> <li>Protect and promote the health and well-being of Americans through global action</li> <li>Improve global health and well-being by providing international leadership and technical expertise in science, policy, programs, and practice</li> <li>Advance United States interests in international diplomacy, development, and security through global action</li> </ul>	<b>PAHO</b>	<ul style="list-style-type: none"> <li>Promote health and well-being</li> <li>Advocate a multisectoral approach aimed at addressing the social determinants of health</li> <li>Foster collaboration with all the countries and territories toward the progressive realization of universal health coverage</li> </ul>
<b>USDA</b>	<ul style="list-style-type: none"> <li>Trade promotion</li> <li>Trade policy</li> <li>Trade capacity building and food security</li> </ul>	<b>IICA</b>	<ul style="list-style-type: none"> <li>Make the agricultural sector more productive and competitive</li> <li>Enhance agriculture's contribution to territorial development and to rural well-being</li> <li>Enhance agriculture's contribution to food security contribution to food security</li> </ul>

Sources: GAO analysis of strategic documents from the Department of Health and Human Services (HHS), Department of State's (State) Bureau of Western Hemisphere Affairs (WHA), U.S. Agency for International Development's (USAID) Bureau for Latin American and the Caribbean (LAC), U.S. Department of Agriculture (USDA), Organization of American States (OAS), Pan American Health Organization (PAHO), Inter-American Institute for Cooperation on Agriculture (IICA), and Pan-American Institute of Geography and History (PAIGH). | GAO-18-357T

Note: According to agency officials, these goals are subject to revision and will be updated in accordance with the policies of the current administration. State/WHA and USAID/LAS's joint strategy and USDA's strategic plan were to be in effect during fiscal years 2015-2018. HHS's strategy was to be in effect during fiscal years 2015-2019.

In conclusion, monitoring the implementation of U.S. assistance agreements and fully documenting the results of such monitoring are key management controls to help ensure that U.S. agreement recipients use federal funds appropriately and effectively. The agencies risk weakening the effectiveness of these controls by not including in their assistance agreements all the key monitoring provisions called for by applicable agency guidance. Further, if the agencies do not have full documentation of the agreements' required monitoring activities, they may not be able to effectively manage federally funded projects that support U.S. strategic

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goals. In addition, agencies may not have all the information they need to make budgetary and programmatic decisions.

In our December 2017 report, we recommended that (1) USDA ensure inclusion of all monitoring provisions as part of agreements and (2) USAID and USDA ensure full documentation of monitoring activities. The agencies concurred with these recommendations and indicated that they will take actions to address them. For example, USAID said it would issue an agency notice to remind all agreement officers to maintain complete files for each agreement.

Chairman Cook, Ranking Member Sires, and Members of the Subcommittee, this concludes my prepared statement. I would be pleased to answer any questions that you may have at this time.

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## GAO Contact and Staff Acknowledgments

If you or your staff have any questions about this testimony, please contact Thomas Melito, Director, International Affairs and Trade at (202) 512-9601 or [melitot@gao.gov](mailto:melitot@gao.gov). Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. GAO staff who made key contributions to this testimony include Pierre Toureille (Assistant Director), Julia Jebo Grant (Analyst-in-Charge), Leslie Stubbs, Paul Sturm, Alana Miller, Shirley Min, Kira Self, and Rhonda Horried. In addition, David Dayton, Martin de Alteriis, Neil Doherty, Jeff Isaacs, and Alex Welsh provided technical assistance.

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