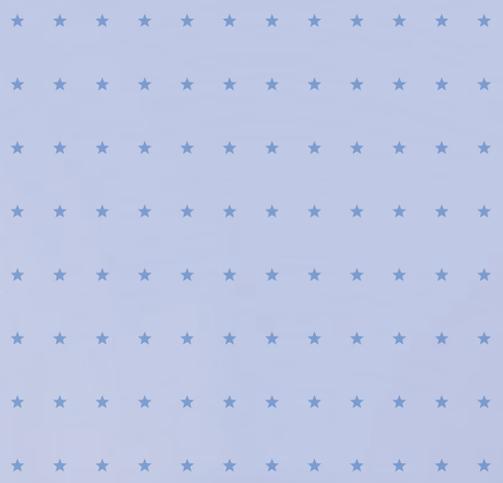


# AGENCY FINANCIAL REPORT FISCAL YEAR 2020

A FOUNDATION BUILT ON DECADES  
OF GLOBAL HEALTH INVESTMENT



**USAID**  
FROM THE AMERICAN PEOPLE

*(Preceding page)* Dr. Claudia Cecilia Pérez talking to a patient at Erasmo Meoz University Hospital in Cucuta, Colombia, which is located along the Colombo-Venezuelan border. Supporting the hospital and its staff—with equipment, medical supplies, and a tent for overflow Colombian and Venezuelan patients—is part of USAID’s ongoing assistance in the region. This support has helped the hospital as it shifted its focus to treat COVID-19 patients. PHOTO: DAVE COOPER FOR USAID



<https://medium.com/usaaid-2030/the-c%C3%BAcuta-doctors-2d0be24826ec>



<https://youtu.be/XymOljrAdBU>

# ABOUT THIS REPORT

The *Agency Financial Report* (AFR) of the U.S. Agency for International Development (USAID) for Fiscal Year (FY) 2020 provides an overview of the Agency's performance and financial information. The AFR demonstrates to Congress, the President, and the public USAID's commitment to its mission and accountability for the resources entrusted to it. This report is available on USAID's website at <https://www.usaid.gov/results-and-data/progress-data/agency-financial-report> and includes information that satisfies the reporting requirements contained in the following legislation:

- ★ Inspector General Act of 1978 – requires information on management actions in response to audits produced by the Office of Inspector General (OIG);
- ★ Federal Managers' Financial Integrity Act (FMFIA) of 1982 – requires ongoing evaluations of, and reports on, the adequacy of internal accounting systems and administrative controls, not just over financial reporting, but also over program areas;
- ★ Chief Financial Officers (CFO) Act of 1990 – requires improved Federal Government financial accounting and reporting;
- ★ Government Management Reform Act (GMRA) of 1994 – requires annual audited department- and agency-level financial statements, as well as an annual audit of U.S. Government-wide consolidated financial statements;
- ★ Federal Financial Management Improvement Act (FFMIA) of 1996 – requires an assessment of a department or agency's financial management systems for adherence to U.S. Government-wide requirements to ensure accurate, reliable, and timely financial-management information;
- ★ Reports Consolidation Act of 2000 – permits departments and agencies to prepare a combined Performance and Accountability Report (PAR). During FY 2007 and FY 2008, the Office of Management and Budget (OMB) conducted a pilot in which it permitted departments and agencies to produce an alternative to the consolidated PAR, which USAID has done since FY 2007;
- ★ Accountability of Tax Dollars Act (ATDA) of 2002 – expands auditing requirements for financial statements to agencies not covered by the CFO Act;
- ★ Government Performance and Results Act (GPRA), as amended by the GPRA Modernization Act (GPRAMA) of 2010 – requires quarterly performance reviews of Federal policy and management priorities;
- ★ Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments Elimination and Recovery Act (IPERA) of 2010 and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 – requires departments and agencies to improve efforts to reduce and recover improper payments and requires Federal departments and agencies to expand their efforts to identify, recover, and prevent improper payments; and
- ★ Payment Integrity Information Act of 2019 – Requires each Department and Agency to submit to Congress as part of its AFR information on its progress pursuant to fraud. The law states that Departments and Agencies must report (1) actions taken to address auditors' recovery recommendations for preventing overpayments; and (2) efforts to reduce fraud by implementing Federal financial and administrative controls and procedures to assess and mitigate fraud risks, and developing and using data analytics for the purpose of identifying, preventing, and responding to fraud, including improper payments.

In lieu of a combined PAR, USAID elects to produce an AFR with a primary focus on financial results and a high-level discussion of performance results, along with an *Annual Performance Report* (APR), which details strategic goals and performance results. USAID will submit the FY 2020 APR to OMB in Spring 2021. Both reports will be available at <https://www.usaid.gov/results-and-data/performance-reporting>.



To respond to the pandemic of COVID-19, USAID is providing humanitarian assistance. In the Republic of Zimbabwe, USAID worked with GOAL to reach 2.3 million people with lifesaving messages about COVID-19. PHOTO: GOAL



<https://medium.com/usaid-2030/the-real-life-heroes-behind-usaids-covid-19-humanitarian-response-17170b1b940c>



<https://www.youtube.com/watch?v=vkONGQOOHgg&feature=youtu.be>

“Foreign Assistance is National Security.”

— John Barsa  
Acting USAID Deputy Administrator

## USAID AT A GLANCE

### USAID

- ★ Is an independent Federal Government agency headquartered in Washington, D.C.
- ★ Receives overall foreign-policy guidance from the Secretary of State.
- ★ Is the U.S. Government’s lead international-development and humanitarian-assistance agency, and an essential component of U.S. foreign policy and national security.

### MISSION STATEMENT

On behalf of the American people, the U.S. Agency for International Development (USAID) promotes and demonstrates democratic values abroad, and advances a free, peaceful, and prosperous world. In support of America’s foreign policy, USAID leads the U.S. Government’s international development and disaster assistance through partnerships and investments that save lives, reduce poverty, strengthen democratic governance, and help people emerge from humanitarian crises and progress beyond assistance.

## WHERE USAID WORKS

In more than 100\* countries around the world, the investments USAID makes have long-term benefits for the United States. To explore where, and with whom,

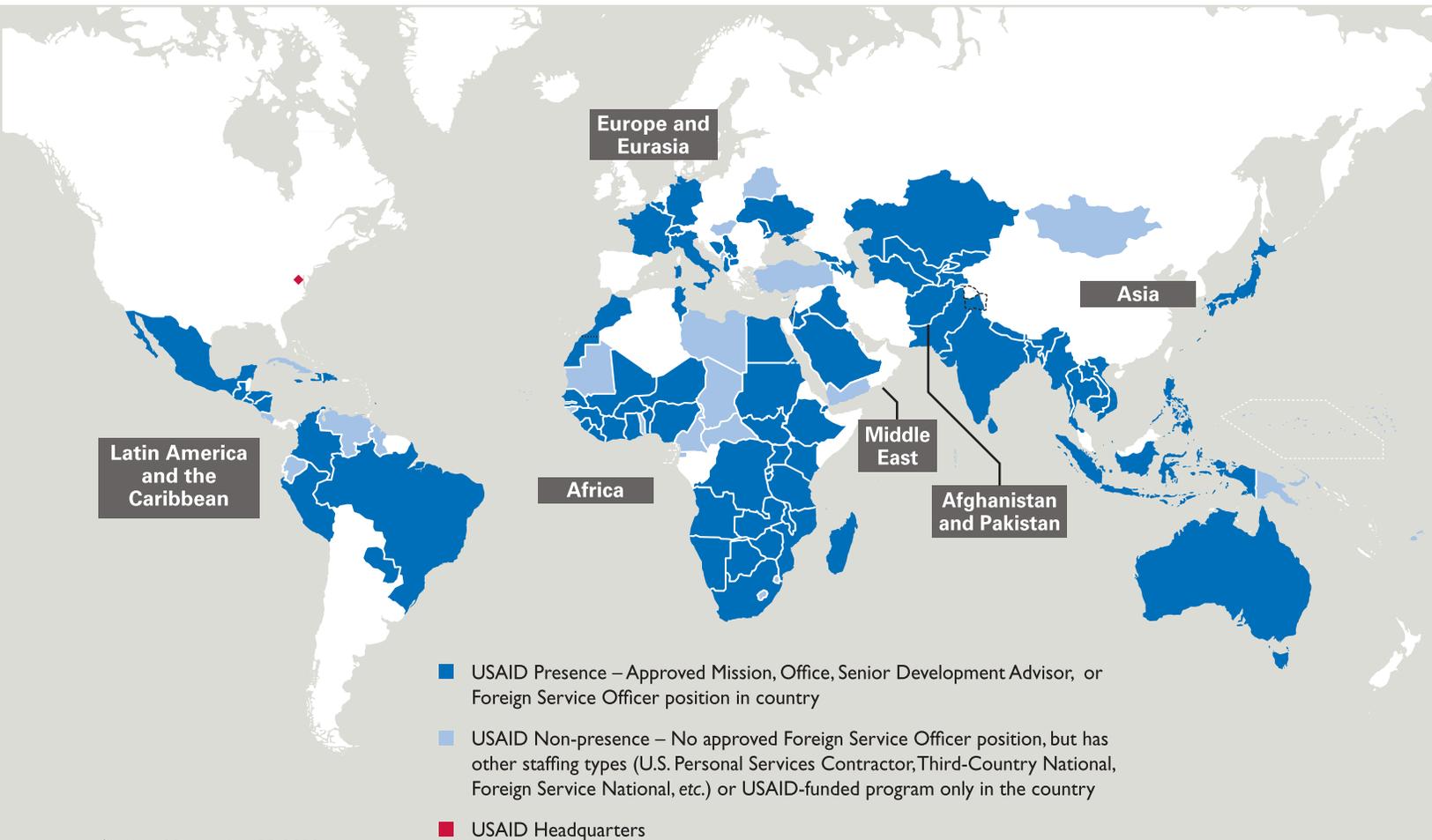
USAID spends your foreign-assistance dollars, and related project stories and results, visit <https://www.usaid.gov/where-we-work>.

## WHY USAID MATTERS

### ADVANCING U.S. SECURITY AND PROSPERITY

USAID’s work advances **U.S. national security and economic prosperity**, demonstrates **American generosity**, and promotes a path to **recipient self-reliance and resilience**. With the goal that foreign aid should ultimately end the need for its existence, USAID provides financial and technical assistance to help governments, civil society, and the private sector in partner countries on their own development Journeys to Self-Reliance (<https://www.usaid.gov/selfreliance>)—to lift lives, build communities, and establish self-sufficiency.

USAID’s efforts are simultaneously from, and for, the American people. While demonstrating U.S. good will around the world, USAID increases global stability by addressing the root causes of violence, opening new markets for U.S. businesses, and generating opportunities for trade.



\* As of September 30, 2020

## SUPPORTING PRIVATE ENTERPRISE

USAID builds dynamic, mutually beneficial partnerships with the private sector to foster economic growth and improve business outcomes in the United States and in the countries where the Agency works. At USAID, working with the private sector is a necessity. In the past 15 years,

USAID has built more than 1,600 partnerships with the private sector that involve more than 3,500 unique organizations and leverage \$16 billion in public and private funds not from the U.S. Government.

## HOW USAID FULFILLS OUR MISSION

USAID transforms. USAID saves lives, reduces poverty; strengthens democratic, citizen-responsive governance; and helps people progress beyond assistance. Through the Agency's work, and that of our partner organizations, development assistance from the American people transforms lives, communities, and economies around the world by:



### Promoting Global Health

Through activities that save lives, strengthen fragile states, and protect Americans at home and abroad.

<https://www.usaid.gov/promoting-global-health>



### Increasing Global Stability

Through work that advances democracy and governance and promotes sustainable development and peace around the world.

<https://www.usaid.gov/supporting-global-stability>



### Providing Humanitarian Assistance

With relief that is timely and effective in response to disasters and life-saving assistance amid complex crises.

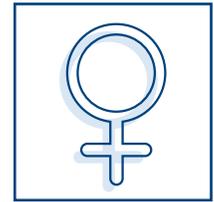
<https://www.usaid.gov/providing-humanitarian-assistance>



### Catalyzing Innovation and Partnership

By identifying new and innovative ways to engage with the private sector for greater scale, sustainability, and effectiveness of development and humanitarian outcomes.

<https://www.usaid.gov/catalyzing-innovation-and-partnership>



### Empowering Women and Girls

Through support for women's equal access to economic opportunities and protecting life.

<https://www.usaid.gov/empowering-women-and-girls>

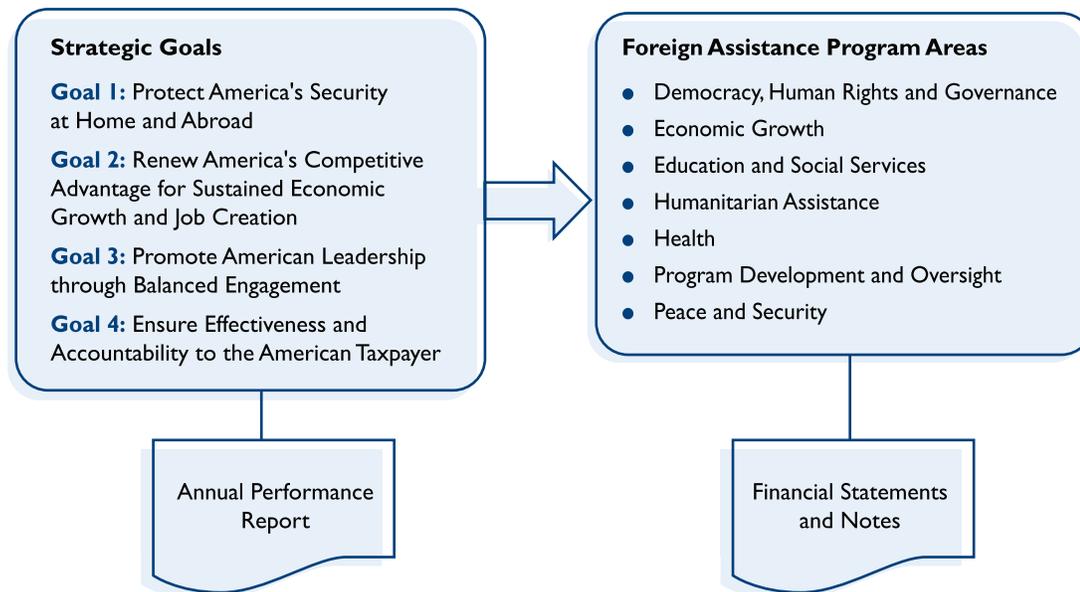
## HOW USAID IS ACCOUNTABLE

### ACCOUNTABILITY FOUNDATION FOR PROGRAM AND FINANCIAL RESULTS

USAID is committed to using evidence-based programming to achieve the most critical U.S. foreign-policy outcomes and strengthen accountability to the American people. The Program Cycle, codified in Chapter 201 of USAID's Automated Directives System (ADS) (<https://www.usaid.gov/ads/policy/200/201>), is USAID's process for strategic planning and program management. The Program Cycle reinforces the linkages between country-level strategic planning, the design and implementation of projects, and the monitoring and evaluation of partners' performance. These components depend on continuous learning and adapting, influence the annual budget and resource-management processes, and focus on achieving sustainable results. Additionally, USAID and the U.S. Department of State (State) developed the *FY 2018–FY 2022 Joint Strategic Plan* (JSP), which outlines the Agency's four long-term strategic goals, the actions the Agency will take to realize them, how the Agency will deal with challenges and risks

to achieving results, and the performance metrics by which USAID will measure progress.

USAID uses the Standardized Program Structure and Definition (SPSD) system to categorize programs and track financial results. The SPSPD contains seven categories of foreign assistance programs listed below. The Consolidated Statement of Net Cost (included in this *Agency Financial Report* [AFR]) represents the cost of operating the Agency's seven foreign-assistance program areas. The Overview of Programmatic Performance section of this AFR provides a crosswalk between the JSP and the SPSPD program categories. To further explore USAID's strategic goals and performance results, see the *State-USAID FY 2018 – FY 2022 JSP* ([https://www.usaid.gov/sites/default/files/documents/1870/JSP\\_FY\\_2018\\_-\\_2022\\_FINAL.pdf](https://www.usaid.gov/sites/default/files/documents/1870/JSP_FY_2018_-_2022_FINAL.pdf)) and the *USAID Annual Performance Report* ([https://www.state.gov/wp-content/uploads/2020/08/FY-2021-APP-FY-2019-APR\\_State\\_USAID\\_FINAL-508.pdf](https://www.state.gov/wp-content/uploads/2020/08/FY-2021-APP-FY-2019-APR_State_USAID_FINAL-508.pdf)).



USAID is leading data transparency with its *Foreign Aid Explorer* website. To explore where the whole U.S. Government spends foreign-assistance dollars, visit <https://explorer.usaid.gov/>. To explore USAID investments and illustrative results, visit <https://results.usaid.gov/results>.

To learn more about USAID, visit <http://www.usaid.gov>.

# TABLE OF CONTENTS



## **i ABOUT THIS REPORT**

Summarizes reporting requirements contained in legislation and the purpose of the Agency Financial Report.



## **ii USAID AT A GLANCE**

A brief overview of Who USAID Is, Where USAID Works, Why USAID Matters, What USAID Does, and How USAID Is Accountable.



## **Viii EXECUTIVE MESSAGE FROM ACTING DEPUTY ADMINISTRATOR JOHN BARSA**

A brief message from the Agency Head highlighting the Agency's vision and an assessment of the reliability and completeness of financial and performance data in the report.



## **I MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

The MD&A provides an overview of the Agency's financial and performance results. It summarizes the Agency's mission, activities, program and financial performance, systems, controls, legal compliance, and financial position.

- 3 Mission and Organizational Structure
- 7 Overview of Programmatic Performance
- 30 Looking Forward
- 32 Analysis of Financial Statements
  - 37 Limitations of the Financial Statements
- 38 Analysis of Entity's Systems, Controls, and Legal Compliance
  - 38 Management Assurances
  - 41 Goals and Supporting Financial System Strategies
- 43 Other Management Information, Initiatives, and Issues



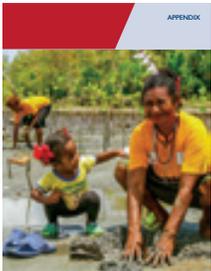
## 59 FINANCIAL SECTION

- 61 Letter from the Chief Financial Officer
- 63 Streamlining Financial Management and ERM during COVID-19
- 65 Independent Auditor's Report
- 93 Financial Statements and Notes
- 141 Required Supplementary Information



## 145 OTHER INFORMATION

- 147 Office of Inspector General's Statement of Most Serious Management and Performance Challenges for USAID
- 185 Summary of Financial Statement Audit and Management Assurances
- 187 Payment Integrity
- 194 Grants Programs
- 195 Federal Real Property



## 197 APPENDIX

- 199 Appendix A. Abbreviations and Acronyms

This report is available at: <https://www.usaid.gov/results-and-data/progress-data/agency-financial-report>.

# EXECUTIVE MESSAGE FROM ACTING DEPUTY ADMINISTRATOR JOHN BARSA



John Barsa

The U.S. Agency for International Development (USAID) has moved mountains this past year. Since I took the helm in April, my guiding priorities have been to protect the health and safety of our staff across the world, to ensure USAID continues to use taxpayer dollars effectively to support our mission, and to lead us through a global response to the unparalleled pandemic of COVID-19.

USAID has a nearly 60-year history of saving lives, responding to crises, reducing poverty, and advancing democracy. As the world's largest donor country, we demonstrate the enduring values of American generosity and compassion. We advance U.S. national security by investing in a more free, peaceful, and prosperous world. With more than 6,000 employees overseas and more than 3,000 in Washington, USAID works in 118 countries—87 of which have a physical USAID presence.

This year, we have responded to a global health crisis of historic proportions. COVID-19 is one of the most far-reaching challenges we have faced in our lifetimes. In addition to being on the front lines in the fight against Ebola, as well as ongoing efforts against HIV/AIDS, tuberculosis, and malaria, we have stepped up to combat the deadly spread of this new virus. We have built our response on a foundation of decades of investments in global health, which have added up to more than \$140 billion in the 21st century alone.

We invest in strong health networks abroad to protect Americans here at home. An infectious-disease threat anywhere can be a threat everywhere. Our dedication to building robust public, private, non-profit, and faith-based health institutions overseas has equipped communities in our partner countries to protect their people from health emergencies like COVID-19.

Under serious pressure from a new and rapidly spreading threat, we led an impressive transformation of our everyday operations. We established a COVID-19 Task Force with a 24/7 Command Center and more than 200 volunteers across the globe.

We spearheaded a comprehensive strategy to maximize the impact of more than \$1.6 billion in assistance from USAID and the U.S. Department of State to protect and save as many lives as possible. Across more than 100 countries, we have used these dollars to

deliver state-of-the-art ventilators, prevent the spread of infections in health facilities, distribute accurate public health information to millions, support struggling small businesses, and feed families and children at risk of hunger.

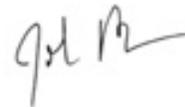
With an All-of-America approach, we have worked with other U.S. Government Departments and Agencies, the private sector, faith-based organizations, non-governmental organizations (NGOs), universities, and other donors. We also have amplified our commitment to collaboration through our New Partnerships Initiative, which brings in fresh ideas and ingenuity by making it easier for new and local partners to work with USAID.

In addition, we have conducted a strategic review, called Over the Horizon, to ensure we set up our policies, programs, and operations for medium- and long-term success in a world fundamentally altered by COVID-19.

As a dynamic organization, USAID continues to strive for improvements in how we broaden our partner base, monitor and evaluate our programs, and manage the inherent risks of humanitarian and stabilization assistance. The goals and actions described in this Agency Financial Report (AFR) are critical to these efforts. We have worked closely with the Office of Inspector General to ensure these financial and summary performance data are complete, reliable, and accurate.

The Independent Auditor's Report, including reports on internal control and compliance with laws and regulations, appears in the Financial Section of this AFR. The section on Management's Discussion and Analysis reviews our assessments of our internal controls, risks, and other issues.

Through an especially demanding year, USAID has continued to make progress in advancing our vital and noble mission. As we look ahead, the contributions of each and every team member around the world will be instrumental for our lasting success.



John Barsa  
Acting Deputy Administrator  
November 9, 2020

USAID Acting Deputy Administrator John Barsa visits the site of explosions at the port of Beirut that caused widespread damage in August 2020. USAID provided humanitarian assistance to the people of Lebanon in their time of need. PHOTO: USAID LEBANON



<https://medium.com/usaid-2030/usaid-acting-administrator-visits-beirut-for-humanitarian-relief-b386c47ac1bb>



<https://youtu.be/DxPbM3s2ou0>



# 2019 CERTIFICATE OF EXCELLENCE AWARDS



# MANAGEMENT'S DISCUSSION AND ANALYSIS





**(Preceding page)** In Afghanistan, Haseeba is one of more than 400,000 students who benefit from USAID's Afghan Children Read project. The project works with Afghanistan's Ministry of Education to develop and implement an early grade reading model. As a result, children like Haseeba can develop the foundational literacy skills to achieve their goals. PHOTO: JIM HUYLEBROEK FOR USAID

 <https://usaidpubs.exposure.co/building-literacy>

**(Above)** In northeast Bangladesh, women like Tahmina Begum are faced with gender barriers that inhibit their livelihoods. A USAID-supported project that promotes gender equity and addresses factors causing chronic undernutrition helped Tahmina support her family and give back to her community. She is an inspiration to women who seek help to overcome these barriers. PHOTO: HABIBUL HAQUE FOR USAID

 <https://medium.com/usaid-2030/overcoming-gender-barriers-in-the-flood-prone-wetlands-of-bangladesh-1ec85404eb42>

# MISSION AND ORGANIZATIONAL STRUCTURE

## MISSION STATEMENT

“On behalf of the American people, we promote and demonstrate democratic values abroad, and advance a free, peaceful, and prosperous world. In support of America’s foreign policy, the U.S. Agency for International Development leads the U.S. Government’s international development and disaster assistance through partnerships and investments that save lives, reduce poverty, strengthen democratic governance, and help people emerge from humanitarian crises and progress beyond assistance.”

The U.S. Agency for International Development (USAID) has been working toward these goals for more than 50 years. Resilient societies must have healthy, educated, and well-nourished citizens, as well as a vibrant economy and inclusive, legitimate, and responsive institutions. All of USAID’s work—including efforts to increase food security, improve education, and end preventable child deaths—create pathways for the world’s most-vulnerable people to become self-reliant.

## ORGANIZATIONAL STRUCTURE

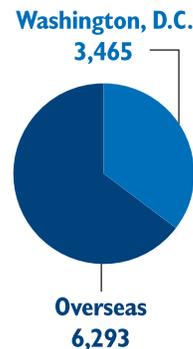
USAID is an independent Federal agency that receives overall foreign-policy guidance from the Secretary of State. With an official presence in 87 countries and programs in 31 others, the Agency accelerates human progress in developing countries by reducing poverty, advancing democracy, empowering women, building market economies, promoting security, responding to crises, and improving the quality of life through investments in health and education. An Administrator and Deputy Administrator, both appointed by the President and confirmed by the U.S. Senate, head USAID. As the U.S. Government’s lead international-development and humanitarian-assistance agency, USAID helps societies realize their full potential on their Journeys to Self-Reliance. USAID plans its development and assistance programs in close coordination with the U.S. Department of State

(State), and collaborates with other U.S. Government departments and agencies, multilateral and bilateral organizations, private companies, academic institutions, faith-based groups, and non-governmental organizations (NGOs).

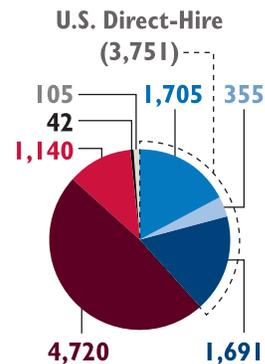
USAID staff work around the world, motivated by the same overarching goals outlined more than 50 years ago—furthering U.S. foreign-policy interests in expanding democracy and free markets, while also extending a helping hand to people who are struggling to make a better life, recovering from a disaster, or striving to live free in a democracy. In 2020, the Agency delivered on its mission with the support of 3,751 U.S. Direct-Hire (USDH) employees, of whom 1,705 are Foreign Service Officers, 355 are Foreign Service Limited, and 1,691 are in the Civil Service. Additional support came from 4,720 Foreign Service Nationals, 1,140 U.S. Personal Services Contractors (USPSCs), 42 Fellows, and 105 Participating Agency Service Agreements (PASAs) employees. Of these employees, 3,465 work in Washington, D.C., and 6,293 are assigned overseas. These totals include employees from the USAID Office of Inspector General (OIG).<sup>1</sup>

USAID’s workforce and culture continue to reflect core American values—rooted in the belief of doing the right thing.

EMPLOYEE LOCATIONS



EMPLOYEES



- Foreign Service Officers
- Foreign Service Limited
- Civil Service
- Foreign Service Nationals
- U.S. Personal Services Contractors
- Fellows
- PASA employees

<sup>1</sup> Workforce figures are taken from Talent Analytics using the data from the National Finance Center of the U.S. Department of Agriculture pay period 19 and WebPASS as of September 30, 2020, except the PASAs, which were a separate data call, and the Fellows, which were produced from LaunchPad. Figures for the Foreign Service, Civil Service, and Foreign Service Nationals include the OIG.

## DID YOU KNOW?

In 1961, the U.S. Congress passed the Foreign Assistance Act to administer long-range economic and humanitarian assistance to developing countries. Two months after passage of the act, President John F. Kennedy established the U.S. Agency for International Development (USAID). USAID unified pre-existing U.S. Government assistance programs and served as the U.S. Government's lead international development and humanitarian assistance agency.

“There is no escaping our obligations: our moral obligations as a wise leader and good neighbor in the interdependent community of free nations—our economic obligations as the wealthiest people in a world of largely poor people, as a nation no longer dependent upon the loans from abroad that once helped us develop our own economy—and our political obligations as the single largest counter to the adversaries of freedom.”

– John F. Kennedy

## ORGANIZATIONAL STRUCTURE IN WASHINGTON

In Washington, USAID's regional, pillar, and central Bureaus coordinate the Agency's activities and support the implementation of programs overseas. Independent Offices (IOs) support both crosscutting or more limited services. The regional Bureaus are Africa (AFR), Asia (ASIA), Middle East (ME), Latin America and the Caribbean (LAC), and Europe and Eurasia (E&E).

USAID's humanitarian, crisis, and conflict-related work is under a new Associate Administrator for Relief, Response, and Resilience (AA-R3/AID), who oversees three pillar Bureaus:

- ★ The Bureau for Humanitarian Assistance (BHA), which provides expertise in emergency aid;
- ★ The Bureau for Conflict Prevention and Stabilization (CPS), which provides expertise in peacebuilding, conflict and violence prevention,

and implementation of political transition and stabilization programs; and

- ★ The Bureau for Resilience and Food Security (RFS), which provides expertise in agricultural productivity and addresses hunger and malnutrition, and leads the U.S. Government's initiative in global food security, Feed the Future.

The remaining two pillar Bureaus are:

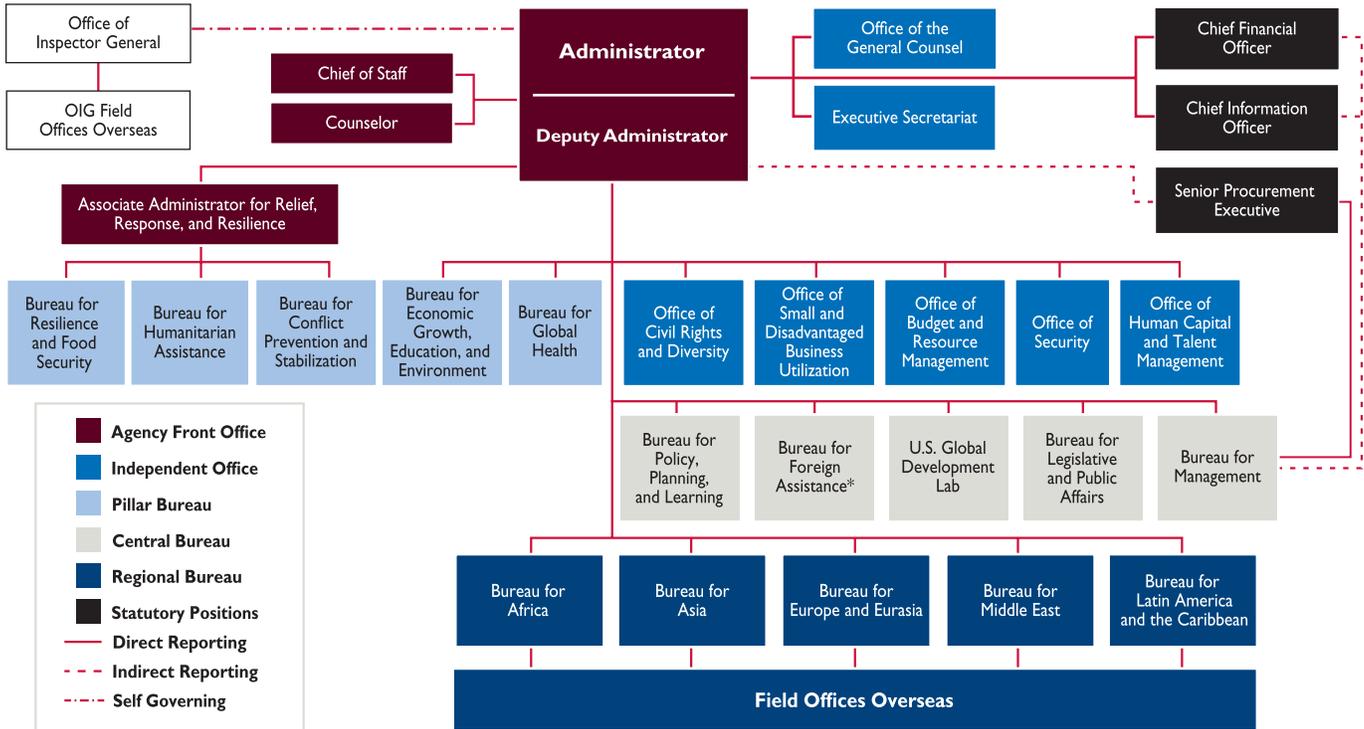
- ★ The Bureau for Economic Growth, Education, and the Environment (E3),<sup>2</sup> which provides expertise and research for worldwide activities in economic growth and trade, infrastructure and engineering, education, environment and global climate adaptation, water, and equality between women and men, and women's empowerment; and
- ★ The Bureau for Global Health (GH), which provides expertise in global challenges such as child, maternal, and reproductive health; HIV/AIDS; malaria; tuberculosis; and integrated health care.

USAID's central Bureaus are the following:

- ★ The Bureau for Policy, Planning, and Learning (PPL), which shapes USAID's development policy, builds the Agency's capacity to plan and implement evidence-based programming, and fosters a culture of learning and evaluation to advance and support the Journey to Self-Reliance;
- ★ The Bureau for Foreign Assistance (FA), which is part of State's Office of Foreign Assistance (F) and serves both the Secretary of State and the USAID Administrator in coordinating foreign-assistance resources across the U.S. Government. Under the auspices of F, FA manages consolidated policy, planning, budget, and implementation processes and mechanisms to provide leadership, coordination, and guidance to maximize the impact of U.S. foreign assistance in close coordination with PPL and the Office of Budget and Resource Management (BRM);

<sup>2</sup> E3 will become part of the new Bureau for Development, Democracy, and Innovation in fiscal year (FY) 2021.

## U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



\* Staff in the Bureau for Foreign Assistance work under the auspices of the Office of the Director of U.S. Foreign Assistance at the U.S. Department of State. As of September 16, 2020

- ★ The U.S. Global Development Lab (Lab),<sup>3</sup> which provides expertise in the application of science, technology, innovation, and partnerships to accelerate the Agency’s development impact;
- ★ The Bureau for Legislative and Public Affairs (LPA), which manages the Agency’s legislative engagements, strategic communications, and outreach to promote greater understanding of USAID’s mission and programs; and
- ★ The Bureau for Management (M), which administers USAID’s operational budget and centralized procurement, financial, information technology (IT), policy, performance, and administrative support services for the Agency’s worldwide operations.

In addition to these central Bureaus, USAID has seven IOs that are responsible for discrete Agency functions that include legal issues, budget, diversity programs, security, and partnerships. These offices are (1) the Office of the Executive Secretariat (ES); (2) the Office of the General Counsel (GC); (3) BRM; (4) the Office of Security (SEC); (5) the Office of Small and Disadvantaged Business Utilization (OSDBU); (6) the Office of Civil Rights and Diversity (OCRD); and (7) the Office of Human Capital and Talent Management (HCTM), which oversees the planning, development, management, and administration of human capital and talent for the Agency.

The OIG is independent and separate from the Office of the Administrator. The OIG reviews the integrity of the Agency’s operations through audits, appraisals, investigations, and inspections.

<sup>3</sup> The Lab will become part of the new Bureau for Development, Democracy, and Innovation in FY 2021.

The Senior Procurement Executive (SPE) reports directly to the Assistant Administrator in the Bureau for Management (M/AA). The Federal Acquisition Reform Act (FARA) of 1996 mandated the establishment of this position.

In accordance with the Chief Financial Officer (CFO) Act of 1990, the CFO reports directly to the Administrator. To align Agency-wide operations strategically across the management platform, maximize programmatic synergies, and prevent duplication, the Office of the CFO also receives administrative support from the M Bureau. Finally, the Chief Information Officer (CIO) reports directly to the Administrator, in accordance with requirements established in the Clinger-Cohen Act, the Federal Information Technology Reform Act (FITARA), the E-Government Act of 2002, and OMB Circular A130. To align agency-wide operations strategically across the management platform, maximize programmatic synergies, and prevent duplication, the Office of the CIO receives administrative support from the M Bureau.

## ORGANIZATIONAL STRUCTURE OVERSEAS

USAID's overseas Operating Units (OUs) consist of Missions, Country Representative Offices, and Senior Development Advisors. The U.S. Ambassador serves as the Chief of Mission for all U.S. Government departments and agencies in a given country, and all USAID operations fall under his or her authority. The USAID Mission Director or USAID representative, as the USAID Administrator's representative and the Ambassador's prime development advisor, is responsible for USAID's operations in a given country or region and is a key member of the U.S. Government's country team. USAID Missions operate under decentralized authorities, which allows them to design and implement programs and negotiate and execute agreements under the overall strategic direction of the Administrator.

Our Missions are the face of the Agency overseas, and have the responsibility of delivering tailored solutions that support the Journeys to Self-Reliance in our partner countries. This includes working in partnership with other donors, and our implementers, both contractors and NGOs, to manage, adapt, and strengthen USAID's diverse

programs worldwide. Mission Directors lead a professional team of experts to ensure that our commitment in our partner countries brings us closer to our goal of a day when foreign assistance is no longer necessary.

## FOREIGN-ASSISTANCE PROGRAM AREAS

USAID uses the Standardized Program Structure and Definitions (SPSD) system to categorize, and account for, foreign-assistance funds. The SPSD contains the following seven categories of foreign-assistance programs:

- ★ Democracy, Human Rights and Governance (DR): supports the establishment, consolidation, and protection of democratic institutions, processes, and values in countries to advance freedom;
- ★ Economic Growth (EG): strives to generate rapid, sustained, and broad-based economic growth;
- ★ Education and Social Services (ES): aids nations through effective and accountable investments in education and social services to establish sustainable improvements in the well-being and productivity of their populations;
- ★ Humanitarian Assistance (HA): provides assistance to countries on the basis of need according to principles of universality, impartiality, and human dignity to save lives, alleviate suffering, and minimize the economic costs of conflict, disasters, and displacement;
- ★ Health (HL): contributes to improvements in the health of people, especially women, children, and other vulnerable populations in countries globally;
- ★ Program Development and Oversight (PO): provides program management, accounting, and tracking for costs to assist U.S. foreign-assistance objectives; and
- ★ Peace and Security (PS): helps countries establish the conditions and capacity to achieve peace, security, and stability, and respond to arising threats to national or international security and stability.

# OVERVIEW OF PROGRAMMATIC PERFORMANCE

As the world’s premier international-development agency and a leader that drives measurable development results, the U.S. Agency for International Development (USAID) supports U.S. national security and economic prosperity, demonstrates American generosity, and promotes a path to self-reliance and resilience. USAID plays a critical role in U.S. efforts to ensure stability, prevent conflict, and build citizen-responsive local governance. Through the Agency’s work, and that of its partner organizations, development assistance from the American people transforms lives, communities, and economies around the world, while responding to crises such as the global pandemic of COVID-19.

## THE JOURNEY TO SELF-RELIANCE

USAID is reorienting its strategies, partnership models, and programmatic practices to achieve greater development outcomes and work toward a time when foreign assistance is no longer necessary. Through the Journey to Self-Reliance

(<https://www.usaid.gov/news-information/press-releases/sep-25-2018-administrator-green-remarks-concordia-summit>), the Agency empowers host-country governments, civil society, the private sector, and other partners to achieve locally sustained results; helps countries mobilize public and private revenues; strengthens local capacity and commitment; and accelerates enterprise-driven development. This approach fosters stable, resilient, and prosperous countries that are more self-reliant, and prioritizes enduring partnerships. It is an approach that is good for partner countries worldwide, U.S. national security, and the U.S. taxpayer.

USAID’s Policy Framework (<https://www.usaid.gov/policyframework>), articulates how the Agency’s approach to the Journey to Self-Reliance contributes directly to the U.S. National Security Strategy (NSS) (<https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>), and the Department of State and USAID Joint Strategic Plan (JSP) ([https://www.usaid.gov/sites/default/files/documents/1870/JSP\\_FY\\_2018\\_-\\_2022\\_FINAL.pdf](https://www.usaid.gov/sites/default/files/documents/1870/JSP_FY_2018_-_2022_FINAL.pdf)). The Policy Framework translates the goals outlined in the NSS and JSP specifically for



### COMMITMENT METRICS CHOICES/BEHAVIORS

- 1 **Open and Accountable Governance**  
Liberal Democracy Index (V-Dem)  
Open Government (WJP)
- 2 **Inclusive Development**  
Social Group Equality (V-Dem)  
Economic Gender Gap (WEF)
- 3 **Economic Policy**  
Business & Investment Environment (Legatum)  
Trade Freedom (Heritage)  
Environmental Policy (BTI)

#### RISK OF EXTERNAL DEBT DISTRESS

Low	Moderate	High	In Debt Distress
-----	----------	------	------------------



### CAPACITY METRICS ACHIEVEMENT/OUTCOMES

- 1 **Government Capacity**  
Government Effectiveness (WGI)  
Tax System Effectiveness (CTD)  
Safety and Security (Legatum)
- 2 **Civil Society Capacity**  
Civil Society & Media Effectiveness (V-Dem)
- 3 **Citizen Capacity**  
Poverty Rate (\$5/Day) (World Bank)  
Education Quality (World Bank)  
Child Health (CIESIN)
- 4 **Capacity of the Economy**  
GDP Per Capita in PPP (World Bank)  
ICT Adoption (WEF)  
Export Sophistication (Harvard)

USAID. Under the Policy Framework, USAID fosters capacity and commitment in partner countries across all levels—individuals, communities, and governing institutions—so they can eventually solve development challenges without USAID’s assistance. This approach is grounded in three principles: USAID will (1) prioritize countrywide progress toward self-reliance, by (2) making strategic investments to achieve the greatest impact, through (3) programs and partnerships that sustain results over the long term.

To facilitate this shift, USAID must understand how self-reliant each of its partner countries is overall—as well as each country’s self-reliance strengths and challenges—and tailor its partnerships accordingly. The Journey to Self-Reliance Country Roadmap is USAID’s standardized analytic tool to measure country progress across the dimensions of commitment and capacity based on 17 third-party, publicly available metrics. The Journey to Self-Reliance Country Roadmap Portal (<https://selfreliance.usaid.gov/>) includes roadmaps for all low- and middle-income countries.

Examples of USAID’s evidence-based programming are the following:

- ★ Providing humanitarian assistance – with needs-based relief that is timely and effective in response to disasters and complex crises;
- ★ Promoting global health – through activities that save lives and protect Americans at home and abroad;
- ★ Supporting global stability – with work that advances democracy and citizen-responsive governance and that promotes sustainable development, economic growth, and peace;
- ★ Catalyzing innovation and partnership – by identifying new and innovative ways to engage with the private sector; and
- ★ Empowering women and girls and protecting life – through support for women’s equal access to opportunities and implementation of the “Protecting Life in Global Health Assistance” policy.

Learn more about the Journey to Self-Reliance and the Self-Reliance metrics at <https://www.usaid.gov/selfreliance/>.

## DISCIPLINE OF DEVELOPMENT

The Program Cycle (<https://www.usaid.gov/results-and-data/planning>) is USAID’s foundational framework for evidence-based development. The Program Cycle reinforces the links between country-level strategic planning, design, and implementation of Agency programs, and the monitoring and evaluation of the performance of USAID’s implementing partners. These components, which represent the discipline of development, depend on continuous learning and adapting; influence the annual budget and resource-management processes; and focus on achieving measurable, sustainable results. Four principles guide USAID’s Program Cycle:

- ★ Apply analytic rigor to support evidence-based decision-making;
- ★ Manage adaptively through continuous learning;
- ★ Promote sustainability through local ownership; and
- ★ Use a range of approaches to achieve results.

The Program Cycle translates the vision of the Journey to Self-Reliance into action, starting with the process of creating Country Development Cooperation Strategies (CDCSs) (<https://www.usaid.gov/results-and-data/planning/country-strategies-cdcs>), and continuing with the design and implementation of projects and activities; monitoring; evaluation; and Collaborating, Learning, and Adapting (CLA). USAID set the goal of integrating self-reliance into all CDCSs by December 2020.

USAID uses the Performance Management Plan (PMP) to manage the process to monitor, evaluate, and learn from progress against strategic objectives and the performance of USAID-funded programs. USAID Missions and offices use a PMP to target and track progress toward intended results in a CDCS. The Missions also report key indicator data in their annual performance reports, which inform decisions on funding, developing, and implementing programs.

## QUALITY OF MONITORING AND EVALUATION

As part of the Program Cycle, USAID's requirements for monitoring and evaluation help the Agency build a body of evidence from which to learn and adapt, as well as increase the quality and transparency of that evidence. Meeting these requirements also ensures the Agency's compliance with the objectives of the Foreign Aid Transparency and Accountability Act (FATAA) of July 2016 and the guidelines published by the Office of Management and Budget (OMB) for using monitoring and evaluation to implement the FATAA. In a July 2019 report (<https://www.gao.gov/products/GAO-19-466>), the Government Accountability Office found that USAID had adopted all of OMB's guidelines for monitoring and evaluation. To meet the provisions of the Foundations for Evidence-Based Policymaking Act of 2018, USAID has named an Agency Evaluation Officer and published an Agency-wide learning agenda (Self-Reliance Learning Agenda [<https://www.usaid.gov/selfreliance/self-reliance-learning-agenda>]), two requirements of the Act.

The Evaluation Policy Task Force of the American Evaluation Association has called USAID's Evaluation Policy a "model for other federal agencies." In September 2016, USAID updated its Program Cycle Operational Policy (Automated Directives System [ADS] Chapter 201 [<https://www.usaid.gov/ads/policy/200/201>]) to integrate monitoring, evaluation, and learning guidance and best practices throughout the Program Cycle. This includes basing strategic planning for, and the design of, projects and activities on the best available evidence, and ensuring ongoing accountability, learning, and adaptation during strategy and implementation. USAID's Operating Units (OUs) have completed more than 1,000 external evaluations since the issuance of the Agency's Evaluation Policy in 2011. In 2016, USAID published *Evaluation Utilization at USAID* ([https://pdf.usaid.gov/pdf\\_docs/pa00kxvt.pdf](https://pdf.usaid.gov/pdf_docs/pa00kxvt.pdf)), which found that at several stages during the USAID Program Cycle, the use of evaluation was evident, strong, and compared well to that at other

U.S. Government departments and agencies. At the country level, 59 percent of approved strategies referred to USAID evaluations, and 71 percent of respondents reported using evaluations to design or modify a USAID-funded project or activity. The study also found the most common changes were actions that refocus ongoing activities to better achieve intended results. Nevertheless, USAID would like to see more of our Missions design and use impact evaluations, instead of performance evaluations, to judge whether our programs are bringing about transformative change. To promote internal and external learning from evaluations, USAID requires evaluations (with limited exceptions) to be publicly available on USAID's Development Experience Clearinghouse (DEC) at <https://dec.usaid.gov>.

USAID also executes an Operational Excellence Agenda that informs continuous improvements of operations. The Agency implements a range of research studies to improve management operations, which include, and are not limited to, benchmarking studies, business process reviews, data-driven after-action reviews, and cost-savings studies. They address major management challenges at the Agency and seek to produce practical, actionable recommendations responsible offices and staff can implement. As of September 2020, approximately 83 percent of accepted recommendations are either in-progress or complete, reflecting the action-oriented approach taken in these management assessments. USAID makes its management assessments publicly available on the DEC.

USAID is also building the capacity of its staff and partners to generate and use high-quality evidence for decision-making and improve programmatic and operational effectiveness. USAID's capacity-building approach focuses on four main areas of work: delivering classroom and online training courses, creating tools and guidance to support staff in implementing the Program Cycle's procedures, providing direct technical assistance to USAID Missions and offices on Program Cycle processes, and facilitating peer-to-peer learning by hosting communities of practice.

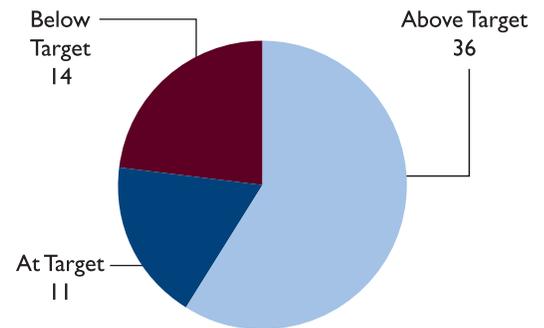
For example:

- ★ USAID has developed a sophisticated training curriculum with a set of online and classroom courses targeted to specific staff roles to build capacity in the Program Cycle's processes. Courses include Introduction to the Program Cycle, Project Design, Activity Design and Implementation, Performance-Monitoring and Evaluation Essentials, Applied Performance-Monitoring and Evaluation, and Better Development through CLA.
- ★ USAID has trained more than 3,000 staff in evaluating and monitoring programs since 2011.
- ★ USAID provides templates, checklists, guidance documents, and other tools that support its staff to plan, design, manage, and learn from monitoring and evaluation. USAID has published its toolkits for good practice in evaluation (<https://usaidlearninglab.org/evaluation>), monitoring (<https://usaidlearninglab.org/content/monitoring-toolkit>), and learning (<https://usaidlearninglab.org/cla-toolkit>) on USAID's Learning Lab website (<https://usaidlearninglab.org/>).
- ★ USAID offers training courses and workshops that promote a standard approach to strategic operations management and business analytics across the Agency. These training courses and workshops help participants learn and apply analytic business tools to real-life operations issues, and catalyze an office's or Mission's efforts to plan and launch an operations performance-management system strategically.

## PERFORMANCE INDICATORS AND TRENDS

Performance indicators are the basis for observing progress and measuring actual results compared to expected ones. Hence, they are an indispensable management tool for making evidence-based decisions about the design of programs and activities. While several factors contribute to the overall success of foreign-assistance programs, the analysis and use of performance data are critical to ensuring USAID

## FY 2019 PERFORMANCE MEASURE SUMMARY



**Total Performance Measures: 61**

achieves intended results. OUs within USAID and the U.S. Department of State (State) do not report the results of their foreign-assistance programs for fiscal year (FY) 2020 until December 2020, after the required publication date of USAID's Agency Financial Report (AFR).<sup>4</sup> Accordingly, the most recent performance data contained in this report are for FY 2019,<sup>5</sup> with baseline and trend data included when available. Despite a variety of obstacles, most USAID-funded programs met or exceeded their targets in FY 2019.

## QUALITY OF DATA

Data are only useful for decision-making if they are of high quality and provide the groundwork for informed decisions. As indicated in USAID's ADS Chapter 201, USAID Missions and OUs must adhere to rigorous processes to ensure the quality of the data produced by programs they fund. A Performance Indicator Reference Sheet (PIRS) is the primary way USAID documents the quality and consistency of data for each performance indicator. Each PIRS: (1) defines the indicator's meaning and use, and the method of data-collection; and (2) specifies where the data are sourced and identifies their limitations. A Data-Quality Assessment (DQA) is the process by which USAID assesses the validity, integrity, precision, reliability, and timeliness of performance-indicator data; a PIRS records the results of each DQA. All performance-indicator data reported externally by USAID must go through

<sup>4</sup> USAID has elected to produce an Agency Financial Report (AFR) and Annual Performance Report (APR) as an alternative to the consolidated Performance and Accountability Report (PAR). The Agency will submit its FY 2020 APR to the Office of Management and Budget in Spring 2021.

<sup>5</sup> Annual targets are set before results of the previous year are calculated. The Performance Plan and Report (PPR) includes targets two years in advance. For example, targets for FY 2019 were set in the PPR of FY 2017.

the DQA process every three years. USAID obtains performance data from three sources: (1) primary (data collected by USAID or USAID’s implementing partners with USAID funds); (2) secondary (data compiled by USAID or USAID’s implementing partners, but collected from other sources); and (3) third-party (data typically widely available and provided by other U.S. Government departments and agencies or international organizations, such as the World Bank or the United Nations [UN]).

## STRATEGIC GOALS AND RESULTS

Development plays an indispensable role, alongside diplomacy and defense, in advancing U.S. national security and economic interests. USAID’s programs save lives; promote inclusive economic growth; strengthen democratic, citizen-responsive governance; and help avert crises worldwide. USAID continues to strive toward measurable development results, confront threats to national security and global stability, demonstrate U.S. leadership, and ensure the effectiveness and accountability of its programs to the American taxpayer.

Operationally, USAID and State implement this directive by working cooperatively to pursue U.S. national-security objectives abroad. They do this through diplomacy and foreign-assistance programs implemented by both organizations to support the President’s NSS (<https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905.pdf>).

Additionally, USAID and State developed the *FY 2018–FY 2022 Joint Strategic Plan* ([https://www.usaid.gov/sites/default/files/documents/1870/JSP\\_FY\\_2018\\_-\\_2022\\_FINAL.pdf](https://www.usaid.gov/sites/default/files/documents/1870/JSP_FY_2018_-_2022_FINAL.pdf)), which outlines the long-term goals each aims to achieve, what actions each will take to realize those goals, and how each will deal with challenges and risks that could hinder achieving results. The JSP also includes the performance goals USAID will use to measure progress.

USAID and State’s joint strategic goals support the U.S. Government’s overall efforts to promote and demonstrate democratic values abroad and advance a free, peaceful, and prosperous world. These goals foster conditions for stability and progress that benefit Americans and the rest of the world.

The Government Performance and Results Act (GPRA) of 1993 requires Federal departments and agencies to develop strategic plans. Since 2004, although not legislatively required, USAID and State have created joint strategic goals and objectives, Agency Priority Goals (APGs), and performance goals that reflect State’s and USAID’s global reach and impact. To report on progress against these goals and objectives, USAID and State use performance indicators that reflect USAID, State, or in some cases joint results. An independent strategic plan is required to demonstrate fully USAID’s accountability for performance results, and most effectively meet other legislative and Agency policy requirements. These requirements necessitate linking the Evidence Act learning agenda to the Agency strategic plan objectives and aligning USAID’s Policy Framework and strategic plan objectives, incorporating measures the Agency is taking to manage and mitigate enterprise risks in alignment with its risk appetite ([https://www.usaid.gov/sites/default/files/documents/1868/USAID\\_Risk-Appetite-Statement\\_Jun2018.pdf](https://www.usaid.gov/sites/default/files/documents/1868/USAID_Risk-Appetite-Statement_Jun2018.pdf)), and aligning information technology (IT) and human capital strategic plans and Senior Executive Service performance plans to the strategic plan.

For the FY 2022–FY 2026 cycle, USAID intends to pursue publishing its own strategic plan specifically focused on development.

Also according to the GPRA Modernization Act, USAID and State publicly report on a quarterly basis the progress of their APGs (<https://www.performance.gov/state/state.html>). The seven APGs for FY 2018–FY 2019 were in the following areas: Food Security and Resilience (USAID), Maternal and Child Health (MCH) (USAID), Effective Partnering and Procurement Reform (EPPR) (USAID), Category-Management (CM) (USAID and State), HIV/AIDS (USAID and State), IT Modernization (State), and Visa Security (State). The ten APGs for FY 2020–FY 2021 are in the following areas: Resilience and Food Security (USAID), MCH (USAID), Private-Sector Engagement (USAID), EPPR (USAID), CM (USAID), HIV/AIDS (USAID and State), IT Modernization (State), CM (State), Data Informed Diplomacy (State), and Enhancing Security Monitoring Solutions (State). Results for all USAID and Joint APGs appear in the applicable sections in this report and provide updates on the Strategic Goals and indicators, as well as on [performance.gov](https://www.performance.gov).

## STATE-USAID JOINT STRATEGIC GOAL FRAMEWORK

Strategic Goal	Strategic Objective	Program Categories*
<p>Strategic Goal 1: Protect America's Security at Home and Abroad</p> 	<p>Strategic Objective 1.1 – Counter the Proliferation of Weapons of Mass Destruction (WMD) and their Delivery Systems</p> <p>Strategic Objective 1.2 – Defeat the Islamic State of Iraq and Syria (ISIS), Al-Qaida, and other Transnational terrorist organizations and counter state-sponsored, regional, and local terrorist groups that threaten U.S. national-security interests</p> <p>Strategic Objective 1.3 – Counter instability, transnational crime, and violence that threaten U.S. interests by strengthening citizen-responsive governance, security, democracy, human rights, and rule of law</p> <p>Strategic Objective 1.4 – Increase capacity and strengthen resilience of our partners and allies to deter aggression, coercion, and malign influence by state and non-state actors</p> <p>Strategic Objective 1.5 – Strengthen U.S. border security and protect U.S. citizens abroad</p>	<p>Peace and Security</p> <p>Democracy, Human Rights and Governance</p>
<p>Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation</p> 	<p>Strategic Objective 2.1 – Promote U.S. prosperity by advancing bilateral relationships and leveraging international institutions and agreements to open markets, secure commercial opportunities, and foster investment and innovation to contribute to U.S. job creation</p> <p>Strategic Objective 2.2 – Promote healthy, educated, and productive populations in partner countries to drive inclusive and sustainable development, open new markets, and support U.S. prosperity and security objectives</p> <p>Strategic Objective 2.3 – Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms</p>	<p>Health</p> <p>Education and Social Services</p> <p>Economic Growth</p> <p>Democracy, Human Rights and Governance</p>
<p>Strategic Goal 3: Promote American Leadership through Balanced Engagement</p> 	<p>Strategic Objective 3.1 – Transition nations from assistance recipients to enduring diplomatic, economic, and security partners</p> <p>Strategic Objective 3.2 – Engage international fora to further American values and foreign-policy goals while seeking more equitable burden sharing</p> <p>Strategic Objective 3.3 – Increase partnerships with the private sector and civil-society organizations to mobilize support and resources and shape foreign public opinion</p> <p>Strategic Objective 3.4 – Project American values and leadership by preventing the spread of disease and providing humanitarian relief</p>	<p>Health</p> <p>Humanitarian Assistance</p> <p>Democracy, Human Rights and Governance</p> <p>Peace and Security</p> <p>Economic Growth</p>
<p>Strategic Goal 4: Ensure Effectiveness and Accountability to the American Taxpayer</p> 	<p>Strategic Objective 4.1 – Strengthen the effectiveness and sustainability of our diplomacy and development investments</p> <p>Strategic Objective 4.2 – Provide modern and secure infrastructure and operational capabilities to support effective diplomacy and development</p> <p>Strategic Objective 4.3 – Enhance workforce performance, leadership, engagement, and accountability to execute our mission efficiently and effectively</p> <p>Strategic Objective 4.4 – Strengthen security and safety of workforce and physical assets</p>	<p>Program Development and Oversight</p>

\* USAID implemented the revised Standardized Program Structure and Definition (SPSD) at the beginning of FY 2017. The program categories in this table reflect the SPSD program categories discussed in the Mission and Organizational Structure, the Financial Statements, and Notes to the Financial Statements.

## PERFORMANCE GOAL ACCOMPLISHMENT HIGHLIGHTS

Below are highlights of performance accomplishments that support the achievement of USAID’s strategic goals as outlined in the *FY 2018–FY 2022 USAID-State JSP*.

### STRATEGIC GOAL I

*Protect America’s Security at Home and Abroad*

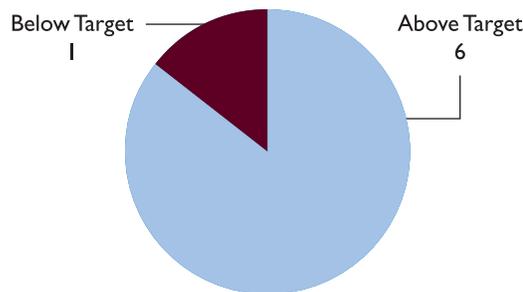
#### PUBLIC BENEFIT

Effective, resilient, and democratic countries can be key partners to the United States as it supports U.S. prosperity and security, as well as stability around the globe. However, violence and instability currently affect half the world’s population, which imposes a staggering toll on human development, costing an estimated \$13 trillion per year. USAID, along with State, works to ensure that governments, civil society, and the private sector in partner countries have the tools and capacity to resolve conflict, address their underlying sources of fragility and instability, and build resilience to external and internal shocks so they can more effectively and self-sufficiently respond to crises. The U.S. Government proactively works with local institutions to prevent and mitigate the consequences of violence, conflict, and violent extremism through peacebuilding and stabilization efforts, with the ultimate goal to prevent dangerous backsliding and help populations consolidate positive gains.

#### LINKING ACTIVITIES TO OUTCOMES

Communities at risk of inter-group conflict build durable support for peace and reconciliation when they implement a broad range of activities that involve a significant cross-section of population groups, from students and community leaders to women and business owners. This indicator registers the number of U.S. Government-funded activities—such as training on violence prevention, activities that forge business ties across groups at risk of conflict, and projects to improve performance of civil-society organizations (CSOs) promoting peace—that build popular support for peace or cohesion among a country’s general population. Through such support U.S. Government assistance also improves resilience of fragile countries to future shocks and challenges.

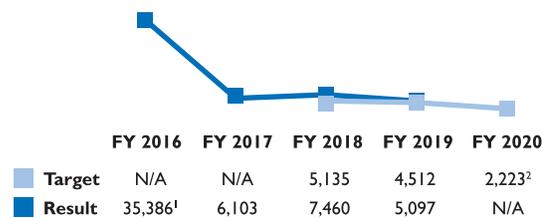
#### SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL I IN FY 2019



**Total Performance Measures: 7**

#### ILLUSTRATIVE PERFORMANCE INDICATOR:

*Number of U.S. Government-funded events, trainings, or activities designed to build support for peace or reconciliation on a mass scale*



**Source:** FY 2021 Annual Performance Plan/FY 2019 Annual Performance Report

<sup>1</sup> The FY 2016 result is high because of new projects starting in one Operating Unit.

<sup>2</sup> The FY 2020 target is lower than previous results and targets because key projects are ending and new projects began in FY 2020.

In FY 2019, the U.S. Government funded 5,097 events, training, and activities to increase broad public support for peace and reconciliation in more than nine countries. This figure is 11 percent greater than the target of 4,512. There are two reasons for this positive deviation. As in the case with programs in the West Bank and Gaza and in Burma, implementing partners estimated targets prior to the launch of key activities. Second, programmatic

## A HISTORIC DEMOCRATIC TRANSFER OF POWER IN MAURITANIA



Youth civil-society leaders Oumou Mamadou Sy and Yacoub Hamza practice radio interview skills during a radio and digital communications training in Nouakchott. PHOTO: CEPPS/IRI

USAID knows that the most fundamental criteria for evaluating the democratic legitimacy of elections is that they accurately reflect the will of the people. We also know from experience that each country's Journey to Self-Reliance must begin with a democratic foundation.

Around the world, USAID has helped lay the groundwork for transparent, peaceful, and inclusive electoral processes, with an informed and active citizenry.

Mauritians went to the polls on June 22 to elect a new president, resulting in the country's historic first democratic transition of power. After five *coup d'états* in the last 60 years, the 2019 presidential elections—the most competitive in Mauritanian history following the opposition boycott of the 2014 presidential poll—provided citizens with the opportunity to engage with the political process, most notably through youth participation in campaign rallies across the country. USAID coordinated a youth-led civic-education campaign and a voter mobilization drive. This included training 20 youth civil-society leaders to develop strategic communications messages, design hashtags for social media campaigns, record voter mobilization voice messages for dissemination on WhatsApp, and facilitate live radio interviews on civic engagement during the election. Youth leaders also hosted six radio shows in the capital, Nouakchott, to promote voter mobilization, especially for youth, women, and ethnic minorities; the shows reached an estimated audience of 258,250 listeners.

successes, as in the case in the Republic of Uganda, increased demand for more activities than originally planned. U.S. Government OUs that contributed the greatest number of events, training, and activities were USAID/Sénégal (459); USAID/Sri Lanka (503); the State's Bureau for Democracy, Human Rights, and Labor (523); and USAID/West Bank and Gaza (3,199). The FY 2020 target is significantly lower than previous results and targets, principally key projects are ending and new projects will begin in FY 2020 at several U.S. Missions. As a result, these Missions lowered their targets for FY 2020.

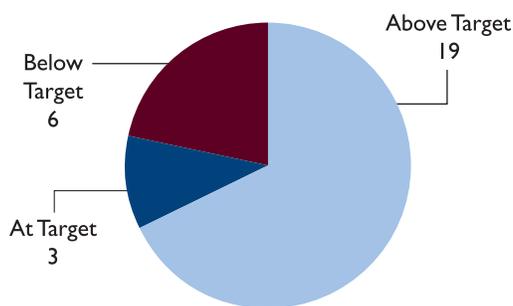
### STRATEGIC GOAL 2

*Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation*

#### PUBLIC BENEFIT

Growth and economic security among U.S. allies and partners build markets for U.S. goods and services and strengthens the ability to confront global challenges together. USAID's economic diplomacy and development assistance are key tools in projecting U.S. leadership to enhance security and prosperity at home. Development, transparency, and citizen-responsive governance in unstable regions are essential to fight poverty, isolate extremists, and improve humanitarian conditions. The promotion of healthy, educated, and productive populations in developing countries can drive inclusive economic growth that opens markets for U.S. investments and counters violent extremism. Further, encouraging improvements to corporate governance, reducing corruption, sharing new technology, and supporting capital formation and strong, abuse-resistant financial systems to bolster the business capacity of small business and high-growth-potential entrepreneurs can help grow and integrate domestic and international markets.

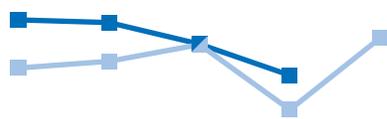
## SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL 2 IN FY 2019



**Total Performance Measures: 28**

### ILLUSTRATIVE PERFORMANCE INDICATOR:

Number of individuals in the agriculture system who have applied improved management practices or technologies with U.S. Government assistance (in Millions)<sup>1</sup> **APG** ★



FY 2016 FY 2017 FY 2018 FY 2019 FY 2020

	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Target	8M	8.5M	9.75M	4.875M	10.26M <sup>2</sup>
Result	11.6M	11.4M	9.79M	7.452M	N/A

Source: FY 2021 Annual Performance Plan/FY 2019 Annual Performance Report

<sup>1</sup> USAID previously reported this indicator as “Number of farmers who have applied new technologies and management practices (including risk management technologies and practices) as a result of U.S. assistance”

<sup>2</sup> Source: Resilience and Food Security Agency Priority Goal (APG) July 2020 progress update on performance.gov

### LINKING ACTIVITIES TO OUTCOMES

Led by USAID, Feed the Future draws on the agricultural, trade, investment, development, and policy resources and expertise of multiple Federal departments and agencies. USAID continues implementation of the *Global Food Security Strategy* (GFSS) through Feed the Future, which

brings together a host of partners in pursuit of a common goal: to end global hunger, poverty, and malnutrition in a sustainable way. Feed the Future is expanding inclusive, agriculture-led growth for millions of people; empowering people to improve their families’ diets and nutrition; and strengthening resilience among populations in areas of recurrent crisis. Feed the Future can also help U.S. businesses compete in new markets and increases demand for U.S. innovations. These efforts help lift smallholder farmers out of poverty in countries in which USAID operates. In rapidly transforming regions and emerging economies, this work may help protect U.S. interests, open markets for U.S. firms, and strengthen U.S. influence.

The Resilience and Food Security APG reports progress made in implementing the GFSS. During FY 2019, 12 GFSS target countries completed policy matrices focusing on 138 policies in seven areas. During the first quarter of FY 2020, USAID completed seven evaluations, along with an additional two evaluations during the second quarter.

The indicator “Number of individuals in the agriculture system who have applied improved management practices or technologies with U.S. Government assistance” measures the total number of farmers, ranchers, and other primary-sector producers (of food and non-food crops, livestock and livestock products, fish and other fisheries/aquaculture products, agro-forestry, and natural-resource-based products), as well as individuals in the private sector, government, and civil society who applied improved management practices or technologies anywhere within the food and agriculture system as a result of U.S. Government assistance during the reporting year. Improved management practices and technological change by different actors throughout the agrifood system is critical to increasing agricultural productivity and supporting stronger and more inclusive agrifood systems that are productive and profitable.

## SOMALIA'S SESAME SEED FARMERS PROSPER

### Producers are reemerging in international markets despite the devastating effects of droughts and COVID-19

Cooking oil in the Middle East. Tahini in the Mediterranean. Massage oil in Asia. Perhaps a garnish for a loaf of bread at a bakery near you. Sesame seeds are used in food and health products around the globe, and USAID is helping Somalia reestablish itself as an international exporter of this naturally tough crop.

Years ago, Somalia was one of the world's leading exporters of sesame. However, 30 years of civil conflict have severely damaged the profitability of the industry. Having lost their competitive edge, Somalia's sesame farmers are currently planting poor-quality seeds and lacking adequate training. Combined with seasonal droughts and antiquated farming methods, low yields are a result.

USAID saw potential for transformation. In 2016 the Somalia Growth, Enterprise, Employment, and Livelihoods (GEEL) program began to assist farmers, processors, and vendors through a number of interventions aimed at regaining their market share.

GEEL staff taught 63 trainers who subsequently trained more than 5,740 rural farmers with 75 demonstration plots set up to test new seeds that produced higher yields, and were more suitable for the prevailing climate. They also learned more effective farming techniques.

This on-the-farm training approach proved to increase farmers' confidence, build their technical skills, and ensure the practical application of new knowledge and modern techniques for the management of their crops. GEEL also introduced five new seed varieties to farmers, and together with partner sesame companies, conducted on-farm trials to compare their productive potential with traditional local varieties.

Despite poor weather conditions that caused many farmers to abandon their lands over a period of many years, most of the USAID-supported farmers continued to cultivate sesame, in part because sesame is one of the most drought-tolerant high-value crops farmed in Africa.

GEEL-trained farmers reported not only that their crops survived, but also that yields from smaller producers increased from 150 kilograms to 900 kilograms and large producer yields increased from 0.15 tons to 0.9 tons per hectare. The increased labor demand to harvest and process these higher yields has generated almost 650 full-time jobs and 1,500 seasonal jobs since 2016.

"The biggest change we made was in the way we grew the sesame," says Isse, a sesame farmer. "We used to till the land and then scatter the sesame seeds all over it. This time we plough the land, fertilize it, and plant the sesame based on land measurements."



**A Somalia Growth, Enterprise, Employment and Livelihoods-supported sesame farmer weeds sesame plants at a demonstration and training plot in Afgoye, Somalia. PHOTO: SATG**

"The [training] had a positive impact on farmers, on businesses like ours, on the well-being of people in this industry, and on the greater economy of the country," says Abdullahi of Al-Mizan, a sesame processing company in Mogadishu.

Other companies like Al-Mizan are profiting from the improved volume and quality of harvests. Operational and technical investments supported by GEEL have enabled these businesses to purchase modern machinery to produce, clean, package, and process the seeds into other products like oil that they can export.

To move their products to market, GEEL linked Somali suppliers to international buyers at regional trade shows in Istanbul and Dubai. Despite trade challenges created by the pandemic of COVID-19, sesame partner companies have reported exports of up to 14 metric tons of processed sesame worth \$20 million this year. This is an increase of 29 percent compared to 2018.

Somalia's agricultural products are reaching international markets and helping the nation become more self-reliant. In fact, GEEL support has spurred \$44 million in new exports beyond sesame, including livestock, meat, fish, dried limes, and lemons. Exposure of such products like sesame at international agriculture trade shows is contributing to the re-emergence of Somalia as a critical trading partner in the global market.

"Farming has changed over the years, but for me what remains true is that it is not about personal benefit, but about the benefit to the country. We just have to come together and find the best way to do so," explains Isse.

### STRATEGIC GOAL 3

Promote American Leadership through  
Balanced Engagement

#### PUBLIC BENEFIT

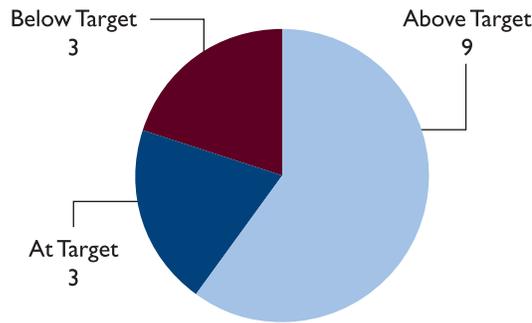
Through alliances and partnerships, the United States promotes mutual security and economic interests in cooperation with like-minded communities. The United States continues to lead in international and multilateral organizations, which presents opportunities to build consensus around American values; advance U.S. national security, economic, and development goals; and rally collective action with U.S. leadership. The United States will continue to be the global leader in preventing the spread of disease; promoting protections for human life, dignity, and rights; and facilitating humanitarian efforts around the world. USAID projects American values as it stands shoulder to shoulder with aid recipients in their hours of need.

#### LINKING ACTIVITIES TO OUTCOMES

The overall goal of USAID’s programs in MCH is to decrease maternal and child mortality, as reflected in the MCH APG. To achieve this, USAID employs cost-effective, high-impact interventions, including procuring and delivering essential, safe health commodities, and improving access to high-quality health care for the most vulnerable and underserved populations. Through efforts in population and reproductive health, maternal and newborn health, malaria, nutrition, and strengthening health institutions, USAID and its partners work to prevent child and maternal deaths.

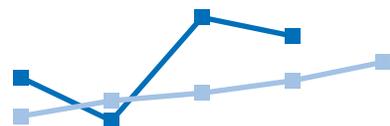
Malaria remains a major cause of mortality among young children. Children under five years of age still account for more than 60 percent of malaria deaths worldwide, and without sustained efforts, prior progress could be quickly reversed. Through the President’s Malaria Initiative (PMI), USAID works with the governments of host countries, civil society, and private partners to reduce malaria deaths further and substantially decrease malaria morbidity by supporting partners to adapt to changing epidemiology and incorporate new tools; improving local capacity to collect and use information for

### SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL 3 IN FY 2019



Total Performance Measures: 15

**ILLUSTRATIVE PERFORMANCE INDICATOR:**  
Annual total number of people protected against malaria with insecticide treated nets (ITN) (in Millions) **APG** ☆



	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
<b>Target</b>	62M	72M	77M	85M <sup>1</sup>	97M <sup>2</sup>
<b>Result</b>	87M	59M	126M <sup>1</sup>	114M	N/A

Source: FY 2021 Annual Performance Plan/FY 2019 Annual Performance Report.

<sup>1</sup> FY 2018 result and FY 2019 target updated to reflect the FY 2021 APP/FY 2019 APR

<sup>2</sup> Maternal and Child Health Agency Priority Goal (APG) July 2020 progress update on performance.gov

decision-making and the allocation of resources; mitigating the risk of a resurgence of malaria; and building capacity and health care institutions. Since malaria morbidity also adversely affects children’s attendance at school and adults’ productivity in the workplace, a healthier population also contributes to improved education and a more robust economy.

Children under five years of age are one of the most-vulnerable groups affected by malaria. As a result of funding under PMI and coordination with other major donors, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria (Global Fund); the World Bank; and the Bill & Melinda Gates Foundation, all 19 PMI-focus countries in Africa with paired nationwide surveys

show significant declines in all-cause mortality rates among children younger than five, which ranged from ten percent to 67 percent (excluding the five new PMI countries announced in 2017). In FY 2019, USAID's malaria projects continued to support the scale-up of insecticide treated nets (ITNs); indoor residual spraying (IRS); appropriate malaria case management, including parasitological diagnosis and treatment with artemisinin-based combination therapies (ACTs); and the intermittent

preventive treatment of malaria in pregnancy (IPTp). PMI includes 24 focus countries in sub-Saharan Africa and three programs in the Greater Mekong Subregion of Southeast Asia. PMI coordinates its procurement and distribution of ITNs with other major donors, including the Global Fund; the World Bank; and the United Nations Children's Fund (UNICEF). PMI's efforts protected 114 million people against malaria with ITNs in FY 2019. PMI exceeded the projected target due to mass campaigns

## MOSQUITOES DON'T SOCIAL DISTANCE

### Continuing the fight against malaria during the COVID-19 pandemic

Hand washing, mask wearing, and social distancing might help protect families from COVID-19, but it won't protect them from the world's deadliest animal.

Mosquitoes don't disappear during a pandemic. And about half of the world's population lives in an area where a mosquito bite could lead to malaria, which keeps kids out of school and parents out of work, and killed 405,000 people in 2018.

Shortly after the declaration of COVID-19 as a pandemic, global health experts modeled its potential impact on malaria programs—and the projections weren't good.

The modeling suggested that if COVID-19 were significantly to disrupt prevention campaigns and access to antimalarial medicines, malaria deaths could double in 2020 and wipe out decades of hard-fought progress. A major spike in malaria cases could also overwhelm health systems in malaria-affected countries and compromise their abilities to respond effectively to COVID-19.

**The good news is that projections aren't destiny.** Thanks in large part to financial support and technical guidance from the U.S. President's Malaria Initiative (PMI) (<https://www.pmi.gov/home>), our partner countries are continuing their campaigns to prevent malaria.

To be effective, these campaigns must be timed with respect to the rainy season when mosquitoes start to proliferate—so significant delays are not an option. These lifesaving activities are complex endeavors under normal circumstances, and we at PMI proud to have helped them continue during this global crisis.

**Distributing bed nets.** All ten of our partner countries' campaigns scheduled to get free insecticide-treated bed nets

(<https://www.pmi.gov/news/stories-from-the-field/stories-from-the-field--detail/two-billion-mosquito-nets>) into communities this season are proceeding with minimal delays. Insecticide-treated nets protect sleeping families by creating a physical barrier from mosquitoes and killing the mosquitoes that land on the net. These nets will protect approximately 78.7 million people from malaria for the next three years. Five additional countries' net campaigns planned for later in the year are on track.

**Spraying homes with insecticides.** Eight of nine countries' indoor residual spraying (IRS) campaigns (<https://www.pmi.gov/news/stories-from-the-field/stories-from-the-field--detail/key-malaria-spray-campaigns-continue-with-adaptations-during-covid-19>) to kill mosquitoes are complete or underway. During IRS, spray operators coat the inside walls and ceilings of homes with insecticides that are safe for humans but deadly for mosquitoes. These efforts will protect an estimated 9.7 million people from malaria. Additional countries will kick off spray campaigns later in the year.

**Distributing preventive medicine for young children.** Currently, seasonal malaria chemoprevention (SMC) campaigns (<https://www.pmi.gov/news/stories-from-the-field/stories-from-the-field--detail/preventing-childhood-malaria-in-africa-during-the-rainy-season>) are underway in all nine eligible partner countries. During these campaigns, children under five years of age are given antimalarial medicine at monthly intervals for three to five months during the rainy season when malaria transmission spikes. SMC has been shown to reduce malaria cases and deaths dramatically in the most vulnerable age group affected by malaria. This year's campaigns will protect approximately 6.5 million children.

### RAPID ADAPTATIONS

While there have certainly been challenges—such as increased costs to adapt programs and decreases in numbers of people seeking care for malaria—we have been successful in equipping families with proven malaria-fighting tools.

specifically in the Democratic Republic of the Congo and the Republic of Sénégal, with first distributions in the Republic of Cameroon and Sierra Leone. Last year, in collaboration with the Government of the Republic of Mali and other partners, USAID distributed 1.3 million bed nets to pregnant women and children under one year old during antenatal care appointments and immunization visits, which has contributed to nationwide reductions in the prevalence of malaria among these populations.

High ownership and use of ITNs reduces the incidence of uncomplicated malaria episodes by 50 percent and all-cause mortality in children under five by about 20 percent. A high level of using ITNs in a community—which is associated with greatly reduced populations of mosquitoes that transmit malaria—can reduce the risk of malaria infections even among those who do not use an ITN.

Here are a few ways we have adapted.

- ★ **Going door-to-door.** Normally families pick up their bed nets or take their children for SMC pills at a central location in their communities. To avoid large gatherings, campaign workers are going door-to-door to distribute the nets and pills.
- ★ **Leveraging technology.** To reduce travel and in-person gatherings, mobile and digital platforms have allowed for remote training and supervision of frontline workers.
- ★ **Spreading out.** When in-person training of campaign workers is necessary, the training sessions are spread out over several sessions so fewer people attend each class and they sit farther apart from each other.
- ★ **Promoting safety and hygiene.** Frontline workers have access to cloth face coverings, hand sanitizer, and additional handwashing stations. This required rapid coordination with local governments to ensure that supplies were in place. Posters, text messages, and job aids at meetings also remind campaign workers to take precautions against COVID-19.
- ★ **Communicating with communities.** With prevention campaigns having to look a little different this year, it has been important to make families in affected areas aware of the changes through radio ads, town criers, and more.
- ★ **Minimizing supply chain disruptions.** Lockdowns have led to production and transportation delays in many sectors around the world. We're working with manufacturers and logistics providers to help ensure essential malaria supplies—nets, spray equipment, medication—are available when and where they are needed most.



*Seasonal malaria chemoprevention campaigns continue in Benin and eight other PMI countries under new safety protocols.*

PHOTO: FORTUNE CHALLA, USAID BENIN

## LOOKING AHEAD

Time will tell how many malaria cases we'll be able to prevent, and what happens in the coming months will be critical. We're closely monitoring the malaria data and the COVID-19 situation in PMI partner countries.

In the meantime, we're inspired by our partner countries' resilience and creativity in this dual fight against malaria and COVID-19—and we're optimistic that together we can win both.

## STRATEGIC GOAL 4

Ensure Effectiveness and Accountability to the American Taxpayer

### PUBLIC BENEFIT

As part of the President’s Management Agenda, the Administration set goals in areas that are critical to improving the Federal Government’s effectiveness, efficiency, cybersecurity, and accountability. Concurrently, USAID seeks to maximize taxpayers’ return on investment and improve operational efficiency. In support of these aims, USAID pursues efficiencies and/or quality gains at all levels, including increasing the quality and frequency of data publication to better inform decisions, enhancing adaptive program management through reforms to partnering and procurement, and improving the delivery of services to staff.

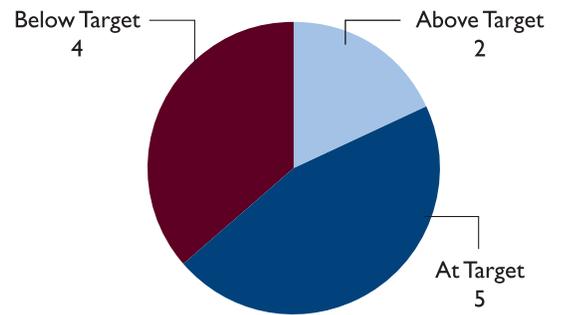
### LINKING ACTIVITIES TO OUTCOMES

To use taxpayer dollars efficiently and effectively in Agency procurements, USAID considers U.S. Government-wide contracts for goods and services to save money, avoid wasteful and redundant contracting actions, and free up acquisition staff to accelerate the use of innovative procurements for high-priority Mission work. By applying principles from CM and the associated Best in Class (BIC) solutions, USAID can purchase goods and services more like a single enterprise.

A challenge for USAID is balancing the implementation of CM objectives and goals with those of JSP Performance Goal 4.1.3 and the EPPR APG. EPPR is designed to expand the number of and diversify USAID’s partners, including local organizations overseas, while CM is designed to increase efficiency through awarding large contracts to pre-selected partners. However, the Agency exceeded its BIC target during three of the four quarters in FY 2019.

USAID increased its BIC spend from \$134.2 million in FY 2018 to \$147.8 million in FY 2019. Looking ahead to FY 2020, USAID has a three-pronged approach to collaborating with activity

## SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL 4 IN FY 2019



Total Performance Measures: 11

### ILLUSTRATIVE PERFORMANCE INDICATOR:

Percentage of addressable contract dollars awarded to Best in Class vehicles (USAID) APG ☆



	FY 2016 <sup>1</sup>	FY 2017 <sup>1</sup>	FY 2018	FY 2019	FY 2020
Target	N/A	35%	35%	40%	\$185M
Result	30%	41.3%	36%	38%	N/A

Source: FY 2021 Annual Performance Plan/FY 2019 Annual Performance Report

<sup>1</sup> Data source for FY 2016 and FY 2017 is the Federal Procurement Data System – Next Generation. USAID has not previously reported the historical percentages as part of the APG.

<sup>2</sup> For the FY 2020–2021 APG, USAID reports the targets and results in dollars rather than a percentage.

planners and staff from technical programs across the Agency. This approach involves participating actively in the market-research stage, considering contract opportunities offered via CM, and justifying and documenting if the Agency opts for another contract method. The Agency is actively increasing awareness through training and advocacy from procurement leadership, and engagement with internal and external stakeholders. Due to these efforts, the Agency is on track to meet its BIC goal for FY 2020.



Patricia Dhaka is one of the approximately 1.8 million people in Zimbabwe receiving USAID-funded food aid, part of efforts to address the dire humanitarian situation and food insecurity during the COVID-19 lockdown. PHOTO: TATENDA MACHEKA, WORLD FOOD PROGRAMME (WFP)

## LEADING BY EXAMPLE: OUR COMMITMENT TO INCREASING THE TRANSPARENCY OF AID DATA

Accessibility to, and transparency of, data lay much of the foundation of USAID’s commitment to increasing its effectiveness and accountability to the American people. As part of the Grand Bargain (<https://interagencystandingcommittee.org/about-the-grand-bargain>) agreement, the U.S. Government works with more than 60 donors and aid organizations to ensure humanitarian financing is as efficient and effective as possible. This agreement includes important aims like increasing the transparency of humanitarian financing, from donor to beneficiary, to improve response planning and effectiveness. Together with the other Grand Bargain signatories, the U.S. Government committed to publishing open data on its humanitarian aid using the International Aid Transparency Initiative (IATI) Standard. As a part of its commitment to the Grand Bargain transparency workstream, USAID has improved both the timeliness and comprehensiveness of the data it reports to IATI. By sharing IATI data on humanitarian assistance and activities, USAID provides humanitarian partners across the globe with up-to-date information to help illustrate the funding landscape of responses. Frequent updates of easily accessible and transparent data provides American citizens and humanitarian partners with a clearer illustration of USAID’s investments.

As more countries and aid organizations report to IATI, the potential value of the data increases as a source of macro-donor data on humanitarian efforts. To facilitate the public’s understanding of this landscape, USAID developed the Development Cooperation Landscape tool (<https://explorer.usaid.gov/donor>), which makes funding and activity-level information across countries and by donor easily available. Additionally, reporting data to IATI means USAID adds value to existing data sources such as the United Nations Office for the Coordination of Humanitarian Affairs’ (OCHA) Financial Tracking Service (FTS). Strengthening FTS in turn allows it to serve as a more accurate resource for the humanitarian community as a whole.

USAID’s commitment to increasing data accessibility and transparency predates the pandemic of COVID-19, but this quickly evolving and complex crisis highlights the importance of developing and maintaining easily accessible, and frequently updated data. Consistent, committed efforts on behalf of the entire humanitarian community, including USAID, to improve reporting remains a clear path to understanding the humanitarian funding environment and ensuring transparency around funding intended to reach those most in need.

## USAID ILLUSTRATIVE INDICATORS AND PERFORMANCE TRENDS

Indicators and data represent all indicators with USAID equity included in the FY 2019 Annual Performance Report (APR)/FY 2021 Annual Performance Plan (APP), available at [https://www.state.gov/wp-content/uploads/2020/08/FY-2021-APP-FY-2019-APR\\_State\\_USAID\\_FINAL-508.pdf](https://www.state.gov/wp-content/uploads/2020/08/FY-2021-APP-FY-2019-APR_State_USAID_FINAL-508.pdf). Some indicators include data from joint reporting with the Department of State (State). While this report includes some explanations as footnotes here, the APP/APR includes additional analysis of the results as compared to the targets. The FY 2020 targets were set in January 2020. The FY 2020 APR/FY 2022 APP will update out-year targets

based on analysis of the impact of COVID-19 on our programs and operations. **Indicators reported as part of USAID’s FY 2018–FY 2019 Agency Priority Goals (APGs) are noted in the table starting below with the star symbol ☆; each APG includes multiple indicators.** USAID introduced some performance indicators in FY 2017, as part of the first year of reporting on progress toward the USAID-State FY 2018–FY 2022 JSP, and thus did not collect data on them in previous years. Where appropriate, the table indicates N/A (not applicable).

### FY 2019 RESULTS LEGEND

Above Target	More than 100 percent of the target set for FY 2019 was met
At Target	90 to 100 percent of the target for FY 2019 was met
Below Target	Below 90 percent of the target set for FY 2019 was met

Strategic Goal I: Protect America’s Security at Home and Abroad						
Indicator Title	FY 2016 Results	FY 2017 Results	FY 2018 Results	FY 2019 Target	FY 2019 Results	FY 2020 Target
Number of Countering Violent Extremism (CVE) programs directly related to U.S. Government CVE objectives implemented in country by civil society and partner governments <sup>1</sup>	96	237	96	120	72	72
Number of U.S. Government-funded events, trainings, or activities designed to build support for peace or reconciliation on a mass scale <sup>2</sup>	35,386	6,103	7,460	4,512	5,097	2,223
Number of people participating in U.S. Government-supported events, trainings, or activities designed to build mass support for peace and reconciliation <sup>3</sup>	339,467	324,546	369,766	469,695	601,499	526,868
Number of local women participating in a substantive role or position in a peacebuilding process supported with U.S. Government assistance <sup>4</sup>	49,395	37,150	5,852	4,200	4,422	7,099
Number of individuals receiving voter education through U.S. Government-assisted programs <sup>5</sup>	1,448,778	2,734,067	64,220,603	7,832,400	10,330,785	8,167,450
Number of individuals receiving civic education through U.S. Government-assisted programs <sup>6</sup>	169,982	4,462,613	11,762,001	7,943,525	10,065,078	9,479,253
Number of judicial personnel trained with U.S. Government assistance <sup>7</sup>	28,774	34,039	46,294	26,452	38,479	30,000

See end of table starting on page 26 for footnotes.

(continued on next page)

Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation

Indicator Title	FY 2016 Results	FY 2017 Results	FY 2018 Results	FY 2019 Target	FY 2019 Results	FY 2020 Target
The World Bank's Doing Business Trading Across Borders score for partner countries with USAID trade facilitation programming <sup>8</sup>	67	71.4	72.8	70	76.6	73
Number of private sector firms that have improved management practices or technologies as a result of U.S. Government assistance <sup>9</sup>	N/A	2,119	1,443	989	832	839
Value of incremental sales generated with U.S. Government assistance <sup>10</sup> <b>APG</b> ☆	\$906 million	\$1.122 billion	\$1.6 billion	\$425 million	\$636 million	N/A
Number of individuals in the agriculture system who have applied improved management practices or technologies with U.S. Government assistance <sup>11</sup> <b>APG</b> ☆	11.6 million	11.4 million	9.79 million	4.875 million	7.452 million	10.26 million
Value of new private sector investment in the agriculture sector leveraged by Feed the Future implementation <sup>12</sup> <b>APG</b> ☆	\$230 million	\$243.2 million	\$234 million	\$110 million	\$430 million	N/A
Number of children reached by nutrition interventions <sup>13</sup> <b>APG</b> ☆	27.7 million	22.6 million	28.4 million	9 million	27 million	N/A
Number of USAID Feed the Future evaluations <sup>14</sup> <b>APG</b> ☆	N/A	N/A	Q1: 4 Q2: 5 Q3: 5 Q4: 6	Q1: 2 Q2: 2 Q3: 2 Q4: 2	Q1: 9 Q2: 1 Q3: 6 Q4: 6	N/A
Percentage of female participants in U.S. Government-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment) <sup>15</sup>	53.55%	52.61%	50.39%	55.99%	43.96%	47.45%
Percentage of participants reporting increased agreement with the concept that males and females should have equal access to social, economic, and political resources and opportunities <sup>16</sup>	N/A	41.75%	51.89%	48.8%	59.25%	65.13%
Number of people reached by a U.S. Government-funded intervention providing gender-based violence (GBV) services (e.g., health, legal, psycho-social counseling, shelters, hotlines, other) <sup>17</sup>	3,146,925	4,338,089	5,050,870	2,058,131	8,860,630	2,024,846
Number of legal instruments drafted, proposed, or adopted with U.S. Government assistance designed to improve prevention of, or response to, sexual and gender-based violence at the national or sub-national level <sup>18</sup>	2	47	56	86	77	60
Number of countries with improved learning in primary grades	N/A	N/A	N/A	4	4	6
Number of learners in primary schools or equivalent non-school-based settings reached with U.S. Government education assistance <sup>19</sup>	20,004,643	25,259,173	35,095,910	30,651,536	32,643,471	33,759,570
Number of firms that receive U.S. Government-funded technical assistance to improve business performance <sup>20</sup>	1,614	71,347	99,546	98,959	115,615	54,927

See end of table starting on page 26 for footnotes. Full description of legend can be found on page 22.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target

Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation (continued)

Indicator Title	FY 2016 Results	FY 2017 Results	FY 2018 Results	FY 2019 Target	FY 2019 Results	FY 2020 Target
Full-time equivalent employment of firms that receive U.S. Government assistance	21,259	25,002	19,345	18,764	19,092	26,592
Number of people gaining access to a basic drinking water service as a result of U.S. Government assistance <sup>21</sup>	N/A	N/A	N/A	3,114,793	2,562,842	2,888,946
Number of people gaining access to safely managed drinking water services as a result of U.S. Government assistance <sup>22</sup>	188,168	391,394	1,071,386	469,054	445,986	N/A
Number of people who gained access to a basic sanitation service as a result of U.S. Government assistance <sup>23</sup>	2,964,497	1,554,451	7,439,323	8,506,634	3,601,472	3,264,662
Number of people with improved economic benefits derived from sustainable natural-resource management and/or biodiversity conservation as a result of U.S. Government assistance	1,429,079	363,863	585,555	883,988	810,471	885,106
Number of people who receive livelihood co-benefits (monetary or non-monetary) associated with the implementation of U.S. Government sustainable landscapes activities <sup>24</sup>	13,870	59,493	174,410	100,315	372,763	736,505
Number of beneficiaries with improved energy services due to State and USAID assistance <sup>25</sup>	11,189,631	9,210,497	9,500,500	2,929,988	15,774,249	8,870,391
Amount of investment mobilized (in US\$) for energy projects (including clean energy) as supported by U.S. Government assistance <sup>26</sup>	\$9,175,299,861	\$7,634,319,593	\$5,999,249,920	\$5,749,918,073	\$3,324,201,971	\$8,357,807,000
Energy generation capacity (MW) supported by U.S. Government assistance that has achieved financial closure <sup>27</sup>	3,642	5,094	7,895	8,325	14,436	13,029
Number of energy sector laws, policies, regulations, or standards formally proposed, adopted, or implemented as supported by U.S. Government assistance <sup>28</sup>	474	427	235	213	317	240
Number of government officials receiving U.S. Government-supported anti-corruption training <sup>29</sup>	11,289	13,991	15,804	10,753	38,800	20,000
Number of people affiliated with non-governmental organizations that receive U.S. Government-supported anti-corruption training	4,689	15,127	15,875	12,125	13,613	12,000
Number of anti-corruption measures proposed, adopted, or implemented due to U.S. Government assistance, to include laws, policies, or procedures <sup>30</sup>	163	331	704	400	973	400
Number of target countries with new Fiscal Transparency Innovation Fund projects <sup>31</sup>	12	12	15	7	14	12

See end of table starting on page 26 for footnotes. Full description of legend can be found on page 22.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target

Strategic Goal 3: Promote American Leadership through Balanced Engagement

Indicator Title	FY 2016 Results	FY 2017 Results	FY 2018 Results	FY 2019 Target	FY 2019 Results	FY 2020 Target
Percentage of USAID Country Development Cooperation Strategies that include a Development Objective, Intermediate Result, Sub-Intermediate Result, or transition section that addresses ways to strengthen host-country capacity to further its self-reliance	N/A	N/A	3.17%	15.87%	14.29%	82.5%
Amount of resource commitments by non-U.S. Government public and private entities in support of U.S. foreign-policy goals <sup>32</sup>	\$28.416 billion	\$25.3 billion	\$55.7 billion	\$28.9 billion	\$54.2 billion	\$55.3 billion
Absolute change in all-cause under-five mortality (U5MR) <b>APG</b> ☆	-2.2	-2.3	-2.1	-2	-1.9	N/A
Absolute change in total percentage of children who received at least three doses of pneumococcal vaccine by 12 months of age <sup>33</sup> <b>APG</b> ☆	+1.6	N/A	+1.65	+1	+3.3	N/A
Absolute change in total percentage of births delivered in a health facility <sup>34</sup> <b>APG</b> ☆	+0.4	N/A	+1.05	+1	+1.65	N/A
Absolute change in modern contraceptive prevalence rate (mCPR) <b>APG</b> ☆	+1.4	+1	+1.1	+1	-0.8	N/A
Annual total number of people protected against malaria with insecticide treated nets (ITN) <sup>35</sup> <b>APG</b> ☆	87 million	59 million	123 million	85 million	114 million	97 million
Percent of shipments of contraceptive commodities that are on time <sup>36</sup> <b>APG</b> ☆	N/A	N/A	Q1: 75% Q2: 81% Q3: 84% Q4: 91%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 93% Q2: 85% Q3: 98% Q4: 95%	N/A
Percent of shipments of contraceptive commodities that are on time and in full <sup>37</sup> <b>APG</b> ☆	N/A	N/A	Q1: 57% Q2: 74% Q3: 63% Q4: 85%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 89% Q2: 88% Q3: 87% Q4: 84%	N/A
Number of adults and children currently receiving antiretroviral therapy (ART) <sup>38</sup> <b>APG</b> ☆	11,404,117	13,206,682	Q1: 12,823,686 Q2: 13,236,953 Q3: 13,560,659 Q4: 14,769,424	18,284,357	Q1: 12,870,645 Q2: 13,433,066 Q3: 13,804,547 Q4: 15,704,135	N/A
Number of adults and children newly enrolled on antiretroviral therapy (ART) <sup>39</sup> <b>APG</b> ☆	2,158,632	2,774,524	Q1: 580,568 Q2: 651,420 Q3: 645,180 Q4: 2,690,373	3,337,161	Q1: 583,522 Q2: 653,055 Q3: 637,946 Q4: 2,663,060	N/A
Number of males circumcised as part of the voluntary medical male circumcision (VMMC) for HIV prevention program within the reporting period <sup>40</sup> <b>APG</b> ☆	2,290,141	3,382,541	Q1: 714,338 Q2: 839,088 Q3: 1,086,402 Q4: 3,734,214	3,822,403	Q1: 859,987 Q2: 852,995 Q3: 1,089,946 Q4: 3,898,972	N/A
Protection mainstreaming in NGO proposals <sup>41</sup>	N/A	N/A	100%	95%	96%	95%
Percent of disaster declarations responded to within 72 hours <sup>42</sup>	100%	100%	89%	95%	95%	95%
Percent of targeted implementing partners with completed benchmark plans <sup>43</sup>	N/A	N/A	87%	80%	100%	N/A

See end of table starting on page 26 for footnotes. Full description of legend can be found on page 22.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target

Strategic Goal 4: Ensure Effectiveness and Accountability to the American Taxpayer

Indicator Title	FY 2016 Results	FY 2017 Results	FY 2018 Results	FY 2019 Target	FY 2019 Results	FY 2020 Target
Percentage of completed evaluations used to inform management and decision-making	USAID: N/A	USAID: N/A	USAID: 99.4%	USAID: 95%	USAID: 100%	USAID: 95%
Percent of completed Foreign Assistance evaluations with a local expert as a member of the evaluation team <sup>44</sup>	49%	59%	64.8%	65%	61%	65%
Percentage of Awards using co-creation <sup>45</sup> <b>APG</b> ☆	N/A	N/A	18%	Q1: 20% Q2: 22% Q3: 24% Q4: 28%	Q1: 11.5% Q2: 14.7% Q3: 13.0% Q4: 23.5%	N/A
Percentage of Obligations using co-creation <sup>46</sup> <b>APG</b> ☆	N/A	N/A	21%	Q1: 23% Q2: 25% Q3: 27% Q4: 31%	Q1: 28.5% Q2: 21.6% Q3: 16.7% Q4: 19.4%	N/A
Number of New Partners <sup>47</sup> <b>APG</b> ☆	N/A	N/A	226	Q1: 22 Q2: 53 Q3: 104 Q4: 249	Q1: 28 Q2: 63 Q3: 92 Q4: 210	N/A
Percentage of addressable contract dollars awarded to Best in Class vehicles (USAID) <b>APG</b> ☆	30%	41.3%	Q1: 0% Q2: 29% Q3: 30% Q4: 36%	Q1: 10% Q2: 20% Q3: 30% Q4: 40%	Q1: 15.7% Q2: 35.6% Q3: 41.3% Q4: 38.1%	N/A
Percentage of contract dollars awarded to contract vehicles designated as Spend Under Management (USAID) <sup>48</sup> <b>APG</b> ☆	N/A	N/A	Q1: 77% Q2: 56% Q3: 59% Q4: 74%	Q1: 56% Q2: 66% Q3: 70% Q4: 75%	Q1: 69.8% Q2: 71.3% Q3: 70.8% Q4: 81.2%	N/A
Number of Operating Units Adopting DIS <sup>49</sup>	N/A	N/A	0	6	3	35
Overall Score on Human Capital Function of GSA's Customer Satisfaction Survey (or USAID's equivalent survey)	USAID: 4.16	USAID: 4.16	USAID: 3.91	USAID: 4.3	USAID: 4.24	USAID: 4.5
Percentage of USAID Global Health and Management Bureau staff moved to newly leased facility	N/A	N/A	0%	0%	0%	100%
Percent completion of Phases 3 and 4 of the Ronald Reagan Building Renovation	N/A	N/A	0%	33%	33%	100%

<sup>1</sup> Results and targets for this indicator reflect joint data for USAID and State. Note that USAID's FY 2018 target was 35 and the Agency's result for FY 2018 was 45. For FY 2019, USAID conducted a rigorous internal review of all programming labeled as CVE to ensure it aligned with a mandate that USAID CVE programs must be focused, tailored, and measurable through CVE-specific monitoring, evaluation, and learning. USAID no longer deems certain programs as CVE because of their inability to meet our new, more stringent CVE-specific criteria.

<sup>2</sup> The FY 2016 result is high because of new projects that started in one Operating Unit (OU). The FY 2019 result is 11 percent greater than the target for two reasons. As in the case with programs in the West Bank and Gaza and in Burma, implementing partners estimated targets prior to the launch of key activities. Second, program successes, as in the case in the Republic of Uganda, increased demand for more activities than originally planned. FY 2020 target is significantly lower than previous results and targets. The main reason is that key projects are ending and new projects began in FY 2020 at several U.S. Missions. As a result, these Missions lowered their targets for FY 2020.

<sup>3</sup> The FY 2019 result is 22 percent greater than the target for at least two reasons. First, as in the case for Burma and North Macedonia, implementing partners hosted more training and events than originally anticipated when the program began. Secondly, as with Iraq and Colombia, implementing partners underestimated people's will or ability to participate in programs. FY 2020 target is significantly lower than previous results and targets for two reasons. The main reason is that key projects are ending and new projects began in FY 2020 at several U.S. Missions. As a result, these Missions lowered their targets for FY 2020, or temporarily set their target at zero until new projects can establish accurate targets.

Full description of legend can be found on page 22.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target

(continued from previous page)

- <sup>4</sup> Security concerns, civilian displacement, the slow progress of several peace processes, and procurement delays contributed to a lower-than-expected performance for this indicator in FY 2018. USAID revised the FY 2019 target to reflect more-realistic expectations given operational and other constraints that are facing the contributing OUs. The FY 2020 target reflects an enhanced focus on women's participation under the Women, Peace, and Security (WPS) Strategy.
- <sup>5</sup> Due to the nature of this indicator, results can be dependent on election scheduling and the accessibility of messages in target communities. This may lead to inconsistent trends in this indicator from year-to-year. The FY 2018 result represents a significant increase from past annual trends because of increased opportunities in countries, greater technological access through broadcast and social networks, and greater support for voter education than in past years. For example, an unanticipated, short-term rapid-response intervention to better inform Venezuelan citizens (domestically and abroad) on the May 2018 snap elections for president through a wide-reaching social-media, radio, and television campaign reached 43 million persons. In aggregate, the result for FY 2019 exceeded the year's target, as some country programs expanded the reach of their voter education ahead of elections. Additionally, the short-term nature of this support can make targets difficult to set. Out-year targets reflect only the small subset of programming that is actually planned and does not account for "rapid response" type interventions designed to address unforeseen needs globally. As such, the targets may underestimate the anticipated number of people to be reached through elections-related programming in subsequent years. The FY 2020 target has been adjusted to reflect anticipated U.S. Government-funded voter education programming ahead of elections scheduled in 2020 and 2021.
- <sup>6</sup> Actual results for this indicator varied, with some programming significantly exceeding targets and some underperforming. For example, the changing political context in Sri Lanka contributed to an increase in demand for civic and voter education activities, including civil society-organization outreach on pressing rights and governance issues such as anti-corruption, a new 25 percent quota for women's political representation, and the Muslim Marriage and Divorce Act. U.S. Government also supported large-scale civic education efforts in Malawi, Mali, and Moldova ahead of those countries' elections. An example of underperformance for this indicator occurred in Libya, where ongoing conflict and political divide precluded civic education initiatives in some regions of the country. The FY 2020 target has been adjusted to reflect anticipated U.S. Government-funded civic education programming ahead of elections scheduled in 2020 and 2021.
- <sup>7</sup> The FY 2019 result was about what was projected, based on the previous year's results and the level of buy-in expected to receive from various countries. That said, the year-to-year decline in totals and the FY 2020 target reflect the fact that several OUs have activities that are transitioning or concluding.
- <sup>8</sup> While USAID trade facilitation programming seeks to improve partner countries' scores on the World Bank "Doing Business" report's Trading Across Borders indicator, there are many other factors outside USAID's manageable interest affecting these scores. These include the country's internal political changes and policies on customs and border management. At the same time, the specific countries benefiting from USAID trade facilitation programming change from year to year for a number of reasons, including budget allocation levels. The number of benefiting countries decreased from 23 in FY 2018 to 21 in FY 2019, while USAID bilateral trade and investment programming invested \$69 million and \$63 million respectively for those same years. That said, the average score of USAID beneficiary countries is trending upwards, as governments increasingly understand the benefits of trade facilitation, and are more motivated to collaborate with USAID to reduce trade barriers. Given the steady upward trend of this indicator since FY 2015, USAID increased the FY 2020 target slightly for this indicator.
- <sup>9</sup> The FY 2019 result represents reporting from seven OUs. The FY 2019 result is lower than the target because while most OUs exceeded their targets, the large Georgia activity erroneously included, in its FY 2019 target-setting, microenterprises who only graduated from training and were still starting a business. The Georgia Mission's FY 2020 target is more modest and in line with its FY 2019 result. The aggregate FY 2020 target simply reflects the summation of these seven OUs' targets and is lower than previously reported mainly because of this correction in Georgia.
- <sup>10</sup> The FY 2019 out-year target reflects the FY 2019 President's Budgets for USAID's food security programs.
- <sup>11</sup> This indicator was previously reported as "Number of farmers who have applied new technologies and management practices (including risk management technologies and practices) as a result of U.S. assistance." The FY 2019 out-year target reflects the FY 2019 President's Budgets for USAID's food security programs.
- <sup>12</sup> The FY 2019 out-year target reflects the FY 2019 President's Budgets for USAID's food security programs.
- <sup>13</sup> Starting in FY 2017, this revised indicator captures nutrition-specific interventions only. The previous version of this indicator captured both nutrition-specific and nutrition-sensitive efforts. The FY 2019 out-year target reflects the FY 2019 President's Budgets for USAID's food security programs.
- <sup>14</sup> USAID calculates targets each quarter based on the currently ongoing evaluations reported in the USAID Evaluation Registry, plus the anticipated completion of baseline and endline survey reports from Feed the Future target countries. In FY 2019, USAID completed 22 mid-term and impact evaluations over the course of the fiscal year, despite the lapse in appropriations during the first quarter and second quarter reporting periods. This delayed access to data required to perform analyses for the expected number of evaluations which resulted in a decreased number of actual evaluations performed in the second quarter. Following the lapse in appropriations, USAID was able to upload the delayed second quarter submissions in the third quarter, resulting in an increased number of evaluations for the third quarter.
- <sup>15</sup> The FY 2019 target for this indicator was not met, with the actual results falling approximately 12 percent short of the target. It is difficult to identify precisely why this was the case. Sixty-five OUs reported against this indicator (which is substantially more than last year). For many OUs, the reported results reflect a combination of results across multiple projects or activities. Given the breadth of this reporting, the lack of detail provided in the Performance Plan and Report (PPR) deviation narratives and the large number of country results that either exceeded or fell short of their targets on this indicator, the exact activities that are responsible for the shortfall cannot be identified. Nevertheless, the FY 2020 target suggests that on average, OUs expect to see better results in the future. The FY 2020 target also represents near parity between men and women in terms of program participation.
- <sup>16</sup> The FY 2019 target for this indicator was exceeded by approximately ten percent. Sixteen OUs reported against this indicator and of these, seven exceeded a target they had set. An additional four OUs did not set a target but nevertheless reported strong results. Only a small number of OUs did not meet their targets. Averaging across all OUs yields the positive overall result. The target for FY 2020 suggests that most OUs continue to expect to see strong results, since the FY 2020 target is considerably higher than the FY 2019 target.
- <sup>17</sup> The FY 2019 actual results substantially exceed the FY 2019 target because of the extreme variability in year-to-year needs, especially in the humanitarian assistance sector where activities addressing GBV in emergency situations serve large numbers of beneficiaries. Also, one OU did not set a FY 2019 target, but reached 4.6 million beneficiaries using additional funds through a Counter Trafficking in persons activity combining child marriage prevention interventions. The drop in the target from FY 2019 to FY 2020 was modest and likely reflects minor changes in numbers of expected beneficiaries to be reached in FY 2020 across all the activities being carried out in a large number of missions.

(continued on next page)

- <sup>18</sup> The increase in FY 2017 from FY 2016 results is because of a large uptick in results reported from programming in the Republic of Colombia, which includes 37 measures implemented at both the sub-national and national levels. The FY 2019 data aggregates actual results reported by nine OUs, reflecting an increase from seven OUs in FY 2018 and five OUs reporting in FY 2017. However, the FY 2019 actual results have not met the FY 2019 target. A reason for this shortfall is that an OU designed only one of the 30 legal instruments targeted in FY 2019, owing to the lack of local institutional capacity. The FY 2020 target approximates the FY 2018 target. In this sense, the FY 2019 target is an outlier because it was so high. Given that one OU expected to complete work on 30 legal instruments (but did not), the target for this year was probably over-inflated and unrealistic.
- <sup>19</sup> The FY 2019 target was exceeded due to higher than anticipated enrollment and improved overall reporting. For example, in Zambia, the OU was able to distribute teaching and learning materials to more primary school students than expected using a Government-to-Government (G2G) agreement.
- <sup>20</sup> The large number of firms that received technical assistance in FY 2017 and FY 2018 primarily reflects short-term assistance provided to microenterprises through local government partners with effective outreach in the Philippines. The number of firms receiving technical assistance in FY 2019 significantly exceeds the target because of the Georgia activity, which received unexpected interest and also expanded into a new training center; the Moldova activity, which focused on industry-level interventions; the Philippines activity, which also focused on systemic change with local governments and industries; and the Tunisia activity, which entered the main implementation phase. The FY 2020 target is lower than FY 2019 results due to more intensive assistance for fewer firms in some cases, and conservative target-setting between activities.
- <sup>21</sup> This indicator will replace "Number of people gaining access to safely managed drinking water services as a result of U.S. Government assistance." The FY 2019 result for the old indicator is included for this transition year. USAID is transitioning to reporting on basic drinking water services this year, as this is the primary area of results in drinking water across USAID missions. As articulated in the USAID Water and Development Plan under the U.S. Global Water Strategy (GWS), USAID plans to provide 15 million people with sustainable access to safe drinking-water services (inclusive of both basic and safely managed water services) by 2022. The results for FY 2019 are on track with reporting on basic access to drinking water services in prior years, showing consistent progress. Although results were below the FY 2019 target due to procurement delays, USAID is on track to meet the overall target.
- <sup>22</sup> This indicator will be replaced by "Number of people gaining access to a basic drinking water service as a result of U.S. Government assistance" so a FY 2020 target was not set.
- <sup>23</sup> As articulated in the USAID Water and Development Plan under the GWS, USAID plans to provide eight million people with sustainable access to sanitation services (inclusive of basic and safely managed sanitation services) by 2022 which has now been reached. Results from FY 2019 continue to show strong progress on sanitation, with a higher number of people reached than in previous years, and 23 missions reporting results. The target set for FY 2019 was overly ambitious as it was based on early reporting from missions that did not take into account the complete definition for this indicator. This error has been corrected for future years.
- <sup>24</sup> In FY 2019, 12 bilateral USAID Missions, USAID/E3, and the West Africa Regional Mission reported on this indicator. One example of why the FY 2019 target was exceeded is that in USAID/Brazil, results (85,791 beneficiaries) exceeded targets due to (1) improved monitoring and reporting training for implementing partners, and (2) an additional 45,000 people received socio-economic benefits from a partnership with the Government of Brazil by providing fresh fish for a food security program.
- <sup>25</sup> The FY 2017 result is lower than the FY 2016 result because of changes to three projects in Afghanistan. Forecasting the number of beneficiaries is difficult because of security concerns in high-security-threat countries and unpredictable weather conditions, which has resulted in common construction delays on large-scale projects. Projections are also difficult because of the nature of the credit markets and economic conditions that foster greater access to electricity. Projected beneficiaries are based on an internal Mission analysis of the current progress of infrastructure construction and market conditions. The results in FY 2019 include projects in Central America, South America, and Europe to improve the availability of electricity, which we do not expect to be repeated to the same extent in FY 2020.
- <sup>26</sup> Actual results in FY 2018 were lower than expected because of the early closure of the Private Financing Advisory Network (PFAN)-Asia, a reduction in clean-energy activities in Mexico, and discounted projected success rates of activities funded by USAID's Clean Energy Finance Facility for Central America and the Caribbean (CEFF-CCA). While USAID programs achieved significant results in FY 2019, the size and complexity of large-scale energy investments often result in delays. Several activities expected to reach financial close in FY 2019 remain in-progress and are now included in FY 2020's target.
- <sup>27</sup> In positive deviation of the FY 2019 result from the target reflects the uncertain nature of large power transactions because of the complex nature of regulatory approvals and funding decisions involving multiple stakeholders. USAID/India clean energy program is strengthening the enabling environment for faster and more cost-effective deployment of renewable energy and energy efficiency technologies, resulting in 3,471 MW of clean energy generation. In FY 2019, USAID/India continued to scale the deployment of renewable energy in a cost-effective way with the Ministry of New and Renewable Energy and three states by developing new methods for utilities to integrate renewables; an alternate compensation model for rooftop solar; market-based approaches to improve quality and safety of distributed solar; regulations to support distributed solar and energy storage; and procurement models for large consumers.
- <sup>28</sup> Reporting for this indicator varies year-to-year, because it encompasses laws, policies, regulations, and standards. Those various designations have significant differences (e.g., the amount of work needed to propose or enact a law is exponentially more than the amount of work needed to propose a standard or policy). Several Missions noted that out-year targets may decrease if funding for these activities remains low.
- <sup>29</sup> The FY 2019 result and out-year targets reflect reporting from 29 OUs. The FY 2020 target reflects the ending of existing activities and the transition to new activities that have not yet started, and thus have not set targets yet. The FY 2019 results demonstrated that State and USAID programs outpaced expected results in terms of strengthening the capacity of public sector officials (including judges, prosecutors, investigators, audit officials, procurement officers, and officials in anti-corruption oversight bodies) to detect, prevent, and respond to corruption, as well as to enhance transparency, accountability, and integrity, and engage civil society partners in accountability measures.
- <sup>30</sup> Many of the measures implemented in FY 2019 were a result of the Organization for Economic Co-operation and Development's (OECD) work with Istanbul Anticorruption Plan (IAP) participants and the wider Anti-Corruption Network (ACN) member countries. Given that many countries implemented such legislation in FY 2017 and FY 2018, including the strong FY 2019 number, and expectation that future years may see a decrease as countries continue to focus on second generation anticorruption legislation, which is often more technically advanced and therefore harder to draft and adopt, State and USAID are therefore maintaining the same target as in previous years.
- <sup>31</sup> The FY 2020 indicator target is larger than FY 2019, adjusted to reflect a change in the number of Fiscal Transparency Innovation Fund (FTIF) applications received from posts. As the FTIF program has matured, program managers have conducted increased outreach and consultations with posts, resulting in more exposure for the program and higher numbers of strategic and sustainable projects.
- <sup>32</sup> The FY 2018 result has been updated from \$0.005 billion to \$55.7 billion because data from USAID's largest reported partnership, the Neglected Tropical Diseases Program and Pharmaceutical Companies Partnership (leveraging approximately \$26.1 billion in private sector resources), was only first captured during the FY 2018 data collection although the partnership has been active since 2006. The increases for results and targets are heavily influenced by more complete public-private partnerships (PPP) data from across USAID. The increase in the value of resource commitments recorded in FY 2019 was also affected by the method through which State and USAID calculate this indicator. From FY 2015–FY 2017 these figures were calculated with slightly different methodologies, with State calculating new commitments each fiscal year, and USAID calculating life-of-partnership commitments for active partnerships. From FY 2018 and on, cumulative values are used, which has led to an upward revision in associated targets in subsequent fiscal years.

- <sup>33</sup> The FY 2019 target was incorrectly reported in the FY 2019 Agency Financial Report (AFR) and has been updated to align with the FY 2019 APG quarterly report on performance.gov. The total percent of children who receive at least three doses of pneumococcal vaccine (PCV3) increased from 42.3 percent in calendar year 2017 to 45.6 percent in calendar year 2018 (includes FY 2019) for a net increase of 3.4 percent, surpassing the FY 2019 target of one percent. USAID weights these estimates between the Agency's 25 maternal and child health (MCH) priority countries by live births. India newly introduced PCV3 in calendar year 2018; because it is a large country and because the values are weighted, the increase in PCV3 was even larger than expected. FY 2017 actuals are not available because of a pause in APG reporting.
- <sup>34</sup> FY 2017 actuals are not available because of a pause in APG reporting.
- <sup>35</sup> The FY 2019 target was incorrectly reported in the FY 2019 AFR and has been updated to align with the FY 2019 APG quarterly report on performance.gov. In FY 2019, the President's Malaria Initiative (PMI) exceeded the projected target due to mass campaigns specifically in the Democratic Republic of the Congo (DRC) and Senegal, with first distributions in Cameroon and Sierra Leone. As the new PMI countries continue to ramp up their malaria programs, we expect an increase in the number of ITNs distributed. Since all PMI countries are on a different campaign cycles with different scopes for their campaigns, we use the best available information on planned ITN distributions to estimate the number distributed with U.S. Government funds.
- <sup>36</sup> USAID and its implementing partner continue to build on and refine the measures first implemented in FY 2017 and utilize global supply chain data to develop and integrate analytical tools into standard processes to improve decision making and be more responsive to field needs. USAID continues to work closely with the Global Health Supply Chain – Procurement and Supply Management (GHSC-PSM) Project to monitor and mitigate any risks to the global supply chain.
- <sup>37</sup> Consistent with approaches for “Percent of shipments of contraceptive commodities that are on time,” USAID continues to work closely with the GHSC-PSM Project to monitor and mitigate any risks to the global supply chain to improve performance in this area.
- <sup>38</sup> FY 2018 results and FY 2019 targets were updated to reflect the FY 2021 APP/FY 2019 APR. The President's Emergency Plan for AIDS Relief (PEPFAR) sets annual targets and reports quarterly on progress. Measuring the number of adults and children currently receiving ART allows PEPFAR to monitor progress on achieving the second “90” of the United Nations (UN) Programme on HIV/AIDS (UNAIDS) 90-90-90 goals, i.e., the percent of people living with HIV who are on ART. At the end of FY 2019, PEPFAR was supporting nearly 15.7 million men, women, and children on life-saving ART. To continue to scale up, PEPFAR is supporting policies and practices that will allow for more people to receive treatment in the most cost-effective manner possible.
- <sup>39</sup> FY 2018 results and FY 2019 targets were updated to reflect the FY 2021 APP/FY 2019 APR. PEPFAR sets annual targets and reports quarterly on progress. In FY 2019, PEPFAR initiated more than 2.66 million men, women, and children on life-saving ART, 80 percent of the annual target. PEPFAR increased the number of people living with HIV initiated on treatment from 583,522 in the first quarter to 791,261 in the fourth quarter. To continue to scale up and reach increased targets in FY 2020, PEPFAR is supporting policies and practices that will allow for more people to receive treatment in the most cost-effective manner possible.
- <sup>40</sup> FY 2018 results and FY 2019 targets were updated to reflect the FY 2021 APP/FY 2019 APR. PEPFAR sets annual targets and reports quarterly on progress.
- <sup>41</sup> One of the ways in which USAID prevents GBV in emergencies is by ensuring each proposal received from an NGO mainstreams protection principles and practices. “Protection mainstreaming” is the process of incorporating protection principles and promoting meaningful access, safety, and dignity in humanitarian aid. The numerator for this indicator is the number of NGO proposals received by the USAID Office of U.S. Foreign Disaster Assistance (OFDA) within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) that include protection-mainstreaming; the denominator is the total number of NGO proposals received by USAID/DCHA/OFDA.
- <sup>42</sup> Two of the three delayed response cables in FY 2018 were Sensitive But Unclassified (SBU), related to a politically sensitive complex emergency of high interest to the interagency. The sensitive political nature of these U.S. Government responses necessitated exceptional levels of intra-agency and interagency coordination, which created a lag in USAID/DCHA/OFDA's normal response time frame. Had these delays not occurred, USAID/DCHA/OFDA's rate of response within 72 hours would have been 96 percent for FY 2018.
- <sup>43</sup> The U.S. Government's Humanitarian Policy Working Group (HPWG)—which includes State, USAID, and the U.S. Mission to the UN—had identified eight agencies for the development of the internal tracking documents, or benchmark plans. By the end of FY 2019, the HPWG had developed eight plans. As 100 percent of all targeted implementing partners have now developed benchmark plans, the milestone for this indicator has been achieved and there will be no further reporting on this indicator in future years.
- <sup>44</sup> In FY 2019, about 61 percent of completed evaluations included a local expert. While this is slightly less than the percentage last year and the target of 65 percent, it does not represent a significant deviation from the trend. USAID will monitor this and review the FY 2020 results next year to determine if any action is necessary to encourage more inclusion of local experts.
- <sup>45</sup> The Agency set aspirational targets for diversifying and using co-creation to motivate staff and underscore its commitment to Effective Partnering and Procurement Reform (EPPR). USAID experienced challenges in meeting targets because of the enormity of the EPPR initiative, which is changing the way the Agency conducts its core acquisition and assistance (A&A) business. Targeting for A&A is also notoriously difficult because of the fact that there is a time delay from program design and procurement to establishment of new partnerships and the obligation of funds, and because USAID often gets its budget late in the fiscal year and obligates approximately 40 percent in the last quarter. In addition, since these were new indicators, there was little historical data to reference and use for target setting.
- <sup>46</sup> The Agency set aspirational targets for diversifying and using co-creation to motivate staff and underscore its commitment to EPPR. USAID experienced challenges in meeting targets because of the enormity of the EPPR initiative, which is changing the way the Agency conducts its core A&A business. Targeting for A&A is also notoriously difficult because of the fact that there is a time delay from program design and procurement to establishment of new partnerships and the obligation of funds, and because USAID often gets its budget late in the fiscal year and obligates approximately 40 percent in the last quarter. In addition, since these were new indicators, there was little historical data to reference and use for target setting.
- <sup>47</sup> The FY 2019 targets were updated to reflect cumulative, instead of quarterly, targets in the FY 2021 APP/FY 2019 APR.
- <sup>48</sup> USAID had great success as it engaged and trained its staff during FY 2019 on the benefits and proper application of Category-Management (CM). Throughout FY 2019, USAID worked to attain its CM goals through a multi-phased process that focuses systematically to address the key attributes, this has included steps to increase awareness, provide education and training, manage advocacy, stakeholder engagement, application and further development of Spend Under Management (SUM) principles, measure and track results, and evaluate and adapt to improve SUM.
- <sup>49</sup> In the fourth quarter of FY 2019, the Development Information Solution (DIS) initiated the pilot phase and engaged the Missions in data onboarding and end user training. The delay in starting the pilot was due to the lapse in appropriations, which impacted completion of the development baseline and subsequent deployment. Three OUs deployed DIS at the end of FY 2019.

# LOOKING FORWARD



Ruth Buckley

## AGENCY IMPACT

The world has made substantial progress across a wide range of development areas since the U.S. Agency for International Development's (USAID) founding in 1961. However, the effects of the pandemic of COVID-19 have demonstrated how much of that progress remains fragile and uneven. Through our partnerships and investments in areas such as health, resilience and food security, economic growth, education, and more, USAID is driven to strengthen our partners' capacities and commitment to chart their own progress beyond assistance. We call this the Journey to Self-Reliance.

## ONGOING AND FUTURE RESPONSE TO THE PANDEMIC OF COVID-19

The pandemic of COVID-19 has affected every country and community around the globe. USAID is already pivoting our approach and programming across all sectors to address the humanitarian needs generated and exacerbated by the COVID-19 pandemic while protecting development investments. COVID-19 is creating added challenges around food insecurity, access to health care, and job opportunities across many of the countries in which USAID works. Together with the U.S. Department of State (State), USAID has led the United States' international response to the crisis. To date, USAID has delivered 8,490 ventilators to 40 countries, and more than \$1.2 billion in relief funding.

USAID made policy changes under our Effective Partnering and Procurement Reform effort, which empowered Agreement Officer's Representatives (AORs) in the field to allow our partners to more readily adjust how they execute their programming. To inform a data-driven response, USAID has developed a sophisticated, interactive dashboard tool that combines a number of datasets to explore first- and second-order effects of the pandemic. The Agency has also empowered our Foreign Service Nationals (FSNs) with new authorities, expanded the

use of third-party monitoring, and streamlined our policies and procedures to facilitate rapid responses to shifting circumstances.

As great as the challenges are today, USAID is already thinking about tomorrow. USAID Acting Deputy Administrator John Barsa commissioned an Agency Planning Cell to perform research, conduct outreach, and prepare analysis around how USAID should invest in a world changed by COVID-19, including on how we could adapt our policies, programming, and operations to evolving challenges. Funding opportunities to address secondary impacts are already under way—for example USAID and State have launched a \$10 million Private-Sector Engagement and Partnership fund to find innovative private-sector solutions for mitigating the secondary impacts of COVID-19 in developing countries (<https://www.state.gov/new-covid-19-private-sector-engagement-partnership-fund/>). USAID is also working to capture lessons learned to improve our operational response and ensure the Agency is even more prepared for future crises. By the end of the year, the Bureau for Management will house the Critical Coordination Structure, a new organization designed to guide the Agency back to normal operations post-COVID-19, and function as the core of a response to any future challenge that affects our ability to operate on a regular basis.

## PROMOTING DIGITAL DEVELOPMENT

Now more than ever, as the global development community works to deliver lifesaving assistance and relay crucial information in the face of the pandemic of COVID-19, the role of digital technology is undeniable. Whether through online classes, telemedicine, or working remotely, digital technology is what allows us to remain connected even while physical distancing requires us to be apart. It is more important than ever for USAID to help communities remain resilient in the face of threats like the COVID-19 global pandemic, by ensuring all countries have robust digital

ecosystems that are open, inclusive, secure, and of benefit to all.

In April 2020, USAID launched our first ever Digital Strategy ([https://www.usaid.gov/sites/default/files/documents/15396/USAID\\_Digital\\_Strategy.pdf](https://www.usaid.gov/sites/default/files/documents/15396/USAID_Digital_Strategy.pdf)). Building on USAID's leadership in digital development, the strategy outlines how USAID will work toward two mutually reinforcing strategic objectives: improving measurable development and humanitarian assistance outcomes through the responsible use of digital technology in our programming; and strengthening the openness, inclusiveness, and security of national digital ecosystems, including by promoting the adoption of the Clean Network and secure fifth-generation (5G) broadband internet.

The strategy charts how USAID will change the way we do business in a manner that reflects best practice and is evidence-based. USAID will move to operating digitally by default through integrating the Principles for Digital Development (<https://digitalprinciples.org/>) into the design, procurement, and implementation of our awards, as appropriate; mandating the digital collection of programmatic data; and making digital transactions the default method of payment under all our awards. Consistent with the Agency's efforts to build a workforce for the 21st century ([https://pdf.usaid.gov/pdf\\_docs/PBAAE486.pdf](https://pdf.usaid.gov/pdf_docs/PBAAE486.pdf)), USAID will hire and upskill Digital Development Advisors to serve as experts on digital ecosystems and provide guidance on anticipating, recognizing, and reacting to changes and opportunities in these ecosystems.

## FINANCING SELF-RELIANCE (FSR)

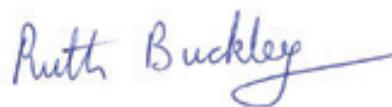
The ability of a country to finance its own development is central to USAID's overall strategic pivot to the Journey to Self-Reliance, which ultimately aims to end the need for foreign assistance. In January 2020, USAID unveiled our Strategy for Financing Self-Reliance (<https://www.usaid.gov/open/financing-self-reliance>), which outlines the Agency's vision to reorient

our programming and investments to support governments, communities, and the private sector in our partner countries to mobilize, manage, and invest domestic resources. The strategy addresses five core, interconnected pillars: Domestic Resource Mobilization (DRM), Public Financial Management, Fiscal Transparency and Accountability, the Enabling Environment for Private Investment, and Functioning Financial Markets. Together these form a country's economic governance "ecosystem."

Reflecting our data-driven approach, USAID produces FSR snapshots by using the latest publicly available information to track country-level progress (<https://ideadev.usaid.gov/fsr>). These data will help our staff reflect on how to incorporate the principles of FSR and deliver more-effective programs across all sectors. In September 2020, USAID launched a virtual introduction to FSR course to help our staff become more familiar with the initiative. Deepening the application of FSR throughout our Program Cycle will be critical to accelerating the Journey to Self-Reliance in each of our partner countries.

## LOOKING AHEAD

USAID has never been more prepared to support communities, governments, civil society, and the private sector in our partner countries on their Journeys to Self-Reliance. In the face of COVID-19, USAID has expertly adapted to continue our lifesaving work around the globe. Building on our decades of experience, USAID is already laying the foundation for the steps we will need to take in a world affected by COVID-19 to advance our mission of ending the need for foreign assistance.



Ruth Buckley  
Acting Performance Improvement Officer

# ANALYSIS OF FINANCIAL STATEMENTS

The financial statements of the U.S. Agency for International Development (USAID) reflect and evaluate the Agency's execution of its mission to advance economic growth, democracy, and human progress in developing countries. This analysis presents a summary of the Agency's financial position, results of operations, and addresses the relevance of major changes in the types and/or amounts of assets, liabilities, costs, revenues, obligations, and outlays.

The principal statements include a Consolidated Balance Sheet, a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net

Position, and a Combined Statement of Budgetary Resources. These principal statements appear in the Financial Section of this report. The Agency also prepares a Combining Statement of Budgetary Resources with the Required Supplementary Information.

## OVERVIEW OF FINANCIAL POSITION

Preparing the Agency's financial statements is a vital component of sound financial management, and provides accurate, accountable, and reliable information that is useful for assessing performance, allocating resources, and targeting areas for future programmatic emphasis. The Agency's management is responsible for the integrity and objectivity of the financial information presented in the statements. USAID is committed to excellence in financial management and maintaining a rigorous system of internal controls to safeguard its widely dispersed assets against loss from unauthorized acquisition, use, or disposition. As USAID broadens its global relevance and impact, the Agency will continue to promote local partnership through delivering assistance through host-government systems and faith-based and community organizations.

A summary of USAID's major financial activities in fiscal year (FY) 2020 and FY 2019 appears in the Changes in Financial Position in FY 2020 table. This table represents the resources available, assets on hand to pay liabilities, and the corresponding net position. The net cost of operations is the cost of operating USAID's lines of business, less earned revenue. Budgetary resources are funds available to the Agency to incur obligations and fund operations. This summary section also includes an explanation of significant fluctuations on each of USAID's financial statements.

### CHANGES IN FINANCIAL POSITION IN FY 2020

(In Thousands)

Net Financial Condition	2020	2019	% Change in Financial Position
Fund Balance with Treasury	\$ 35,276,110	\$ 35,971,075	-2%
Direct Loans and Loan Guarantees, Net	–	628,535	-100%
Accounts Receivable, Net	119,198	120,301	-1%
Cash and Other Monetary Assets, Advances and Other Assets	1,586,915	1,307,941	21%
Inventory and Related Property, Net	16,090	27,193	-41%
Property, Plant and Equipment, Net	73,332	78,841	-7%
<b>Total Assets</b>	<b>\$ 37,071,645</b>	<b>\$ 38,133,886</b>	<b>-3%</b>
Debt and Liability for Capital Transfers to the General Fund of the Treasury	899,487	1,712,808	-47%
Accounts Payable	2,557,026	2,392,587	7%
Loan Guarantee Liability	2,285,297	2,837,519	-19%
Other Liabilities and Federal Employees and Veteran's Benefits	1,945,367	1,224,982	59%
<b>Total Liabilities</b>	<b>\$ 7,687,177</b>	<b>\$ 8,167,896</b>	<b>-6%</b>
Unexpended Appropriations	29,283,335	29,430,913	-1%
Cumulative Results of Operations	101,133	535,077	-81%
<b>Total Net Position</b>	<b>29,384,468</b>	<b>29,965,990</b>	<b>-2%</b>
<b>Net Cost of Operations</b>	<b>\$ 13,741,944</b>	<b>\$ 12,033,651</b>	<b>14%</b>
<b>Budgetary Resources</b>	<b>\$ 30,020,783</b>	<b>\$ 30,874,359</b>	<b>-3%</b>

## BALANCE SHEET SUMMARY

### ASSETS – WHAT WE OWN AND MANAGE

Total assets were \$37.1 billion as of September 30, 2020. This represents a decrease of \$1.0 billion over the FY 2019 total assets of \$38.1 billion. The most-significant asset is the Fund Balance with Treasury, which represents 95 percent of USAID's total assets, as of September 30, 2020. The Fund Balance with Treasury consists of cash appropriated to USAID by Congress or transferred from other Federal Departments and Agencies and held in accounts of the U.S. Department of the Treasury (Treasury) accessible by the Agency to pay incurred obligations. During the year, the Direct Loan and Loan Guarantees, Net balance decreased by \$628.5 million or 100 percent due to transfer of USAID's Direct Loans, Micro and Small Enterprise Development (MSED), Urban and Environmental (UE), and Development Credit Authority (DCA) loan programs to the newly formed U.S. International Development Finance Corporation (DFC) in accordance with the Better Utilization of Investments Leading to Development (BUILD) Act of 2018. Refer to Footnotes 1 and 6 for more details on the loan program transfer. The \$279.0 million or 21 percent increase to the Cash and Other Monetary Assets, Advances and Other Assets account balances is attributed to an increase in the foreign currency trust fund, Letter of Credit service provision adjustments under the International Disaster Assistance Program, and increases in advance allocation from the Department of State (State). The \$11.1 million or 41 percent decrease in the Inventory and Related Property, Net account was primarily due to a \$8.1 million decrease in family planning supplies and \$2.8 million decrease in disaster supplies and materials inventory.

### LIABILITIES – WHAT WE OWE

The Consolidated Balance Sheet reflects total liabilities of \$7.7 billion, which is a decrease of \$0.5 billion or 6 percent over the FY 2019 total liabilities of \$8.2 billion. The Debt, Liability for Capital Transfer to the General Fund of the Treasury, Accounts Payable, and Loan Guarantee Liability accounts totaled \$5.7 billion or 75 percent of the total liabilities. During FY 2020, the Debt and

Liability for Capital Transfer to the General Fund of the Treasury accounts decreased by \$813.3 million or 47 percent over the FY 2019 balance for this account. The primary reason for the reduction in liabilities resulted from the transfer of \$688.0 million in loan liabilities to the DFC and \$118.0 million in downward reestimates of loan guarantees; the downward reestimates decreased primarily due to fewer loans maturing in the current fiscal year as compared to the prior year. The transfer of loan guarantees to the DFC and the downward reestimate adjustments to loan programs also contributed to the reduction of \$552.2 million or 19 percent reduction in the Loan Guarantee Liability account. The Other Liabilities and Federal Employees and Veteran's Benefits account was impacted by an increase of \$720.4 million or a 59 percent increase primarily due to advances of unfilled orders in support of Global Health initiatives and an increase in a mission foreign currency Trust fund account.

### ENDING NET POSITION – WHAT WE HAVE DONE OVER TIME

Net Position represents the Agency's equity, which includes the cumulative net earnings and unexpended authority granted by Congress. USAID's Net Position appears on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position. The reported Net Position balance as of September 30, 2020, was \$29.4 billion, which is a decrease of \$581.5 million or 2 percent over the \$30.0 billion reported for FY 2019. The primary contributing factor to this decrease is attributed to the transfer-out of budget authority of the USAID loan programs to the DFC as discussed in the "Assets – What We Own and Manage" section.

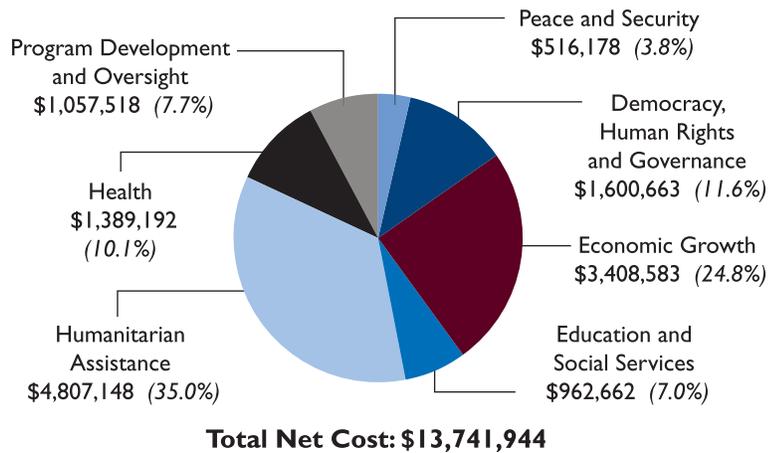
## RESULTS (NET COST) OF OPERATIONS

### NET COSTS

The results of operations are reported in the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position. The Consolidated Statement of Net Cost represents the cost (net of earned revenues) of operating the Agency's foreign-assistance programs. State and USAID use the Standardized Program Structure

## FY 2020 NET COST OF OPERATIONS BY CATEGORIES

(In Thousands)



and Definition (SPSD) system to categorize their programs. The SPSD contains the following seven categories of foreign-assistance programs: Democracy, Human Rights and Governance; Economic Growth; Education and Social Services; Humanitarian Assistance; Health; Program Development and Oversight; and Peace and Security. Refer to the Mission and Organization Section in this report for specific details on each of the foreign-assistance programs.

The FY 2020 Net Cost of Operations by Categories chart shows the total net cost incurred to carry out each of these Agency's program categories.

The USAID's net cost of operations totaled \$13.7 billion and \$12.0 billion for FY 2020 and FY 2019, respectively. This was an increase of \$1.7 billion or 14.2 percent over the prior fiscal year. The net costs of operations within the programs

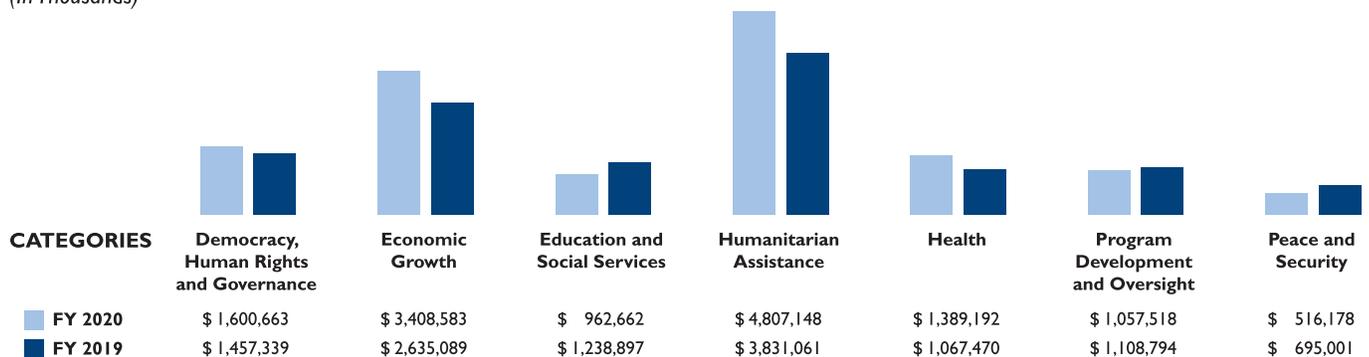
shifted due to changing global program initiatives as shown in the Major Categories of Net Cost Comparison chart. For example, the largest increases in net costs were reflected in the following program areas: the Humanitarian Assistance category had a \$950.2 million increase within the "Protection, Assistance and Solutions" program of the Democracy, Conflict, and Humanitarian Assistance (DCHA) responsibility segment; the Economic Growth category had a \$719.3 million increase within the "Macroeconomic Foundation for Growth" program of the Middle East (ME) responsibility segment; and \$301.1 million increase within the HIV/AIDS, Water Supply and Sanitation, Pandemic Influenza and Other Emerging Threats (PIOET) programs within the Health category. However, due to shifting priorities in FY 2020, two other program areas recorded decreases in net costs during FY 2020. The two program areas with significant decreases were the "Basic Education" program of the Africa, Economic Growth, Education and Environment (E3), ME, and Afghanistan and Pakistan Affairs (OAPA) responsibility segments and the "Conflict Mitigation and Stabilization" program of the Africa, DCHA, ME, and OAPA responsibility segments, which incurred net costs decreases of \$288.8 million and \$183.2 million, respectively. The Major Categories of Net Cost Comparison chart provides an overview of the overall net costs of operations by category for FY 2020 and FY 2019.

## NET COSTS BY PROGRAM AREAS

In addition to reporting net costs by overall categories, USAID further calculates net costs by category and program areas for financial reporting. In FY 2020, USAID incurred costs within

## MAJOR CATEGORIES OF NET COST COMPARISON FOR FY 2020 AND FY 2019

(In Thousands)



## FY 2020 NET COST BY PROGRAM AREAS

(In Thousands)

Categories	Program Areas*	Total
<b>Democracy, Human Rights and Governance</b>	Good Governance	\$ 876,261
	Civil Society	289,411
	Political Competition and Consensus-Building	153,727
	Rule of Law (ROL)	152,063
	Human Rights	70,932
	Independent Media and Free Flow of Information	58,269
	<b>Democracy, Human Rights and Governance Total</b>	
<b>Economic Growth</b>	Macroeconomic Foundation for Growth	973,263
	Agriculture	786,096
	Environment	525,134
	Private Sector Productivity	416,891
	Modern Energy Services	327,709
	Transport Services	102,397
	Climate Change – Sustainable Landscapes	79,574
	Trade and Investment	73,611
	Financial Sector	64,592
	Workforce Development	46,604
	Information and Communications Technology Services	10,519
	Climate Change – Adaptation	1,621
	Climate Change – Clean Energy	572
<b>Economic Growth Total</b>		<b>3,408,583</b>
<b>Education and Social Services</b>	Basic Education	754,387
	Social Services	94,479
	Higher Education	73,167
	Social Assistance	24,616
	Social Policies, Regulations, and Systems	16,013
	<b>Education and Social Services Total</b>	
<b>Humanitarian Assistance</b>	Protection, Assistance and Solutions	4,610,480
	Disaster Readiness	174,588
	Migration Management	22,080
<b>Humanitarian Assistance Total</b>		<b>4,807,148</b>
<b>Health</b>	HIV/AIDS	598,617
	Water Supply and Sanitation	315,976
	Maternal and Child Health	139,695
	Family Planning and Reproductive Health	96,179
	Malaria	94,532
	Pandemic Influenza and Other Emerging Threats (PIOET)	68,466
	Other Public Health Threats	28,914
	Tuberculosis	27,037
	Nutrition	19,776
<b>Health Total</b>		<b>1,389,192</b>
<b>Program Development and Oversight</b>	Administration and Oversight	624,217
	Program Design and Learning	404,216
	Evaluation	29,085
<b>Program Development and Oversight Total</b>		<b>1,057,518</b>
<b>Peace and Security</b>	Conflict Mitigation and Stabilization	350,199
	Counternarcotics	104,947
	Counterterrorism	38,931
	Trafficking in Persons	19,194
	Citizen Security and Law Enforcement	1,077
	Conventional Weapons Security and Explosive Remnants of War (ERW)	931
	Transnational Threats and Crime	898
	Strengthening Military Partnerships and Capabilities	1
	Combating Weapons of Mass Destruction (WMD)	–
	<b>Peace and Security Total</b>	
<b>Total Net Cost of Operations</b>		<b>\$13,741,944</b>

\* For insight on how the Program Areas relate to development, see the State-USAID Joint Strategic Goal Framework on page 12 for related Strategic Goals and Strategic Objectives.

47 of the 48 program areas within the seven foreign assistance categories, as shown in the FY 2020 Net Cost by Program Areas table on the previous page. Each program area is an important element of the Agency's framework for effectively leveraging scarce resources to impact development priorities and allowing USAID's management to evaluate the overall major mission or program activity efficiently and effectively. For a further breakout of net costs by responsibility segments and program areas refer to Note 16, *Schedule of Cost by Standardized Program Structure and Definition*.

## BUDGETARY RESOURCES

### OUR FUNDS

The Combined Statement of Budgetary Resources provides information on the budgetary resources made available to USAID during the fiscal year and the status of those resources at the end of the fiscal year. The Agency receives most of its funding from general U.S. Government funds administered by Treasury and appropriated by Congress for use by USAID. In addition, USAID receives budget authority as the parent of an appropriation received from the following Federal Departments and Agencies: State and the U.S. Forest Service of the U.S. Department of Agriculture. Activity related to these Departments and Agencies appears in the Combining Schedule of Budgetary Resources

located in the Required Supplementary Information section of this report.

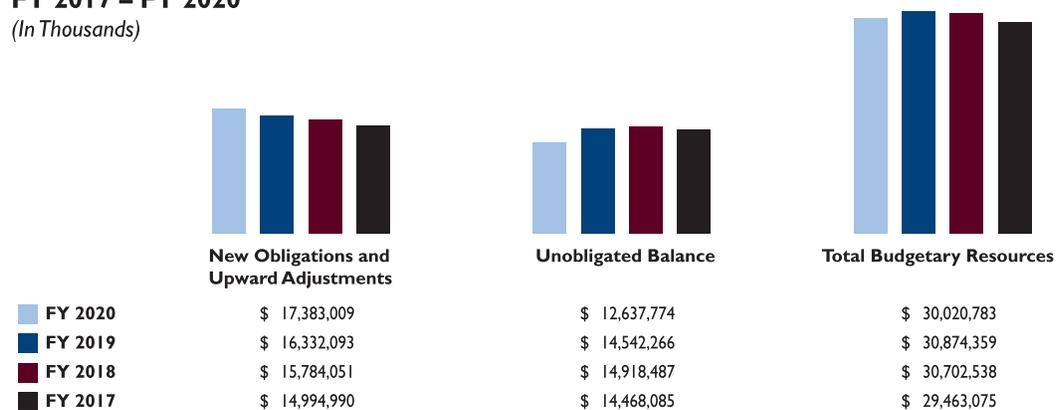
Budgetary Resources consist of the resources available to USAID at the beginning of the year, plus the appropriations received, spending authority from offsetting collections, and other budgetary resources received during the year. The Status of Budgetary Resources chart compares the new obligations and upward adjustments, unobligated balances, and total budgetary resources for USAID from FY 2017 through FY 2020. The Agency's cumulative budgetary resources in FY 2020 is \$30.0 billion, of which it has obligated \$17.4 billion.

### OBLIGATIONS AND OUTLAYS

The Status of Budgetary Resources chart shows the overall Total Budgetary Resources received and whether new obligations and upward adjustments incurred and the funding remaining unobligated at year-end for FY 2017 through FY 2020. As shown in the chart, USAID's Total Budgetary Resources for FY 2020 was \$30.0 billion, which is a decrease of \$853.6 million or a 3 percent decrease over the FY 2019 Total Budgetary Resources of \$30.8 billion. The majority of this decrease is attributed to the transfer of \$557.9 million budgetary authority from the four loan programs to the DFC as discussed in the previous sections.

## STATUS OF BUDGETARY RESOURCES FY 2017 – FY 2020

(In Thousands)



## FINANCIAL IMPACT OF THE CORONAVIRUS DISEASE 2019 (COVID-19)

In FY 2020, USAID received \$904.0 million in COVID-19 Supplemental Appropriations pursuant to Public Laws 116-123 and 116-136. USAID also received \$443 million of Global Health allocation transfer from State (Parent Agency), under Legal Authority 22 U.S. Code § 2392. This additional funding supports the American response to the COVID-19 pandemic both at home and abroad. Since the start of the outbreak, USAID has made decisive actions to commit funding to health, humanitarian, and development assistance specifically aimed at fighting the pandemic. USAID has pledged funding from the USAID's Emergency Reserve Fund for Contagious Infectious-Disease Outbreaks (ERF-USAID), the Global Health Programs (GHP-USAID), and from USAID's International Disaster Assistance (IDA) account to support health, humanitarian, economic, and development assistance specifically aimed at fighting the pandemic. USAID's efforts are helping to save lives by improving public health education; protecting healthcare facilities; and increasing laboratory, disease-surveillance, and rapid-response capacity in more than 120 countries.

As of September 30, 2020, USAID incurred \$708.6 million of obligations and has \$71.8 million of COVID-19 funding remaining available for use

beyond FY 2020. Since, USAID is executing the Global Health allocation transfer as a child agency, State is reporting the use of those COVID-19 funds on their financial statements. The financial impact of the COVID-19 funding on the Fund Balance with Treasury account is \$774.8 million or 2.2 percent of the account balance and the Accounts Payable balance is impacted by \$234.5 million or 9.1 percent. For further details related to COVID-19 funding refer to Note 15, *COVID-19 Activity*.

## LIMITATIONS OF THE FINANCIAL STATEMENTS

USAID's Chief Financial Officer has prepared these principal financial statements from the Agency's accounting records to report the financial position and results of operations of USAID, pursuant to the requirements of 31 U.S. Code § 2392 (b). While the Chief Financial Officer has prepared these statements from the books and records of USAID, in accordance with generally accepted accounting principles (GAAP) for Federal entities and the formats prescribed by the Office of Management and Budget (OMB), the Agency provides them in addition to the financial reports used to monitor and control budgetary resources. The statements should be read with the understanding that they are for a component of the U.S. Government, a sovereign entity.

# ANALYSIS OF ENTITY'S SYSTEMS, CONTROLS, AND LEGAL COMPLIANCE

## MANAGEMENT ASSURANCES

The Federal Managers' Financial Integrity Act (FMFIA) requires executive branch departments and agencies to establish and maintain internal controls and financial systems that provide reasonable assurance of the achievement of the following objectives:

- ★ Effectiveness and efficiency of operations;
- ★ Compliance with applicable laws and regulations; and
- ★ Reliability of reporting for internal and external use.

The Agency's internal control policy is comprehensive and requires all U.S. Agency for International Development (USAID) managers to establish cost-effective systems of internal control to ensure U.S. Government activities are managed effectively, efficiently, economically, and with

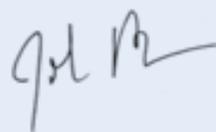
integrity. All levels of management are responsible to ensure adequate controls over USAID operations.

The Administrator of USAID is required to provide an annual Statement of Assurance (see below) on whether the Agency has met this requirement. The Federal Financial Management Improvement Act (FFMIA) requires whether the financial management systems conform to government-wide financial systems requirements. Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, implements the FMFIA, FFMIA, and defines management's responsibility for internal controls and risk management. In addition, the Agency has provided a Summary of Financial Statement Audits and Management Assurances, as required by OMB Circular A-136, *Financial Reporting Requirements*, revised, in the Other Information Section of this report.

## USAID STATEMENT OF ASSURANCE

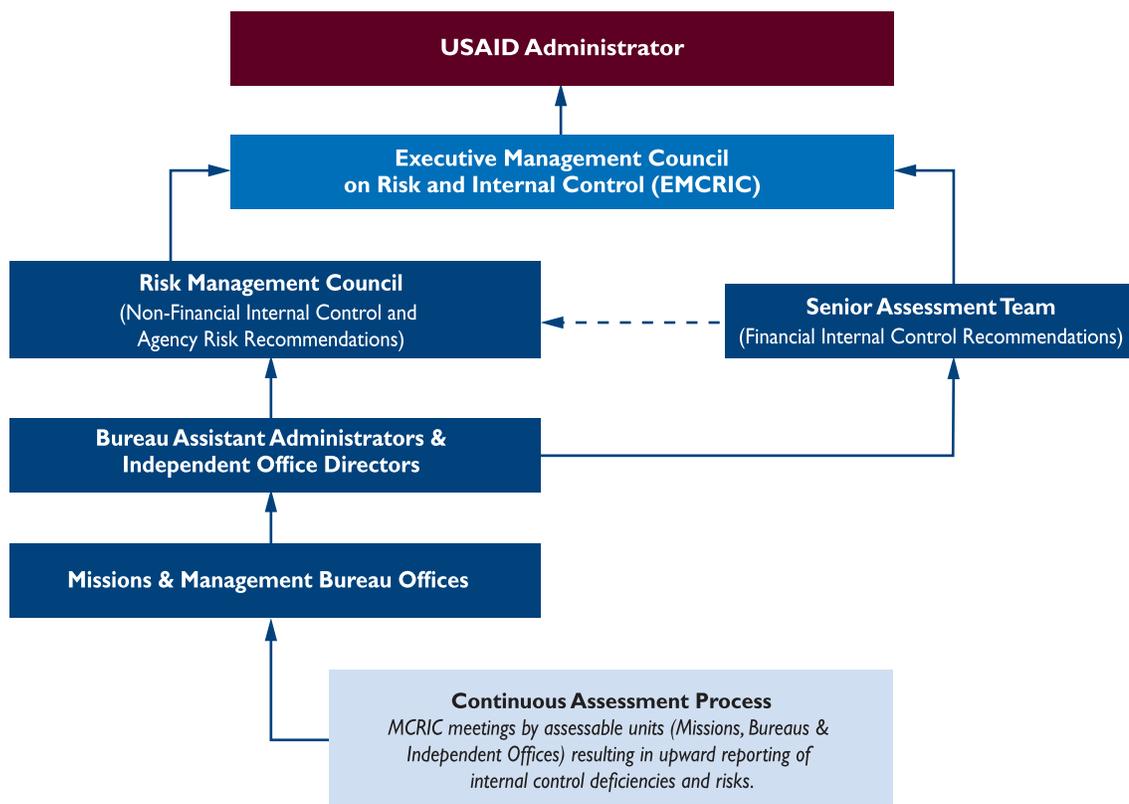
The Agency's management is responsible for identifying and managing risks, as well as maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA) and the provisions of Section 4 of the Federal Financial Management Improvement Act (FFMIA). The Agency conducted its assessment of risk and internal controls in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results

of the assessment, the Agency can provide reasonable assurance that its internal controls over operations, reporting, and compliance were operating effectively as of September 30, 2020.



John Barsa  
Acting Deputy Administrator  
November 9, 2020

## GOVERNANCE STRUCTURE FOR ERM AND INTERNAL CONTROL SYSTEMS



The Executive Management Council on Risk and Internal Control (EMCRIC) integrates Enterprise Risk Management (ERM) with USAID’s internal control structure. The ERM Secretariat provides administrative and logistical support to the USAID governance structure. USAID’s Bureaus, Independent Offices (IOs), and assessable units have appointed Risk Management Liaisons to facilitate efficient and effective identification, reporting, and treatment of risks. The Deputy Administrator chairs the EMCRIC, which comprises the Agency’s senior leadership, including the heads of Bureaus and IOs (B/IOs); the Chief of Staff; the Chief Risk Officer; the Chief Financial Officer; the Chief Information Officer; the Chief Acquisition Officer; the Chief Human Capital Officer; and the Director of the Office of Management Policy, Budget, and Performance within the Bureau for Management. Self-certifications from heads of Operating Units (OUs) worldwide serve as the basis for the assurance statement issued by the USAID Administrator, which is comprised of information gathered from

various sources including: managers’ personal knowledge of day-to-day operations and existing controls, management program reviews, and other management-initiated evaluations. Additionally, management considers external reviews, audits, inspections, and investigations.

The Risk Management Council (RMC), co-chaired by the Deputy Assistant Administrator of the Bureau for Management and the Deputy Assistant Administrator of the Bureau for Policy, Planning, and Learning, is responsible for assessing the roll-up of top Agency risks and non-financial internal control deficiencies from USAID OUs worldwide. The RMC evaluates risks and recommends updates to the Agency Risk Profile, an Agency-level portfolio of risks, for review and endorsement by the EMCRIC.

The Senior Assessment Team (SAT), chaired by the Agency’s Chief Financial Officer, and senior executives with significant responsibilities over

## RISK MANAGEMENT COUNCIL FRAMEWORK



financial processes, is responsible for taking an Agency-wide view of deficiencies in financial internal control, as identified through the FMFIA certification process, audit program, and any other related functions; and assessing, monitoring, and/or proposing appropriate corrective measures. The SAT reports financial internal control deficiencies deemed to be material weaknesses to the EMCRIC and the Agency as a whole. Any such deficiencies will be included in this annual FMFIA assurance statement on page 38.

The Agency's Internal Control Team employs an integrated process to perform the work necessary to meet the requirements of the various appendices of OMB Circular A-123, including compliance with Internal Control over Reporting, Management of Government Charge Cards, Payment Integrity, and the FFMIA.

During fiscal year (FY) 2020, the Agency used the Uniform Risk and Internal Control Assessment (URICA) tool to conduct internal control assessments of all the Agency's units in support of the FMFIA. USAID OUs self-assessed and

reported that the 17 Government Accountability Office (GAO) principles of internal control were effective. To fully integrate ERM, OUs leveraged the existing internal control assessment process, and identified risks simultaneously. Top risks are identified in the Agency Risk Profile, categorized, assigned a treatment, and monitored in accordance with a treatment plan. Other accomplishments during FY 2020 include improvements to the guidance for OUs; expansion of the ERM core team to holistically reflect the Agency-wide approach to risk management, continuing the ERM training program, and defining the system requirements for an ERM dashboard tool that allows for efficient accumulation and trend analysis of risks reported by all components of the Agency.

## ASSESSMENT OF COMPLIANCE WITH THE FFMIA

As required by Section 803(a) of the FFMIA, the Agency determined that its financial management systems substantially comply with Federal requirements for financial management systems, applicable Federal accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level for FY 2020.

The FFMIA requires USAID to implement and maintain financial management systems that comply substantially with Federal requirements for financial management systems, applicable Federal accounting standards promulgated by the FASAB, and the USSGL at the transaction level. USAID assesses its financial management systems annually for compliance with Appendix D of OMB Circular A-123, the FFMIA, FMFIA, and other Federal requirements. USAID's process for assessing compliance includes the use of the FFMIA Compliance Determination Framework, which incorporates a risk model applied against common goals and compliance indicators. (The Treasury Financial Manual Chapter 9500 provides guidance for using the Federal Financial Management System Requirements when determining compliance with the FFMIA.)

## GOALS AND SUPPORTING FINANCIAL SYSTEM STRATEGIES

USAID operates an efficient financial management system that enables the Agency to focus its resources where they achieve the most impact in direct support of the Agency's priorities. The Agency's emphasis is not only on the dollars spent, but on the results achieved.

USAID strives to maximize development impact to deliver more sustainable results by promoting resilient, democratic societies, while advancing U.S. security and prosperity. To do so, USAID needs a financial management system that is efficient for staff, both reliable and useful for management, and compliant with Federal requirements. For 20 years, USAID has met this requirement through Phoenix, a single, worldwide Enterprise Resource Planning (ERP) system that enables the Agency to account effectively for the billions of dollars recorded for activities in the more than 100 countries where USAID operates.

USAID uses data from Phoenix to guide decision-making and provide an accurate picture of the Agency's activities worldwide. In 2017, the U.S. Department of the Treasury (Treasury) recognized USAID as a lead agency in the implementation of the Digital Accountability and Transparency Act (DATA Act) of 2014, which requires Federal departments and agencies to report on procurement and financial-assistance spending in a standardized manner. USAID submitted and certified its FY 2020 DATA Act files to Treasury on time and on budget, providing increased transparency into the Agency's finances and procurement activity. USAID also successfully implemented mid-year changes to its DATA Act submissions to report accurately on monthly COVID-19 expenditures, in compliance with the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). Detailed budget and spending data from Phoenix are also a vital input into the public-facing websites such as the Foreign Aid Explorer (<https://explorer.usaid.gov/>) and USAspending (<https://www.usaspending.gov/>). These tools promote transparency by enabling stakeholders to see how U.S. taxpayer funds achieve international

development results, and explain how the U.S. Government invests in countries around the world. They also provide insight into the Agency's response to COVID-19 that is centered around providing health, humanitarian, economic, and development assistance specifically aimed at fighting the global pandemic.

This year, USAID continued the implementation of a project to modernize and streamline the Agency's Operating Expense (OE) budget processes and systems. USAID is using Performance Budgeting (PB), a commercial-off-the-shelf (COTS) product fully integrated with Phoenix in support of this modernization effort. PB is used to create and score Operating Year Budget and Spend Plans, track planned versus actual OE resources, simplify OE fund transfers, and track both projected and actual salary and benefits expenses across the Agency. In FY 2020, USAID expanded its use of PB to enhance OE formulation processes, centralize all OE spend plan activities for B/IOs, track Congressional spend plans, and produce Congressional Budget Justification (CBJ) tables. In the future, USAID will expand the PB implementation to support formulation of mission budgets and spend plans, allowing the Agency to manage results more effectively from formulation of the OE budget to its execution.

The Bureau for Management, Office of the Chief Financial Officer (M/OCFO) continues to explore ways to use technology to streamline its financial business processes. The Automated Deobligation Application continued to improve deobligation processing by allowing for automated deobligations of small purchase awards in the Global Acquisition and Assistance System (GLAAS) as well as travel orders, credit card obligations, and Phoenix obligations. In FY 2020, the application allowed the Agency to deobligate more than 22,000 accounting lines, which freed up almost \$55 million for potential reuse. The Upward Adjustment Request tool continued to help the Agency automate its process for tracking and executing upward adjustments, bilateral realignments, and other budget adjustments, and processed more than 750 requests from approximately 110 users this fiscal year.

The Chief Financial Officer is committed to ensuring that USAID complies with evolving Federal requirements. In FY 2021, USAID is preparing for two major government initiatives: the retirement of Dun and Bradstreet's Data Universal Numbering System (DUNS) and implementation of the Unique Entity Identifier; as well as the implementation of a new Federal solution for managing Intragovernmental Buy/Sell transactions, G-Invoicing.

## **FRAMEWORK FOR FINANCIAL MANAGEMENT SYSTEMS**

The Phoenix financial system is the accounting system of record for the Agency and the core of USAID's financial management systems framework. Phoenix enables the Agency's staff to analyze, manage, and report on foreign-assistance funds. In FY 2020, 2,700 Phoenix users processed more than one million transactions, including approximately \$27 billion in obligations and \$22 billion in disbursements.

Phoenix interfaces with other Agency systems and tools to align financial management with other business processes. Phoenix is fully integrated with USAID's procurement system, GLAAS, via a real-time interface. This integration helps streamline business processes and simplify unified reporting. Phoenix is also integrated with USAID's E-Government travel service, E2, which permits

unified tracking of the Agency's travel budgets and spending. During FY 2020, USAID introduced new Expanded Object Class Codes (EOCCs) to better reflect the obligations and payments processed by the Agency. By introducing the new EOCCs in Phoenix and then including them as reference data in GLAAS and E2, USAID was able to keep the financial management system in sync and increase transparency in the Agency's reporting.

USAID makes incremental investments to automate and streamline financial management processes to reflect standard business processes, meet user and Federal requirements, and follow guidance from OMB and Treasury to strengthen practices in the management of both finances and information technology. In FY 2020, USAID deployed an upgraded version of the Phoenix software, which enabled the Agency to comply with increased security requirements as well as deploy enhancements to streamline business processes and data entry through an improved user interface. Additionally, USAID implemented updated configuration required to support the Agency's Transformation initiative, including new reference data, security configuration, and annual carryover enhancements to support the alignment of Agency resources and staff within the transformed Bureau structure. Ensuring that Phoenix was properly configured to support the Agency's restructuring effort is essential to supporting USAID partners as they advance along the Journey to Self-Reliance.

# OTHER MANAGEMENT INFORMATION, INITIATIVES, AND ISSUES

Through a series of interconnected reforms and initiatives, the U.S. Agency for International Development (USAID) has continued to transform the Agency's structure, workforce, policies, programs, and processes in fiscal year (FY) 2020 to advance national security and support its partners on their Journeys to Self-Reliance. As part of its contributions to the Administration's efforts to modernize the Federal Government for the 21st century, USAID organized this section around key areas of the President's Management Agenda (<https://www.performance.gov/PMA/PMA.html>): modern information technology (IT); data, accountability, and transparency; frictionless acquisition; improving customer experience; and workforce for the 21st century.

## MODERN INFORMATION TECHNOLOGY

In FY 2020, USAID continued to build and maintain more modern, secure, and resilient IT to enhance the delivery and productivity of its programs. The Agency improved transparency, leveraged new and innovative practices, focused on cybersecurity risk management, improved data management, leveraged cloud solutions, and embraced shared services.

## IT SUPPORT FOR TELEWORK DURING COVID-19

As an international development agency working in some of the most challenging locations around the world to deliver U.S. foreign assistance on the ground, USAID was already heavily reliant on modern, mobile IT solutions prior to the pandemic of COVID-19. In fact, more than ten years ago, USAID began a significant IT modernization effort that provided staff with real-time access to data; applications that support different endpoints, such

as laptop computers and a variety of computer accessories; multiple platforms/devices and network types; and accessibility to social collaboration tools and centralized portals to gather and share information to support informed programmatic and business decisions.

These early modernization efforts enabled USAID to have all Agency staff up and running within the first few days of mandatory telework orders in mid-March. USAID continues to be nimble and responsive, including working with overseas Missions where telework is not practical or a regular work modality, and leveraging connectivity options such as a Virtual Desktop Infrastructure, a cloud productivity suite of mail and collaboration tools, and mobile and cloud strategies to keep USAID's work moving forward. Overall USAID has seen minimal impact on connectivity and access, and the Agency's IT support infrastructure has performed above expectations, even as nearly four times the amount of staff overseas telework on a given day compared to pre-COVID-19 levels. Staff adoption and adaptability have been key, as has been the ability to expand certain components of the infrastructure such as increased licenses or capacity. USAID is well situated to continue to support its global workforce for the near term, and will continue to innovate to be ready for what comes next.

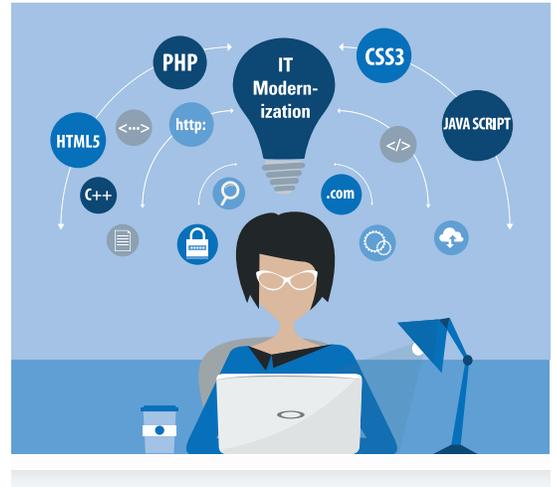
## IMPROVING OUTCOMES THROUGH GREATER TRANSPARENCY IN IT SPENDING

The Agency's IT spending priorities center around modernizing and optimizing its IT portfolio, through designing and developing data-management initiatives that provide evidence-based support for the Agency's development outcomes; continuing to build and deploy the Development

Information Solution (DIS) portfolio-management platform; exploring the possibilities offered by emerging technologies like blockchain (<https://www.usaid.gov/digital-development/digital-finance/blockchain-primer>), robotic process automation (RPA), and artificial intelligence (AI); and investing in IT security and compliance to protect and defend the Agency's network and systems from intrusion. USAID will direct an increased proportion of its capital investments and operating expenses to these areas in the coming years. Additionally, the Federal IT Acquisition Reform Act (FITARA) enhanced the authority of Federal Chief Information Officers (CIOs) to manage IT spending, and the Technology Business Management (TBM) framework will provide CIOs with a more accurate and detailed understanding of their agency IT costs. To improve transparency and oversight of IT spending and budget data, the Agency expanded its IT/TBM data collection efforts in FY 2020 to include 11 Operating Units (OUs) comprising a total of \$67.6 million of IT expenditures. This represents an increase of 28 percent over the level of IT spend collected from eight OUs during FY 2019 (a total of \$53 million). Since the Agency began reporting IT/TBM in FY 2018 with a pilot consisting of three OUs and \$8 million, USAID has improved its IT spend-reporting transparency with OUs more than eightfold. During FY 2020, personnel from across the Agency, including staff from the Office of the CIO (M/CIO), Office of the Chief Financial Office (M/OCFO), and Office of Acquisitions and Assistance (M/OAA) completed formal TBM training. USAID will continue to expand TBM outreach and education during FY 2021.

## IT MODERNIZATION

Cybersecurity is a critical Agency priority because of the wide array of cyber threats USAID faces across a vast attack surface, including a multitude of potential entry points for internal and external adversaries; operations in more than 100 countries around the clock; and more than 12,000 users that have access to the Agency's network, including hundreds of foreign nationals and 35,000 devices connected to the USAID global network. The Agency detects and mitigates more than 200,000



malware and intrusion events each month. Through its cybersecurity program, USAID has laid an important foundation for working closely with the Office of Management and Budget (OMB), the U.S. Department of Homeland Security (DHS), the Federal CIO Council, and other Federal organizations to protect its networks, systems, and information to ensure successful mission delivery. USAID is also strengthening its overall cybersecurity posture by implementing DHS' Continuous Diagnostics and Mitigation (CDM) program to improve and deepen the Agency's data-driven risk management decisions. Beyond CDM, the Agency deploys complementary cybersecurity tools to detect and prevent malicious malware attacks, phishing emails, and unauthorized data ex-filtration, including threats to personally identifiable information (PII) and Advanced Persistent Threat (APT). USAID has successfully integrated Domain-based Message Authentication Reporting and Conformance (DMARC) across the enterprise to detect and protect the Agency against email spoofing.

## THE DEVELOPMENT INFORMATION SOLUTION (DIS)

DIS is a web-based, Agency-wide portfolio-management system designed to capture one cohesive development story—from strategy to results. DIS comprises a suite of IT tools organized into five functional areas: (1) Performance Management, (2) Budget Planning and

Monitoring, (3) Project Design, and Acquisition and Assistance Planning, (4) Portfolio Viewer, and (5) the Development Data Library (DDL). USAID has completed the initial pilot phase and has deployed DIS to ten Missions. In addition, DIS began deployment of its performance monitoring module across the Asia Region beginning in June. Once fully deployed, DIS will meet the need for high-quality, real-time data by integrating program funding, award information, and development results in one single platform to inform evidence-based decision-making.

The major goals for DIS include: (1) accelerate implementation of policies, including compliance with FITARA and the Federal Information Security Modernization Act; (2) facilitate better analysis of data and management of resources; and (3) streamline standard reporting and portfolio-management tasks. The current proliferation of monitoring and evaluation (M&E) systems and lack of data integration place a high management burden on USAID staff, which prevents the optimal oversight of taxpayer resources. DIS provides a solution to this problem by supporting the integration of multiple streams of data across different systems to manage functions of the Program Cycle (Automated Directives System [ADS] Chapter 201 [<https://www.usaid.gov/sites/default/files/documents/201.pdf>]). DIS will also continue to position the DDL as the central digital repository for detailed, high-value datasets generated with USAID funding. Agency staff, and in some cases the general public, will use these datasets to cross-check evaluation findings, re-confirm development hypotheses, and conduct research.

The Agency intends to deploy DIS globally in FY 2021 in a way that leverages lessons learned and best practices from the pilot phase and experience in Asia.

## SHARING HIGH-QUALITY SERVICES

The Agency is invested in shared services, and continues to explore opportunities to expand its use to promote efficiency and effectiveness. USAID has either fully adopted, or is in the process of adopting, the Shared Quality Services included

under Strategy 3 of the Cross-Agency Priority (CAP) Goal (<https://www.performance.gov/CAP/sharing-quality-services/>), which aims to increase the use of existing shared services across the government, with two exceptions. Of the two remaining services, USAID will review pursuing the Security Operations Centers as a service once USAID's current contracts conclude, however USAID does not expect to adopt the Centralized Receivables service because the Agency only receives a modest number of account receivables and it is not worth the investment at this time. Consistent with OMB guidance and the underlying philosophy of the Sharing Quality Services CAP Goal, USAID also uses commercial off-the-shelf solutions where possible. In addition, to meet Sharing Quality Service's key indicator on improving efficiency and effectiveness of management support services across government, USAID increased its satisfaction scores for management support services in its annual customer service survey. USAID scored well above the U.S. Government-wide median for satisfaction on both the contracting and financial management functions.

## DATA, ACCOUNTABILITY, AND TRANSPARENCY

USAID is committed to the principles of transparency, accountability, and data-driven decision-making. In FY 2020, the Agency continued and expanded its efforts to leverage data to improve development outcomes, promote data transparency, and utilize AI.

### LEVERAGING DATA AS A STRATEGIC ASSET

In keeping with the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act) and subsequent guidance, USAID continues to refine its approach to making its data discoverable, accessible, and usable to the U.S. taxpayer and the larger international development community. Readily available data support the Agency's efforts to design and implement programs that advance a country's Journey to Self-Reliance (<https://selfreliance.usaid.gov/>) based on solid evidence. Sharing data in the highly decentralized,

international environment in which USAID operates reduces duplicative data collection while increasing the Agency's ability to learn from previous work.

To further empower USAID staff to leverage data as a strategic asset, USAID is developing the Development Data Commons (DDC). The vision of the DDC is to provide a standardized, enterprise-wide approach to working with heterogeneous data (*i.e.*, data from a diversity of sources, geographies, sectors, time periods) across the data lifecycle, with a specific focus on management, integration, processing, analysis, and visualization. The DDC will enable Agency staff to use the appropriate technologies to answer complex, mission-critical development questions.

In September 2019, USAID established a Data Administration and Technical Advisory (DATA) Board, as mandated by the Evidence Act and subsequent guidance from OMB in Memoranda M-19-18 and M-19-23. The DATA Board acts as USAID's data-governance body, bringing together stakeholders from across the Agency to address some of USAID's most pressing data-related challenges and ensure USAID is in compliance with Federal mandates concerning data. Since then, the DATA Board has established several working groups to ensure the Agency meets Federal Data Strategy (FDS) milestones.

USAID has met or is on track to meet FDS milestones. USAID assessed current staff data literacy and data skills in July 2020, and in 2020 is conducting a gap analysis between the staff's current skills and the skills the Agency requires. Based on the assessment, USAID will establish a baseline and develop a performance plan to close the identified data skills and literacy gaps. This Fall, USAID will launch an Agency-wide Data Literacy Curriculum, designed to increase staff capacity to leverage data that support evidence-based decision-making and improve development outcomes. The Agency has already piloted three of the curriculum modules with hundreds of Agency participants, and USAID will continue to refine the Data Literacy Curriculum based on the findings of the data-skills-gap analysis.

USAID has also demonstrated commitment to supporting the Agency's ability to leverage data as a strategic asset through the timely completion of additional FDS milestones. Via the USAID DATA Board, the Agency adopted a master data-management program, developed a plan for capital planning for enterprise data assets and infrastructure, and put in place a data-strategy road map. USAID has also met all milestones related to assessing organizational data maturity, and completed documentation of a data-maturity assessment by the September 30, 2020 deadline.

In response to the COVID-19 pandemic, USAID has developed COVID-19 situational dashboards, a master dataset of COVID-19-related data, and a resource hub for access to external COVID-19 resources for use by USAID and other Federal agencies. In addition, the Agency added to the Development Experience Clearinghouse (DEC) (<https://dec.usaid.gov/>) a new curated collection of 240 USAID-funded and USAID-affiliated publications related to pandemic response. This collection highlights how USAID's investment in Research and Development (R&D) in response to previous crises, such as the Ebola outbreak, provides a guidebook of proven global and local solutions that USAID and other organizations can apply to current pandemic-response efforts. Making this collection openly accessible and searchable expanded the ability of the Agency, host countries, academic communities, and development professionals to translate research into impact through policy and programming.

## TRANSPARENCY

In the realm of foreign assistance, transparency is essential to promote accountability to both recipients abroad and U.S. taxpayers at home. USAID leads the effort to ensure greater transparency of U.S. Government foreign assistance through fulfilling various international commitments and Congressional reporting requirements. Specifically, USAID accomplishes this through the Agency's Foreign Aid Explorer website (<https://explorer.usaid.gov/>) and underlying database, which includes data from 1946 to the present

for all U.S. foreign-assistance funding for the more than 20 U.S. Government agencies implementing foreign assistance with data from 1946 to the present. The Foreign Aid Explorer website allows stakeholders, both internal and external, to search and visualize expanded, timely information about what, where, how, and with whom USAID programs development and humanitarian assistance. The Agency makes ongoing updates to the site to bolster functionality, and usage increased 270 percent from 2017–2019. In FY 2020, USAID released Version 2.0 of the Development Cooperation Landscape tool within Foreign Aid Explorer, an interactive tool that visualizes activity and financial data of more than 1,000 development organizations. The tool helps USAID and the public better understand providers' priorities, identify potential areas of alignment, reduce duplication of efforts in regions and/or sectors, and assist in the development of country strategies.

USAID is also committed to publishing timely financial and descriptive data to the International Aid Transparency Initiative (IATI) (<https://iatistandard.org/en/>), through which more than 1,000 development actors provide data in a common international standard. USAID publishes health and humanitarian data monthly to the standard and transmits all other transaction-level information to IATI on a quarterly basis. In turn, partner-country governments and other stakeholders can pull these machine-readable data into their systems, which helps governments oversee the coordination and management of incoming foreign aid, and serves as an effective tool in standardizing and centralizing information about flows of external assistance. By reporting to IATI and encouraging the streamlining of reporting to these partner-country systems, USAID promotes efficiency in the collection of data; improves the quality of those data; reduces the time needed to publish updated information; and provides timely information to partner countries to inform analysis, future decisions, and policy-making. USAID also translated the qualitative data reported to IATI in FY 2020, increasing the utility of data for partner-country stakeholders. As a reflection

of these and other efforts, in Publish What You Fund's 2020 Aid Transparency Index (<https://www.publishwhatyoufund.org/the-index/2020/>), USAID continued to improve its score and now ranks near the top of the "Good" category. In FY 2020, USAID was also able to share data quickly to IATI on its COVID-19 response.

In July 2020, USAID developed a solution via login.gov to make data-informed reports and visualizations available to trusted U.S. Government partners. This capability provides unprecedented opportunities to share data and analytics safely, and has the potential to enhance interagency collaboration greatly on high-priority initiatives.

The DDL (<https://data.usaid.gov/>), an interactive platform that enhances the accessibility and usability of the Agency's data, has seen vast growth in the publicly accessible data assets it makes available to improve development outcomes globally. USAID released 80 data assets to the DDL during FY 2019 through the second quarter of FY 2020. Currently, the DDL houses 286 public and restricted-public data assets collected from the field. Each submission to the DDL undergoes a rigorous review by USAID to ensure a balance between security and transparency while maintaining the nuances of the raw data. Experts in privacy, statistical analysis, and digital curation implement safeguards to protect the data of staff, partners, and beneficiaries.

The FITARA has been a key mechanism for USAID to demonstrate how transparency and accountability in IT investments have resulted in better mission outcomes, more efficient IT solutions, and ultimately more effective stewardship of taxpayer dollars for the American people. In February 2020, USAID received the Best Overall award from U.S. Rep. Gerry Connolly (D-Va.) at the FITARA Awards Ceremony. Sponsored by MeriTalk, the event recognized the top scoring agencies on FITARA Scorecard 9.0. USAID received its third "A" Scorecard rating on the 9.0 FITARA Scorecard and fourth "A" Scorecard rating on the 10.0 FITARA Scorecard in July 2020.

## ARTIFICIAL INTELLIGENCE (AI)

Pursuant to the White House Executive Order on Maintaining American Leadership in Artificial Intelligence (<https://www.whitehouse.gov/presidential-actions/executive-order-maintaining-american-leadership-artificial-intelligence/>) of February 11, 2019, the Agency launched the development of an Artificial Intelligence Strategy to enable and foster greater use of AI tools to improve the efficiency and effectiveness of its program and operations. The strategy will identify areas that need attention to support greater use of AI and will lay out an action plan to do so. Initial drafts identify data model maturation, IT infrastructure enhancement, development and prototyping of AI applications, innovative procurement and partnership, building an AI literate workforce, and attention to ethics and risk management as areas for action. The USAID AI Development Team conducted a series of consultations to identify 25 potential use cases within the Agency. After consideration, the M/CIO selected a single use case to serve as a pilot in the exploration and use of machine learning. The use case selected will improve the Agency's detection of network traffic anomalies by parsing network logs, searching for security-related anomalies from firewall logs.

## MANAGING ACQUISITION AND ASSISTANCE (A&A)

The management of A&A is critical to the Agency's core development and humanitarian work. USAID works in more than 100 countries with a variety of different types of organizations to achieve its mission and awards the majority of its funds competitively through A&A instruments. (See ADS Chapter 300, <https://www.usaid.gov/sites/default/files/documents/1868/300.pdf>). In FY 2020, the Agency implemented new policies and procedures to comply with Section 889 of the 2019 National Defense Authorization Act (NDAA) to reduce vulnerabilities in USAID's supply chains. In addition to ensuring that the Agency's systems contain no covered technologies, USAID has set a path toward decreasing reliance on foreign-owned or controlled equipment and services, and especially those that present national security concerns.



USAID has applied for a time-bound waiver from the provisions of Section 889 of NDAA for our foreign assistance.

In FY 2020, the Agency also focused on achieving its goals for Category-Management (CM), advancing accountability and results for grants, improving the management of major acquisitions, and institutionalizing the principles outlined in the USAID Acquisition and Assistance Strategy (*A&A Strategy*) (<https://www.usaid.gov/sites/default/files/documents/1868/AA-Strategy-02-04-19.pdf>). This includes moving beyond traditional procurement approaches to engaging with implementing partners and staff to develop together holistic approaches to development. Under the USAID Transformation's project on Effective Partnering and Procurement Reform (EPPR), the Agency developed the *A&A Strategy* through an extensive external listening tour and workgroups that brought together staff from across the Agency to produce a comprehensive set of 120 recommendations approved for action by former Administrator Mark Green in June 2019.

## CATEGORY-MANAGEMENT

Through CM solutions, USAID ensures the efficient and effective use of taxpayer dollars (<https://www.whitehouse.gov/wp-content/uploads/2019/03/M-19-13.pdf>). USAID continues to consider U.S. Government-wide contract vehicles for goods and services, and the Agency prioritizes the use of Best in Class (BIC)

solutions wherever possible. As part of this effort and to meet USAID's Agency Priority Goal on CM ([https://www.performance.gov/state/APG\\_usaid\\_1.html](https://www.performance.gov/state/APG_usaid_1.html)), the Agency identifies, assesses, and reports on its portfolio of contracts on an annual basis. In FY 2020, USAID continually assessed how its contracts were applicable to the Federal-wide CM "tiered" system, and determined which Agency requirements were most appropriate for BIC contract vehicles as a preferred solution. In FY 2020, USAID had a target of \$3.7 billion obligated as Spend Under Management (SUM) contract dollars, and a target of \$185.8 million obligated as BIC contract dollars to align with this CAP goal. As of the third quarter of FY 2020, USAID was on track to meet both targets.

USAID had great success as it engaged and trained its staff during FY 2020 on the benefits and proper application of CM. By January 2020, USAID had trained the entirety of the contracting staff in USAID/Washington on CM, with ongoing efforts to complete training for all contracting staff worldwide the rest of the year. OMB invited USAID to present on its Agency-specific CM training at a U.S. Government-wide CM Best Practices seminar in August 2020. Further FY 2020 CM accomplishments include the issuance of a Procurement Executive Bulletin providing the acquisition workforce with Agency-specific CM guidance, updating the Agency's procurement system to capture data related to contracts issued under CM contract vehicles, and updating the Agency's A&A planning tool to capture and report to industry the planned use of CM contract vehicles. Additional efforts to further increase adoption of CM at USAID are underway for FY 2021 and beyond.

## RESULTS-ORIENTED ACCOUNTABILITY FOR GRANTS

USAID obligates almost two thirds of its funding via assistance instruments (grants and cooperative agreements), which makes it important to structure solicitations and awards to focus on results. This is a key principle of the Agency's *A&A Strategy* (<https://www.usaid.gov/work-usaid/how-to-work-with-usaid/acquisition-and-assistance-strategy>).

The *A&A Strategy* and associated recommendations will enable the Agency to promote its partners' self-reliance through core A&A work. Partnering and procurement are integral to how USAID delivers foreign assistance, and the completion of the *A&A Strategy* marks a significant milestone in the Agency's Transformation.

As part of EPPR, the Agency has made adjustments to ADS 303 to specify more clearly when awards need to be amended and when Agreement Officer's Representatives (AORs) are empowered to more readily apply adaptive management in practice and approve changes to recipients' implementation plans in response to changes in context and new information. As Missions engage with recipients to consider whether and how to adjust activities in light of COVID-19, these timely changes offer clear opportunities for adaptation to occur without requiring bilateral amendments.

## FRictionless ACQUISITION (AND ASSISTANCE)

USAID continues to pursue relentless improvement in the management of major acquisitions to meet taxpayers' expectations and performance goals on key transformational projects, and to enhance flexibility and create more responsive procurement approaches to support the Journeys to Self-Reliance. To this end, USAID uses its A&A Lab to advance the Agency's mission through workforce development and the testing and scaling of innovations in A&A.

USAID's *A&A Strategy* and EPPR recommendations improve the Agency's acquisition success by encouraging co-creation at the design/pre-solicitation phase for awards. Co-creation is a new and unique approach for USAID meant to foster collaboration, partnership, and innovation. The purpose of co-creation is for USAID to engage in robust conversations with experts in the field around the request for information (RFI) and funding opportunities, and to gain industry insight regarding information, opinions, and recommendations related to potential design and implementation of a specific development program. USAID has made strong progress toward meeting its goals

on integrating co-creation into Agency awards. In the third quarter of FY 2020, more than 30 percent of new awards used co-creation, representing nearly 27 percent of obligations. This is more than double the new awards that involved co-creation during the same quarter in FY 2019, and nearly triple the value of obligations.

The first guiding principle of the *A&A Strategy* called on USAID to diversify its partner base. USAID launched the New Partnerships Initiative (NPI) in May 2019. NPI has seen tremendous progress, issuing nearly two dozen awards that engaged more than 50 partners and totaled \$300 million by September 2020. Nearly 70 Missions completed NPI Action Plans, outlining their progress and goals toward increasing engagement with new and underutilized partners and expanding collaborative and adaptive approaches, such as co-creation, in the solicitation and award process. By March 2020, Missions established targets for the Agency's new global capacity strengthening metric—a new approach that measures improved performance by the Agency's local partners, moving beyond defining success merely as the percentage of dollars directed to local partners.

In addition, over the past five years, the Agency's most senior leadership has reviewed major A&A awards to ensure that they fulfill specific requirements. In 2018, USAID announced the Senior Obligation Alignment Review (SOAR) process, which ensures the Agency increases the use of co-creation; integrates the principles of self-reliance into its grants, contracts, and other transactions; leverages new resources; and broadens USAID's partner base. The continuing use of the SOAR process ensures senior leaders in Bureaus and cross-cutting functional OUs examine high-dollar-value A&A proposals prior to solicitation to encourage creativity and innovation. In FY 2020, Agency leadership approved 40 SOARs. This review process continues to be a valuable tool that focuses attention on the scope of awards, their impact, and their value for the money invested.

## IMPROVING THE CUSTOMER EXPERIENCE

USAID has made significant progress in developing a new Agency Approach to Field Services (AAFS) that will transform how Washington supports the work of Missions overseas. Field feedback in 2019 revealed it can be confusing for Missions to find and request Washington technical expertise. To improve the Agency's field focus, AAFS will make the request and delivery of technical assistance more consistent and coordinated, and make desired information about expertise, programming, and mechanisms readily available. AAFS leverages current best practices from Washington Bureaus and Offices to create an Agency-wide process that will improve the quality of assistance without slowing down or creating an undue burden for Missions. The data generated through AAFS on demand for services and customer satisfaction will help the Agency identify gaps and contribute to decisions on how to allocate resources better. As of the end of FY 2020, USAID has moved all Bureaus to a single request system and launched a pilot with five Missions to identify best practices and inform a wider rollout across the Agency in FY 2021.

## SHIFTING FROM LOW-VALUE TO HIGH-VALUE WORK

Consistent with the President's Management Agenda, USAID examines every opportunity to shift time, effort, and funding from burdensome requirements to higher-value work. USAID is utilizing AI and "bot" technologies to reduce the need for repetitive, low-value work.

M/OAA's A&A Lab is participating in two pilots focusing on contracting and agreement officers. First M/OAA is piloting "sam.gov," and using beta.sam.gov's new Automated Eligibility Determination email, which allows for quickly determining a vendor's eligibility based on DUNS number. Second, M/OAA is conducting a pilot using digital signatures. The pilot will enable the use of digital signature capabilities to send and sign A&A documents internally and externally to meet higher security standards for the Agency. This shift has offered additional benefits while the Agency's

operations have moved almost entirely to a virtual environment because of COVID-19. In general, M/OAA is an active participant in the Acquisition Innovation Advocates (AIA) Council and U.S. Government-wide Robotic Processes Automation Community of Practice. As noted in the section above, the M/CIO is piloting the use of machine learning to detect network traffic anomalies. Once the pilot is complete, the program will function almost automatically.

The annual Customer Service Survey (CSS) now collects data on staff's estimation of hours per week spent on low-value work, which will allow the Agency to benchmark future progress both internally and across the Federal Government. As part of the analysis of the 2020 CSS data, the CSS team shared comments identifying low-value, repetitive tasks with the appropriate Bureau and Independent Office (B/IO) to generate ideas for improvements or processes that are due for revision.

## WORKFORCE OF THE FUTURE

Improving the way USAID supports its human resources (HR) and talent management is central to advancing the Agency's mission. USAID is committed to maintaining a focus on high-value, mission-critical work; improving HR services; advancing performance management and accountability; enhancing employees' resilience and engagement; and expediting hiring for mission-critical positions. In FY 2020, the Agency undertook a number of initiatives to develop and implement innovative human capital programs consistent with USAID's Transformation and the Agency's HR Transformation Strategy and Action Plan ([http://pdf.usaid.gov/pdf\\_docs/PBAAE486.pdf](http://pdf.usaid.gov/pdf_docs/PBAAE486.pdf)).

## AGENCY RESTRUCTURING

USAID developed a transparent and rigorous approach for restructuring the Agency, including detailed design strategies, templates, and implementation plans, establishing six new B/IOs approved by Congress. Through these efforts, USAID achieved a consistent and consultative restructuring process built on organizational design best practices and consistent with the Agency's strategy to achieve

a more flexible, field-focused, and functionally aligned Agency. As of January 2020, all six new B/IOs, affecting nearly 2,000 employees (including all hiring mechanisms), entered into the Agency's restructuring process. The Bureau for Management's (M) Restructuring Management Unit coordinates the Agency's approval process, which includes a robust review and feedback from the Office of Human Capital and Talent Management (HCTM), the Office of General Counsel, the Office of Administrator, and the restructuring Bureau leadership to identify and close any gaps or inconsistencies related to structure, staffing, policy, and funding prior to implementation. To ensure compliance with best practices in workforce planning established by the U.S. Office of Personnel Management (OPM) and workforce planning best practices, the Agency established a Staffing Review Board to vet and document actions taken on staffing decisions under the Agency's approved restructuring. Of the six, the Bureau for Resilience and Food Security (RFS), the Bureau for Humanitarian Assistance (BHA), the Bureau for Conflict Prevention and Stabilization (CPS), and the new Bureau for Asia are operational.

USAID developed detailed Civil Service (CS) and Foreign Service (FS) position description (PD) guidance to help streamline the restructuring, standardize positions, apply best practices, and reduce errors when preparing required documents. USAID distributed the PD guidance across the Agency and hosted four workshops to coach administrative staff and hiring managers, supporting adoption. As a result, the Agency is better positioned to review and process positions for future reassignments and hiring actions. The implementation of RFS, BHA, and CPS involved a large volume of personnel actions, consisting of 821 realignments (of CS, FS, and Personal Service Contractors [PSC] positions) processed to date on the goal to realign all 1,305 employees in the six new B/IOs by the first quarter of FY 2021. Arriving at this point involved coordinated efforts across USAID, while taking into account all business requirements, workforce planning, staff care support, and ability of B/IOs to notify affected staff during the virtual environment resulting from the pandemic of COVID-19.

## LAUNCHPAD: INNOVATIVE EMPLOYEE PORTAL FOR SERVICES

USAID continues to build new features and functionality into LaunchPad, the Agency's centralized, online employee portal for HR services. Supervisors and administrative staff have a new page called My Work, which allows them to view and manage their team's data and tasks. One of the highlights of this page is the ability to initiate personnel actions that capture inputs through intuitive questionnaires. The Agency streamlined the offboarding process for employees departing the Agency. Employees and their supervisors initiate offboarding requests, which creates tasks for clearing officials, provides transparency to the status, and culminates in a personnel action request to separate the employee. In addition, employees now report any potential misconduct incidents through LaunchPad and provide relevant information to inform an investigation. To respond to COVID-19, USAID also built a LaunchPad-based Mission Personnel Tracker to collect and report, in real time, the location status of overseas American staff and their family members. This tracker can report if staff and their families are still at post, teleworking from an overseas or domestic location, or were evacuated out of their post due to an authorized or ordered departure. Post-COVID-19, USAID will use this tool for future evacuations.

USAID continues to monitor its HR service delivery and customer service through LaunchPad. HCTM managers now have access to dashboards to give transparency into staff workload and customer feedback. USAID modified customer surveys to give the customer the ability to request a follow-up on an individual case, which the system sends to the manager. USAID received more than 39,000 HR cases through LaunchPad between August 2019 and August 2020, and maintained an average monthly survey score for customer timeliness and resolution of 4.4 (out of five) over the past year. Over the last year, the monthly average for customer satisfaction has been 4.3 (out of five); however, the average has risen to 4.5 (out of five) over the last six months.

## WORKFORCE PLANNING

The Interim FY 2020–FY 2022 USAID Strategic Workforce Plan (SWFP) provides the Agency's vision for strategic workforce planning and analytics in support of the Agency Transformation and the recruitment, hiring, and onboarding of the talent required to achieve USAID's mission. The SWFP allocated the Agency CS and FS staffing, articulated the plans for the Agency's overseas footprint, and will guide future workforce planning efforts.

Through an Agency-wide Global Health Crisis Skills Assessment survey, USAID established a roster to pull trained, technically sound experts to support future health emergency response efforts. Prior to the establishment of the roster, USAID did not have an Agency-wide, centralized way of identifying staff across all hiring mechanisms with the right skills and experiences to support emergent global health emergencies. In the future, the Agency will continue to improve on this solution by integrating the skills roster into LaunchPad to ensure relevancy and sustainability. USAID also finalized the IT workforce planning process to better forecast future IT workforce needs and implement strategies to address gaps between current workforce supply and future needs. USAID is also developing and refining competency assessments and learning and training plans for existing staff.

USAID is deploying Talent Analytics, a workforce planning module with direct access to the Agency's personnel data that features interactive dashboards, automated reporting, and ad-hoc reports. USAID is testing automated reporting and forecasting to understand anticipated promotions, attrition, and hiring trends. Talent Analytics will continue to evolve over the next two years, which will improve USAID's data-driven, targeted workforce planning incrementally with each iteration. Through Talent Analytics, USAID automated the calculation for promotion eligibility and replaced the manual Excel spreadsheet calculations with an automated system focused on recommending promotion levels by grade and backstop for the FS workforce. USAID also created a function within Talent

Analytics to promote and document strategic FS Assignment decisions and enable scenario-planning capabilities. This module provides the ability for select HCTM staff involved in the FS Assignment Board meeting to view information for a given bidding cycle including the bidder list, selection report, and the records of bidding-cycle qualification and Bureau concurrence, to facilitate the Assignments decision process. This module provides the ability to sort and filter positions to achieve the Agency's mission (*e.g.*, view all priority positions first, sort by a Bureau, sort by a backstop, *etc.*) as well as displays key indicators such as whether there is a three-grade spread or priority consideration. The module also includes an interactive dashboard that updates live as decisions are made to show key metrics related to the slate.

In FY 2020, USAID launched a position validation tool that completes the business process re-engineering of the FS position management, assignments, and reassignments process. The new tool allows the Agency's OUs to validate all FS positions, which produces an up-to-date staffing pattern and is integrated with the assignments, bidding tools, and getting-to-post tools. In response to the remote working environment resulting from the pandemic of COVID-19, USAID conducted four virtual orientations for new Foreign Service Officers (FSOs). In recognition of the changing staffing needs in hard-to-fill countries (*e.g.*, the Islamic Republics of Pakistan and Afghanistan, the Republics of Iraq and South Sudan), USAID eliminated the bidding requirement on these countries, which had been in place for more than 15 years, as well as the Priority Consideration round dedicated to staffing these countries. In lieu of this requirement, FSOs are required to bid on priority positions, closely matching the Agency's programmatic priorities with workforce allocation.

## EMPLOYEE ENGAGEMENT

USAID's focus on employee engagement relies on data from the Federal Employee Viewpoint Survey (FEVS). USAID values an inclusive

work environment, one in which the Agency learns from every member of its team and fosters their active participation. USAID recognizes the relationship between the engagement of employees and the Agency's performance of its mission. To increase employee engagement, USAID requires OUs to create action plans that identify critical focus areas for improvement based on their results on the FEVS.

In 2019, USAID achieved a score of 71 percent on the FEVS' Global Satisfaction Index (GSI), which ranked 14 out of 27 mid-size agencies in the Partnership for Public Service's list of "Best Places to Work in the Federal Government." USAID's Employee Engagement Index (EEI) score increased slightly to 76 percent and is seven percentage points higher than the U.S. Government-wide average. In FY 2020, USAID focused on developing Action Plans to make improvements in 20 Washington B/IOs with EEI scores lower than 65 percent, based on the FEVS 2019 results.

## EMPLOYEE WELLNESS AND RESILIENCE

USAID's Employee Wellness and Resilience program, referred to as Staff Care, is an innovative, integrated program specifically designed to improve the wellness and resilience of the USAID workforce, both in Washington and overseas. Services include work-life assistance, wellness programs, support for new and expecting parents, employee assistance counseling, liaison services for FSOs, individual resilience training, and organizational resilience services. Organizational resilience helps teams across the world build strong and dynamic working environments and relationships that can navigate change effectively. Over this reporting period, Staff Care provided support for the Agency's Transformation, particularly the large-scale restructuring, by helping those affected continue to be resilient in the face of ongoing change. At the same time, Staff Care rapidly expanded the breadth and depth of its programming to address the enormous challenges the workforce is facing during the COVID-19 crisis.

In FY 2020 (between October 2019 and August 2020), Staff Care provided 31 engagements in response to requests from 23 USAID Missions around the world and provided 38 engagements in response to requests from 35 teams in Washington. These engagements supported more than 2,000 employees. Of these engagements, 90 percent of staff experienced increased team cohesion, 84 percent experienced increased team performance and productivity, and 73 percent reported increased morale. In addition to the team engagements, Staff Care provided assistance to more than 9,000 employees through a variety of other Staff Care services, supporting many individuals more than once. For example, Staff Care provided 99 webinars on over 30 topics that 4,862 individuals attended in response to COVID-19 to promote emotional/mental health, resilience, wellness, and work-life balance and effectiveness. From these webinars, 77 percent of the participants reported learning skills for improved effectiveness at work, 94 percent reported strengthened resilience and well-being skills, and 98 percent reported an increased feeling that USAID appreciates its employees. Between October 2019 and August 2020, Staff Care also provided wellness programming, such as physical strengthening challenges, flu shots, and gym membership for more than 3,000 employees and resilience training for 500 employees. In addition, Staff Care provided 220 staff with work-life services and referrals, and 401 staff with counseling support on employee resilience, which saved the Agency an estimated 798 work days, valued at \$260,725. In addition, 85 percent of counseling clients reported increased life satisfaction and well-being.

## **ACCOUNTABILITY AND AWARDS**

USAID ensures employee accountability and encourages outstanding performance through a combination of performance management, promotion, awards, and recognition programs. USAID continues to advance the Agency's employee performance-management systems and the FS promotion process. March 2020 marked the successful completion of the second-year

rollout of USAID's new FS performance-management system. Informed by first-year evaluation results, USAID made improvements to both the performance-evaluation tools and the online system throughout FY 2020. Additionally, the Agency began to develop an online tool for conducting FS promotion boards within LaunchPad. This tool, linked to the Agency's online ePerformance tool, allows for improved analysis of promotion data and enables the Agency to conduct promotion boards with remote participation of USAID staff. USAID launched the online promotion board tool for use in the 2020 FS promotion boards, which took place in October 2020.

Agency executives are accountable for achieving USAID's goals and priorities. Since 2018, USAID has identified annual shared Agency goals for all its executive personnel—Senior Foreign Service (SFS), Senior Executive Service (SES), and Administratively Determined (AD) employees. The Agency incorporated the shared goals into the executives' annual performance plans, and the focus for 2020 is on the Administration's priorities and cross-Agency initiatives, such as the Agency's Transformation, effective partnership and procurement reform, innovative and strategic relationships, country self-reliance, and enterprise risk management.

USAID uses its comprehensive award and recognition program to recognize and reward individuals and groups for contributions to the accomplishment of USAID's mission, goals, and objectives. USAID uses recognition and monetary awards in combination with regular performance feedback to reinforce and improve employee performance. USAID's awards and recognition program uses a combination of rating-based performance awards and individual contribution awards (including monetary and non-monetary recognition) strategically to increase employee motivation and incentivize employees to exceed performance expectations.

USAID is committed to optimizing the effectiveness of its awards and recognition program. In 2019, OMB rescinded prior limits on agency

spending on ratings-based and other monetary awards. With the previous years' restrictions lifted, USAID increased its award spending to two percent of aggregate salaries in FY 2020.

## HIRING

With Congressional support, USAID will encumber and maintain the levels of U.S. Direct-Hire (USDH) staff necessary to execute the Agency's strategic direction and priorities. The Agency is committed to reaching and sustaining a staffing level of 1,600 permanent CS employees and 1,850 permanent FSOs. Doing so requires USAID to accelerate recruitment, hiring, and onboarding, and HCTM is building the capacity to continue rebuilding its core functions and hiring apparatus, including the hiring of USDH Human Resources Specialists. HCTM also put in place contracted surge staff to help reach the staffing levels needed to deliver USAID's mission. The Agency also shifted the CS hiring approaches to reflect best practices and yield significant efficiencies. For example, the Agency is aggressively using more broad and recurring job announcements that help build up rosters of talented and diverse candidates for multiple similar positions.

The Agency will continue to prioritize identifying, monitoring, and filling staffing or skills gaps. For example, the Agency is strengthening USAID's FSO workforce through the recruitment of career candidates for positions in all technical areas. In addition, the Agency is adopting recruitment

strategies to attract individuals who can successfully engage commercial entities and internal stakeholders to advance the private sector's role in the Journey to Self-Reliance.

## AGENCY TRAINING AND SUPPORT

In FY 2020, USAID developed a new leadership course to ensure the Agency's emerging leaders receive the benefit of developing their leadership skills. The course entitled, *Cultivating the Leader Within*, is targeted to Foreign Service National (FSN) employees at the FSN-10 grade and below and CS employees at the General Schedule (GS) grade of GS-11 and below. During FY 2020, USAID ensured continuity of training by consistently providing expert guidance to the various Agency stakeholders and partners on developing new training in response to COVID-19, and quickly deploying virtual training platforms to ensure onboarding of new employees and continued training for leaders on adapting to leading in a virtual environment. USAID also piloted a virtual series for supervisors over an eight-week period and a six-week virtual series for two cohorts of FSNs, delivering components of the curriculum from the *Cultivating the Leader Within* training.

To ensure leadership development occurs across the Agency without further postponement, USAID redesigned leadership programs for online delivery. The redesign of leadership programs is a blended approach to online learning. Each program consists of synchronous and asynchronous modules that participants must complete within a specific time period. In addition, USAID developed targeted online learning events for senior leaders and program graduates. Throughout FY 2020, USAID continued to support participation in competitive programs for professional development, including six participants in the International Career Advancement Program (ICAP), three participants in the Massachusetts Institute of Technology (MIT) Seminar XXI Program, and one candidate for the White House Leadership Development Program.



## AUDIT FOLLOW-UP

### BACKGROUND

USAID is subject to audit by the Office of Inspector General (OIG) and the Government Accountability Office (GAO), an independent, nonpartisan agency that works for Congress. The OIG's staff conduct audits of worldwide foreign-assistance programs and USAID operations, including performance audits and reviews of programs and management systems, the audit of the Agency's consolidated financial statements required under the CFO Act of 1990, and audits related to the financial accountability of grantees and contractors. Often called the "Congressional watchdog," GAO performs evaluations of Federal programs, policies, operations, and performance to examine how departments and agencies spend taxpayer dollars, and provides Congress and Federal organizations with objective, reliable information to help the U.S. Government save money and work more efficiently.

### AUDIT FOLLOW-UP RESULTS FOR FY 2020

#### OIG

USAID's managers are mindful of the statutory requirements included in the Inspector General Act, as amended; OMB Circular A-50, *Audit Follow-up*; and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Management has a responsibility to complete action, in a timely manner, on audit recommendations on which

USAID has reached agreement with the OIG. Management must make a decision regarding audit recommendations within a six-month period after the issuance of the audit report, and implement a management decision<sup>6</sup> within one year, to the extent practicable.

On October 1, 2019, the Agency had a beginning balance of 369 audit recommendations. During FY 2020, the OIG issued a total of 337 audit recommendations. During FY 2020, the Agency closed 360 recommendations, which left 346 recommendations open at the end of the fiscal year. Of the number closed, 259 were procedural or non-monetary; 101 were questioned costs, which represented \$5.7 million in disallowed costs USAID recovered; and none had management efficiencies.<sup>7</sup> As of September 30, 2020, USAID had no recommendations over six months old without a management decision, 89 recommendations had a management decision more than a year old, and USAID submitted 36 recommendations to the OIG for closure.

The tables on the following page show that USAID made management decisions to act on 112 audit recommendations with management efficiencies and planned recoveries<sup>8</sup> that totaled more than \$220.6 million. In addition, the Agency completed final action for 101 monetary audit recommendations that represented \$5.7 million in cost savings.

<sup>6</sup> A "management decision" is the evaluation of a recommendation by management and a decision upon an appropriate course of action.

<sup>7</sup> "Management efficiencies" relate to monetary recommendations that could allow the Agency to use funds more efficiently. The recommendation can include (a) savings from such items as reprogramming or the recapture of unliquidated obligations; (b) more-efficient contract negotiations; or (c) the reduction or elimination of payments, costs, or expenses the Agency would incur. This term has the same meaning as "funds are put to better use."

<sup>8</sup> "Planned recoveries" relate to collections of disallowed costs.

## MANAGEMENT ACTION ON RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	Recommendations	Dollar Value (\$000)
<b>Management Decisions:</b>		
Beginning Balance on October 1, 2019	–	\$ –
Management Decisions During the Fiscal Year	2	210,300
Total Management Decisions Made	2	210,300
<b>Final actions:</b>		
Recommendations Implemented	–	–
Recommendations not Implemented	–	–
Total Final Actions	–	–
Ending Balance on September 30, 2020 <sup>9</sup>	2	\$ 210,300

## MANAGEMENT ACTION ON AUDIT RECOMMENDATIONS WITH DISALLOWED COSTS

	Recommendations	Dollar Value (\$000)
<b>Management Decisions:</b>		
Beginning Balance October 1, 2019	184	\$ 223,237
Management Decisions During the Fiscal Year	110	10,317
Total Management Decisions Made	294	233,554
<b>Final actions:</b>		
Collections/Offsets	–	4,143
Other Recovery	–	1,589
Non-Efficiency	–	–
Write-Offs	–	–
Total Final Actions <sup>10</sup>	101	5,732
Ending Balance September 30, 2020 <sup>9</sup>	193	\$ 227,822

Note: The data in these tables do not include procedural (non-monetary) audit recommendations.

### GAO

In FY 2020, the number of open recommendations issued to USAID by the GAO declined from ten to nine, which represents a ten percent decrease from FY 2019. The Agency closed 11 recommendations, down from 19 the previous year. The GAO is currently reviewing 32 USAID programs worldwide.

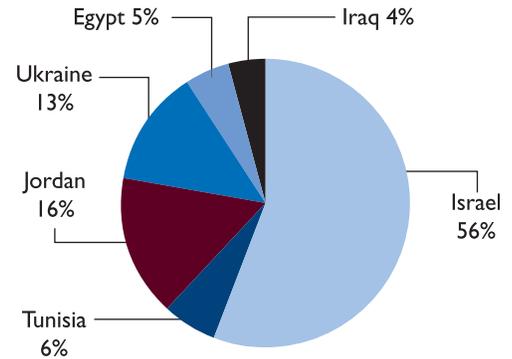
<sup>9</sup> “Ending Balance September 30, 2020” equals “Total management decisions made” minus “Total final actions.”

<sup>10</sup> A single audit recommendation can involve multiple recovery types (collections/offset, other recovery, write-offs).

## SOVEREIGN BOND GUARANTEES (SBG)

Since 1993, the U.S. Government has provided 20 guarantees of sovereign bonds issued by foreign governments in the international capital markets (by the governments of State of Israel, the Arab Republic of Egypt, the Republic of Tunisia, the Hashemite Kingdom of Jordan, Ukraine, and the Republic of Iraq) that have totaled \$23.8 billion. The guarantees are one form of macro-level financial assistance the United States provides to strengthen the economic and policy environments of countries that face economic difficulties.

From 1993 to 2011, the U.S. Government used SBGs sparingly to support Israel and Egypt. However, the use of SBGs expanded in response to political shocks in the Middle East and Eastern Europe to ten additional issuances between 2012 and 2017. USAID currently reports the guarantees on its financial statements using information provided by the U.S. International Development Finance Corporation (DFC). The total current exposure of USAID's SBG portfolio is \$15.2 billion, of which \$13.2 billion represents outstanding principal following Egypt's full repayment of its bond in 2015 and the full repayment of three bonds in 2019 (Tunisia, Jordan, Ukraine), one bond in 2020 (Ukraine), as well as the continuing amortization of one of Israel's sovereign bonds. See Note 6, *Direct Loans and Loan Guarantees, Net* in the Financial Section for additional information on loan guarantees for Israel; Ukraine; and Tunisia, Jordan, and Iraq (Middle East Northern Africa—MENA).



### PORTFOLIO OF SOVEREIGN BOND GUARANTEES ISSUED SINCE 1993

(Dollars in Millions)

Country	Year	Amount
Israel	1993	\$ 9,199
Israel	2003	\$ 4,100
Egypt	2005	\$ 1,250
Tunisia	2012	\$ 485
Tunisia	2014	\$ 500
Jordan	2014	\$ 1,250
Jordan	2014	\$ 1,000
Ukraine	2014	\$ 1,000
Ukraine	2015	\$ 1,000
Jordan	2015	\$ 1,500
Tunisia	2016	\$ 500
Ukraine	2016	\$ 1,000
Iraq	2017	\$ 1,000
<b>Total</b>		<b>\$ 23,784</b>





(Preceding page) Azizbek Hamraliev was selected as part of a USAID program to co-invest in transitioning young orchards from furrow irrigation to drip irrigation in Uzbekistan. Drip irrigation reduces water use by at least 30 percent by utilizing water more efficiently. PHOTO: KAMIL YAKUBOV FOR USAID

 <https://usaidpubs.exposure.colending-the-wait-for-water>

(Above) Lena Mula is a biologist who graduated from the University of Papua New Guinea and completed a marine environment internship through USAID and local partners. She learned the importance of biodiversity conservation in Kimbe Bay and went on to teach local youth about ecosystem threats. PHOTO: KIDLAT DE GUIA, DORELYN JOSE, AND DAVID DOUBILET

 <https://usaidpubs.exposure.co/a-paradise-unknown>

# LETTER FROM THE CHIEF FINANCIAL OFFICER

As the Agency's Chief Financial Officer (CFO), I am pleased to join the Acting Deputy Administrator John Barsa in providing the U.S. Agency for International Development (USAID) Agency Financial Report (AFR) for Fiscal Year (FY) 2020. The AFR illustrates our Agency's continued strong financial performance and reinforces our commitment to transparency and accountability for the funds entrusted to us by the American people, especially during this year's worldwide COVID-19 pandemic. The Agency's top priorities have included critical work to meet this global crisis, including allocating \$1.3 billion in supplemental funding appropriated to USAID.

## AUDIT OF THE AGENCY'S FINANCIAL STATEMENTS

For FY 2020, USAID's independent auditor issued its audit report with an unmodified (or clean) audit opinion on the Agency's consolidated financial statements. In addition, USAID made an unmodified Statement of Assurance under the Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA) on the Agency's internal controls and conformance with the requirements for a Federal financial-management system. Moreover, the independent auditor found no reportable instances of noncompliance with laws and regulations during FY 2020.

Sound financial management continues to be a corporate priority for the Agency. Our strong and sustainable internal control posture has provided for process improvements in financial management activities that resulted in the closure of all 2018 and prior years' financial audit findings and recommendations; most notably the Agency's long outstanding recommendations on reconciling the Agency's Fund Balance with Treasury (FBWT) account.

In the FY 2020 financial audit report, USAID's independent auditors identified no material weaknesses in USAID's internal control over financial reporting but identified two significant deficiencies related to recording accrued expenses, and account management, that are repeated from the FY 2019 audit. In the FY 2019 audit report, USAID's independent auditors identified no material weaknesses; however, auditors did identify five significant deficiencies in USAID's internal controls related to financial management. During FY 2020, USAID submitted

closure requests for 100 percent of the FY 2019 significant deficiencies recommendations, and the independent auditor closed 68 percent of these recommendations by fiscal year end.

The five areas of internal control significant deficiencies from the FY 2019 audit report are: (1) reconcile suspense accounts, (2) determine whether obligations identified as excessive and without disbursement for three years should be deobligated, (3) record accrued expenses, (4) enforce requirements pertaining to passwords, and (5) account management. For each identified significant deficiency, the Office of the CFO (OCFO) developed a Corrective Action Plan with measures taken to resolve and close the independent auditor's recommendations. Efforts to close the remaining open recommendations include implementing procedures that enhance accrual entries and account management. The Agency expects the independent auditor to accept the submitted closure requests in FY 2021 for the remaining open recommendations.

The Inspector General's statement on USAID's Top Management Challenges for FY 2021 noted financial management challenges with the Agency's closing out of grants. We are enhancing efforts to close out expired grants and make related timely deobligations. The Agency is also committed to implementing effective and efficient risk mitigation measures for charge card spending to ensure USAID continues success in preventing charge card holders from making illegal, improper, or erroneous purchases and payments.

## KEY ACCOMPLISHMENTS

The Agency made great strides in the past few years to reduce payment errors by identifying, reporting, and recovering overpayments, as required by the Improper Payments Elimination and Recovery Act (IPERA) of 2010. The financial audit resulted in no recommendations from our independent auditors regarding improper payments.



Reginald W. Mitchell

The Agency continues to monitor and adhere to the requirements of the Digital Accountability and Transparency Act (DATA Act) of 2014, which requires that Federal departments and agencies report their spending on procurement and financial assistance in a more standardized manner. Because of our timely and efficient data provisions, the U.S. Department of the Treasury has recognized USAID as the lead Federal agency in the implementation of the DATA Act.

I am honored to announce that, for the fifth consecutive year, USAID is the recipient of the prestigious Certificate of Excellence in Accountability Reporting (CEAR) Award, which recognizes the Agency's integration of performance and financial reporting. I sincerely thank all of USAID's staff for their dedication and diligence in contributing to the FY 2019 AFR report, which presents the Agency's use of resources, operating performance, financial stewardship, and assessment of risks in a clear and effective manner. I also am proud USAID continues to emerge as a leader among Federal Departments and Agencies in implementing ERM.

In addition to the notable financial milestones, my staff and I sought opportunities to contribute, promote, and advance activities that support USAID's mission during FY 2020, including the following highlights:

- ★ Working with the Agency's COVID-19 Task Force to highlight risks associated with the pandemic to the Agency's Enterprise Risk Management (ERM) governance bodies. This partnership informed modifications to the existing Agency Risk Profile related to planning for emergency response.
- ★ Optimizing the risk-based analytical tool known as Uniform Risk and Internal Control Assessment (URICA) and implemented URICA Agency-wide to assist financial and program staff in assessing and analyzing internal controls.
- ★ Enhancing the risk-based analytical process known as the Public Financial Management Risk Assessment Framework (PFMRAF) to assist financial and program staff to address risks associated with programs managed with partner-country governments.
- ★ Developing the USAID Anti-Fraud Plan to support USAID's fraud prevention, detection, and response activities. The plan addresses key Federal mandates related to the assessment of fraud, waste, abuse, and continuous monitoring at the programmatic activity levels, while leveraging existing tools, systems, and expertise to ensure compliance and integrity in Agency operations.
- ★ Performing financial activities to transfer the Agency's Development Credit Authority function with the applicable direct loans and loan guarantees responsibilities from USAID to the U.S. International Development Finance Corporation

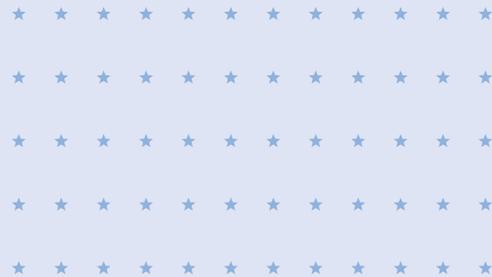
as required by the Better Utilization of Investments Leading to Development (BUILD) Act.

- ★ Facilitating coordination between the USAID Office of Inspector General (OIG) and USAID's Bureaus and Independent Offices (B/IOs) to ensure the OIG Top Management Challenges Report accurately reflects the Agency's progress and commitment.
- ★ Leading a collaborative project to transition 4,700 Agency Foreign Service National and Third-Country National staff for their Time and Attendance (T&A) reporting from the U.S. Department of State to USAID's T&A reporting system.
- ★ Implementing the Agency's refined process to resolve and execute outstanding audit recommendations rapidly under USAID's Transformation Initiative with B/IO.
- ★ Advising on international accounting guidance for International Financial Reporting for Non-Profit Organizations (IFR4NPO).
- ★ Representing the Agency on the Donor Steering Committee for the International Organization of Supreme Audit Institutions (INTOSAI) working with global donors for Supreme Audit Institution (SAI) audit capacity development, which seeks to strengthen the accountability, transparency, and integrity of partner-government institutions in accordance with international standards.
- ★ Delivering an address in coordination with the U.S. Comptroller General and SAI heads from the countries of Armenia and Georgia on the launch of inter-agency agreements with the U.S. Government Accountability Office Center for Audit Excellence (CAE) for audit capacity development to the Audit Chamber in the Republic of Armenia and the State Audit Office of Georgia.

USAID's achievements during FY 2020 reflect the exceptional effort and devotion of our employees and partners worldwide. I am proud to be part of an agency that works hard to achieve its mission and objectives creatively and strategically. In FY 2021, I look forward to continuing our efforts to advance Acting Deputy Administrator Barsa's vision of the Journey to Self-Reliance, which those of us at USAID share. We continue to hold ourselves and the Agency to the highest financial management standards while also strengthening our risk management and internal controls to safeguard and maximize the return on U.S. taxpayers' investments.



Reginald W. Mitchell  
Chief Financial Officer  
November 9, 2020



## STREAMLINING FINANCIAL MANAGEMENT AND ERM DURING COVID-19

The Office of the Chief Financial Officer (OCFO) facilitated the adaptation of the USAID risk management model and policy to expedite work with partner-governments to respond to global health challenges amplified by the COVID-19 pandemic. The health challenges included HIV/AIDS, tuberculosis, malaria, and COVID-19 pandemic. The streamlining of financial management and Enterprise Risk Management (ERM) enabled our partners to rapidly respond to these vital challenges in their own countries.

On May 28, 2020, USAID's Acting Agency Head issued an Agency Notice to USAID personnel announcing that during the COVID-19 pandemic, partner-governments are essential partners as the U.S. Government continues to accelerate its efforts to respond to this current global challenge. A partner-government's ability to respond to, and help its citizens recover from, COVID-19 would rely on national public and private capacity to plan, finance, and implement solutions with transparency and accountability. As the Agency invested financial resources to mitigate the global impact of the COVID-19 pandemic, the use of agreements with partner-governments would allow USAID to use existing government systems to address the disease and align our investments more precisely with national and subnational actions.

Making USAID's emergency response fit local needs and circumstances required ensuring USAID's efforts aligned with those of partner-governments while accounting for risk in accordance with USAID's ERM program and consistent with its Risk-Appetite Statement (RAS). In this time of extraordinary circumstances and acute need, USAID must allow its Operating Units (OUs) to expedite their due diligence relative to opportunities and threats apparent to them in responding to the pandemic, and other contextual factors.

To facilitate a balance between the need to respond quickly and the risk related to the use of country systems in the delivery of foreign assistance, USAID implemented a blanket waiver of the requirements for the Public Financial Management Risk

Assessment Framework (PFMRAF), to the extent permitted by law and consistent with its RAS, for awards to partner-governments related to COVID-19. The blanket waiver applies to all partner-government activities directly related to USAID's response to COVID-19, regardless of funding source or fiscal year. The timeframe required for a full PFMRAF assessment did not allow USAID's OUs to collaborate with partner-governments through direct assistance in a timely manner. During COVID-19, the OCFO's swift response was paramount to prevent potential delays in funding and to provide life-saving support.

The blanket waiver of the PFMRAF requirements supported rapid and targeted investments to combat the pandemic and also streamlined and reduced the overall timeline for implementing partner-government activities while risk management remained a priority for the Agency. To exercise the blanket waiver, principal officers of OUs documented the possible risks associated with partner-government activities related to COVID-19 in a *Determination to Rely on COVID-19 PFMRAF Blanket Waiver*. OUs were required to obtain clearance from the Chief Financial Officer (CFO) before obligating any funds under the waiver.

The OCFO developed a COVID-19 partner-government Risk Management Guide (Guide). The OCFO also developed training materials and participated in webinars explaining the COVID-19 PFMRAF Waiver process and provided materials in its Resource Library. The Guide also provides an overview of USAID's ERM process, and includes a waiver template for OUs to present the facts and rationale to justify waiving PFMRAF requirements. The Guide and waiver template still require the development of a Fiduciary Risk Management and Mitigation Plan as part of the waiver request, as well as the CFO clearance. These streamlined efforts resulted in an estimated \$21.7 million of expedited health and humanitarian assistance over the life of partner-government activities in countries including Bosnia, Malawi, Mozambique, and Uganda.

**\$21.7 MILLION**  
of expedited health and humanitarian assistance

THIS PAGE LEFT INTENTIONALLY BLANK

FINANCIAL SECTION  
**INDEPENDENT  
AUDITOR'S REPORT**





(Preceding page) Boni Awa waits for her turn at the Mouyassue Rural Health Center in Côte d'Ivoire. There, midwife Amichia Solange provides medical care to women throughout all stages of pregnancy. With the support of USAID and the President's Malaria Initiative (PMI), health care providers like Amichia receive training on malaria prevention for pregnant women. Last year, PMI distributed enough anti-malaria pills to protect nine million pregnant women. PHOTO: MWANGI KIRUBI, PMI IMPACT MALARIA

<https://medium.com/usaid-2030/protecting-pregnant-women-frommalaria-5dc4f7d3763>

(Above) In Zanzibar, a semi-autonomous region of Tanzania, spray operators play a key role in reducing the spread of malaria through indoor residual spraying (IRS). By killing mosquitos that come into contact with treated surfaces, IRS significantly prevents malaria transmission in vulnerable areas. In February 2020, Zanzibar's IRS campaign trained and employed 412 seasonal spray operators, achieving 97 percent spray coverage. Today, over 225,000 people are better protected from malaria transmission. PHOTO: ALEX LARRIEUX FOR USAID

<https://usaidpubs.exposure.co/tokomeza-malaria-eliminate-malaria>



## MEMORANDUM

DATE: November 16, 2020

TO: USAID, Chief Financial Officer, Reginald W. Mitchell

FROM: Deputy Assistant Inspector General for Audit, Alvin Brown /s/

SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2020 and 2019 (0-000-21-001-C)

Enclosed is the final audit report on USAID's financial statements for fiscal years 2020 and 2019. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. (GKA) to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin 19-03, "Audit Requirements for Federal Financial Statements."

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on USAID's financial statements. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which the audit firm did not comply, in all material respects, with applicable standards.

The audit objectives were to: (1) express an opinion on whether the financial statements as of September 30, 2020 and 2019, were presented fairly, in all material respects; (2) evaluate USAID's internal control over financial reporting; and (3) determine whether USAID complied with applicable laws and regulations. To answer the audit objectives, the audit firm assessed risk, considered internal control, and designed audit procedures relevant to USAID's presentation of its 2020 and 2019 financial statements.

GKA concluded that USAID's financial statements as of and for fiscal years ended September 30, 2020 and 2019, are presented fairly, in all material respects, and in conformity with accounting principles generally accepted in the United States. GKA also found no instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements. The audit firm also found no material weaknesses, but reported two significant deficiencies in internal

Office of Inspector General, U.S. Agency for International Development  
Washington, DC  
<https://oig.usaid.gov>

control over financial reporting for fiscal year 2020 presented as modified repeat findings from the prior year. These deficiencies related to USAID's internal control processes for

- Recording accrued expenses.
- Account management.

GKA determined that USAID has not completed some final actions on the prior recommendations<sup>1</sup> to address these two significant deficiencies. The audit firm will follow up on these prior recommendations in Fiscal Year 2021. In addition, GKA identified six new issues related to USAID's internal control process for account management.

To address the new issues identified in the report, we recommend that USAID's Chief Financial Officer:

**Recommendation 1.** Implement plans to create a separate role description document and access forms for back end Financial System Staff Roles and document any potential segregation of duties conflicts, specially conflicts with financial processing roles.

**Recommendation 2.** Implement a process to review System user access on an annual basis via the System Bureau Transaction Coordinator Roles and User ID Report and supporting evidence/acknowledgements to ensure that reviews occurred. Such evidence/acknowledgements should be retained for an appropriate period.

**Recommendation 3.** Ensure that annual System user access recertification includes all users and ensure that any access permission not explicitly requested and approved during the recertification are disabled/removed.

**Recommendation 4.** Modify the Funds Control Accountant and Financial Management Analyst roles to mitigate the segregation of duties conflict and update the roles description. If the roles cannot be modified, then compensating controls should be implemented to mitigate the risk of users having these controls (i.e. monitoring and review, etc.).

**Recommendation 5.** Modify the Procurement Order Requestor and Procurement Obligation Processor roles to mitigate the segregation of duties conflict and update the roles descriptions. If the roles cannot be modified, then compensating controls should be implemented to mitigate the risk of users having these controls (i.e. monitoring and review, etc.).

**Recommendation 6.** Implement a written process to obtain system owner approval of shared database accounts. Documented approvals for shared database accounts in the system security plan (SSP). Controls for monitoring the activities and use of the shared accounts should also be documented in the SSP.

In finalizing the report, the audit firm evaluated USAID's responses to the recommendations. After reviewing that evaluation, we consider recommendations 1, 4, and 5 closed and, recommendations 2, 3, and 6 resolved but open pending completion of planned activities. For

---

<sup>1</sup> Audit of USAID's Financial Statements For Fiscal Years 2019 and 2018 (0-000-20-006-C)

recommendations 2, 3, and 6, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.



Member of the American Institute of Certified Public Accountants

November 9, 2020

Chief Financial Officer and Inspector General  
U.S. Agency for International Development  
Washington, D.C.

RE: Audit of USAID’s Financial Statements for Fiscal Years 2020 and 2019

This letter transmits the final report on our audit of USAID’s financial statements for fiscal year 2020 and 2019. The Government Management Reform Act of 1994, Public Law 103–356, requires USAID to prepare consolidated financial statements for each fiscal year. Office of Management and Budget (OMB) Circular A–136, *Financial Reporting Requirements*, requires USAID to submit a Performance and Accountability Report or an Agency Financial Report, including audited financial statements to OMB, Congress, and the Government Accountability Office. USAID has prepared an Agency Financial Report with an agency head message, management’s discussion, and analysis, “other information” and a financial section. GKA is responsible for auditing the Agency’s financial statements and preparing the independent auditor’s report, which appears in the financial section.

GKA has issued an unmodified opinion on USAID’s principal financial statements for fiscal years 2020 and 2019.

With respect to internal control, we identified two deficiencies that we considered significant deficiencies. The significant deficiencies pertain to USAID’s processes for (1) recording accrued expenses and (2) account management and segregation of duties controls.

The results of our tests of compliance disclosed no instances of noncompliance with laws and regulations that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03. We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

We are making six new recommendations in fiscal year 2020 related to account management and segregation of duties controls.

We appreciate the assistance you and your staff extended to us during the audit.

A handwritten signature in black ink that reads 'GKA, P.C.' in a cursive, stylized font.

---

1920 L. Street, NW || Suite 425 || Washington, DC 20036 || (202) 857-1777 || [www.gkacpa.com](http://www.gkacpa.com)



Member of the American Institute of Certified Public Accountants

---

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Chief Financial Officer and Inspector General  
U.S. Agency for International Development  
Washington, D.C.

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the U.S. Agency for International Development (USAID), which comprise the consolidated balance sheets as of September 30, 2020 and 2019 and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements").

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 19-03 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Agency's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting

---

1920 L. Street, NW || Suite 425 || Washington, DC 20036 || (202) 857-1777 || [www.gkacpa.com](http://www.gkacpa.com)

estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinion**

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of U.S. Agency for International Development as of September 30, 2020 and 2019, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

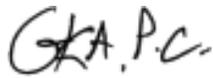
Accounting principles generally accepted in the United States of America issued by the Federal Accounting Standards Advisory Board (FASAB) require that the Required Supplementary Information (RSI) be presented to supplement the financial statements. Although the RSI is not a part of the financial statements, FASAB considers this information to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the RSI in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the RSI and comparing the information for consistency with management's responses to the auditor's inquiries, the financial statements, and other knowledge we obtained during the audit of the financial statements, in order to report omissions or material departures from FASAB guidelines, if any, identified by these limited procedures. We did not audit and we do not express an opinion or provide any assurance on the RSI because the limited procedures we applied do not provide sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information in the *About This Report* section, the *USAID At A Glance* section, the *Message from the Administrator*, the *Message from the Chief Financial Officer*, the *Other Information* section, and the appendixes in the Agency Financial Report is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements; and accordingly, we do not express an opinion or provide any assurance on it.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 9, 2020, on our consideration of USAID's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's internal control over financial reporting and compliance.



Washington, DC  
November 9, 2020



Member of the American Institute of Certified Public Accountants

---

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Chief Financial Officer and Inspector General  
U.S. Agency for International Development  
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of U.S. Agency for International Development (USAID), which comprise the consolidated balance sheets as of September 30, 2020 and 2019 and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as the “consolidated financial statements”) and have issued our report thereon dated November 9, 2020.

### Internal Control Over Financial Reporting

In planning and performing our audit of USAID’s financial statements as of and for the years ended September 30, 2020 and 2019, we considered USAID’s internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USAID’s internal control. Accordingly, we do not express an opinion on the effectiveness of USAID’s internal control. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers’ Financial Integrity Act of 1982* (FMFIA), Public Law 97-255.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control that we consider to be significant deficiencies.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency or a combination of deficiencies in internal control that presents a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis.

---

1920 L. Street, NW || Suite 425 || Washington, DC 20036 || (202) 857-1777 || [www.gkacpa.com](http://www.gkacpa.com)

*A significant deficiency* is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We identified two significant deficiencies in internal control related to USAID's processes for:

- (1) recording accrued expenses; and
- (2) account management and segregation of duties controls.

We also noted other matters involving internal control over financial reporting, which were not significant deficiencies that we will communicate to USAID's management in a Management Letter Report.

### **Significant Deficiencies**

#### **USAID's process to calculate and record accounts payable and accrued expenses should be improved. (Repeat Finding)**

USAID's methodology for estimating and recording accrued expenses begins with a system generated estimated accrual amount. The Contracting Officer Representative (COR) reviews this amount, modifies it if necessary, before approving the "modified accrual amount" for posting to the general ledger.

#### USAID/ WASHINGTON:

- a. We selected a judgmental sample of 45 modified accruals as of June 30, 2020 for testing. We noted that the modified accrual amount on the COR worksheet (\$148,014) for one (1) out of the 45 samples did not match the modified accrual amount in Phoenix (\$225,000). The approximate amount of the difference is \$77,000. The COR noted that the Accrual Worksheet is accurate and the amount in Phoenix is incorrect. Since the accrual period was closed during our testing, the COR indicated that the Phoenix amount will be corrected during the next accrual period.
- b. During our year end testing, we sampled 29 modified accruals for testing. We noted that the modified accrual amount on the COR worksheet (\$17,701,391) for one (1) out of the 29 samples did not match the modified accrual amount in Phoenix (\$17,710,391). The approximate amount of the difference is \$9,000. The COR noted that the difference was due to transposition error during data entry from the worksheet to Phoenix.

#### STATE DEPARTMENT OIG AGREED UPON PROCEDURES (AUP):

A sample of 58 modified accruals were selected for testing and exceptions were noted with three. The modified accrual amount on the COR worksheet (\$4,461,883) for one (1) out of the 58 samples did not match the modified accrual amount in Phoenix (\$895,875). The approximate amount of the difference is \$3,566,008. Also, for two (2) out of the 58 samples, no accruals were posted in Phoenix for the accrual worksheet amounts calculated on the worksheet. The calculated amounts are \$135,271 and \$1,000,000.

USAID/ MISSIONS (VIRTUAL SITES VISIT):

- a. During our audit of Mission A, we selected a sample of 78 modified accruals for testing. We noted that one (1) of 78 accruals tested had the modified accrual amount recorded in Phoenix to be different from the amount recorded on the accrual worksheet. The accrual worksheet was higher by \$855,687.
- b. During our audit of Mission B, we selected the total population of 41 modified accruals for testing and noted exceptions with three samples. Specifically, one (1) of the 41 accruals tested had the modified accrual amount in Phoenix to be different from the amount recorded on the accrual worksheet. The accrual worksheet was higher by \$9,999. Additionally, two (2) of the 41 accruals tested and reported in Phoenix had no supporting documentation. These amounts were \$387,428 and \$295,668 for a total of \$683,096.

ADS 631.3.4, “Accrued Expenditures,” states that *the obligation manager or COR must (1) review system-generated accrual amounts and/or allocations to determine whether the amounts can be validated or needs to be modified; (2) compare the amount developed based on actual conditions and first-hand knowledge of the project or activity with system-generated accrual amounts; and (3) complete the accrual process in accordance with the established time schedule and deadlines.*

CORs did not consistently modify the accrued amounts generated by the system to correspond with the CORs generated accrual worksheet, before recording the amounts in the general ledger. As a consequence, accrual amounts could be incorrectly recorded in the financial statements. This could affect the reliability of the financial statements.

USAID has not taken final action on prior recommendations to do the following:

- Require secondary review and approval of accrual entries into the accounting system to ensure that the entries match the Accrual Worksheets.
- Ensure an independent reviewer obtain a system generated report of the modified accrual amounts posted to the general ledger. The reviewer should check the report against the Quarterly Accrual Worksheet (on a sample basis if a 100% check is impractical) to ensure that only the COR approved amounts were posted to the general ledger.

Therefore, we are not making new recommendations to address those areas.

**Account management controls should be strengthened. (Modified Repeat Finding)**

We noted the following with respect to the account management controls for one system application and its supporting databases:

- There were weaknesses in the process for granting and approving in one system’s access. Specifically, we noted the following:
  - The ISSO did not sign the Signature Form for one (1) out of 25 users although the

- o user has the Help Desk Analyst role (Financial System Support Staff Member).
  - o The process for approving system access for Financial support staff was not always appropriately followed. Specifically, for 1 out of 25 users tested, the ISSO signed the Access Signature Form on September 11, 2020; however, the user's account was approved by their supervisor and activated on March 19, 2020 (Financial System Support Staff).
- During the prior audit, there were weaknesses in the Triennial Mission recertification process. Specifically, triennial recertification did not include all system users and there were users assigned roles that were not approved during the recertification and the roles were not removed. A Plan of Action and Milestones (POA&M) was created for this issue with an expected completion date of September 30, 2020. On April 27, 2020, USAID updated its policies to require an annual review instead of a triennial review; however, the review has not yet occurred.
- During the prior audit, evidence was not available to validate that Bureau Transition Coordinators (BTC) and Mission Controllers generate and review system user access via the BTC Roles and User Id Report quarterly. On April 27, 2020, USAID updated its policies to require an annual review instead of a quarterly review, however, the review has not yet occurred.
- Our review of the Segregation of Duties controls revealed that:
  - o The System Roles Document used to define system roles and identify segregation of duties conflicts was not complete. During the prior year, there were four roles identified that were not included in the document. During the current year, we noted that three out of the four roles had still not been included in the document (Message of the Day (MSGOFDAY), Report Pilot (RPTPILOT) and Administrator (ADMIN)).
  - o The Table Administrator (TBLADMIN) privilege - which is a security/system administrator role that allows users to maintain all reference tables - did not have any segregation of duties conflicts identified, even though it is a role that should not be assigned with other financial processing roles.
  - o The Voucher Examiner and Strategic Objective (SO) Approver roles are not documented in the Role Descriptions even though two roles are identified that have a segregation of duties conflict with the Voucher Examiner role and two roles with conflicts with the SO Approver role.
- There was one terminated individual identified that retained active access to the System.
- There were three individuals identified that have conflicting roles. These users were assigned roles within System which allow them the ability to both initiate and approve Obligation related transactions.
- There were two users identified on the Conflicting Roles Reports for February, March, April, and June that had conflicting roles; however, steps were not taken to remove the conflicting roles. One of these individuals also has access to process financial transaction and compensating controls have not been implemented to mitigate the risk.

- Database administrators to the report (REPT) database supporting System, did not have individual accounts with database administrator (DBA) access to administer the database. We identified one shared accounts with DBA privileges (OPSSORACLE) utilized by approximately four database administrators; however, the use of the account was not documented in the System Security Plan (SSP) as required by section 545.3.2.2 (f) of the Automated Directives System (ADS).

ADS Chapter 545, *Information Systems Security*, states that:

- *Approvals by system ISSOs and SOs/SO designees are required for requests to create information system accounts and authorize access to the information system: and*
- *SOs must separate critical information system functions among different individuals or groups; document separation of duties of individuals; and define information system access authorizations to support separation of duties. This is typically documented through a Separation of Duties matrix.*
- *Group or shared accounts/passwords include anonymous, guest, temporary employees, administrative or service accounts, and accounts used in batch processing. The use of group accounts/passwords is limited to situations dictated by operational necessity or mission accomplishment and must be approved by the SO and documented in the System Security Plan (SSP). The ISSO or other designee must control, protect, and maintain such authenticators in accordance with this ADS chapter.*

The System Access Controls Policies and Procedures, states that:

- *All System users who need access to the System must have a BTC or Mission POC/Controller complete and submit a User Role Request form on their behalf:*
  - *The Mission POCs/Controllers complete the System Mission User Role Request Form.*
  - *The Washington BTCs complete the System User Role Request Form.*
  - *Users and their supervisor complete the System Access Signature Form.*
  - *Financial System Support Staff is required to obtain the additional signature of the System ISSO on the Financial System Support Staff Access Signature Form.*
- *BTCs and Mission POCs/Controllers are responsible for running the System BTC Roles & User Id Report for the users in their Bureau/Mission. After a review of the report, BTCs and Mission POCs/Controllers are responsible for making any modifications or deletions to user roles and notify the System Security Team. Requests must be submitted to the System Access Security Requests mailbox within five (5) days of reviewing the report by sending the updated roles form as an email attachment.*
- *BTCs and Mission POCs/Controllers are also required to notify the System Access Team to revoke user access privileges within two (2) days of the user's departure or the determination that a user no longer requires access to System.*
- *ISSO Team will conduct monthly reviews of user access to verify that no conflicting roles*

*are assigned, and that all user access is properly authorized. ISSO Team will also disable user accounts which are inactive for at least 90 days by using an automated script daily. No exceptions will be made.*

- *System role descriptions are posted to the System web site to assist BTCs and Mission POCs/Controllers in requesting the appropriate roles for users and to verify that conflicting roles are not requested. System ISSO Team will ensure that the information on this page remains current.*
- *ISSO Team will conduct yearly role reviews to verify that all System users have the necessary roles to perform their duties. Each BTC and Mission POC/Controller will be required to review their users' roles in accordance with the System BTC Roles & User Id Report and provide confirmation via email of any variation.*
- *System role descriptions are posted to the System web site to assist BTCs and Mission POCs/Controllers in requesting the appropriate roles for users and to verify that conflicting roles are not requested. System ISSO Team will ensure that the information on this page remains current.*

USAID modified its access control procedures and restructured its user access forms in order to address the prior year issues; however, there were still instances where the new controls were not fully operating effectively due to the control being recently implemented. USAID management also updated their policies and procedures to require an annual access recertification instead of the triennial review process and quarterly BTC reviews; however, the annual review is not currently scheduled to be completed until fiscal year 2021. Additionally, there is no current mechanism whereby SOs or ISSOs are consistently notified when staff leaves the agency.

Based on discussions with USAID management, we determined that segregation of duties issues were not resolved due to management oversight. USAID removed the identified roles from user access request forms because they are assigned to the System Team and are not intended for average system users; however, the System and Mission Roles documents were not updated because USAID was concerned about System users being aware of the backend roles. We also noted that going forward, USAID has determined that the RPTPILOT roles is no longer needed and has begun removing it from all users. We also noted that USAID plans to create a separate set of role descriptions and access forms that just applies to backend Financial Systems staff to further separate application support roles from financial user roles and ensure that the backend role descriptions are not publicly accessible on the USAID website.

The reporting database and production database are managed by two separate groups (CIO and CFO respectively). There was a lack of consistent account management practices across the two (2) databases that resulted in the use of shared database administrator accounts on the reporting database. Additionally, The Washington System Roles document did not identify the Funds Control Accountant (FCACCT) and Financial Management Analyst (FMANLYST) roles as potential segregation of duties conflicts; as a result, managers were able to request the roles and the conflicting roles report did not check for the conflict. USAID plans to modify the roles to remove the purchasing access, which will resolve the conflicting access. Also, failure to mitigate the risks associated with the conflicting Procurement Order Requestor (PORQST) and Procurement

Obligation Processor (POPPOCR) roles assigned to the two (2) users was an oversight and management is considering modifying the roles so that they no longer result in a conflict.

USAID has not taken final action on prior recommendations to do the following:

- Implement a process to ensure that ISSO formally approve System access via the “System Access Signature” form.
- Update the System Roles Documents to include all System roles and identify all segregation of duties conflicts for each role.
- Ensure that System administrators are notified promptly when accounts are not needed due to contractor or employee termination and that such accounts are promptly disabled

Therefore, we are not making new recommendations to address those areas.

We recommend that USAID implement the following new recommendations:

**Recommendation 1:** Implement their plans to create a separate role description document and access forms for back end Financial System Staff Roles and document any potential segregation of duties conflicts, especially conflicts with financial processing roles.

**Recommendation 2:** Implement a process to review System user access on an annual basis via the System Bureau Transaction Coordinator (BTC) Roles and User ID Report and supporting evidence/acknowledgements to ensure that reviews occurred. Such evidence/acknowledgements should be retained for an appropriate period.

**Recommendation 3:** Ensure that annual System user access recertification includes all users and ensure that any access permission not explicitly requested and approved during the recertification are disabled/removed.

**Recommendation 4:** Modify the Funds Control Accountant (FCACCT) and Financial Management Analyst (FMANLYST) roles to mitigate the segregation of duties conflict and update the roles description. If the roles cannot be modified, then compensating controls should be implemented to mitigate the risk of users having these controls (i.e. monitoring and review, etc.).

**Recommendation 5:** Modify the Procurement Order Requestor (PORQST) and Procurement Obligation Processor (POPPOCR) roles to mitigate the segregation of duties conflict and update the roles descriptions. If the roles cannot be modified, then compensating controls should be implemented to mitigate the risk of users having these controls (i.e. monitoring and review, etc.).

**Recommendation 6:** Implement a written process to obtain system owner approval of shared database accounts. Documented approvals for shared database accounts in the system security plan (SSP). Controls for monitoring the activities and use of the shared accounts should also be documented in the SSP.

### **The Agency’s Response to Audit Findings**

The Agency’s responses to our findings and recommendations appear in Appendix B. The Agency’s responses were not subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we express no opinion on the responses.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and the results of that testing, and not to provide an opinion on the effectiveness of USAID's internal control over financial reporting. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's internal control. Accordingly, this communication is not suitable for any other purpose.



Washington, DC  
November 9, 2020



Member of the American Institute of Certified Public Accountants

---

## REPORT ON COMPLIANCE WITH APPLICABLE PROVISIONS OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

Chief Financial Officer and Inspector General  
U.S. Agency for International Development  
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the U.S. Agency for International Development (USAID), which comprise the consolidated balance sheets as of September 30, 2020 and 2019 and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as the “consolidated financial statements”) and have issued our report thereon dated November 9, 2020.

### Compliance and Other Matters

The management of USAID is responsible for complying with laws, regulations, contracts, and grant agreements applicable to USAID. As part of obtaining reasonable assurance about whether USAID’s financial statements are free of material misstatement, we performed tests of USAID’s compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts and with certain other laws and regulations specified in OMB Bulletin 19-03, including the requirements referred to in section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to USAID. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* or OMB Bulletin No. 19-03.

---

1920 L. Street, NW || Suite 425 || Washington, DC 20036 || (202) 857-1777 || [www.gkacpa.com](http://www.gkacpa.com)

### **Compliance with the Federal Financial Management Improvement Act of 1996**

Under FFMIA, we are required to report on whether USAID's financial management systems substantially comply with 1) Federal financial management system requirements, 2) applicable Federal accounting standards, and 3) the United States Government Standard General Ledger (USSGL) at the transaction level. To meet this requirement, we performed tests of compliance with each of these three FFMIA section 803(a) (31 U.S.C. 3512 note) requirements, Public Law 104-208, Title VIII.

The results of our tests of FFMIA disclosed no instances in which the USAID's financial management systems did not substantially comply with the three requirements discussed in the preceding paragraph.

### **Intended Purpose of Report on Compliance with Laws, Regulations, Grants, and Grant Agreements**

The purpose of this report is solely to describe the scope of our testing of compliance with applicable provisions of laws, regulations, contracts, and grant agreements and the results of that testing, and not to provide an opinion on USAID's compliance with applicable provisions of laws, regulations, contracts, and grant agreements. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's Compliance. Accordingly, this communication is not suitable for any other purpose.



Washington, DC  
November 9, 2020

## **APPENDIX A. SCOPE AND METHODOLOGY**

USAID's management is responsible for (1) preparing the financial statements in accordance with U.S. generally accepted accounting principles; (2) establishing, maintaining, and assessing internal control to provide reasonable assurance that the broad control objectives of the Federal Managers' Financial Integrity Act (FMFIA) are met; (3) ensuring that USAID's financial management systems substantially comply with the requirements of the Federal Financial Management Improvement Act (FFMIA) section 803(a); and (4) complying with other applicable laws and regulations.

GKA, P.C. (GKA) is responsible for obtaining reasonable assurance about whether the financial statements are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. GKA is also responsible for (1) obtaining a sufficient understanding of internal control over financial reporting and compliance to plan the audit; (2) testing and reporting whether USAID's financial management systems substantially comply with FFMIA section 803(a) requirements; (3) testing compliance with selected provisions of laws and regulations that have a direct and material effect on the financial statements, and laws for which OMB audit guidance requires testing; and (4) performing limited procedures with respect to certain other information appearing in the Agency Financial Report.

To fulfill these responsibilities, GKA:

- Obtained an understanding of USAID's design of internal control components related to financial reporting and compliance with laws and regulations (including execution of transactions in accordance with budget authority);
- Tested relevant internal controls over financial reporting and compliance, and evaluated the design and operating effectiveness of these internal controls;
- Statistically and judgmentally selected transactions, including, advances, accrued expenditures, disbursements, payroll, accounts receivable, direct loans and loan guarantees, and obligations;
- Examined, on a test basis, evidence supporting the amounts and disclosures in the financial statements;
- Assessed the accounting principles used and significant estimates made by management;
- Evaluated the overall presentation of the financial statements;
- Considered the process for evaluating and reporting on internal control and financial management systems under FMFIA; and
- Tested USAID's compliance with FFMIA section 803(a) requirements.

We also tested USAID's compliance with selected provisions of the following:

- Anti-Deficiency Act, July 12, 1870 (codified at 31 U.S.C. 1341(a)(1)(A), (B) and (C) and 1517(a)
- Improper Payments Elimination and Recovery Act, Public Law 112-248, sections 5 (a)(1)

and (b)(4);

- Payment Integrity Information Act of 2019, Public Law 116-117;
- Prompt Payment Act, Public Law 97-177) (codified at 31 U.S.C. 3901(a)(4)(A) 3903(a)(1)(A) and (B), 3902 (a), (b), and (f); and 3904
- Debt Collection Improvement Act of 1996, Public Law 104-134
- Federal Credit Reform Act of 1990, Public Law 93-344
- OMB Circular A-136
- OMB Circular A-123
- Federal Financial Management Improvement Act of 1996, Public Law 104-208
- Pay and Allowance System for Civilian Employees

We did not evaluate all internal controls relevant to operating objectives as broadly defined by FMFIA, such as those controls relevant to preparing statistical reports and ensuring efficient operations. We limited our internal control testing to controls over financial reporting and compliance. Because of inherent limitations in internal control, misstatements due to error, fraud, losses, or noncompliance may occur and may not be detected. We also caution that projecting our evaluation to future periods is subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with controls may deteriorate. In addition, we caution that our internal control testing may not be sufficient for other purposes.

We did not test compliance with all laws and regulations applicable to USAID. We limited our tests of compliance to those laws and regulations required by OMB audit guidance that we deemed applicable to the financial statements for the fiscal year ended September 30, 2020 and 2019. We caution that noncompliance may occur and may not be detected by these tests, and that such testing may not be sufficient for other purposes.

We conducted our audit from April 2020 through November 2020 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.

We assessed whether USAID was substantially compliant with section 803(a) of the FFMIA, which requires agencies to implement and maintain financial management systems that substantially comply with (1) Federal financial management system requirements; (2) applicable Federal accounting standards; and (3) USSGL at the transaction level. We evaluated USAID's financial transactions recorded in USAID's financial management system to determine whether they were compatible with Federal accounting standards and USSGL at the transaction level.

## **APPENDIX B. THE AGENCY'S RESPONSE TO AUDIT FINDINGS**



*Chief Financial Officer*

November 12, 2020

### **MEMORANDUM**

**TO:** Deputy Assistant Inspector General for Audit, Alvin Brown

**FROM:** Reginald W. Mitchell /s/

**SUBJECT:** Management Response to Draft Independent Auditor's Report on USAID's Financial Statements for FYs 2020 and 2019 (0-000-21-001-C)

Thank you for your official draft audit report on the *Audit of USAID's Financial Statements for Fiscal Year (FY) 2020 and 2019* and for the professionalism exhibited by the external auditors and your staff throughout this process. We are pleased that the USAID Office of Inspector General (OIG) will issue an unmodified opinion on the Agency's principal financial statements.

The following are Management's comments regarding the OIG's six recommendations associated with the two repeat significant deficiency audit findings and their associated target completion dates when closure requests will be submitted to the OIG.

#### **Office of Inspector General Recommendations**

Recommendation 1: Implement their plans to create a separate role description document and access forms for back end Financial System Staff Roles and document any potential segregation of duties conflicts, specially conflicts with financial processing roles.

Management Comments: Management agrees with this recommendation, has taken the steps necessary to implement the recommendation and requests closure upon report issuance. Please see the attached document.

Target Completion Date: N/A

Recommendation 2: Implement a process to review System user access on an annual basis via the System Bureau Transaction Coordinator Roles and User ID Report and supporting evidence/acknowledgments to ensure that reviews occurred. Such evidence/acknowledgments should be retained for an appropriate period.

Management Comments: Management agrees with this recommendation and will review access to the system no less than annually via the appropriate reports, as well as retain documentation that the reviews have occurred.

Target Completion Date: September 30, 2021

Recommendation 3: Ensure that annual System user access recertification includes all users and ensure that any access permission not explicitly requested and approved during the recertification are disabled/removed.

Management Comments: Management agrees with this recommendation and will include all the system users in the review. Management will also remove or disable access that was not requested or approved, unless the role is provided to all users.

Target Completion Date: September 30, 2021

Recommendation 4: Modify the Funds Control Accountant and Financial Management Analyst roles to mitigate the segregation of duties conflict and update the roles description. If the roles cannot be modified, then compensating controls should be implemented to mitigate the risk of users having these controls.

Management Comments: Management agrees with this recommendation, has taken the steps necessary to implement the recommendation and requests closure upon report issuance. Please see the documentation attached.

Target Completion Date: N/A

Recommendation 5: Modify the Procurement Order Requestor and Procurement Obligation Processor roles to mitigate the segregation of duties conflict and update the roles descriptions. If the roles cannot be modified, then compensating controls should be implemented to mitigate the risk of users having these controls (i.e. monitoring and review, etc.).

Management Comments: Management agrees with this recommendation, has taken the steps necessary to implement the recommendation and requests closure upon report issuance. Please see the documentation attached.

Target Completion Date: N/A

Recommendation 6: Implement a written process to obtain system owner approval of shared database accounts. Documented approvals for shared database accounts in the system security plan (SSP). Controls for monitoring the activities and use of the shared accounts should also be documented in the SSP.

Management Comments: Management agrees with this recommendation and will document any shared accounts used to support the system in the SSP, clarify the need for/use of the accounts, and obtain SO signature on the SSP.

Target Completion Date: March 31, 2021

## **APPENDIX C. STATUS OF PRIOR-YEARS FINDINGS AND RECOMMENDATIONS**

OMB Circular A-50, "Audit Follow-up," states that a management decision on audit recommendations shall be made within 6 months after a final report is issued. Corrective action should proceed as rapidly as possible.

### **Status of 2019 Findings and Recommendations**

Condition:

Significant Deficiency: Long outstanding reconciling items are not being researched and cleared timely, and Suspense Account items are not being researched and resolved within the Department of the Treasury's 60-day rule.

#### **Recommendation 1:**

Enforce its written policies and procedures which require that long outstanding Fund Balance with Treasury unreconciled items be researched and cleared within three months of the date of the transaction.

*Status: Closed as of November 6, 2020.*

#### **Recommendation 2:**

Enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within 60 days, as mandated by the Department of the Treasury (Treasury).

*Status: Closed as of November 6, 2020.*

Condition:

Significant Deficiency: Unliquidated obligations (ULOs) are not consistently identified and de-obligated as excess or unneeded funds

#### **Recommendation 3:**

Continue to review, monitor, and coordinate with the Office of Acquisition and Assistance and the Executive Office to determine whether the \$32 million obligations identified as excessive and without disbursement for 3 years should be de-obligated and the funds put to better use, or returned to Treasury.

*Status: Closed as of November 6, 2020.*

Condition:

Significant Deficiency: USAID's process to calculate and record accounts payable and accrued expenses should be improved.

**Recommendation 4:**

- Adjust the financial statements for the \$32 million error posted to the general ledger.

*Status: Closed as of April 16, 2020.*

- Provide training on the accrual calculation process for the obligation officers/program managers (i.e., COR/AOR).

*Status: Open as of November 16, 2020. Repeated in FY 2020.*

- Require secondary reviews and approval of entries and adjustment vouchers, including accrual entries into the accounting system.

*Status: Open as of November 16, 2020. Repeated in FY 2020.*

*Overall Status: Modified repeat finding in FY 2020.*

Condition:

Significant Deficiency: Password controls should be strengthened.

**Recommendation 5:**

- Update the System access control policies and procedures to ensure that the password settings are consistent with ADS Chapter 545, "Information Systems Security."

*Status: Closed as of September 17, 2020.*

- Update password settings to ensure that they comply with the Agency's requirements.

*Status: Closed as of September 17, 2020.*

- Update password settings for the databases supporting the System to ensure that they comply with the Agency's requirements.

*Status: Partially resolved as of November 16, 2020.*

- Ensure that risk acceptances are properly documented within the System Security Plan if operational need necessitates that password settings cannot be configured in accordance with the Agency's policy.

*Status: Closed as of September 17, 2020.*

Condition:

Significant Deficiency: Account management controls should be strengthened.

**Recommendation 6:**

- Manage access to the databases supporting the System, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts, and removing access permissions.

*Status: Closed as of October 7, 2020.*

- Require that Information System Security Officers formally approve access to the System via the System Access Signature Form.

*Status: Open as of November 16, 2020. Repeated in FY 2020.*

- Ensure that users are only assigned roles approved on their System Access Signature Forms.

*Status: Closed as of September 28, 2020.*

- Review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

*Status: Closed as of September 28, 2020.*

- Conduct quarterly review of System user access via the Bureau Transition Coordinators' Roles and User ID Report.

*Status: Closed as of October 30, 2020. We received support that the procedure has been updated to require an annual review instead of a quarterly review; however, the annual review has not occurred and is currently scheduled for FY 2021. As a result, a new recommendation has been made.*

- Ensure that the triennial System access recertification includes all users, and that any access permissions not explicitly requested and approved during the recertification are disabled/removed.

*Status: Closed as of October 30, 2020. We received support that the procedure has been updated to require an annual review instead of a quarterly review; however, the annual review has not occurred and is currently scheduled for FY 2021. As a result, a new recommendation has been made.*

- Ensure that System administrators are notified promptly when accounts are not needed due to contractor or employee termination, and that such accounts are promptly disabled.

*Status: Open as of November 16, 2020.*

- Ensure that access is disabled after 90 days of inactivity in accordance with the Agency's policy.

*Status: Closed as of September 22, 2020.*

- Update the system roles documents to include all roles and identifying all segregation of duty conflicts.

*Status: Partially resolved as of November 16, 2020.*

*Overall Status: Modified repeat finding in FY 2020.*

THIS PAGE LEFT INTENTIONALLY BLANK

FINANCIAL SECTION  
**FINANCIAL  
STATEMENTS  
AND NOTES**





(Preceding page) In the Indigenous community of the Vy'apavé in Paraguay, USAID helped train residents on preparing beehive boxes, harvesting, selecting the queen bee, and understanding the production cycles of flowers and honey. The community learned to sell its own products without an intermediary and redistribute the profit to the community. PHOTO: MAURICIO FRANCO FOR USAID

 <https://usaidpubs.exposure.co/the-sweet-taste-of-success>

 <https://youtu.be/CEQvguRd5S4>

(Above) Young people in Armenia took to the streets in 2018 to demand political reforms, transparency, accountable governance, and civic engagement. In response to the protests, USAID created a continuum of civic and economic opportunities, together with young champions for change. PHOTO: NAREK ALEKSANYAN

 <https://medium.com/usaid-2030/five-pathways-to-build-civic-engagement-in-armenia-86d0918ea3f>

# INTRODUCTION TO PRINCIPAL FINANCIAL STATEMENTS

The U.S. Agency for International Development (USAID) has prepared the **Principal Financial Statements** for Fiscal Year (FY) 2020 to report the financial position and results of its operations, from the books and records of the Agency, in accordance with formats prescribed by the Office of Management and Budget (OMB) in Circular A-136, *Financial Reporting Requirements*. The statements are in addition to other financial reports prepared by the Agency, in accordance with directives from OMB and U.S. Department of the Treasury (Treasury) directives to monitor and control the status and use of budgetary resources, from the same books and records. Subject to appropriation law, the Agency has no authority to pay liabilities not covered by budgetary resources. Liquidation of such liabilities requires the enactment of a corresponding appropriation. The Principal Financial Statements include comparative data for FY 2019. USAID's Principal Financial Statements, footnotes, and other information for FY 2020 and FY 2019 consist of the following:

The **Consolidated Balance Sheet** presents those resources owned or managed by USAID that are available to provide current and future economic benefits (assets); amounts owed by USAID that will require payments from those resources or future resources (liabilities); and residual amounts retained by USAID, which comprise the difference between future economic benefits and future payments (net position).

The **Consolidated Statement of Net Cost** presents the net cost of USAID's operations, made up of the gross costs incurred by USAID less any exchange revenue earned from the Agency's activities. Because of the geographic and organizational complexity of USAID's operations, the classification of gross cost and exchange revenues by major program and sub-organization appears in Note 16, *Schedule of Costs by Standardized Program Structure and Definition (SPSD)*.

The **Consolidated Statement of Changes in Net Position** presents the change in USAID's net position that result from the net cost of the Agency's operations, budgetary financing sources other than exchange revenues, and other financing sources for the years ended September 30, 2020 and 2019. Two sections, namely "Unexpended Appropriations" and "Cumulative Results of Operations," display the components separately.

The **Combined Statement of Budgetary Resources** presents the spending authority or budgetary resources available to USAID, the use or status of these resources at year-end, and outlays of budgetary resources for the years ended September 30, 2020 and 2019. USAID reports the information in this statement on the budgetary basis of accounting.

The **Notes to Principal Financial Statements** are an integral part of the Principal Financial Statements. They provide explanatory information or additional details to help readers understand, interpret, and use the data presented, and includes comparative notes on data from FY 2019.

## HISTORY OF USAID'S FINANCIAL STATEMENTS

In accordance with the Government Management Reform Act (GMRA) of 1994, USAID has prepared consolidated financial statements at the end of each fiscal year since FY 1996. The USAID Office of Inspector General (OIG) is required to audit these statements, related internal controls, and the Agency's compliance with applicable laws and regulations. From FY 1996 through FY 2000, the OIG was unable to express an opinion on USAID's financial statements, because the Agency's financial management systems could not produce complete, reliable, timely, and consistent financial information.

In FY 2001, the OIG expressed qualified opinions on three of the then-five Principal Financial Statements of the Agency, while continuing to issue a disclaimer of opinion on the remaining two statements. In FY 2002, the OIG expressed unqualified opinions on four of the then-five Principal Financial Statements and a qualified opinion on the fifth. This marked the first time since the enactment of the GMRA that USAID received an opinion on all of its Principal Financial Statements. The Agency continued to receive unqualified opinions on its Principal Financial Statements until FY 2012, when an accounting error resulted in the first qualified opinion in nine years. USAID successfully executed corrective measures thereafter, and regained an unmodified audit opinion on both the FY 2013 and FY 2012

Principal Financial Statements. The OIG did not express an opinion on the FY 2014 Principal Financial Statements, but rendered an unmodified opinion on the comparative FY 2015 and FY 2014 (Restated) Principal Financial Statements.

USAID is proud the Agency received an unmodified opinion on its FY 2019, FY 2018, FY 2017, and FY 2016 Principal Financial Statements. The OIG rendered an unmodified opinion on the FY 2020 Principal Financial Statements. Acting Deputy Administrator John Barsa and the Agency remain committed to employing the systems, resources, and strategies necessary to ensure the production of timely and accurate financial reports.

# FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEET

As of September 30, 2020 and 2019

(In Thousands)

	2020	2019
<b>ASSETS:</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 35,276,110	\$ 35,971,075
Accounts Receivable (Note 3)	24,598	17,504
Other Assets (Note 4)	86,445	43,814
<b>Total Intragovernmental</b>	<b>35,387,153</b>	<b>36,032,393</b>
With the Public:		
Cash and Other Monetary Assets (Note 5)	333,307	233,113
Accounts Receivable, Net (Note 3)	94,600	102,797
Direct Loans and Loan Guarantees, Net (Note 6)	–	628,535
Inventory and Related Property, Net (Note 7)	16,090	27,193
General Property, Plant and Equipment, Net (Note 8)	73,332	78,841
Other Assets (Note 4)	1,167,163	1,031,014
<b>Total with the Public</b>	<b>1,684,492</b>	<b>2,101,493</b>
<b>Total Assets</b>	<b>\$ 37,071,645</b>	<b>\$ 38,133,886</b>
<b>LIABILITIES:</b>		
Intragovernmental:		
Accounts Payable	\$ 86,622	\$ 104,685
Debt (Note 11)	–	7,565
Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	899,487	1,705,243
Other Liabilities (Note 12)	1,297,036	730,536
<b>Total Intragovernmental</b>	<b>2,283,145</b>	<b>2,548,029</b>
With the Public:		
Accounts Payable	2,470,404	2,287,902
Loan Guarantee Liability (Note 6)	2,285,297	2,837,519
Federal Employee and Veteran's Benefits (Note 13)	27,586	21,807
Other Liabilities (Note 12)	620,745	472,639
<b>Total with the Public</b>	<b>5,404,032</b>	<b>5,619,867</b>
<b>Total Liabilities</b>	<b>7,687,177</b>	<b>8,167,896</b>
Commitments and Contingencies (Note 14)	–	–
<b>NET POSITION:</b>		
Unexpended Appropriations	29,283,335	29,430,913
Cumulative Results of Operations	101,133	535,077
<b>Total Net Position</b>	<b>29,384,468</b>	<b>29,965,990</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 37,071,645</b>	<b>\$ 38,133,886</b>

The accompanying notes are an integral part of these statements.

**CONSOLIDATED STATEMENT OF NET COST**

For the Years Ended September 30, 2020 and 2019

(In Thousands)

Categories	2020	2019
<b>DR—Democracy, Human Rights and Governance</b>		
Gross Costs	\$ 1,600,709	\$ 1,466,950
Less: Earned Revenue	(46)	(9,611)
Net Program Costs	1,600,663	1,457,339
<b>EG—Economic Growth</b>		
Gross Costs	3,546,635	2,827,344
Less: Earned Revenue	(138,052)	(192,255)
Net Program Costs	3,408,583	2,635,089
<b>ES—Education and Social Services</b>		
Gross Costs	963,852	1,252,617
Less: Earned Revenue	(1,190)	(13,720)
Net Program Costs	962,662	1,238,897
<b>HA—Humanitarian Assistance</b>		
Gross Costs	4,807,295	3,847,122
Less: Earned Revenue	(147)	(16,061)
Net Program Costs	4,807,148	3,831,061
<b>HL—Health</b>		
Gross Costs	1,809,398	1,704,271
Less: Earned Revenue	(420,206)	(636,801)
Net Program Costs	1,389,192	1,067,470
<b>PO—Program Development and Oversight</b>		
Gross Costs	1,057,523	1,125,668
Less: Earned Revenue	(5)	(16,874)
Net Program Costs	1,057,518	1,108,794
<b>PS—Peace and Security</b>		
Gross Costs	516,186	699,339
Less: Earned Revenue	(8)	(4,338)
Net Program Costs	516,178	695,001
<b>Net Cost of Operations (Note 16)</b>	<b>\$ 13,741,944</b>	<b>\$ 12,033,651</b>

The accompanying notes are an integral part of these statements.

## CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2020 and 2019

(In Thousands)

	2020	2019
<b>Unexpended Appropriations:</b>		
Beginning Balance	\$ 29,430,913	\$ 28,803,928
<b>Budgetary Financing Sources:</b>		
Appropriations Received	14,301,783	13,880,992
Appropriations Transferred-in/out	(80,788)	(58,918)
Other Adjustments	(238,594)	(101,384)
Appropriations Used	(14,129,979)	(13,093,705)
Total Budgetary Financing Sources	(147,578)	626,985
Total Unexpended Appropriations	29,283,335	29,430,913
<b>Cumulative Results of Operations:</b>		
Beginning Balance	\$ 535,077	\$ 270,382
<b>Budgetary Financing Sources:</b>		
Appropriations Used	14,129,979	13,093,705
Nonexchange Revenue	(2)	(175)
Donations and Forfeitures of Cash and Cash Equivalents	57,367	196,184
Transfers-in/out Without Reimbursement	(417,369)	–
<b>Other Financing Sources (Non-Exchange):</b>		
Donations and Forfeitures of Property	40,162	16,133
Transfers-in/out Without Reimbursement	355,003	–
Imputed Financing	42,347	34,311
Other	(899,487)	(1,041,812)
Total Financing Sources	13,308,000	12,298,346
Net Cost of Operations (Note 16)	(13,741,944)	(12,033,651)
Net Change	(433,944)	264,695
<b>Cumulative Results of Operations</b>	101,133	535,077
<b>Net Position</b>	<b>\$ 29,384,468</b>	<b>\$ 29,965,990</b>

The accompanying notes are an integral part of these statements.

## COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2020 and 2019

(In Thousands)

	2020		2019	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
<b>Budgetary Resources:</b>				
Unobligated Balance from Prior Year Budget Authority, Net	\$ 11,075,719	\$ 3,607,565	\$ 11,889,046	\$ 3,731,579
Appropriations (Discretionary and Mandatory)	13,979,085	–	13,811,384	68
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	–	–	6,955
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,247,520	110,894	1,009,612	425,715
<b>Total Budgetary Resources</b>	<b>\$ 26,302,324</b>	<b>\$ 3,718,459</b>	<b>\$ 26,710,042</b>	<b>\$ 4,164,317</b>
<b>Status of Budgetary Resources:</b>				
New Obligations and Upward Adjustments (Total) (Note 17)	\$ 16,832,244	\$ 550,765	\$ 16,055,975	\$ 276,118
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	8,596,988	303,360	10,034,077	333,264
Exempt from Apportionment, Unexpired Accounts (Note 2)	(1)	–	(1)	–
Unapportioned, Unexpired Accounts (Note 2)	663,859	2,864,334	489,585	3,554,935
<b>Unexpired Unobligated Balance, End of Year</b>	<b>9,260,846</b>	<b>3,167,694</b>	<b>10,523,661</b>	<b>3,888,199</b>
Expired Unobligated Balance, End of Year	209,234	–	130,406	–
Total Unobligated Balance, End of Year	9,470,080	3,167,694	10,654,067	3,888,199
<b>Total Budgetary Resources</b>	<b>\$ 26,302,324</b>	<b>\$ 3,718,459</b>	<b>\$ 26,710,042</b>	<b>\$ 4,164,317</b>
<b>Outlays, Net and Disbursements, Net:</b>				
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 13,806,957	\$ 410,984	\$ 13,192,061	\$ (155,573)
Distributed Offsetting Receipts (-)	(612,315)	–	(462,118)	–
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 13,194,642</b>	<b>\$ 410,984</b>	<b>\$ 12,729,943</b>	<b>\$ (155,573)</b>
Disbursement, Net (Total) (Mandatory)		\$ 410,984		\$ (155,573)

The accompanying notes are an integral part of these statements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. BASIS OF PRESENTATION

The accompanying principal financial statements report USAID's financial position and results of operations. They have been prepared using USAID's books and records in accordance with Agency accounting policies, the most significant of which are summarized in this note. The statements are presented in accordance with the guidance and requirements of the Office of Management and Budget (OMB) Circular A-136, *Financial Reporting Requirements*.

USAID accounting policies follow generally accepted accounting principles for the Federal Government, as established by the Federal Accounting Standards Advisory Board (FASAB). The FASAB has been recognized by the American Institute of Certified Public Accountants (AICPA) as the official accounting standard setting authority for the Federal Government. These standards have been agreed to by the Director of OMB, the Secretary of the Treasury, and the Comptroller General.

Accounting standards require all reporting entities to disclose that accounting standards allow certain presentations and disclosures to be modified, if needed, to prevent the disclosure of classified information.

### B. REPORTING ENTITY

USAID is a component of the U.S. Government. For this reason, some of the assets and liabilities reported may be eliminated for government-wide reporting because they are offset by assets and liabilities of another U.S. Government entity.

Established in 1961 by President John F. Kennedy, USAID is the independent U.S. Government agency that provides economic development and humanitarian assistance to advance United States economic and political interests overseas.

### PROGRAMS

The hierarchy of USAID programs is reported first at the budget authority funding level followed by responsibility segments that encompass Functional and Geographical Bureaus. These Bureaus in turn carry out the agency's mission through various programs that include the core program area followed by sub-divisions into target specific objectives.

The main programs include Assistance for Europe, Eurasia, and Central Asia; Civilian Stabilization Initiative; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health and Child Survival; and Direct and Guaranteed Loan Programs,<sup>11</sup> which are used throughout all foreign assistance programs categories. This classification is consistent with the budget of the United States.

#### ***Assistance for Europe, Eurasia, and Central Asia***

Funds appropriated under this heading are considered to be economic assistance under the Foreign Assistance Act of 1961.

This account provides funds for a program of assistance to the independent states that emerged from the former Soviet Union. These funds support the

<sup>11</sup> During fiscal year (FY) 2020, the Direct Loan Program and portions of the Loan Guarantee Program were transferred to a new agency. However, for reporting purposes, disclosure of these programs has been maintained in this report since the programs appear on USAID's comparative financial statements as of September 30, 2020. Refer to the section "Loan Program Transfer" in this footnote for additional details.

U.S. foreign policy goals of consolidating improved U.S. security; building a lasting partnership with the new independent states; and providing mutual access to markets, resources, and expertise.

Funds appropriated in prior years under “Assistance for the Independent States of the Former Soviet Union” and “Assistance for Eastern Europe” shall be available under this heading Assistance for Europe, Eurasia, and Central Asia.

#### ***Civilian Stabilization Initiative***

This fund provides support for the necessary expenses needed to establish, support, maintain, mobilize, and deploy a civilian response corps in coordination with the USAID. This fund is also used for related reconstruction and stabilization assistance to prevent or respond to conflict or civil strife in foreign countries or regions, or to enable transition from such unstable conditions.

#### ***Economic Support Fund***

The Economic Support Fund (ESF) supports U. S. foreign policy objectives by providing economic assistance to allies and countries in transition to democracy. Programs funded through this account promote stability and U.S. security interests in strategic regions of the world.

#### ***Development Assistance***

This program provides economic resources to developing countries with the aim of bringing the benefits of development to the poor. The program promotes broad-based, self-sustaining economic growth and opportunity, and supports initiatives intended to stabilize population growth, protect the environment and foster increased democratic participation in developing countries. The program is concentrated in those areas in which the United States has special expertise and which promise the greatest opportunity for the poor to better their lives.

#### ***International Disaster Assistance***

Funds for the International Disaster Assistance Program provide relief, rehabilitation, and reconstruction assistance to foreign countries struck by disasters such as famines, floods, hurricanes and earthquakes. The program also provides assistance in disaster preparedness, prevention and mitigation; and

providing emergency commodities and services for immediate healthcare and nutrition. Additionally, this fund supports the capability to provide timely emergency response to disasters worldwide.

#### ***Global Health and Child Survival***

This fund provides economic resources to developing countries in support of programs to improve infant and child nutrition, with the aim of reducing infant and child mortality rates; to reduce HIV transmission and the impact of the HIV/AIDS pandemic in developing countries; to reduce the threat of infectious diseases of major public health importance such as polio, malaria or tuberculosis; and to expand access to quality basic education for girls and women.

#### ***Direct and Guaranteed Loans:***

##### **★ *Direct Loan Program***

These loans are authorized under the Foreign Assistance Act of 1961, various predecessor agency programs, and other foreign assistance agency legislation. Direct Loans are issued in both U.S. dollars and the currency of the borrower. Foreign currency loans made “with maintenance of value” places the risk of currency devaluation on the borrower and are recorded in equivalent U.S. dollars. Loans made “without maintenance of value” place the risk of devaluation on the U.S. Government, and are recorded in the foreign currency of the borrower.

##### **★ *Urban and Environmental Program***

The Urban and Environmental (UE) Program extends guaranties to U.S. private investors who make loans to developing countries, to assist them in formulating and executing sound housing and community development policies that meet the needs of lower income groups.

##### **★ *Micro and Small Enterprise Development Program***

The Micro and Small Enterprise Development (MSED) Program was established to support private sector activities in developing countries by providing direct loans and loan guarantees to local micro and small enterprises. Although the MSED program is still active, most of USAID’s new loan guarantee activity is managed through the Development Credit Authority (DCA) Program.

★ **Development Credit Authority (DCA)**

The first obligations for USAID’s DCA were made in FY 1999. The DCA allows missions and other offices to use loans and loan guarantees to achieve their development objectives when it can be shown that (1) the project generates enough revenue to cover the debt service including USAID fees, (2) there is at least 50 percent risk-sharing by a private-sector institution, and (3) the DCA guarantee addresses a financial market failure in-country and does not “crowd-out” private sector lending. The DCA can be used in any sector and by any USAID operating unit whose project meets the DCA criteria. The DCA projects are approved by the Agency Credit Review Board and the Chief Financial Officer.

★ **Israel Loan Guarantee Program**

Congress authorized the Israel Loan Guarantee Program in Section 226 of the Foreign Assistance Act to support the costs for immigrants resettling to Israel from the former Soviet Union, Ethiopia, and other countries. Under the program, the U.S. Government guaranteed the repayment of up to \$10.5 billion in notes issued.

★ **Loan Guarantees to Middle East Northern Africa (MENA) Program**

The authority for the MENA Program was initially established under the Consolidated Appropriations Act, 2012 (Pub. L. No. 112-74), earmarked to provide support for the Republic of Tunisia. In FY 2014, this program was expanded to include Jordan and renamed the Middle East Northern Africa Loan Guarantee Program. In January 2017, pursuant to the Further Continuing and Security Assistance Appropriations Act, 2017 (Pub. L. No. 114-254), a new guarantee agreement with Iraq, was added to the MENA portfolio. These assistance programs aim to support these Sovereign governments in their respective economic transition and reform initiatives. Under this program, the U.S. Government guaranteed the total repayment of \$6.24 billion notes issued to date.

★ **Ukraine Loan Guarantee Program**

The Loan Guarantee Program for Ukraine was established in accordance with Title III of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2014 (division K of Pub. L. No. 113-76). The Ukraine Loan Program is intended to help Ukraine meet its near-term social spending needs and insulate vulnerable Ukrainians from the impact of necessary economic adjustments. To date a total of \$3 billion in notes have been issued.

★ **Loan Program Transfer**

As part of the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act of 2018), four out of seven of USAID’s loan programs were transferred to the newly established agency, U.S. International Development Finance Corporation (DFC). All administrative and financial responsibilities relating to these direct and guarantee loan programs (*i.e.*, Direct Loans, Urban and Environmental, Micro and Small Enterprise Development, and Development Credit Authority) fall under DFC’s purview as of mid-FY 2020.

Based on this authorization, all assets, liabilities, and budget authority for these loans were transferred to DFC. As such, USAID’s comparative financial statements and footnotes will reflect a zero balance for these accounts in FY 2020. Since the transfer occurred during the middle of the fiscal year, the prior fiscal year balances brought forward on unexpended appropriations, cumulative results of operations and total actual budget resources, including the associated current year activity (six months), will be reported under USAID’s FY 2020 financial statements and footnotes. These standard general ledger accounts are set to net to zero after the fiscal yearend closing process to ensure the balances are not carried forward to FY 2021. The transfer process has been a collaborative effort of USAID, DFC, U.S. Department of the Treasury (Treasury), and OMB.

## FUND TYPES

The principal statements include the accounts of all funds under USAID's control. Most of the fund accounts relate to general fund appropriations. USAID also has special funds, revolving funds, trust funds, deposit funds, a capital investment fund, receipt accounts, and budget clearing accounts.

General fund appropriations and the special funds are used to record financial transactions under Congressional appropriations or other authorization to spend general revenue.

Revolving funds are established by law to finance a continuing cycle of operations, with receipts derived from such operations usually available in their entirety for use by the fund without further action by Congress.

Trust funds are credited with receipts generated by the terms of the underlying trust agreement or statute. At the point of collection, these receipts may be available or unavailable, depending upon statutory spending authority.

Deposit funds are established for (1) amounts received for which USAID is acting as a fiscal agent or custodian, (2) unidentified remittances, (3) monies withheld from payments for goods or services received, and (4) monies held awaiting distribution on the basis of legal determination.

The capital investment fund contains no-year (non-expiring) funds to provide the Agency with greater flexibility to manage investments in technology systems and facility construction that's allowed under the annual appropriation for operating expenses.

## C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints on, and controls of, the use of Federal funds. The accompanying Balance Sheet,

Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

## D. BUDGETS AND BUDGETARY ACCOUNTING

The components of USAID's budgetary resources include current budgetary authority (that is, appropriations and borrowing authority) and unobligated balances remaining from multiyear and no-year budget authority received in prior years. Budget authority is the authorization provided by law to enter into financial obligations that result in immediate or future outlays of Federal funds. Budgetary resources also include reimbursement and other income (that is, spending authority from offsetting collections credited to an appropriation or fund account) and adjustments (that is, recoveries of prior year obligations).

Unobligated balances associated with appropriations that expire at the end of the fiscal year remain available for obligation adjustments, but not new obligations, for five years until that account is canceled. When accounts are canceled, amounts are not available for obligations or expenditure for any purpose and are returned to Treasury.

The "Consolidated Appropriations Act" signed into law as Pub. L. No. 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, commonly known as "7011" authority. Under this authority, funds shall remain available for obligation for an extended period if such funds are initially obligated within their initial period of availability.

## E. REVENUES AND OTHER FINANCING SOURCES

USAID receives the majority of its funding through congressional appropriations—annual, multiyear, and no-year (non-expiring) appropriations—that may be used within statutory limits. Appropriations are recognized as a financing source (*i.e.*,

Appropriations used) on the Statement of Changes in Net Position at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are not recognized as expenses. In addition to funds warranted directly to USAID, the agency also receives allocation transfers from the Department of Agriculture (USDA) Commodity Credit Corporation, the Executive Office of the President, the Department of State, and Millennium Challenge Corporation (MCC).

Additional financing sources for USAID's various credit programs and trust funds include amounts obtained through collection of guaranty fees, interest income on rescheduled loans, penalty interest on delinquent balances, permanent indefinite borrowing authority from the U.S. Treasury, proceeds from the sale of overseas real property acquired by USAID, and advances from foreign governments and international organizations.

Revenues are recognized as financing sources to the extent that they are received by USAID from other agencies, other governments and the public. Imputed revenues are reported in the financial statements to offset imputed costs. Amounts received from other Federal agencies under reimbursable agreements are recognized as revenue as related expenditures are incurred.

## **F. FUND BALANCE WITH THE U.S. TREASURY**

Cash receipts and disbursements are processed by the U.S. Treasury. The fund balances with Treasury are primarily appropriated funds that are available to pay current liabilities and finance authorized purchase commitments, but they also include revolving, deposit, and trust funds.

## **G. FOREIGN CURRENCY**

The Direct Loan Program maintains foreign currency funds, which are used to disburse loans in certain countries. Those balances are reported at the U.S. dollar equivalents using the exchange rates prescribed by the U.S. Treasury. A gain or loss on currency conversion is recognized for

any change in valuation of foreign currencies at year-end. Additionally, some USAID host countries contribute funds for the overhead operation of the host mission and the execution of USAID programs. These funds are held in trust and reported in U.S. dollar equivalents on the Balance Sheet and Statement of Net Cost.

## **H. ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due mainly from foreign governments but also from other Federal agencies and private organizations. USAID regards amounts due from other Federal agencies as 100 percent collectible. The Agency establishes an allowance for uncollectible accounts receivable from the public for non-loan or revenue generating sources based on a historical analysis of collectability.

## **I. DIRECT LOANS AND LOAN GUARANTEES**

Loans are accounted for as receivables after funds have been disbursed. For loans obligated before October 1, 1991 (pre-1992), loan principal, interest, and penalties receivable are reduced by an allowance for estimated uncollectible amounts. The allowance is estimated based on an allowance for loss method prescribed by OMB that takes into account country risk and projected cash flows.

The Federal Credit Reform Act of 1990 (FCRA) prescribes an alternative method of accounting for direct loans and guarantees obligated on or after October 1, 1991 (post-1991); the loans receivable are reduced by an allowance equal to the net present value of the cost to the U.S. Government of making the loan. This cost, known as "subsidy", takes into account all cash inflows and outflows associated with the loan, including the interest rate differential between the loans and Treasury borrowing, the estimated delinquencies and defaults net of recoveries, and offsets from fees and other estimated cash flows. This allowance is re-estimated when necessary and changes reflected in the operating statement.

Subsidy cost associated with direct loans and guarantees, is required by the FCRA to be recognized as an expense in the year in which the direct loan or

guarantee is disbursed. Subsidy cost is calculated by agency program offices prior to obligation using a model prescribed by OMB. Subsidy relating to existing loans and guarantees is generally required to be re-estimated on an annual basis to adjust for changes in risk and interest rate assumptions.

Loans have been made in both U.S. dollars and foreign currencies. Loans extended in foreign currencies can be with or without “Maintenance of Value” (MOV). Foreign currency exchange gain or loss is recognized on those loans extended without MOV, and reflected in the net credit programs receivable balance.

Credit program receivables also include origination and annual fees on outstanding guarantees, interest on rescheduled loans and late charges. Claims receivables (subrogated and rescheduled) are due from foreign governments as a result of defaults for pre-1992 guaranteed loans. Receivables are stated net of an allowance for uncollectible accounts that is determined using an OMB approved net present value default methodology.

While estimates of uncollectible loans and interest are made using methods prescribed by OMB, the final determination as to whether a loan is collectible is also affected by actions of other Federal Government agencies.

Pre-1992 direct loan and loan guarantee repayments expected from the Borrowers are accounted for as a Liability for Capital Transfers since any unobligated balance from the collections are paid out to Treasury at the end of each fiscal year. In addition, any excess subsidy derived through the reestimate calculations on post-1991 loan guarantees is expected to be disbursed to Treasury and is also accounted for as a Liability for Capital Transfer.

## **J. ADVANCES**

Funds disbursed before expenditures are incurred are recorded as advances. Most advances consist of funds disbursed under letters of credit to contractors and grantees. The advances are liquidated and recorded as expenses upon receipt of expenditure reports from the recipients.

## **K. INVENTORY AND RELATED PROPERTY**

USAID’s inventory and related property are comprised of life essential materials and supplies. The Agency has materials and supplies in reserve for foreign disaster assistance stored at strategic sites around the world. These include tents, disaster kits, field packs, and water purification units.

Agency supplies held in reserve for future use are items not readily available in the market, or for which there is more than a remote chance that the supplies will be needed, but not in the normal course of operations. Their valuation is based on cost and they are not considered “held for sale.” USAID has no supplies categorizable as excess, obsolete, or unserviceable operating materials and supplies.

## **L. PROPERTY, PLANT AND EQUIPMENT**

USAID capitalizes all property, plant and equipment that have an acquisition cost of \$25,000 or greater and a useful life of two years or more. Acquisitions that do not meet these criteria are recorded as operating expenses. Assets are capitalized at historical cost, depending on when the asset was put into production and depreciated using the straight-line method (mid-year and mid-quarter). Real property is depreciated over 20 years, nonexpendable personal property is depreciated over three to five years. The Agency uses land, buildings, and equipment that are provided by the General Services Administration. Internal use software that has development costs of \$300,000 or greater is capitalized. Deferred maintenance amounts are immaterial with respect to the financial statements. In addition, certain USAID assets are held by government contractors. Under provisions of the Federal Acquisition Regulation (FAR), the contractors are responsible for the control and accountability of the assets in their possession, which are immaterial to the financial statements.

## **M. LIABILITIES**

Liabilities represent the amount of monies or other resources that are likely to be paid by USAID as the result of transactions or events that have already occurred. However, no liability can be paid by

the Agency without an appropriation or borrowing authority. Liabilities for which an appropriation has not been enacted are therefore classified as Liabilities Not Covered by Budgetary Resources (unfunded liabilities), and there is no certainty that the appropriations will be enacted. As a sovereign entity, the Federal Government can abrogate the payment of all liabilities other than for contracts.

## **N. LIABILITIES FOR LOAN GUARANTEES**

The FCRA, which became effective on October 1, 1991, significantly changed the manner in which USAID finances the activities of loan programs. The main purpose of the FCRA was to more accurately measure the cost of Federal credit programs and to place the cost of such programs on a budgetary basis equivalent to other Federal spending. Consequently, commencing in FY 1992, USAID can only make new loans or guarantees with an appropriation available to fund the cost of making the loan or guarantee. This cost is known as “subsidy”.

For USAID’s loan guarantee programs, when guarantee commitments are made, an obligation for subsidy cost is recorded in the program account. This cost is based on the net present value of the estimated net cash outflows to be paid by the program as a result of the loan guarantees, except for administrative costs, less the net present value of all cash inflows to be generated from those guarantees. When the loans are disbursed, the subsidy cost is disbursed from the program account to a financing account.

For pre-1992 loan guarantees, the liability for loan guarantees represents an unfunded liability. The amount of unfunded liabilities also represents a future funding requirement for USAID. The liability is calculated using a reserve methodology that is similar to the OMB-prescribed method for post-1991 loan guarantees.

## **O. ANNUAL, SICK, AND OTHER LEAVE**

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year appropriations

are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken.

## **P. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS**

USAID recognizes its share of the cost of providing future pension benefits to eligible employees over the period of time the employees provide the related services. The pension expense recognized in the financial statements equals the current service cost for USAID employees for the accounting period less the amount contributed by the employees. The measurement of the service cost requires the use of an actuarial cost method and assumptions. The Office of Personnel Management (OPM) administers these benefits and provides the factors that USAID applies to calculate the cost. The excess of the pension expense over the amount contributed by USAID and employees represents the amount being financed directly through the Civil Service Retirement System and the Federal Employees Retirement System administered by OPM. This cost is considered imputed cost to USAID.

USAID recognizes a current period expense for the future cost of post retirement health benefits and life insurance for its employees while they are still working. USAID accounts for and reports this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USAID do not make contributions to fund these future benefits.

## **Q. COMMITMENTS AND CONTINGENCIES**

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to USAID. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For loss contingencies on matters of pending or threatened litigation and unasserted claims, a contingent liability is recognized when a future outflow or other sacrifice of resources is “likely to occur,” a past event or exchange transaction has occurred, and the future outflow or sacrifice of resources is measurable.

## R. NET POSITION

Net position is the residual difference between assets and liabilities. It is composed of unexpended appropriations and cumulative results of operations.

- ★ Unexpended appropriations are the portion of the appropriations represented by undelivered orders and unobligated balances.
- ★ Cumulative results of operations are also part of net position. This account reflects the net difference between expenses and losses and financing sources, including appropriations, revenues and gains, since the inception of the activity.

## S. NON-ENTITY ASSETS

Non-entity fund balances are amounts in deposit fund accounts. These include such items as: funds received from outside sources where the government acts as fiscal agent, monies the government has withheld awaiting distribution based on legal determination, and unidentified remittances credited as suspense items outside the budget. For USAID, non-entity assets are minimal in amount, and are composed solely of accounts receivable, net of allowances.

## T. AGENCY COSTS

USAID costs of operations are comprised of program and operating expenses. USAID/Washington program and Mission related expenses by objectives are obtained directly from Phoenix, the Agency general ledger. A cost allocation model is used to distribute operating expenses, including Management Bureau, Global Development Alliance, Trust Funds and Support Offices costs to specific goals. Expenses related to Credit Reform and Revolving Funds are directly applied to specific agency goals based on their objectives.

## U. PARENT/CHILD REPORTING

USAID is a party to allocation transfers with other Federal agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one department of its ability to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are also charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to these allocation transfers (*e.g.*, budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB Circular A-136 guidance, parent transfer activities are to be included and child transfer activities are to be excluded in trial balances. Exceptions to this general rule affecting USAID include the Executive Office of the President, for whom USAID is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in USAID's financial statements. In addition to these funds, USAID allocates funds as the parent to:

- ★ Department of Agriculture, Forest Service
- ★ Department of State

USAID receives allocation transfers as the child from:

- ★ Department of State
- ★ Executive Office of the President
- ★ Millennium Challenge Corporation
- ★ Department of Agriculture, Commodity Credit Corporation

## NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2020 and 2019 consisted of the following (*in thousands*):

Status of Fund Balance with Treasury	2020	2019
Unobligated Balance		
Available	\$ 8,900,347	\$ 10,367,340
Unavailable	3,737,427	4,174,926
Obligated and Other Balances Not Yet Disbursed (Net)	22,638,336	21,428,809
<b>Total</b>	<b>\$ 35,276,110</b>	<b>\$ 35,971,075</b>

Fund Balances with Treasury are the aggregate amounts of USAID's accounts with Treasury for which the Agency is authorized to make payments. Other Funds include credit program and operating funds which are established to record amounts held for the loan guarantee and other operating funds.

The Agency's historical difference of \$131 million in its Fund Balance with Treasury (FBWT) has been resolved after OMB and Treasury approved the request for backdated adjustment. Accordingly, M/CFO recorded a one-time adjustment on September 30, 2019 in its general ledger account which permanently addressed the out-of-balance condition with Treasury.

Unobligated balances become available when apportioned by OMB for obligation in the current fiscal year. Obligated and other balances not yet disbursed (net) include balances for non-budgetary funds and unfilled customer orders without advances. The unobligated and obligated balances are reflected on the Combined Statement of Budgetary Resources. The total available unobligated balance includes expired funds which are available for upward adjustments, however they are not available to incur new obligations. In the Combined Statement of Budgetary Resources the expired fund balance is included in Unobligated Balance, Unapportioned. The obligated and other balances not yet disbursed include other liabilities without related budgetary obligations.

### NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2020 and 2019 are as follows (*in thousands*):

	Receivable Gross	Allowance Accounts	Receivable Net 2020	Receivable Net 2019
Intragovernmental				
Accounts Receivable from Federal Agencies	\$ 941,176	N/A	\$ 941,176	\$ 1,071,503
Less: Intra-Agency Receivables	(916,578)	N/A	(916,578)	(1,053,999)
Total Intragovernmental Accounts Receivable	24,598	N/A	24,598	17,504
Accounts Receivable from the Public	113,960	(19,360)	94,600	102,797
<b>Total Receivables</b>	<b>\$ 138,558</b>	<b>\$ (19,360)</b>	<b>\$ 119,198</b>	<b>\$ 120,301</b>

Entity intragovernmental accounts receivable consist of amounts due from other U.S. Government Agencies. No allowance accounts have been established for the intragovernmental accounts receivable, which are considered to be 100 percent collectible.

All other entity accounts receivable consist of amounts managed by Missions or USAID/Washington. These receivables consist

of overdue advances, unrecovered advances, and audit findings. The allowance for uncollectable accounts related to these receivables is calculated based on a historical analysis of collectability. Accounts receivable from Missions are collected and recorded to the respective appropriation.

Interest receivable is calculated separately, and there is no interest included in the accounts receivable listed above.

## NOTE 4. OTHER ASSETS

Other Assets as of September 30, 2020 and 2019 consisted of Advances, as follows (*in thousands*):

	2020	2019
<b>Intragovernmental</b>		
Advances to Federal Agencies	\$ 86,445	\$ 43,814
Total Intragovernmental	86,445	43,814
<b>With the Public</b>		
Advances to Contractors/Grantees	882,103	622,601
Advances to Host Country Governments and Institutions	940,471	652,181
Advances, Other	(655,411)	(243,768)
Total with the Public	1,167,163	1,031,014
Total Other Assets	\$ 1,253,608	\$ 1,074,828

Intragovernmental Other Assets are comprised of advance payments to other Federal Government entities for Agency expenses not yet incurred and for goods and services not yet received.

Advances to Contractors/Grantees are amounts that USAID pays to cover immediate cash needs related to program implementation until Contractors/Grantees submit expense reports to USAID and USAID records those expenses. Advances to Host Country Governments and

Institutions represent amounts advanced by USAID Missions to host-country governments and other in-country organizations, such as educational institutions and volunteer organizations. Advances, Other consist primarily of amounts advanced for living quarters, travel, and home service. Advances, Other is negative due to the liquidating of advances at the Missions. The advances were issued under Advances, Contractors and were liquidated under Advances, Other.

## NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2020 and 2019 are as follows (*in thousands*):

	2020	2019
<b>Cash and Other Monetary Assets</b>		
Other Cash	\$ (447)	\$ (577)
Foreign Currencies	333,754	233,690
Total Cash and Other Monetary Assets	\$ 333,307	\$ 233,113

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled \$334 million in FY 2020 and \$234 million in FY 2019, as disclosed in Note 12. USAID does not have any non-entity cash or other monetary assets.

The negative amounts occurred in Other Cash due to the posting model used by the Missions for recording transfers to the local banks. The posting model has been revised and the Missions have been advised to reconcile with their local national banks.

## NOTE 6. DIRECT LOANS AND LOAN GUARANTEES, NET

USAID operates the following loan guarantee programs:

- ★ Israel Loan Guarantee Program (Israel Loan)
- ★ Middle East North Africa (MENA) Loan Guarantee Program (comprised of Tunisia, Jordan and Iraq Loan Guarantees)
- ★ Ukraine Loan Guarantee Program

The following loan and/or loan guarantee programs were transferred to the U.S. International Development Finance Corporation (DFC) during FY 2020:

- ★ Direct Loan Program (Direct Loan)
- ★ Urban and Environmental Program (UE)
- ★ Micro and Small Enterprise Development Program (MSED)
- ★ Development Credit Authority Program (DCA)

A description of these credit programs and the accounting for them is detailed in Note 1 of this report. Information on the transfer of the four listed loan programs to DFC above is also detailed under Note 1 sub-section “B. Reporting Entity; Loan Program Transfer.” This will explain why the majority of the FY 2020 balances in the tables to follow reflect a zero balance.

An analysis of loans receivable, loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loans and loan guarantees are provided in the following sections.

The following net loan receivable amounts are not the same as the proceeds that USAID would expect to receive from selling its loans. Actual proceeds may be higher or lower depending on the borrower and the status of the loan.

Summary of Loans Receivables, Net as of September 30, 2020 and 2019 are as follows (*in thousands*):

	2020	2019
Net Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method)	\$ —	\$ 595,606
Net Direct Loans Obligated After FY 1991 (Present Value Method)	—	(146,317)
Defaulted Guaranteed Loans from Pre-1992 (Allowance for Loss Method)	—	57,776
Defaulted Guaranteed Loans Post-1991 (Present Value Method)	—	121,470
<b>Total Loans Receivable, Net as reported on the Balance Sheet</b>	<b>\$ —</b>	<b>\$ 628,535</b>

## DIRECT LOANS

Direct Loan amounts for loans obligated prior to 1992 and after 1991 as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
<b>Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2020:</b>				
Direct Loans	\$ -	\$ -	\$ -	\$ -
MSED	-	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2019:</b>				
Direct Loans	\$ 807,094	\$ 371,158	\$ (582,646)	\$ 595,606
MSED	29	5	(34)	-
<b>Total</b>	<b>\$ 807,123</b>	<b>\$ 371,163</b>	<b>\$ (582,680)</b>	<b>\$ 595,606</b>

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
<b>Direct Loans Obligated After 1991 (Present Value) as of September 30, 2020:</b>				
Direct Loans	\$ -	\$ -	\$ -	\$ -
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>Direct Loans Obligated After 1991 (Present Value) as of September 30, 2019:</b>				
Direct Loans	\$ 672,756	\$ 6,176	\$ (825,249)	\$ (146,317)
<b>Total</b>	<b>\$ 672,756</b>	<b>\$ 6,176</b>	<b>\$ (825,249)</b>	<b>\$ (146,317)</b>

Total Amount of Direct Loans Disbursed as of September 30, 2020 and 2019 are as follows (*in thousands*):

Direct Loan Programs	2020	2019
Direct Loans	\$ -	\$ 1,479,850
MSED	-	29
<b>Total</b>	<b>\$ -</b>	<b>\$ 1,479,879</b>

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans) as of September 30, 2020 and 2019 are as follows (*in thousands*):

	2020	2019
	Direct Loan	Direct Loan
Beginning Balance of the Subsidy Cost Allowance	\$ 825,249	\$ 799,367
Add: Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:		
(A) Interest Rate Differential Costs	-	-
(B) Default Costs (Net of Recoveries)	-	-
(C) Fees and Other Collections	-	-
(D) Other Subsidy Costs	-	-
Total of the Above Subsidy Expense Components	-	-
Adjustments:		
(A) Loan Modifications	-	-
(B) Fees Received	-	-
(C) Foreclosed Property Acquired	-	-
(D) Loans Written Off	-	-
(E) Subsidy Allowance Amortization	-	18,800
(F) Other	(825,249)	7,082
Ending Balance of the Subsidy Cost Allowance Before Reestimates	\$ -	\$ 825,249
Add or Subtract Subsidy Reestimates by Component:		
(A) Interest Rate Reestimate	-	-
(B) Technical/Default Reestimate	-	-
Total of the Above Reestimate Components	-	-
Ending Balance of the Subsidy Cost Allowance	\$ -	\$ 825,249

## DEFAULTED GUARANTEED LOANS FROM PRE-1992 GUARANTEES

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method) as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
<b>Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2020</b>				
UE	\$ -	\$ -	\$ -	\$ -
Total	\$ -	\$ -	\$ -	\$ -
<b>Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2019</b>				
UE	\$ 92,111	\$ 9,640	\$ (43,975)	\$ 57,776
Total	\$ 92,111	\$ 9,640	\$ (43,975)	\$ 57,776

## DEFAULTED GUARANTEED LOANS FROM POST-1991 GUARANTEES

Defaulted Guaranteed Loans from Post-1991 as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
<b>Defaulted Guaranteed Loans from Post-1991 Guarantees (2020):</b>				
UE (Subrogated Claims)	–	–	–	–
<b>Total</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>
<b>Defaulted Guaranteed Loans from Post-1991 Guarantees (2019):</b>				
UE (Subrogated Claims)	\$ 73,084	\$ 48,386	\$ –	\$ 121,470
<b>Total</b>	<b>\$ 73,084</b>	<b>\$ 48,386</b>	<b>\$ –</b>	<b>\$ 121,470</b>

## GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
<b>Guaranteed Loans Outstanding (2020):</b>		
DCA	\$ –	\$ –
Israel	7,463,606	7,463,606
UE	–	–
Ukraine	1,000,000	1,000,000
MENA	4,750,000	4,750,000
<b>Total</b>	<b>\$ 13,213,606</b>	<b>\$ 13,213,606</b>
<b>Guaranteed Loans Outstanding (2019):</b>		
DCA	\$ 600,594	\$ 300,297
Israel	7,947,226	7,947,226
UE	257,257	257,257
Ukraine	2,000,000	2,000,000
MENA	4,750,000	4,750,000
<b>Total</b>	<b>\$ 15,555,077</b>	<b>\$ 15,254,780</b>
<b>New Guaranteed Loans Disbursed (2020):</b>		
DCA	\$ –	\$ –
<b>Total</b>	<b>\$ –</b>	<b>\$ –</b>
<b>New Guaranteed Loans Disbursed (2019):</b>		
DCA	\$ 126,782	\$ 63,391
<b>Total</b>	<b>\$ 126,782</b>	<b>\$ 63,391</b>

Liability for Loan Guarantees as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Post-1991 Guarantees	Loan Guarantee Liabilities
<b>Liability for Loan Guarantees as of September 30, 2020:</b>			
UE	\$ —	\$ —	\$ —
MSED	—	—	—
Israel	—	975,885	975,885
DCA	—	—	—
Ukraine	—	259,605	259,605
MENA	—	1,049,807	1,049,807
<b>Total</b>	<b>\$ —</b>	<b>\$ 2,285,297</b>	<b>\$ 2,285,297</b>
<b>Liability for Loan Guarantees as of September 30, 2019:</b>			
UE	\$ 176	\$ 159,464	\$ 159,640
MSED	—	—	—
Israel	—	1,021,532	1,021,532
DCA	—	94,733	94,733
Ukraine	—	517,135	517,135
MENA	—	1,044,479	1,044,479
<b>Total</b>	<b>\$ 176</b>	<b>\$ 2,837,343</b>	<b>\$ 2,837,519</b>

## SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
<b>Subsidy Expense for New Loan Guarantees (2020):</b>					
DCA	\$ —	\$ —	\$ —	\$ —	\$ —
<b>Total</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>
<b>Subsidy Expense for New Loan Guarantees (2019):</b>					
DCA	\$ —	\$ 12,390	\$ (1,664)	\$ —	\$ 10,726
<b>Total</b>	<b>\$ —</b>	<b>\$ 12,390</b>	<b>\$ (1,664)</b>	<b>\$ —</b>	<b>\$ 10,726</b>

(continued on next page)

(continued)

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
<b>Modifications and Reestimates (2020):</b>				
UE	\$ –	\$ –	\$ –	\$ –
Israel	–	–	(107,188)	(107,188)
DCA	–	–	–	–
Ukraine	–	–	(279,896)	(279,896)
MENA	–	–	(21,659)	(21,659)
Total	\$ –	\$ –	\$ (408,743)	\$ (408,743)
<b>Modifications and Reestimates (2019):</b>				
UE	\$ –	\$ –	\$ (4,926)	\$ (4,926)
Israel	–	–	(156,799)	(156,799)
DCA	68	–	(6,977)	(6,909)
Ukraine	–	–	(694,933)	(694,933)
MENA	–	–	(175,367)	(175,367)
Total	\$ 68	\$ –	\$ (1,039,002)	\$ (1,038,934)

Total Loan Guarantee Subsidy Expense as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	2020	2019
UE	\$ –	\$ (4,926)
Israel	(107,188)	(156,799)
DCA	–	3,817
Ukraine	(279,896)	(694,933)
MENA	(21,659)	(175,367)
Total	\$ (408,743)	\$ (1,028,208)

## SUBSIDY RATES FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Budget Subsidy Rates for Loan Guarantees for the Current Year's Cohorts are as follows (*percent*):

Loan Guarantee Programs	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
DCA	–	–	–	–	–

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2020 and 2019 are as follows (*in thousands*):

<b>2020: Post-1991 Loan Guarantees</b>							
	<b>DCA</b>	<b>MSED</b>	<b>UE</b>	<b>Israel</b>	<b>Ukraine</b>	<b>MENA</b>	<b>Total</b>
Beginning Balance of the Loan Guarantee Liability	\$ 94,733	\$ -	\$ 159,464	\$ 1,021,532	\$ 517,135	\$ 1,044,479	\$ 2,837,343
Add: Subsidy Expense for Guaranteed Loans Disbursed							
During the Reporting Years by Component:							
(A) Interest Supplement Costs	-	-	-	-	-	-	-
(B) Default Costs (Net of Recoveries)	-	-	-	-	-	-	-
(C) Fees and Other Collections	-	-	-	-	-	-	-
(D) Other Subsidy Costs	-	-	-	-	-	-	-
Total of the Above Subsidy Expense Components	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Adjustments:							
(A) Loan Guarantee Modifications	-	-	-	-	-	-	-
(B) Fees Received	-	-	-	-	-	-	-
(C) Interest Supplements Paid	-	-	-	-	-	-	-
(D) Foreclosed Property and Loans Acquired	-	-	-	-	-	-	-
(E) Claim Payments to Lenders	-	-	-	-	-	-	-
(F) Interest Accumulation on the Liability Balance	-	-	-	61,541	22,366	26,987	110,894
(G) Other	(94,733)	-	(159,464)	-	-	-	(254,197)
Ending Balance of the Loan Guarantee Liability Before Reestimates	\$ -	\$ -	\$ -	\$ 1,083,073	\$ 539,501	\$ 1,071,466	\$ 2,694,040
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	-	-	-	-	-	-	-
(B) Technical/Default Reestimate	-	-	-	(107,188)	(279,896)	(21,659)	(408,743)
Total of the Above Reestimate Components	-	-	-	(107,188)	(279,896)	(21,659)	(408,743)
Ending Balance of the Loan Guarantee Liability	\$ -	\$ -	\$ -	\$ 975,885	\$ 259,605	\$ 1,049,807	\$ 2,285,297

<b>2019: Post-1991 Loan Guarantees</b>							
	<b>DCA</b>	<b>MSED</b>	<b>UE</b>	<b>Israel</b>	<b>Ukraine</b>	<b>MENA</b>	<b>Total</b>
Beginning Balance of the Loan Guarantee Liability	\$ 92,209	\$ 1	\$ 155,072	\$ 1,101,548	\$ 1,182,907	\$ 1,194,286	\$ 3,726,023
Add: Subsidy Expense for Guaranteed Loans Disbursed							
During the Reporting Years by Component:							
(A) Interest Supplement Costs	-	-	-	-	-	-	-
(B) Default Costs (Net of Recoveries)	12,390	-	-	-	-	-	12,390
(C) Fees and Other Collections	1,664	-	-	-	-	-	1,664
(D) Other Subsidy Costs	-	-	-	-	-	-	-
Total of the Above Subsidy Expense Components	\$ 14,054	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,054
Adjustments:							
(A) Loan Guarantee Modifications	-	-	-	-	-	-	-
(B) Fees Received	2,296	-	594	-	-	-	2,890
(C) Interest Supplements Paid	-	-	-	-	-	-	-
(D) Foreclosed Property and Loans Acquired	-	-	-	-	-	-	-
(E) Claim Payments to Lenders	(9,052)	-	-	-	-	-	(9,052)
(F) Interest Accumulation on the Liability Balance	2,726	-	3,280	76,783	29,161	25,560	137,510
(G) Other	(523)	-	5,444	-	-	-	4,921
Ending Balance of the Loan Guarantee Liability Before Reestimates	\$ 101,710	\$ 1	\$ 164,390	\$ 1,178,331	\$ 1,212,068	\$ 1,219,846	\$ 3,876,346
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	-	-	-	-	-	-	-
(B) Technical/Default Reestimate	(6,977)	(1)	(4,926)	(156,799)	(694,933)	(175,367)	(1,039,003)
Total of the Above Reestimate Components	(6,977)	(1)	(4,926)	(156,799)	(694,933)	(175,367)	(1,039,003)
Ending Balance of the Loan Guarantee Liability	\$ 94,733	\$ -	\$ 159,464	\$ 1,021,532	\$ 517,135	\$ 1,044,479	\$ 2,837,343

Administrative Expense as of September 30, 2020 and 2019 are as follows (*in thousands*):

Loan Guarantee Programs	2020	2019
DCA	\$ -	\$ 9,851
Total	\$ -	\$ 9,851

## OTHER INFORMATION

Allowance for loss for pre-1992 receivables were calculated in accordance with OMB guidance using an allowance for loss method which assigns risk ratings to receivables based upon the country of debtor.

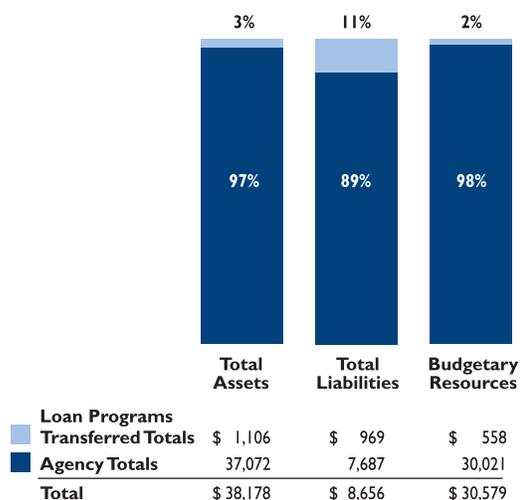
Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in Fiscal Year 2021. In addition, the reestimates reported in the current fiscal year financial statements are not reported in the U.S. Government's budget until the following year. Several loan guarantees matured and were fully repaid in 2020, reducing USAID's risk exposure by approximately \$1.5 billion, as a result, downward reestimates calculated in the current fiscal year was approximately \$426 million.

There are no new loans disbursements, as such, no data was reported under the subsidy rates table above. The subsidy rates disclosed pertain only to the current year's cohorts. These rates cannot be applied to the guarantees of loans disbursed during the current reporting year to yield the subsidy expense. The subsidy expense for new loan guarantees reported in the current year could result from disbursements of loans from

both current year cohorts and prior year(s) cohorts. The subsidy expense reported in the current year also includes modifications and reestimates.

For each major category of the financial statements, the following chart depicts the percentage reduction the transfer of the four USAID loan programs to DFC had on the overall Agency balances. Agency totals are as of September 30, 2020 (*in millions*).

### OVERALL EFFECT OF LOAN TRANSFERS ON AGENCY BALANCES



## NOTE 7. INVENTORY AND RELATED PROPERTY, NET

USAID's Inventory and Related Property, Net is comprised of Operating Materials and Supplies. Operating Materials and Supplies as of September 30, 2020 and 2019 are as follows (*in thousands*):

	2020	2019
<b>Items Held for Use</b>		
Office Supplies	\$ 1,920	\$ 2,095
<b>Items Held in Reserve for Future Use</b>		
Disaster Assistance Materials and Supplies	6,124	8,925
Birth Control Supplies	8,046	16,172
<b>Total Inventory and Related Property</b>	<b>\$ 16,090</b>	<b>\$ 27,193</b>

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuations are based on historical acquisition

costs. There are no obsolete or unserviceable items, and no restrictions on their use. Items costing less than \$25,000 are expensed as incurred.

## NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E), Net as of September 30, 2020 and 2019 are as follows (*in thousands*):

2020	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
<b>Classes of Fixed Assets:</b>				
Equipment	3 to 5 years	\$ 61,264	\$ (51,627)	\$ 9,637
Buildings, Improvements, and Renovations	5 to 20 years	114,467	(60,375)	54,092
Land and Land Rights	N/A	7,203	N/A	7,203
Construction in Progress	N/A	–	–	–
Internal Use Software	3 to 5 years	128,717	(126,317)	2,400
<b>Total PP&amp;E</b>		<b>\$ 311,651</b>	<b>\$ (238,319)</b>	<b>\$ 73,332</b>

2019	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
<b>Classes of Fixed Assets:</b>				
Equipment	3 to 5 years	\$ 64,268	\$ (52,946)	\$ 11,322
Buildings, Improvements, and Renovations	5 to 20 years	114,982	(59,169)	55,813
Land and Land Rights	N/A	7,203	N/A	7,203
Construction in Progress	N/A	–	–	–
Internal Use Software	3 to 5 years	128,717	(124,214)	4,503
<b>Total PP&amp;E</b>		<b>\$ 315,170</b>	<b>\$ (236,329)</b>	<b>\$ 78,841</b>

(continued on next page)

Schedule of PP&E, Net as of September 30, 2020 is as follows (*in thousands*):

2020	Net PP&E
<b>General Property, Plant and Equipment Reconciliation</b>	
Beginning Balance	\$ 78,841
Capital Acquisition	179,573
Dispositions	(62,379)
Depreciation Expense	(122,703)
Ending Balance	\$ 73,332

Equipment consists primarily of electric generators, Automatic Data Processing (ADP) hardware, vehicles, and copiers located at the overseas field Missions.

Buildings, Improvements, and Renovations, in addition to Land and Land Rights include USAID-owned office buildings and residences at foreign Missions, including the land on which these structures reside. These structures

are used and maintained by the field Missions. USAID generally does not separately report the cost of the building and the land on which the building resides.

Land consists of property owned by USAID in foreign countries. Land is generally procured with the intent of constructing buildings.

## NOTE 9. LEASES

As of September 30, 2020, Future Lease Payments consisted of the following (*in thousands*):

Operating Leases: Future Payments Due: Fiscal Year	2020		
	Future Costs		Future Costs
	Federal	Non-Federal	
2021	\$ 42,653	\$ 47,815	\$ 90,468
2022	50,868	80,540	131,408
2023	56,943	21,391	78,334
2024	56,430	12,619	69,049
2025	56,797	6,707	63,505
2026 and Beyond	507,442	7,029	514,471
Total Future Lease Payments	\$ 771,133	\$ 176,101	\$ 947,235

Future operating lease payments total \$947 million in future lease payments, of which \$770.3 million is for the USAID headquarters in Washington, D.C., and the remainder is for the Missions. The current lease agreements are for approximately 893,888 sq. feet for the headquarters. The expiration dates for

headquarters leases are from FY 2020 through FY 2040 and the expiration dates for the Missions' leases are from FY 2020 through FY 2025. All the leases are non-cancelable and the lessor for headquarters is the U.S. General Services Administration (GSA), which charges commercial rates for USAID's occupancy.

## NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2020 and 2019 Liabilities Not Covered by Budgetary Resources were as follows (in thousands):

	2020	2019
<b>Liabilities Not Covered by Budgetary Resources:</b>		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	\$ 8,551	\$ 7,013
Other Unfunded Employment Related Liability	82	–
Other Liabilities (Note 12)	9,250	5,176
<b>Total Intragovernmental</b>	<b>\$ 17,883</b>	<b>\$ 12,189</b>
Accrued Annual Leave (Note 12)	89,411	55,115
Future Workers' Compensation Benefits (Note 13)	27,586	21,807
Debt – Contingent Liabilities for Loan Guarantees (Note 6)	–	176
<b>Total Liabilities Not Covered by Budgetary Resources</b>	<b>134,880</b>	<b>89,287</b>
Total Liabilities Covered by Budgetary Resources	7,552,297	8,078,609
<b>Total Liabilities</b>	<b>\$ 7,687,177</b>	<b>\$ 8,167,896</b>

USAID records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. USAID considers the Intragovernmental accounts payable as liabilities covered under budgetary resources. These accounts payable are those payable to other Federal Agencies and consist mainly of unliquidated obligation balances related to interagency agreements between USAID and other Federal Agencies. The accounts payable with the public represent liabilities to non-Federal entities.

Liabilities not covered by budgetary resources include accrued unfunded annual leave and separation pay. Although future appropriations to

fund these liabilities are probable and anticipated, Congressional action is needed before budgetary resources can be provided. Accrued unfunded annual leave, workers' compensation benefits, and separation pay represent future liabilities not currently funded by budgetary resources, but will be funded as it becomes due with future resources. The Contingent Liabilities for Loan Guarantees is in the pre-Credit Reform Urban and Environmental (UE) Housing Loan Guarantee liquidating fund. As such, it represents the estimated liability to lenders for future loan guarantee defaults in that program.

## NOTE II. INTRAGOVERNMENTAL DEBT

USAID Intragovernmental Debt as of September 30, 2020 and 2019 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt (*in thousands*):

Debt Due to Treasury	2019 Beginning Balance	Net Borrowing	2019 Ending Balance	Net Borrowing	Other	2020 Ending Balance
Direct Loans	\$ 36,076	\$ (36,076)	\$ –	\$ –	\$ –	\$ –
DCA	610	6,955	7,565	–	(7,565)	–
Total Treasury Debt	\$ 36,686	\$ (29,121)	\$ 7,565	\$ –	\$ (7,565)	\$ –

Pursuant to the Federal Credit Reform Act of 1990, Agencies with credit programs have permanent indefinite authority to borrow funds from the Treasury. These funds are used to fund the unsubsidized portion of direct loans and, in certain situations, to cover credit program costs.

The above disclosed debt is principal payable to Treasury, which represents Financing account borrowings from Treasury. As of September 30, 2020, the DCA program debt is zero due to the transfer of all liabilities authorized by the BUILD Act of 2018 to the newly established agency,

U.S. International Development Finance Corporation (DFC). Further details on this transfer are discussed under Note 1 sub-section “B. Reporting Entity; Loan Program Transfer” and Note 6.

The Balance Sheet components of the \$899 million *Liability for Capital Transfers to the General Fund of the Treasury* is reflective of the downward reestimates that are anticipated to be paid to Treasury next fiscal year. All debt shown is intragovernmental debt.

## NOTE 12. OTHER LIABILITIES

As of September 30, 2020 and 2019 Other Current Liabilities consisted of the following (*in thousands*):

	2020	2019
<b>Intragovernmental</b>		
IPAC Suspense	\$ 6,010	\$ 6,321
Unfunded FECA Liability (Note 13)	8,551	7,013
Custodial Liability	2,368	3,214
Employer Contributions & Payroll Taxes Payable	4,044	3,033
Other Unfunded Employment Related Liability	82	–
Liability for Advances and Prepayments	1,266,731	705,779
Other Liabilities (Note 10)	9,250	5,176
<b>Total Intragovernmental</b>	<b>\$ 1,297,036</b>	<b>\$ 730,536</b>
<b>With the Public</b>		
Accrued Funded Payroll and Leave	32,190	36,156
Accrued Unfunded Annual Leave and Separation Pay (Note 10)	89,411	55,115
Advances From Others	50,723	35,861
Foreign Currency Trust Fund (Note 5)	333,754	233,690
Other Liabilities	114,667	111,817
<b>Total Liabilities With the Public</b>	<b>\$ 620,745</b>	<b>\$ 472,639</b>
<b>Total Other Liabilities</b>	<b>\$ 1,917,781</b>	<b>\$ 1,203,175</b>

Intragovernmental Liabilities represent amounts due to other Federal Agencies. All remaining Other Liabilities are liabilities to non-Federal entities.

## NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2020 and 2019 are indicated in the table below (*in thousands*):

Unfunded Workers' Compensation Benefits	2020	2019
<b>Liabilities Not Covered by Budgetary Resources</b>		
Future Workers' Compensation Benefits (Note 10)	\$ 27,586	\$ 21,807
Accrued Unfunded FECA Liability (Note 10)	8,551	7,013
<b>Total Unfunded Workers' Compensation Benefits</b>	<b>\$ 36,137</b>	<b>\$ 28,820</b>

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job and to beneficiaries of employees whose deaths are attributable to job-related injury or disease. The FECA program is administered by the U.S. Department of Labor (DOL). DOL initially pays valid FECA claims for all Federal Government Agencies and seeks reimbursement two fiscal years later from the Federal Agencies employing the claimants.

For FY 2020, USAID's total FECA liability was \$36.1 million, comprised of unpaid FECA billings for \$8.5 million and estimated future FECA costs of \$27.6 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method which uses historical benefit payment patterns. The projected annual benefit payments are discounted to present value using economic assumption for 10-year Treasury notes and bonds and the amount is further adjusted for inflation.

## NOTE 14. COMMITMENTS AND CONTINGENCIES

USAID is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of the Agency's operations and are not expected to have a material adverse effect on the Agency's financial operations.

As of September 30, 2019, there were three pending cases. One of the cases was settled in May 2020 for \$1 million and there are two pending cases as of September 30, 2020.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2020 and 2019 (*in thousands*):

	2020		2019	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
<b>Legal Contingencies:</b>				
Probable	\$ -	\$ -	\$ -	\$ -
Reasonably Possible	100	10,600	100	12,573
<b>Total Accrued Liabilities and Estimated Range of Loss</b>	<b>\$ 100</b>	<b>\$ 10,600</b>	<b>\$ 100</b>	<b>\$ 12,573</b>

USAID's normal course of business involves the execution of project agreements with foreign governments that are a type of treaty. All of these agreements give rise to obligations that are fully reported on USAID's financial statements, and

none of which are contingent. It is not USAID's normal business practice to enter into other types of agreements or treaties with foreign governments that create contingent liabilities.

## NOTE 15. COVID-19 ACTIVITY

USAID's COVID-19 Activity as of September 30, 2020 consisted of the following (*in thousands*):

2020		
COVID-19 Funded Programs	Obligated Balances Not Yet Disbursed	Budgetary Resources Remaining Available Beyond FY 2020
Economic Support Fund	\$ 170,582	\$ 28,766
Gifts and Donations – Aid	513	–
International Disaster Assistance	504,244	–
Operating Expenses of USAID	33,123	42,320
Operating Expenses of USAID Inspector General	120	691
<b>Total COVID-19 Funded Programs</b>	<b>\$ 708,582</b>	<b>\$ 71,777</b>

USAID received COVID-19 Supplemental Appropriations of \$904 million Pursuant to Public Laws 116-123 and 116-136. USAID also received \$443 million of Global Health (GH) allocation transfers from State Department (Parent), under Legal Authority 22 U.S. Code § 2392. State Department reports on the allocation transfers

and not USAID. The funds appropriated to USAID disclosed above are also reported under the Agency's Statements of Budgetary Resources.

The available COVID-19 fund also impacts the following account balances: Fund Balance with Treasury, Advances and Accounts Payable.

## **NOTE 16. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)**

The Schedule of Costs by Responsibility Segment categorizes costs and revenues by Program Categories, Program Areas, which is consistent with the new State-USAID SPSD and Responsibility Segment.

A responsibility segment is the component that carries out a mission or major line of activity, and whose managers report directly to top management. The geographic and technical bureaus of USAID (on the pages following) meet the criteria for responsibility segments. These bureaus directly support the Agency goals while the remaining bureaus and offices support the operations of these bureaus. To report the full cost of program outputs, the cost of support bureaus and offices are allocated to the outputs of the geographic and technical bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

In the FY 2020 Consolidated Statement of Net Cost, major responsibility segments are (i) the Geographic Bureaus and (ii) the Technical Bureaus. The Geographic Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; the Middle East; and the Office of Afghanistan and Pakistan Affairs (OAPA). The Technical Bureaus are: Democracy, Conflict and Humanitarian Assistance (DCHA); Economic Growth, Education and the Environment (E3); Global Health; and Innovation and Development Alliances (IDEA) & U.S. Global Development Lab (LAB). Note that receiving organizations IDEA and LAB have been merged as IDEA & LAB for Statement of Net Cost reporting purposes.

Schedule of Costs by SPSD for the years ended September 30, 2020 and 2019 are indicated in the table on the following pages (*in thousands*):

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2020 Consolidated Total	2019 Consolidated Total
<b>DR—Democracy, Human Rights and Governance</b>												
DR.1—Rule of Law (ROL)												
Gross Costs	\$ 20,451	\$ 33,303	\$ 1,084	\$ 3,512	\$ 22,818	\$ —	\$ —	\$ 50,629	\$ 10,772	\$ 9,494	\$ 152,063	\$ 181,802
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	(1,481)
<b>Net Program Costs</b>	<b>20,451</b>	<b>33,303</b>	<b>1,084</b>	<b>3,512</b>	<b>22,818</b>	<b>—</b>	<b>—</b>	<b>50,629</b>	<b>10,772</b>	<b>9,494</b>	<b>152,063</b>	<b>180,321</b>
DR.2—Good Governance												
Gross Costs	76,587	70,683	11,055	6,133	78,757	—	—	132,140	119,072	381,834	876,261	682,477
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	(3,510)
<b>Net Program Costs</b>	<b>76,587</b>	<b>70,683</b>	<b>11,055</b>	<b>6,133</b>	<b>78,757</b>	<b>—</b>	<b>—</b>	<b>132,140</b>	<b>119,072</b>	<b>381,834</b>	<b>876,261</b>	<b>678,967</b>
DR.3—Political Competition and Consensus-Building												
Gross Costs	44,144	15,856	7,678	—	25,303	—	—	16,954	33,820	9,972	153,727	207,870
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	(1,548)
<b>Net Program Costs</b>	<b>44,144</b>	<b>15,856</b>	<b>7,678</b>	<b>—</b>	<b>25,303</b>	<b>—</b>	<b>—</b>	<b>16,954</b>	<b>33,820</b>	<b>9,972</b>	<b>153,727</b>	<b>206,322</b>
DR.4—Civil Society												
Gross Costs	64,311	71,856	8,983	3,526	58,904	—	—	51,298	21,403	9,176	289,457	291,478
Less: Earned Revenue	—	(44)	—	—	—	—	—	—	(2)	—	(46)	(2,171)
<b>Net Program Costs</b>	<b>64,311</b>	<b>71,812</b>	<b>8,983</b>	<b>3,526</b>	<b>58,904</b>	<b>—</b>	<b>—</b>	<b>51,298</b>	<b>21,401</b>	<b>9,176</b>	<b>289,411</b>	<b>289,307</b>
DR.5—Independent Media and Free Flow of Information												
Gross Costs	7,123	6,817	75	—	31,941	—	—	12,313	—	—	58,269	43,772
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	(415)
<b>Net Program Costs</b>	<b>7,123</b>	<b>6,817</b>	<b>75</b>	<b>—</b>	<b>31,941</b>	<b>—</b>	<b>—</b>	<b>12,313</b>	<b>—</b>	<b>—</b>	<b>58,269</b>	<b>43,357</b>
DR.6—Human Rights												
Gross Costs	4,884	12,976	4,792	6,822	2,189	—	—	36,436	786	2,047	70,932	59,551
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	(486)
<b>Net Program Costs</b>	<b>4,884</b>	<b>12,976</b>	<b>4,792</b>	<b>6,822</b>	<b>2,189</b>	<b>—</b>	<b>—</b>	<b>36,436</b>	<b>786</b>	<b>2,047</b>	<b>70,932</b>	<b>59,065</b>
<b>Total Democracy, Human Rights and Governance</b>	<b>217,500</b>	<b>211,447</b>	<b>33,667</b>	<b>19,993</b>	<b>219,912</b>	<b>—</b>	<b>—</b>	<b>299,770</b>	<b>185,851</b>	<b>412,523</b>	<b>1,600,663</b>	<b>1,457,339</b>
<b>EG—Economic Growth</b>												
EG.1—Macroeconomic Foundation for Growth												
Gross Costs	—	—	—	119,666	3,614	—	—	—	919,775	6,708	1,049,763	194,907
Less: Earned Revenue	—	—	—	(62,724)	—	—	—	—	—	(13,776)	(76,500)	(89,467)
<b>Net Program Costs</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>56,942</b>	<b>3,614</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>919,775</b>	<b>(7,068)</b>	<b>973,263</b>	<b>105,440</b>
EG.2—Trade and Investment												
Gross Costs	1,245	27,837	—	7,259	16,644	—	—	2,883	3,271	14,472	73,611	107,276
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	(874)
<b>Net Program Costs</b>	<b>1,245</b>	<b>27,837</b>	<b>—</b>	<b>7,259</b>	<b>16,644</b>	<b>—</b>	<b>—</b>	<b>2,883</b>	<b>3,271</b>	<b>14,472</b>	<b>73,611</b>	<b>106,402</b>
EG.3—Agriculture												
Gross Costs	327,530	99,688	—	242,437	4,649	—	—	26,512	18,268	67,023	786,107	807,680
Less: Earned Revenue	—	—	—	(11)	—	—	—	—	—	—	(11)	(4,041)
<b>Net Program Costs</b>	<b>327,530</b>	<b>99,688</b>	<b>—</b>	<b>242,426</b>	<b>4,649</b>	<b>—</b>	<b>—</b>	<b>26,512</b>	<b>18,268</b>	<b>67,023</b>	<b>786,096</b>	<b>803,639</b>
EG.4—Financial Sector												
Gross Costs	94	1,242	—	71,816	8,917	—	—	3,186	40,878	—	126,133	175,181
Less: Earned Revenue	—	—	—	(61,541)	—	—	—	—	—	—	(61,541)	(77,230)
<b>Net Program Costs</b>	<b>94</b>	<b>1,242</b>	<b>—</b>	<b>10,275</b>	<b>8,917</b>	<b>—</b>	<b>—</b>	<b>3,186</b>	<b>40,878</b>	<b>—</b>	<b>64,592</b>	<b>97,951</b>

(continued on next page)

(continued)

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA LAB	Latin America & Caribbean	Middle East	OAPA	2020 Consolidated Total	2019 Consolidated Total
EG.5-Private Sector Productivity												
Gross Costs	7,324	39,430	-	20,036	92,342	-	127,517	19,713	89,594	20,935	416,891	429,616
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(5,733)
<b>Net Program Costs</b>	<b>7,324</b>	<b>39,430</b>	<b>-</b>	<b>20,036</b>	<b>92,342</b>	<b>-</b>	<b>127,517</b>	<b>19,713</b>	<b>89,594</b>	<b>20,935</b>	<b>416,891</b>	<b>423,883</b>
EG.6-Workforce Development												
Gross Costs	4,295	7,133	-	6,993	3,007	-	1,946	5,933	12,533	4,764	46,604	61,335
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(452)
<b>Net Program Costs</b>	<b>4,295</b>	<b>7,133</b>	<b>-</b>	<b>6,993</b>	<b>3,007</b>	<b>-</b>	<b>1,946</b>	<b>5,933</b>	<b>12,533</b>	<b>4,764</b>	<b>46,604</b>	<b>60,883</b>
EG.7-Modern Energy Services												
Gross Costs	107,317	38,656	-	14,717	32,708	-	7,087	4,910	2,262	120,052	327,709	288,418
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(2,029)
<b>Net Program Costs</b>	<b>107,317</b>	<b>38,656</b>	<b>-</b>	<b>14,717</b>	<b>32,708</b>	<b>-</b>	<b>7,087</b>	<b>4,910</b>	<b>2,262</b>	<b>120,052</b>	<b>327,709</b>	<b>286,389</b>
EG.8-Information and Communications Technology Services												
Gross Costs	742	5,716	-	1,268	192	-	288	63	42	2,208	10,519	4,387
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(30)
<b>Net Program Costs</b>	<b>742</b>	<b>5,716</b>	<b>-</b>	<b>1,268</b>	<b>192</b>	<b>-</b>	<b>288</b>	<b>63</b>	<b>42</b>	<b>2,208</b>	<b>10,519</b>	<b>4,357</b>
EG.9-Transport Services												
Gross Costs	20,911	1,637	-	5,480	5,419	-	3,691	1,789	1,223	62,247	102,397	119,073
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(853)
<b>Net Program Costs</b>	<b>20,911</b>	<b>1,637</b>	<b>-</b>	<b>5,480</b>	<b>5,419</b>	<b>-</b>	<b>3,691</b>	<b>1,789</b>	<b>1,223</b>	<b>62,247</b>	<b>102,397</b>	<b>118,220</b>
EG.10-Environment												
Gross Costs	101,097	98,103	1,778	228,831	2,925	-	-	88,000	1,988	2,412	525,134	588,942
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(11,277)
<b>Net Program Costs</b>	<b>101,097</b>	<b>98,103</b>	<b>1,778</b>	<b>228,831</b>	<b>2,925</b>	<b>-</b>	<b>-</b>	<b>88,000</b>	<b>1,988</b>	<b>2,412</b>	<b>525,134</b>	<b>577,665</b>
EG.11-Climate Change - Adaptation												
Gross Costs	-	-	-	1,621	-	-	-	-	-	-	1,621	2,311
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(9)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,621</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,621</b>	<b>2,302</b>
EG.12-Climate Change - Clean Energy												
Gross Costs	-	-	-	494	-	-	-	78	-	-	572	2,411
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(3)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>494</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>78</b>	<b>-</b>	<b>-</b>	<b>572</b>	<b>2,408</b>
EG.13-Climate Change - Sustainable Landscapes												
Gross Costs	8,358	29,010	-	12,521	-	-	-	29,685	-	-	79,574	45,807
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(257)
<b>Net Program Costs</b>	<b>8,358</b>	<b>29,010</b>	<b>-</b>	<b>12,521</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>29,685</b>	<b>-</b>	<b>-</b>	<b>79,574</b>	<b>45,550</b>
<b>Total Economic Growth</b>	<b>578,913</b>	<b>348,452</b>	<b>1,778</b>	<b>608,863</b>	<b>170,417</b>	<b>-</b>	<b>140,529</b>	<b>182,752</b>	<b>1,089,834</b>	<b>287,045</b>	<b>3,408,583</b>	<b>2,635,089</b>
ES-Education and Social Services												
ES.1-Basic Education												
Gross Costs	295,273	59,324	2,780	82,734	2,508	-	7,124	45,704	133,232	125,931	754,610	1,071,734
Less: Earned Revenue	-	-	-	(4)	(219)	-	-	-	-	-	(223)	(9,148)
<b>Net Program Costs</b>	<b>295,273</b>	<b>59,324</b>	<b>2,780</b>	<b>82,730</b>	<b>2,289</b>	<b>-</b>	<b>7,124</b>	<b>45,704</b>	<b>133,232</b>	<b>125,931</b>	<b>754,387</b>	<b>1,062,586</b>

(continued on next page)

(continued)

Categories	Africa		Asia		DCHA		E3		Europe & Eurasia		Global Health		IDEA & LAB		Latin America & Caribbean		Middle East		OAPA		2020 Consolidated Total		2019 Consolidated Total	
<b>ES.2—Higher Education</b>																								
Gross Costs	7,236	16,462	5,876	2,695	32	—	16,289	5,086	12,787	6,704	—	—	—	—	—	—	—	—	—	—	73,167	61,806	—	(401)
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Program Costs</b>	<b>7,236</b>	<b>16,462</b>	<b>5,876</b>	<b>2,695</b>	<b>32</b>	<b>—</b>	<b>16,289</b>	<b>5,086</b>	<b>12,787</b>	<b>6,704</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>73,167</b>	<b>61,405</b>	<b>—</b>	<b>(401)</b>
<b>ES.3—Social Policies, Regulations, and Systems</b>																								
Gross Costs	274	219	270	200	16	—	—	11,606	70	3,450	—	—	—	—	—	—	—	—	—	—	16,105	11,831	—	(394)
Less: Earned Revenue	—	—	—	(92)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(92)	—	—	—
<b>Net Program Costs</b>	<b>274</b>	<b>219</b>	<b>270</b>	<b>108</b>	<b>16</b>	<b>—</b>	<b>—</b>	<b>11,606</b>	<b>70</b>	<b>3,450</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>16,013</b>	<b>11,437</b>	<b>—</b>	<b>(394)</b>	
<b>ES.4—Social Services</b>																								
Gross Costs	2,324	15,905	34,638	5,498	1,780	48	—	25,658	7,230	1,705	—	—	—	—	—	—	—	—	—	—	94,786	70,667	—	(1,545)
Less: Earned Revenue	—	—	—	(307)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(307)	—	—	—
<b>Net Program Costs</b>	<b>2,324</b>	<b>15,905</b>	<b>34,638</b>	<b>5,191</b>	<b>1,780</b>	<b>48</b>	<b>—</b>	<b>25,658</b>	<b>7,230</b>	<b>1,705</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>94,479</b>	<b>69,122</b>	<b>—</b>	<b>(1,545)</b>	
<b>ES.5—Social Assistance</b>																								
Gross Costs	1,692	1,259	1,666	1,233	99	—	—	4,283	11,796	3,156	—	—	—	—	—	—	—	—	—	—	25,184	36,579	—	(2,232)
Less: Earned Revenue	—	—	—	(568)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(568)	—	—	—
<b>Net Program Costs</b>	<b>1,692</b>	<b>1,259</b>	<b>1,666</b>	<b>665</b>	<b>99</b>	<b>—</b>	<b>—</b>	<b>4,283</b>	<b>11,796</b>	<b>3,156</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>19,616</b>	<b>34,347</b>	<b>—</b>	<b>(2,232)</b>	
<b>Total Education and Social Service</b>	<b>306,799</b>	<b>93,169</b>	<b>45,230</b>	<b>91,389</b>	<b>4,216</b>	<b>48</b>	<b>23,413</b>	<b>92,337</b>	<b>165,115</b>	<b>140,946</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>962,662</b>	<b>1,238,897</b>	<b>—</b>	<b>(1,545)</b>	
<b>HA—Humanitarian Assistance</b>																								
<b>HA.1—Protection, Assistance and Solutions</b>																								
Gross Costs	14	3,912	4,592,098	—	4,193	8,007	—	2,371	—	32	—	—	—	—	—	—	—	—	—	—	4,610,627	3,665,676	—	(15,270)
Less: Earned Revenue	—	—	(147)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(147)	—	—	—
<b>Net Program Costs</b>	<b>14</b>	<b>3,912</b>	<b>4,591,951</b>	<b>—</b>	<b>4,193</b>	<b>8,007</b>	<b>—</b>	<b>2,371</b>	<b>—</b>	<b>32</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,610,480</b>	<b>3,650,406</b>	<b>—</b>	<b>(15,270)</b>	
<b>HA.2—Disaster Readiness</b>																								
Gross Costs	1,362	9,168	163,094	—	—	—	—	964	—	—	—	—	—	—	—	—	—	—	—	—	174,588	169,123	—	(730)
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Program Costs</b>	<b>1,362</b>	<b>9,168</b>	<b>163,094</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>964</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>174,588</b>	<b>168,393</b>	<b>—</b>	<b>(730)</b>	
<b>HA.3—Migration Management</b>																								
Gross Costs	—	—	—	—	—	—	—	22,080	—	—	—	—	—	—	—	—	—	—	—	—	22,080	12,323	—	(61)
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Program Costs</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,080</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>22,080</b>	<b>12,323</b>	<b>—</b>	<b>(61)</b>
<b>Total Humanitarian Assistance</b>	<b>1,376</b>	<b>13,080</b>	<b>4,755,045</b>	<b>—</b>	<b>4,193</b>	<b>8,007</b>	<b>—</b>	<b>25,415</b>	<b>—</b>	<b>32</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>4,807,148</b>	<b>3,831,061</b>	<b>—</b>	<b>(15,270)</b>	
<b>HL—Health</b>																								
<b>HL.1—HIV/AIDS</b>																								
Gross Costs	232,051	21,840	819	925	3,022	655,136	30,422	13,744	28,089	32,775	—	—	—	—	—	—	—	—	—	—	1,018,823	1,068,630	—	(622,330)
Less: Earned Revenue	—	—	—	—	—	(420,206)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	(420,206)	—	—	—
<b>Net Program Costs</b>	<b>232,051</b>	<b>21,840</b>	<b>819</b>	<b>925</b>	<b>3,022</b>	<b>234,930</b>	<b>30,422</b>	<b>13,744</b>	<b>28,089</b>	<b>32,775</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>598,617</b>	<b>446,300</b>	<b>—</b>	<b>(622,330)</b>	
<b>HL.2—Tuberculosis</b>																								
Gross Costs	8,618	13,083	6	7	968	1,824	229	20	212	2,070	—	—	—	—	—	—	—	—	—	—	27,037	24,163	—	(945)
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
<b>Net Program Costs</b>	<b>8,618</b>	<b>13,083</b>	<b>6</b>	<b>7</b>	<b>968</b>	<b>1,824</b>	<b>229</b>	<b>20</b>	<b>212</b>	<b>2,070</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>27,037</b>	<b>23,218</b>	<b>—</b>	<b>(945)</b>	

(continued on next page)

(continued)

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA LAB	Latin America & Caribbean	Middle East	OAPA	2020 Consolidated Total	2019 Consolidated Total
HL.3-Malaria												
Gross Costs	82,892	4,861	30	33	3	2,374	1,098	1,044	1,014	1,183	94,532	82,337
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(3,335)
<b>Net Program Costs</b>	<b>82,892</b>	<b>4,861</b>	<b>30</b>	<b>33</b>	<b>3</b>	<b>2,374</b>	<b>1,098</b>	<b>1,044</b>	<b>1,014</b>	<b>1,183</b>	<b>94,532</b>	<b>79,002</b>
HL.4-Pandemic Influenza and Other Emerging Threats (PIOT)												
Gross Costs	1,530	542	43	49	3,437	56,946	1,597	140	2,462	1,720	68,466	16,411
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(389)
<b>Net Program Costs</b>	<b>1,530</b>	<b>542</b>	<b>43</b>	<b>49</b>	<b>3,437</b>	<b>56,946</b>	<b>1,597</b>	<b>140</b>	<b>2,462</b>	<b>1,720</b>	<b>68,466</b>	<b>16,022</b>
HL.5-Other Public Health Threats												
Gross Costs	2,258	905	4,565	72	319	10,252	3,026	207	2,791	4,519	28,914	25,554
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(499)
<b>Net Program Costs</b>	<b>2,258</b>	<b>905</b>	<b>4,565</b>	<b>72</b>	<b>319</b>	<b>10,252</b>	<b>3,026</b>	<b>207</b>	<b>2,791</b>	<b>4,519</b>	<b>28,914</b>	<b>25,055</b>
HL.6-Maternal and Child Health												
Gross Costs	44,989	16,447	225	254	1,228	24,519	8,418	4,477	20,222	18,916	139,695	161,351
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(4,215)
<b>Net Program Costs</b>	<b>44,989</b>	<b>16,447</b>	<b>225</b>	<b>254</b>	<b>1,228</b>	<b>24,519</b>	<b>8,418</b>	<b>4,477</b>	<b>20,222</b>	<b>18,916</b>	<b>139,695</b>	<b>157,136</b>
HL.7-Family Planning and Reproductive Health												
Gross Costs	30,719	14,753	101	114	10	6,030	4,057	2,726	32,560	5,109	96,179	79,315
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(2,152)
<b>Net Program Costs</b>	<b>30,719</b>	<b>14,753</b>	<b>101</b>	<b>114</b>	<b>10</b>	<b>6,030</b>	<b>4,057</b>	<b>2,726</b>	<b>32,560</b>	<b>5,109</b>	<b>96,179</b>	<b>77,163</b>
HL.8-Water Supply and Sanitation												
Gross Costs	130,882	13,772	360	21,667	36	13,378	13,373	16,826	90,978	14,704	315,976	221,913
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(2,347)
<b>Net Program Costs</b>	<b>130,882</b>	<b>13,772</b>	<b>360</b>	<b>21,667</b>	<b>36</b>	<b>13,378</b>	<b>13,373</b>	<b>16,826</b>	<b>90,978</b>	<b>14,704</b>	<b>315,976</b>	<b>219,566</b>
HL.9-Nutrition												
Gross Costs	8,362	4,523	14	15	1	888	510	643	728	4,092	19,776	24,597
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(589)
<b>Net Program Costs</b>	<b>8,362</b>	<b>4,523</b>	<b>14</b>	<b>15</b>	<b>1</b>	<b>888</b>	<b>510</b>	<b>643</b>	<b>728</b>	<b>4,092</b>	<b>19,776</b>	<b>24,008</b>
<b>Total Health</b>	<b>542,301</b>	<b>90,726</b>	<b>6,163</b>	<b>23,136</b>	<b>9,024</b>	<b>351,141</b>	<b>62,730</b>	<b>39,827</b>	<b>179,056</b>	<b>85,088</b>	<b>1,389,192</b>	<b>1,067,470</b>
<b>PO-Program Development and Oversight</b>												
PO.1-Program Design and Learning												
Gross Costs	74,914	18,819	27,731	207,193	6,992	-	2,799	16,777	28,005	20,986	404,216	459,314
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(10,725)
<b>Net Program Costs</b>	<b>74,914</b>	<b>18,819</b>	<b>27,731</b>	<b>207,193</b>	<b>6,992</b>	<b>-</b>	<b>2,799</b>	<b>16,777</b>	<b>28,005</b>	<b>20,986</b>	<b>404,216</b>	<b>448,589</b>
PO.2-Administration and Oversight												
Gross Costs	128,817	61,730	173,142	78,125	24,976	-	23,350	56,310	28,064	49,708	624,222	644,964
Less: Earned Revenue	-	-	-	(5)	-	-	-	-	-	-	(5)	(6,008)
<b>Net Program Costs</b>	<b>128,817</b>	<b>61,730</b>	<b>173,142</b>	<b>78,120</b>	<b>24,976</b>	<b>-</b>	<b>23,350</b>	<b>56,310</b>	<b>28,064</b>	<b>49,708</b>	<b>624,217</b>	<b>638,956</b>
PO.3-Evaluation												
Gross Costs	10,179	3,298	137	1,160	1,294	-	770	9,011	3,236	-	29,085	21,390
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(141)
<b>Net Program Costs</b>	<b>10,179</b>	<b>3,298</b>	<b>137</b>	<b>1,160</b>	<b>1,294</b>	<b>-</b>	<b>770</b>	<b>9,011</b>	<b>3,236</b>	<b>-</b>	<b>29,085</b>	<b>21,249</b>
<b>Total Program Development and Oversight</b>	<b>213,910</b>	<b>83,847</b>	<b>201,010</b>	<b>286,473</b>	<b>33,262</b>	<b>-</b>	<b>26,919</b>	<b>82,098</b>	<b>59,305</b>	<b>70,694</b>	<b>1,057,518</b>	<b>1,108,794</b>

(continued on next page)

(continued)

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2020 Consolidated Total	2019 Consolidated Total
<b>PS-Peace and Security</b>												
PS.1-Counterterrorism												
Gross Costs	13,322	12,799	5,062	-	975	-	3,184	-	3,589	-	38,931	60,411
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(408)
<b>Net Program Costs</b>	<b>13,322</b>	<b>12,799</b>	<b>5,062</b>	<b>-</b>	<b>975</b>	<b>-</b>	<b>3,184</b>	<b>-</b>	<b>3,589</b>	<b>-</b>	<b>38,931</b>	<b>60,003</b>
PS.2-Combating Weapons of Mass Destruction (WMD)												
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
PS.3-Counter narcotics												
Gross Costs	-	-	-	-	-	-	-	95,794	-	9,153	104,947	103,395
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(832)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>95,794</b>	<b>-</b>	<b>9,153</b>	<b>104,947</b>	<b>102,563</b>
PS.4-Transnational Threats and Crime												
Gross Costs	-	-	-	-	898	-	-	-	-	-	898	1,980
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(21)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>898</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>898</b>	<b>1,959</b>
PS.5-Trafficking in Persons												
Gross Costs	387	14,539	245	-	1,535	-	-	2,027	-	469	19,202	21,211
Less: Earned Revenue	-	(8)	-	-	-	-	-	-	-	-	(8)	(273)
<b>Net Program Costs</b>	<b>387</b>	<b>14,530</b>	<b>245</b>	<b>-</b>	<b>1,535</b>	<b>-</b>	<b>-</b>	<b>2,027</b>	<b>-</b>	<b>469</b>	<b>19,194</b>	<b>20,938</b>
PS.6-Conflict Mitigation and Stabilization												
Gross Costs	19,070	19,024	120,083	-	7,408	-	-	25,943	112,450	46,221	350,199	510,860
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(2,793)
<b>Net Program Costs</b>	<b>19,070</b>	<b>19,024</b>	<b>120,083</b>	<b>-</b>	<b>7,408</b>	<b>-</b>	<b>-</b>	<b>25,943</b>	<b>112,450</b>	<b>46,221</b>	<b>350,199</b>	<b>508,067</b>
PS.7-Conventional Weapons Security and Explosive Remnants of War (ERW)												
Gross Costs	-	-	-	-	930	-	-	-	-	1	931	1,074
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(10)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>930</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>931</b>	<b>1,064</b>
PS.8-Strengthening Military Partnerships and Capabilities												
Gross Costs	-	-	-	-	-	-	-	-	-	1	1	29
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>29</b>
PS.9-Citizen Security and Law Enforcement												
Gross Costs	-	-	-	-	-	-	-	1,075	-	2	1,077	379
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	(1)
<b>Net Program Costs</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,075</b>	<b>-</b>	<b>2</b>	<b>1,077</b>	<b>378</b>
<b>Total Peace and Security</b>	<b>32,779</b>	<b>46,334</b>	<b>125,390</b>	<b>-</b>	<b>11,746</b>	<b>-</b>	<b>3,184</b>	<b>124,839</b>	<b>116,039</b>	<b>55,847</b>	<b>516,178</b>	<b>695,001</b>
<b>Net Cost of Operations</b>	<b>\$1,893,578</b>	<b>\$887,075</b>	<b>\$5,168,283</b>	<b>\$1,029,854</b>	<b>\$452,770</b>	<b>\$359,196</b>	<b>\$256,775</b>	<b>\$847,038</b>	<b>\$1,795,200</b>	<b>\$1,052,175</b>	<b>\$13,741,944</b>	<b>\$12,033,651</b>

## NOTE 17. COMBINED STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources presents information about total budgetary resources available to USAID and the status of those resources, as of September 30, 2020 and 2019. USAID’s total budgetary resources were \$30 billion and \$30.9 billion as of September 30, 2020 and 2019, respectively.

The following schedule details the amount of the direct and reimbursable new obligations and upward adjustments against the apportionment categories.

### A. APPORTIONMENT CATEGORIES OF OBLIGATIONS INCURRED (in thousands):

	2020	2019
Category A, Direct	\$ 1,547,899	\$ 1,579,716
Category B, Direct	15,197,912	14,155,954
Category A, Reimbursable	62,211	55,901
Category B, Reimbursable	574,987	540,522
<b>Total</b>	<b>\$ 17,383,009</b>	<b>\$ 16,332,093</b>

### B. BORROWING AUTHORITY, END OF PERIOD AND TERMS OF BORROWING AUTHORITY USED:

The Agency had \$0 million and \$7 million in borrowing authority in FY 2020 and FY 2019, respectively. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 (Title XIII, Subtitle B, Pub. L. No. 101-508), and is used to finance obligations during the current year, as needed.

### C. PERMANENT INDEFINITE APPROPRIATIONS:

USAID has permanent indefinite appropriations relating to specific Federal Credit Reform Programs. USAID is authorized permanent indefinite authority for Federal Credit Reform Program appropriations for subsidy reestimates and Federal Credit Reform Act of 1990. At fiscal year-end 2020, available appropriations was \$3.2 billion, a decrease of \$700 million from prior fiscal year as a direct result of the transfer of four of USAID’s loan programs to DFC.

### D. LEGAL ARRANGEMENTS AFFECTING THE USE OF UNOBLIGATED BALANCES:

The “Consolidated Appropriations Act” signed into law as Pub. L. No. 112-74 provides to USAID extended authority to obligate funds. USAID’s appropriations have consistently provided essentially similar authority, known as “7011” authority. Under this authority funds shall remain available for obligation for an extended period if such funds are obligated within their initial period of availability. Any subsequent recoveries (deobligations) of these funds become unobligated balances that are available for reprogramming by USAID (subject to OMB approval through the apportionment process).

## E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2020 and 2019, were \$21 billion and \$20 billion, respectively.

	2020	2019
<b>Federal</b>		
Obligations Paid	\$ 41,047	\$ 34,322
Obligations Unpaid	640,675	773,272
Total Federal	681,722	807,594
<b>Non-Federal</b>		
Obligations Paid	1,207,687	1,032,876
Obligations Unpaid	19,545,562	18,248,570
Total Non-Federal	20,753,249	19,281,446
Total Undelivered Orders at End of Year	\$ 21,434,971	\$ 20,089,040

## F. DIFFERENCE BETWEEN THE COMBINED STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT (in thousands):

The reconciliation between the Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government (Budget) is presented below. This reconciliation is as of September 30, 2019 because submission of the Budget for FY 2022, which presents the execution of the FY 2020 Budget, occurs after publication of these financial statements. The USAID Budget Appendix can be found on the OMB website (<http://www.whitehouse.gov/omb/budget>) and will be available in early February 2021.

Differences between the SBR and Budget of the U.S. Government are caused mainly by the fact that certain funds are reported in the SBR

but not included in the USAID section of the “Department of State and Other International Programs” Appendix of the Budget of the U.S. Government. This is largely reflected in the Economic Support Fund, which is approximately \$9.3 billion. This fact is corroborated by the State Department Budget Office, which confirms the aforementioned funds being warranted/allocated to State, and included in State’s section of the President’s budget as a transfer of funds to USAID.

The amounts in the line “Other Differences” in the table below cannot be further defined because appropriation level detail is not provided in the Budget of the U.S. Government.

2019	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 30,874,359	\$ 16,332,093	\$ (462,118)	\$ 13,036,488
Funds Reported in SBR, Not Attributed to USAID in the President’s Budget	(9,333,000)	(4,996,000)	–	(4,835,000)
Other Differences	241,641	375,907	–	421,512
Budget of the U.S. Government	\$ 21,783,000	\$ 11,712,000	\$ (462,118)	\$ 8,623,000

## NOTE 18. RECONCILIATION OF NET COST TO BUDGETARY OUTLAYS

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the Federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between the budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The first section of the reconciliation below presents components of net cost that are not part of net outlays and should be excluded from net cost. The second and third sections presents increase and decrease in assets and liabilities respectively. Some are used for assets that are reported on the Balance Sheet, not as net cost. The final section adds or subtracts from total resources those items reported in net cost that do not require or generate resources. As an example, the Agency collects regular passport fees that are reported as revenue on the Statement of Net Cost. However, these fees are not shown as a resource because they are returned to Treasury and cannot be obligated or spent by the Agency.

Schedule of Reconciliation of Net Cost of Operations to Net Costs of Budgetary Outlays for the years ended September 30, 2020 and 2019 is indicated in the table below (*in thousands*):

	2020	2019
<b>Net Cost</b>	<b>\$ 13,741,944</b>	<b>\$ 12,033,651</b>
<b>Components of Net Cost That Are Not Part of Net Outlays:</b>		
Property, Plant and Equipment Depreciation	(122,703)	(27,497)
Property, Plant and Equipment Disposal and Revaluation	(1,590)	(1,082)
Unrealized Valuation Loss/Gain on Investments	–	(12,283)
Other	(26,049)	(1,228,840)
<b>Increase/(Decrease) in Assets:</b>		
Accounts Receivable	4,487	628,241
Loans Receivable	–	(308,083)
Other Assets	178,900	229,999
<b>(Increase)/Decrease in Liabilities:</b>		
Accounts Payable	(745,697)	145,475
Salaries and Benefits	2,791	(22,388)
Insurance and Guarantee Program Liabilities	–	888,679
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	(145,127)	(1,343,511)
<b>Other Financing Sources:</b>		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(42,347)	(34,311)
Transfers Out/In Without Reimbursement	48,853	–
<b>Total Components of Net Operating Cost That Are Not Part of Net Outlays</b>	<b>(848,482)</b>	<b>\$ (1,085,600)</b>
<b>Components of Net Outlays That Are Not Part of Net Cost:</b>		
Other	465,754	1,499,608
Unreconciled Difference	(56,357)	126,712
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	<b>409,397</b>	<b>\$ 1,626,320</b>
<b>NET OUTLAYS</b>	<b>\$ 13,302,859</b>	<b>\$ 12,574,371</b>

The FY 2020 Net Outlays on this schedule differs from that of the Statement of Budgetary Resources because of the exclusion of credit financing funds and other credit program funds transferred to the International Development Finance Corporation.

## **NOTE 19. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS**

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all

intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the USAID's financial statements and the USAID's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

The Reclassification of the Balance Sheet, the Statement of Net Cost, and the Statement of Changes in Net Position for the year ended September 30, 2020 are presented in the following tables (*in thousands*):

**FY 2020 USAID Balance Sheet**

**Line Items Used to Prepare  
FY 2020 Government-wide Balance Sheet**

<b>Financial Statement Line</b>	<b>Amounts</b>	<b>Intra-departmental Elimination</b>	<b>Amounts</b>	<b>Reclassified Financial Statement Line</b>
<b>ASSETS:</b>				<b>ASSETS:</b>
<b>Intragovernmental Assets:</b>				<b>Intragovernmental Assets:</b>
Fund Balance with Treasury (Note 2)	\$ 35,276,110	\$ –	\$ 35,276,110	Fund Balance with Treasury
Accounts Receivable (Note 3)	24,598	(916,578)	941,176	Accounts Receivable, Net
Other Assets (Note 4)	86,445		86,445	Advances to Others and Prepayments
<b>Total Intragovernmental Assets</b>	<b>35,387,153</b>	<b>(916,578)</b>	<b>36,303,731</b>	<b>Total Intragovernmental Assets</b>
Cash and Other Monetary Assets (Note 5)	333,307		333,307	Cash and Other Monetary Assets
Accounts Receivable, Net (Note 3)	94,600		94,600	Accounts Receivable, Net
Inventory and Related Property, Net (Note 7)	16,090		16,090	Inventory and Related Property, Net
General Property, Plant and Equipment, Net (Note 8)	73,332		73,332	General Property, Plant and Equipment, Net
Other Assets (Note 4)	1,167,163		1,167,163	Other Assets
<b>Total Assets</b>	<b>\$ 37,071,645</b>	<b>\$ (916,578)</b>	<b>\$ 37,988,223</b>	<b>Total Assets</b>
<b>LIABILITIES:</b>				<b>LIABILITIES:</b>
<b>Intragovernmental Liabilities:</b>				<b>Intragovernmental Liabilities:</b>
Accounts Payable	\$ 86,622	\$ (916,578)	\$ 1,003,200	Accounts Payable
			11,200	Benefit Program Contributions Payable
			1,266,730	Advances from Others and Deferred Credits
			16,738	Other Liabilities
Liability for Capital Transfers to the General Fund of the Treasury (Note 11) & Other Liabilities (Note 12)	2,196,523		901,855	Liability to the General Fund of the U.S. Government
<b>Total Intragovernmental Liabilities</b>	<b>2,283,145</b>	<b>(916,578)</b>	<b>3,199,723</b>	<b>Total Intragovernmental Liabilities</b>
Accounts Payable	2,470,404		2,470,404	Accounts Payable
Loan Guarantee Liability (Note 6)	2,285,297		2,285,297	Loan Guarantee Liability
Federal Employees and Veteran's Benefits (Note 13) & Other Liabilities (Note 12)	648,331		116,999	Federal Employee and Veteran Benefits Payable
			531,332	Other Liabilities
<b>Total Liabilities</b>	<b>7,687,177</b>	<b>(916,578)</b>	<b>8,603,755</b>	<b>Total Liabilities</b>
<b>NET POSITION:</b>				<b>NET POSITION:</b>
Unexpended Appropriations	29,283,335		29,283,335	Unexpended Appropriations
Cumulative Results of Operations	101,133		101,133	Cumulative Results of Operations
<b>Total Net Position</b>	<b>29,384,468</b>	<b>–</b>	<b>29,384,468</b>	<b>Total Net Position</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 37,071,645</b>	<b>\$ (916,578)</b>	<b>\$ 37,988,223</b>	<b>Total Liabilities and Net Position</b>

FY 2020 USAID Statement of Net Cost		Line Items Used to Prepare FY 2020 Government-wide Statement of Net Cost	
Financial Statement Line	Amounts	Intra- departmental Eliminations	Amounts      Reclassified Financial Statement Line
<b>Gross Cost</b>	\$ 14,301,598		\$ 13,281,413 Non-Federal Gross Cost <b>Intragovernmental Cost:</b> 107,618 Benefit Gross Costs 42,347 Imputed Costs 870,077 Buy/Sell Cost 143 Other Expenses 1,020,185 <b>Total Intragovernmental Cost</b>
Total Gross Cost	14,301,598	–	14,301,598 Total Gross Cost
<b>Earned Revenue</b>	(559,654)		15,334 Non-Federal Earned Revenue <b>Intragovernmental Earned Revenue:</b> (464,094) Buy/Sell Revenue (Exchange) (110,894) Borrowing and Other Interest Revenue (Exchange) (574,988) <b>Total Intragovernmental Earned Revenue</b>
Total Earned Revenue	(559,654)	–	(559,654) Total Earned Revenue
<b>Net Cost of Operations (Note 16)</b>	<b>\$ 13,741,944</b>	<b>\$ –</b>	<b>\$ 13,741,944 Net Cost of Operations</b>

**FY 2020 USAID  
Statement of Changes in Net Position**

**Line Items Used to Prepare  
FY 2020 Government-wide  
Statement of Changes in Net Position**

<b>Financial Statement Line</b>	<b>Amounts</b>	<b>Intra-departmental Eliminations</b>	<b>Amounts</b>	<b>Reclassified Financial Statement Line</b>
<b>UNEXPENDED APPROPRIATIONS:</b>				<b>UNEXPENDED APPROPRIATIONS:</b>
Unexpended Appropriations, Beginning Balance	\$ 29,430,913		\$ 29,430,913	Unexpended Appropriations, Beginning Balance
Appropriations Received	14,301,783		14,063,189	Appropriations Received as Adjusted
Other Adjustments	(238,594)			
Appropriations Transferred In/Out	(80,788)	(6,999,824)	7,162,466	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
		6,999,824	(7,243,254)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
Appropriations Used	(14,129,979)		(14,129,979)	Appropriations Used
<b>Total Unexpended Appropriations</b>	<b>29,283,335</b>	<b>–</b>	<b>29,283,335</b>	<b>Total Unexpended Appropriations</b>
<b>CUMULATIVE RESULTS OF OPERATIONS:</b>				<b>CUMULATIVE RESULTS OF OPERATIONS:</b>
Cumulative Results, Beginning Balance	535,077		535,077	Cumulative Results, Beginning Balance
Appropriations Used	14,129,979		14,129,979	Appropriations Expended
Non-Exchange Revenues	(2)			
Donations and Forfeitures of Property	40,162			
Donations and Forfeitures of Cash and Cash Equivalents	57,367		97,527	Other Taxes and Receipts
<b>Total Non-Federal Non-Exchange</b>	<b>97,527</b>		<b>97,527</b>	<b>Total Non-Federal Non-Exchange</b>
			(423,412)	Non-Expenditure Transfers-Out of Unexpected Appropriations and Financing Sources
Transfers-In/Out Without Reimbursement – Budgetary	(417,369)		2,836	Non-Expenditure Transfers-In of Unexpected Appropriations and Financing Sources
Transfers-In/Out Without Reimbursement – Other	355,003	(899,487)	11,936	Expenditure Transfer-In of Financing Sources
		899,487	899,487	Transfers-In Without Reimbursement
<b>Total Transfers In/Out Without Reimbursement</b>	<b>(62,366)</b>	<b>–</b>	<b>(62,366)</b>	<b>Total Transfers In/Out Without Reimbursement</b>
Imputed Financing	42,347		42,347	Imputed Financing Sources (Federal)
Other	(899,487)		(899,487)	Non-Entity Accrual to be Collected/Collections Transferred to the General Fund of the U.S. Government
<b>Total Financing Sources</b>	<b>13,308,000</b>	<b>–</b>	<b>13,308,000</b>	<b>Total Financing Sources</b>
Net Cost of Operations (Note 16)	(13,741,944)		(13,741,944)	Net Cost of Operations
<b>Ending Balance – Cumulative Results of Operations</b>	<b>101,133</b>		<b>101,133</b>	<b>Ending Balance – Cumulative Results of Operations</b>
<b>Net Position</b>	<b>\$ 29,384,468</b>	<b>\$ –</b>	<b>\$ 29,384,468</b>	<b>Net Position</b>

THIS PAGE LEFT INTENTIONALLY BLANK

FINANCIAL SECTION  
REQUIRED  
SUPPLEMENTARY  
INFORMATION





(Preceding page) A youth group in western Madagascar is leading the charge to protect and reforest the threatened Menabe dry forests. The USAID Mikajy project provides training to the group members, as well as other community participants, on how to manage the tree nurseries, monitor seedlings for healthy growth, perform reforestation, and care for the newly planted trees. While the future of these forests is uncertain, there are reasons to be optimistic. PHOTO: USAID

 <https://medium.com/usaaid-2030/back-from-the-ashes-ecfa1bfbc55>

(Above) In northern Kenya, recurring droughts often set families back, making it difficult to escape poverty. Women like Veronica Nalari Lengirnas often bear the brunt of these hardships. But with assistance from USAID, the community was able to build a safe and reliable marketplace for traders to thrive and build more resilience. PHOTO: BOBBY NEPTUNE FOR USAID

 <https://stories.usaid.gov/a-place-to-trade/>

 <https://youtu.be/5725gv--X0s>

# STATEMENT OF BUDGETARY RESOURCES

## REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2020

(in thousands)

	Operating	Civilian Stabilization Initiative	Assistance for Europe, Eurasia and Central Asia	Assistance for Eastern Europe	Development Assistance	International Disaster Assistance	Economic Support Fund	Assistance for the Independent States of the former Soviet Union	Global Health and Child Survival	Credit Financing	Other	Parent Fund	Combined Total
	1000	0305	0306	1010	1021	1035	1037	1093	1095				
<b>Budgetary Resources:</b>													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 227,900	\$ 1,083	\$ 558,106	\$ 3,463	\$ 3,147,816	\$ 1,820,576	\$ 3,831,453	\$ 6,601	\$ 38,600	\$ 3,607,565	\$ 597,860	\$ 842,261	\$ 14,683,284
Appropriations (Discretionary and Mandatory)	1,472,246	—	770,334	—	3,400,000	4,953,362	3,063,000	—	—	—	320,143	—	13,979,085
Borrowing Authority (Discretionary and Mandatory) (Note 11)	—	—	—	—	—	—	—	—	—	—	—	—	—
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	68,932	—	(204,660)	—	2,366	15,369	26,200	—	—	110,894	1,103,343	235,970	1,358,414
<b>Total Budgetary Resources</b>	<b>\$ 1,769,078</b>	<b>\$ 1,083</b>	<b>\$ 1,123,780</b>	<b>\$ 3,463</b>	<b>\$ 6,550,182</b>	<b>\$ 6,789,307</b>	<b>\$ 6,920,653</b>	<b>\$ 6,601</b>	<b>\$ 38,600</b>	<b>\$ 3,718,459</b>	<b>\$ 2,021,346</b>	<b>\$ 1,078,231</b>	<b>\$ 30,020,783</b>
<b>Status of Budgetary Resources:</b>													
New Obligations and Upward Adjustments (Total):	1,527,141	14	526,181	3,032	3,034,747	5,368,558	4,309,220	4,435	539	550,765	1,269,726	788,651	\$ 17,383,009
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	113,790	887	592,576	384	3,486,345	1,417,420	2,477,772	2,166	32,846	303,360	262,594	210,208	8,900,348
Exempt from Apportionment, Unexpired Accounts	—	—	—	—	—	—	(1)	—	—	—	—	—	(1)
Unapportioned, Unexpired Accounts	69,417	183	3,710	47	9,853	3,329	86,232	—	5,215	2,864,334	477,946	7,927	3,528,193
<b>Unexpired Unobligated Balance, End of Year</b>	<b>183,208</b>	<b>1,070</b>	<b>596,286</b>	<b>431</b>	<b>3,496,197</b>	<b>1,420,749</b>	<b>2,564,003</b>	<b>2,166</b>	<b>38,061</b>	<b>3,167,694</b>	<b>740,540</b>	<b>218,135</b>	<b>12,428,540</b>
Expired Unobligated Balance, End of Year	58,729	(1)	1,313	—	19,238	—	47,430	—	—	—	11,080	71,445	209,234
<b>Total Unobligated Balance, End of Year</b>	<b>241,937</b>	<b>1,069</b>	<b>597,599</b>	<b>431</b>	<b>3,515,435</b>	<b>1,420,749</b>	<b>2,611,433</b>	<b>2,166</b>	<b>38,061</b>	<b>3,167,694</b>	<b>751,620</b>	<b>289,580</b>	<b>12,637,774</b>
<b>Total Budgetary Resources</b>	<b>\$ 1,769,078</b>	<b>\$ 1,083</b>	<b>\$ 1,123,780</b>	<b>\$ 3,463</b>	<b>\$ 6,550,182</b>	<b>\$ 6,789,307</b>	<b>\$ 6,920,653</b>	<b>\$ 6,601</b>	<b>\$ 38,600</b>	<b>\$ 3,718,459</b>	<b>\$ 2,021,346</b>	<b>\$ 1,078,231</b>	<b>\$ 30,020,783</b>
<b>Outlays, Net and Disbursements, Net:</b>													
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 1,352,526	\$ (8)	\$ 417,279	\$ 93	\$ 2,538,987	\$ 4,568,931	\$ 4,160,211	\$ 884	\$ (118)	\$ 410,984	\$ 40,673	\$ 727,499	\$ 14,217,941
Distributed Offsetting Receipts (-)	—	—	—	—	—	—	—	—	—	—	(612,315)	—	(612,315)
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 1,352,526</b>	<b>\$ (8)</b>	<b>\$ 417,279</b>	<b>\$ 93</b>	<b>\$ 2,538,987</b>	<b>\$ 4,568,931</b>	<b>\$ 4,160,211</b>	<b>\$ 884</b>	<b>\$ (118)</b>	<b>\$ 410,984</b>	<b>\$ (571,642)</b>	<b>\$ 727,499</b>	<b>\$ 13,605,626</b>
Disbursement, Net (Total) (Mandatory):										\$ 410,984			\$ 410,984

## MAJOR FUNDS

### Operating Funds

1000 Operating Expenses of USAID

### Program Funds

1010 Assistance for Eastern Europe  
1021 Development Assistance (DA)  
1035 International Disaster Assistance  
1037 Economic Support Fund (ESF)  
1093 Assistance for New Independent States  
1095 Child Survival and Disease Programs Funds

## CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account  
4137 Direct Loan Financing Fund  
4266 DCA Financing Fund  
4343 MSED Guarantee Financing Fund  
4344 UE Financing Fund  
4345 Ukraine Guarantees Financing Fund  
4493 Loan Guarantees to Middle East  
Northern Africa (MENA) – Financing Account

## CREDIT PROGRAM FUNDS

0301 Israel Program Fund  
0400 MSED Program Fund  
0401 UE Program Fund  
0402 Ukraine Program Fund  
0409 Loan Guarantees to Middle East  
Northern Africa (MENA) – Program Account  
1264 DCA Program Fund  
5318 Israel Program Fund – Administrative Expense

## CREDIT LIQUIDATING FUNDS

4103 Economic Assistance Loans – Liquidating Fund  
4340 UE Guarantee Liquidating Fund  
4341 MSED Direct Loan Liquidating Fund

## OTHER FUNDS

### Operating Funds

0300 Capital Investment Fund (CIF)  
0306 Assistance for Europe, Eurasia, and Central Asia (AEECA)  
1007 Operating Expenses of USAID Inspector General  
1036 Federal Service Retirement and Disability Fund (FSRDF)  
1099 Fines, Penalties and Forfeitures – Not Otherwise Classified  
1435 Miscellaneous Interest Collections  
3220 Miscellaneous Recoveries

## OTHER FUNDS (continued)

### Program Funds

0305 Civilian Stabilization Initiative  
1012 Sahel Development Program  
1014 Development Fund for Africa (DFA)  
1015 Complex Crisis Fund  
1023 Food and Nutrition Development Assistance  
1024 Population Planning and Health, Development Assistance  
1025 Education and Human Resources, Development Assistance  
1027 Transition Initiatives  
1028 Global Fund to Fight HIV/AIDS  
1029 Tsunami Relief and Reconstruction Fund  
1033 HIV/AIDS Working Capital  
1038 Central American Reconciliation Assistance  
1040 Sub-Saharan Africa Disaster Assistance  
1096 Iraq Relief Fund  
1500 Demobilization and Transition Fund

### Trust Funds

8342 Foreign National Employees Separation Liability Fund  
8502 Technical Assistance – U.S. Dollars Advance  
from Foreign Governments  
8824 Gifts and Donations

### Revolving Funds

4175 Property Management Fund  
4513 Working Capital Fund  
4590 Acquisition of Property Revolving Fund

## ALLOCATIONS TO OTHER AGENCIES

1010 Assistance for Eastern Europe  
1021 Development Assistance  
1035 International Disaster Assistance  
1037 Economic Support Fund (ESF)  
1093 Assistance for the Independent States of the Former Soviet Union  
1095 Child Survival and Disease Program Funds

## ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State  
1030 Global HIV/AIDS Initiative  
1031 Global Health/Child Survival and HIV/AIDS  
1121 Democracy Fund  
1154 Andean Counterdrug Initiative (ACI)  
2278 Commodity Credit Corporation  
2750 Millennium Challenge Corporation  
4336 Commodity Credit Corporation

OTHER  
INFORMATION





(Preceding page) In Timor-Leste, young people face employment challenges as the COVID-19 pandemic limits the tourism industry. Through USAID and the East Timor Development Agency, a group of young artists was selected to receive technical training from a master potter, combined with the business skills they need to sell their pottery. This allowed them to promote and sell their art, creating opportunities to develop their careers. PHOTO: ELVIS GUTERRES FOR USAID

<https://medium.com/usaid-2030/young-timor-leste-artists-fashion-new-futures-from-ceramics-cc598df08bc9>

(Above) USAID has supported Nepal's community forestry groups for decades through training in leadership skills, communication, and community planning. Now the groups' interests are shifting toward conservation and sustainable resource harvesting in each forest, capitalizing on a trade in carbon sequestration credits, and promoting ecotourism. As a result, rates of forest deterioration have been reduced considerably and forest health is improving, all while sustainable harvesting of timber and other forest products has continued. PHOTO: USAID'S HARIYO BAN II PROGRAM

<https://usaidpubs.exposure.co/community-forestry-is-much-more-than-just-forests>

# OFFICE OF INSPECTOR GENERAL'S STATEMENT OF MOST SERIOUS MANAGEMENT AND PERFORMANCE CHALLENGES FOR USAID

According to USAID's Inspector General, the top management challenges the Agency faces are in the following four areas:

- ★ Managing Risks Inherent to Providing Humanitarian and Stabilization Assistance Amid a Public Health Emergency of International Concern;
- ★ Promoting Local Capacity and Improving Planning and Monitoring to Achieve Sustainability of U.S.-Funded Development;
- ★ Reconciling Interagency Priorities and Functions to Efficiently and Effectively Advance U.S. Foreign Assistance Objectives; and
- ★ Addressing Vulnerabilities and Implementing Needed Controls in Agency Core Management Functions.

USAID aggressively pursues corrective actions for all significant challenges, whether identified by the Office of Inspector General (OIG), the Government Accountability Office (GAO), or other sources.

The following pages that address the top management challenges for USAID are from the entire Top Management Challenges report for Fiscal Year 2021, which is available on the website of the USAID OIG ([oig.usaid.gov](https://oig.usaid.gov/our-work/major-management-challenges)) at <https://oig.usaid.gov/our-work/major-management-challenges>

# Message From the Inspector General



Ann Calvaresi Barr  
Inspector General

USAID provides humanitarian and stabilization assistance to people in countries recovering from natural disasters and armed conflict, as well as assistance in combating disease, food insecurity, child and maternal mortality, and gender-based violence. The United Nations recently reported that new and ongoing crises displaced nearly 80 million people at the end of 2019. Prolonged conflict has left over 13 million people internally displaced in Afghanistan, Iraq, Syria, and Yemen, while on the other side of the world, violence and political unrest have displaced 4.5 million Venezuelans. The global spread of COVID-19 added new threats for populations already lacking access to food, medicine, and basic services.

USAID's foreign assistance investments also advance economic growth, create markets and U.S. trade partners, and promote stable and free societies—all of which promote good will abroad and strengthen U.S. national security interests. To help ensure USAID maximizes its budgetary resources—approximately \$29 billion in fiscal year 2020—OIG independently oversees USAID operations and programs.<sup>1</sup> As part of this oversight, the Reports Consolidation Act of 2000 (Public Law 106-531) requires USAID to include in its performance and accountability report a statement by the Inspector General summarizing the most daunting challenges and the progress made in managing them.

Based on our recent audits, investigations, and other oversight work, we identified four top management challenges facing USAID in fiscal year 2021:

- ***Managing Risks Inherent to Humanitarian and Stabilization Assistance Amid a Public Health Emergency of International Concern.*** The flow of billions in assistance dollars in crisis environments creates prime opportunities for fraud and diversions of U.S.-funded goods to the black market and terrorist groups. The pandemic not only exacerbated barriers to getting critical resources to individuals in need, but it also created new opportunities for bad actors to exploit these resources for personal gain. USAID continues to adapt its approach to managing the complex risks in providing foreign assistance. Notably, USAID established three new bureaus dedicated to relief, response, and resilience as part of its ongoing structural transformation aimed at creating a more

<sup>1</sup> USAID OIG also provides oversight of the Millennium Challenge Corporation (MCC), the Inter-American Foundation (IAF), and the U.S. African Development Foundation (USADF), as well as oversight of overseas contingency operations as part of Lead Inspector General initiatives (described in section 8L of the Inspector General Act, as amended). Until recently, OIG also had oversight responsibility for the Overseas Private Investment Corporation (OPIC)—a component that merged with other USAID functions to become the U.S. International Development Finance Corporation (DFC). DFC became operational in December 2019, and an Inspector General for DFC was appointed in mid-2020. USAID OIG has continued to act in an advisory role to assist the DFC Inspector General in establishing his office and hiring staff.

field-oriented, functionally aligned, and responsive Agency. However, sustained diligence will be critical to implementing a risk management culture—especially as USAID continues to work to access beneficiaries in nonpermissive settings, enhance oversight of implementers and third-party monitors, and raise awareness of fraud and sexual exploitation and abuse reporting, all while balancing interventions to address COVID-19. Any operational deficiencies will continue to expose USAID programs to significant risk from those who seek to exploit vulnerabilities.

- **Promoting Local Capacity and Improving Planning and Monitoring To Achieve Sustainability of U.S.-Funded Development.** The long-term success of U.S. foreign development depends on host country commitment to growth. However, ongoing imbalances between local capacity and desired outcomes—along with gaps in program planning, monitoring, and assessment—continue to compromise countries’ ability to lead and finance development activities and services after U.S. involvement ends. This has been the case with USAID’s \$9.5 billion Global Health Supply Chain – Procurement and Supply Management project. Since 2016, our investigations and joint operations with local authorities have revealed that host governments have been unable or unwilling to strengthen warehousing, security, and distribution systems—allowing bad actors to steal lifesaving medicines and medical supplies. A lack of sound plans and monitoring have similarly undermined outcomes of USAID’s health systems strengthening efforts, locally led supply chains for global health, education programs in Pakistan, and other USAID development projects. USAID has been responsive to our recommendations, as demonstrated in its efforts to improve power initiatives in Africa and Haiti. However, significant risks remain that may compromise the Agency’s ability to achieve sustainable development results.
- **Reconciling Interagency Priorities and Functions To Efficiently and Effectively Advance U.S. Foreign Assistance Objectives.** U.S. foreign assistance frequently involves multiple Government agencies, each having its own authorities, funding, and strategies for advancing shared interests. A failure to clearly define and reconcile these priorities and functions can complicate USAID programming and impede multi-agency efforts, which we have seen in the U.S. response to Ebola and now with COVID-19. U.S. and foreign laws can further complicate certain initiatives, as was the case with USAID’s crime and violence prevention program in El Salvador, which aims to curb engagement in gangs, including those with links to transnational criminal organizations. USAID actions have the potential to improve interagency coordination, but frequently shifting demands along with increasingly uncertain budgets and staffing will require maximum flexibility to adapt to and advance U.S. foreign policy and national security objectives.
- **Addressing Vulnerabilities and Implementing Needed Controls in Agency Core Management Functions.** USAID’s ability to carry out its mission and safeguard Federal funds depends on the integrity and reliability of its core business practices and systems. Without them, other safeguards will not work effectively. Through its actions, USAID has demonstrated its commitment to strengthening controls over core management functions, particularly in bringing its financial and information systems into compliance with strict Federal requirements. However, our recent audits and investigations show that gaps in Agency controls have put some foreign assistance and administrative programs at risk of fraud and abuse. Moreover, the pandemic has altered how USAID does business to protect staff and maintain operations, and USAID continues to work to instill rigor in its awards, financial, information, and human capital management amid changing conditions.

In addition to meeting the requirements of the Reports Consolidation Act, this document will help inform our work and frame our dialogues with Congress and the Administration to pursue stakeholder priorities for effective stewardship of U.S. funds dedicated to foreign aid and development.

OIG remains committed to conducting thorough and timely audits and investigations of USAID programs and management and, when appropriate, recommending actions to help address the challenges we identify. If you would like to discuss or have any questions about top management challenges facing USAID, MCC, IAF, and USADF for fiscal year 2021, please contact me at 202-712-1150.



As part of USAID and the World Food Programme's COVID-19 Emergency Response in Mukuru Kwa Reuben Urban Settlement, selected families receive nutrition supplements and cash transfers. Photo: USAID/Kenya (August 13, 2020)

## Chapter I.

### Managing Risks Inherent to Humanitarian and Stabilization Assistance Amid a Public Health Emergency of International Concern

***USAID is a leader in responding to humanitarian crises around the world. The inherent risks to foreign assistance in these complex and vulnerable settings demand distinct approaches for planning, implementation, and monitoring. Our audits and investigations highlight the unique challenges USAID faces delivering humanitarian assistance to those in need—challenges that have been exacerbated by the COVID-19 pandemic.***

According to the United Nations High Commissioner for Refugees, new and ongoing humanitarian crises forcibly displaced nearly 80 million people at the end of 2019, roughly 40 percent under 18 years of age.<sup>2</sup> Populations in Afghanistan, Iraq, Syria, and Yemen have endured prolonged conflict and displacement, and

<sup>2</sup> United Nations High Commissioner for Refugees, "Global Trends: Forced Displacement in 2019," June 18, 2020.

in Lebanon, the Port of Beirut warehouse explosions caused over 150 deaths and thousands of casualties and destroyed homes, hospitals, and businesses within miles of the blast site. On the other side of the world, Venezuelans continued to migrate to escape violence and political unrest. The global spread of COVID-19 early in 2020 added new threats for populations already lacking access to food, medicine, and basic services. Crises like these led the United Nations Office for the Coordination of Humanitarian Affairs to estimate that nearly 168 million people—1 person in 45 worldwide—would need humanitarian assistance and protection in 2020, the highest figure in decades.

To help alleviate suffering, save lives, and promote U.S. Government objectives for foreign assistance and national security, USAID reported expending over \$4.3 billion on humanitarian and stabilization assistance in fiscal year 2019.<sup>3</sup> Supplementary resources from Congress to mitigate and respond to the global impacts of COVID-19 augmented USAID's humanitarian assistance portfolio previously anticipated for fiscal year 2020.

Our audits, investigations, and other oversight work speak to the unique risks and challenges that USAID strives to overcome in these complex settings to ensure aid reaches those who need it most. The pandemic not only increased vulnerabilities for individuals in need but has also exacerbated the risks and challenges in getting critical resources to them—further straining USAID's ability to plan, implement, and monitor its programs and creating new opportunities for bad actors to exploit USAID's humanitarian assistance for personal gain. The challenges in managing these risks encompass the considerable vulnerabilities in this perfect storm.

- **Balancing Interventions To Address COVID-19 in Humanitarian Settings With New Programming and Ongoing Crises.** As of August 2020, USAID's planned investments related to COVID-19 efforts approached \$2 billion in congressional appropriations and funds redirected from other sources. Of this amount, \$558 million has been allocated for humanitarian assistance through USAID's International Disaster Assistance (IDA) account to provide COVID-19-related humanitarian assistance in ongoing emergency responses and in fragile countries with potential need. While the Agency reported efficiencies as part of its process for obligating COVID-19 supplemental funding, more than two dozen organizations sent a letter to the USAID Acting Administrator in June 2020 to report long delays in the award process that hindered USAID assistance from reaching beneficiaries in an emergency response. USAID explained that the full supplemental funding had not been immediately available because of the tranche system by which funds were allocated, and that the amount of available funding for planning, commitments, or obligations in each tranche was subject to requests to USAID leadership and approvals within USAID and by other Federal agencies. After revising its processes, USAID ultimately obligated all IDA funding for COVID-19 by the end of July 2020. However, the multimonth delay in obligating funds and the pace of disbursements raised questions about whether USAID's COVID-19 response aligned with its typical humanitarian approach to move money quickly to places in need. USAID reported that delayed approvals across multiple tranches disrupted its ability to rapidly plan with implementers and review applications. Moreover, in April 2020, the International Rescue Committee reported that a slow and insufficient humanitarian response to COVID-19 in fragile and conflict-affected contexts would drive further crises with long-term second-order implications—that is, potential political, economic, and security impacts.<sup>4</sup>

<sup>3</sup> This figure reflects combined funding amounts for humanitarian assistance, and conflict mitigation and stabilization, as reported by USAID in the Agency Financial Report for fiscal year 2019.

<sup>4</sup> International Rescue Committee, "COVID-19 in Humanitarian Crises: A Double Emergency," April 2020.

Increased food insecurity, gaps in education programs, violence against women and children, and other tangential effects of the pandemic put additional pressure on USAID's humanitarian response efforts. A recent study warns that the economic contraction caused by COVID-19 could significantly affect developing countries, impoverishing up to an additional 580 million people and reversing 30 years of economic improvement in some regions.<sup>5</sup> Moreover, the United Nations High Commissioner for Refugees increased its emergency appeal for funding from \$33 million in March 2020 to \$745 million by May 2020 to account for the unprecedented potential impacts on the world's displaced individuals. This over 20-fold increase is just one indication that global needs have quickly outpaced resources.

In the coming year, USAID will need to strike a balance between addressing the ongoing humanitarian aspects of COVID-19; mitigating second-order impacts like loss of livelihoods and education; and attending to existing humanitarian crises that pre-date the pandemic and new ones that emerge. This complex effort is in line with the U.S. Government's action plan to support the international response to COVID-19, known as the SAFER package, requiring careful planning, implementation, and monitoring to maximize impact and minimize risks across sectors.<sup>6</sup>

- **Overcoming Constrained Access to Humanitarian and Stabilization Settings.** Through our quarterly monitoring of overseas contingency operations, we have seen access in humanitarian settings become increasingly limited. Physical and security restrictions in some cases prevented USAID, implementers, and other actors from delivering aid to people in need and monitoring the aid delivered. One such scenario is in Afghanistan, where polio cases have increased following Taliban access restrictions that effectively halted all vaccination campaigns. In Iraq, USAID reported that over 40 percent of Iraqis in need of assistance live in areas perceived as having medium to high access constraints. In addition, USAID reported that multiple implementers in Iraq temporarily suspended on-the-ground programming due to COVID-19 risks and restrictions, and the ordered departure of Embassy personnel in March 2020 reduced USAID's in-country staff to oversee and manage response activities from 27 to 5. While some humanitarian activities have continued, such as critical health programs, cash and non-food distributions, hygiene promotion, and COVID-19 awareness campaigns, USAID and implementers reported barriers to monitoring the implementation of activities like these in the pandemic environment. The current security situation has prompted new reports of State Department warnings of Embassy closures in Iraq, which, if put into effect, are likely to introduce added operational challenges for USAID staff. USAID's access to data to support effective planning and implementation is also constrained in humanitarian settings, with USAID reporting a scarcity of subnational-level data on humanitarian locations and conditions to target COVID-19 interventions. We have ongoing work to better understand and document how access constraints affect the efficiency and effectiveness of USAID's humanitarian and stabilization assistance.
- **Enhancing Planning and Oversight for More Effective Third-Party Monitoring in Humanitarian Settings.** To mitigate monitoring constraints in nonpermissive environments and when providing humanitarian assistance, one approach USAID uses is to contract third-party monitors—often hired locally and who may have fewer access restrictions—to observe on-the-ground humanitarian assistance programming on USAID's behalf. USAID has employed third-party monitors for programs in Afghanistan, Iraq, and elsewhere for many years and has encouraged the use of third-party monitors during the COVID-19 pandemic where conditions allow. Yet, our work

<sup>5</sup> United Nations University World Institute for Development Economics Research, "Estimates of the Impact of COVID-19 on Global Poverty," April 2020.

<sup>6</sup> State Department, "U.S. Government Action Plan To Support the International Response to COVID-19," Fact Sheet, April 16, 2020. The SAFER package outlines plans to Scale up community approaches; Address critical needs of healthcare; Find, investigate, and respond to COVID-19 cases; Employ strategies to address second-order impacts; and Ready plans for deployment of therapeutics and vaccines, diagnostics, and devices.

has identified cases where the Agency lacked a formal planning process to effectively execute its third-party monitoring contracts. This was the case with USAID's humanitarian response to the Lake Chad Basin complex emergency, where the United Nations estimated in February 2020 that 9.8 million people were in need of assistance due to regional conflict and violence. However, when USAID launched its response in 2015, it lacked criteria to evaluate whether a third-party monitor was needed, and if it was, whether the contract should cover all four affected countries (Cameroon, Chad, Niger, and Nigeria) and when the contract needed to be in place. Additionally, USAID did not have a formal process within a humanitarian response for assigning the responsibility for planning and procuring the contract to authorized staff. Ultimately, it was not until April 2019—4 years after the need was first identified—that USAID awarded a third-party monitoring contract, which covered Nigeria but not the three other affected countries.

Similarly, USAID had not developed adequate guidance for using third-party monitors for USAID's education program in Pakistan prior to 2019. Though a third-party monitoring contract was in place, USAID/Pakistan officials responsible for overseeing the program identified a general lack of understanding of and reluctance among staff to use the third-party monitoring contract for conducting site visits, in part because they thought the contractor was too slow and lacked the overall program knowledge to provide useful site visit information. USAID addressed the issue in Pakistan when USAID issued additional Agency-wide site visit guidance in May 2019, and USAID/Pakistan updated its site visit mission order in July 2019 to clarify requirements for determining the number and frequency of site visits, documentation, and the use of third-party monitors. Meanwhile, our work in Lake Chad highlighted problems that USAID should address when implementing humanitarian assistance programming in complex emergency situations to improve the utility and effectiveness of third-party monitors in high-risk environments, as we recommended in October 2020. We have an ongoing audit evaluating the effectiveness of third-party monitoring in Iraq.

- **Reducing Constraints on Vetting and Access to National Security Information To Improve Programming and Monitoring.** USAID programming plays a critical role in advancing U.S. foreign policy and national security interests. Our recent work identified constraints on USAID's access to interagency national security information, as well as obstacles to obtaining appropriate and timely security clearances. These vulnerabilities have limited USAID's monitoring activity and impacted its ability to fully assess, mitigate, and respond to threats to its humanitarian assistance and stabilization programs. In a classified advisory, we alerted USAID to these vulnerabilities and the related risks—including potential diversions of U.S.-funded aid to terrorist entities—and encouraged the Agency to evaluate its strategy for vetting humanitarian assistance programs and monitoring national security information. In response, USAID submitted a classified response detailing plans to address the noted risks, which USAID will need to work to implement in the coming year.
- **Overcoming Pandemic-Exacerbated Challenges in Detecting and Preventing Fraud in Complex Environments.** The flow of substantial funding into crisis environments creates prime opportunities for fraud, a top management challenge for USAID that we have reported for several years running. Our audits and investigations have exposed instances where unscrupulous individuals and organizations take advantage of American generosity through diversions of USAID-funded goods, contract steering, bid rigging, and other acts of corruption. Our monitoring of overseas contingency operations indicates that bad actors could exploit oversight gaps created by the pandemic to recruit fighters, prepare attacks, restrict civilian access to information about the pandemic, or divert lifesaving commodities. For example, according to the Combined Joint Task Force – Operation Inherent Resolve, temporary increases in the Islamic State of Iraq and Syria's pace of attacks in Iraq likely indicated an "opportunistic exploitation of a confluence of factors," such as the Iraqi Security

Forces’ “preoccupation” with measures to contain COVID-19.<sup>7</sup> The World Health Organization (WHO) similarly reported that the rise of COVID-19 cases in Africa presents an unprecedented challenge to U.S. counterterrorism and counter-violent extremism efforts.

While USAID prohibits implementers from engaging with sanctioned entities and requires prompt reporting of fraud and other allegations of wrongdoing, USAID faces challenges in detecting and preventing misconduct, as our recent present responsibility referrals have highlighted.<sup>8</sup> In one case, a U.S.-based implementer knowingly failed to disclose credible allegations of procurement fraud committed by subawardees in its programs. In another case, a nongovernmental organization based outside of the United States refused to provide requested records to OIG and other U.S. Government officials within a reasonable timeframe during an investigation into whether the organization had concealed past material support to designated terrorist organizations when applying for USAID awards. The Agency must hold implementers accountable for noncooperation with OIG investigations or risk setting a troubling precedent for the Agency’s ability to obtain and respond to facts suggesting fraud and corruption in USAID programming. We have an ongoing audit looking at fraud risk management in the Agency’s humanitarian programming for the Venezuela crisis and the challenges USAID faces in its response. We are also auditing USAID’s oversight of an implementer in Syria and the effectiveness of corrective action taken for fraud risks we identified in cross-border activities.

- **Further Mitigating Risks for Unreported Fraud and Aid Diversions Involving Public International Organizations in Humanitarian Settings.** We reported in September 2018 that USAID’s policy for public international organizations (PIOs)—organizations principally made up of multiple governments or international financial institutions—did not align with Federal internal control standards. USAID frequently relies on PIOs such as the World Food Programme (WFP) to implement its humanitarian programs in nonpermissive environments. In response to our recommendations, USAID adopted measures to improve PIO oversight, including a standard award provision for PIO awards in November 2019 with a requirement to report fraud and misconduct allegations directly to OIG. While progress has been made, implementation of protocols to effectuate, communicate, and streamline the new requirement is still needed to ensure PIOs report allegations to OIG as required. By the end of September 2020, OIG had received five direct disclosures of alleged fraud and misconduct from PIOs, per the new requirements—a start in improved direct reporting but a figure judged to be low given the size and scope of USAID’s PIO awards. Using WFP diversions in Yemen as a case study, we have ongoing work that reveals lessons learned and continuing challenges for USAID in working through PIOs, including obstacles to responding to limitations in access, information sharing, and transparency in humanitarian settings, as well as the need for increased coordination between humanitarian assistance donors and PIOs. USAID has taken steps to overcome or mitigate obstacles in these areas, including establishing a Response Management Team in February 2020 to coordinate the U.S. Government response to continued impediments to humanitarian access in Yemen, but opportunities remain to further reduce the risk of diversion and ensure aid reaches those who most need it.

<sup>7</sup> “Operation Inherent Resolve Lead Inspector General Quarterly Report to Congress,” April 1, 2020, to June 30, 2020, Quarterly Report, published August 4, 2020.

<sup>8</sup> OIG submits present responsibility referrals to USAID’s Compliance Division when an investigation sets forth facts which may call into question an entity’s ability to do business with the U.S. Government. Federal policy requires that agencies solicit offers from, award contracts to, and consent to subcontracts with responsible contractors only. When a contractor demonstrates a lack of responsibility, the Government is obligated to examine carefully whether it is in the public’s interest to exclude that contractor from entering into new awards. Similar provisions exist for recipients of Federal assistance awards.

- **Continuing To Raise Awareness for Sexual Exploitation and Abuse Detection and Reporting.** Awareness of the potential for sexual exploitation and abuse (SEA) in USAID programming was elevated in early 2018 following reports that an international implementer covered up claims of improper sexual contacts with aid beneficiaries by its staff in Haiti. Since then, USAID has worked diligently to improve its rules and processes for SEA detection and reporting, informed in part by information from and coordination with OIG. Recent reports of sexual abuse by aid workers responding to the Ebola crisis in the Democratic Republic of the Congo from 2018 to 2020 highlight the ever-pressing importance of effective SEA protocols. Although it is not yet known whether the new allegations implicate entities receiving USAID funding, in October 2020 the USAID Acting Administrator reiterated the Agency’s commitment to protecting beneficiaries from SEA; trafficking in persons; and child abuse, exploitation, and neglect—and the expectation that USAID’s implementers approach these challenges with the same seriousness.

However, there is still room for improvement as the Agency continues its push to strengthen PIO reporting of SEA. In addition, USAID and OIG are working to eliminate or circumvent barriers to obtaining critical information from some Europe-based implementers for SEA-related investigations, such as the names of alleged perpetrators and, in some cases, the names of individuals who might serve as witnesses in the alleged misconduct. Absent this information, which some implementers resist providing to USAID or OIG due to concerns with local data privacy laws, OIG’s ability to investigate SEA allegations is limited, as is USAID’s ability to identify and take action against abusers who could seek reemployment with other USAID-funded implementers. We have an ongoing audit assessing USAID’s approach for preventing SEA and responding to SEA allegations, as well as ongoing investigations into allegations of SEA by aid workers against beneficiaries.

Relatedly, implementers have fallen short when it comes to addressing internal allegations of sexual misconduct by their staff. For example, in Colombia, OIG identified 71 allegations of sexual harassment and misconduct against the staff of one implementer working on a USAID program in an area with high migration. While USAID acted quickly and terminated the contract, the instance illustrates the need for the Agency to deepen its efforts to promote its zero-tolerance stance for sexual misconduct and other abusive behaviors and take steps to ensure implementers protect their staff along with USAID’s most vulnerable beneficiaries.

## **USAID Actions To Manage Risks Inherent to Humanitarian and Stabilization Assistance**

USAID has continued taking actions to address the inherent risks and challenges in providing humanitarian and stabilization assistance in nonpermissive settings, along with steps to mitigate the added impact of COVID-19 and other challenges for the upcoming year. USAID reports the following notable actions:

- USAID regularly assesses the risks facing its programs with senior leaders at semiannual Executive Management Committee on Risk and Internal Control meetings. This committee provides general oversight of the Agency’s enterprise risk management practices and internal control systems.<sup>9</sup> Risks of operating in nonpermissive environments, implementing humanitarian assistance, preventing diversion of resources to terrorists, and protecting beneficiaries from SEA are among the topics included in the Agency’s Risk Profile for ongoing evaluation and discussion at the semiannual meetings.

<sup>9</sup> Office of Management and Budget (OMB) Circular A-123, as updated in 2016, requires that Federal agencies integrate enterprise risk management into strategic planning and internal control processes to ensure Federal managers are effectively managing the unique risks an agency faces toward achieving its strategic objectives.

- In February 2020, USAID established three new bureaus as part of its ongoing structural transformation aimed at creating a more field-oriented, functionally aligned, and responsive Agency capable of ending the need for foreign assistance: the Bureaus for Resilience and Food Security, Humanitarian Assistance, and Conflict Prevention and Stabilization.<sup>10</sup> Together, these three bureaus form the Relief, Response, and Resilience (R3) family, led by an Associate Administrator appointed in August 2020. This arrangement, according to USAID, brings together the Agency’s capabilities to tackle humanitarian and development challenges, aligns investments to advance foreign assistance and national security goals, and better supports global counterparts to become self-reliant. Notably, the Bureau for Humanitarian Assistance integrates USAID’s former Offices of U.S. Foreign Disaster Assistance and Food for Peace with the intent of providing more coordinated international disaster aid. USAID partially revised its Automated Directives System (ADS) chapters and references to clarify and align requirements for the new structure in May and August 2020, respectively.
- In March 2020, USAID activated a COVID-19 Response Management Team to coordinate humanitarian assistance activities in response to COVID-19 within the Bureau for Humanitarian Affairs. Examples of these activities include assessing implementers’ proposed plans for providing humanitarian assistance in the pandemic context, including plans for procuring and distributing commodities, and coordinating with other USAID bureaus and other agencies such as the State Department. For high-threat operating environments, USAID requires implementers to submit risk mitigation plans, which specifically examine internal control systems. In addition, USAID noted a requirement for all potential implementers to include in their applications fraud-prevention measures, as well as the guidelines they plan to implement for managing COVID-19 risks. Coordinating with OIG to provide training to implementers is another piece of USAID’s strategy to ensure implementers promptly report and follow up on all instances of fraud and other programmatic irregularities. In response to recommendations we made related to the 2014 Ebola outbreak in West Africa, USAID has stepped up efforts to develop a comprehensive policy framework that outlines roles, responsibilities, and approaches for responding to public health emergencies of international concern, and has applied lessons learned to its response to COVID-19.
- USAID reports taking several actions to grow its PIO oversight unit, many in response to our audit and investigative work. As of June 2020, the Agency filled four direct-hire positions focused on multilateral affairs and two new contract positions focused specifically on PIO performance and effectiveness. The Agency also said it is in the process of onboarding three additional direct-hire staff dedicated to PIO oversight. To further address PIO policy and performance issues, USAID created a senior-level Agency Multilateral Engagement and Performance Council that convenes leadership and experts from relevant stakeholder bureaus to discuss challenges, highlight priorities, and elevate concerns regarding the Agency’s engagement with multilateral organizations. According to USAID, the council charter was approved in August 2019, and the first formal council meeting took place in October 2019. Furthermore, USAID is advancing PIO internal controls and policies, including the implementation of recent updates to ADS chapter 308 to ensure robust oversight of PIOs and the development of additional guidance on PIO spot checks.<sup>11</sup>
- To help prevent diversion of USAID funds to malign actors such as terrorist organizations and other armed groups in conflict settings, USAID stated it is creating a new ADS chapter to codify policy and procedures around vetting, which includes developing and strengthening roles, responsibilities,

<sup>10</sup> USAID’s transformation refers to the Agency’s efforts to position its structure, workforce, programs, and processes to effectively advance national security and support host country partners on their journey to self-reliance. The Agency’s transformation builds on a 2017 joint USAID and State Department reform effort, which our March 2018 point-in-time review found had shifted over time (9-000-18-003-P).

<sup>11</sup> ADS chapter 308, “Agreements with Public International Organizations,” partially revised June 19, 2020.

and governing bodies at varying levels throughout the Agency. This includes assigning the Deputy Administrator corporate-level oversight of all vetting activities. USAID believes these changes will better integrate the vetting process throughout USAID and provide policy cohesion and transparency.

- USAID reported it has provided training and guidance to help USAID staff and implementers understand when and how to use third-party monitors. These resources are available to USAID staff on internal learning platforms and available to the public through the USAID Learning Lab. USAID highlighted its October 2020 discussion note on third-party monitoring in nonpermissive environments and online training on the same subject provided in April 2020 as two recently published resources.
- In March 2020, USAID released its final Protection From Sexual Exploitation and Abuse policy and plans to release additional guidance and resources later in the year. USAID also completed a review of its systems and processes for responding to SEA, which provided findings and recommendations that will inform continued improvements to preventing SEA and safeguarding beneficiaries. With OIG participation, USAID also launched a virtual community of practice for identifying state-of-the-art approaches for strengthening employee screening and referencing processes across the international aid sector to prevent perpetrators of SEA from moving among organizations.

## Related OIG Products

- “USAID Has Gaps In Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa’s Lake Chad Region” (4-000-21-001-P), October 15, 2020.
- “COVID-19 Information Brief: USAID COVID-19 Activity Update,” Special Report, September 21, 2020.
- “Operation Inherent Resolve Lead Inspector General Quarterly Report to Congress,” April 1, 2020, to June 30, 2020, Quarterly Report, published August 4, 2020.
- “USAID’s Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results” (5-391-20-001-P), July 22, 2020.
- “Lead Inspector General Quarterly Report to the U.S. Congress on the East Africa Counterterrorism Operation and the North and West Africa Counterterrorism Operation,” January 1, 2020, to March 31, 2020, Quarterly Report, published July 16, 2020.
- “Key Questions To Inform USAID’s COVID-19 Response,” Advisory Notice, May 21, 2020.
- “Operation Inherent Resolve Lead Inspector General Quarterly Report to Congress,” January 31, 2020, to March 31, 2020, Quarterly Report, published May 12, 2020.
- “Operation Freedom Sentinel Lead Inspector General Quarterly Report to Congress,” October 1, 2019, to December 31, 2019, Quarterly Report, published February 14, 2020.
- “Limits in Vetting and Monitoring of National Security Information Pose Risks for USAID Humanitarian Assistance and Stabilization Programs [Classified],” Advisory Notice, January 15, 2020.
- “Advisory Notice for USAID’s Response to the Ebola Virus Disease Outbreak in the Democratic Republic of the Congo,” Advisory Notice, September 4, 2019.

- “Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk” (8-000-18-003-P), September 25, 2018.
- “USAID’s Redesign Efforts Have Shifted Over Time” (9-000-18-003-P), March 8, 2018.



Through filmmaking workshops, children and youth learn skills to make their own short films as part of a USAID project to promote community reconciliation in Colombia. Photo: USAID (September 11, 2020)

## Chapter 2.

### Promoting Local Capacity and Improving Planning and Monitoring To Achieve Sustainability of U.S.-Funded Development

***Strong planning and monitoring are essential to advance host country self-reliance and safeguard the U.S. Government’s foreign development investments. Building appropriate risk mitigation strategies and accountability measures into USAID programs at the start is also necessary to curtail corruption and exploitation and better ensure that programs save lives and improve citizens’ well-being as intended. USAID recognizes the importance of addressing this challenge and continues to improve its approach to planning, monitoring, and risk mitigation.***

U.S. foreign assistance aims to promote stability and economic growth around the world. Helping countries develop and improve their citizens’ welfare, security, and access to basic infrastructure systems not only increases the quality of life for all people but advances U.S. national security priorities. To keep U.S. foreign assistance on track, limit corruption and fraud, and ensure effective and efficient use of taxpayer funds, the Federal Government requires U.S. foreign assistance agencies and implementers to carefully plan, monitor, and measure progress in achieving goals, and adjust approaches when needed. While USAID policy calls for rigorous planning, monitoring, and risk assessments to achieve its foreign assistance goals, our audits and investigations continue to identify shortfalls—particularly in

policy implementation—which hinder efforts to ensure U.S. development activities can be sustained after assistance ends. This challenge has been exacerbated when programs rely on local entities with underdeveloped financial systems, internal controls, and competencies.

**Balancing Local Capacity and Development Outcomes.** USAID’s guiding mission is to end the need for foreign assistance through enabling locally led—and, increasingly, locally financed—problem-solving for enterprise-driven growth; inclusive societies; and transparent, accountable governance.<sup>12</sup> Presented with seemingly unlimited demands on its resources, USAID must continue to simultaneously develop the capacity of its local partners and show improved programmatic outcomes. Our recent audits demonstrate this challenge, highlighting instances in which USAID’s actions may have delayed progress toward local capacity development goals. A move to greater investment in local partners amid the global pandemic exacerbates this challenge.

- **Strengthening Health Systems.** In September 2015, USAID issued its vision for improving countries’ health outcomes, including the ability to react to large-scale health emergencies, through strengthened health systems at the national, subnational, and community levels. The vision called for missions to align their health project plans with congressional earmarks and focus efforts on achieving results related to the Agency’s three primary global health goals: ending preventable child and maternal deaths, achieving an AIDS-free generation, and protecting communities from infectious disease. However, because activities related to strengthening countries’ health systems do not have dedicated funding sources, as the primary goals have, we found that missions pursued health systems strengthening activities as a secondary focus when the activities complemented their other work on the primary goals. These system strengthening activities also take longer to show results than direct interventions and, therefore, would not be expected to show in a typical funding cycle noteworthy gains in preparing local country health systems to address large-scale emergencies or global pandemics, such as COVID-19. USAID agreed with our recommendation to develop and disseminate guidelines to help missions determine an appropriate balance between activities that strengthen countries’ health systems and direct health interventions. The Agency planned to take action by September 2020 but requested additional time through the end of 2020 to close the recommendation.
- **Enhancing Local Supply Chains for Global Health.** The healthcare commodities USAID provides through its Global Health Supply Chain (GHSC) Program help improve health outcomes for beneficiaries around the world, including providing lifesaving medicines and supplies to diagnose, treat, and prevent millions of cases of malaria, HIV/AIDS, and tuberculosis. However, USAID must continue efforts to ensure host countries have systems in place to safeguard and deliver medicines and other healthcare commodities. While USAID has worked to improve host governments’ capacity to effectively manage their local supply chains, some measures have been counterproductive. For example, to address implementation challenges such as the unavailability of host government officials to carry out essential duties, including mitigating corruption, USAID projects hired consultants to do the work of government officials. In some cases, USAID operated parallel supply chains alongside host governments’ national systems and missed opportunities to build local capacity. Although USAID’s policy on self-reliance requires that missions understand programmatic tradeoffs, make hard choices, and take measured risks to achieve this goal, USAID sometimes lacked the plans necessary to transform that vision into reality. USAID agreed with our recommendation to develop and implement a plan with milestones to improve the capability of the Malawian, Mozambican, and Nigerian governments to manage health commodity supply chains and reduce reliance on donor support. USAID plans to complete final action by December 2020.

<sup>12</sup> USAID Policy Framework, “Ending the Need for Foreign Assistance,” April 10, 2019.

- Expanding Work With Local Partners.** To diversify and expand its partner base, USAID announced solicitations for its New Partnerships Initiative (NPI) in April 2020. Specifically, the initiative aims to accelerate countries' progress on their journey to self-reliance, build a different model for how USAID does development, and attract new and underutilized partners to help respond to the COVID-19 pandemic. According to USAID, NPI simplifies access to USAID resources and makes it easier for partners to bring forward ideas and innovation—while strengthening local capacity so countries gain the knowledge and skills needed to lead and sustain their development. As part of NPI, USAID encourages the use of the Expedited Procedures Package (EPP) with new and underutilized partners to facilitate a quicker programmatic response.<sup>13</sup> Yet, as we reported in prior top management challenges reports and as our audits and investigations underscore, assessing and mitigating the risks of working with local partners—who have varying levels of experience and sophistication with program implementation, internal controls, and compliance—is a challenge for USAID and one that may grow with NPI and EPP. For example, in fiscal year 2020, the approximately 370 non-Federal audits conducted on local implementers and overseen by our office, resulted in over \$33 million in questioned costs and over 130 recommendations to strengthen material weaknesses in internal controls and noncompliance with laws and regulations.<sup>14</sup> Our recent audit of USAID's education program in Pakistan similarly showed a lack of capacity of the Government of Sindh's Education Department and local contractors, which created significant delays for the construction component of the Sindh Basic Education Program. USAID agreed with our recommendation to identify root causes for capacity deficits and implement a plan to address these deficits, which USAID aims to complete by February 2021. We also have an ongoing audit looking at USAID's efforts to achieve 70 percent local partner participation in its U.S. President's Emergency Plan for AIDS Relief (PEPFAR) programs in Africa by 2020, including assessing USAID's strategy for preparing the Agency to increase PEPFAR funding to local partners while addressing associated risks.

MCC faced similar risks of working with local entities, further demonstrating the importance of planning for and following up on risk mitigation plans for effective foreign assistance. For example, our audit of selected past MCC road infrastructure projects that were initiated between 2006 and 2010 found that MCC identified risks to the sustainability of its road projects, but its efforts to mitigate or track the risks were sometimes inadequate. For example, MCC identified sustainability risks related to the Georgian Government's ability to manage and maintain roads. While MCC planned to provide technical assistance to mitigate these risks, it abandoned the effort because the Georgian Government was unwilling to expend required resources to support the activity. MCC also planned to require the Georgian Government to budget and fund road maintenance as a precondition to receiving assistance. However, MCC did not assess how much funding would be needed and could not demonstrate that it was tracking maintenance spending during the project. Similarly, in Ghana, MCC planned to confirm the Government of Ghana's capacity to fund and perform road maintenance, but MCC could not demonstrate that it followed up on its plan. At the time MCC designed and developed these compacts, it did not have comprehensive guidance for staff on how to develop, implement, and track risk mitigation measures to ensure sustainability of road projects, and post-compact visual inspections of roads revealed that some sections were in poor condition while other sections were in good to excellent condition. MCC updated its guidance and tools to address risks to sustainability and require verification and tracking of data, but

<sup>13</sup> In March 2020, the USAID Administrator authorized EPP for responding to outbreaks of contagious infectious diseases, which remains in effect for 5 years from the date of authorization. This authorization allows USAID to use sole source or hold limited competitions for new awards and modifications to existing contracts, grants, and cooperative agreements; waives source and nationality requirements for procurement of goods and services; and enables operating units to engage with any qualified, capable partner, whether or not the organization is a current holder of a contract or assistance award with USAID.

<sup>14</sup> Foreign organizations receiving USAID-funded awards must be audited in accordance with the Code of Federal Regulations, Title 2, Part 200, Subpart F.ADS chapter 591, "Financial Audits of USAID Contractors, Recipients, and Host Government Entities," outlines the requirements for this program, including OIG's role in oversight.

the guidance was still in draft at the time of our audit. To address our recommendations, MCC developed, finalized, and distributed guidance to staff in late September 2020, and will need to ensure the new guidance is effectively implemented to help sustain results of its road infrastructure compacts.

### **Addressing Program Monitoring and Assessment Gaps To Improve Accountability.**

USAID's program cycle policy outlines the Agency's operational model for planning, delivering, assessing, and adapting development programming in a given region or country to achieve results that are effective and sustainable and that advance U.S. foreign policy.<sup>15</sup> However, our oversight of specific efforts and programs show that monitoring, evaluating, and measuring results continue to present challenges for USAID—due in part to access and capacity limitations, which the pandemic has further strained.

- **Monitoring Activities To Strengthen Health Systems.** Missions reported being satisfied with the technical assistance and guidance that USAID's Office of Health Systems (OHS) provided. However, they also reported that OHS information on Agency-wide progress on activities to strengthen health systems was limited—as would be expected given that OHS did not have a centralized mechanism for tracking country-level progress to readily provide results across missions. Moreover, USAID did not track amounts spent on health systems strengthening activities. Regardless, two of the three performance indicators that OHS created for missions to use in performance reporting indicated only the presence of investment instead of tracking progress. The third indicator—when missions used it—was often reframed to reflect inputs rather than results. This lack of information affected OHS's ability to monitor the Agency's activities and provide targeted support to missions. USAID agreed with our recommendation to identify and disseminate a set of indicators that would provide more useful information on health systems strengthening progress, such as implementation, achievement, and improvement at the country level. USAID initially planned to close this recommendation by May 2020 but was delayed because the pandemic interrupted plans to pilot a new measurement tool.
- **Addressing Local Supply Chain Risks.** While missions identified and documented country-specific supply chain risks, USAID's Bureau for Global Health did not capture or aggregate this information to understand the global impact of those risks on the GHSC program. Specifically, missions assessed warehouse capacity, logistics management systems, and commodity leakage to inform their project designs and country-level strategies, which allowed them to target persistent challenges in their country, but the Agency did not leverage this information to gain insight into problems that may exist across missions and provide detailed, ongoing assessments of supply chain challenges. At times, missions' country-level supply chain risks were included in the Agency's risk management model but not reported to the Bureau for Global Health, and USAID lacked a structured process for tackling comprehensive global risks. USAID agreed to develop and implement a robust risk management process that identifies, mitigates, and monitors risks across the GHSC program and plans to complete the action by March 2021.

<sup>15</sup> ADS chapter 201, "Program Cycle Operational Policy," revised October 28, 2020.

- Conducting Site Visits Related to the Pakistan Education Program.** In 2016, we reported that USAID’s mission in Pakistan did not have sufficient guidance to outline requirements for in-country site visits, a mainstay of effective monitoring. Our recent audit of USAID’s Pakistan Education Program—in which as of July 2020 USAID had invested over \$840 million since 2005—identified continuing weaknesses in how USAID conducted site visits, followed through on results of program reports, and measured program performance. Notably, staff did not always understand what they should accomplish during site visits, how frequently they should go to project sites, or how to document visits. In addition, mission staff did not take full advantage of the services of the contractor the mission hired to monitor the program. Consequently, site visits were limited and did not identify problems that our auditors discovered, including that some of the \$11.4 million worth of USAID-funded lab equipment was not being used because staff did not know how it worked. We also identified limitations with the mission’s use of quarterly progress reviews, portfolio reviews, and performance indicators, which curtailed the mission’s ability to make necessary course corrections and raised questions about the education program’s success. USAID has taken steps to strengthen how it monitors its Pakistan Education Program and is working to improve the quarterly progress review process by the end of November 2020.
- Evaluating Democracy, Human Rights, and Governance Programs.** USAID requires operating units to conduct at least one performance or impact evaluation during each Democracy, Human Rights, and Governance (DRG) project to help expand the Agency’s knowledge base across all countries and sectors. However, USAID’s DRG Center primarily focused on less-costly performance evaluations. The missions in Europe, Eurasia, and the Middle East were particularly underserved: During a 7-year period starting in 2012, the DRG Center assisted with just three impact evaluations in these regions. While performance evaluations may identify certain project achievements, USAID staff indicated that information from impact evaluations would allow them to assess project effectiveness. USAID agreed to review the DRG Center’s products and services and make any necessary adjustments to align them to current programmatic areas of focus. The Agency originally planned to close this recommendation by June 2020 but needed more time to take final action given the delay in operationalizing the new Bureau for Development, Democracy, and Innovation, which is expected to reorient headquarters-based technical expertise to drive program decision making toward the field. In addition, USAID tasked the DRG Center with helping missions and implementers around the globe adopt strategies to safeguard COVID-19-related funding by reducing the risk of corrupt actors exploiting potential oversight gaps often found in rapid responses. As the DRG Center takes on these additional responsibilities, USAID will need to remain focused on DRG Center performance as expectations may be stretched, particularly given the staffing and budget constraints we also identified.
- Monitoring Under Pandemic Conditions.** Safety protocols imposed by COVID-19—such as evacuations from posts, travel restrictions, and mandatory telework—have affected routine field site visits and other monitoring by USAID and implementer staff. While USAID issued guidance on how to monitor programs, projects, and operations during the pandemic, including adopting remote monitoring technology, putting these methods into practice requires staff and implementers to first develop, learn, and deploy new techniques that work for their unique needs, then validate them to ensure the remote monitoring data are reliable. The pandemic has also affected implementers’ ability to carry out work plans and achieve targets that were established before the safety protocols were imposed. USAID acknowledges the need to provide flexibility while disseminating clear policies and procedures for adapting work and monitoring plans, reporting requirements, and performance evaluations to hold implementers accountable to the American taxpayer. USAID said that, through its guidance, contracting and agreement officer’s representatives have been asked to work with

implementers to document updated approaches for monitoring, evaluation, and learning during the pandemic and upload amended plans into the Agency's document management system. We have initiated an audit to assess how COVID-19 has impacted USAID missions' capacity to monitor programs.

**Firming Up Actions To Prevent Fraud, Waste, and Abuse.** Our recent and ongoing investigations highlight how gaps in planning, monitoring, and risk mitigation can result in performance shortfalls that go unchecked and create opportunities for bad actors to pilfer USAID funds and commodities for personal gain. For example:

- USAID's \$9.5 billion Global Health Supply Chain – Procurement and Supply Management (GHSC-PSM) Project—the largest component of USAID's \$10.5 billion GHSC program—has been under scrutiny since 2016, when our investigations revealed that host governments were either unable or unwilling to put in place controls that would minimize the potential for large-scale, illicit resale of USAID-funded commodities to private businesses and public markets. In two ongoing investigations against one USAID implementer, OIG confirmed the theft as well as transnational and transcontinental diversion of USAID-funded health commodities from USAID programs in Kenya, Tanzania, Uganda, and other countries in Africa to countries in South America, the Caribbean, and potentially elsewhere. Our investigations determined that system weaknesses, a lack of implementer internal controls, and potential corruption at the highest levels of the implementing organizations created supply chain vulnerabilities. In coordination with USAID and law enforcement partners, we are pursuing additional GHSC-PSM casework in Kenya.
- USAID's \$72 million education program in Rwanda was subject to procurement fraud when a subcontractor's managing director sought to bribe a USAID employee for procuring sensitive information. USAID debarred the managing director following our referral and received specific commitments from the subcontractor to implement an antibribery and anticorruption policy.
- An OIG investigation determined that a USAID implementer in Egypt inflated the number of beneficiaries receiving training and technical assistance under a USAID-funded agricultural program. However, OIG's investigation also found that USAID wrote the award in a manner where payments to the implementer were not contingent on the number of beneficiaries reached. In November 2019, the USAID mission in Egypt made staff changes and implemented new procedures, such as strengthening monitoring and evaluation systems and project oversight, to identify and prevent future schemes.
- OIG investigations have also exposed multiple cases of billing fraud against USAID awards. In one case, an implementer working under a project that sought to increase health programs in the Philippines mischarged USAID over \$42,000 for employee work and lodging expenses unrelated to the USAID project, which USAID issued a bill of collection for in February 2020. In another case, an implementer's engineering consultant and contractors submitted falsified documents to obtain USAID funding under a construction project in Uganda.

## USAID Actions To Assess Local Capacity and Improve Planning and Monitoring To Achieve Sustainability of U.S.-Funded Development

USAID efforts to promote the sustainability of U.S.-funded development are ongoing and include issuing new policies and making structural reforms. USAID reported making progress on the following key actions over the last fiscal year:

- According to USAID, the Agency has made progress on monitoring the American University in Afghanistan (AUAF) to ensure compliance with USAID award terms and responsible stewardship of taxpayer dollars—an example of a challenge we reported on last year. For instance, after establishing an administrative agreement with AUAF that outlined robust monitoring and internal control requirements, USAID helped revise the university’s monitoring and learning plan, which includes a logical framework, performance indicators, and data requirements for the remainder of the activity. In addition, USAID reported assisting with the development of AUAF’s detailed work plan for the year, reviewing biweekly notes and quarterly reports on progress, and replacing site visits with virtual visits during the pandemic. USAID also stated that the Asia Foundation is working with AUAF to enhance capacity in financial management, procurement, and human resources.
- USAID reported that the Power Africa Initiative has worked to correct monitoring challenges referenced in last year’s top management challenges report.<sup>16</sup> For example, according to USAID, Power Africa has instituted extensive systems for monitoring and evaluation that included tracking progress through performance indicators and measures to verify that stakeholders follow through on their monitoring responsibilities. USAID also stated that specific measures have been put in place to ensure that performance monitoring is applied by all relevant stakeholders, that it is a consultative and verified process, and that performance indicators are designed employing a project-based approach and tested throughout implementation. Additional measures include updating the initiative’s monitoring, evaluation, and learning plan and socializing it with stakeholders; forming a working group that meets on a regular basis to comprehensively address Power Africa’s monitoring and evaluation procedures, needs, and challenges; and obtaining technical support for performance monitoring.
- USAID reported several actions to improve previously reported concerns with monitoring and accountability of the Afghanistan Reconstruction Trust Fund (ARTF). To align with Agency best practices, for example, USAID reported finalizing a monitoring, evaluation, and learning plan. The plan provides a framework for monitoring and measuring the results of USAID funds implemented through the ARTF and defines objectively verifiable performance indicators to assess progress. USAID also noted that, along with other donors, the Agency assisted the World Bank in improving its own verification of indicators and achievements prior to disbursing funds to ARTF.
- USAID reported making significant progress alongside the Government of Haiti in transitioning the Caracol Power Utility to a private sector concession. The end result, according to USAID, will be for private sector companies to operate the regional grids in partnership with the Government of Haiti and for USAID to no longer contract for the operation of the Caracol Power Plant—a goal USAID had hoped to achieve by 2016 but that has remained out of reach. USAID reported that staffing gaps at the mission in Haiti remain an issue, as we noted in our November 2018 report.
- USAID stated that the Bureau for Global Health is on track to develop and disseminate guidelines to assist missions in striking an appropriate balance between direct health interventions and activities

<sup>16</sup> Power Africa is a U.S. Government interagency initiative, launched in 2013 and coordinated by USAID, that brings together the collective resources of over 170 public and private sector entities to double access to electricity in sub-Saharan Africa.

that strengthen health systems. Additionally, USAID reported developing a results framework that articulates how health program investments feed into the Journey to Self-Reliance approach and provide a common framework to relate health system strengthening activities to other global health programs.

- USAID reported several efforts to strengthen the GHSC-PSM project and address our recommendation to establish a risk management program to reduce the threat of stock-outs, leakage, losses, theft, diversion, and expiration of U. S. Government-funded commodities. For example, the Bureau for Global Health reported requesting central funding estimated at \$2 million from the State Department's Office of the U.S. Global AIDS Coordinator and Health Diplomacy to launch the first wave of risk planning and mitigation reviews, and received approval for the funding in February 2020. The bureau also reports establishing a new Supply Chain Node within its front office, led by a senior officer, to ensure effective coordination across supply chain teams and program components. The node will include a supply chain risk management advisor who will work closely with advisors in each of the supply chain units to lead their respective risk management efforts. USAID stated that it began filling these positions in July 2020 with several positions under recruitment. Going forward, USAID plans to incorporate risk reviews, management, and mitigation into planning activities for Country Operational Plans.
- The Agency is working on guidance to improve program planning, monitoring, and evaluation. For example, the Agency is drafting its first local capacity development policy. A priority under its Effective Partnership and Procurement Reform initiative, the policy will define the principles of effective local capacity development and outline programmatic approaches. In addition, in September 2020, the Agency reported developing and submitting its first draft Annual Evaluation Plan for fiscal year 2022 to OMB in compliance with the Foundations for Evidence-Based Policymaking Act of 2018, which requires agencies to develop a plan describing the significant evaluation activities they plan to conduct in the upcoming fiscal year.
- Since launching its first acquisition and assistance strategy in December 2018, USAID reported completing numerous reforms to catalyze Agency changes in program design, procurement, and implementation. Those accomplishments include implementing a new Agency-wide indicator to track the strengthened capacity and organizational performance of local entities and locally established organizations; issuing a new policy on monitoring, evaluation, and learning plans that places greater emphasis on site visits; and designating the Bureau for Policy, Planning, and Learning as the coordinator to provide support and tools to contracting and agreement officer's representatives and to increase their accountability. USAID also reported initiating a review of its pre-award survey processes.

### **Related OIG Products**

- “USAID’s Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results” (5-391-20-001-P), July 22, 2020.
- “USAID’s Global Health Supply Chain Would Benefit From More Rigorous Risk Management and Actions To Enhance Local Ownership” (4-936-20-002-P), July 10, 2020.
- “Additional Actions Are Needed To Improve USAID’s Democracy, Human Rights, and Governance Programs” (8-000-20-001-P), November 26, 2019.
- “MCC Has Opportunities To Enhance Guidance and Tools for Sustaining Results of Road Infrastructure Compacts” (M-MCC-20-001-P), October 29, 2019.
- “More Guidance and Tracking Would Bolster USAID’s Health Systems Strengthening Efforts” (4-936-20-001-P), October 21, 2019.
- “Misjudged Demand, Stalled Reforms, and Deficient Oversight Impeded USAID/Haiti’s Sustainable Electricity Goals” (9-521-19-001-P), November 13, 2018.
- “USAID Planning and Monitoring Gaps Weaken Accountability for Results Through the Afghanistan Reconstruction Trust Fund” (8-306-17-004-P), August 16, 2017.



USAID works with the Mozambique Ministry of Health to train medical personnel to use 50 ventilators donated as part of the U.S. Government's international COVID-19 response. Photo: USAID (September 11, 2020)

## Chapter 3.

### Reconciling Interagency Priorities and Functions To Efficiently and Effectively Advance U.S. Foreign Assistance Objectives

***Implementing U.S. foreign assistance frequently involves multiple Government agencies, donors, and local actors, each having its own priorities and strategies for advancing shared interests. To further U.S. foreign policy and national security objectives, it is critical that stakeholders' roles, responsibilities, policies, and processes be clearly defined and reconciled. USAID must advance efforts to coordinate aid and development and respond nimbly to changing priorities, particularly when decisions extend beyond its immediate control and authority.***

USAID works alongside other U.S. Government agencies, host-country governments, donors, and a variety of other partners to implement U.S. foreign assistance priorities. Within this context, USAID may lead efforts or support other Government agencies. Regardless of its role, USAID continues to confront divergent priorities and functions of multiple stakeholders that have yet to be reconciled to achieve complementary but distinct goals.

**Clarifying and Testing Roles, Capabilities, and Responsibilities in U.S. Responses to International Public Health Emergencies.** The unique characteristics and transmission rates of disease, along with variable country capacity to respond to outbreaks in the developing world, present major obstacles for rapid containment. Outbreaks such as Ebola have repeatedly demonstrated that coordinating the efforts of multiple U.S. Government agencies and international responders further complicate containment efforts. While USAID has taken action to implement our recommendations for improving its response,<sup>17</sup> a key recommendation that we made in January 2018 related to coordination—to identify and regularly test roles, capabilities, and responsibilities in responding to public health emergencies of international concern—remains open. USAID has taken some steps toward implementing this recommendation, such as establishing a memorandum of understanding with the Department of Health and Human Services’ (HHS) Centers for Disease Control and Prevention (CDC) for international disaster assistance. However, the Agency has yet to finalize operational details regarding temporary duty assignments and training for deploying USAID Disaster Assistance Response Teams for large-scale public health emergencies and public health emergencies of international concern. According to USAID staff, this gap delayed assigning a CDC deputy and health technical lead to USAID’s Disaster Assistance Response Team for the 2019 Ebola outbreak in the Democratic Republic of the Congo. In addition, USAID has not developed procedures for regularly testing roles and capabilities, which would enhance USAID’s capacity to coordinate a whole-of-Government response. USAID reports continual engagement with CDC at both the senior and staff levels to strengthen coordination and health response activities. Nevertheless, USAID said it has been unable to formalize a joint operational planning process to improve coordination between the two agencies, in part because of CDC’s focus on Ebola and COVID-19 efforts and subsequent unavailability for further engagement. HHS OIG made a similar recommendation in August 2019 for HHS to work with other U.S. Government agencies to develop a framework defining each agency’s role and responsibilities for responding to an international public health emergency.<sup>18</sup> The HHS OIG recommendation remains open as well.

The COVID-19 pandemic has required an unprecedented response from a broad range of stakeholders worldwide. According to USAID, it must engage regularly with other U.S. Government agencies to ensure response activities are coordinated, strategic, and nonduplicative. Examples include standing and ad hoc meetings with the Departments of Defense and State and HHS, including CDC. In addition, USAID pointed to regular contact with the White House Coronavirus Task Force for overall policy guidance and prioritization for foreign assistance, as well as participation in National Security Council meetings focused on White House pandemic response priorities. This high level of coordination, strengthened by USAID’s experience with the 2014 Ebola outbreak in West Africa and participation in the Global Health Security Strategy, helps to optimize USAID’s role in the U.S. Government’s COVID-19 response.<sup>19</sup> Nevertheless, the Agency continues to face coordination challenges that have stymied its pandemic response, as well as its broader approach to implementing foreign assistance. For example:

<sup>17</sup> USAID successfully closed 10 of the 14 recommendations from our 2018 report (9-000-18-001-P) and all 15 recommendations from two other reports we issued related to the 2014 Ebola outbreak in West Africa (9-000-18-002-P and 9-000-17-001-P).

<sup>18</sup> HHS OIG, “HHS Did Not Always Efficiently Plan and Coordinate Its International Ebola Response Efforts” (A-04-16-03567), August 12, 2019.

<sup>19</sup> The 2019 Global Health Security Strategy outlines the U.S. Government’s approach to strengthen global health security, including accelerating the capabilities of targeted countries to prevent, detect, and respond to infectious disease outbreaks. USAID and CDC have central roles in the strategy and have been the U.S. Government’s principal implementers of international capacity-building activities under the Global Health Security Agenda, an initiative of countries, PIOs, and nongovernmental stakeholders to achieve common goals for infectious disease threats.

- **Coordinating and Maximizing Response Resources.** USAID traditionally used its emergency international stockpile and Emergency Relief Fund for Contagious Infectious Disease Outbreaks to provide personal protective equipment (PPE) and finance preparedness and response efforts around the world. However, for several months during the COVID-19 response, USAID stopped PPE shipments abroad and paused implementers' use of funds to procure PPE. According to USAID, this decision was made under the advisement of the USAID COVID-19 Task Force based on direction from the White House Coronavirus Task Force to offset the shortage of PPE for domestic healthcare workers, but further official guidance was lacking in clarity and timeliness. USAID and implementers reported that the restricted funding and terms under which implementers could obtain PPE affected their capacity to carry out key services due to their inability to employ appropriate safety precautions to protect their workers. In addition, USAID reported that unclear PPE guidance delayed COVID-19-related programming and increased risks for implementers working on other global health activities that also require PPE for safe implementation.

Broader U.S. Government priorities also served as the driver in determining what health interventions USAID would pursue in response to the pandemic. The National Security Council selected countries that would receive ventilators produced under the Defense Production Act, and USAID assisted the selected countries with the procurement and delivery of ventilators.<sup>20</sup> However, according to USAID, the Agency's role in determining whether to prioritize ventilators as an intervention and the countries to distribute them to was limited. USAID reported that it remained committed to delivering the ventilators and also began procuring basic oxygen supplies using pre-existing awards to support this supplementary intervention. As part of our COVID-19 oversight, we have initiated an audit looking at the role of ventilators in USAID's COVID-19 response.

- **Resolving Differences Through the Interagency Funding Process.** Supplemental COVID-19 appropriations for USAID and State Department programming and operations illustrate longstanding complications with the interagency funding process. For example, the supplemental funding USAID receives progresses through a tiered approval process involving USAID and State Department leadership, various bureaus, and operating units, and, in some instances, top-level approvers like the White House Coronavirus Task Force.<sup>21</sup> While the goals of the process are to foster transparency, coherence, broad coordination, and effective and swift interagency decision making, some officials who experienced the process noted roadblocks that may have affected the timeliness and flexibility of USAID's response. Strong internal and external communication, clear policies and procedures, and defined roles and responsibilities can help U.S. Government agencies resolve differences, as we saw in the 2014 Ebola outbreak in West Africa where USAID played a central role coordinating the U.S. Government's international response. Without a direct seat on the White House Coronavirus Task Force, some officials felt USAID may have been limited in its ability to influence the speed and decision-making process for the COVID-19 funds that directly affected USAID's ability to act.
- **Rapidly Adapting to Changes in the Public International Organization Landscape.** Approximately 30 percent of USAID's supplemental COVID-19 funding was allocated to PIOs like WHO. USAID has worked closely with WHO on its global health and humanitarian assistance programs; WHO was among USAID's first funding recipients in the COVID-19 response and the

<sup>20</sup> The White House, "Memorandum on Order Under the Defense Production Act Regarding the Purchase of Ventilators," April 2, 2020. Under the act, HHS finalized contracts to produce or acquire more than 41,000 ventilators by the end of May 2020, and over 187,000 ventilators by the end of the year. The U.S. Government has committed to delivering more than 8,700 ventilators to 44 countries plus the North Atlantic Treaty Organization (NATO), and as of August 31, 2020, USAID had delivered over 5,200.

<sup>21</sup> "Guidance on the Process for Investing Supplemental Foreign Assistance Resources to Respond to the Pandemic of COVID-19," effective April 1, 2020, outlines the joint USAID and State Department approach to programming resources provided in these supplemental appropriations.

intended recipient of additional IDA funds in two early tranches. However, in mid-April 2020, concerns about WHO's COVID-19 management and information sharing prompted the White House to pause new obligations to and demand accountability from WHO.<sup>22</sup> This posture required USAID to revisit its response plans and identify other PIOs and implementers to carry out activities slated for WHO. By July 2020, the Agency reported that it identified WHO alternatives in 24 countries for new and existing awards worth approximately \$51.7 million—but also noted that the posture change has kept the Agency out of some discussions with international donors that have a different stance on WHO. In the coming year, it will be important for USAID to adapt to and identify new sources of trusted information, guidance, and implementing capacity for its global health programs, while finding ways to stay engaged in key discussions with the broader international community.

**Adjusting to Interagency Staffing Decisions.** Staffing decisions made outside of USAID continue to impact its ability to plan, implement, and monitor programs. As we reported in our fiscal year 2020 Top Management Challenges statement, other Federal agencies' staffing fluctuations in Afghanistan, Central America, Iraq, Syria, and West Bank and Gaza—often the result of unstable security—complicated USAID planning, including filling key positions and staffing offices to monitor and sustain ongoing activities. While staffing conditions in some settings have improved, USAID reported that decisions external to the Agency continue to hinder its ability to control staffing at the mission level. Notably, the State Department OIG's August 2020 audit found that State's 2019 approach to adjusting the number and composition of mission staff in Afghanistan and Iraq did not fully use existing procedures, guidance, or best practices identified from previous efforts, given the expedited manner in which assessments were conducted.<sup>23</sup> Moreover, the State Department OIG reported that the foreign policy priorities and strategic diplomatic objectives for each mission remained unchanged. The report concluded that just as the short timeframe and limited resources affected staffing decisions overall, these same factors precluded either mission from fully assessing and adjusting its strategic objectives to align with the prescribed staff reductions. Near the end of September 2020, congressional notifications were still pending for USAID posture adjustments in Afghanistan, Iraq, and West Bank and Gaza. Given the importance of staffing on USAID operations, we are conducting an audit of USAID's strategy for aligning its limited staff resources with high-risk and high-impact programmatic priorities in Afghanistan.

**Maximizing Use of Interagency Work Groups for USAID's Democracy, Human Rights, and Governance Programs.** In November 2019, we reported that USAID and the State Department coordinated planned and ongoing DRG programs, primarily in-country. For example, USAID DRG officials obtained feedback from their State Department counterparts on program design; USAID and the State Department conducted joint site visits to observe program activities; State Department officials were included on USAID DRG award selection committees; and USAID worked with the State Department to establish DRG work groups. The U.S. Government Accountability Office (GAO) similarly reported coordination between the two agencies on DRG programs, including establishing work groups.<sup>24</sup> However, not all missions have started up or sustained DRG work groups. GAO also reported that some work groups oriented around rule of law assistance (a component of DRG) did not include USAID representatives.<sup>25</sup> Without active and appropriately staffed DRG work groups, the agencies may miss opportunities for strengthening DRG coordination in the field and sharing best practices. USAID

<sup>22</sup> The White House, "President Donald J. Trump Is Demanding Accountability From the World Health Organization," April 15, 2020.

<sup>23</sup> State Department OIG, "Audit of the Department of State's Approach To Adjust the Size and Composition of U.S. Missions Afghanistan and Iraq" (AUD-MERO-20-38), August 2020.

<sup>24</sup> GAO, "Democracy Assistance: State Should Improve Information Sharing With Embassies" (GAO-20-173), January 28, 2020.

<sup>25</sup> GAO, "Rule of Law Assistance: Agency Efforts Are Guided by Various Strategies, and Overseas Missions Should Ensure that Programming Is Fully Coordinated" (GAO-20-393), June 9, 2020.

agreed with our recommendation to develop and issue interagency coordination guidance for Agency staff to promote and strengthen the use of DRG work groups in the field and expects to close the recommendation by the end of June 2021.

**Supporting Target Populations That Are Difficult To Reach Due to U.S. and Foreign Laws.** In some cases, legal requirements prevent USAID from supporting beneficiaries who would otherwise fit the profile of a targeted population or would most benefit from USAID's foreign assistance programs. This was the case with USAID's crime and violence prevention program in El Salvador. Specifically, U.S. and El Salvadoran laws prevented USAID from working with individuals at the highest risk of engaging in criminal and violent activity, including active gang members and chronic offenders associated with Mara Salvatrucha-13 (better known as MS-13), which the U.S. Government has identified as a transnational criminal organization and, as such, is prohibited from receiving U.S. foreign assistance. While the Treasury Department's Office of Foreign Assets Control granted USAID a 2-year license to include gang members as beneficiaries in its program, the approval process for obtaining the special authorization took about 2 years, substantially delaying implementing crime and violence prevention programs with the highest-risk group.

The State Department's Trafficking in Persons watchlist also influences some types of USAID assistance.<sup>26</sup> Near the close of fiscal year 2020, USAID was engaging with 30 Tier 2 countries and 13 Tier 3 countries, each encumbered with unique programmatic restrictions for USAID. In the coming year, USAID will need to continue to navigate interagency policies such as these to both advance USAID's foreign assistance mandate and promote broader U.S. Government economic and national security interests.

## **USAID Actions To Reconcile Interagency Priorities and Functions To Efficiently and Effectively Advance U.S. Foreign Assistance Objectives**

USAID continues to act within its authority to address interagency coordination challenges. USAID reported undertaking the following recent efforts:

- To improve coordination with the Defense Department, USAID had embedded personnel at the Defense Department's U.S. Africa Command and U.S. Special Operations Command. At the U.S. Africa Command, the USAID senior development advisor reports directly to the commander, compared to most other combatant commands that have USAID staff posted within the office that manages interagency coordination. USAID also reported providing training and briefings to military personnel deploying to Somalia. Coordination with other U.S. Government agencies that USAID reported includes mechanisms such as work groups and mission civil-military coordinators, who are tasked with strengthening effective engagement with the Defense Department to meet mutual objectives.
- In response to unstable security situations and policy adjustments for staffing, USAID said it adopted the practice of keeping Foreign Service assignments open, even if left vacant, to facilitate a staffing surge should conditions change. For example, in both West Bank and Gaza and Afghanistan, the Agency said it has not closed positions it has been unable to fill due to decisions made outside the Agency.
- As part of its effort to meet State Department-driven targets for local participation in PEPFAR programs, USAID reported that it consulted with its headquarters and mission staff, including mission directors, and international and local implementers and identified five risk areas to greater

<sup>26</sup> Congress enacted the Trafficking Victims Protection Act in 2000 to combat trafficking in persons. Consistent with the act, the State Department issues an annual report that places countries on one of four tiers. Tier 3 countries face funding restrictions based on the foreign governments' lack of antitrafficking efforts. Tier-2 watch list countries risk being moved to Tier 3 after 2 years without improvement.

local participation: (1) local partner capacity, (2) USAID staffing and oversight, (3) USAID policies and procedures, (4) communication and engagement, and (5) local context. The Agency is working to address these risk areas across its PEPFAR portfolio.

- USAID completed actions to close the three recommendations in our March 2019 Power Africa report that described barriers USAID faced in coordinating the initiative with other Federal agencies. Specifically, Power Africa updated its risk management approach to holistically manage the risk environment of Power Africa's portfolio, including creating reporting and compliance objectives and implementing other measures, such as incorporating Power Africa in its enterprise risk management process and holding discussions with senior leaders to assess, draft, and prepare a new risk profile.

### **Related OIG Products**

- "USAID/EI Salvador's Crime and Violence Prevention Programs Need To Focus More on High-Risk Individuals To Advance Security Goals" (9-000-20-00X-P), draft audit report issued September 11, 2020, pending final issuance in November 2020.
- "COVID-19 Information Brief: USAID COVID-19 Activity Update," Special Report, September 21, 2020.
- "Operation Inherent Resolve Lead Inspector General Report to the Congress," April 1, 2020, to June 30, 2020, Quarterly Report, published August 4, 2020.
- "Key Questions To Inform USAID's COVID-19 Response," Advisory Notice, May 21, 2020.
- "East Africa and North and West Africa Counterterrorism Operations Lead Inspector General Report to Congress," October 1, 2019, to December 31, 2019, Quarterly Report, published February 11, 2020.
- "Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs" (8-000-20-001-P), November 26, 2019.
- "Advisory Notice for USAID's Response to the Ebola Virus Disease Outbreak in the Democratic Republic of the Congo," Advisory Notice, September 4, 2019.
- "Power Africa Coalesced Energy Efforts but Lacked Portfolio-Wide Risk Management and Consistent Measures of Progress" (4-698-19-001-P), March 7, 2019.
- "Lessons From USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework" (9-000-18-001-P), January 24, 2018.
- "Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response" (9-000-18-002-P), January 24, 2018.
- "Ebola Experience Highlights Opportunities To Strengthen USAID's Award Process and Reprogram Funds" (9-000-17-001-P), December 27, 2016.



*In partnership with UNICEF, USAID and implementers hold sessions to educate Myanmar factory workers on COVID-19 prevention. Photo: UNICEF/Thailand (June 11, 2020)*

## Chapter 4.

### Addressing Vulnerabilities and Implementing Needed Controls in Agency Core Management Functions

***Award, financial, information, and human capital management are top management challenges reported Governmentwide. Without these core business practices and systems properly functioning, Federal agencies, including USAID and the other entities we oversee, cannot effectively and efficiently execute their missions. Ongoing efforts to address these management gaps have been exacerbated by the pandemic's evolving conditions.***

A Federal agency's ability to carry out its mission and ensure effective stewardship of Federal funds depends on the integrity and reliability of its core business practices and systems. Other safeguards—no matter how well they are designed and implemented—will not work effectively without them. USAID's progress in strengthening its controls over core management functions demonstrates the Agency's commitment to implementing sound controls. However, our recent audits and investigations show that gaps in USAID's controls remain. Meanwhile, the pandemic has altered how the Agency does business to protect staff, continue operations, and address the global threat, augmenting the challenges related to USAID's management of awards, finances, information, and human capital.

## Award Management

To implement its foreign assistance programs, USAID relies on contracts, grants, and cooperative agreements to implementers, including for-profit businesses, nonprofit organizations, and PIOs. These awards are central to USAID's business model. Without them, USAID would not have the staff, expertise, or capability to achieve its foreign assistance mandate, particularly in the nonpermissive environments USAID frequently works in and where its employees may have limited access. USAID's contracting officers and agreement officers, with the assistance of designated representatives in day-to-day monitoring and administration, bear the ultimate responsibility for ensuring the Agency's implementers comply with Federal regulations and meet agreed-upon award terms. The pandemic prompted USAID to enact flexibilities for expediting procurement and expanding work with new implementers to provide for a timely and scaled response. As USAID's employees face professional and personal challenges related to the pandemic, these new demands make it all the more important that programming and funding decisions and award management activities meet Government acquisition standards. Our work continues to identify deficiencies that risk programs falling short of achieving successful outcomes and point to challenges facing USAID in the upcoming year.

**Strengthening Adherence to Policies, Procedures, and Oversight Requirements for Effective Award Management.** Last year, we reported that approximately 43 percent of USAID's awards ending in fiscal years 2014 through 2016 achieved about half the expectations outlined in their initial awards. This shortfall stemmed from insufficient oversight, deviation from established policies and processes for award management, and poor recordkeeping practices. USAID concurred with our recommendations and has acted to address all of them by the end of fiscal year 2020. The Agency recognizes the need to maintain diligence for effective outcomes and states that it continues to improve accountability and award management based on our recommendations. Without these efforts, USAID will risk repeating previous shortcomings that can undermine the impact and integrity of USAID's mission.

Insufficient award management also creates opportunities for fraud. For example, an OIG investigation exposed fraud and conflicts of interest affecting a \$4.7 million USAID-funded agriculture program in Uganda. OIG's investigation uncovered a conflict of interest involving consultancy contracts awarded to the implementer's former chief of party as well as evidence that the project accountant falsified records in order to substantiate payments. In January 2020, the implementer responded by instituting various organization-wide process improvements, including antibribery policies and revising and updating policies for reporting ethical misconduct, whistleblower protection, conflicts of interest, and document retention. Two other multiyear investigations revealed extensive fraud and abuse by an implementer of multiple USAID grants and contracts. The implementer's senior leadership intentionally charged unallowable costs to its indirect accounts, including the funding of lavish off-site retreats, unallowable public relations costs designed solely to promote the organization, and large year-end bonuses for senior managers at the organization. We questioned \$17.3 million in direct and indirect costs incurred by the implementer between 2009 and 2014; in February 2020, USAID issued a bill of collection to the implementer for \$5.5 million of the incurred costs.

**Prudently Managing Pandemic-Related Procurement and Reporting Flexibilities Instituted To Provide Rapid Response.** New procurement flexibilities for the pandemic response temporarily waive requirements for competition, source, and nationality of goods and services, and temporarily

expand procurement and purchasing capabilities of non-U.S. direct-hire personnel.<sup>27</sup> Federal guidance provides additional temporary relief for administrative, financial management, and audit requirements.<sup>28</sup> These measures, which enable USAID to act swiftly and offset risks its implementers may face during a public health emergency of international concern, require a different approach to fiscal prudence. For example, USAID acknowledges the need to implement controls to ensure that operating units do not use procurement flexibilities to extend poorly performing programs; sign agreements with unqualified recipients; or circumvent competition, source, and nationality requirements for ineligible programs, goods, and services. The Agency also recognizes the need to provide training and supervisory oversight for staff taking on new procurement-related responsibilities. USAID reported working to publish clear and effective guidance on programming and funding processes for staff and implementers and has released supplemental information where existing guidance is incomplete. However, the shifted and constrained management structure of staff working from alternate locations under new expectations and evolving guidance will continue to challenge USAID oversight and may increase risks of introducing inefficiencies by well-meaning staff and fraud by bad actors who seek to exploit the crisis for personal gain.

For example, prior to the pandemic, our investigation confirmed that multiple Foreign Service National employees at USAID's Southern Africa mission were involved in a contract-steering conspiracy. One employee registered a shell company that received 10 USAID contracts over the course of 4 years valued at more than \$150,000. Two additional employees knowingly fabricated quotes, invoices, and reports in support of the scheme. The three confessed to taking kickbacks on contracts awarded to the shell company and admitted that USAID received little to no goods under these contracts. In November 2019, following an OIG referral, USAID terminated employment for the three conspirators for fraud and theft, while a fourth individual implicated in the investigation resigned in lieu of termination.

Other instances of procurement fraud have resulted in numerous USAID and implementer staff terminations and resignations. One investigation in Liberia found that implementer employees steered over \$1.5 million of the \$9.5 billion GHSC-PSM award to a vendor with falsified documentation. In Nepal, a Foreign Service National and an employee of a USAID GHSC-PSM contractor were implicated in improperly disclosing procurement-sensitive information for a USAID-funded subaward to a prospective bidder. In Zambia, OIG substantiated allegations that the lead engineer of an implementer under the GHSC-PSM award violated the implementer's conflict of interest policy and shared procurement-sensitive information with a prospective vendor.

***Enhancing Verification of Implementer Controls To Decrease Risk of Diversion of Resources to Terrorist Groups and Criminal Actors.*** USAID relies on implementers to provide food, sanitation facilities, clean water, and other emergency supplies to people displaced by regional conflict—such as those displaced in Africa's Lake Chad region, which has become a protracted humanitarian crisis. To safeguard these resources and keep them from falling into the wrong hands, implementers are expected to screen beneficiaries, store commodities in secure warehouses, and confirm the identity of beneficiaries at distribution points. However, USAID does not require implementers to provide post-distribution monitoring reports for Agency review, limiting USAID's ability to verify that implementers complied with these expectations. While our review of a sample of post-distribution monitoring reports from 2015 to 2017 did not find diversion to terrorists, our review revealed instances where beneficiaries had given USAID-funded commodities away to unintended recipients.

<sup>27</sup> The USAID Administrator communicated these authorities through "Expedited Procedures Package (EPP) for Responding to Outbreaks of Contagious Infectious Disease," approved March 24, 2020, and "Reinforcing the Capabilities of Our Foreign Service Nationals During the COVID-19 Pandemic," Executive Message sent April 10, 2020, which included locally employed staff and cooperating country/third-country national personal service contractors.

<sup>28</sup> OMB, "Administrative Relief for Recipients and Applicants of Federal Financial Assistance Directly Impacted by the Novel Coronavirus (COVID-19) Due to Loss of Operations" (M-20-17), March 19, 2020.

Non-Federal audits further indicate that USAID cannot always depend on its implementers' plans to meet antiterrorism requirements. Specifically, non-Federal auditors have performed at least 15 audits of USAID-funded activities in countries—including Ethiopia, Kenya, Nigeria, and South Africa—over the past 2 years that reported USAID implementers were not applying key controls to prevent the diversion of USAID resources to terrorists.

## Financial Management

Like all Federal agencies, USAID requires effective and efficient financial management to ensure it maximizes its resources. USAID has made notable progress resolving challenges that have repeatedly affected the integrity of its financial statements. For example, USAID reconciled its longstanding multimillion-dollar fund balance with the Treasury Department. In addition, USAID used most of its appropriated funds facing statutory expiration or cancellation between fiscal years 2016 to 2018 prior to required deadlines, letting approximately .02 percent to expire and .53 percent to be cancelled during the period we tested. However, USAID faces other challenges related to financial management.

**Completing Administrative Closeout When Grants End.** Congress requires Federal agencies to improve fiscal responsibility by closing out expired grants. The Agency must confirm that required payments have been made, audits have been completed, deliverables have been received, and unspent funds have been returned to the Treasury Department or reprogrammed for other authorized purposes. Yet, the Agency has a high risk of delayed grant closeout because of weaknesses with communication, procedures, deobligation of awards, documentation, and employee training and certification. Notably, USAID's grant closeout procedures did not align with timelines in Federal regulations, and the Agency had nearly \$261 million to finalize tied to over 4,000 expired grants as of January 2020. We made nine recommendations to address these weaknesses, which USAID said it will be working to address through March 2021. As part of our audit of USAID's 2019 financial statements, we made a related recommendation to determine if \$32 million associated with obligations where a disbursement had not been made in over 3 years should be deobligated or returned. USAID agreed and reported taking final action by the end of September 2020.

**Meeting Internal Control and Compliance Standards for Charge Card Spending.** Our oversight of USAID's purchase card and travel card programs has shown that USAID's policies and procedures, internal controls, and compliance with laws and regulations—along with actions to address prior recommendations—have led to a low risk of improper purchases and payments. Purchases and payments under these programs totaled \$67.3 million for USAID in fiscal year 2019. Implementing effective and efficient risk mitigation measures in this area will help the Agency ensure it continues to prevent charge card holders from making illegal, improper, or erroneous purchases and payments.

Our oversight of MCC's comparable programs, on the other hand, demonstrates the outcomes of less effective risk mitigation. For example, we found that MCC's risk of improper purchases and payments increased from low to moderate in its fiscal year 2018 programs and remained unchanged for its fiscal year 2019 programs due to noncompliance with MCC's travel and charge card policies and procedures and violations of the Federal Travel Regulation. Examples include claiming travel and cash advances that were unsupported by valid business needs and being improperly reimbursed for early check-in fees. We made six recommendations to address these concerns, two related to fiscal year 2018 programs that are resolved but open pending review of final action for closure and four related to fiscal year 2019 programs that MCC plans to close in the upcoming fiscal year. In addition, our July 2020 report noted challenges with controls specifically over MCC's use of premium travel. The audit team estimated that MCC spent over \$10 million more on premium travel than if the agency had used the lower-cost coach

fare and determined that 73 percent of MCC's total travel costs were for premium travel. In fiscal year 2019, premium travel usage at MCC (44 percent) was substantially higher than at the State Department (3 percent) and USAID (2 percent). Further, despite having policies in place to ensure compliance with the Federal Travel Regulation, we noted instances where controls were not effective in preventing waste and abuse. For example, auditors found instances where MCC staff overrode policies that required the use of coach; use of premium class travel was not justified; approvals were made by those who lacked authority; and travelers did not report to work the day following arrival and inappropriately collected per diem. We made four recommendations to MCC to address the internal control weaknesses and noncompliance. The recommendations have been resolved but are open pending final action.

With USAID staff and implementers facing unprecedented pandemic-related travel for authorized departure and return to post, continued diligence over the Agency's purchase card and travel card programs will help keep the risks of improper purchases and payments low. The Agency has released periodic guidance to staff to mitigate risks and prevent unauthorized spending. In accordance with the Government Charge Card Abuse Prevention Act of 2012 (the Charge Card Act), Public Law 112-194, we will be conducting a risk assessment of USAID's purchase card program. We will also be conducting an audit of USAID's travel card program for fiscal year 2020 because the Agency's historical spending in this area exceeds \$10 million.

## Information Management

USAID depends on sound information systems for all facets of business, from tracking budgets and managing award documentation and performance to connecting staff and implementers around the world. Federal law requires agencies to develop, document, and implement an information security program to protect their information and information technology (IT) systems, including those provided or managed by another agency, contractor, or source. USAID reports being an IT leader among Federal Government agencies and notes that its efforts to improve information systems and security have earned the Agency the highest commendation awarded on the House Committee on Oversight and Reform's Federal Acquisition Reform Act Scorecard. However, the Agency's expanded telework policies to protect the health and safety of staff during the pandemic increase risks to the Agency's information systems and call for additional diligence—in June 2020, the Chief Information Officer reported a 400 percent increase in cyberattacks on USAID since the start of the pandemic.

As USAID works to meet past challenges, our recent work raises ongoing and emerging concerns facing USAID in the upcoming year.

**Enhancing Employee Access to Information for Project Management.** Our audits continue to identify limitations on the availability of data, a top management challenge for USAID that we have reported for several consecutive years. Recent examples include the following:

- **Health Systems Strengthening.** USAID did not track health systems strengthening progress at the country level or results across missions. Furthermore, it did not have a reliable system to track missions' budgeting or spending on those activities. These limitations affected USAID's ability to assess the success of activities for strengthening health systems—a critical metric in light of the pandemic—or understand where additional guidance and support were needed across missions. USAID has taken action to improve budget tracking but needed more time than planned to improve tracking country-level progress and was still working toward final action on the recommendation.

- **Pakistan Education Program.** USAID chose not to report on some indicators for its education program in Pakistan because of difficulty gathering or presenting the data. Partial use of performance measurement and other key oversight mechanisms such as site visits, program reports, and cost estimate reviews hindered the mission's ability to ensure accountability for results.
- **Agency-Wide Information Systems.** USAID reported that it is working to build and deploy a consolidated Development Information Solution (DIS) system, which is intended to help missions manage performance monitoring and budgeting across program areas and reduce redundancies in reporting systems. Notably, in 2018 USAID pointed to this system as the fix for data limitations we identified with the Agency's response to the 2014 Ebola outbreak in West Africa and with its management of construction projects under cooperative agreements and grants around the world. After encountering numerous development delays with the system, USAID said seven missions were using DIS on a pilot basis by August 2020 and announced in October 2020 that the system would be deployed globally in the upcoming fiscal year. Eventually, DIS will be used by every mission, bureau, and independent office in the Agency. USAID notes that the success of DIS depends on Agency-wide commitment to integrate the system fully into daily work and operations, use the data collected through DIS to inform project design and strategic programmatic decisions, and retire existing legacy systems. Given the importance of this system to USAID's information management responsibilities, we are overseeing a contracted audit to assess USAID's progress in achieving its DIS goals.

**Strengthening USAID's Information Security Program and Practices for Improved Effectiveness.**

The Federal Information Security Modernization Act of 2014 (FISMA) requires OIGs to evaluate their respective agency's information security program and practices every year. For fiscal year 2019, we reported that while USAID generally implemented an effective program, the Agency had weaknesses in areas related to its operating environment, including weaknesses in documenting user approvals, updating hardware inventory policies, and monitoring and reviewing privacy controls. USAID's Chief Information Officer updated its Cyber Security Asset Management tool and updated and implemented its system development life-cycle process description document in response to two of our recommendations. However, other recommendations from our fiscal year 2019 report remain open, and some related issues on preventing unauthorized access to USAID's financial management system reported in our 2019 financial statement audit carried over to the current year audit.

Control weaknesses in information security programs and practices were identified for the three other foreign assistance agencies we oversee. For example, IAF had not maintained an accurate system inventory, prepared a business impact analysis, provided specialized training, and fully implemented multifactor authentication—which are all FISMA requirements. USADF continued to work to configure system management and maintain documentation for user account reviews. Auditors also found weaknesses in MCC's information security program and practices related to risk management, data protection and privacy, and timely review and updating of policies and procedures. Control gaps such as these potentially exposed IAF, USADF, and MCC's information and information systems to unauthorized access, use, disclosure, disruption, modification, or destruction.

**Addressing Technology-Related Security Risks.** USAID operates a set of web-based applications that include email, shared calendars, and videoconferencing as well as tools and software to create, edit, store, and share documents over the Internet. Currently, USAID employees can use their personal devices or Government-issued devices when working remotely, which increases the risk that hackers could misuse the system or harm USAID's operations, depending on how staff configure security access controls on their personal devices. USAID acknowledged the increased risk—particularly amid the pandemic with expanded telework flexibilities—and has acted to close three of our recommendations to protect information available in the Agency's external cloud system when staff connect to it through

their personal devices. USAID plans to take final action on the last recommendation calling for a risk assessment and mitigation plan by March 2021.

Another technology-related challenge USAID faces in the coming year is complying with Section 889 of the National Defense Authorization Act of Fiscal Year 2019, which prohibits U.S. Government agencies and implementers from procuring or using certain telecommunications equipment or services. In following the act, USAID learned that covered technologies are frequently present in local Internet service providers, cell phone carriers, and landline-phone service providers in the countries where USAID and its implementers operate. The act also restricts the entities that departments and agencies can contract with and the equipment, services, and systems that they can buy. However, the act allows for the head of a department or agency to grant waivers for acquisitions for a period through August 2022 if certain significant prerequisites are fulfilled. In September 2020, USAID updated Agency policy to clarify the process for obtaining waivers for covered equipment.<sup>29</sup> In addition, USAID announced approval to extend a waiver for Internet and phone services through September 2022, the point by which contractors will need to phase out the use of covered technology to continue doing business with USAID.

## Human Capital Management

Maintaining a workforce with the capabilities and performance needed to accomplish its mission has been an ongoing challenge for USAID rooted in staff vacancies and outdated workforce plans. Notably, in the last 10 years, about one-third of our performance audits identified staffing or training as a cause of or factor that contributed to reported shortcomings—shortcomings that affect USAID’s ability to carry out its development and humanitarian assistance mission. We have also reported on the Agency’s structural transformation, a hefty undertaking initiated in 2017 that is still ongoing.

**Implementing a Strategic Workforce Plan.** USAID acknowledges staffing challenges and issued an interim strategic workforce plan in February 2020 to guide the Agency through fiscal year 2022. According to USAID, the goal of the interim plan is to align the Agency’s human capital program with current and future goals, and to inform priorities for acquiring, developing, allocating, and retaining staff. USAID also reported that it is supplementing the interim plan with data-driven “talent analytics,” which will provide the Agency with human capital data to plan, implement, and evaluate workforce strategies and drive decision making through interactive dashboards and automated reporting. According to USAID, revisions to the Agency’s 2016 workforce planning model are also underway to help strategically allocate and align domestic and overseas staff and resources with USAID’s mission and critical priorities, and the next iteration of the workforce strategy is in the works with consideration for safe reintegration in the COVID-19 environment. Until these steps are fully implemented, workforce planning will remain a critical priority for USAID. Notably, GAO’s prior recommendation to the USAID Administrator to ensure that the Agency completes a strategic workforce plan to support its reform efforts remained open past September 30, 2020.<sup>30</sup> We have an ongoing audit of USAID’s human capital hiring mechanisms to identify any gaps in USAID’s policies, procedures, and plans that could affect its ability to meet congressionally mandated staffing goals, and to assess USAID’s efforts to identify and target Agency-wide skill deficiencies.

**Safely Reintegrating Its Workforce.** USAID has developed plans and procedures to guide the reentry of its domestic and overseas workforce as pandemic conditions allow over the coming months. For

<sup>29</sup> ADS chapter 302, “USAID Direct Contracting and Mandatory Reference: ADS 302mbp, Waivers for Covered Telecommunications and Video Surveillance Services or Equipment under FAR 4.2104.”

<sup>30</sup> GAO, “USAID Reform: Efforts Address Most Key Practices but Could Improve in Performance Assessment and Strategic Workforce Planning” (GAO-19-609), September 11, 2019.

domestic operations, USAID followed GAO's key considerations by (1) making decisions about reentry based on local conditions, (2) communicating continuously with employees, (3) having appropriate measures in place to protect employees, and (4) implementing social distancing strategies. For overseas operations, USAID followed State Department direction, which also uses a phased approach following criteria based on evolving local conditions, for returning staff to the workplace. USAID has made the health and safety of its personnel among its highest priorities during the pandemic and stated that it will continue to do so. However, USAID will need to ensure that its plans and procedures are effectively implemented and remain flexible to manage evolving conditions and balance short-term precautions with the Agency's long-term needs. Following the deactivation of its COVID-19 Task Force, USAID established the Readiness Unit in September 2020 to continue the task force's role in comprehensively managing and addressing safety, security, and continuity of operations as it responds to the pandemic. USAID anticipates transitioning these roles to the Bureau for Management by December 31, 2020.

**Completing Longstanding Efforts for the Agency's Structural Transformation.** For the past several years, USAID has been working to implement its structural transformation plans that stemmed from a 2017 Executive order and subsequent OMB requirements.<sup>31</sup> The intent, according to USAID, is to create a more field-oriented, functionally aligned, and responsive Agency capable of ending the need for foreign assistance. In 2018, USAID set out to implement changes to the Office of the Administrator and seven bureaus carved from its existing organizational structure.<sup>32</sup> By the end of September 2020, USAID had received congressional approval to proceed with proposed changes to the Office of the Administrator and five of the bureaus. However, Congress had yet to approve changes for the Bureaus for Management and Policy, Resources, and Performance, which USAID had submitted for approval in August 2018. In addition, USAID formally notified Congress in August 2020 of plans to restructure the Bureau for Global Health—the Agency's largest technical bureau and, according to USAID, the only one that had not explored reorganization as part of transformation efforts. Seeing its multiyear structural transformation to completion will continue to be a complex endeavor with widespread impact on USAID's staff and programming.

**Mitigating the Consequences of Staff and Leadership Vacancies on Program Implementation** Education programs in Pakistan experienced significant delays, in part because of leadership and staff turnover. For example, the Centers for Advanced Studies Project saw delays in creating graduate program courses and establishing a national water and energy clearing house for policy research and ideas because key personnel were not in place. Similarly, the Democracy, Human Rights, and Governance director positions at USAID missions in Georgia and Kosovo were vacant for extended periods. Long gaps in leadership affected the quality of USAID's work and may have been interpreted by local stakeholders as a lack of respect and commitment. Medical evacuations and assignment curtailments were among reasons cited for extended vacancies. Moreover, USAID and implementers have reported widespread effects on staff and operations across the globe resulting from pandemic-driven post departures, expanded workplace flexibilities, and other challenges. According to recent Agency reports, nearly two-thirds of USAID's missions reported reduced personnel capacity, and 2 percent reported that personnel capacity had ceased or was significantly restricted due to the pandemic.

<sup>31</sup> In March 2017, the President issued Executive Order 13781, "intended to improve the efficiency, effectiveness, and accountability of the executive branch." A month later, OMB followed up with Memorandum M-17-22, requiring Executive Branch agencies, including USAID and the State Department, to submit reform plans and workforce plans to OMB by September 2017. In response, USAID helped develop a joint State-USAID reform plan and produced a USAID supplemental reform plan that focused on internal issues, including structural transformation of key offices and bureaus.

<sup>32</sup> The seven bureaus are the Bureaus for Humanitarian Assistance; Resilience and Food Security; Conflict Prevention and Stabilization; Policy, Resources, and Performance; Development, Democracy, and Innovation; Asia; and Management.

**Preventing the Chilling Effects of Whistleblower Retaliation and Nondisclosure Agreements on Fraud Reporting.** Whistleblower retaliation, or the threat of retaliation, against employees of USAID implementers can discourage the disclosure of fraud and other misconduct that may take place in program areas where large amounts of program money are involved. Between 2018 and 2020, we recorded a 21 percent increase in whistleblower retaliation allegations and a 28 percent increase in new related investigations. In an August 2020 referral to USAID involving whistleblower retaliation allegations against one implementer, we reiterated the Agency’s role and legal ability to seek corrective action to address personnel actions taken out of reprisal. While the Agency remains committed to upholding employee integrity and reminded staff of statutory protections against reprisal contained in legislation and the USAID Standards of Conduct, the Agency would further benefit by clarifying to its implementers that retaliating against employees who seek to bring allegations of fraud, waste, abuse, or other misconduct within the performance of USAID’s awards is unacceptable. Relatedly, we discovered that some USAID implementers still require staff to complete nondisclosure agreements or comply with related policies barring the reporting of misconduct outside of the organization. Such policies are prohibited and may silence personnel who fear adverse consequences for reporting fraud or misconduct, including SEA, directly to USAID or OIG, rather than through internal mechanisms.

## **USAID Actions To Address Vulnerabilities and Implement Needed Controls in Core Management Functions**

USAID continues to work to strengthen its core management functions. In addition to actions noted above, USAID reported undertaking the following efforts:

- USAID includes risks related to core business practices in its Agency Risk Profile. These topics are routinely monitored, discussed, and evaluated at the senior-leadership level to ensure the Agency does not lose sight of critical risk areas and associated mitigating actions for its core business practices.
- USAID reported a number of actions taken to strengthen award management and the position of its contracting and agreement officers and their representatives based on our audit findings and recommendations. Efforts include expanded training, improved record-keeping requirements, and clarified policies and procedures. In addition, the Agency has established its Bureau for Policy, Planning, and Learning as the institutional home for contracting and agreement officer’s representatives to lead the effort to strengthen and support this workforce cadre. The Agency has also reported aligning its obligations control in the Global Acquisition and Assistance System with a check against critical files being available in the electronic files in the Agency Secure Image and Storage Tracking System (ASIST); if the documents are not present, the system will not allow for an obligation. USAID stated that this process, launched in October 2019 for preaward documents and in May 2020 for modifications, has led to a dramatic improvement for file compliance rates in ASIST to better position the Agency for successful file audits.
- USAID reported improvements in reconciling intragovernmental transactions, a previously reported significant deficiency to the Agency’s financial statements. Through its work to find answers to differences that occur when Federal agencies use different accounting methods for shared transactions, USAID determined that some differences can be explained but not eliminated. Where action can be taken—as with the largest difference accounting for 27 percent or \$124.8 million between USAID and the State Department—USAID established a work group that reports progress tracking differences and seeks solutions to root causes. USAID has completed research on an additional \$20 million difference and is awaiting approval from OMB to approve the plan to eliminate the difference.

- USAID identified additional measures to safeguard assistance awards in humanitarian settings. For example, USAID implementers are required to report all violations of Federal criminal law involving fraud, bribery, or gratuity violations potentially affecting the Federal award.<sup>33</sup> USAID’s Bureau for Humanitarian Affairs said it further requires implementers to report on developments which have a significant impact on the activities supported by their awards, which could include misuse of funds.
- USAID made changes to align operations with the Federal Information Technology Acquisition Reform Act (FITARA). Last year, we reported that USAID had not fully met several provisions of FITARA. In 2020, USAID restructured the Chief Information Officer’s reporting relationship, adding responsibility to report to USAID’s Administrator for purposes of decision making and overall job performance—to meet statutory requirements—along with reporting to the Assistant Administrator for Management on day-to-day general operations. Additionally, USAID implemented policies to give the Chief Information Officer budgetary responsibility over IT budgeting and spending. With those accomplishments, all OIG recommendations from our 2018 audit on FITARA are now closed.
- To strengthen information security, USAID reported deploying the full range of its capabilities to educate staff and enforce procedures to limit the use of nonofficial electronic systems to conduct official business. This includes official policies, annual training, Agency-wide communications, and reminders, as well as taking enforcement action when the Agency learns that staff are not following the rules. USAID conducts periodic audits of staff who are known to have received approval to forward record content to an official USAID electronic-messaging account, and investigates any cases that come to the Agency’s attention.

## Related OIG Products

- “USAID Has Gaps in Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa’s Lake Chad Region” (4-000-21-001-P), October 15, 2020.
- “Assessment of MCC’s Fiscal Year 2019 Charge Card Programs Identified a Moderate Risk of Improper Purchases and Payments” (0-MCC-20-013-C), September 25, 2020.
- “OIG Letter to Chairman Connolly on USAID Reopening Plans,” August 6, 2020.
- “Assessment of USAID’s Charge Card Programs Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2019” (0-000-20-010-C), July 31, 2020.
- “USAID’s Use of Appropriated Funds Prior to Expiration and Cancellation,” Advisory Notice, July 27, 2020.
- “USAID’s Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results” (5-391-20-001-P), July 22, 2020.
- “Enhanced Controls Are Needed To Ensure the Cost-Effectiveness of MCC Travel and Prevent Waste and Abuse” (0-MCC-20-012-C), July 10, 2020.
- “USAID Needs To Improve Policy and Processes To Better Protect Information Accessed on Personal Devices” (A-000-20-006-P), June 19, 2020.

<sup>33</sup> Code of Federal Regulations, Title 2, Part 200, Section 113, “Mandatory Disclosures,” and ADS Reference 303mab, “Standard Provisions for Non-U.S. Nongovernmental Organizations,” section M26, “Mandatory Disclosures.”

- “USAID Complied With the GONE Act but Still Has a High Risk of Delayed Grant Closeout” (0-000-20-002-C), March 31, 2020.
- “USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2019 in Support of FISMA” (A-000-20-005-C), February 7, 2020.
- “IAF Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2019” (A-IAF-20-004-C), January 24, 2020.
- “USADF Has Generally Implemented Controls in Support of FISMA for Fiscal Year 2019” (A-ADF-20-002-C), December 19, 2019.
- “Additional Actions Are Needed To Improve USAID’s Democracy, Human Rights, and Governance Programs” (8-000-20-001-P), November 26, 2019.
- “Audit of USAID’s Financial Statements for Fiscal Years 2019 and 2018” (0-000-20-006-C), November 19, 2019.
- “Assessment of MCC’s Fiscal Year 2018 Charge Card Programs Shows Risk of Improper Purchases and Payments Has Increased to Moderate” (0-MCC-20-003-C), November 18, 2019.
- “MCC Generally Implemented an Effective Information Security Program for Fiscal Year 2019 in Support of FISMA” (A-MCC-20-001-C), November 12, 2019.
- “More Guidance and Tracking Would Bolster USAID’s Health Systems Strengthening Efforts” (4-936-20-001-P), October 21, 2019.
- “USAID’s Award Oversight Is Insufficient To Hold Implementers Accountable for Achieving Results” (9-000-19-006-P), September 25, 2019.
- “USAID Lacks Data To Inform Decisions About Construction Under Cooperative Agreements and Grants” (9-000-19-003-P), February 11, 2019.
- “USAID Has Gaps in Conforming With the Federal Information Technology Acquisition Reform Act” (A-000-19-004-C), November 9, 2018.
- “Lessons From USAID’s Ebola Response Highlight the Need for a Public Health Emergency Policy Framework” (9-000-18-001-P), January 24, 2018.

# SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

The Office of Management and Budget (OMB) requires all Federal departments and agencies to prepare Table 1 (Summary of Financial Statement Audit) and Table 2 (Summary of Management Assurances). Table 1 shows that the independent auditor for the U.S. Agency for International Development (USAID) gave the Agency an unmodified opinion on the financial statements with no material weaknesses. Table 2 indicates

that the Agency has an unmodified Assurance Statement under the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA) with no Agency internal control material weaknesses. These tables correspond with the information presented in the Management's Discussion and Analysis (MD&A) Section and Financial Section of the report.

**TABLE 1. SUMMARY OF FINANCIAL STATEMENT AUDIT**

**Audit Opinion: Unmodified**

**Restatement: No**

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 2. SUMMARY OF MANAGEMENT ASSURANCES**

**Effectiveness of Internal Control over Financial Reporting (FMFIA § 2)**

**Statement of Assurance: Unmodified**

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Effectiveness of Internal Control over Operations (FMFIA § 2)**

**Statement of Assurance: Unmodified**

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
<b>Total Material Weaknesses</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

*(continued on next page)*

## TABLE 2. SUMMARY OF MANAGEMENT ASSURANCES (continued)

### Conformance with Federal Financial Management System Requirements (FMFIA § 4)

Statement of Assurance: Federal systems conform to financial management system requirements

Non-Compliances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Compliances	0	0	0	0	0	0

### Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)

	Agency	Auditor
1. Federal Financial Management System Requirements	No Lack of Compliance Noted	No Lack of Compliance Noted
2. Applicable Federal Accounting Standards	No Lack of Compliance Noted	No Lack of Compliance Noted
3. USSGL at Transaction Level	No Lack of Compliance Noted	No Lack of Compliance Noted

## DEFINITION OF TERMS

**Beginning Balance:** The beginning balance must agree with the ending balance from the prior year.

**New:** The total number of material weaknesses/non-conformances identified during the current year.

**Resolved:** The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.

**Consolidated:** The combining of two or more findings.

**Reassessed:** The removal of any finding not attributable to corrective actions (*e.g.*, management has re-evaluated and determined that a finding does not meet the criteria for materiality or is redefined as more correctly classified under another heading).

**Ending Balance:** The year-end balance that will be the beginning balance next year.

# PAYMENT INTEGRITY

The Improper Payments Information Act (IPIA) of 2002, (Public Law [P.L.] 107-300), as amended, requires Federal departments and agencies to review their programs annually to identify those susceptible to significant improper payments, as well as to conduct payment-recapture programs. The Improper Payments Elimination and Recovery Act (IPERA, P.L. 111-204), signed into law in July 2010, amended the IPIA and repealed the Recovery Auditing Act (Section 831 of the 2002 Defense Authorization Act, P.L. 107-107). In January 2013, the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 (P.L. 112-248), further amended the IPIA. All remaining references in this disclosure to the term “IPIA” will mean the IPIA as amended by the IPERA and IPERIA. Most significantly, IPERIA expanded the term “payment” to refer to all payments except intragovernmental transactions. It also codified the ongoing efforts of the Office of Management and Budget (OMB) to develop and enhance the U.S. Government’s Do Not Pay Initiative (DNP), which included the creation of a centralized DNP list for Federal departments and agencies to check prior to disbursing payments. The U.S. Agency for International Development (USAID) defines its programs and activities in alignment with the manner of funding received through appropriations, that are further subdivided into funding for global operations.

USAID is dedicated to reducing fraud, waste, and abuse by reviewing and reporting programs susceptible to improper payments under the IPIA and OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*. USAID has taken significant steps to reduce and eliminate the Agency’s improper payments through comprehensive annual reviews of internal controls and the substantive testing of payments. Each year, USAID delivers basic and advanced training courses on voucher-examination to its staff in Washington and at global Missions. These courses include sessions about the characteristics of improper payments and process controls to reduce and eliminate them. As a result, staff exercise the highest degree of quality control

in the payment process, and the Agency holds them accountable for improper payments.

Appendix C requires all Federal departments and agencies to determine if the risk of improper payments is significant, and to provide statistically valid annual estimates of improper payments when the amount in any program exceeds OMB-established thresholds.

An “improper payment” is defined as any payment that a department or agency should not have made, or that a department or agency made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. “Incorrect amounts” are overpayments or underpayments made to eligible recipients that include inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, and duplicate payments. An improper payment also includes any payment made to an ineligible recipient, for ineligible goods or services, or payments for goods or services not received, except for such payments authorized by law.

Each year USAID responds to a data call from OMB regarding improper payments. Further detail about improper payments is available at <https://paymentaccuracy.gov/>. USAID’s reporting on improper payment beginning in fiscal year (FY) 2003 appears in Agency Financial Reports (AFRs) available at <https://www.usaid.gov/results-and-data/progress-data/agency-financial-report>.

## I. ASSESSING RISK

USAID assessed the risk of improper payments in all program areas in FY 2019 and FY 2020. USAID is in the third year of a three-year risk-assessment cycle. On March 6, 2020, President Donald J. Trump signed the Coronavirus Preparedness and Response Supplemental Appropriations Act 2020. This Act provided an additional \$250 million for the Economic Support Fund (ESF) account, \$435 million for

the Global Health Programs (GHP-USAID) account—of which \$200 million is to be merged with the Emergency Reserve Fund for Contagious Infectious-Disease Outbreaks (ERF-USAID)—and \$300 million in International Disaster Assistance (IDA) for the U.S. Department of State (State) and USAID’s COVID-19 global response. Therefore, the Agency incorporated an additional metric to assess program risks and identification of improper payments for COVID-19 reporting in FY 2020. The next scheduled risk assessment is planned for FY 2021.

## II. USAID MANAGEMENT FRAMEWORK FOR PAYMENT INTEGRITY

USAID conducts operations in more than 100 countries and maintains an accounting and payment system that allows for payments in both U.S. dollars and foreign currencies. Trained, authorized officers certify all the Agency’s payments, whether processed by USAID or State on behalf of USAID. USAID minimizes improper payments by integrating its internal control system with the payment business process. The Agency’s management of improper payments builds on the concepts of prevention, detection, and response. The framework is a continuously improving process of addressing internal-control components to ensure efficient and effective payment operations; reliable reporting on payments; and legal compliance with payment terms, laws, and regulations, with the ultimate goal of safeguarding U.S. Government assets during the payment process.

USAID has a rigorous payment process supported by extensive core financial systems, financial management, and procedural controls. USAID’s policy requires a pre-payment review of work performed, whenever feasible, and a post-payment review for all other payments. For example, in Washington, D.C., and at overseas Missions, staff review invoices first for potential duplicate

submissions, then record proper invoices in a secure online system for storing and imaging documents to establish an approval workflow that ensures review, approval, and routing in the financial system. Controls built into the routing process enable contracting representatives to disallow all or part of a payment, as appropriate. Administratively approved invoices flow automatically to a voucher examiner for review. In accordance with USAID’s policy, examiners determine whether a valid obligation exists, verify the payee’s details, confirm the mathematical accuracy of the vendor invoice, and confirm that the payment is in accordance with applicable laws and regulations.

Payments approved by the voucher examination section receive a final review by a certifying officer, who is personally accountable for the propriety of payments. USAID’s extensive process for pre-payment control minimizes the likelihood of improper payments, and has reduced improper payments worldwide, both in the number of incidents and in the total dollar amount. In the 12-month period that ended on June 30, 2020, USAID-funded payments were \$13.83 billion, with \$3.1 million in improper payments, an improper-payment rate of 0.000230, or .023 percent.

## III. RECAPTURE OF OVERPAYMENTS

To complement its extensive pre-payment controls, USAID has implemented a series of post-payment activities to satisfy audit requirements for recapturing payments. USAID has determined that it is not cost-effective to engage a contracted audit firm for recapture testing; rather, the Agency’s internal-control activities supplement testing for improper payment by focusing enhanced scrutiny on grants and contracts, which make up a significant portion of USAID’s expenditures. The table below summarizes the Agency’s internal-control testing for improper payments and recapture.

**TABLE 1 – IMPROPER PAYMENTS RECAPTURED WITH INTERNAL CONTROLS AND WITHOUT AUDIT PROGRAMS AS OF JUNE 30, 2020**

(Dollars in Millions)

Activity	Amount Identified	Amount Recaptured	Percent Recaptured
Grant	\$ 0.154	\$ 0.153	99.41%
Contract	0.025	0.013	54.67%
Payroll	0.013	0.013	100.00%
Travel	0.005	0.000	4.26%
Other (Non-Payroll)	0.119	0.012	10.14%
<b>Total</b>	<b>\$ 0.314</b>	<b>\$ 0.191</b>	<b>60.68%</b>

Note: Other (Non-Payroll) is defined as non-payroll employee benefits and incentives.

**TABLE 2 – AGING SCHEDULE OF OVERPAYMENTS FOR RECAPTURE AS OF JUNE 30, 2020**

(Dollars in Millions)

Age Range	Amount	Percent of Total
Zero to Six Months	\$ 0.08	98.85%
Six Months to One Year	0.00	1.15%
<b>Total to Recapture</b>	<b>\$ 0.08</b>	<b>100.00%</b>

Note: Prior to FY 2019, USAID categorized all sustained questioned and unallowable costs as "improper." As a result of the recent update to OMB Circular A-123, Appendix C, and further consultation with OMB, henceforth USAID will only classify questioned and unallowable costs that result from a payment error as improper.

Table 2, shown above, depicts the amount of uncollected payments identified for recapture, 100 percent of which USAID ascertained during the period January 1, 2020, to June 30, 2020. USAID deems all outstanding overpayments identified in Table 2 to be collectible.

The Agency also leverages the results of audits by the USAID Office of Inspector General (OIG), single audits conducted pursuant to 2 Code of Federal Regulations (CFR) 200, Subpart F, and contract and grant closeouts to identify payment anomalies and target areas for improvement. The applicable financial offices at the Agency promptly initiate corrective actions for duplicate and overpayments caused by administrative errors.

USAID applies recaptured payments in accordance with Appendix C of OMB Circular A-123 by crediting the unexpired funds to the account

from which the Agency made them. USAID uses expired fund accounts for the original purpose of the funds, or returns the funds to the U.S. Department of the Treasury (Treasury) as miscellaneous receipts. The Agency also deposits recaptured cancelled resources in the Treasury as miscellaneous receipts.

If USAID's Operating Units are unable to collect funds owed from an implementing partner, contractor, or grantee, the Agency will refer the collection to the Treasury. Barring any debt compromise, suspension or termination of collection action, or closeout, the recovery process makes full use of all collection tools available, including installment-payment plans, cross-servicing with Treasury, and the claims-litigation process in the U.S. Department of Justice.

## IV. REDUCTION OF IMPROPER PAYMENTS WITH THE DNP INITIATIVE

IPERIA requires OMB to submit to Congress an annual report, “which may be included as part of another report submitted to Congress by the Director, regarding the operation of the DNP Initiative, which shall: (A) include an evaluation of whether the DNP Initiative has reduced improper payments or improper awards; and (B) provide the frequency of corrections or identification of incorrect information.”

★ USAID’s Office of the Chief Financial Officer (OCFO) has incorporated searches of the IPERIA-listed DNP databases into the existing processes for tracking improper payments and recapturing them. Starting in FY 2018, Treasury began sending a monthly DNP adjudication report that listed possible DNP database matches to the OCFO, which then conducted a manual review of disbursed payments by using the online DNP portal. For example, the monthly Treasury DNP adjudication report might identify five matches for a vendor named “Smith.” For each possible match, the OCFO would determine if the vendor was correctly identified, and/or if the payment was proper.

USAID is currently using the following databases:

- The Death Master File (DMF) of the Social Security Administration;
  - The General Services Administration’s System for Award Management (SAM); and
  - The Debt Check Database for Treasury (Debt Check).
- ★ For reporting purposes, the data in question include the following:
- Payments reviewed for improper payments, which includes all payments screened by the DNP Initiative or other USAID internal databases managed by the OCFO as appropriate, and disbursed by, or on behalf of, USAID;

- Payments stopped, which includes payments intercepted or not disbursed because of the DNP Initiative; and
- Improper payments reviewed and not stopped, which includes payments reviewed by the DNP databases, disbursed, and later identified as improper.
- The OCFO plans to continue to use the portal to adjudicate any DNP matches. However, USAID would like to note that the DNP Initiative is an automated portal designed to identify beneficiary matches for entitlements, which the Agency does not disburse.
- Since FY 2015, USAID has reviewed 308,148 payments that totaled \$35.4 billion, using the DNP Initiative to conclude no confirmed improper payments. From October 1, 2018, through July 31, 2020, the DNP Initiative reviewed 109,695 payments by USAID that totaled \$15.1 billion and found no confirmed improper payments. Based on USAID’s experience to date, the DNP Initiative is not likely to provide the Agency with a large frequency of corrections or identify significant instances of incorrect information.

## V. MANAGING FRAUD

USAID supports efficient delivery of foreign assistance, while managing fiduciary and non-fiduciary risks in an uncertain and multi-dimensional global context. The Agency’s core strategic planning, operations, and fraud-management actions operate within USAID’s Enterprise Risk Management (ERM) approach, which integrates risk, internal control, management oversight, staff and implementer training, and public awareness to ensure robust fraud prevention, detection, and response.

This year USAID continued to work in Washington and at Missions to coordinate program activities, actions, and existing control measures to identify and monitor the Agency’s fiduciary and non-fiduciary risks, and, in turn, mitigate the risk of fraud. To help managers in financial stewardship and to combat fraud and ensure integrity

in Agency programs, USAID has adopted and fully implemented several leading Federal practices for managing fraud risks.

The Fraud Reduction and Data Analytics Act of 2015 (P.L. 114-186) establishes guidelines for robust fraud risk assessment, monitoring, and the use of data analysis as key methods to strengthen USAID's efforts to prevent, detect, and respond to fraudulent activities.

The Government Accountability Office (GAO) Fraud Framework consists of categories of fraud control activities centered around prevention, detection, and response. The Agency's fraud reduction efforts not only comply with regulations, including the revised Standards for Internal Control in the Federal Government [2016] (the GAO Green Book), the IPIA of 2002 (P.L. 107-300), and updated OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, but also takes into account the use of data-driven evidence to support overall Agency fraud awareness and prevention.

As USAID supports communities in our partner countries on their Journeys to Self-Reliance, the Agency continues to see the important role of foreign assistance in addressing development priorities, humanitarian emergencies, and impacts related to the global pandemic. The Agency's deepening relationship with partner governments, local organizations, implementing partners, and private-sector companies to address global challenges has required renewed focus on approaches to detect fraud.

USAID adheres to laws, regulations, and Agency policies that collectively address methods to manage the risk of fraud. USAID complies with mandates as set forth in the USAID's Acquisition Regulation (AIDAR), CFR, the Federal Acquisition Regulation (FAR), the Federal Financial Management Improvement Act (FFMIA) of 1996, the Federal Information Security Modernization Act (FISMA), the Federal Information Technology Acquisition Reform Act (FITARA), the Federal Managers' Financial Integrity Act (FMFIA) of 1982, the Government Management Reform Act (GMRA) of 1994, and internal operational fraud prevention

policies and procedures documented in USAID's Automated Directives System (ADS).

The ADS addresses the Agency's policy guidance and integration for organization management and authorities, development programming, acquisition and assistance (A&A), budget and finance, human resources, and management services. Guidance covered in the ADS is continuously monitored and updated to align USAID's policies to ensure robust activities to prevent fraud.

Moreover, the Agency has a robust suspension and debarment program, which addresses occurrences of fraud through exclusionary actions that are binding against individuals and entities. These exclusion actions apply across the U.S. Government. Regulations and policies, coupled with fraud awareness for USAID staff, allow staff and development partners to play their roles to prevent and reduce fraud. In one example, USAID as part of the Inspector General's Fraud and Corruption Investigative Working Group was able to provide fraud briefings related to Regional African Counterterrorism Operations. In addition, the Agency has developed a plan to further support Mission and Washington assessment and analysis of fraud risk to bolster the multi-faceted approaches to manage the risk of fraud as outlined below.

**PREVENTING FRAUD:** USAID has instituted an array of systems and controls spanning pre-obligation to project closeout that ensure that no level of fraud is assumed internally within USAID or with implementing partners, host governments, non-governmental organizations (NGOs), and other external stakeholders.

USAID ERM approach provides the Agency a framework to monitor and track risks (inclusive of fraud risks) and processes, at an Agency, Bureau, programmatic, and transactional level. The Public Financial Management Risk Assessment Framework (PFMRAF) is the Agency's risk-based methodology for Government-to-Government agreements, and aligns with OMB Circular A-123 requirements to manage risk in relation to achievement of reporting objectives. Risk assessments as a critical part of the PFMRAF identify, evaluate, and respond to the fiduciary



See page 63  
on How USAID  
Streamlined  
Financial  
Management  
and ERM during  
COVID-19

## ERM



PFMRAF

See page 63  
on How USAID  
Streamlined  
Financial  
Management  
and ERM during  
COVID-19

risk of fraud, waste, abuse, and other forms of corruption. The PFMRAF's assessment specifically addresses fraud risk through country-context analysis of government internal systems, detailed questionnaires, and transactional testing of public financial-management systems, which allows USAID project teams and partner-government counterparts to work collectively to remedy discrepancies in record-keeping and other issues fully and transparently upon discovery and before project implementation. This process is vital to the prevention, detection, and response to the risk of fraud among public financial institutions. When fraud is detected, if there is the requisite amount of evidence and it is in the U. S. Government's best interest, USAID uses its suspension and debarment program to protect taxpayer dollars and exclude the implicated parties. USAID also ensures the conduct of pre-award surveys; financial, program, and monitoring reviews; and audits of contracts and grants through a partnership with the Defense Contract Audit Agency (DCAA) within the U.S. Department of Defense. In addition, the Agency has a built-in system to prevent, detect, and respond to allegations of fraud, as well as identify deficiencies, in its Program Cycle for Design, Monitoring, and Evaluation. Furthermore, all employees receive annual mandatory ethics and fraud-awareness training.

**DETECTING FRAUD:** USAID's approach to ERM is outlined in a Risk-Appetite Statement (RAS), which charges the Agency to adopt a holistic view of multiple categories of risks and manage the combined probability and impact of risk as an interrelated portfolio. In addition to the RAS, USAID's ERM governance model equips USAID to take advantage of opportunities, while reducing or mitigating threats of fraud, waste, and abuse to maximize the Agency's overall likelihood of achieving its mission and objectives.

Specifically, the RAS details risk-tolerance levels on categories of risk in support of U.S. foreign policy, national security, and humanitarian and disaster-assistance objectives. An example of the impact of Agency risk management on fraud detection are risks associated with Global Health Supply Chain contracts. The Agency's Risk Management

Council (RMC) and the Executive Management Council on Risk and Internal Control (EMCRIC) managed risks related to project performance, which expanded to monitor the potential risk of fraud or loss in USAID supply chains. In response, USAID developed a fraud risk model to identify, prioritize, mitigate, and monitor supply-chain risks. In addition, 31 USAID staff from 26 countries reviewed tools and best practices, and developed guidelines to create a proactive collaborative approach inclusive of Supply-Chain Activity Manager(s) and Mission's Risk Management Liaisons (RMLs). This integrated approach ensures that the Agency can identify and mitigate supply-chain vulnerabilities and potential risks including fraud, abuse and/or misuse, counterfeit, and the diversion of products and financial resources.

USAID is called upon every day to make challenging cross-disciplinary, risk-informed decisions about how best to manage and deliver foreign assistance. USAID uses risk management as the evidence base to address emerging and inherent risks and adopts multiple risk-management techniques to ensure early and effective detection and response. The Agency has determined that the risk of inaction, or inadequate action, outweighs the risk of providing worldwide assistance. The DNP List serves as a data analytic tool used by Federal departments to make payment-verification decisions and detect and prevent fraudulent and/or improper payments to vendors, grantees, loan recipients, and beneficiaries. Treasury operates this tool, which the Agency has used since FY 2014. Currently, Treasury, upon receipt of USAID's daily payment file, performs DNP searches from multiple data sources prior to disbursement of the Agency's funds.

Upon detecting an improper or questionable transaction, Treasury alerts USAID, and the Agency further reviews and adjudicates the transaction to verify vendor eligibility to receive Federal payment and/or determine if the transaction is proper before Treasury disburses the funds. In addition, USAID effectively prevents, detects, and responds to the potential for fraud while conducting assessments of internal control in accordance with OMB Circular A-123.

On an annual basis, the Agency conducts assessments under Appendix A (Internal Control over Reporting), Appendix B (Improving the Management of Government Charge-Card Programs), Appendix C (Payment Integrity), Appendix D (Compliance with FFMIA), and the FMFIA exercise. USAID uses the Uniform Risk and Internal Control Assessment (URICA) tool to conduct and report internal-control self-assessments from each Operating Unit. In FY 2020, USAID conducted Agency-wide risk assessments by using the URICA tool, mandatory fraud-assertion statements, and the GAO Green Book evaluation for internal control, which addresses fraud risk.

Assessment of risk of fraud is also an integral part of USAID's ongoing transactional reviews of key business processes to include annual verification of controls and testing. The assessment for fraud is not just limited to financial and transactional reviews, but also non-financial reviews, such as information technology input controls and compliance requirements in accordance with FISMA. USAID also ensures validation of business and activity processes that are susceptible to fraud, waste, and abuse throughout the program lifecycle.

**RESPONDING TO FRAUD:** In accordance with fraud prevention and awareness protocols, USAID regularly communicates the requirement to report any evidence of fraud to the USAID OIG immediately. The Agency has multiple channels for reporting suspected fraud, including a hotline, website, and email, and USAID disseminates these vehicles through Agency messages and training. The OIG's Office of Investigations (IG/I) conducts worldwide investigations into allegations of criminal, civil, and administrative violations. The investigative priority is to prevent fraud, waste, and abuse within USAID's programs and operations and foster and encourage the integrity of the Agency's employees, as well as contractors, grantees, and partner governments. The protocol for fraud investigations involves notification, review, consultation, and investigations by the OIG; then investigations by the implementing partners as appropriate, with targeted referrals to relevant internal USAID Offices. In the IG/I's capacity and authority in identifying fraud, waste, and abuse, the IG/I uses an array of detection techniques, including interviews, surveillance, electronic monitoring, undercover operations, subpoenas, and the execution of arrest and search warrants. This expertise allows USAID to remain vigilant to fraud risk during the global pandemic, in areas where increased security measures are instituted to protect staff, and where processes must be expedited due to the immediate demands of the crisis.

# GRANTS PROGRAMS

The table reflects that the U.S. Agency for International Development (USAID) had a total of 1,141 grants/cooperative agreements with an undisbursed balance of \$78,296,485 for which closeout has not yet occurred, but for which the period of performance has elapsed by two years or more prior to September 30, 2020.

The Agency is still reviewing unclosed awards, and monitoring them for appropriate deobligation and/or closeout action. The Agency's responsible officers continue to be proactive in ensuring that the recipients of USAID funds comply with provisions of their grants/cooperative agreements, and are communicating with our implementing partners to ensure better management of Federal funds.

Category	Period of Performance Elapsed Without Closeout		
	2-3 Years	>3-5 Years	>5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	2	1	53
Number of Grants/Cooperative Agreements with Undisbursed Balances	598	274	213
Total Amount of Undisbursed Balances	\$36,731,591	\$26,771,335	\$14,793,559

# FEDERAL REAL PROPERTY

The U.S. Agency for International Development (USAID) holds leasehold and freehold interest in real-property assets overseas and domestically. For overseas assets, the Agency works with the Department of State's (State) Bureau of Overseas Building Operations (OBO) to lease and manage real property. Domestically, USAID's primary partner is the U.S. General Services Administration (GSA).

As of September 30, 2019, the latest reporting period for the Federal Real Property Profile (FRPP), the Agency manages 1,512 overseas assets,<sup>12</sup> including 92 owned assets, of which 23 have reversionary interests as trust-funded properties. The plant-replacement value for USAID's owned assets is \$358 million.<sup>13</sup> The Agency has 1,243 leases overseas, with annual rent payments that totaled \$52 million in FY 2019, including for facilities such as office buildings, warehouses, housing units, guard booths, and secure parking areas. The Overseas Management Division in the Office of Management Services within the Bureau for Management (M/MS) oversees the portfolio, with oversight from USAID's Senior Real-Property Officer, and in collaboration with OBO.

As of September 30, 2020, in the United States, USAID maintains seven occupancy agreements with GSA, and one direct lease with a private landlord. These occupancy agreements include general office space, swing space for renovations, warehouse space, and a stand-alone training center. The administration of occupancy agreements and leases, as well as the management of facilities and building operations, is the responsibility of the Headquarters Management Division within M/MS, under the oversight of the Senior Real-Property Officer and in coordination with GSA.

## REDUCING THE FOOTPRINT

All GSA-owned space appears in USAID's Reduce the Footprint (RTF) baseline measurements, as does the space leased directly by the Agency. USAID is committed to implementing the goals outlined in its annual Real Property Efficiency Plan (RPEP), which establishes a target reduction in total square footage through the consolidation of leases and renovations in the Agency's Ronald Reagan Building (RRB) headquarters. A U.S. Government-wide performance metric for the efficient use of office space is the utilization rate (UR), or the usable square feet (SF) of office space divided by the total personnel who occupy the office space. USAID has set an overall target UR of 160 SF per person through the modernization and consolidation of its office space. During FY 2019, USAID exceeded its overall target UR and achieved 161.4 SF/person, which is well below the U.S. Government-wide average of 266.27 SF/person for GSA office-occupancy agreements. USAID is one of the most efficient agencies in the Federal Government in the utilization of office space. Overall, these office consolidations and modernizations help USAID achieve improved URs, while creating a more modern and sustainable work environment that supports the goals of the RTF Policy. Additional information on USAID's RTF progress can be found at the following links:

★ <https://www.performance.gov/reduce/Agency%20FY20%20to%20FY24%20Reduction%20Targets%20and%20Results%20Data.xlsx>

★ <https://d2d.gsa.gov/tableau-report-for-embed/7862>



<sup>12</sup> This amount does not include land parcels.

<sup>13</sup> This amount is not used for financial-reporting purposes.

USAID manages its real-property portfolio in accordance with a series of legislative mandates, regulatory guidance, policies, and Executive Orders. These include, but are not limited to, the Foreign Assistance Act, as amended; Title 41 of the Code of Federal Regulation; the Foreign Affairs Manual; USAID's Automated Directives System (ADS); and Executive Order 13327, *Federal Real Property Asset Management*. According to the requirements of Executive Order 13327, the Agency reports through the FRPP database all owned, leased, and otherwise managed Federal real-property assets within and outside the United States, including improvements on Federal land, in coordination with GSA and the Office of Management and Budget (OMB).

USAID actively supports Federal energy and sustainability goals, such as those outlined in Executive Order 13834, *Regarding Efficient Federal Operations*; the Energy Independence and Security Act of 2007; the Energy Policy Act of 2005; and the Telework Enhancement Act of 2010. The Agency highlights these goals in its implementation of the Reduce the Footprint initiative and

integrates them into planned renovations of workplace space in the Ronald Reagan Building and the Agency's ongoing efforts to consolidate leases by following LEED® (Leadership in Energy and Environmental Design) requirements to design spaces that promote healthy, safe, and high-quality work areas. In addition to LEED®, USAID conforms to other industry-endorsed standards around the world.

USAID consistently demonstrates a strong commitment to the Federal Real Property Initiative. The Agency's leadership actively participates in the Federal Real Property Council, and works closely with counterparts at State, GSA, and OMB to plan and administer USAID's real-property portfolio effectively. The management of USAID's global real property faces rapidly evolving challenges to keep personnel safe and secure, while supporting expanded development and diplomatic missions and mandates. USAID continues to meet these challenges in an uncertain budget environment and administers its real-property portfolio in a cost effective and operationally efficient manner.





(Preceding page) For 20 years, Elizabeth Vagi has been catching mud crabs in the mangroves along Papua New Guinea's Hall Sound Bay, one of the most diverse marine ecosystems in the country. Unfortunately, mangroves are threatened by overharvesting and urban development. In 2017, USAID partnered with the Papua New Guinea Centre for Locally Managed Areas Inc. to find ways, working within tribal structures, for women to participate in conservation efforts. This has strengthened the resilience and improved the livelihoods of the communities. PHOTO: KIDLAT DE GUIA AND DORELYN JOSE

<https://usaidpubs.exposure.co/a-shared-responsibility>

(Above) Rajika Priyangani from southern Sri Lanka is the owner of an ISO-certified apparel business called Hiru Fashion, producing more than 55,000 pieces per month for the domestic market and employing more than 175 from the local community. Small and medium enterprises like Hiru Fashion play a vital role in taking the country from lower middle-income to upper middle-income. PHOTO: USAID

<https://medium.com/usaid-2030/a-sri-lankan-womans-story-on-conquering-the-local-market-share-fashionably-93f314cf537b>

# APPENDIX A.

## ABBREVIATIONS AND ACRONYMS

<b>A</b>		<b>ARTF</b>	
<b>A&amp;A</b>	Acquisition and Assistance		Afghanistan Reconstruction Trust Fund
<b>AA-R3/AID</b>	Associate Administrator for Relief, Response, and Resilience	<b>ASIA</b>	Asia Bureau
<b>AAFS</b>	Agency Approach to Field Services	<b>ASIST</b>	Agency Secure Image and Storage Tracking System
<b>ACI</b>	Andean Counterdrug Initiative	<b>ATDA</b>	Accountability of Tax Dollars Act
<b>ACN</b>	Anti-Corruption Network	<b>AUAF</b>	American University in Afghanistan
<b>ACT</b>	Artemisinin-Based Combination Therapy	<b>AUP</b>	Agreed Upon Procedures
<b>AD</b>	Administratively Determined	<b>B</b>	
<b>AEECA</b>	Assistance for Europe, Eurasia, and Central Asia	<b>B/IO</b>	Bureau and Independent Office
<b>ADP</b>	Automatic Data Processing	<b>BHA</b>	Humanitarian Assistance Bureau
<b>ADS</b>	Automated Directives System	<b>BIC</b>	Best in Class
<b>AFR</b>	Agency Financial Report	<b>BRM</b>	Office of Budget and Resource Management
<b>AFR</b>	Africa Bureau	<b>BTC</b>	Bureau Transition Coordinator
<b>AI</b>	Artificial Intelligence	<b>BUILD Act</b>	Better Utilization of Investments Leading to Development Act
<b>AIA</b>	Acquisition Innovation Advocates	<b>C</b>	
<b>AICPA</b>	American Institute of Certified Public Accountants	<b>CAE</b>	Center for Audit Excellence
<b>AIDAR</b>	USAID Acquisition Regulation	<b>CAP</b>	Cross-Agency Priority
<b>AOR</b>	Agreement Officer's Representative	<b>CARES Act</b>	Coronavirus Aid, Relief, and Economic Security Act
<b>APG</b>	Agency Priority Goal	<b>CBJ</b>	Congressional Budget Justification
<b>APP</b>	Annual Performance Plan	<b>CDC</b>	U.S. Centers for Disease Control and Prevention
<b>APR</b>	Annual Performance Report		
<b>APT</b>	Advanced Persistent Threat		
<b>ART</b>	Antiretroviral Therapy		

<b>CDCS</b>	Country Development Cooperation Strategy	<b>DCAA</b>	Defense Contract Audit Agency
<b>CDM</b>	Continuous Diagnostics and Mitigation	<b>DCHA</b>	Democracy, Conflict, and Humanitarian Assistance Bureau
<b>CEAR</b>	Certificate of Excellence in Accountability Reporting	<b>DDC</b>	Development Data Commons
<b>CEFF-CCA</b>	Clean Energy Finance Facility for Central America and the Caribbean	<b>DDL</b>	Development Data Library
<b>CFO</b>	Chief Financial Officer	<b>DEC</b>	Development Experience Clearinghouse
<b>CFR</b>	Code of Federal Regulations	<b>DFA</b>	Development Fund for Africa
<b>CIF</b>	Capital Investment Fund	<b>DFC</b>	Development Finance Corporation
<b>CIO</b>	Chief Information Officer	<b>DHS</b>	U.S. Department of Homeland Security
<b>CLA</b>	Collaborating, Learning and Adapting	<b>DIS</b>	Development Information Solution
<b>CM</b>	Category-Management	<b>DMARC</b>	Domain-based Message Authentication, Reporting and Conformance
<b>COR</b>	Contracting Officer Representative	<b>DMF</b>	Death Master File
<b>COTS</b>	Commercial-Off-The-Shelf	<b>DNP</b>	Do Not Pay
<b>COVID-19</b>	Coronavirus Disease 2019	<b>DOL</b>	U.S. Department of Labor
<b>CPS</b>	Conflict Prevention and Stabilization Bureau	<b>DQA</b>	Data-Quality Assessment
<b>CS</b>	Civil Service	<b>DR</b>	Democracy, Human Rights and Governance
<b>CSO</b>	Civil-Society Organization	<b>DRC</b>	Democratic Republic of the Congo
<b>CSS</b>	Customer Service Survey	<b>DRG</b>	Democracy, Human Rights, and Governance
<b>CVE</b>	Countering Violent Extremism	<b>DRM</b>	Domestic Resource Mobilization
<b>D</b>		<b>DUNS</b>	Dun and Bradstreet's Data Universal Numbering System
<b>DA</b>	Development Assistance	<b>E</b>	
<b>DATA</b>	Data Administration and Technical Advisory	<b>E&amp;E</b>	Europe and Eurasia Bureau
<b>DATA Act</b>	Digital Accountability and Transparency Act	<b>E3</b>	Economic Growth, Education, and Environment Bureau
<b>DBA</b>	Database Administrator	<b>EEI</b>	Employee Engagement Index
<b>DCA</b>	Development Credit Authority		

<b>EG</b>	Economic Growth	<b>FEVS</b>	Federal Employee Viewpoint Survey
<b>EMCRIC</b>	Executive Management Council on Risk and Internal Control	<b>FFMIA</b>	Federal Financial Management Improvement Act
<b>EOCC</b>	Expanded Object Class Code	<b>FISMA</b>	Federal Information Security Modernization Act
<b>EPP</b>	Expedited Procedures Package	<b>FITARA</b>	Federal Information Technology Reform Act
<b>EPPR</b>	Effective Partnering and Procurement Reform	<b>FMFIA</b>	Federal Managers' Financial Integrity Act
<b>ERF</b>	Emergency Reserve Fund for Contagious Infectious-Disease Outbreaks	<b>FR</b>	Financial Report of the U.S. Government
<b>ERM</b>	Enterprise Risk Management	<b>FRPP</b>	Federal Real Property Profile
<b>ERP</b>	Enterprise Resource Planning	<b>FS</b>	Foreign Service
<b>ERW</b>	Explosive Remnants of War	<b>FSN</b>	Foreign Service National
<b>ES</b>	Education and Social Services	<b>FSO</b>	Foreign Service Officer
<b>ES</b>	Office of the Executive Secretariat	<b>FSR</b>	Financing Self-Reliance
<b>ESF</b>	Economic Support Fund	<b>FSRDF</b>	Federal Service Retirement and Disability Fund
<b>Evidence Act</b>	Evidence-Based Policymaking Act	<b>FTIF</b>	Fiscal Transparency Innovation Fund
<b>F</b>			
<b>5G</b>	Fifth-Generation	<b>FTS</b>	Financial Tracking Service
<b>F</b>	Office of Foreign Assistance	<b>FY</b>	Fiscal Year
<b>FA</b>	Foreign Assistance Bureau	<b>G</b>	
<b>FAR</b>	Federal Acquisition Regulation	<b>G2G</b>	Government-to-Government
<b>FARA</b>	Federal Acquisition Reform Act	<b>GAAP</b>	Generally Accepted Accounting Principles
<b>FASAB</b>	Federal Accounting Standards Advisory Board	<b>GAO</b>	Government Accountability Office
<b>FATAA</b>	Foreign Aid Transparency and Accountability Act	<b>GBV</b>	Gender-Based Violence
<b>FBWT</b>	Fund Balance with Treasury	<b>GC</b>	Office of the General Counsel
<b>FCRA</b>	Federal Credit Reform Act	<b>GEEL</b>	Growth, Enterprise, Employment, and Livelihoods
<b>FDS</b>	Federal Data Strategy	<b>GFSS</b>	Global Food Security Strategy
<b>FECA</b>	Federal Employees' Compensation Act		

<b>GH</b>	Global Health Bureau	<b>I</b>	
<b>GHP</b>	Global Health Programs	<b>IAF</b>	Inter-American Foundation
<b>GHSC</b>	Global Health Supply Chain	<b>IAP</b>	Istanbul Anticorruption Plan
<b>GHSC-PSM</b>	Global Health Supply Chain – Procurement and Supply Management	<b>IATI</b>	International Aid Transparency Initiative
<b>GLAAS</b>	Global Acquisition and Assistance System	<b>ICAP</b>	International Career Advancement Program
<b>GMRA</b>	Government Management Reform Act	<b>IDA</b>	International Disaster Assistance
<b>GPRA</b>	Government Performance and Results Act	<b>IDEA</b>	Office of Innovation and Development Alliances
<b>GPRAMA</b>	Government Performance and Results Act Modernization Act	<b>IFR4NPO</b>	International Financial Reporting for Non-Profit Organizations
<b>GS</b>	General Schedule	<b>IG/I</b>	OIG’s Office of Investigations
<b>GSA</b>	U.S. General Services Administration	<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
<b>GSI</b>	Global Satisfaction Index	<b>IO</b>	Independent Office
<b>GTAS</b>	Governmentwide Treasury Account Symbol	<b>IPERA</b>	Improper Payments Elimination and Recovery Act
<b>GWS</b>	Global Water Strategy	<b>IPERIA</b>	Improper Payments Elimination and Recovery Improvement Act
<b>H</b>		<b>IPIA</b>	Improper Payments Information Act
<b>HA</b>	Humanitarian Assistance	<b>IPTp</b>	Intermittent Preventive Treatment of Malaria in Pregnancy
<b>HCTM</b>	Office of Human Capital and Talent Management	<b>IRS</b>	Indoor Residual Spraying
<b>HHS</b>	U.S. Department of Health and Human Services	<b>ISIS</b>	Islamic State of Iraq and Syria
<b>HIV/AIDS</b>	Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome	<b>ISSO</b>	Information System Security Officer
<b>HL</b>	Health	<b>IT</b>	Information Technology
<b>HPWG</b>	Humanitarian Policy Working Group	<b>ITN</b>	Insecticide Treated Net
<b>HR</b>	Human Resources	<b>J</b>	
		<b>JSP</b>	Joint Strategic Plan

**L**

<b>LAB</b>	U.S. Global Development Lab
<b>LAC</b>	Latin America and the Caribbean Bureau
<b>LEED</b>	Leadership in Energy and Environmental Design
<b>LPA</b>	Legislative and Public Affairs Bureau

**M**

<b>M</b>	Bureau for Management
<b>M&amp;E</b>	Monitoring and Evaluation
<b>M/AA</b>	Assistant Administrator
<b>M/MS</b>	Office of Management Services
<b>M/CIO</b>	Office of the Chief Information Officer
<b>M/OAA</b>	Office of Acquisitions and Assistance
<b>M/OCFO</b>	Office of the Chief Financial Officer
<b>MCC</b>	Millennium Challenge Corporation
<b>MCH</b>	Maternal and Child Health
<b>mCPR</b>	Modern Contraceptive Prevalence Rate
<b>MD&amp;A</b>	Management's Discussion and Analysis
<b>ME</b>	Middle East Bureau
<b>MENA</b>	Middle East Northern Africa
<b>MIT</b>	Massachusetts Institute of Technology
<b>MOV</b>	Maintenance of Value
<b>MSED</b>	Micro and Small Enterprise Development
<b>MW</b>	Megawatts

**N**

<b>N/A</b>	Not Applicable
<b>NATO</b>	North Atlantic Treaty Organization
<b>NDAA</b>	National Defense Authorization Act
<b>NGO</b>	Non-Governmental Organization
<b>NPI</b>	New Partnerships Initiative
<b>NSS</b>	National Security Strategy

**O**

<b>OAA</b>	Office of Acquisition and Assistance
<b>OAPA</b>	Office of Afghanistan and Pakistan Affairs
<b>OBO</b>	Overseas Building Operations Bureau (State)
<b>OCFO</b>	Office of the Chief Financial Officer
<b>OCHA</b>	Office for the Coordination of Humanitarian Affairs
<b>OCRD</b>	Office of Civil Rights and Diversity
<b>OE</b>	Operating Expense
<b>OECD</b>	Organization for Economic Co-operation and Development
<b>OFAC</b>	Office of Foreign Assets Control
<b>OFDA</b>	Office of U.S. Foreign Disaster Assistance
<b>OHS</b>	Office of Health Systems
<b>OIG</b>	Office of Inspector General
<b>OMB</b>	Office of Management and Budget
<b>OPIC</b>	Overseas Private Investment Corporation
<b>OPM</b>	Office of Personnel Management
<b>OSDBU</b>	Office of Small and Disadvantaged Business Utilization
<b>OU</b>	Operating Unit



<b>SPE</b>	Senior Procurement Executive	<b>UR</b>	Utilization Rate
<b>SPSD</b>	Standardized Program Structure and Definition	<b>URICA</b>	Uniform Risk and Internal Control Assessment
<b>SSP</b>	System Security Plan	<b>US\$</b>	U.S. Dollar
<b>State</b>	U.S. Department of State	<b>USAID</b>	U.S. Agency for International Development
<b>SUM</b>	Spend Under Management	<b>USADF</b>	U.S. African Development Foundation
<b>SWFP</b>	Strategic Workforce Plan	<b>USDA</b>	U.S. Department of Agriculture
<b>T</b>		<b>USDH</b>	U.S. Direct-Hire
<b>T&amp;A</b>	Time and Attendance	<b>USPSC</b>	U.S. Personal Services Contractor
<b>TBM</b>	Technology Business Management	<b>USSGL</b>	U.S. Standard General Ledger
<b>Treasury</b>	U.S. Department of the Treasury	<b>V</b>	
<b>U</b>		<b>VMC</b>	Voluntary Medical Male Circumcision
<b>U.S.</b>	United States	<b>W</b>	
<b>U.S.C.</b>	United States Code	<b>WFP</b>	World Food Programme
<b>U5MR</b>	Under-Five Mortality Rate	<b>WHO</b>	World Health Organization
<b>UE</b>	Urban and Environmental	<b>WMD</b>	Weapons of Mass Destruction
<b>ULO</b>	Unliquidated Obligation	<b>WPS</b>	Women, Peace, and Security
<b>UN</b>	United Nations		
<b>UNAIDS</b>	UN Programme on HIV/AIDS		
<b>UNICEF</b>	UN Children's Fund		

THIS PAGE LEFT INTENTIONALLY BLANK

## ACKNOWLEDGMENTS

This report was produced with the energies and talents of the USAID staff. To these individuals we would like to offer our sincerest thanks and acknowledgment. In particular, we would like to recognize the following organizations and individuals for their contributions:

**Office of the Administrator:**

William Steiger

**Executive Secretariat:**

Elizabeth Raymakers, Emily Bakely

**Office of Human Capital and Talent Management:**

Bob Leavitt, Kerry Monaghan-Hoglar,  
Alexandra Riboul, Matthew Shugert

**Bureau for Management:**

Frederick Nutt, Azza El-Abd

**Bureau for Management, Office of the Chief Financial**

**Officer:** Reginald W. Mitchell, Kent Kuyumjian, Kathy Body, Raven Andrews, Mekonnen Berhe, Alfred Buck, Antionette Cattledge, Jaheda Guliwala, Walter Hammond, Chidinma Ikonne, Gary Jacobs, Nancie Kebioh-Gray, Dorothea Malloy, Nancy Mausolf, Kwame Opoku-Mensah, Jocelyn Rodriguez, Alfred Sandy, Scott Smith; with special thanks to the **Financial Statement Preparation Team** – Hao Chen, Sambo Conteh, James Diawuo-Takyi, Sabrina D’Souza, Arlene Farrier, Tyrell Frazier, Grace Korankye, Kenlyn Layne, Calvin Lowe, Amanda Lucas, Shona Mollison, Pamela Noppenberger, David Primmer, Tesfayohannes Retta, Emmanuel Sedi, Eyasu Tilahun, Tery Velasquez; **Risk Management Team** – Abtin Forghani Aghdam, Marcella Boudi, Maria Cruz, Lydia Nylander, Lorena Segura, Davida Wilhelm; **Audit Follow-up Team** – Jeanetta Marshall, John Moynihan, Robert Reinard

**Bureau for Management, Office of the Chief Information**

**Officer:** Jay Mahanand, Mark Johnson, Joseph Donnelly

**Bureau for Management, Office of Acquisition**

**and Assistance:** Mark Walther, James (Randy) Tift, Deborah Broderick, Luis Rivera, Sarah Allen, Ann Barre, Carol Ketrick, Anne Sattgast

**Bureau for Management, Office of Management Policy,**

**Budget and Performance:** Ruth Buckley, Margaret Mesaros, Matthew Weinmann

**Bureau for Management, Office of Management Services:**

Claire Ehmann, Christopher Colbow

**Office of the General Counsel:**

Mitchell "Craig" Wolf, Nino Aspanadze, Youshea Berry, William Buckhold, Don Gressett, Christina Reyes

**Bureau for Legislative and Public Affairs:**

Patricia Adams, Cory Bullock, Nicky Corbett, Brian Fauls, Gefen Kabik, Jennifer Kwack, Ryan Lee, Daniel McDonald, Angela Rucker, Caroline Simpson, Lee Walter, Gregg Your

**Bureau for Policy, Planning, and Learning:**

Sarah Allan, Elizabeth Roen

**Bureau for Economic Growth, Education,**

**and Environment:** Laura Shulz, Domenic Iota

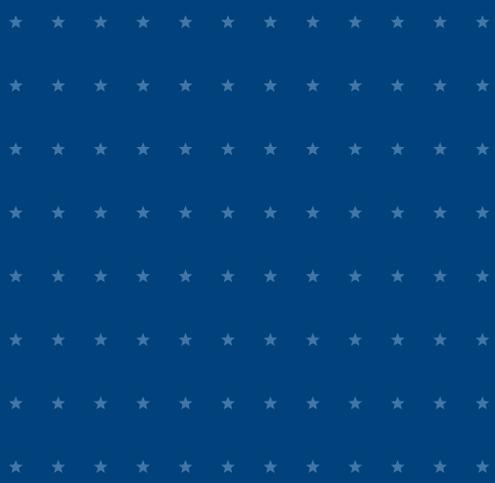
We would also like to acknowledge the **Office of Inspector General and GKA, P.C.** for the professional manner in which its staff conducted the audit of the FY 2020 financial statements. We offer special thanks to **The DesignPond** for its outstanding contributions in the design and production of this report.

---

*We welcome your comments on how we can improve this report. Please provide comments to:*

U.S. Agency for International Development  
Room 08.8.2A UA  
1300 Pennsylvania Avenue, N.W.  
Washington, DC 20523

ATTN: Antionette Cattledge  
M/CFO/APC  
acattledge@usaid.gov  
202-916-2521



U.S.AGENCY FOR INTERNATIONAL DEVELOPMENT

1300 Pennsylvania Avenue, N.W.  
Washington, DC 20523  
202-712-0000  
USAID.gov