

Why GAO Did This Study

The United States has allocated over \$72 billion to Afghanistan since 2002. With other international donors, it is focused on transitioning leadership to the Afghan government and has pledged to provide at least 50 percent of its development aid through the Afghan government budget. Improving Afghanistan's public financial management capacity is critical to this transition. In 2010, the Afghan government, consulting with donors, issued a *Public Financial Management Roadmap* (Roadmap), which outlines goals to improve Afghanistan's capacity to develop a national budget and expend funds.

GAO reviewed (1) U.S. efforts to improve the Afghan government's public financial management capacity, including the extent to which they support Roadmap goals, and (2) the extent to which U.S. efforts have improved the government's capacity. GAO reviewed documents and interviewed officials from the U.S. Agency for International Development (USAID); Departments of State, Defense (DOD), and the Treasury (Treasury); World Bank; and Afghan government in Washington, D.C., and Kabul, Afghanistan.

What GAO Recommends

GAO recommends that the USAID Administrator take steps to (1) establish performance targets in its Mission Performance Management Plan (PMP); (2) ensure implementing partners' PMPs include baselines and approved targets; and (3) ensure implementing partners routinely report performance data. USAID concurred with GAO recommendations and is taking steps to address them.

View [GAO-11-907](#). For more information, contact Charles Michael Johnson, Jr., at (202) 512-7331 or johnsoncm@gao.gov.

AFGHANISTAN GOVERNANCE

Performance-Data Gaps Hinder Overall Assessment of U.S. Efforts to Build Financial Management Capacity

What GAO Found

USAID, Treasury, and DOD support the *Public Financial Management Roadmap* (Roadmap) goals through various activities such as (1) USAID projects that provide technical assistance and training to Afghan civil servants, (2) Treasury advisers' assistance to the Ministry of Finance (MOF), and (3) DOD's Combined Security Transition Command–Afghanistan (CSTC-A) that provides support to the Ministries of Defense (MOD) and Interior (MOI). GAO found that these efforts are aligned with the Roadmap goals. USAID provides training and technical assistance mainly through two contractor-implemented projects. One USAID project provides technical assistance to 37 civilian ministries to develop their annual budgets, while another USAID project provides training in areas such as financial management and procurement to Afghan civil servants. Treasury provides technical assistance through 6 advisers in MOF, who work with senior officials on issues such as budget execution. Through CSTC-A, DOD has 22 advisers at MOD and MOI, who advise officials on developing their budgets and strengthening the payroll system to improve accuracy.

The overall extent to which U.S. efforts have improved the public financial management capacity of the Afghan government cannot be fully determined because (1) U.S. agencies have reported mixed results, and (2) weaknesses in USAID's performance management frameworks, such as lack of performance targets and data, prevent reliable assessments of its results. USAID's evaluations of its two public financial management projects indicate that some activities were successfully completed, while others were terminated because these activities were not deemed useful. Treasury advisers assessed that although their assistance at MOF had a positive effect, some results had limitations. For example, advisers assessed that their efforts to design reports for improved communication of financial information were not as successful as they had expected. Additionally, CSTC-A assessed that while MOD has made progress since 2008 and can perform critical financial management functions with minimal international support, MOI still needs significant international support for such operations. In early 2010, CSTC-A projected that MOD would transition to needing no coalition support for finance and budget functions by January 2012, and MOI would reach a similar goal by March 2012. However, in early 2011, CSTC-A extended time frames for meeting its benchmarks for MOD and MOI to March 2012 and November 2012, respectively. Regarding deficiencies in USAID's performance management framework, both the USAID Mission performance management plan and project-specific plans lack performance targets as required for each indicator related to public financial management. Additionally, implementing partners, such as contractors, have not consistently reported performance data for all indicators. Moreover, baselines for public financial management capacity of civilian ministries have not yet been established. In the absence of baselines, performance targets, and data, it is difficult to assess the extent to which USAID efforts have increased the public financial management capacity of Afghan ministries.