



Highlights of GAO-07-147, a report to congressional requesters

Why GAO Did This Study

U.S. law authorizes aid for nonviolent democratic change in Cuba. From 1996–2005, State and USAID awarded grants totaling \$74 million to support such change. A presidential commission recently recommended increasing funding for these efforts.

This report examines (1) agency roles in implementing this aid and selection of grantees; (2) types of aid, recipients, and methods of delivery reported in 2005; (3) oversight of grantees; and (4) data about the impact of this aid.

To address these objectives, we analyzed the activities and internal controls, and USAID's oversight and management of, 10 grantees with about 76 percent (in dollars) of total active awards for Cuba democracy aid. Our review focused on USAID because State's first awards were not made until mid-2005.

What GAO Recommends

GAO recommends that State and USAID work jointly to improve interagency communication about Cuba assistance, and that USAID improve its management and oversight of grantees.

State and USAID officials said that they were taking steps to improve interagency communications. USAID said it was taking steps to improve the agency's management, monitoring, and evaluation of democracy assistance to Cuba.

www.gao.gov/cgi-bin/getrpt?GAO-07-147.

To view the full product, including the scope and methodology, click on the link above. For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

FOREIGN ASSISTANCE

U.S. Democracy Assistance for Cuba Needs Better Management and Oversight

What GAO Found

The Department of State (State) and the U.S. Agency for International Development (USAID) implement U.S. democracy assistance for Cuba through an interagency process. However, communication between these agencies was sometimes ineffective, most critically about grantees' on-island activities. About 95 percent (\$62 million) of USAID's total awards were made in response to unsolicited proposals; however, after 2004, both USAID and State used formal competition to select grantees.

Dissidents in Havana said that U.S. assistance provided moral support and enhanced their ability to work for democracy. In 2005, the 10 grantees we reviewed delivered humanitarian and other aid, training, and information to human rights and political activists, independent librarians and journalists, and political prisoners and their families. Assistance shipped to Cuba included food, medicine, clothing, office equipment and supplies, shortwave radios, books, and newsletters. Grantees also conducted international advocacy for human and workers' rights in Cuba and planned for a future democratic transition. Given the Cuban government's repressive policies and opposition to U.S. democracy assistance, grantees employed a range of discreet delivery methods that varied in terms of security, flexibility, and cost. The U.S. Interests Section in Havana, Cuba, a State post, has played an important role in distributing the aid provided by some grantees.

Internal controls—both over the awarding of Cuba program grants and oversight of grantees—do not provide adequate assurance that the grant funds are being used properly and that grantees are in compliance with applicable laws and regulations. Preaward reviews of grantees were not always completed before awards, and USAID did not follow up adequately after awards to correct weaknesses in grantee policies, procedures, and accounting systems identified by these reviews. In addition, standardized grant agreements did not provide sufficient details to support program accountability or the correction of the weaknesses identified by preaward reviews. The Cuba program office also did not adequately manage at-risk grantees and lacked formal review or oversight procedures for monitoring grantee activities. We performed limited testing for 10 grantees and identified questionable expenditures and significant internal control weaknesses with 3 grantees that USAID had not detected.

The Cuban government's active opposition to U.S. democracy assistance presents a challenging operating environment for State and USAID. Although USAID and its grantees have some evaluation and anecdotal information about program results, they have focused on measuring and reporting program activities, such as the volume of food, medicine, or books sent to Cuba. USAID recently took several steps to collect better information about program results, such as increasing staff expertise and meeting more regularly with grantees.