



Highlights of [GAO-12-802T](#), a testimony before the Subcommittee on Oversight and Investigations, Committee on Foreign Affairs, House of Representatives

Why GAO Did This Study

Since 2002, the United States has appropriated nearly \$90 billion to help stabilize Afghanistan and build the Afghan government's capacity to provide security, enhance governance, and develop a sustainable economy. To assist Congress in its oversight, GAO has issued over 100 reports and testimonies related to U.S. efforts in Afghanistan, including those managed by USAID and the Departments of Defense and State. USAID provides assistance to Afghanistan through contracts and assistance instruments, such as grants and cooperative agreements, and in the form of direct assistance—funding provided through the Afghan national budget for use by its ministries. Direct assistance is provided (1) bilaterally to individual Afghan ministries or (2) multilaterally through trust funds administered by the World Bank and the United Nations Development Program. This testimony discusses findings from GAO reports issued primarily in 2010 and 2011 that cover USAID's (1) management of contracts and assistance instruments, (2) oversight of development-related program performance and results, and (3) accountability for direct assistance.

What GAO Recommends

GAO is not making new recommendations but has made numerous recommendations aimed at improving USAID's management and oversight of assistance funds in Afghanistan. USAID has generally concurred with most of these recommendations and has taken or planned steps to address them.

View [GAO-12-802T](#). For more information, contact John P. Hutton at (202) 512-4841 or huttonj@gao.gov, or Charles Michael Johnson, Jr. at (202) 512-7331 or johnsoncm@gao.gov.

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AFGHANISTAN

USAID Oversight of Assistance Funds and Programs

What GAO Found

The U.S. Agency for International Development (USAID) has experienced systemic challenges that have hindered its ability to manage and oversee contracts and assistance instruments in Afghanistan. Key challenges include gaps in planning for the use of contractors and assistance recipients and having visibility into their numbers. For example, GAO reported in April 2010 that, absent strategic planning for its use of contractors, individual offices within USAID often made case-by-case decisions on using contractors to support contract or grant administration and risks, such as possible conflicts of interest, were not always addressed. While having reliable data on contractors and assistance recipients is a starting point for informing agency decisions and ensuring proper management, GAO has also reported on limitations in USAID's visibility into the number and value of contracts and assistance instruments in Afghanistan, as well as the number of personnel working under them. USAID, along with other agencies, has not implemented GAO's recommendation to address such limitations. USAID, however, has taken other actions to mitigate risks associated with awarding contracts and assistance instruments in Afghanistan. In June 2011, GAO reported on USAID's vendor vetting program, then in its early stages, which was designed to counter potential risks of U.S. funds being diverted to support criminal or insurgent activity. GAO recommended that USAID take a more risk-based approach to vet non-U.S. vendors and develop formal mechanisms to share vetting results with other agencies, both of which USAID agreed to do.

GAO has found systematic weaknesses in USAID's oversight and monitoring of project and program performance in Afghanistan. In 2010, GAO reported that USAID did not consistently follow its established performance management and evaluation procedures for Afghanistan agriculture and water sector projects. For example, only two of seven USAID-funded agricultural programs included in GAO's review had targets for all their performance indicators. Moreover, the USAID Mission was operating without a required performance management plan. In addition, GAO reported on a lack of documentation of key programmatic decisions and an insufficient method to transfer knowledge to successors. USAID has taken several actions in response to these findings, such as updating its performance management plan and establishing mandatory guidelines on file maintenance to help ensure knowledge transfer.

USAID has established and generally complied with various financial and other controls in its direct assistance agreements, such as requiring separate bank accounts and maintenance of records subject to audit. However, GAO found in 2011 that USAID had not always assessed the financial risks in providing direct assistance to Afghan government entities before awarding funds. For example, USAID did not complete preaward risk assessments in two of eight cases of bilateral assistance GAO identified. With regard to direct assistance provided multilaterally through the World Bank's Afghanistan Reconstruction Trust Fund (ARTF), GAO found in 2011 that USAID had not consistently complied with its own risk assessment policies, and USAID had not conducted a risk assessment before awarding \$1.3 billion to ARTF in March 2010. In response to GAO reports, USAID revised and expanded its guidance on preaward risk assessments for the World Bank and other public international organizations.