



Highlights of [GAO-09-192](#), a report to congressional requesters

Why GAO Did This Study

In January 2006, to better align foreign assistance programs with U.S. foreign policy goals, the Secretary of State appointed the Administrator of the U.S. Agency for International Development (USAID) to serve concurrently as Director of Foreign Assistance (DFA) and gave the DFA authority over all Department of State and USAID foreign assistance funding and programs. The Office of the Director of Foreign Assistance (State/F) was given responsibility for reforming foreign assistance by, among other things, consolidating State and USAID foreign assistance processes. GAO was asked to (1) examine State/F's key efforts to consolidate State and USAID foreign assistance processes and (2) identify any key challenges that affect State/F's reform of foreign assistance. GAO evaluated budget, planning, and other documents and interviewed agency officials in Washington, D.C.; Ethiopia; Haiti; Jordan; Kenya; Peru; and Ukraine.

What GAO Recommends

GAO is making seven recommendations to enhance State-USAID organizational transformation, interagency coordination and collaboration, planning processes, and workforce management. State and USAID generally acknowledged or agreed to consider six of the seven recommendations but asserted they had met the one related to regional planning. GAO maintains this recommendation is valid; it is important that an agency clearly capture all relevant programs and activities in its planning processes.

View [GAO-09-192](#) or [key components](#). For more information, contact Denise Fantone at (202) 512-4997 or fantoned@gao.gov; or David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

FOREIGN AID REFORM

Comprehensive Strategy, Interagency Coordination, and Operational Improvements Would Bolster Current Efforts

What GAO Found

Since June 2006, in its efforts to consolidate State and USAID foreign assistance processes, State/F has implemented certain key practices that are characteristic of successful organizational transformations—for example, developing a mission statement and involving employees. In addition, State/F has taken several steps to consolidate State and USAID planning and budgeting processes—for example, instituting common program definitions for the use of foreign assistance funds to collect, track, and report on data related to program funding and results. State/F also began developing annual operational plans, based on the common program definitions, to serve as annual expenditure plans, performance plans, and performance reports for State and USAID foreign assistance projects worldwide and to provide descriptive information about other U.S. government agencies' foreign assistance programs. Moreover, State/F initiated a pilot program for developing a 5-year country assistance strategy (CAS) intended to provide a comprehensive view of all U.S. foreign assistance activities in every country in which U.S. resources are targeted. Further, beginning with fiscal year 2008, State/F implemented a joint State-USAID foreign assistance budget process to bring needed coherence of program activities and accountability for resources. Finally, State/F established an integrated State-USAID workforce to direct the consolidation of State and USAID foreign assistance operations.

Despite this progress, State/F faces challenges that could constrain its efforts to reform foreign assistance. For example, State/F lacks time frames for developing a comprehensive U.S. foreign assistance strategy—one of its assigned responsibilities—and fully implementing the 5-year CAS. As a result, State/F has limited capacity to demonstrate progress in these key reform efforts. State/F also lacks a clear, consistent strategy for communicating with USAID and State employees about its efforts, leading to confusion among staff and hindering management-staff relations; although State/F has devised an initial plan to address this challenge, it has not yet carried out this plan. In addition, State/F's operational plans do not adequately describe some of USAID's regional foreign assistance activities, and consequently senior management may lack a holistic overview of foreign assistance resources needed to make informed trade-offs among various priorities. Further, the goals and measures in State/F's country operational plans sometimes do not align with those of other agencies providing foreign assistance in the country, limiting State/F's assurance that all U.S. foreign assistance funds in the country are strategically tied to broader U.S. foreign policy goals in the country. Finally, both a 2008 State/F internal review and GAO found that State/F had not yet clearly defined the roles of some of its employees and organizational units and had not matched all employees' skills with their positions. State/F has taken initial steps in response to the internal report's findings, including defining the roles and responsibilities of various executive and managerial positions and organizational units, but has not yet done so for all State/F staff, and has not developed a long-term workforce management plan to address workforce planning challenges.