



**USAID**  
FROM THE AMERICAN PEOPLE



FISCAL YEAR 2023

# AGENCY FINANCIAL REPORT

CONTINUING PROGRESS  
BEYOND PROGRAMS



## ON THE COVER

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Clockwise from the top right:

*Top right:* A mobile phone-based app for voucher distribution has been a game changer for people living in Nepal's Karnali River Basin. Since 2020, this new approach to emergency response in the region has led to increased efficiency, with 50 percent less time needed for aid distribution and a 60 percent decrease in cost. USAID's Building Hope Along the Karnali River Basin program showcases best practices in digital solutions for addressing challenges that communities in remote areas face. PHOTO: SURAJ RATNA SHAKY FOR USAID

*Bottom right:* As part of USAID's Amazon Business Alliance, two renowned Peruvian fashion designers traveled to the Indigenous communities of Oxapampa to learn ancestral techniques from Yanasha women and adapt them to their own designs. This effort is aimed at more than fashion: It promotes economic development based on the sustainable use of natural resources and on gender and intercultural approaches to improve the people's welfare and forest conservation. PHOTO: DIEGO PÉREZ AND MARCO ANTONIO TAM FOR THE AMAZON BUSINESS ALLIANCE

*Bottom middle:* USAID's Economic Security Program has connected local Georgian artisans like Tatia and Toma to e-commerce platforms, such as Etsy, and trained small and medium enterprises on information communication technology and other digital skills to help boost their incomes and strengthen Georgia's workforce. PHOTO: BESO GULASHVILI FOR USAID

*Bottom left:* Alisa Massaleva (left), a journalist from Shymkent, South Kazakhstan, is committed to raising awareness about domestic violence through her reporting. Her work is supported in part by the USAID-funded Central Asia Media Program, which works to develop a more balanced information environment and increase civic participation in Kazakhstan, Tajikistan, and Uzbekistan among youth and adults with differing ideas, opinions, and perspectives. PHOTO: VICTOR MAGDEYEV FOR USAID

*Top left:* Elinat Robert holds her two month old baby at Kainja clinic in Dowa district, Malawi, on February 17, 2023. Health Surveillance Assistants provide information and basic health services in communities where people live to prevent, identify, treat, and refer for childhood illnesses and to increase childhood vaccination rates, therefore decreasing the mortality rate of children under five. PHOTO: FREDRIK LERNERYD FOR USAID



# ABOUT THIS REPORT

The *Agency Financial Report* (AFR) of the U.S. Agency for International Development (USAID) for Fiscal Year (FY) 2023 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 the Agency. 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's 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; and
- **Payment Integrity Information Act (PIIA) of 2019** – requires that actions taken to address recovery auditor recommendations on actions to prevent overpayments be addressed in the AFR. For FY 2019 and FY 2020, it required each agency to submit to Congress, as part of the annual financial report of the agency, a report of the agency's progress pursuant to fraud. For FY 2019 and FY 2020, the law required a report on the agencies' fraud reduction efforts undertaken to implement federal agency financial and administrative controls and procedures to assess and mitigate fraud risks and implement federal agency's development and use of 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 2023 APR to OMB in spring 2024. Both reports will be available at <https://www.usaid.gov/results-and-data/performance-reporting>.

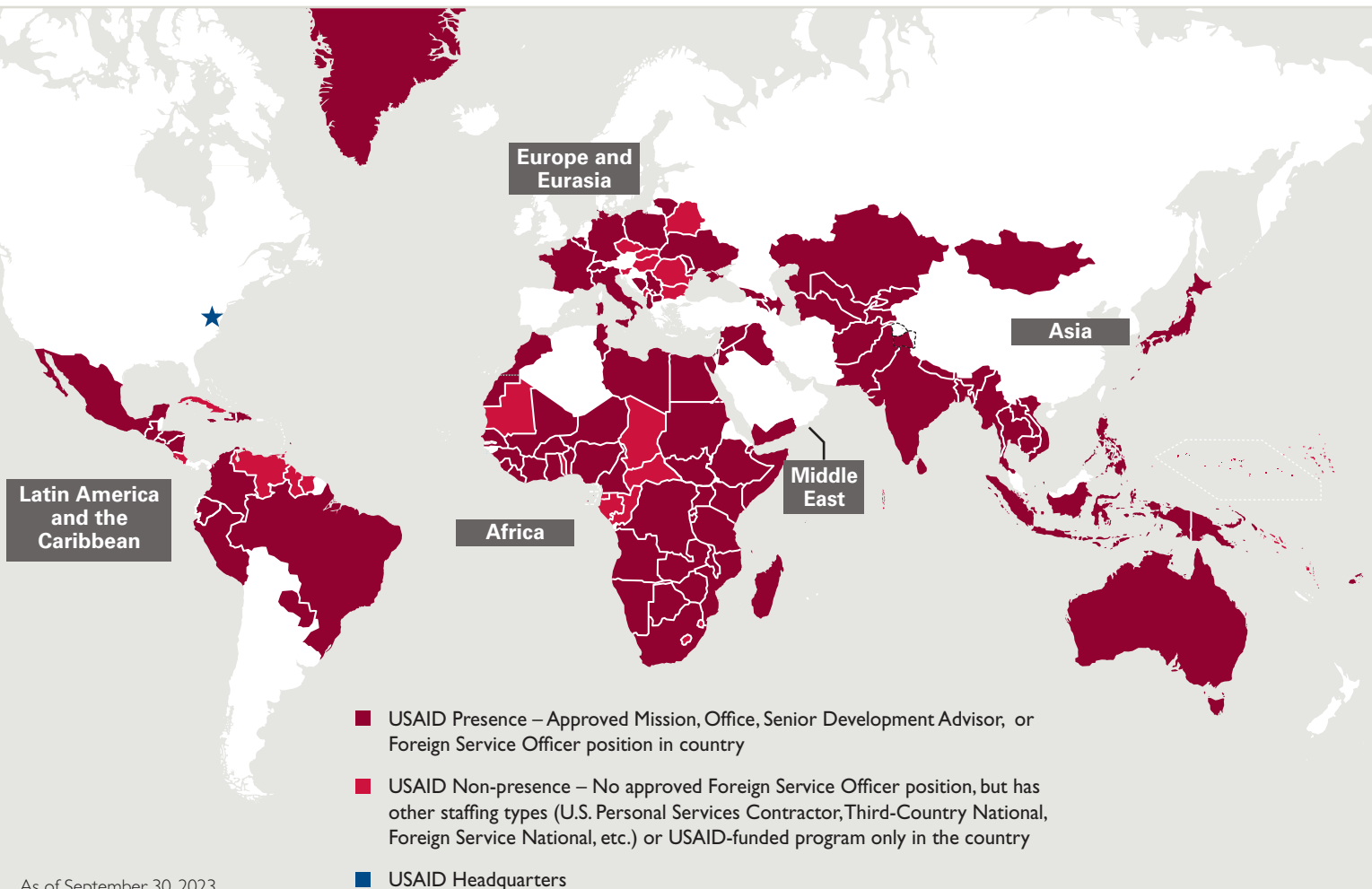
# USAID AT A GLANCE

## 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, an essential component of U.S. foreign policy and national security.

## 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.”



As of September 30, 2023





**A consultant demonstrates the use of GPS and tablets for synchronized tree census on concessions in Madre de Dios, Peru.**  
PHOTO: USAID/PERU ENVIRONMENTAL MANAGEMENT AND FOREST GOVERNANCE SUPPORT ACTIVITY

## 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 resilience around the world by helping build up communities in need. U.S. international engagement is grounded in American values, working in partnership with allies and focused on strengthening international institutions—to lift lives, build communities, and establish self-sufficiency.

USAID's efforts are simultaneously from, and for, the American people. While demonstrating U.S. goodwill 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.

## 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. Private enterprise is a powerful force that accelerates development progress. Private enterprise is the single most powerful force for lifting lives, strengthening communities, and accelerating sustainable development. Private sources represent more than 90 percent of financial flows into developing countries' emerging markets.

The private sector is an inextricable stakeholder in driving and sustaining outcomes capable of moving countries beyond the need for assistance. The private sector creates nine out of ten jobs in the developing world and provides an important pathway to self-reliance.

USAID is the world's premier international development agency and a catalytic actor driving development results. USAID's work advances U.S. national security and economic prosperity, demonstrates American generosity, and promotes a path to recipient self-reliance and resilience.

USAID and our partners embrace market-based approaches to support communities in achieving development and humanitarian outcomes at scale. Economic growth is critical for countries to plan, finance, and implement solutions to solve their own development challenges. In line with the U.S. National Security Strategy, USAID can

play a catalytic role in promoting private-sector-led economic growth, helping the countries become even better trading and security partners. The Agency is intentionally pursuing market-based approaches and investment as a more sustainable way to empower people and communities worldwide.

## USAID FOCUS AREAS FOR FULFILLING ITS MISSION

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 promote social and economic progress.  
<https://www.usaid.gov/promoting-global-health>



### Supporting Global Stability

Advancing democracy and governance helps promote sustainable development and peace around the world.  
<https://www.usaid.gov/supporting-global-stability>



### Providing Humanitarian Assistance

Through timely and effective humanitarian response, bringing disaster relief and lifesaving assistance amid complex crises.  
<https://www.usaid.gov/providing-humanitarian-assistance>



### Catalyzing Innovation and Partnership

Making the impossible, possible, the unsolvable, solvable through technology, new thinking, and engaging with the private sector to reinvent how USAID fulfills its mission.  
<https://www.usaid.gov/catalyzing-innovation-and-partnership>



### Empowering Women and Girls

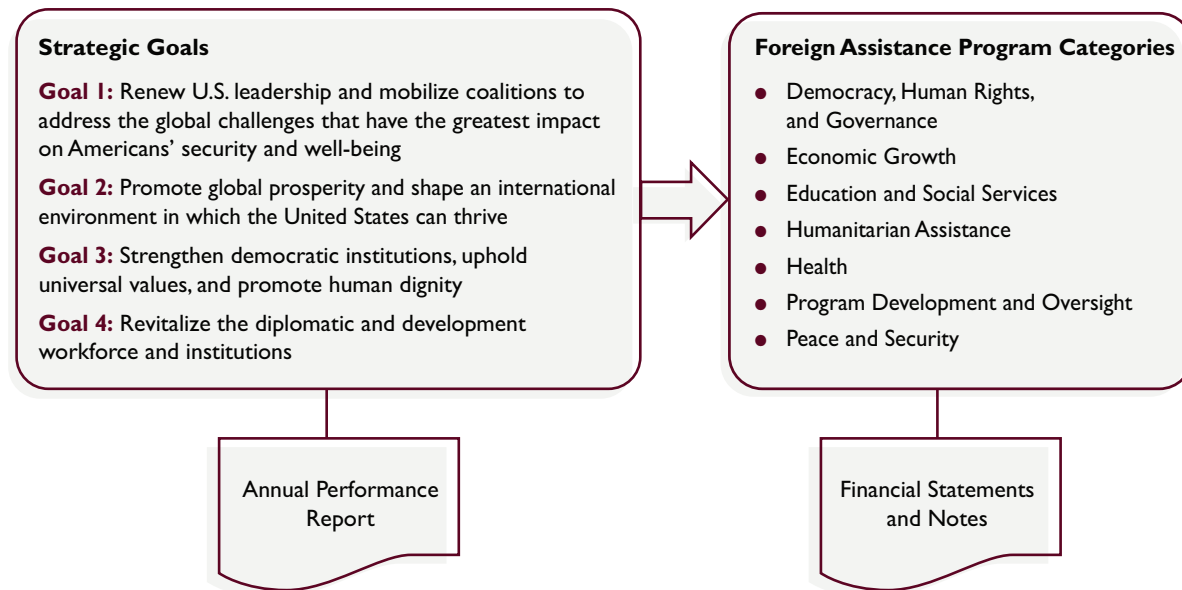
Empowering women to do better so that countries do better, communities do better, and families do better.  
<https://www.usaid.gov/empowering-women-and-girls>

## 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 among 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 Department) developed the *FY 2022–FY 2026 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 SPSD contains seven foreign assistance program categories listed below. The Consolidated Statement of Net Cost (included in this AFR) represents the cost of operating the Agency’s seven foreign assistance program categories. The Overview of Programmatic Performance section of this AFR provides a crosswalk between the JSP and the SPSD program categories. To further explore USAID’s strategic goals and performance results, see the State-USAID FY 2022 – FY 2026 JSP ([https://www.usaid.gov/sites/default/files/2022-05/Final\\_State-USAID\\_FY\\_2022-2026\\_Joint\\_Strategic\\_Plan\\_29MAR2022.pdf](https://www.usaid.gov/sites/default/files/2022-05/Final_State-USAID_FY_2022-2026_Joint_Strategic_Plan_29MAR2022.pdf)) and the State-USAID FY 2024 Annual Performance Plan (APP) FY 2022 Annual Performance Report (APR)<sup>1</sup> (<https://www.usaid.gov/sites/default/files/2023-06/FY%202024%20APP%20FY%202022%20APR%20Final%20508%20Compliant.pdf>).



USAID is leading data transparency with the [ForeignAssistance.gov](https://www.ForeignAssistance.gov) website. To explore where the whole U.S. government spends foreign assistance dollars, visit <https://www.foreignassistance.gov/>. To explore USAID investments and illustrative results, visit <https://results.usaid.gov/results>.

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

<sup>1</sup> USAID transitioned reporting and planning from the FY 2018 – FY 2022 JSP to the FY 2022 – FY 2026 JSP. The FY 2021 APR served as the final year of reporting for the FY 2018 – FY 2022 JSP. The FY 2022 APR is the first APR reporting against the FY 2022 – FY 2026 JSP.

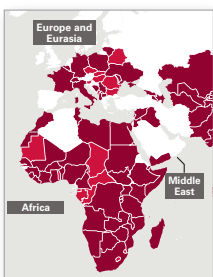


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# EXECUTIVE MESSAGE FROM ADMINISTRATOR SAMANTHA POWER



Samantha Power

## USAID MISSION

On behalf of the American people,

- ★ Promote and demonstrate democratic values abroad, and
- ★ Advance a free, peaceful, and prosperous world.

In support of America's foreign policy, lead 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.

In 1961, when President John F. Kennedy addressed Congress to announce the creation of the U.S. Agency for International Development (USAID), he said: “[W]e have not only obligations to fulfill, we have great opportunities to realize.” This was true in 1961, and it is true today in 2023. For more than six decades, USAID has proven that when we partner with communities around the world, we can end cycles of recurring famine and poverty, eradicate deadly diseases, revitalize some of the world's most valuable ecosystems, and advance peace and stability across the planet.

But today, growing challenges threaten to slow, and in some cases even reverse, the progress we have made. As the climate changes, natural disasters are increasing in frequency and intensity, leading to a sharp rise in humanitarian needs. A greater proportion of the world's population face conflict than at any time since World War II. Debt distress threatens at least 70 countries around the world. Health systems are under increasing strain in the wake of the pandemic, leading to a resurgence in diseases from measles to tuberculosis. The stark reality is that as these challenges grow, our assistance budgets simply are not rising fast enough to keep up.

To meet the moment and continue to drive progress on the scale and at the pace we need, we will have to bring other donor countries, the private sector, multilateral institutions, foundations, and local organizations in our partner countries along with us. So USAID has set a new reform agenda aimed at delivering this progress, beyond our programs: using our expertise, convening power, and advocacy to draw in others, leverage more resources, spark innovation, and inspire broader movements for change.

To do this, we need a development agency designed for this way of working, so we have set out an ambitious internal reform agenda and launched an *Internal Reforms Results Hub* to track and communicate our progress. Already, as of September 2023, we have cut nearly

four million hours of red tape and unnecessary work so our staff can be as nimble and efficient as possible. We have launched a new Enterprises for Development, Growth, and Empowerment (EDGE) Fund to help unleash the potential of the private sector to take on development challenges; the fund has already leveraged more than \$100 million in new private-sector investment. And we have doubled the hiring of new career staff over the past three years, so we can build a workforce equipped to meet these growing challenges.

It is, after all, our staff around the world who will drive the progress we need. Our teams are forging new partnerships, coming up with new solutions to new challenges, and achieving extraordinary results in our headquarters here in Washington, D.C., and at our 81 Missions around the world. It is because of these dedicated public servants, and their innumerable sacrifices, that we are able to affect meaningful change.

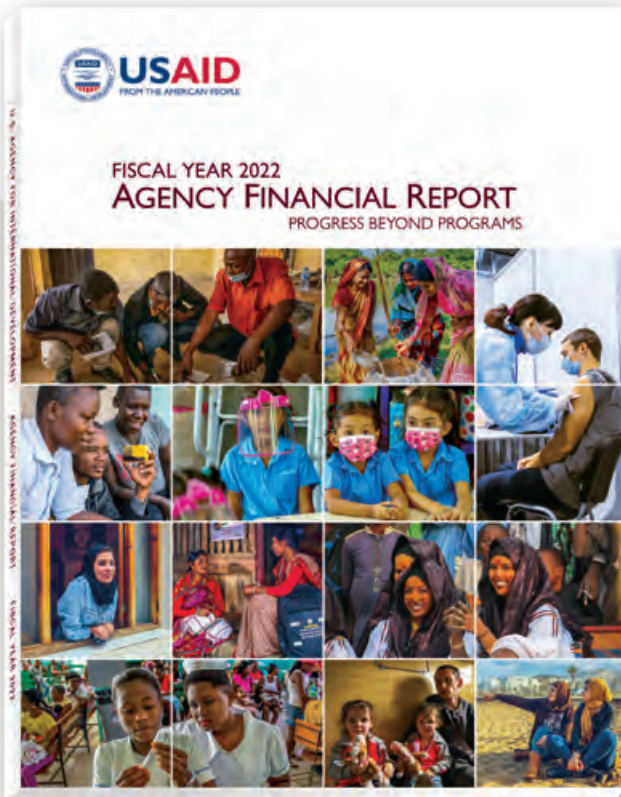
In this Agency Financial Report, we have worked closely with the Office of Inspector General to provide complete, reliable, and accurate financial and summary performance data. The Independent Auditor's Report, including reports on internal control and compliance with laws and regulations, appears in the Financial Section of this report. The section on Management's Discussion and Analysis reviews our assessments of our internal controls, risks, and other issues.

Just as President Kennedy saw the opportunity created by his own era of rapid globalization, population growth, and technological change, we must now realize the potential of today's moment: to transform the way the world does development and bring about a new era of gains in global health, peace, and prosperity.

Samantha Power  
Administrator  
November 14, 2023



# 2022 CERTIFICATE OF EXCELLENCE AWARD



Certificate of Excellence in  
Accountability Reporting®

presented to the

**U.S. Agency for  
International Development**

in recognition of outstanding effort in preparing the  
Agency Financial Report for fiscal year 2022



Andrew Lewis, CGFM, CPA  
Chair, CEAR Board

Ann M. Ebberts, MS, PMP  
Chief Executive Officer, AGA

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# MANAGEMENT'S DISCUSSION AND ANALYSIS





**(Preceding page) A group of women wait to have their children weighed at monthly health post for under five at Kainja clinic in Dowa district, Malawi, on February 17, 2023. Health Surveillance Assistants provide information and basic health services in communities where people live to prevent, identify, treat, and refer for childhood illnesses and to increase childhood vaccination rates, therefore decreasing the mortality rate of children under five.**

PHOTO: FREDRIK LERNERYD FOR USAID

**(Below) A person lit a kerosene can in Uganda.(July 19, 2016)**

PHOTO: USAID'S DEVELOPMENT CREDIT AUTHORITY



# 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.”

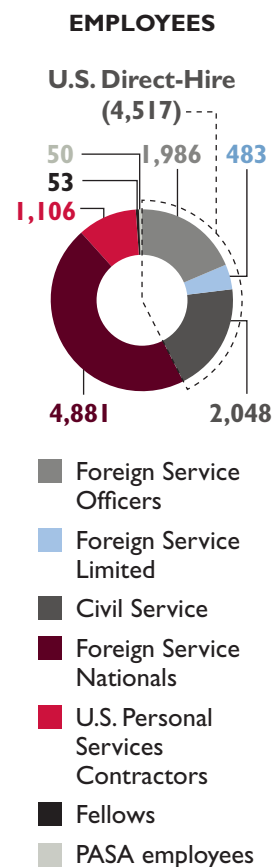
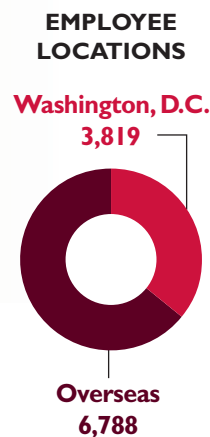
USAID has been working toward these goals for more than 60 years. Resilient societies must have healthy, educated, and well-nourished citizens, as well as a vibrant economy and inclusive, legitimate, and responsive institutions. All of USAID’s work—including efforts to increase food security, improve 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 99 countries and programs in 29 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 two Deputy Administrators, 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. USAID plans its development and assistance programs in close coordination with the State Department and collaborates with

other U.S. government departments and agencies, multilateral and bilateral organizations, private companies, academic institutions, faith-based groups, and nongovernmental organizations (NGOs).

USAID’s workforce engages on behalf of the Agency around the world, motivated by the same overarching goals outlined more than 60 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 2023, the Agency delivered on its mission with the support of its workforce, which includes: 4,517 U.S. direct-hire employees, of whom 1,986 are Foreign Service Officers, 483 are Foreign Service Limited, and 2,048 are in the Civil Service. The workforce also includes 4,881 Foreign Service Nationals (FSNs) and Cooperating Country National Personal Services Contractors (CCNPSCs), collectively referred to as FSNs; 1,106 U.S. Personal Services Contractors (USPSCs); 53 Fellows; and 50 staff under Participating Agency Service Agreements (PASAs). Of these employees, 3,819 work in Washington, D.C., and 6,788 are assigned overseas. These totals include all funding types and employees from the USAID Office of Inspector General (OIG) and political appointees onboard at the time of the data pull.<sup>2</sup>



<sup>2</sup> The data are as of Pay Period 19, and any arrival action after September 23, 2023, was dropped from the data. Foreign Service National data: In coordination with State, USAID transitioned from using the WebPASS system to the Overseas Personnel System (OPS). As part of that transition, the Agency is validating the overseas data to capture all staff and countries accurately.



# 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 USAID. USAID unified pre-existing 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

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

## 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 support crosscutting or more limited services. In FY 2023, USAID began a reorganization that the Agency expects to complete by the next fiscal year. The first organizational chart shown is the USAID structure prior to the reorganization. The second chart reflects the proposed structure. Bureaus and Independent Offices (B/IOs) outlined in red indicate new entities that are either in the end stages of being finalized or already finalized in FY 2023. As of August 2023, the Office of the Chief Economist and the Office for Policy are operational (marked with \*\*), while others are in the ongoing reorganization process (\*).<sup>3</sup>

USAID's regional and pillar Bureaus report to the Deputy Administrator for Policy and Programming. USAID's **regional Bureaus** are Africa, Asia,

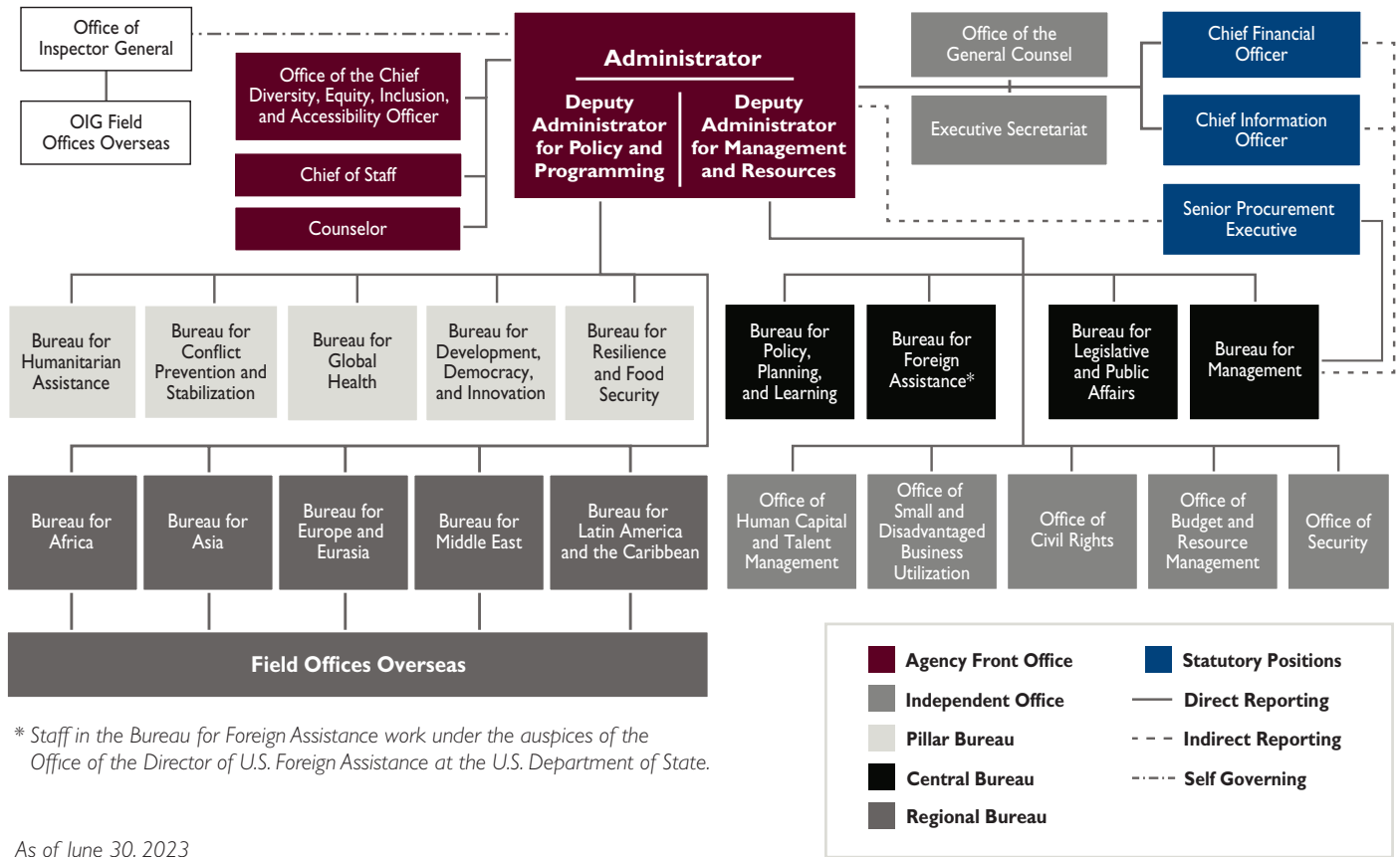
Middle East, Latin America and the Caribbean, and Europe and Eurasia. USAID's **pillar Bureaus** are the following:

- The Bureau for Democracy, Human Rights, and Governance\*, which provides expertise in democracy, human rights, and governance;
- The Bureau for Humanitarian Assistance, which provides expertise in emergency aid;
- The Bureau for Conflict Prevention and Stabilization, which provides expertise in peacebuilding, conflict and violence prevention, and implementation of political transition and stabilization programs;
- The Bureau for Resilience, Environment, and Food Security\*, which provides expertise in agricultural productivity, addresses hunger and malnutrition, and leads the U.S. government's initiative in global food security, Feed the Future;
- The Bureau for Global Health, which provides expertise in global challenges, such as child, maternal, and reproductive health; HIV/AIDS; malaria; tuberculosis; and integrated health care; and

<sup>3</sup> In October 2023, the Administrator announced the launch of six new or restructured units—four Bureaus, and two Independent Offices: Bureau for Democracy, Human Rights, and Governance (DRG); Bureau for Resilience, Environment, and Food Security (REFS); Bureau for Inclusive Growth, Partnerships, and Innovation (IPI); Bureau for Planning, Learning, and Resource Management (PLR); Office of Policy (POL); and Office of the Chief Economist (OCE).



## CURRENT USAID STRUCTURE (2023)



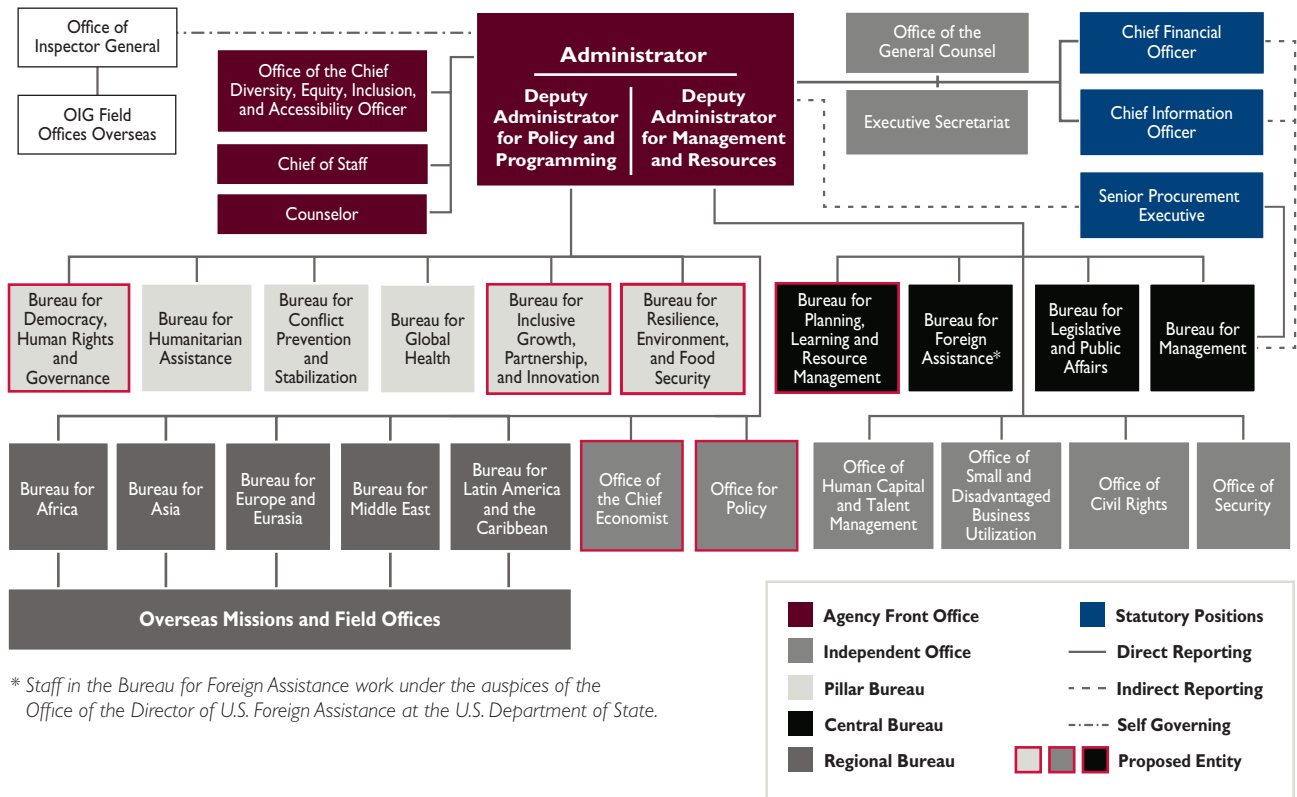
- The Bureau for Inclusive Growth, Partnerships, and Innovation\*, which provides technical assistance to USAID overseas Missions; advances USAID’s work to end economic and social inequality, inequity, and vulnerability; and works to enhance innovation, learning, and diverse partnerships as key features of development assistance.

USAID’s **central Bureaus** are the following and report to the Deputy Administrator for Management and Resources:

- The Bureau for Planning, Learning, and Resource Management\*, which helps shape USAID’s development policy; builds the Agency’s capacity to plan, resource, and implement evidence-based strategies and programming; and fosters a culture of learning and evaluation;

- The Bureau for Foreign Assistance, which is part of the State Department’s Office of Foreign Assistance 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 the Office of Foreign Assistance, the Bureau for Foreign Assistance 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 the proposed Bureau for Planning, Learning, and Resource Management;
- The Bureau for Legislative and Public Affairs, which manages the Agency’s legislative engagements, strategic communications, and outreach to promote greater understanding of USAID’s mission and programs; and

**USAID PROPOSED REORGANIZATION 2023 (Proposed entites outlined in red)**



\* 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.

- The Bureau for Management, 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, after the completion of the reorganization, USAID will have eight Independent Offices, which are responsible for discrete Agency functions that include legal issues, budget, diversity programs, security, partnerships, economics, and policy. These offices are: (1) the Office of the General Counsel; (2) the Office of the Executive Secretariat; (3) the Office of the Chief Economist\*\*; (4) the Office for Policy\*\*; (5) the Office of Human Capital and Talent Management, which oversees the planning, development, management, and administration of human capital and talent for the Agency; (6) the Office of Small and Disadvantaged Business Utilization; (7) the Office of Civil Rights; and (8) the Office of Security.

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.

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

In accordance with the Chief Financial Officer Act of 1990, the Chief Financial Officer (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 Chief Financial Officer (M/OCFO) also receives administrative support from the Bureau for Management. 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 Acquisition Reform Act, the E-Government Act of 2002,

and OMB Circular A-130. To align Agency-wide operations strategically across the management platform, maximize programmatic synergies, and prevent duplication, the Office of the Chief Information Officer receives administrative support from the Bureau for Management.

## **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 (COM) for all U.S. government departments and agencies in a given country, and all USAID operations fall under COM authority. The USAID Mission Director or USAID representative, as the USAID Administrator's representative and the Ambassador's primary 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 allow them to design and implement programs and negotiate and execute agreements under the overall strategic direction of the USAID Administrator.

USAID Missions are the face of the Agency overseas and have the responsibility of delivering tailored solutions that support partner countries. This includes working in partnership with other donors and USAID implementers—both contractors and NGOs—to manage, adapt, and strengthen USAID's diverse programs worldwide. Mission Directors lead a professional team of experts to help fulfill the Agency's commitment in partner countries.

## **FOREIGN ASSISTANCE PROGRAM CATEGORIES**

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:** supports the establishment, consolidation, and protection of democratic institutions, processes, and values in countries to advance freedom;
- **Economic Growth:** strives to generate rapid, sustained, and broad-based economic growth;
- **Education and Social Services:** 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:** 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:** contributes to improvements in the health of people, especially women, children, and other vulnerable populations in countries globally;
- **Program Development and Oversight:** provides program management, accounting, and tracking for costs to assist U.S. foreign assistance objectives; and
- **Peace and Security:** helps countries establish the conditions and capacity to achieve peace, security, and stability as well as respond to arising threats to national or international security and stability.

# OVERVIEW OF PROGRAMMATIC PERFORMANCE

This section focuses on the following:

- Background information, including overview; discipline of development; quality of monitoring, evaluation, and learning; and strategic goals and results;
- Performance goal accomplishment highlights for the *FY 2022 – FY 2026 Joint Strategic Plan (JSP)* (<https://www.usaid.gov/results-and-data/planning/joint-strategic-plan/fy-2022-2026>); and
- USAID illustrative indicators and performance trends.

## OVERVIEW

As the U.S. government's lead international development and humanitarian assistance agency, USAID seeks to save lives, reduce poverty, strengthen democracy, and improve economic conditions globally. USAID plans its development and humanitarian programs in coordination with the State Department and collaborates with other U.S. government departments and agencies, Congress, multilateral and bilateral organizations, private companies, academic institutions, faith-based groups, and NGOs.

USAID is a key player in addressing national security priorities as a member of the National Security Council. USAID must address challenges in new ways that deliver results on a global scale while shifting to a model of locally led development through which local partners make decisions because they know their problems and opportunities best. This work is critical for USAID to mitigate and adapt to climate change, prevent and stabilize conflicts, restore and strengthen democracy, and embrace diversity. USAID, working with the State Department, supports U.S. national security, demonstrates American generosity, and promotes

prosperity at home and abroad. Through USAID's work and that of its partner organizations, development assistance from the American people transforms lives, communities, and economies around the world. USAID's assistance exemplifies U.S. generosity consistent with American values and adheres to evidence-based, locally driven initiatives and state-of-the-art best practices, by:

- Providing humanitarian assistance with needs-based relief that is timely and effective in response to disasters and crises;
- Promoting global health security through activities that save lives and protect Americans at home and abroad;
- Expanding sustained, inclusive economic growth and employment through regulatory reform, trade promotion, and entrepreneurial capacity development;
- Mitigating climate change and addressing its impacts across all sectors by partnering with countries to reduce emissions, protect critical ecosystems, transition to renewable energy, build resilience, and promote the flow of capital toward climate-positive investments;
- Strengthening our operations and programming approaches to address climate change equitably, including by reducing USAID's carbon footprint and increasing the Agency's resilience to the impacts of climate change, and by strengthening diversity, equity, inclusion, and accessibility (DEIA) in our climate- and environment-focused workforce;
- Revitalizing democracy through work that confronts corruption, defends and protects human rights, strengthens the rule of law and good governance, resists the authoritarian use



of disinformation and digital repression, and engages civil society, governments, local media, and other key actors, particularly those from under represented and marginalized groups;

- Supporting global stability by reversing state and societal fragility; countering violent extremism and other forms of violence; implementing the Global Fragility Act; fostering inclusion and empowerment through initiatives such as Women, Peace, and Security; and preventing atrocities;
- Catalyzing innovation and partnership by identifying new and innovative ways to engage with the private sector, philanthropies, local and faith-based organizations, and academic institutions in the United States and abroad; promoting sustainable development; and supporting economic growth;
- Empowering women and girls in all their diversity, by supporting equal access to opportunities in the household, society, and economy; education and leadership opportunities; and freedom from violence;
- Ensuring USAID’s staff and implementing partners engage Indigenous Peoples as meaningful partners in development processes; safeguard against harm; and enhance their abilities to promote their rights, determine their own priorities, and advance sustainable economic growth for their communities;
- Promoting equitable, inclusive, and accessible education for all children and youth through learning opportunities that promote quality and further learning outcomes;
- Protecting the cost-effective and efficient use of U.S. resources by using experimental design and real observations of behavior and behavioral change to guide development, iteration, and adaptation of USAID’s programs; and
- Advancing DEIA in our foreign affairs work and our workforce by improving strategic planning, policy formulation, budgeting, programming, partnerships, training, outreach, learning, and reporting.

## 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 among country-level strategic planning (through Regional and Country Development Cooperation Strategies [R/CDCSs]), designing and implementing USAID programs and Agency monitoring, evaluation, and learning to understand program performance and adapt program processes to be more effective. Across these components, which together represent the discipline of development, USAID continuously collaborates, learns, and adapts to influence the annual budget and resource-management processes and achieve measurable, sustainable results. USAID’s Program Cycle Operational Policy (ADS Chapter 201 [<https://www.usaid.gov/lads/policy/200/201>]) includes four principles that guide USAID’s Program Cycle:

- (1) Apply analytic rigor to support evidence-based decision-making;
- (2) Manage adaptively through continuous learning;
- (3) Promote sustainability through local implementation and financing; and
- (4) Use a range of approaches to achieve results.

In addition to these four principles, USAID is urgently addressing DEIA agency-wide and engaging in conflict-sensitive work that follows the development and humanitarian principle of “do no harm.” To do this, USAID is updating its programming objectives and methods to address marginalization, increase inclusion, and foster diversity through its global programming by using an inclusive development approach.

USAID Missions use Performance Management Plans (PMP) to manage the process to monitor, evaluate, and learn from progress toward strategic objectives, intended results, and the performance of USAID-funded programs. USAID OUs report key indicator data in their annual performance reports (APRs), which inform USAID decisions and external reporting.

## QUALITY OF MONITORING, EVALUATION, AND LEARNING

USAID's Program Cycle requirements for monitoring and evaluation help 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 USAID complies with the objectives of the Foreign Aid Transparency and Accountability Act (FATAA) of July 2016 and the guidelines OMB publishes 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 (GAO) found that USAID had adopted all of OMB's guidelines for monitoring and evaluation. USAID named an Agency Evaluation Officer and published its FY 2024 Annual Evaluation Plan ([https://www.usaid.gov/sites/default/files/2023-03/USAID%20Annual%20Evaluation%20Plan\\_FY%202024.pdf](https://www.usaid.gov/sites/default/files/2023-03/USAID%20Annual%20Evaluation%20Plan_FY%202024.pdf)) to meet the provisions of the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act). Under Title I of the Evidence Act, agencies must develop a four-year learning agenda that aligns with the strategic plan and addresses a set of agency-wide priority learning questions. USAID developed a new Agency Learning Agenda (<https://www.usaid.gov/evaluation/evidence-act-agency-learning-agenda>) to align with emerging policy priorities and the FY 2022 – FY 2026 JSP. USAID identified nine learning questions after consulting with internal and external stakeholders. These learning questions are guiding evidence generation, sharing, and use in decision-making as USAID implements top policy priorities. USAID published its Agency Learning Agenda and Capacity Assessment for Research, Evaluation, Statistics, and other Analysis (<https://www.usaid.gov/evaluation/2022-capacity-assessment>) in early 2022, along with the JSP.

The Evaluation Policy Task Force of the American Evaluation Association has called USAID's Evaluation Policy a "model for other federal agencies." In October 2020, USAID updated its Program Cycle Operational Policy to:

- (1) Streamline planning requirements for design and monitoring; evaluation; and Collaborating, Learning, and Adapting (CLA);
- (2) Reduce burden on field staff; better align with legislative requirements (e.g., the evaluation section of the Evidence Act); and
- (3) Provide more flexibility for meeting monitoring requirements in nonpermissive environments (e.g., allowing virtual site visits to adapt to the travel and meeting restrictions the COVID-19 pandemic caused).

Finally, ADS Chapter 201 now requires that USAID's OUs analyze costs when doing impact evaluations. The Program Cycle includes basing strategic planning for and designing activities on the best available evidence and providing ongoing accountability, learning, and adaptation during strategy and implementation. USAID's OUs have completed more than 2,122 external evaluations since USAID issued its Evaluation Policy in 2011. In the fall of 2021, USAID updated and published its Evaluation Policy ([https://www.usaid.gov/sites/default/files/2022-05/Evaluation\\_Policy\\_Update\\_OCT2020\\_Final.pdf](https://www.usaid.gov/sites/default/files/2022-05/Evaluation_Policy_Update_OCT2020_Final.pdf)) to incorporate changes to the Evidence Act and USAID's revised ADS 201. USAID requires evaluations (with limited exceptions) to be publicly available on USAID's Development Experience Clearinghouse (DEC) at <https://dec.usaid.gov> to promote internal and external learning from evaluations.

USAID is building the capacity of its staff and partners to generate and use high-quality evidence for decision-making to improve programmatic and operational effectiveness. USAID's capacity-building approach focuses on four main areas of work:

- (1) Delivering classroom and online training courses;
- (2) Creating tools and guidance to support staff in implementing the Program Cycle's procedures, enhance operational performance, and reduce bureaucratic burdens;
- (3) Providing direct technical assistance on Program Cycle processes and organizational effectiveness to USAID Missions and offices; and
- (4) 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 tailored 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," "Data Quality Assessment Essentials," and "Better Development through CLA."
  - Has trained more than 3,000 staff on evaluation and monitoring fundamentals since 2011.
  - Provides templates, checklists, guidance documents, and other tools to 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/evaluation-toolkit>), monitoring (<https://usaidlearninglab.org/monitoring/monitoring-toolkit>), and learning (<https://usaidlearninglab.org/cla/cla-toolkit>) on USAID's Learning Lab website (<https://usaidlearninglab.org>).
- Offers training courses and workshops that promote a standard approach to strategic operations management and business analytics across USAID. For example, USAID developed a new eLearning Data Literacy Curriculum in FY 2021 that provides on-demand, self-paced modules designed to equip staff with a variety of tools to use data to improve development, humanitarian, and operational outcomes. USAID's training courses and workshops help participants learn and apply analytic business tools to real-life operations issues and catalyze the efforts of an Office or Mission to plan and launch an operations performance management system strategically.

USAID also implements an Operational Excellence Agenda to inform continuous operational improvements that align with USAID's Agency Learning Agenda. USAID implements a range of research studies to improve management operations. These studies include and are not limited to benchmarking studies, business process reviews, data-driven after-action reviews, and cost-savings and avoidance studies. USAID uses these studies to address major management challenges and recommend practical actions relevant offices and staff can implement. As of May 2023, 68 percent of the recommendations USAID accepted in 2021 and 2022 were either in progress or complete, which reflects USAID's action- and results-oriented management approach. USAID publishes its management assessments on the DEC.

Finally, USAID is developing a new Knowledge Management and Organizational Learning (KMOL) Policy to support more systematic organizational learning and local knowledge systems. For more information, please refer to the Knowledge Management and Organizational Learning (KMOL) subsection in the Other Management Information, Initiatives, and Issues section on page 69 of this AFR.



## PERFORMANCE INDICATORS AND TRENDS

USAID uses performance indicators to observe progress and measure actual results compared to expected ones. Hence, performance indicators are an indispensable management tool for USAID when making evidence-based decisions about designing programs, activities, and operations. It is critical for USAID to analyze and use performance data to achieve its intended results, recognizing several factors that contribute to the overall success of foreign assistance programs and management operations. USAID OUs will report the results of their foreign assistance programs in December 2023 using standard foreign assistance indicators for FY 2023. USAID will validate these results by March 2024, which is after USAID publishes its AFR.<sup>4</sup> Accordingly, the most recent performance data in this AFR section are for FY 2022.<sup>5</sup> USAID included baseline and trend data when they were available.

## DATA QUALITY

Data are only useful for making decisions if they are high quality and relevant. According to USAID's ADS Chapter 201, USAID OUs must adhere to rigorous processes to ensure the programs they fund produce high-quality data. USAID uses a Performance Indicator Reference Sheet (PIRS)

as the primary way to document data quality and consistency for each performance indicator. In each PIRS, USAID: (1) defines the indicator's meaning, use, and method of data collection, and (2) specifies the data sources and identifies data limitations. USAID uses Data-Quality Assessments (DQAs) to assess the validity, integrity, precision, reliability, and timeliness of performance-indicator data; USAID uses a PIRS to record the results of each DQA. USAID policy requires that all performance indicator data USAID reports externally go through the DQA process after initial data collection for a new performance indicator and within the 12 months prior to reporting the indicator data externally for the first time, and then every three years thereafter. USAID obtains performance data from three sources:

- (1) Primary: data USAID or USAID's implementing partners collect with USAID funds;
- (2) Secondary: data USAID or USAID's implementing partners compile, but come from other sources; and
- (3) Third-party: data that are typically widely available from U.S. government departments and agencies and international organizations, such as the World Bank or the United Nations [UN]).

<sup>4</sup> USAID chooses to produce an AFR and Annual Performance Report (APR) as an alternative to producing a consolidated Performance and Accountability Report (PAR). USAID submits its AFR to OMB in November each year, in line with OMB guidance. USAID will submit its FY 2023 APR to OMB in spring 2024 and publish it at <https://www.usaid.gov/results-and-data/progress-data/annual-performance-report>.

<sup>5</sup> USAID sets annual targets before USAID calculates results from the previous year. USAID's Performance Plan and Report (PPR) includes targets two years in advance. For example, USAID set targets for FY 2023 in its FY 2022 PPR.

## STRATEGIC GOALS AND RESULTS

Development, alongside diplomacy and defense, is indispensable for the United States to advance its national security and economic interests. USAID's programs save lives; promote inclusive economic growth; strengthen democratic, citizen-responsive governance; and help avert and mitigate crises worldwide. USAID strives to achieve measurable and equitable development results; confronts threats to national security and global stability; demonstrates U.S. leadership; and ensures its programs are effective and accountable to U.S. taxpayers.





Operationally, USAID collaborates with the State Department to pursue U.S. national security and foreign policy objectives abroad. The two agencies do this by implementing diplomacy and foreign assistance programs to support the President's National Security Strategy (<https://www.whitehouse.gov/wp-content/uploads/2022/10/Biden-Harris-Administrations-National-Security-Strategy-10.2022.pdf>).

The GPRA of 1993 requires federal departments and agencies to develop strategic plans, annual performance plans (APP), and APRs. USAID and the State Department develop a JSP that outlines

the long-term goals each agency aims to achieve, what actions each will take to realize those goals, and how each will deal with challenges and risks that could hinder the agencies achieving results. The JSP also includes the short-term performance goals USAID uses to measure progress on those long-term strategic goals and objectives. The FY 2023 APR (<https://www.usaid.gov/reports/annual-performance-report>) serves as the first year of reporting for the FY 2022 – FY 2026 JSP, while the FY 2023 APP serves as the second year of planning for the JSP. According to the requirements of the GPRA Modernization Act of 2010, USAID reports on a quarterly and public basis the progress of its Agency Priority Goals (APGs) (<https://www.performance.gov/agencies/usaid/>).<sup>6</sup> USAID's FY 2022 – FY 2023 APGs focus on: Resilience and Food Security; Preventing Child and Maternal Deaths; DEIA in USAID Programs; Democracy and Governance; Climate Change (joint with the State Department); DEIA in Staffing (joint with the State Department); and HIV/AIDS (joint with the State Department). USAID included in the relevant sections in this AFR results and targets for all its APGs, which provide progress updates on USAID's Strategic Goals and indicators.

<sup>6</sup> USAID's APGs from FY 2020 – FY 2021 and earlier are located on Performance.gov archive sites. Please visit the Trump Administration Archives (<https://trumpadministration.archives.performance.gov/>), Obama Administration Archives (<https://obamaadministration.archives.performance.gov/>), and Bush Administration Archives (<https://georgewbush-whitehouse.archives.gov/results/agenda/index.html>) of Performance.gov for historical APG data.

## STATE-USAID FY 2022 – FY 2026 JOINT STRATEGIC GOAL FRAMEWORK

Strategic Goal	Strategic Objective	Program Categories*
<p>1: Renew U.S. leadership and mobilize coalitions to address the global challenges that have the greatest impact on Americans' security and well-being</p> 	<p>1.1 – Strengthen global health security, combat infectious disease threats, and address priority global health challenges through bilateral engagement and within multilateral fora</p> <p>1.2 – Secure ambitious climate mitigation and adaptation outcomes, including supporting effective Paris Agreement implementation</p> <p>1.3 – Reinvigorate U.S. humanitarian leadership and provide lifesaving protection and assistance in response to international disasters and humanitarian crises overseas</p> <p>1.4 – Lead allies and partners to address shared challenges and competitors; prevent, deter, and resolve conflicts; and promote international security</p> <p>1.5 – Enhance foreign publics' understanding of and support for the values and policies of the United States</p>	<p>Health</p> <p>Economic Growth</p> <p>Humanitarian Assistance</p> <p>Peace and Security</p> <p>Program Development and Oversight</p>
<p>2: Promote global prosperity and shape an international environment in which the United States can thrive</p> 	<p>2.1 – Promote a global economy that creates opportunities for all Americans</p> <p>2.2 – Support inclusive and sustainable economic growth and opportunity for communities around the globe</p> <p>2.3 – Support U.S. technological leadership, strengthen competitiveness, and enhance and protect the U.S. innovation base while leveraging technology to improve lives around the world</p> <p>2.4 – Strengthen U.S. and global resilience to economic, technological, environmental, and other systemic shocks</p>	<p>Economic Growth</p>
<p>3: Strengthen democratic institutions, uphold universal values, and promote human dignity</p> 	<p>3.1 – Promote good governance and defend strong, accountable, and resilient democracies that deliver for their citizens</p> <p>3.2 – Advance equity, accessibility, and rights for all</p> <p>3.3 – Prevent, expose, and reduce corruption</p> <p>3.4 – Promote a safe, humane, and orderly immigration and asylum system, address the root causes of irregular migration collaboratively with our partners, and enhance protections for refugees and displaced persons</p> <p>3.5 – Improve inclusive and equitable health, education, and livelihood services, especially for women, youth, and marginalized groups</p>	<p>Democracy, Human Rights, and Governance</p> <p>Economic Growth</p> <p>Education and Social Services</p> <p>Health</p> <p>Peace and Security</p>
<p>4: Revitalize the diplomatic and development workforce and institutions</p> 	<p>4.1 – Build and equip a diverse, inclusive, resilient, and dynamic workforce</p> <p>4.2 – Modernize IT and leverage data to inform decision-making and support mission delivery</p> <p>4.3 – Protect our personnel, information, and physical infrastructure from 21st century threats</p>	<p>Program Development and Oversight</p>

Note: The U.S. Department of State exclusively manages JSP Strategic Goal 5 and related Strategic Objectives.

\* 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 USAID discusses in the Mission and Organizational Structure, the Financial Statements, and Notes to the Financial Statements sections.

## PERFORMANCE GOAL ACCOMPLISHMENT HIGHLIGHTS

Below are highlights of USAID’s performance accomplishments that support the Agency’s achievement of its strategic goals as outlined in the *FY 2022 – FY 2026 USAID-State JSP*.

### STRATEGIC GOAL I

*Renew U.S. leadership and mobilize coalitions to address the global challenges that have the greatest impact on Americans’ security and well-being*

#### PUBLIC BENEFIT

U.S. foreign policy delivers security for the American people, creates economic opportunities, and addresses global challenges that affect Americans’ lives directly.<sup>7</sup> From global pandemics and the climate crisis to unprecedented, forced migration and protracted humanitarian crises, some of the biggest challenges Americans face require collective global action, led by the United States working in concert with our partners and allies, and through international and multilateral institutions the United States helped build, shape, and lead.

The United States’ unmatched web of bilateral and multilateral alliances and local partnerships are our greatest force multiplier in maintaining a stable, open, rules-based international system. These alliances and partnerships enhance our ability to deter and disrupt threats before they reach our shores and to counter and compete with our adversaries. These connections amplify our humanitarian and development assistance and enable us to prevent and mitigate conflicts more effectively.

The United States will modernize alliances and revitalize international institutions to meet the challenges of this century, from climate change and global pandemics to cyber threats, disinformation, and digital repression. The State Department and USAID are forging a new partnership across regions, bringing together subnational governments; the private sector; civil society; local organizations, including those representing marginalized and indigenous communities; and social and youth movements. Both agencies have

#### ILLUSTRATIVE PERFORMANCE INDICATOR:

*Number of countries with which the United States establishes or strengthens collaboration with to enhance development and implementation of National Adaptation Plans (NAPs) or other national adaptation planning documents* **APG ★**

	FY 2020	FY 2021	FY 2022	FY 2023
<b>Target</b>	N/A	N/A	25	75
<b>Result</b>	N/A	N/A	26	–

**Source:** April 2023 Climate Change APG Progress Update (<https://www.performance.gov/agencies/USAID/apg/goal-5/>)

helped build institutional capacity in partner nations and promote international cooperation to combat transnational threats, disinformation, and aggression. Further, the United States must resume a leadership role in multilateral organizations to ensure they continue to reflect the universal values, aspirations, and norms on which the organizations were founded. Both agencies continue their work to enhance foreign publics’ understanding of and support for the values and policies of the United States to support all of these efforts.

#### LINKING ACTIVITIES TO OUTCOMES

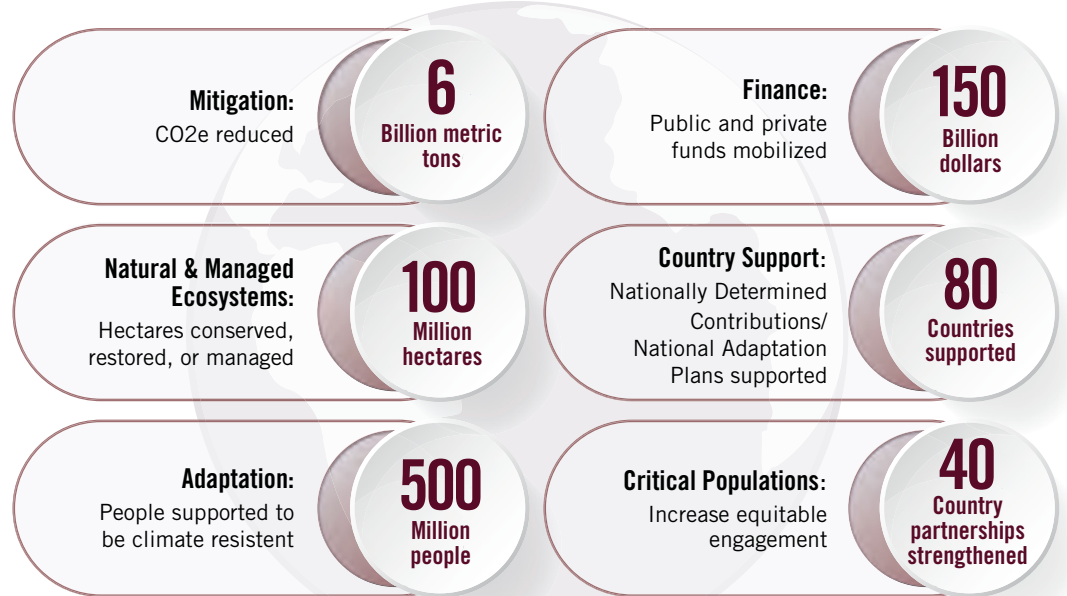
The climate crisis profoundly threatens the global economy, national security, global health, food security, and natural ecosystems. To avoid catastrophic damages, we must change the global emissions trajectory to limit global temperature rise to 1.5 degrees Celsius and help hundreds of millions of people adapt to and manage the impacts of climate change.

USAID launched its whole-of-agency Climate Strategy 2022 – 2030 (<https://www.usaid.gov/sites/default/files/2022-11/USAID-Climate-Strategy-2022-2030.pdf>) in April 2022. USAID centered the Climate Strategy on six ambitious targets that the Agency aims to achieve by 2030.

<sup>7</sup> The language in this Public Benefit subsection is based on the Goal I “Strategic Goal Overview” on page 12 of the *FY 2022 – FY 2026 USAID-State JSP*.



## Climate Strategy Targets 2022–2030



USAID's Climate Strategy includes six ambitious targets for the Agency to achieve between 2022–2030.

USAID reported on its Climate Strategy implementation progress with a Progress Update Fact Sheet (<https://www.climatelinks.org/resources/usaid-climate-strategy-progress-update>) in April 2023 and with a “Year One Review” (<https://www.usaid.gov/policy/climate-strategy/jun-2023-progress>) in June 2023. One highlight is that USAID supported the conservation of more than 60 million hectares of forests, mangroves, and other lands that absorb and store carbon. Conserving these lands is a critical nature-based solution to reducing greenhouse gas (GHG) emissions. As part of USAID's Climate Strategy, USAID aims to support the conservation, restoration, or management of 100 million hectares of critical landscapes—an area more than twice the size of California—by 2030.

In 2021, the United States, working in partnership with host-country and international institutions, reestablished itself as a premier global provider of innovation, support, and solutions for reducing GHG emissions and adapting to climate change. To achieve their Climate Change APG, the State Department and USAID strategically assist partner countries in their efforts to make major contributions to the global effort to combat climate change and respond to its impacts. This work is harnessing the State Department's, USAID's, and partner agencies' diplomatic, development, and technical expertise and is driving implementation

of partner countries' climate mitigation and adaptation priorities and reporting obligations consistent with the Paris Agreement. Specifically, the State Department and USAID are focusing on three tracks:

1. **Mitigation:** Supporting efforts in 27 partner countries to implement their Nationally Determined Contributions (NDCs) as well as raise ambition and drive enhanced emissions reductions in line with pathways to limiting global temperature rise to no more than 1.5 degrees Celsius to substantially reduce the risk of catastrophic climate change.
2. **Adaptation:** Supporting development and implementation of National Adaptation Plans (NAPs) and other strategies in 75 partner countries that will enable them to adapt to, manage, and reduce vulnerability to the impacts of a changing climate.
3. **Reporting:** Boosting national capacity to measure, report, and verify GHG emissions in 30 countries to shore up the transparency-based accountability mechanism that is the foundation of the Paris Agreement.

For more information about USAID's climate change work, please refer to the Climate-Related Risk section beginning on page 190 of this AFR.



*Arman Assylkhan, 29, is a renewable energy specialist from Nur-Sultan, Kazakhstan. As a millennial, he believes that climate change is his generation's crisis. And his chosen career path? That's the key to addressing it.* PHOTO: BOBBY NEPTUNE FOR USAID

## PROGRESS BEYOND PROGRAMS: AMPING UP CLEAN ENERGY FOR CLIMATE AND DEVELOPMENT

**USAID is putting the infrastructure in place to phase out fossil fuels and improve energy efficiency while expanding energy access in hard-to-reach places. Read on to learn how the Agency promotes clean energy and improved climate and development outcomes across the world.**

One of the most critical ways that we can mitigate climate change is by transitioning to clean energy and promoting energy efficiency—and USAID is partnering with key countries around the globe to do just that. USAID is putting the infrastructure in place to phase out fossil fuels and improve energy efficiency while expanding energy access in hard-to-reach places. Read on to learn how the Agency promotes clean energy and improved climate and development outcomes across the world.

### **BOOSTING RENEWABLE ENERGY THROUGH AUCTIONS**

Competitive renewable energy auctions can help countries attract private financial investment and identify the most cost-effective projects on the market. For example, with USAID's support the Philippines announced the winners of the country's first-ever renewable energy auction in 2022.

Almost 2,000 megawatts of renewable energy capacity—equal to nearly 10 percent of the country's current energy capacity—were successfully auctioned and are expected to mobilize \$2 billion in clean-energy investment.

The power generation will come online from 2023–2025, increasing consumer access to low-cost renewable energy and reducing the country's dependence on imported fuels. The second round of the auction is scheduled for June 2023, which is planned to offer a total capacity of 11,600 megawatts installation target.

### **BOOSTING WIND FARM GENERATION IN SOUTH AFRICA**

South Africa has been experiencing an energy crisis since early 2022—with rolling blackouts that affect millions of people and hamper economic development. As a result of

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this energy crisis, USAID began partnering through Power Africa with the country's Renewable Energy Independent Power Procurement Program in South Africa's Northern Cape to bring Karusa and Soetwater wind farms online.

Both sites, which were developed by Power Africa partner Enel and started operating in 2022, are generating a combined 280 megawatts of clean electricity. They each have 35 wind turbines on site, which can produce enough renewable energy to avert 1 million tons of carbon dioxide (CO<sub>2</sub>) emissions every year. In addition to reducing greenhouse gas emissions, the energy the turbines produce will be integrated into the national energy grid, alleviating poverty and creating jobs in communities all over South Africa.

## **SECURING RENEWABLE ENERGY INVESTMENT IN PAKISTAN**

USAID has long supported the Government of Pakistan's efforts to expand access to clean energy through various power generation and transmission infrastructure programs, as well as technical assistance programs. These efforts have spurred private-sector investments into clean energy, improving the capacity of systems and energy markets.

To date, USAID's energy work has benefited more than 47 million Pakistanis by helping add over 4,000 megawatts of clean power system capacity and connect 1,400 megawatts of wind power capacity to the national grid—leveraging \$2.6 billion in private-sector investment. All of these efforts have resulted in sequestering or avoiding 55 million tons of CO<sub>2</sub> equivalent emissions.

“[USAID's energy work] has catalyzed renewable energy development in Pakistan,” said Sheeraz Anwar Khan, director of Pakistan's Alternative Energy Development Board. “The program has raised awareness and capacity of the sector in accelerating the transition towards renewable energy and increased investments in the sector.”

## **PROMOTING ENERGY EFFICIENCY TO REDUCE EMISSIONS IN MEXICO**

In Mexico, USAID is helping reduce harmful emissions through a focus on energy efficiency, which is one of the most effective and lowest-cost strategies for mitigating climate change. USAID is partnering with the Lawrence Berkeley National Laboratory's (LBNL) on the Energy Efficiency for Development (EE4D) program, which piloted an activity in Quintana Roo state to promote energy efficiency in the hotel industry.

Eight hotels participated in the pilot, which also involved the state's Secretariat of Tourism. They each provided energy consumption data that EE4D analyzed using LBNL's Building Efficient Targeting Tool for Energy Retrofits to identify low- or no-cost energy efficiency measures that will result in economic and environmental benefits. The analysis was the first of its kind to engage the hotel industry in Mexico and showed how implementing these kinds of energy efficiency measures could save consumers 13 million kilowatt hours of energy, while reducing energy costs by 40 percent and preventing 5,954 tons of CO<sub>2</sub> equivalent emissions annually. The pilot program allowed these hotel operators to identify areas where they could achieve greater competitiveness by advancing energy efficiency, reducing costs, and supporting a climate-friendly development of the local hotel industry.

USAID is continuing these types of efforts on a larger scale in Mexico with programs such as the Partnership for Net Zero cities, which aims to put the country on a path to net-zero emissions after 2030 by increasing the energy efficiency of buildings and increasing access to clean transportation.

## **MORE INFORMATION ON USAID'S CLIMATE WORK**

USAID's energy programs are key to reaching the objectives outlined in the Agency-wide Climate Strategy, especially supporting activities that reduce, avoid, or sequester six billion metric tons of CO<sub>2</sub> equivalent and mobilizing \$150 billion in public and private finance for climate. They are also key to achieving one of the goals set out by USAID's new Policy Framework: to drive progress beyond programs and help countries withstand the effects of a changing climate and secure a net-zero emissions future.

## STRATEGIC GOAL 2

Promote global prosperity and shape an international environment in which the United States can thrive

### PUBLIC BENEFIT

A strong U.S. middle class, resilient and equitable democracy, domestic competitiveness, and national security are mutually reinforcing.<sup>8</sup> Trends in inequality and stresses on middle-class livelihoods have emerged as defining challenges for democratic governments around the world. Together with our partners, USAID and the State Department promote inclusive, sustainable growth and build economic, environmental, and technology systems and infrastructure that are resilient to present and future shocks and challenges, delivering for all our citizens while improving lives overseas.

To enable sustainable, inclusive growth at home and abroad, the United States must maintain its leading edge in innovation and entrepreneurship, while using foreign assistance to make smart and effective investments that will build open, market-based economies around the globe. USAID and the State Department support a level playing field, fair competition, and the rule of law while building the networks and coalitions to support these aims (see USAID’s 2023 Rule of Law Policy at <https://www.usaid.gov/democracy/rule-law-policy>). USAID and the State Department lead the international community in ensuring that the promise of transformative new technologies delivers for people. This includes shaping norms and standards to protect the interests, boost the competitiveness, and uphold the values of the United States. Both agencies work to increase economic resilience at home and abroad, diversify and protect critical supply chains, and defend against cyber threats and other disruptions that directly affect U.S. citizens’ lives and livelihoods. USAID and the State Department grounded all of these efforts in a commitment to future generations to protect the environment; promote democratic values; combat corruption; develop human capital, including science, technology, engineering, and mathematics (STEM) skills for the workers of the future; and enhance DEIA for all.

### ILLUSTRATIVE PERFORMANCE INDICATOR:

Value of annual sales of producers and firms that are receiving U.S. Government assistance in U.S. Dollars (in billions) (USAID) **APG★**

	FY 2020	FY 2021	FY 2022	FY 2023
<b>Target</b>	\$2.19B	\$2.09B	\$2.26B	\$3.10B
<b>Result</b>	\$3.30B	\$3.78B	N/A	–

**Source:** April 2023 Resilience and Food Security APG Progress Update (<https://www.performance.gov/agencies/USAID/apg/goal-1/>)

### LINKING ACTIVITIES TO OUTCOMES

Goal 2 includes a Resilience and Food Security APG with a target of bringing annual sales by assisted farms and firms in the agriculture and food system above pre-COVID-19 pandemic levels of \$3 billion. Feed the Future (<https://www.feedthefuture.gov/>), the U.S. government’s global hunger and food-security initiative, is the main vehicle through which USAID achieves the Goal 2 APG for annual sales by assisting farms and firms in the agriculture and food system. Feed the Future also drives much of USAID’s contributions to Strategic Objectives 2.2, *Support inclusive and sustainable economic growth and opportunity for communities around the globe*, and 2.4, *Strengthen U.S. and global resilience to economic, technological, environmental, and other systemic shocks*.

Feed the Future is a whole-of-government program that draws on the agricultural, trade, investment, development, and policy resources and expertise of multiple U.S. federal departments and agencies. Feed the Future is driven by the 2022 – 2026 Global Food Security Strategy (GFSS) (<https://www.usaid.gov/what-we-do/agriculture-and-food-security/us-government-global-food-security-strategy>) and focuses on 20 target countries, eight of which the U.S. government added in FY 2022. Feed the Future has three objectives: (1) inclusive and sustainable agriculture-led economic growth; (2) strengthened resilience among people, communities, countries, and systems; and (3) a well-nourished population, especially among women and children. Feed the Future prioritizes five crosscutting objectives to support

<sup>8</sup> The language in this Public Benefit subsection is based on the Goal 2 “Strategic Goal Overview” on page 23 of the FY 2022 – FY 2026 USAID-State JSP.



context-appropriate programming and successful adaptation in a complex and constantly changing global landscape: (1) equity and inclusion, (2) climate change, (3) long-term COVID-19 impacts, (4) strengthening food systems, and (5) integrating conflict mitigation, peacebuilding, and social cohesion.

By implementing Feed the Future, the U.S. government and its partners address current and emerging crises and shocks that threaten to undermine progress on global food security and nutrition to achieve a more food-secure future globally. Threats to food security include the lingering effects of the COVID-19 pandemic; increased global food, fuel, and fertilizer prices exacerbated by Putin's war on Ukraine; increasing conflict and inequity; and the growing impacts of climate change. The World Bank estimates that the pandemic alone has pushed 90 million more people into extreme poverty in 2020. Further, approximately 924 million people worldwide are severely food insecure, with approximately 20 percent more women than men experiencing hunger, according to the UN Food and Agriculture Organization (FAO). In FY 2023, USAID focused on helping its target Feed the Future countries develop updated Country Plans that align activities with the 2022 – 2026 GFSS and providing support to the broader set of Feed the Future-funded countries. USAID also supported its Missions to implement programming funded under the Ukraine Supplemental that are designed to help countries weather, recover from, and build resilience to increased fuel, food, and fertilizer prices, and worsening climate-related and other shocks. Additionally, USAID is working to address the unprecedented drought in the Horn of Africa and in the Sahel, where the global food-security crisis has compounded an already dire situation. This work layers humanitarian and development assistance in ways that save lives while fueling recovery and strengthening resilience to future shocks and stresses. USAID also completed evidence gap maps for Agriculture-led Growth and Nutrition (<https://www.feedthefuture.gov/topic/agriculture-growth/>) and launched two central mechanisms, the Climate Finance Development Accelerator (<https://www.climatelinks.org/projects/cfda>) and the Comprehensive Action for Climate Change

Initiative (<https://www.canr.msu.edu/prci/policy-influence/Comprehensive-Action-for-Climate-Change-Initiative-%28ACCI%29/index>), to address climate change. USAID also launched the Generating Resilience and Opportunities for Women (GROW) initiative (<https://www.usaid.gov/news-information/press-releases/apr-17-2023-administrator-samantha-power-announces-usaids-generating-resilience-and-opportunities-women-grow-commitment>), which focuses on empowering women in the food and water sectors and will invest up to \$335 million through Feed the Future and USAID's Water, Sanitation, and Hygiene (WASH) and Adaptation activities.

USAID advances Strategic Objective 2.3, *Support U.S. technological leadership, strengthen competitiveness, and enhance and protect the U.S. innovation base while leveraging technology to improve lives around the world*, by leveraging private-sector and multilateral partnerships to advance responsible digital development and leverage U.S. technological leadership. USAID contributes through the implementation of the 2020 – 2025 USAID Digital Strategy and the Agency's forthcoming Geospatial Strategy. USAID's FY 2023 achievements for Strategic Objective 2.3 include leveraging \$245 million in private capital through nine Digital Invest public-private partnerships under the G7-led Partnership for Global Infrastructure and Investment (PGII), training more than 330,000 USAID and implementing partner staff in cybersecurity, emerging technology, and digital finance, and connecting 771,000 women to economic assets, including the internet and technology sector jobs.

In the coming year, USAID's Strategic Goal 2 priorities include:

- Co-chairing the multi-agency Digital Connectivity and Cybersecurity Partnership (DCCP) with the State Department;
- Leading three initiatives under the G7-led PGII, Digital Invest, the Women in the Digital Economy Fund, and 5G and OpenRAN initiatives; and
- Advancing the global integration of responsible digital development through multilateral agreements, such as the Charter for Digital Public Goods.



*Rolland has used her surplus to pay for her children’s school fees and hopes to grow her family farm into a more profitable business someday.* PHOTO: WEST AFRICA TRADE AND INVESTMENT HUB

## WITH HIGH GLOBAL FERTILIZER PRICES, FARMERS IN NIGERIA ARE TURNING TO CUSTOM BLENDS

**A USAID-supported program commercially distributes specially blended fertilizer to smallholder farmers to help them increase their crop yields and become more food secure.**

Nasara Rolland is a smallholder farmer in northern Nigeria who has been using customized fertilizer on her five-acre farm for three years. The fertilizers introduce the correct ratio of elements such as nitrogen and phosphorus that local soils need, thus helping the crops to perform well. This has quadrupled her maize and rice yield and put more food on her family’s table. She is one of 74,000 smallholder farmers, half of them women, who have benefited from a partnership between the USAID West Africa Trade and Investment Hub Activity and OCP Africa Fertilizers Nigeria Limited (OCP Africa), a company that develops fertilizers customized to local conditions and crop needs. OCP Africa’s Farm and Fortune Hubs (The Hubs), part of this OCP partnership with USAID, is helping farmers like Rolland increase their crop yields through easy access to fertilizer in light of rising fertilizer prices across the globe.

The Hubs help smallholder farmers like Rolland access the farming inputs they need, as well as training on good agricultural practices. (Note: OCP does not have a direct legal agreement with USAID; it has a grant agreement with the USAID-funded Trade Hub). Now, OCP sells these blends to farmers at 135 Hubs throughout the country where farmers are trained on good agricultural practices. The blends, combined with the training farmers receive on fertilizer usage,

plant spacing, and agricultural management, help farmers boost their crop yields and use farming resources more efficiently—this is critical at a time when COVID-19; high food, fuel, and fertilizer prices; protracted conflicts, including Russia’s invasion of Ukraine one year ago, and climate shocks are compounding impacts that threaten the lives and livelihoods of millions of people around the world.

The Hubs are meeting the moment to help farmers like Rolland.

“I am full of joy,” Rolland said. “I have food to feed my family, take extra food to market for extra income, and can pay for school [fees] for my four children.”

Nigeria is a leading importer of fertilizer from Russia and Ukraine, but the ongoing conflict has had a devastating effect on food security—without affordable fertilizer, farmers will see declining yields and escalated food prices. Fertilizer is an essential tool for these farmers, as it enhances the fertility of soil or restores depleted nutrients from previous growing seasons. That’s where OCP comes in: At the blending facility, farmers’ soils are tested in a laboratory to determine the nutrient content and generate a custom fertilizer blend for their soils. The nutrient test also helps farmers determine

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the quantity of fertilizer to use, helping them save on fertilizer costs. To date, the partnership has produced more than 15,000 metric tons of fertilizer tailored to the soil needs of smallholder farmers and a 24 percent increase in maize yield for participating farmers. The facility produces custom fertilizer blends for other staple crops in Nigeria such as rice, soybean, cassava, tomato, and wheat.

At the Hubs, trained “agripromoters” teach classes on good agricultural practices, said Oluwatoba Asana, country manager for OCP Africa. They also visit farmers on their land and teach through videos, recordings, visual aids, and use of demonstration plots. Asana said the partnership eventually aims to train more Nigerian farmers across 250 Hubs. OCP Africa also offers fertilizer and other supplies to farmers through its OCP Agribooster Initiative, which provides farmers with access to finance and markets to sell their produce.

Meanwhile, Rolland has spread the word in her community about the specially blended fertilizer she uses on her farm, and after seeing her surplus, many have decided to join. Before joining the Hubs, Rolland used manure as fertilizer and had no modern agricultural knowledge about fertilizer usage, which contributed to low yields. Hunger was the norm in her community.

“They were skeptical of my new methods, but seeing is believing,” Rolland said of her neighbors. “When my community saw my success, they rushed to me and asked me questions, and I pointed them to where I learned the new farming practices.”

Rolland said that she aims to grow her family farm into a larger, more profitable, business. Her first name, after all, means “success” in her mother tongue of Hausa.

### STRATEGIC GOAL 3

*Strengthen democratic institutions, uphold universal values, and promote human dignity*

#### PUBLIC BENEFIT

The world is at an inflection point: 2023 marked the 17th consecutive year of global democratic decline, and the pace of decline has accelerated so that 68 percent of the world’s population lives in autocracies.<sup>9</sup> Meanwhile, pro-democracy movements are facing new emergency laws instituted in the name of public health and other means of “legally justified” autocratic repression. Authoritarian competitors to the United States seek to challenge the very ideas that inspire democratic institutions, human rights, and societal cohesion on the global stage and at international fora—both to protect regimes that abuse the concept of sovereignty to hide their domestic abuses and to discredit U.S. global leadership.

The case for democracy, however, remains strong. The principles of consent of the governed, limits on executive authority, transparency and accountability, and the rule of law continue to support the peaceful

#### ILLUSTRATIVE PERFORMANCE INDICATOR:

*Percentage of new partners registered in the partner directory that have taken the pre-engagement assessment on WorkwithUSAID platform (<https://workwithusa.org/>) (USAID) APG ★*

	FY 2020	FY 2021	FY 2022	FY 2023
<b>Target</b>	N/A	N/A	18.5%	25%
<b>Result</b>	N/A	12%	Q1: 28% Q2: 24% Q3: 31% Q4: 32%	–

**Source:** April 2023 Diversity, Equity, Inclusion, and Accessibility in USAID Programs APG Progress Update (<https://www.performance.gov/agencies/USAID/apg/goal-3/>)

advancement of societies, especially in terms of global stability and prosperity.

In this context, revitalizing democracy in the 21st century is a top national security priority. The State Department and USAID are committed to revitalizing democracies that are accountable to and deliver for their citizens. To do this, the State Department and USAID join likeminded allies and partners globally to promote and protect democracy, while helping democracies deliver for their citizens,

<sup>9</sup> The language in this Public Benefit subsection is based on the Goal 3 “Strategic Goal Overview” on page 31 of the FY 2022 – FY 2026 USAID-State JSP.

elevating human rights, combating corruption, and managing migration humanely. The U.S. government partners with host-country governments, civil society, and communities to ensure that the voices of marginalized populations are considered in the development of policies that might affect them, while promoting healthy interaction and dialogue. The State Department and USAID furthered equity, inclusion, accessibility, support for human rights, and resilience of marginalized peoples, including individuals from marginalized racial, ethnic, Indigenous, and religious communities, persons with disabilities, LGBTQI+ individuals, women, and older persons. This extends to how the State Department and USAID plan strategies, formulate policies, budget, program, train, conduct outreach, learn, and report, and requires investments in efforts to redress inequities that hinder equal access and opportunity.

## LINKING ACTIVITIES TO OUTCOMES

USAID is increasing equitable outcomes with USAID partners, including implementing partners, globally. Governments, civil society, local organizations (including those that represent marginalized and Indigenous communities), social and youth movements, and populations with which USAID works often cannot operate on an equal footing with international agencies. Barriers can remove or reduce local communities' input from the decision-making process on critical programs, even though these communities have the greatest stake in the success of the programs. Marginalized communities and populations, including those facing discrimination with limited access to a country's benefits, legal protections, or social participation, are often excluded from the benefits of development programs when there are no specific efforts to involve them in development programming. This undermines progress toward the UN 2030 Sustainable Development Goals (SDGs).

USAID embeds DEIA in its programs and operations through its Equity Action Plan (EAP) (<https://www.usaid.gov/equity/equity-action-plan>) and DEIA in Programs APG. In the EAP, USAID identified gaps in advancing equity with underserved communities, including racial and ethnic equity, in policies, programs, and partners, and detailed five commitments to address these gaps. USAID has closely linked its EAP and its APG by aligning the APG goal strategies with the five key actions in the EAP. In the EAP, USAID indicated that by September 2023, it will:

- (1) Continue developing the WorkwithUSAID platform;<sup>10</sup>
- (2) Enhance implementing USAID's nondiscrimination policy for beneficiaries, including developing and implementing an Independent Accountability Mechanism and advancing Title VI protections (<https://www.justice.gov/crt/fcs/TitleVI>) at USAID;
- (3) Lower internal and external barriers for USAID awards, which involves reducing acquisition and assistance (A&A) administrative burdens that hinder partner capacity;<sup>11</sup>
- (4) Designate an Inclusive Development (ID) Champion<sup>12</sup> at each Mission and procure inclusive development support mechanisms, which USAID's ID Hub will manage; and
- (5) Implement a consistent approach to incorporating racial and ethnic equity and diversity into policy, planning, and learning processes.

Highlights from USAID's progress on its five EAP commitments include:

- Registering more than 4,600 partners on the WorkwithUSAID platform (<https://workwithusaid.org>), with more than 3,600 partners having completed the Pre-Engagement Assessment;

<sup>10</sup> For more information on the WorkwithUSAID platform, please refer to the Other Management Information, Initiatives, and Issues section on pages 59 of this AFR, particularly the Advancing Localization subsection on pages 56.

<sup>11</sup> For more information, please refer to the Other Management Information, Initiatives, and Issues section on pages 57 of this AFR.

<sup>12</sup> USAID defines "ID Champion" to include Mission points of contact who are responsible for overseeing ID in strategic planning, program design, and implementation. This definition does not automatically include gender advisors, but includes staff who dedicate a minimum of 50 percent of their time to addressing the needs of marginalized groups, underrepresented populations, and people in vulnerable situations, and promoting ID concepts.



# USAID'S BEING LGBTI IN THE CARIBBEAN PROJECT

## USAID Supports DIVERSE VOICES WITH UNTOLD STORIES in the Caribbean Region

### EQUALS

According to Isadora Barrow: "Equals has significantly expanded and evolved over time, maintaining a strong community presence. I joined the organization to actively contribute to a cause I deeply believe in. We are at a pivotal moment, both socially and politically, where we can unite and advocate for our rights. This organization serves as the platform for such advocacy and has filled me with hope for a brighter future. I feel incredibly honored to be part of the Caribbean's LGBTQI+ community."



**Isadora Barrow, Acting Secretary of Equals Barbados, had long aspired to leverage her skills to promote the human rights of LGBTQI+ individuals. Her aspirations became a reality when she joined Equals, Barbados' foremost LGBTQI+ organization.**

PHOTO: CREDIT7

This year, the USAID Being LGBTI in the Caribbean (BLIC) Project supported Equals through its initiative aimed at improving access to mental health care for LGBTQI+ individuals. The BLIC Barbados National LGBTI Survey Report disclosed that a staggering 68.6 percent of respondents had experienced suicidal thoughts, while 27.4 percent had attempted suicide. These statistics vary significantly based on gender identity and sexual orientation.

Barrow emphasized the impact of USAID's BLIC support: "With the backing of the USAID BLIC Project, we collaborated with mental health experts ranging from social workers to psychiatrists and psychologists. The partnership with USAID enhanced their understanding of the unique challenges faced by the LGBTQI+ community, equipping them with the necessary tools to offer better care. These efforts have also expanded our network of allies within the mental health sector, which is crucial for addressing the ongoing mental health challenges within our community."

USAID's BLIC Project further assisted Equals in advocating for a more equitable Constitutional Reform Process in Barbados. A Constitutional Reform Commission was established to guide the creation and implementation of a new constitution.

Barrow added: "The USAID BLIC Project has been instrumental in bolstering Equals and the LGBTQ+ Coalition in our Constitutional Reform endeavors. Their invaluable support and resources have empowered us to continue our advocacy work effectively. We are particularly grateful for their adaptability and commitment to meeting the community's specific needs."

Equals organized community town halls and strategic sessions, enabling activists and allies to gain insights into political participation, strategize collectively, and collaborate with other coalition members. These gatherings led to the submission of the report "LGBTQ+ Protections and Their Importance to The New Constitution" by the LGBTQ+ Coalition of Barbados.

- Creating an External Civil Rights (ECR) Division to monitor compliance, investigate complaints, and conduct resolution work that Title VI and other legal authorities mandate;
- Developing "Know Your Protections" resources to summarize and highlight existing protections for USAID program participants, which includes making them accessible and easy to understand; and
- Releasing USAID's 2022 *Acquisition and Assistance Strategy* (<https://www.usaid.gov/policy/acquisition-and-assistance-strategy>) and 2023 *USAID Policy Framework: Driving Progress Beyond Programs* (<https://www.usaid.gov/policy/policy-framework>), through which USAID committed to working with and reaching out to a diverse range of organizations, including local actors and underserved communities in the United States.

## STRATEGIC GOAL 4

Revitalize the diplomatic and development workforce and institutions

### PUBLIC BENEFIT

The State Department's and USAID's diplomatic and development workforce and institutions are vital for promoting security and prosperity, and for contributing to an equitable, effective, and accountable government that delivers results for all Americans.<sup>13</sup> The State Department and USAID continue to build, develop, and empower a cutting-edge global workforce that has the tools, training, technology, and infrastructure to succeed in a world that is increasingly crowded, competitive, and complex.

Meeting this moment requires ingenuity, creativity, and initiative. New challenges and accelerating change—geopolitical, economic, social, environmental, and technological—require the State Department and USAID to adapt and transform. Both agencies are using technology to reach new audiences and forge new connections, while also protecting against ongoing threats to the security of their personnel and information. USAID and the State Department are also building new capabilities, drawing a wider range of expertise and experience into government, and empowering employees to innovate and lead. Central to these efforts is both agencies' renewed commitment to building their workforces to fully reflect the richness and diversity of the United States. USAID and the State Department identify and eliminate barriers to equity by implementing targeted recruitment and retention efforts and establishing DEIA accountability mechanisms. USAID and the State Department build on their successes in supporting employees with disabilities by promoting enhanced career opportunities and workplace accommodations.

### ILLUSTRATIVE PERFORMANCE INDICATOR:

Percent of workforce with targeted disabilities out of the total number of employees (USAID) **APG ★**

	FY 2020	FY 2021	FY 2022	FY 2023
<b>Target</b>	N/A	N/A	1.8%	2%
<b>Result</b>	N/A	N/A	2.1%	–

**Source:** April 2023 Diversity, Equity, Inclusion, and Accessibility in USAID Programs APG Progress Update (<https://www.performance.gov/agencies/usaid/apg/goal-6/>)

### ILLUSTRATIVE PERFORMANCE INDICATOR:

Percent of workforce with any disability out of the total number of employees (USAID) **APG ★**

	FY 2020	FY 2021	FY 2022	FY 2023
<b>Target</b>	N/A	N/A	10%	12%
<b>Result</b>	N/A	N/A	9.5%	–

**Source:** April 2023 Diversity, Equity, Inclusion, and Accessibility in USAID Programs APG Progress Update (<https://www.performance.gov/agencies/usaid/apg/goal-6/>)

### LINKING ACTIVITIES TO OUTCOMES

The United States' diversity is a unique source of strength and innovation and provides our country and institutions with a significant competitive advantage globally. Building and maintaining a workforce that reflects this diversity demonstrates the United States' ideal as a country where all people have equal opportunities to achieve their highest aspirations and helps USAID and the State Department better promote U.S. interests abroad and deliver results for the American people.

Employees with targeted disabilities are chronically underrepresented at USAID in the Civil Service and Foreign Service. From FY 2020 through FY 2022, representation of employees with disabilities at USAID increased by 0.62 percent (from 4.80 percent in FY 2020 to 5.42 percent in FY 2022) and did not change for employees with targeted disabilities (1.31 percent in FY 2020 and FY 2022), per USAID's Management Directive 715 (MD-715) reports (<https://www.usaid.gov/reports/md-715>).

<sup>13</sup> The language in this Public Benefit subsection is based on the Goal 4 "Strategic Goal Overview" on page 41 of the FY 2022 – FY 2026 USAID-State JSP.

USAID seeks to increase the number of employees with disabilities to meet the requirements of the Equal Employment Opportunity Commission's (EEOC) 2017 final rule (<https://www.eeoc.gov/laws/guidance/questions-answers-eeocs-final-rule-affirmative-action-people-disabilities-federal>). This final rule amended the regulations that implement Section 501 of the Rehabilitation Act of 1973 and requires federal agencies to adopt the goal of having 12 percent of their workforce be people with disabilities and 2 percent of their workforce be people with targeted disabilities.

USAID is making progress and is on track to achieve these federal disability hiring goals in its Civil Service for FY 2023, per USAID's reporting on its Joint DEIA in Staffing APG (<https://www.performance.gov/agencies/USAID/apg/goal-3/>). This progress is a result of USAID's targeted efforts. For instance, USAID:

- Encourages employees to self-identify existing disabilities through internal human resources systems. Self-identifying disabilities is one way

employees can express allyship with colleagues who have visible disabilities. This information also helps USAID better understand its workforce diversity and whether USAID is equitably treating and providing equal opportunities to all employees. It also enables USAID to better represent the diversity of the American people.

- Uses the Workforce Recruitment Program (WRP) (<https://www.wrp.gov/wrp>) at scale to recruit highly motivated college students and recent graduates with disabilities.
- Conducts outreach and recruitment events.
- Enhanced its provision of reasonable accommodations for job applicants.
- Uses natural attrition as an opportunity to advance disability hiring goals and is working to increase its number of Civil Service positions while providing high-performing contract staff with pathways to Civil Service positions.

<sup>14</sup> For more information about USAID's outreach and recruitment events and how the Agency is enhancing how it provides reasonable accommodations for job applicants, please refer to the Recruiting, Hiring, and Career Pathways subsection of the Other Management Information, Initiatives, and Issues section of this AFR, page 62.





On February 21, 2023, USAID participated in a welcome home event for its Disaster Assistance Response Team (DART) Search and Rescue team from Fairfax, Virginia, after an 11-day deployment to support earthquake rescue operations in Türkiye. USAID Administrator Samantha Power and DART team members took a group photo after the event. PHOTO: USAID

## BOLSTERING USAID’S HUMANITARIAN ASSISTANCE AND CRISIS OPERATIONS WORKFORCE THROUGH IMPROVED RECRUITMENT, HIRING, AND DEIA PRACTICES

Crises and conflicts happen more frequently than in the 20th century, worsened by the effects of climate change and competition for natural resources, economic shocks from the COVID-19 pandemic, and instability from weak or illegitimate political institutions. In fact, over the past decade, global humanitarian aid has grown by more than 180 percent (<https://stats.oecd.org/Index.aspx?DataSetCode=TABLE5>). But is still not keeping pace with spiraling needs.

It is critical for USAID to respond quickly and effectively to crises and conflicts because U.S. development cooperation, which includes humanitarian and crisis-response efforts, is a pillar of U.S. national security, international strength, and principled engagement abroad.

USAID is proud of its legacy as the world’s largest humanitarian donor and lead coordinator in the U.S. government for international disaster response. On average, USAID’s Bureau for Humanitarian Assistance responds to 75 crises in more than 70 countries each year, providing food, water, shelter, health care, and other critical aid to people who need it most.

### APPLYING IMPROVED RECRUITMENT, HIRING, AND DEIA PRACTICES

With crises and conflicts growing more frequent and complex, USAID must use its resources to strengthen its humanitarian and crisis response capabilities, which includes

bolstering its workforce. One key way USAID does this is by applying DEIA practices across the employment lifecycle to attract, onboard, support, and retain a workforce with world-class knowledge, skills, and abilities, and that is diverse, respectful, and inclusive. Applying these practices is part of USAID’s efforts to implement its 2021–2024 DEIA Strategic Plan.

With support from Congress, USAID acted quickly to fill 350 non-permanent, direct hire Civil Service positions to support crisis operations across multiple Bureaus, including the Bureau for Humanitarian Assistance, Bureau for Conflict Prevention and Stabilization, and Bureau for Global Health. Advisors from USAID’s DEIA Office supported the Agency’s recruiting and hiring process, and USAID applied DEIA and merit-system principles in all phases. From May to June, USAID held two webinars about the crisis operations job opportunities. During the webinars, USAID shared information about the hiring process, benefits, reasonable accommodations, and the special hiring authorities in place for veterans and individuals with disabilities. USAID used masked hiring practices throughout the interview and selection process to prevent potential bias from affecting decisions. By hiring staff to Civil Service instead of contract positions, USAID helps ensure equity in benefits, increases stability for staff and the Agency, and promotes retention.

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## CRISIS OPERATIONS WORK

USAID's crisis operations teams respond to diverse situations, ranging from humanitarian emergencies like hurricanes, earthquakes, and droughts, to pandemics, conflicts, and political transitions. The new crisis operations positions enable USAID to deploy aid rapidly to more than 100 countries for both unanticipated emergencies and prolonged crisis situations. Additionally, by better reflecting the diversity of the United States, the incumbents of the positions enable USAID to respond more effectively to various adverse situations that affect diverse stakeholders.

USAID maintains readiness to activate on-call Disaster Assistance Response Team (DART) and Washington, D.C.-based Response Management Team (RMT) positions 24 hours a day. The timeline for mobilizing positions varies based on the needs of the specific response. For the RMT, individuals report to designated operations centers within 2 to 12 hours, according to the specific timeline the response requires.

USAID's crisis operations work helps mitigate the impacts of crisis situations around the world, including by saving lives, stabilizing emergency situations, and reinforcing health, education, justice, and other critical systems.

## 2023 EARTHQUAKE IN TÜRKIYE

On February 6, 2023, a magnitude 7.8 earthquake struck central-southern Türkiye.

The earthquake was the country's most powerful since 1939, caused damage across Türkiye and northwest Syria, and was followed by more than 16,000 aftershock tremors. More than 52,000 people died, more than 100,000 people were injured, at least 3 million people lost their homes, and hundreds of thousands of buildings were damaged or destroyed in both countries. USAID partners reported that at least 14 million people across Türkiye and Syria were affected by the earthquakes.

On the same day as the quake, USAID deployed a DART to lead the U.S. government's humanitarian response to the disaster. Simultaneously, a cross-agency team from USAID's Syria Mission, Middle East Regional Platform, Bureau for Humanitarian Assistance, Office of Acquisition and Assistance, and Office of the Chief Financial Officer acted quickly to award, in two days, a \$30 million cooperative agreement to the White Helmets (<https://www.whitehelmets.org/en/>)—a local civil-society organization of humanitarian volunteers. According to a seasoned USAID contracting officer, “In two days, we were able to do 40 days of work.”

USAID also activated a Washington, D.C.-based RMT to support the DART in leading and coordinating USAID programs and the broader U.S. government response. The DART and RMT collectively conducted more than 6,000 building assessments, and helped catalyze and deploy the rapid scale-up of vital humanitarian assistance, which totaled more than \$235 million globally. The U.S. government provided approximately \$131 million of this funding, of which \$56 million—or approximately 43 percent—was from USAID.

This funding supported humanitarian partners in Türkiye to deliver critical health care services to individuals who sustained traumatic injuries, emergency food and shelter support for newly displaced individuals, hygiene and sanitation assistance, safe drinking water to mitigate the spread of disease, and winter supplies for populations facing freezing temperatures. In Syria, the White Helmets rescued more than 2,950 people in the aftermath of the earthquake.

Overall, USAID's partners provided food assistance to more than 2.7 million people in Türkiye and Syria, health support and treatment to more than 8,000 people in northwest Syria, and 1.8 million pounds of humanitarian aid airlifted across ten flights for displaced families in Türkiye.

Applying improved recruitment, hiring, and DEIA practices while bolstering its crisis operations workforce is just one way USAID implements its Joint Strategic Plan Strategic Objective 4.1 on building a diverse, inclusive, resilient, and dynamic workforce that is equipped to accomplish USAID's development and humanitarian assistance mission.

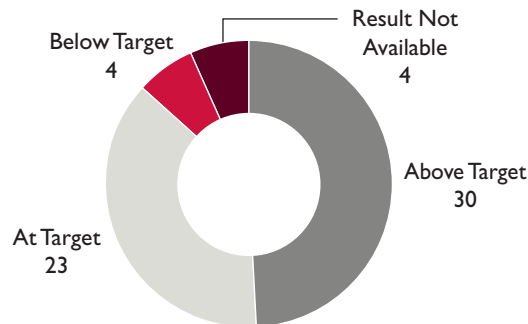
## USAID ILLUSTRATIVE INDICATORS AND PERFORMANCE TRENDS

The table starting on the following page includes indicators and data that represent all indicators in the *FY 2022 Annual Performance Report*, <https://www.usaid.gov/reports/annual-performance-report>, in which USAID has equities. Due to USAID’s data-reporting processes and timelines, some indicator data are not final until after USAID publishes its AFR. In the table, USAID identified as “N/A (not applicable)” all data that are incomplete and included footnotes with more information. Some indicators do not have targets and results for the years leading up to 2022 because they were not part of annual reporting under previous JSPs. The “reference sheets” at <https://www.state.gov/resources-and-reports-office-of-foreign-assistance/> and <https://www.usaid.gov/document/fy-2023-annual-performance-plan-app-indicator-and-milestone-reference-sheets> include additional information about each indicator and milestone. USAID will report the complete progress in FY 2024 for FY 2022 – FY 2023 APGs data that are currently incomplete.

The indicators and data show USAID’s progress toward achieving the Agency’s APGs. Some indicators include data from joint reporting with the State Department; USAID and the State Department use those indicators to track progress against the APGs the two agencies articulated in the *FY 2022 – 2026 JSP*. While USAID included in this AFR some footnotes to explain some data, USAID’s APR includes additional analyses of the results as compared to the targets. Despite a variety of challenges, most USAID-funded programs met or exceeded their targets in FY 2023 for indicators under the *FY 2022 – FY 2026 JSP*.

**APGs are noted in the FY 2022 – FY 2026 JSP Indicators tables with bold APG and star symbol ★; each APG includes multiple indicators.**

### FY 2022 PERFORMANCE MEASURE SUMMARY



**Total Performance Measures: 61**

## FY 2022 – FY 2026 JSP INDICATORS

### FY 2022 RESULTS LEGEND

Above Target	More than 100 percent of the target set for FY 2022 was met
At Target	90 to 100 percent of the target for FY 2022 was met
Below Target	Below 90 percent of the target set for FY 2022 was met
Result Not Available	Result data not available at time of publication
Target Not Set	Target not established for FY 2022

**Strategic Goal 1: Renew U.S. leadership and mobilize coalitions to address the global challenges that have the greatest impact on Americans' security and well-being**

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 1.1: Strengthen global health security, combat infectious disease threats, and address priority global health challenges through bilateral engagement and within multilateral fora</b>						
Percent of the total global population fully vaccinated with a World Health Organization (WHO) Emergency Use Authorization (EUA) vaccine (Cumulative share of global population fully vaccinated with a WHO EUA vaccine) (Joint)	0%	N/A	23.4%	70%	<b>63.5%</b>	70%
Annual global deaths from COVID-19 per 100,000 population (Joint)	13.5	N/A	47.1	45	<b>22.1</b>	22
Percent of 19 intensive support countries that improve capacity in at least five technical areas out of the 19 technical areas as listed in the Joint External Evaluation (Joint)	N/A	N/A	N/A	35%	<b>79%</b>	56%
Number of adults and children newly diagnosed with HIV (Joint) <b>APG ★</b>	Q1: 675,331 Q2: 728,696 Q3: 531,667 Q4: 756,492 FY 2020: 2,692,186	2,385,635	Q1: 595,995 Q2: 634,251 Q3: 604,496 Q4: 658,590 FY 2021: 2,493,332	2,330,425	<b>2,207,643</b>	2,171,323
Number of adults and children currently receiving ART (Joint) <b>APG ★</b>	Q3: 15.9 million Q4: 17.4 million	19,774,264	Q4: 19.0 million	20,358,681	<b>21,094,124</b>	20,953,198
Percent of adults and children who are virally suppressed (Joint) <b>APG ★</b>	92.4%	95%	94.3%	95%	<b>95%</b>	95.6%
Number of males circumcised as part of the VMMC for HIV prevention program within the reporting period (Joint) <b>APG ★</b>	Q1: 873,843 Q2: 838,676 Q3: 280,976 Q4: 637,708 FY 2020: 2,631,203	2,629,034	Q1: 595,812 Q2: 567,842 Q3: 665,220 Q4: 594,245 FY 2021: 2,423,119	2,252,753	<b>2,201,213</b>	2,331,361
Number of individuals who were newly enrolled (in the reporting period) on oral antiretroviral pre-exposure prophylaxis (PrEP) to prevent HIV infection (Joint) <b>APG ★</b>	386,430	1,218,192	1,190,202	1,050,766	<b>1,473,182</b>	1,382,419
Percent of shipments of contraceptive commodities that are on time (USAID) <b>APG ★</b>	Q1: 88% Q2: 92% Q3: 97% Q4: 94%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 92% Q2: 98% Q3: 100% Q4: 93%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	<b>Q1: 98% Q2: 97% Q3: 95% Q4: 96%</b>	Q1: 80% Q2: 80% Q3: 80% Q4: 80%

See end of table starting on page 35 for footnotes.

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**Strategic Goal 1: Renew U.S. leadership and mobilize coalitions to address the global challenges that have the greatest impact on Americans' security and well-being (continued)**

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 1.1: Strengthen global health security, combat infectious disease threats, and address priority global health challenges through bilateral engagement and within multilateral fora (continued)</b>						
Absolute change in the rate of exclusive breastfeeding among children under six months (USAID) <b>APG ★</b>	+1.9%	+1%	+1.1%	+1%	+1.1%	+1%
Absolute change in total percentage of children who received at least three doses of Pneumococcal Vaccine (PCV) by 12 months of age (USAID) <b>APG ★</b>	+4.4%	+1%	+1.6%	+1%	+0.3%	+1%
Annual total number of people protected against malaria with insecticide-treated nets (USAID) <b>APG ★</b>	125.3 million	110 million	109 million	110 million	80 million	110 million
Absolute change in the modern contraceptive prevalence rate (USAID) <b>APG ★</b>	+0.8%	+1%	+0.9%	+1%	+0.8%	+1%
Absolute change in under-five mortality rate (decreased per 1,000 live births) (USAID) <b>APG ★</b>	-1.8%	-2%	-1.8%	-2%	-1.7%	-2%
<b>Strategic Objective 1.2: Secure ambitious climate mitigation and adaptation outcomes, including supporting effective Paris Agreement implementation</b>						
Number of countries with which the United States establishes or strengthens collaboration to enhance implementation of Nationally Determined Contributions (NDCs) and/or net-zero emission strategies (Joint) <b>APG ★</b>	N/A	N/A	N/A	10	18	27
Number of countries to which the United States provides diplomatic, technical and financial support for enhanced implementation of strengthened NDCs, and/or net-zero emission strategies (Joint) <b>APG ★</b>	N/A	N/A	N/A	8	9	24
Number of countries with which the United States establishes or strengthens collaboration to enhance development and implementation of National Adaptation Plans (NAPs) or other national adaptation planning documents (Joint) <b>APG ★</b>	N/A	N/A	N/A	25	26	75
Number of countries to which the United States provides technical support to enhance institutional frameworks and capacity to support delivery of the first National Inventory Reports and Biennial Transparency Reports by December 31, 2024 (Joint) <b>APG ★</b>	N/A	N/A	N/A	10	10	30
<b>Strategic Objective 1.3: Reinvigorate U.S. humanitarian leadership and provide lifesaving protection and assistance in response to international disasters and humanitarian crises overseas</b>						
Percent of disaster declaration cables responded to within 72 hours (USAID)	91%	95%	74%	95%	86%	95%
<b>Strategic Objective 1.5: Enhance foreign publics' understanding of and support for the values and policies of the United States</b>						
Number of State Department posts and USAID Missions that have completed training specifically on audience research, analysis, and segmentation (Joint – Disaggregated by State and USAID)	N/A	N/A	N/A	USAID: 45	USAID: 45	USAID: 45

See end of table starting on page 35 for footnotes. Full description of legend can be found on page 30.

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**Strategic Goal 2: Promote global prosperity and shape an international environment in which the United States can thrive**

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 2.1: Promote a global economy that creates opportunities for all Americans</b>						
Number of notifications of new or changed Technical Barrier to Trade measures submitted to the World Trade Organization by Developing and Emerging Economies (Joint)	1,241	N/A	1,418	1,451	1,482	1,516
<b>Strategic Objective 2.2: Support inclusive and sustainable economic growth and opportunity for communities around the globe</b>						
Value of annual sales of producers and firms that are receiving U.S. government assistance in U.S. dollars (in billions) (USAID) <b>APG ★</b>	\$3.30 billion	\$2.09 billion	\$3.78 billion	\$2.26 billion	N/A	\$3.10 billion
Average value per capita of agriculture-related financing received by women per \$1 in agriculture-related financing received by men as a result of U.S. government assistance (USAID) <b>APG ★</b>	N/A	N/A	N/A	\$0.59	\$0.47	\$0.75
Number of USAID Feed the Future evaluations (USAID) <b>APG ★</b>	Q1: 7 Q2: 2 Q3: 3 Q4: 4	Q1: 2 Q2: 2 Q3: 2 Q4: 2	Q1: N/A Q2: N/A Q3: N/A Q4: 3	Q1: 2 Q2: 2 Q3: 2 Q4: 2	Q1: 4 Q2: 6 Q3: 7 Q4: 7	Q1: 2 Q2: 2 Q3: 2 Q4: 2
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 (Joint – Disaggregated by State and USAID)	USAID: 511,490	USAID: 599,900	USAID: 827,212	USAID: 599,900	USAID: 442,876	USAID: 599,900
<b>Strategic Objective 2.3: Support U.S. technological leadership, strengthen competitiveness, and enhance and protect the U.S. innovation base while leveraging technology to improve lives around the world</b>						
Number of partnerships, alliances, and dialogues on science and technology (Joint – Disaggregated by State and USAID)	N/A	N/A	USAID: 13	USAID: 14	USAID: 27	USAID: 15
Average internet freedom score of countries in the Freedom on the Net report (Joint)	N/A	N/A	52.7	54	52.5	55
<b>Strategic Objective 2.4: Strengthen U.S. and global resilience to economic, technological, environmental, and other systemic shocks</b>						
Number of hectares of biologically significant areas under improved natural resource management as a result of U.S. government assistance (Joint – Disaggregated by State and USAID)	USAID: 107.2 million	USAID: 110 million	USAID: 133.4 million	USAID: 110 million	USAID: 123 million	USAID: 110 million
Hectares of cultivated land under improved climate adaptation practices or technologies with U.S. government assistance (USAID)	1.2 million	1.4 million	2.0 million	1.3 million	1.9 million	1.6 million

**Strategic Goal 3: Strengthen democratic institutions, uphold universal values, and promote human dignity**

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 3.1: Promote good governance and defend strong, accountable, and resilient democracies that deliver for their citizens</b>						
Number of U.S. government-assisted consensus-building processes resulting in an agreement (Joint – Disaggregated by State and USAID)	129	N/A	34	USAID: 101	USAID: 211	USAID: 32

See end of table starting on page 35 for footnotes. Full description of legend can be found on page 30.

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Strategic Goal 3: Strengthen democratic institutions, uphold universal values, and promote human dignity (continued)

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 3.1: Promote good governance and defend strong, accountable, and resilient democracies that deliver for their citizens (continued)</b>						
Fairness and Access to Justice: Number of U.S. government-assisted courts with improved case management systems (Joint – Disaggregated by State and USAID)	339	N/A	703	USAID: 225	USAID: 248	USAID: 283
Percent of DRG project solicitations in target countries that call for evidence-based approaches (USAID) <b>APG ★</b>	N/A	N/A	N/A	28.5%	66.7%	50%
Percentage increase in V-Dem Civil Society Participation Index for target countries (USAID) <b>APG ★</b>	N/A	N/A	1%	2.5%	4.75%	5%
Number of new DRG Center learning resources produced (USAID) <b>APG ★</b>	N/A	N/A	25	27	24	30
Downloads of data portrait and indicator inventories from <a href="https://idea.usaid.gov/drg">idea.usaid.gov/drg</a> (USAID) <b>APG ★</b>	N/A	N/A	2,202	Q1: 320 Q2: 571 Q3: 738 Q4: 693	Q1: 994 Q2: 1,163 Q3: 1,331 Q4: 1,500	N/A
<b>Strategic Objective 3.2: Advance equity, accessibility, and rights for all</b>						
Number of standalone and/or integrated human rights programs/interventions that seek to prevent human rights abuses, protect human rights defenders and respond to human rights abuses, with special focus on the most marginalized populations (Joint – Disaggregated by State and USAID)	N/A	N/A	N/A	USAID: 20	USAID: 53	USAID: 25
Number of legal instruments drafted, proposed or adopted with U.S. government assistance designed to promote gender equality or non-discrimination against women or girls at the national or sub-national level (Joint – Disaggregated by State and USAID)	84	65	183	USAID: 116	USAID: 132	USAID: 115
Percentage of new partners registered in the partner directory that have taken the pre-engagement assessment on WorkwithUSAID platform (USAID) <b>APG ★</b>	N/A	N/A	12%	18.5%	Q1: 28% Q2: 24% Q3: 31% Q4: 32%	25%
Percentage of Missions with Inclusive Development Champions (USAID) <b>APG ★</b>	N/A	N/A	0%	50%	35%	100%
Percentage of external stakeholders who believe USAID's streamlined processes have made proposal/application submission more cost effective for potential partners (USAID) <b>APG ★</b>	N/A	N/A	N/A	25%	45%	50%
Percentage of USAID evaluations with a local expert included on the external evaluation team (USAID) <b>APG ★</b>	N/A	N/A	0%	38%	50%	75%
<b>Strategic Objective 3.3: Prevent, expose, and reduce corruption</b>						
Number of anti-corruption measures adopted or implemented due to U.S. government assistance, to include laws, policies, and procedures. (USAID)	N/A	N/A	127	70	68	70

See end of table starting on page 35 for footnotes. Full description of legend can be found on page 30.

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Strategic Goal 3: Strengthen democratic institutions, uphold universal values, and promote human dignity (continued)

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 3.4: Promote a safe, humane, and orderly immigration and asylum system, address the root causes of irregular migration collaboratively with our partners, and enhance protections for refugees and displaced persons</b>						
Number of jobs associated with Root Causes Strategy implementation (USAID)	40,616	N/A	71,617	30,000	91,614	40,000
Number of youth in Central America accessing violence prevention services (USAID)	N/A	N/A	N/A	90,000	54,641	120,000
<b>Strategic Objective 3.5: Improve inclusive and equitable health, education, and livelihood services, especially for women, youth, and marginalized groups</b>						
Health System Responsiveness through Continuity of Care: Average of the service gaps between (a) ANCI and ANC4; and (b) DPT1/Penta1 and DPT3/Penta3, in health system strengthening project catchment areas supported by USAID (USAID) <sup>1</sup>	19.00	18.05	22.86	15.65	18	13.94
Number of people gaining access to sustainable water services (USAID)	3.8 million	5.3 million	5.0 million	3.8 million	5.2 million	5.6 million
Number of children under five (0-59 months) reached with nutrition-specific interventions through U.S. government-supported nutrition activities (USAID)	26.7 million	24.1 million	29.6 million	23.3 million	31.8 million	24.6 million
Percent of individuals with improved soft skills following participation in U.S. government-assisted programs (USAID)	81%	76%	72%	59%	93%	53%
Percent of learners targeted for U.S. government assistance with an increase of at least one proficiency level in reading at the end of grade two (USAID)	0%	10%	24%	26%	16%	19%
Number of learners with improved access to education through U.S. government-assisted programs (USAID)	N/A	N/A	17,424	67,038	64,249	115,261

Strategic Goal 4: Revitalize the diplomatic and development workforce and institutions

Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
<b>Strategic Objective 4.1: Build and equip a diverse, inclusive, resilient, and dynamic workforce</b>						
Score for the Human Capital function on the Customer Satisfaction Survey (USAID)	3.9	4.3	4.2	4.5	3.9	4.5
FEVS Employee Engagement Index (EEI) Score (Joint – Disaggregated by State and USAID)	USAID: 78.6	USAID: 81	USAID: 79	USAID: 83	USAID: TBD <sup>2</sup>	USAID: 83
FEVS Employee Satisfaction Index (ESI) Score (USAID)	72.7	75	TBD	80	TBD <sup>3</sup>	80
Percent of workforce with targeted disabilities out of the total number of employees (USAID) <b>APG ★</b>	N/A	N/A	N/A	1.8%	2.1% <sup>4</sup>	2%
Percent of workforce with any disability out of the total number of employees (USAID) <b>APG ★</b>	N/A	N/A	N/A	10%	9.5%	12%
<b>Strategic Objective 4.2: Modernize IT and leverage data to inform decision-making and support mission delivery</b>						
Percent of completed evaluations that address an Agency Learning Agenda question (USAID)	N/A	N/A	N/A	60%	70%	60%

See end of table starting on page 35 for footnotes. Full description of legend can be found on page 30.

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Strategic Goal 4: Revitalize the diplomatic and development workforce and institutions (continued)						
Indicator Title	FY 2020 Results	FY 2021 Target	FY 2021 Results	FY 2022 Target	FY 2022 Results	FY 2023 Target
Strategic Objective 4.2: Modernize IT and leverage data to inform decision-making and support mission delivery (continued)						
Number of OUs using a geospatial approach for decision-making as a result of GeoCenter assistance (USAID)	N/A	N/A	N/A	25	26	25
Number of OUs using data literacy training and data management assistance for decision-making as a result of USAID Data Services support (USAID)	16	N/A	29	13	71	16
Strategic Objective 4.3: Protect our personnel, information, and physical infrastructure from 21st century threats						
Readiness Scorecard Rating (USAID) <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	60
Number of resolved physical security deficiencies through State Department Bureau of Overseas Buildings Operations (OBO) projects (Joint)	144	134	N/A	176	146	228
Percentage of overseas facilities with Facility Condition Indices (FCI) score above 70 (Joint)	N/A	N/A	N/A	72%	72%	72.5%

Full description of legend can be found on page 30.

<sup>1</sup> Antenatal care (ANC) 1 = Total number of pregnant women who received antenatal care at the first visit. ANC4 = Total number of pregnant women who received antenatal care four times or more. Diphtheria, pertussis and tetanus (DPT) 1/Pental = Total number of children under 24 months of age who received the first dose of the DPT1 vaccination. DPT3/Penta3 = Total number of children under 24 months of age who received the third dose of the DPT3 vaccination.

<sup>2</sup> The FY 2023 FEVS results for non-direct hires are not yet available. Two-thirds of USAID's staff are not direct-hires, and it is critical to include their feedback when assessing how engaged USAID's workforce is. USAID will include the FY 2023 indicator score in the FY 2025 APP/FY 2023 APR. USAID updated the target for FY 2023 based on the FY 2021 result.

<sup>3</sup> The FY 2023 FEVS results for non-direct hires are not yet available. Two-thirds of USAID's staff are not direct-hires, and it is critical to include their feedback when assessing how satisfied USAID's workforce is. USAID will include the FY 2023 indicator score in the FY 2025 APP/FY 2023 APR. USAID updated the target for FY 2023 based on the FY 2021 result.

<sup>4</sup> USAID updated its reporting methodology in FY 2023 Q2 to clarify that for this APG USAID is reporting the percent of USAID Civil Service staff who have disabilities and targeted disabilities.



# LOOKING FORWARD



**Ruth Buckley**  
USAID Performance  
Improvement Officer

## CHALLENGES AND OPPORTUNITIES

USAID executes its mission in an increasingly complex global environment in which efficiency, effectiveness, and innovation are imperative. USAID adapts, continuously improves, and makes evidence-based and data-driven decisions to maximize progress beyond programs as USAID strives for just, equitable, inclusive, and accessible programming, policies, and processes.

To maintain operational readiness and achieve the Agency's mission, USAID must continuously improve its work environment and strengthen its organizational health and performance. This work includes hiring, developing, and retaining a workforce that is diverse, qualified, high-performing, and adaptable. Indeed, this work is critical in an ever-changing world with various and multifaceted crises—from the global COVID-19 pandemic and deterioration of development gains, to global warming-fueled climate change and related disasters, to Vladimir Putin's unprovoked war on Ukraine and its exacerbating effects on global food security, to democratic backsliding and more. Optimizing its work environment and organizational health directly ties to USAID's ability to advance international development and humanitarian assistance objectives globally.

## WORK ENVIRONMENT

“Work Environment” is the combination of personnel policies; talent and workforce performance management strategies; workforce capacity, workloads, and work schedules;

workspaces and workplace design; supportive and assistive technology tools for individual and collaborative work; and integrating DEIA principles across management practices and processes. Work environments affect organizational health and performance, together with other factors, such as resource allocation, workforce availability, and policy and statutory constraints.<sup>15</sup>

USAID and the Administration are committed to creating meaningful in-person work environments that enable the Federal Government to drive results. This posture promotes substantial in-person time to build stronger culture, deepen trust, expand mentoring and on-the-job training, and foster interpersonal connections and collaboration. It also maintains remote and hybrid workplace flexibilities the government applied during the COVID-19 pandemic to maximize employee work-life balance while providing critical public goods and services.

Instituting substantial in-office presence is vital for USAID to enhance its organizational health and effectiveness. More than 3,500 staff joined USAID since the start of the COVID-19 pandemic in March 2020. For those staff, engaging directly with more colleagues at USAID and in the U.S. government interagency is crucial to their professional development and success at the Agency. Greater in-person presence is also essential to USAID's ability to build the trust and foster the community the Agency needs to solve the problems it faces every day. This is especially true as USAID becomes a more integral part of the National Security Council and the U.S. government's

<sup>15</sup> OMB M-23-15, *Measuring, Monitoring, and Improving Organizational Health and Organizational Performance in the Context of Evolving Agency Work Environments* (<https://www.whitehouse.gov/wp-content/uploads/2023/04/IM-23-15.pdf>), page 4.

broader national security apparatus. Much of USAID’s work tackling economic dislocation, war, disease, famine, and climate change is increasingly affecting and affected by the central geopolitical concerns the United States faces. It is crucial that USAID fosters a positive and inclusive work environment to reinforce collaboration, coordination, and healthy workforce relationships for staff to perform at the highest levels, while maximizing the benefits of in-person, remote, and hybrid work arrangements.

USAID developed and is implementing a Work Environment Strategy in line with the Federal Government’s work environment goals. USAID is using the Strategy to guide increasing in-office presence; measuring progress; and maximizing workforce well-being. By September 24, 2023, USAID increased the in-person presence of its workforce in Washington, D.C., to three days per week, on average, by B/IO. USAID also supported its workforce in a variety of ways to ease the transition. For example, USAID:

- Communicated clearly, openly, and proactively with its workforce, including by creating and regularly updating an intranet page where staff can find the latest information and resources, sending regular informational emails, and hosting town hall meetings.
- Implemented a multi-phased approach through which staff were able to ramp up their in-person presence slowly.
- Revised its “Telework and Remote Work Program” policy (<https://www.usaid.gov/about-us/agency-policy/series-400/405>) to enable USAID to meet its human capital needs and optimize its mission delivery. The policy includes guidance on telework, situational telework, remote work, domestic employees teleworking overseas, and teleworking away from post. It also includes guidance on eligibility and processes for applying the different arrangements.
- Revised its “Hours of Duty” policy (<https://www.usaid.gov/about-us/agency-policy/series-400/479>) to support work-life balance by establishing the “Maxiflex” schedule (<https://www.opm.gov/policy-data-oversight/pay-leave/reference-materials/handbooks/alternative-work-schedules/#Maxiflex>) as USAID’s primary flexible work schedule option. With “Maxiflex,” employees, in consult with their supervisors, can determine the start and end times for their work days. This flexibility helps employees balance work-life obligations and accommodate customer service delivery to USAID Missions that operate in different time zones.
- Required members of its Washington, D.C., direct hire and USFSC workforce to submit new telework agreements by August 18.
- Hosted three resource fairs for staff to access information on key topics, such as space, transit and parking benefits, gym facilities, office norms, how to use specific IT for hosting hybrid meetings, and more. USAID hosted one resource fair apiece in its USAID Annex and Ronald Reagan Building headquarters facilities, and one virtually, to ensure all U.S.-based staff were able to access the resources. Additionally, representatives from USAID’s Staff Care Service Center, Office of Civil Rights, Office of the Chief DEIA Officer, Office of the Chief Information Officer, and other OUs were available to answer questions.
- Collaborated with the leaders of its B/IOs to plan updates to USAID’s workspaces to ensure each OU has sufficient space—including space that encourages collaboration and interaction.
- Increased the number of restricted spaces for handling classified and sensitive information.
- Assessed and refreshed all IT equipment at workstations and in conference rooms in the USAID Annex and Ronald Reagan Building headquarters facilities, and provided guides for using that technology, accessing WiFi-calling, and more.

USAID encourages its workforce to take free training from OPM on “Thriving in a Hybrid Environment” to learn best practices for performing efficiently and effectively as an individual and a team.

SOURCE: OPM via <https://www.eventbrite.com/cc/opm-presents-thriving-in-a-hybrid-environment-1849319>

- Shared recommendations on managing meetings to help its workforce optimize its use of meetings, including by reducing unnecessary burdens and using in-person meetings when working in the office.

Being intentional and strategic are key success factors for USAID’s hybrid and remote work environments. In particular, managers and leaders must be intentional and strategic about incentivizing in-person work, fostering collaborative environments, investing in building culture, and meaningfully including staff who are working remotely. To equip managers and leaders, USAID developed and provided training courses with tools and practices for managing successful teams in hybrid and remote environments. Through these training courses, USAID emphasized providing clear expectations, communicating regularly, planning professional development, and managing workloads and work flexibilities. USAID also encourages all staff to take the Office of Personnel Management’s (OPM) “Thriving in a Hybrid Environment” training, which teaches best practices for performing efficiently and effectively as an individual and

team in hybrid environments. The training helps participants:

- Track performance more efficiently;
- Create effective team and individual norms;
- Use proactive organizational conflict-management techniques to affect positive change;
- Establish hybrid work routines; and
- Use accomplishment narratives for career development opportunities.

USAID also recognizes that a “one size fits all” approach does not work for an agency as multifaceted, complex, and diverse as USAID. Therefore, USAID encouraged its B/IOs to establish working groups to elicit suggestions, questions, and concerns from their colleagues, then recommend improvements and good practices to their B/IO senior leaders. Some good practices include:

- Holding OU and team meetings on days when most or all members are working in person in the office;

- Instituting “quiet days” or “no meeting days,” when possible (such as on Fridays or just before or after federal holidays);
- Communicating proactively about unique individual circumstances and needs;
- Budgeting time for informal in-person interactions and check-ins when working in the office; and
- Discussing, documenting, and agreeing on hybrid work norms.

## ORGANIZATIONAL HEALTH: MEASURING, MONITORING, AND IMPROVING

“Organizational Health” is an organization’s ability to drive performance results collectively to support its mission; deliver programs and services; and meet stakeholder needs and priorities on an ongoing basis. To measure their health, organizations may consider resilience, capability, capacity, and other factors.<sup>16</sup>

USAID has implemented an Organizational Health Index (OHI) since July 2021 to measure, track, and inform decisions to continuously improve its organizational health. The OHI is a business management tool in which USAID includes more than 50 indicators across eight dimensions. USAID identified these indicators and dimensions as significant for its organizational health based on benchmarking against the private sector and other government organizations. The eight dimensions include: Operational Control, Capabilities, Direction/Mission Achievement, Accountability, Employee Engagement, Innovation and Learning, Service Orientation, and Work Environment. USAID pulls data for the indicators from various USAID enterprise systems and datasets, then visualizes the data in dashboards it hosts on its cloud analytics platform. The OHI dashboards are powerful tools that enable USAID senior leaders to easily identify opportunities at the Agency, dimension, and indicator levels to improve organizational health. All members of the USAID

workforce can access and view the dashboards on demand. OMB has recognized the OHI as a model and shared it with other U.S. government agencies through the President’s Management Council.

USAID updates its OHI dashboards monthly and reviews the changes quarterly at its Management Operations Council meetings. The Management Operations Council is the senior leader body that oversees, recommends, and coordinates USAID-wide management improvements, reform initiatives, investments, goals, and objectives. USAID’s Deputy Administrator for Management and Resources and the AA for Management co-chair the Council.

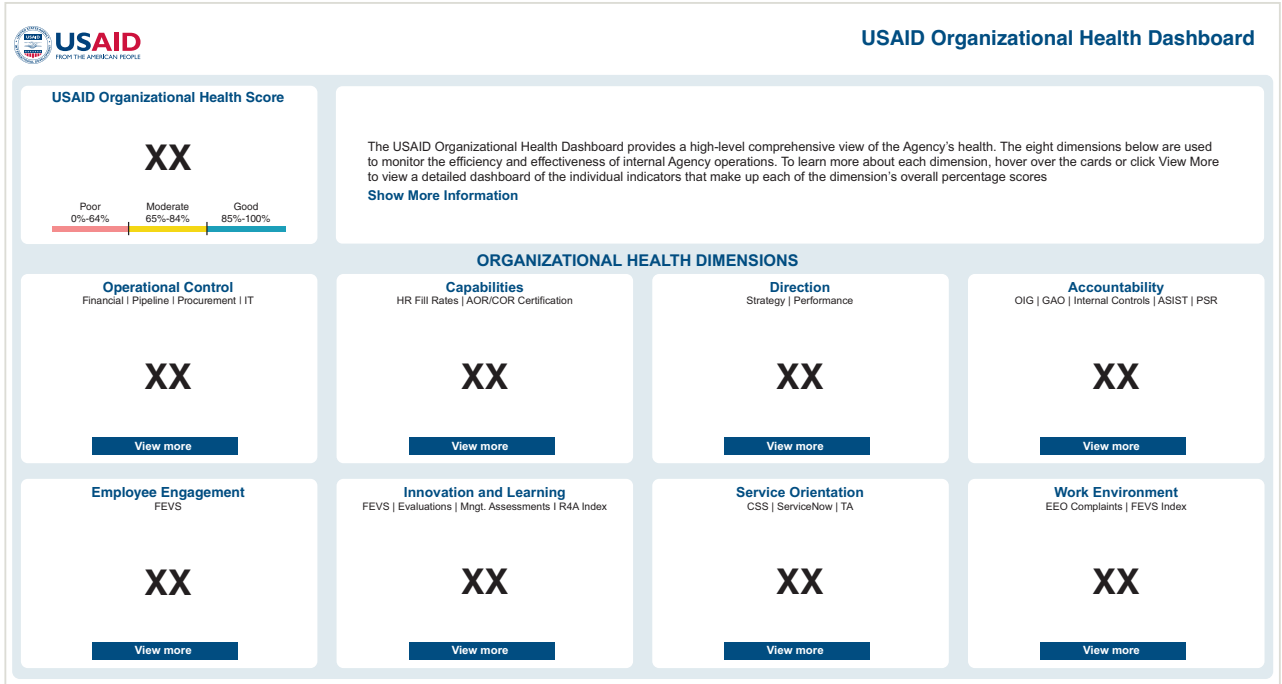
In September 2023, USAID began piloting a new OHI feature to enable leaders and managers to create custom snapshots to:

- Assess the organizational health of their OUs and prioritize areas to improve;
- Use evidence to make decisions;
- Guide leadership team meetings;
- Inform conversations with OUs that lead key business functions, such as the Office of Acquisition and Assistance, Office of Human Capital and Talent Management, Office of the Chief Information Officer, etc.; and
- Assess emergency preparedness and the completion status of mandatory supervisor training.

In the future, USAID plans to add indicators to the OHI to track, measure, and continuously improve on its performance, implementing additional Administration and USAID priorities. For example, in FY 2024, USAID plans to add a climate change indicator to the “Direction/Agency Mission” dimension of the OHI, which USAID will use to track its progress reducing its operational carbon footprint. The indicators USAID plans to add will help the Agency identify performance improvement opportunities, which might relate to resource allocation, capability and capacity, partnering, and other factors.

<sup>16</sup> OMB M-23-15 (<https://www.whitehouse.gov/wp-content/uploads/2023/04/M-23-15.pdf>), page 4.





The landing page of USAID’s OHI dashboards. USAID uses the OHI dashboards as management tools to measure, track, and inform decisions to continuously improve its organizational health.

## ORGANIZATIONAL PERFORMANCE: STRENGTHENING MISSION DELIVERY AND REDUCING BUREAUCRATIC BURDENS

“Organizational Performance” is how effective an organization is at delivering results that align to its mission. Organizations can measure their effectiveness and results through a range of internal and external indicators and evidence.<sup>17</sup>

USAID guides, measures, and improves its organizational performance in many ways, including but not limited to the:

- Federal performance framework (<https://www.performance.gov/about/performance-framework/>).
- Agency Learning Agenda (<https://www.usaid.gov/evaluation/evidence-act-agency-learning-agenda>) and Operational Excellence Agenda as described in the

Overview of Programmatic Performance section of this AFR. The Operational Excellence Agenda includes a variety of studies to improve USAID’s management operations. The studies include but are not limited to benchmarking studies, business process reviews, data-driven after-action reviews, and cost-savings and avoidance studies.

- Monitoring, evaluation, and learning work USAID describes in the Overview of Programmatic Performance section of this AFR.
- CLA practices (<https://usaidlearninglab.org/cla/cla-toolkit/understanding-cla>) USAID embeds in its Program Cycle.
- High Impact Service Provider (HISP) and customer experience (CX) work USAID describes in the Other Management Information, Initiatives, and Issues section of this AFR and implements to reduce “time taxes” on the public and partners.

<sup>17</sup> OMB M-23-15 (<https://www.whitehouse.gov/wp-content/uploads/2023/04/M-23-15.pdf>), page 4.

USAID mitigates challenges to its mission, such as Putin’s war on Ukraine, the decline in global food security, climate change, and democratic backsliding, through robust ERM processes by designing agile programs based on local country contexts, and through its committed staff, private sector and interagency partnerships, and local partners. USAID also focuses on areas of comparative advantage to help communities and governments withstand global shocks.

In FY 2023, as part of its Progress Beyond Programs agenda, USAID launched its Agency-wide Burden Reduction Program to reduce bureaucratic processes. USAID strived to save the Agency three million hours of time by the end of the fiscal year—the equivalent of saving every member of its workforce an average of one hour per day. As of the beginning of September 2023, USAID saved more than 3.85 million hours, approximately 128 percent of its goal.

To achieve these time savings, USAID:

- Implemented an initial set of more than 45 reforms to address key burdens USAID’s global workforce identified.
- Collaborated with key external stakeholders, such as the White House, State Department, and Congress, to reduce burdens USAID could not unilaterally address. For example, USAID has been partnering with the State Department to streamline the Annual Performance Plan and Report (<https://www.usaid.gov/results-and-data/progress-data/annual-performance-report>) for their Joint Strategic Plan.
- Challenged all B/IOs and Missions to identify as many as three ways they would lead their teams to reduce self-imposed burdens. For example, one USAID Bureau eliminated memos about back-filling staff, saving approximately 25,000 hours.
- Hosted a first annual competition from June to July to identify, recognize, and celebrate burden reduction successes and best practices across USAID at the individual staff and OU levels. USAID required nominators to identify how other OUs can replicate the improvements.

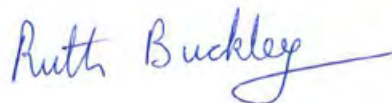
- Continued to identify and implement additional reforms to reduce burdens based on ongoing feedback, lessons learned, and best practices from across the Federal Government, private sector, other governments, and international institutions. USAID has a digital “Suggestion Box” through which staff can submit recommendations at any time.

USAID is institutionalizing its Burden Reduction Program to continuously reduce bureaucratic processes. As part of this effort, USAID is dedicating a team in its Bureau for Management to lead the program and report directly to the Performance Improvement Officer.

For more information about USAID’s performance goals, progress, and results, see <https://www.performance.gov/agencies/usaid/> and <https://www.usaid.gov/reports/performance>.

## CONCLUSION

USAID anticipates proactively and responds robustly and adaptively to the challenges, risks, and opportunities it faces as it works to expand prosperity, peace, and freedom globally. While many of those challenges, risks, and opportunities are external, USAID is doing everything it can to improve its internal work environment and organizational health to optimize performance for internal and program operations. By continuously improving its organizational health and performance, USAID continues to sustainably deliver on its mission through proactive, world-leading development programming while responding with humanitarian aid as efficiently and effectively as possible when crises and disasters strike.



Ruth Buckley  
USAID Performance Improvement Officer

# FINANCIAL SUMMARY AND HIGHLIGHTS

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 by delivering assistance through host-government systems and faith-based and community organizations.

## FINANCIAL SUMMARY – KEY FINANCIAL MEASURES

The key financial measures that follow provide an overview of the major financial activities that occurred in USAID during FY 2023 and FY 2022. The “Summary of Key Financial Measures for Year End FY 2023 and FY 2022” table highlights the key financial measures from the Consolidated Balance Sheet, the Consolidated Statement of Net Cost, the Consolidated Statement of Changes in Net Position, and the Combined Statement of Budgetary Resources for FY 2023 and FY 2022, respectively.

## HIGHLIGHTS – PRINCIPAL FINANCIAL STATEMENTS

USAID's financial statements reflect and evaluate the Agency's execution of its mission to advance economic growth, democracy, and human progress in developing countries. The following sections summarize the Agency's financial position and

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 complete financial statements, including the independent auditor's reports, notes, and required supplementary information, are presented in the Financial Section of this AFR.

## BALANCE SHEET – OVERVIEW OF FINANCIAL POSITION

The balance sheet shows the current and future economic resources available to meet its statutory requirements (Assets); the amounts it owes that will require payments from these resources (Liabilities); and the difference between assets and liabilities (Net Position) at the end of the fiscal year.

## ASSETS – WHAT WE OWN AND MANAGE

USAID's Balance Sheet provides a comparative snapshot of the Agency's financial position as of September 30, 2023, and September 30, 2022. The total assets as of September 30, 2023, is \$42.3 billion. The Fund Balance with Treasury (FBWT) account valued at \$41.1 billion represents 97 percent of USAID's total assets. The FBWT consists of funding appropriated to USAID by Congress or transferred from other federal departments and agencies that is held in the U.S. Department of the Treasury (Treasury) accounts, which the USAID is authorized to incur obligations and pay liabilities. In FY 2023, the FBWT account decreased by \$3.7 billion or 8 percent due to the increased spending related to USAID's global response to the war in Ukraine. In addition, the Advances and Prepayments account balance increased by \$166 million or 26 percent over the FY 2022 balance, as a result of advancing funds to partner organizations to support current global initiatives to provide economic and humanitarian

## SUMMARY OF KEY FINANCIAL MEASURES FOR YEAR END FY 2023 AND FY 2022 (In Thousands)

SUMMARY OF CONSOLIDATED BALANCE SHEET DATA	2023	2022	\$ Difference	% Change
Fund Balance with Treasury	\$ 41,118,024	\$ 44,827,671	\$ (3,709,647)	-8%
Accounts Receivable, Net	100,505	103,501	(2,996)	-3%
Advances and Prepayments	810,035	644,007	166,028	26%
Cash and Other Monetary Assets	226,008	261,565	(35,557)	-14%
Inventory and Related Property, Net	19,968	15,177	4,791	32%
General Property, Plant and Equipment, Net	54,427	59,437	(5,010)	-8%
<b>Total Assets</b>	<b>\$ 42,328,967</b>	<b>\$ 45,911,358</b>	<b>\$ (3,582,391)</b>	<b>-8%</b>
Downward Reestimate Payable to the Treasury	295,801	634,755	(338,954)	-53%
Accounts Payable	3,147,282	3,181,785	(34,503)	-1%
Advances from Others and Deferred Revenue	954,441	1,107,182	(152,741)	-14%
Federal Employees and Veteran's Benefits	24,531	26,333	(1,802)	-7%
Loan Guarantee Liability	734,536	956,759	(222,223)	-23%
Other Liabilities	509,868	518,610	(8,742)	-2%
<b>Total Liabilities</b>	<b>\$ 5,666,459</b>	<b>\$ 6,425,424</b>	<b>\$ (758,965)</b>	<b>-12%</b>
Unexpended Appropriations	35,175,707	37,844,754	(2,669,047)	-7%
Cumulative Results of Operations	1,486,801	1,641,180	(154,379)	-9%
<b>Total Net Position</b>	<b>\$ 36,662,508</b>	<b>\$ 39,485,934</b>	<b>\$ (2,823,426)</b>	<b>-7%</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 42,328,967</b>	<b>\$ 45,911,358</b>	<b>\$ (3,582,391)</b>	<b>-8%</b>
<b>SUMMARY OF CONSOLIDATED STATEMENT OF NET COST DATA</b>				
Total Gross Costs	\$ 37,564,722	\$ 30,411,694	\$ 7,153,028	24%
Total Earned Revenue	(721,121)	(1,062,841)	341,720	-32%
<b>Total Net Cost of Operations</b>	<b>\$36,843,601</b>	<b>\$29,348,853</b>	<b>\$7,494,748</b>	<b>26%</b>
<b>SUMMARY OF COMBINED STATEMENT OF BUDGETARY RESOURCES DATA</b>				
Unobligated Balance from Prior Year Budget Authority, Net	\$ 16,848,662	\$ 16,768,950	\$ 79,712	0%
Appropriations	34,187,235	32,041,395	2,145,840	7%
Spending Authority from Offsetting Collections	643,749	1,389,138	(745,389)	-54%
<b>Total Budgetary Resources</b>	<b>\$ 51,679,646</b>	<b>\$ 50,199,483</b>	<b>\$ 1,480,163</b>	<b>3%</b>

assistance internationally. Refer to Note 4, *Advances and Prepayments*, for more details on advances.

The USAID stockpile inventories also increased by \$4.8 million or 32 percent due to health and safety concerns related to USAID's efforts to support humanitarian efforts worldwide.

### LIABILITIES – WHAT WE OWE

The FY 2023 total liabilities of \$5.7 billion, represents a decrease of \$759 million or 12 percent decrease over the FY 2022 total liabilities of \$6.4 billion. This decrease in the total liabilities balance is due to reductions in multiple liability account balances. The majority of the decrease in liabilities resulted from decreases of \$339 million or 53 percent in Downward Reestimate Payable to

the Treasury account, \$222.2 million or 23 percent decrease in Loan Guarantee Liabilities account, and \$152.7 million or 14 percent decrease in the Advances from Others and Deferred Revenue account over the FY 2022 account balances.

The Downward Reestimate Payable to Treasury decrease of \$339 million and decrease of \$222.2 million in the Loan Guarantee Liability accounts as a result of the full repayment of certain loans within the Middle East Northern Africa and Israel guarantee programs. With the gradual repayment of the guarantees, USAID's default risk exposure declines and so will the liability needed to cover such defaults. For additional information, refer to Note 6, *Loan Guarantee Liabilities*.



The \$152.7 million or 14 percent decrease in the Advances from Others and Deferred Revenue account is primarily due to a reduction in advances from Other Agencies utilizing HIV/AIDS relief funds and COVID-19 pandemic funds. Refer to Note 11, *Other Liabilities*, for further details on the Advances from Others and Deferred Revenue accounts.

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

Net Position represents the Agency’s equity, which includes the cumulative net earnings and unexpended appropriation 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, 2023, was \$36.7 billion, which is a decrease of \$2.8 billion or 7 percent over the \$39.5 billion reported for FY 2022. The primary factor contributing to this variance is due to a reduction in unexpended appropriation resulting from an increase in appropriations used during FY 2023 in support of the ongoing Ukraine conflict.

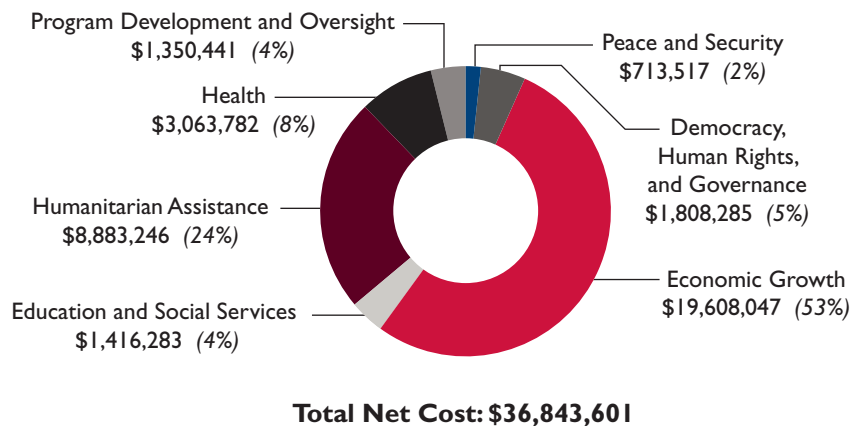
## RESULTS (NET COST) OF OPERATIONS

### 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. The State Department and USAID use the 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 Organizational Structure section in this AFR for specific details on each of the foreign assistance programs.

The Agency's net cost of operations totaled \$36.8 billion for FY 2023, which is an increase of \$7.5 billion or 26 percent over the FY 2022 \$29.3 billion balance. The “FY 2023 Net Cost of Operations by Categories” chart highlights the net cost of operations by the seven categories of foreign assistance programs. The majority of the net cost of operations for FY 2023 was spent

**FY 2023 NET COST OF OPERATIONS BY CATEGORIES**  
(In Thousands)



within two foreign assistance programs. The Economic Growth category and the Humanitarian Assistance category, which incurred net costs of \$19.6 billion and \$8.9 billion, respectively. These two foreign assistance categories represent a total of \$28.5 billion or 77 percent of the overall net cost spent in FY 2023. The remaining five categories comprise the remaining 23 percent or \$8.3 billion of the overall net cost for FY 2023.

## SHIFTING GLOBAL INITIATIVES AFFECT ANNUAL NET COSTS

The “Comparison of FY 2023 and FY 2022 Net Cost by Program Area” table on the following page details the respective net cost of operations spent by each program area and foreign assistance program category in FY 2023. The net cost for each program area is constantly changing and priorities are shifting to respond to worldwide global program initiatives. In FY 2023, the amount of net cost of operations for the Economic Growth category increased by \$8.8 billion or 81 percent over the FY 2022 balance. This increase in spending enables USAID to focus on supporting inclusive, sustained, and resilient economic growth with partner countries to reduce poverty and dependency. USAID partners with host governments, local and international private sector and nongovernmental organizations, development assistance organizations, financial institutions, and other donors to foster enterprise-driven development in Ukraine and other countries worldwide.

The Humanitarian Assistance program category increased by \$2.2 billion or 34 percent over the FY 2022 costs. This increase in spending for humanitarian assistance allows USAID and its partners to continue providing life-saving aid, health services, shelter, water, sanitation, and hygiene services to millions of vulnerable people in various countries worldwide. This assistance also includes support for comprehensive protection activities, to include case management and psychosocial support for the most vulnerable populations worldwide. USAID is providing significant assistance to the Ukrainian people to counter the impact of Russia’s brutal war and strengthen the resilience, democracy, economy, and healthcare systems.

## NET COSTS BY PROGRAM AREAS

In addition to reporting net cost by overall major foreign assistance categories, USAID further calculates net cost by program areas for financial reporting. In FY 2023, USAID incurred costs in 45 of the 48 program areas within the seven foreign assistance categories. The “Comparison of FY 2023 and FY 2022 Net Costs by Program Area” table on the following page provides the comparison between FY 2023 and FY 2022 net costs by program areas.

An increase of \$7.2 billion or 96 percent of the overall increase in the FY 2023 net cost of operations is due to increases of \$10.4 billion in net costs within three program areas offset by a \$3.2 billion decrease in net cost of another program area as detailed below.

Net cost of operations increased by \$8.8 billion due to an increase of \$7.6 billion in the Macroeconomic Foundation for Growth program area and a \$634 million increase within the Agriculture program area of the Economic Growth category. Specifically, these funding increases will enable USAID to continue helping the Ukrainian government combat corruption; build defenses against cyberattacks, disinformation, and sustain democratic reforms and foster economic growth that benefits Ukrainians. In addition, Ukraine’s agricultural products and grain are critical for the world’s food supply and key to the country’s economic recovery and future prosperity. USAID, through AGRI-Ukraine, continues to help Ukraine’s farmers produce, store, and export agricultural products and grain to the world.

The net cost of operations for the Protection, Assistance, and Solutions program area of the Humanitarian Assistance category also increased by \$2.2 billion. This program area allows USAID to address the horrific impact of the ongoing war on civilians, the private sector, government institutions, and civil society. This funding supports the people of Ukraine and those displaced to neighboring countries.

## COMPARISON OF FY 2023 AND FY 2022 NET COSTS BY PROGRAM AREA

(In Thousands)

Categories	Program Areas*	FY 2023	FY 2022	Difference (\$)
<b>Democracy, Human Rights and Governance</b>	Good Governance	\$ 699,372	\$ 573,624	\$ 125,748
	Civil Society	473,733	421,167	52,566
	Human Rights	194,376	120,736	73,640
	Rule of Law (ROL)	167,250	117,292	49,958
	Political Competition and Consensus-Building	158,109	161,264	(3,155)
	Independent Media and Free Flow of Information	115,445	82,726	32,719
<b>Democracy, Human Rights, and Governance Total</b>		<b>1,808,285</b>	<b>1,476,809</b>	<b>331,476</b>
<b>Economic Growth</b>	Macroeconomic Foundation for Growth	15,866,215	8,272,656	7,593,559
	Agriculture	1,664,770	1,030,332	634,438
	Private Sector Productivity	530,361	536,138	(5,777)
	Environment	437,529	337,694	99,835
	Modern Energy Services	368,609	168,590	200,019
	Trade and Investment	206,950	129,949	77,001
	Climate Change – Sustainable Landscapes	150,270	129,885	20,385
	Climate Change – Clean Energy	140,806	45,254	95,552
	Workforce Development	105,561	106,261	(700)
	Financial Sector	16,423	40,815	(24,392)
	Transport Services	54,818	11,127	43,691
	Climate Change – Adaptation	50,428	21,008	29,420
	Information and Communications Technology Services	15,307	13,401	1,906
<b>Economic Growth Total</b>		<b>19,608,047</b>	<b>10,843,110</b>	<b>8,764,937</b>
<b>Education and Social Services</b>	Basic Education	1,020,032	851,275	168,757
	Social Services	158,433	102,188	56,245
	Higher Education	151,923	130,924	20,999
	Social Assistance	64,833	12,735	52,098
	Social Policies, Regulations, and Systems	21,062	18,656	2,406
<b>Education and Social Services Total</b>		<b>1,416,283</b>	<b>1,115,778</b>	<b>300,505</b>
<b>Humanitarian Assistance</b>	Protection, Assistance, and Solutions	8,504,982	6,272,902	2,232,080
	Disaster Readiness	319,780	309,786	9,994
	Migration Management	58,484	54,826	3,658
<b>Humanitarian Assistance Total</b>		<b>8,883,246</b>	<b>6,637,514</b>	<b>2,245,732</b>
<b>Health</b>	Pandemic Influenza and Other Emerging Threats (PIOET)	995,986	4,225,955	(3,229,969)
	HIV/AIDS	795,596	2,408,894	(1,613,298)
	Water Supply and Sanitation	419,635	349,925	69,710
	Maternal and Child Health	272,142	168,357	103,785
	Malaria	204,508	119,280	85,228
	Family Planning and Reproductive Health	187,918	138,241	49,677
	Tuberculosis	76,692	41,119	35,573
	Nutrition	64,848	27,721	37,127
	Other Public Health Threats	46,457	62,538	(16,081)
<b>Health Total</b>		<b>3,063,782</b>	<b>7,542,030</b>	<b>(4,478,248)</b>
<b>Program Development and Oversight</b>	Administration and Oversight	919,046	796,991	122,055
	Program Design and Learning	372,538	300,724	71,814
	Evaluation	58,857	41,516	17,341
<b>Program Development and Oversight Total</b>		<b>1,350,441</b>	<b>1,139,231</b>	<b>211,210</b>
<b>Peace and Security</b>	Conflict Mitigation and Stabilization	527,972	416,482	111,490
	Counternarcotics	109,527	116,234	(6,707)
	Transnational Threats and Crime	31,339	13,794	17,545
	Trafficking in Persons	26,854	28,525	(1,671)
	Counterterrorism	15,258	19,157	(3,899)
	Combating Weapons of Mass Destruction (WMD)	2,567	147	2,420
	Citizen Security and Law Enforcement	–	42	(42)
<b>Peace and Security Total</b>		<b>713,517</b>	<b>594,381</b>	<b>119,136</b>
<b>Total Net Cost of Operations</b>		<b>\$ 36,843,601</b>	<b>\$ 29,348,853</b>	<b>\$ 7,494,748</b>

\* For insight on how the Program Areas relate to development, see the FY 2022 – FY 2026 State-USAID Joint Strategic Goal Framework on page 14 for related Strategic Goals and Strategic Objectives.

The Health Category had a significant decrease within the Pandemic, Influenza and Other Emerging Threats program area of \$3.2 billion. The reduction in net costs related to this category coincides with the reduction in COVID-19 pandemic spending. USAID is committed to collaborating closely with its international and country partners to support and provide global health initiatives that positively impact people and nations around the world, saves millions of lives, and improves access to basic health services, all while advancing the interests of the American people.

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 mission or program activity efficiently and effectively. For a further breakout of net costs by responsibility segments and program areas refer to Note 15, *Schedule of Costs by Standardized Program Structure and Definition (SPSD)*, presented by responsibility segments.

## BUDGETARY RESOURCES

### OUR FUNDS

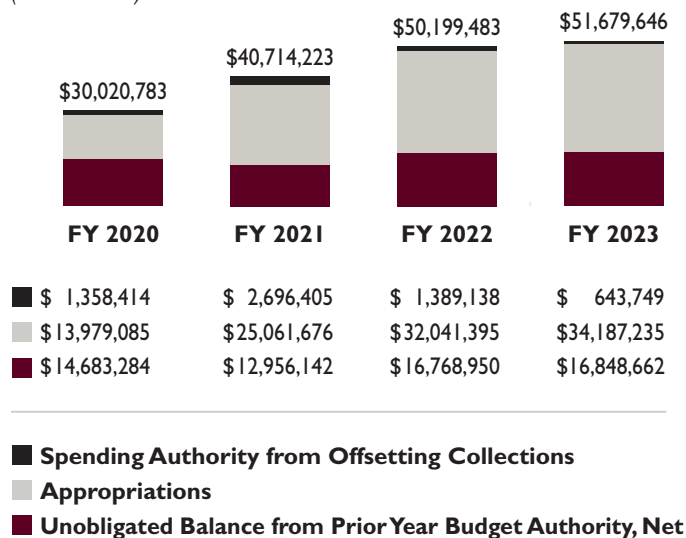
The Combined Statement of Budgetary Resources provides information on the budgetary resources made available to USAID during the fiscal year and the status of those resources at the end of the fiscal year. The Agency receives most of its funding from general U.S. government funds administered by Treasury and appropriated by Congress for use by USAID. In addition, USAID receives budget authority as the parent for the Department of State, the U.S. Forest Service (an agency of the U.S. Department of

Agriculture), and U.S. Department of Health and Human Services (HHS). Activity related to these departments and agencies appears in the Combining Schedule of Budgetary Resources located in the Required Supplementary Information section of this AFR.

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 funds that are available for the current year are made up of no-year, one-year, and multi-year funds. The “Schedule of Budgetary Resources” chart shows the unobligated balances from the prior year, appropriations and spending authority from offsetting collections, and total budgetary resources for USAID from FY 2020 through FY 2023.

### SCHEDULE OF BUDGETARY RESOURCES FY 2020 – FY 2023

(In Thousands)





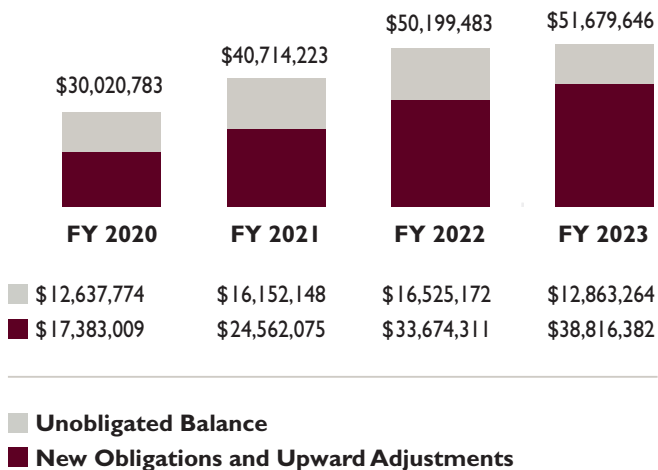
## OBLIGATIONS AND OUTLAYS

The Agency’s cumulative budgetary resources for FY 2023 is \$51.7 billion as shown in the “Status of Budgetary Resources” chart. USAID recorded new obligations or upward adjustments of \$38.8 billion or 75 percent of the overall budgetary resources with the remaining unobligated balance of \$12.9 billion for FY 2023. USAID’s Total Budgetary Resources for FY 2023 increased by \$1.5 billion or 3 percent over FY 2022.

USAID’s net outlays for FY 2023 were \$36.6 billion, which is an increase by \$7.8 billion or 27 percent over \$28.8 billion for FY 2022. The increase in outlays is primarily due to the obligation and disbursement of funds in response to global issues worldwide. These funds are being utilized to combat human trafficking, to respond to and prevent food insecurity, to provide provisions for emergency food and shelter needs for vulnerable populations and communities within Ukraine and other affected countries in the region.

## STATUS OF BUDGETARY RESOURCES FY 2020 – FY 2023

(In Thousands)



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

USAID is using the supplemental COVID-19 funding to support the United States response to the COVID-19 pandemic both at home and abroad. Since the start of the outbreak, USAID has acted decisively to commit funding to health, humanitarian, and development assistance specifically aimed at fighting the pandemic. USAID allocated funds to the Economic Support Fund, the International Disaster Assistance Fund, and the Operating Expenses of USAID to support the COVID-19 efforts. USAID is helping to save lives by improving public health education, protecting health care facilities, increasing laboratory services, disease surveillance, and supporting vaccine access and delivery in more than 120 countries.

During FY 2023, USAID incurred obligations of \$2.6 million, used appropriation funding of \$843.4 million and \$7.6 million of COVID-19 funding remains available beyond FY 2023. For further details related to COVID-19 funding refer to Note 14, *COVID-19 Activity*.

## LIMITATIONS OF THE FINANCIAL STATEMENTS

USAID’s CFO 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 Section 3515 (b) of Title 31 of the United States Code (U.S.C.). While the CFO 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 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 Agency's integrated internal control policy requires all USAID managers to establish systems of internal control to ensure U.S. government activities are managed effectively, efficiently, economically, and with integrity. All levels of management are responsible for maintaining and ensuring adequate internal controls over USAID operations.

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.

Based on an Agency internal control evaluation, the Administrator of USAID is required to provide an annual Statement of Assurance on whether the Agency has met this requirement. OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, implements the FMFIA and the Federal Financial Management Improvement Act (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 AFR.

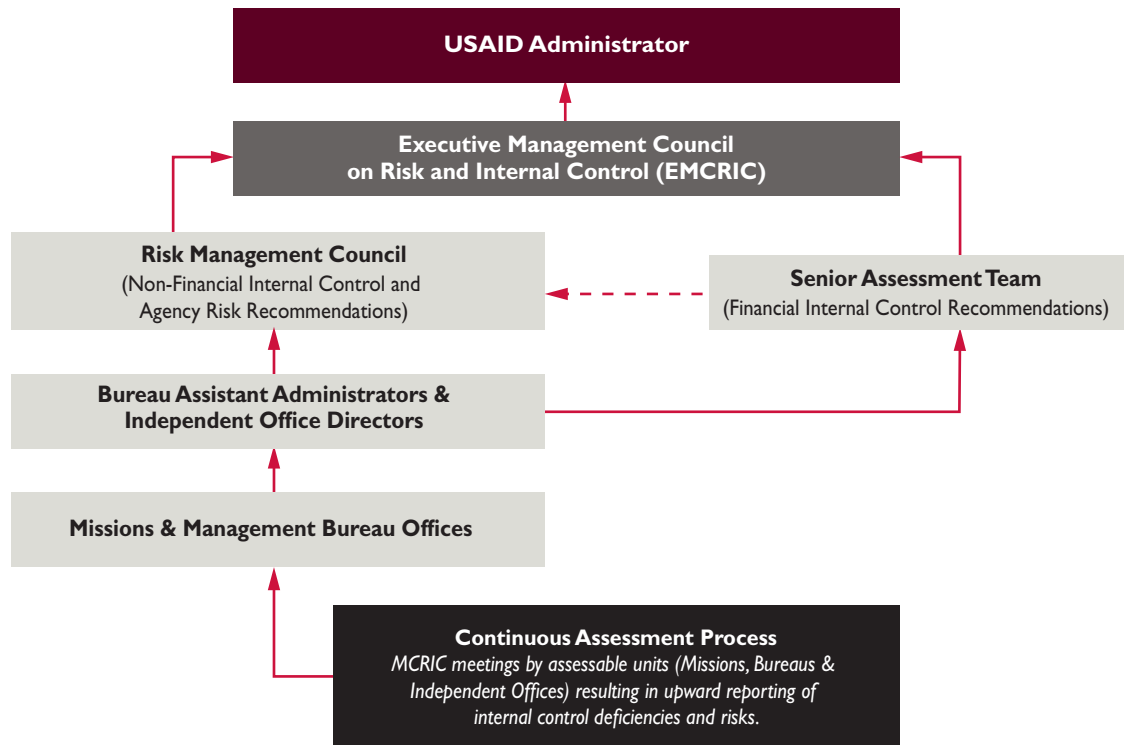
## USAID STATEMENT OF ASSURANCE

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 of the Federal Managers' Financial Integrity Act (FMFIA). 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 USAID's internal controls over financial systems, operations, reporting, and compliance were operating effectively as of September 30, 2023. Additionally, the Agency can provide reasonable assurance that internal control over financial reporting was operating effectively as of September 30, 2023, based on the results of the assessment in accordance with Appendix A of OMB Circular A-123. The Agency's financial management systems meet the objective of Section 4 of the FMFIA requirements and comply with government-wide requirements as mandated by Section 803 (a) of the Federal Financial Management Improvement Act (FFMIA) and Appendix D of OMB Circular A-123.



Samantha Power,  
USAID Administrator  
November 14, 2023

## GOVERNANCE STRUCTURE FOR ERM AND INTERNAL CONTROL SYSTEMS



All levels of management are responsible for providing adequate controls over USAID operations.

USAID’s Enterprise Risk Management (ERM) program supports the integration of ERM and USAID’s internal control activities, as required by OMB Circular A-123. The ERM Secretariat, housed in the Office of the Chief Financial Officer (M/OCFO), is responsible for analysis and management of Agency risks submitted through the annual risk profile and FMFIA submission processes, as well as providing technical support to USAID’s ERM governance structure. As outlined in USAID’s ERM Policy, ADS 596, Missions are required to establish a Management Control Review Committee (MCRC) to oversee the Mission’s audit, risk, and internal control processes. To facilitate communication among B/IOs, Missions, and their sub-offices, USAID’s OUs appoint Risk Management Liaisons (RMLs) to act as key points of contact to foster open and honest conversations about risk and ensure the efficient and effective identification, reporting, and treatment of risks.

USAID’s governance structure is multifaceted and representative of every OU at USAID. The Executive Management Council on Risk and Internal Control (EMCRIC) is chaired by the Deputy Administrator for Management and Resources. The EMCRIC reviews, approves, and recommends for the Administrator’s approval the USAID annual Statement of Assurance, the Agency Risk Profile (ARP), and proposed corrective action measures and risk response. EMCRIC membership comprises the Agency Counselor, AAs of Bureaus and Heads of Independent Offices, Statutory Officers (Chief Financial Officer [CFO], Chief Information Officer [CIO], Chief Acquisition Officer [CAO]) of the Agency, Director of the Office of Management Policy, Budget, and Performance within the Bureau for Management (M/MPBP), and the Inspector General (as a non-voting observer). Self-certifications from heads of OUs worldwide serve as the basis for the assurance statement

issued by the USAID Administrator, which comprises 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 Deputy AAs from the Bureau for Management (M) and the Bureau for Policy, Planning, and Learning (PPL), are responsible for assessing the roll-up of enterprise risks and non-financial internal control deficiencies, based on input from OUs. The RMC evaluates composite profiles and develops or updates an ARP that presents an Agency-level portfolio of risks, coupled with proposed risk responses, where appropriate, for EMCRIC review and approval.

The Senior Assessment Team (SAT), chaired by the Agency's CFO and senior executives with significant responsibilities over financial processes, is responsible for taking an Agency-wide view of deficiencies in financial internal control, as identified through the FMFIA certification process, the audit program, and any other related functions. It also assesses, monitors, and/or proposes appropriate corrective measures. The SAT reports financial internal control deficiencies deemed to be significant or material to the EMCRIC and the Agency as a whole. Any such deficiencies will be included in this annual FMFIA assurance statement. During FY 2023, the SAT provided oversight for internal control over the financial reporting program to meet OMB Circular A-123, Appendix A requirements. The Agency's Internal Control team employs an integrated process to perform the work necessary to meet the requirements of OMB Circular A-123, including compliance with the Government Charge Card Management (Appendix B), Improper Payments (Appendix C), and the FFMIA (Appendix D).

The Agency uses the Uniform Risk and Internal Control Assessment (URICA) tool during FY 2023 to conduct internal control assessments of all Agency units in support of FMFIA, with added emphasis on anti-corruption. USAID Missions

and B/IOs self-assessed and reported that the five components and 17 GAO principles of internal control were effective. To fully integrate ERM, OUs leveraged the existing internal control assessment process while using a new technology, called the ERM Tool, an Integrated Risk Management (IRM) platform, to identify risks simultaneously. Top risks are identified in the ARP, categorized, assigned a treatment, and monitored in accordance with a treatment plan.

## ERM PROGRAM MILESTONES

The Agency advanced ERM maturity in FY 2023 by deploying the ERM Tool, an application that automates USAID's risk management process. All B/IOs and Missions completed their FY 2023 risk profile update in this new platform and are now using the application for continuous monitoring of risks. This shift has cultivated a more forward-looking risk management posture, allowing ERM governance committees to have timely visibility of emerging and existing Agency risks. The centralized platform significantly improves the ability to perform advanced analytics on the risk data. The ERM Tool is scalable, with plans to integrate the FMFIA process in FY 2024 and expand to other use cases, creating a holistic ERM view within the system.

Also in FY 2023, USAID released an ERM Program Maturity Self-Assessment to the Agency's Missions and B/IOs to get our OUs' perspectives on our level of maturity in three key domains: People, Processes, and Tools. The results of the self-assessment will support future improvements to the ERM Tool and the ERM program as a whole.

Following the release of USAID's updated Risk Appetite Statement (RAS) (<https://www.usaid.gov/about-us/agency-policy/series-500/references-chapter/596mad>) in late FY 2022, the Agency launched a campaign to socialize this critical resource among staff in Washington and in Missions. This internal campaign included a series of highly successful Agency-wide webinars on the RAS that were attended by hundreds of USAID staff. Preliminary results of USAID's ERM Program Maturity Self-Assessment exercise show that over 95 percent of respondents report leveraging



the RAS when making risk management decisions. Respondents include representatives from all levels of the Agency, demonstrating ongoing progress in operationalizing the RAS.

Another key ERM milestone was achieved this year through USAID's ERM and Internal Control governance structure. During an EMCRIC meeting in February 2023, Deputy Administrator for Management and Resources approved an Agency-wide strategy to address the staffing and hiring mechanisms risks identified on the ARP. The ERM Secretariat was tasked with outlining a mitigation plan to address the issues raised, as well as risks that may require Congressional engagement to address in the long term. Stakeholders from across the Agency identified themselves to partner with the ERM Secretariat to broaden the scope of existing ARP staffing risks and risk treatments to address hiring mechanisms challenges and wider staffing concerns across the Agency. The development and approval of this strategy illustrates the effectiveness of USAID's ERM governance structure, which enabled various B/IOs to work together to provide management with proposed solutions to key Agency risks.

### ASSESSMENT OF COMPLIANCE WITH THE FFMIA

As required by Section 803(a) of the FFMIA, the Agency determined that its financial management systems comply substantially with federal financial management systems requirements, 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 2023.

The FFMIA requires USAID to implement and maintain financial management systems that comply substantially with federal financial management systems requirements, applicable federal accounting standards promulgated by the FASAB, and the USSGL at the transaction level. USAID assesses its financial management

systems 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

In April 2022, the CFO released the Financial Management Strategic Plan for 2022 – 2027. This five-year plan will help the M/OCFO go beyond traditional roles and become an integrated business and strategic partner to increase the value and potential of financial management across the Agency. The strategic plan focuses on the three goals of Establishing a Culture of Operational Excellence; Becoming a Trusted and Valued Strategic Advisor, Partner, and Service Provider; and Enhancing ERM and Internal Control Performance.

The strategic plan states that to achieve a culture of operational excellence, M/OCFO should focus on improving financial management processes; support the development of financial systems and reports; and prepare the workforce to align with USAID's envisioned future plans.

USAID operates with 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. USAID strives to maximize development impacts to deliver more sustainable results by promoting resilient, democratic societies, while advancing U.S. security and prosperity. The Agency's emphasis is not only on dollars spent, but on the results achieved.



The cover of the Financial Management Strategic Plan for 2022 – 2027.

To do so, USAID needs a financial management system that is efficient for staff; reliable and useful for management; and compliant with federal requirements. For over 20 years, USAID has met this requirement through Phoenix, a single, worldwide system based on CGI's Momentum® solution. Phoenix allows the Agency to effectively account for the billions of dollars recorded for development and assistance activities in the more than 100 countries where USAID operates.

USAID uses Phoenix data to guide decision-making and provide an accurate picture of the Agency's activities providing health, humanitarian, economic, and development assistance worldwide. Detailed budget and spending data from Phoenix are vital inputs into the public-facing websites such as the Foreign Assistance Dashboard (<https://www.foreignassistance.gov/>) and USAspending (<https://www.usaspending.gov/>). USAID's Digital Accountability and Transparency Act of 2014 (DATA Act) submissions provide increased transparency into the Agency's finances and procurement activity. USAID submitted and certified its FY 2023 DATA Act files to the Treasury on time and on budget, as it has since first tracked in FY 2017. 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 major global events such as the COVID-19 pandemic and the invasion of Ukraine.

While Phoenix has been in place for over 20 years, the Financial Systems Division (M/OCFO/FS) works with other Divisions within M/OCFO and colleagues in other OUs to improve its systems and processes. In FY 2023, M/OCFO developed an automated accruals process for USAID, set to be rolled out in FY 2024. Currently USAID staff spends tens of thousands of hours annually preparing accruals estimates. Automating accruals will reduce this burden and allow staff to focus on more critical tasks. M/OCFO/FS also works to evaluate newer versions of the Commercial Off-The-Shelf (COTS) Momentum product to determine implementation strategies that address increased automation and additional interfaces

to reduce the reliance on data entry and other burdensome, repetitive tasks. An upgrade to a newer version of the COTS solution is currently planned for 2024.

In other areas of business improvement, USAID deployed the Mission Operating Expenses (OE) Budget Tools for users worldwide in FY 2023. These Mission OE Budget Tools combine new functionality in Phoenix Performance Budgeting (PB), the budgeting and planning module of the Agency's core financial system, with interactive dashboards and reports. By the end of FY 2023, all USAID Missions had successfully replaced their legacy spreadsheets and emails with Current Year Budget and Quarterly OE Spend Plans entered directly into Phoenix PB. Centralizing these two Mission processes in Phoenix PB will help USAID optimize its OE budgeting and planning processes. In FY 2024, the Management Bureau will continue to work with users to develop enhancements to expand on existing features, further streamline the existing annual budget process, and improve the maintenance and availability of financial information.

M/OCFO's Automated Deobligation Application continued to improve the deobligation process by allowing users to automatically deobligate actions like travel orders, credit card obligations, and Phoenix obligations as well as small purchase awards. In FY 2023, the Agency used the application to deobligate more than 19,000 Phoenix accounting lines, freeing up more than \$56 million for potential reuse. M/OCFO's Upward Adjustment Request tool continued to help the Agency automate its process for using its deobligated funds to execute upward adjustments, bilateral realignments, and other budgetary adjustments. In FY 2023, this tool processed over 1,170 requests from approximately 145 users.

The CFO is committed to ensuring that USAID complies with evolving federal requirements. Treasury has mandated that Federal Program Agencies use the G-Invoicing System to manage their intragovernmental buy/sell transactions beginning in October 2022. To meet this mandate, M/OCFO reviewed existing Agency processes and

assessed the impact of G-Invoicing to the current USAID business processes. M/OCFO helped users obtain access to G-Invoicing, provided them with training resources, and aided them in entering new interagency agreements (IAAs) manually in G-Invoicing. M/OCFO is currently planning an upgrade to the Phoenix system that would allow an automated integration between G-Invoicing and Phoenix. This integration will reduce the need for dual manual entry of IAAs between the two systems, encouraging better data integrity.

The strategic plan states that M/OCFO should focus on improving its data analysis capability to assist with decision-making, improve customer service, and systematically enhance collaboration with USAID's strategic partners. To help achieve this goal M/OCFO launched the Griffin Azure Analytics project in March 2023. The goal of this project is to modernize USAID's legacy financial data framework by deploying a robust, cloud-based reporting architecture with analytic tools for M/OCFO. Griffin will significantly reduce the downtimes inherent in the current architecture and provide M/OCFO with near real-time data, which will be critical in making better-informed financial decisions. The design and development of the new architecture have been completed as of September 30, 2023, and the deployment of the first reports available for Agency use are on-target to go live in February 2024.

Finally, to enhance ERM and internal control performance, the strategic plan states that there should be a focus on reinforcing a risk-awareness culture, increasing operationalization of ERM and internal control, and providing data analytics for better risk/control-related decisions. M/OCFO/FS works to enhance effectiveness and efficiency by continuously evaluating Phoenix operations to reduce risk and maintain a secure IT operating environment. Throughout the year, Phoenix complied with the Agency's ERM processes. In August 2023, M/OCFO/FS performed a review and a revision of the existing Risk Management Plan. In addition to updating the risk management procedures to more accurately reflect how the

program tracks, measures, and mitigates risks, the team developed and documented issue management procedures to better track issues the program may face. These updates will help increase M/OCFO's responsiveness to risk and other program issues.

## **FRAMEWORK FOR FINANCIAL MANAGEMENT SYSTEMS**

The Phoenix financial system is the Agency's accounting system of record 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 2023, Phoenix had over 2,900 users who processed almost 1.8 million transactions and obligated over \$41.4 billion.

Phoenix interfaces with other Agency systems and tools to align USAID's financial management operations with other business processes. Phoenix is fully integrated with USAID's procurement system, the Global Acquisition and Assistance System (GLAAS), via a real-time interface. This integration helps streamline business processes and simplify unified reporting. Phoenix is also integrated with USAID's end-to-end government travel and expense tool, E2 Solutions, allowing unified tracking of the Agency's travel budgets and spending.

USAID applies incremental investments to automate and streamline financial management processes, to meet user and federal requirements, and to follow guidance from OMB and Treasury to strengthen financial and IT management practices. In FY 2023, USAID successfully transitioned Phoenix security from federation opt-in to a system using USAID's Active Directory, streamlining the Phoenix login process to be fully Single Sign-On for USAID's users. M/OCFO expanded its SecOps pipeline to include software updates to ensure that the Agency remains current with both security standards and the latest Phoenix releases in order to maintain compliance with all National Institute of Standards and Technology (NIST) and USAID's ADS requirements.

## SUMMARY OF SIGNIFICANT LAWS

Listed below are the laws that the Agency considers having a significant impact on USAID's operations and financial statements during FY 2023 and with which the Agency maintains compliance. Appendix A of this report contains a more detailed description of the laws.

- **Accountability of Tax Dollars Act of 2002 (ATDA)**
- **Antideficiency Act (ADA)**
- **Cash Management Improvement Act (CMIA) of 1990**
- **Chief Financial Officers (CFO) Act of 1990**
- **Civil Service Retirement Act (CSRA)**
- **Debt Collection Improvement Act (DCIA) of 1996**
- **Digital Accountability and Transparency Act (DATA Act) of 2014**
- **Federal Computer Security Act**
- **Federal Credit Reform Act (FCRA) of 1990**
- **Federal Debt Collection Authority**
- **Federal Employees' Compensation Act (FECA)**
- **Federal Employees Health Benefits Act (FEHBA)**
- **Federal Employee Retirement System Act (FERSA) of 1986**
- **Federal Financial Management Improvement Act (FFMIA) of 1996**
- **Federal Information Security Management Act (FISMA)**
- **Federal Information Technology Acquisition Reform Act (FITARA)**
- **Federal Managers Financial Integrity Act (FMFIA) of 1982**
- **The Foreign Assistance Act of 1961**
- **Government Corporation Control Act (GCCA) of 1945**
- **Government Management Reform Act (GMRA) of 1994**
- **Payment Integrity Information Act (PIIA) of 2019**
- **Prompt Payment Act (PPA)**





# OTHER MANAGEMENT INFORMATION, INITIATIVES, AND ISSUES

USAID improved the efficiency and effectiveness of its workforce, policies, programs, and processes to support and advance the Agency's development and humanitarian assistance mission through wide-ranging management reforms and initiatives in FY 2023. These improvements also supported Administration priorities and initiatives, such as the President's Management Agenda (<https://www.performance.gov/pma/>), and the USAID Policy Framework (<https://www.usaid.gov/policy/documents/mar-23-2023-usaids-policy-framework>). USAID focused this section on:

- Advancing Localization;
- Strengthening and Empowering USAID's Workforce;
- Delivering Excellent, Equitable, and Secure Federal Services and Customer Experience (CX);
- Optimally Managing the Business of the Government;
- Audit Follow-Up; and
- Sovereign Bond Guarantees (SBGs).

## ADVANCING LOCALIZATION

Local leadership over development and humanitarian goals and programming is critical for equity, effectiveness, and sustainability. Building on past efforts, USAID is implementing a set of internal reforms, actions, and behavior changes to advance a model of locally led, inclusive development and humanitarian response. In this model, local actors set agendas, develop solutions, and mobilize their capacity and other resources to make those solutions a reality.

## LOCALIZATION GOALS AND PROGRESS

USAID Administrator Samantha Power announced two ambitious Agency-wide targets to track and motivate progress in November 2021: (1) USAID will strive to channel at least one quarter of its program funds directly to local partners by the end of FY 2025; and (2) by 2030, at least 50 percent of USAID's programming will place local communities in the lead to set priorities, co-design projects, drive implementation, and measure and evaluate impact.

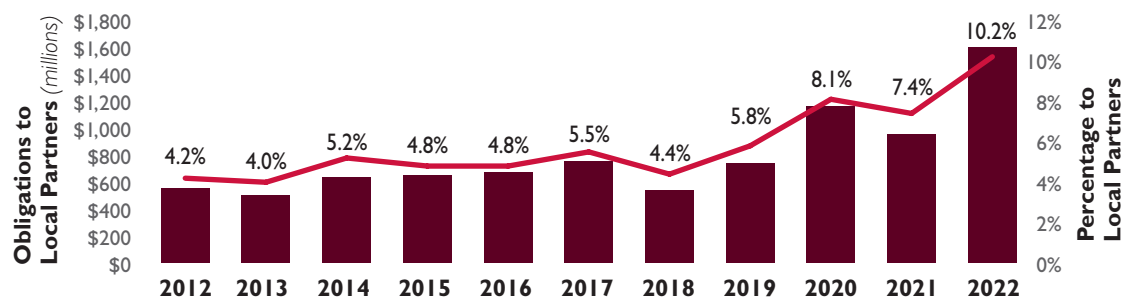
Advancing localization to achieve these targets has required USAID to comprehensively reevaluate many of its core programmatic and operational processes and behaviors. Accordingly, USAID is implementing several lines of effort, which USAID summarizes and shares on its public-facing website: <https://www.usaid.gov/localization>.

In June 2023, USAID released its *Moving toward a Model of Locally Led Development: Fiscal Year 2022 Localization Progress Report* (<https://www.usaid.gov/localization/fy-2022-localization-progress-report>), which was the first update on USAID's progress toward these targets and its broader localization goals. In FY 2022, USAID's Direct Local Funding to individuals, organizations, or corporations based and legally organized in a country where they implement USAID-funded work reached nearly \$1.6 billion, or 10.2 percent of USAID's obligations; this was the highest level and percentage of Direct Local Funding in more than ten years. USAID's Missions and other overseas OUs led these efforts, through which they directed 18 percent of attributable A&A obligations to local partners. Additionally in FY 2022, USAID provided \$57 million to local partners who work regionally and another \$199 million in government-to-government assistance.



The cover of USAID's Fiscal Year 2022 Localization Progress Report, which USAID published in June 2023.

## USAID'S DOLLAR OBLIGATIONS TO LOCAL PARTNERS AND PERCENTAGE OF TOTAL OBLIGATIONS BY YEAR



Source: USAID's FY 2022 Localization Progress Report

USAID included in its *FY 2022 Localization Progress Report* a new indicator to track its use of 14 practices for enabling local leadership at different stages in the award process and Program Cycle (<https://usaidlearninglab.org/learning-at-usaid/program-cycle-overview-page>). These practices focus on recognizing, leveraging, and strengthening local capacity; engaging communities directly; working directly with local partners; and creating effective local partnerships.

USAID maintains a separate webpage about how it is measuring its localization progress (<https://www.usaid.gov/localization/measurement>).

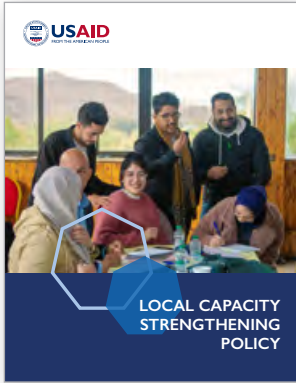
### INTERNATIONAL ENGAGEMENT

USAID and other bilateral donors committed in December 2022 to a shared set of principles that build on previous donor commitments to advance locally led development, humanitarian, and peacebuilding efforts. In the 2022 Donor Statement on Locally Led Development (<https://www.usaid.gov/localization/donor-statement-on-supporting-locally-led-development>), these donors resolved to: (1) shift and share power to ensure local actors have ownership over and can meaningfully and equitably engage in development, humanitarian, and peacebuilding programs; (2) work to channel high-quality funding as directly as possible to local actors while ensuring mutual accountability for effectively using funds, managing risks, and achieving results; and (3) publicly advocate for locally led development by using convening authority, leveraging partnerships and networks, and enhancing cooperation with national and subnational authorities, community leaders, and civil society, and in international fora and multilateral institutions.

### INTERNAL STRATEGIES AND POLICIES

USAID also advances progress internally by growing its workforce and implementing several key strategies and policies through which USAID shapes and supports how it engages with local actors. USAID launched the Skills and Competencies Initiative to enhance its ability to address complex, global challenges and properly reward its workforce for their initiative and expertise. This initiative includes multiple phases and recognizes new skills and competencies that advance USAID's localization goals. USAID also reaffirmed its commitment to "significantly expand our support for locally led development" through its new *Policy Framework: Driving Progress Beyond Programs*, which USAID released in March 2023.

In its new A&A Strategy (<https://www.usaid.gov/policy/acquisition-and-assistance-strategy>), USAID outlined key business practice changes to better enable sustainable, inclusive, and locally led development and committed to enabling, equipping, and empowering its A&A workforce. Implementing these reforms is critical for USAID to advance its localization efforts. USAID's awards to local partners are often smaller than awards to international partners, so USAID staff may manage more awards. Moreover, many local partners are new to working with USAID and benefit from guidance from USAID staff throughout the process. USAID created 69 new A&A positions between FY 2021 and FY 2023 to help meet demand for staff and advance localization goals. USAID is currently recruiting and onboarding to fill these new positions and existing vacancies.



The cover of USAID's Local Capacity Strengthening Policy, which USAID published in October 2022 and began implementing throughout FY 2023.

USAID is also creating more leadership opportunities for FSNs and CCNPSCs (collectively referred to as FSNs). FSNs make up the majority of USAID's A&A staff and play critical roles advancing locally led development through their in-country connections, language and professional skills, and continuity at Missions, whereas Foreign Service Officers rotate posts every few years.

USAID is implementing new guidance for Agency staff to streamline A&A processes, expanding its use of co-creation approaches, and developing new training on advancing locally led and sustainable development through activity design that accounts for local actors' knowledge and priorities. In the A&A Strategy, USAID emphasizes making the Agency more accessible to local actors by reducing barriers to entry, including by:

- Communicating more proactively to reach local partners and share funding and partnering opportunities;
- Using more flexible, adaptable, and simple award mechanisms to provide direct funding to local organizations;
- Improving local partners' abilities to recover their full costs of implementing USAID awards, including by expanding existing and introducing new indirect cost-recovery options; and
- Expanding opportunities for local partners to engage in USAID's A&A processes in languages other than English.

USAID is already implementing many of these reforms.

USAID understands that working with partners who are new to USAID may present different types of risks, both for USAID and the partners themselves. This is why, in 2023, USAID updated its RAS (<https://www.usaid.gov/sites/default/agency-policy/596mad.pdf>) to state clearly that USAID has a high appetite for taking smart and disciplined risks in working with local partners.<sup>18</sup> As such, USAID encourages its staff to take informed risks to expand

USAID's set of local partners to advance equitable and sustainable development outcomes. In line with its A&A Strategy and RAS, USAID encourages its staff to work closely with new and local partners to jointly identify risks and develop plans to mitigate and manage them.

USAID is also implementing the Local Capacity Strengthening Policy (<https://www.usaid.gov/policy/local-capacity-strengthening>) it launched in October 2022 and through which it committed to respond to local priorities for strengthening capacity and established principles to build on the skills and expertise local organizations and communities already have. In implementing this policy, USAID is focusing on strengthening its own capacity to enable more effective programming and equitable partnerships with local actors. USAID has also emphasized its accountability for aligning operations to the principles in the policy. This work includes focusing on improving performance in capacity strengthening-related activities, revising USAID processes and policies, and convening local actors and global stakeholders to continue to share best-fit practices.

## GUIDANCE, TRAINING, AND RESOURCES

USAID is integrating localization into guidance, training, and resources to ensure staff have the information and skills they need to operationalize locally led development throughout USAID's A&A processes and Program Cycle. These efforts include:

- Guidance on integrating local knowledge in development practice (<https://usaidlearninglab.org/resources/report-integrating-local-knowledge-development-practice>) and managing government-to-government activities (<https://www.usaid.gov/about-us/agency-policy/series-200/220>);
- Internal training on engaging the local private sector and using systemic design for sustainable and locally led development; and

<sup>18</sup> Please refer to the Enterprise Risk Management (ERM) subsection in this Other Management Information, Initiatives, and Information section for more information about USAID's RAS. The ERM subsection is on page 80.

- Resources on collective action (<https://usaidlearninglab.org/collective-action-usaid-programming>), co-creation (<https://www.usaid.gov/npi/capacity-building-indicator-resources/co-creation-interactive-guide>), and implementing the Local Capacity Strengthening Policy (<https://usaidlearninglab.org/insights-practice/self-paced-training-and-courses/training/local-capacity-strengthening-policy>).

USAID also disseminates internal-to-USAID-only resources through a Localization Playbook and a Community of Practice that comprises 1,000 staff from all regions and sectors.

### WorkwithUSAID PLATFORM

USAID is demystifying the process of partnering with USAID through its WorkwithUSAID platform (<http://www.workwithusaid.org>). The platform is a free and easy-to-navigate resource hub through which USAID provides clear and accessible information in multiple languages about how to work with the Agency and opportunities for funding. Current and prospective partners can network using the robust Partner Directory and the sub-opportunities page. The sub-opportunities page helps organizations seeking subrecipients and subcontractors to connect with organizations that are interested in being subs, and vice versa. USAID transitioned the platform to a .gov domain in October 2023 and better integrated it into the USAID.gov main site. USAID earned an Honorable Mention in the *Fast Company* 2023 World Changing Ideas Awards (<https://www.fastcompany.com/90870063/world-changing-ideas-general-excellence-2023>) for its WorkwithUSAID platform.

Please refer to the High Impact Service Provider (HISP): Progress and Next Steps section on page 73 for more information on WorkwithUSAID.

### NEW PARTNERSHIPS INITIATIVE

USAID’s New Partnerships Initiative (NPI) (<https://www.usaid.gov/npi>) is a key way USAID is advancing localization, including through 54 active awards that are enhancing USAID’s collaboration with new, nontraditional, and local partners. In FY 2023, NPI responded to



**Business Magazine Fast Company recognized the WorkwithUSAID platform with an “honorable mention” in the General Excellence Category of its 2023 World Changing Ideas Awards.** SOURCE: <https://www.fastcompany.com/90870063/world-changing-ideas-general-excellence-2023>

a first-ever requirement from Congress that NPI report (<https://www.usaid.gov/reports/npi/fy-2022>) on funding provided via NPI award mechanisms in the previous fiscal year. USAID estimated that in FY 2023, its 50 active NPI awards reached \$1.2 billion in funding over the lifetime of the awards and involved more than 70 partners.

NPI also published and disseminated a series of new how-to guides on pressing localization-related topics. These topics include Accountability and Feedback Planning, Subawarding, Refinement Periods, and Monitoring, Evaluation, and Learning (MEL) platforms. USAID has made several of the how-to guides publicly available (<https://www.usaid.gov/npi/npi-key-definitions>) as references for the USAID partner community.

The NPI team’s partnership accelerator and localization support mechanism, the Partnerships Incubator, enabled the team to engage with 19 different OUs to provide support to new, local, and nontraditional partners during FY 2023. The Incubator delivered partner landscape analyses and assessments, co-creation events between USAID and potential partners, tailored capacity strengthening services, and





A young woman who completed training at the Ennakhil Association's solidarity restaurant stacks bowls. The Ennakhil Association created the solidarity restaurant in Marrakech, Morocco, in 2021 with USAID Local Works program funding during the COVID-19 pandemic. PHOTO: KATIE BERCEGEAY/USAID



FSN fellows meet with USAID Administrator Samantha Power in Washington, D.C., on July 28, 2023. The FSN Fellows Program is a key part of USAID's localization and FSN Empowerment Initiatives. PHOTO: USAID

project support. Additionally, the NPI team provided direct localization support to Missions that leveraged expertise from the Partnerships Incubator. For example, USAID's Burundi Mission, with assistance from the NPI team, developed a localization strategy and framework for monitoring, evaluation, and learning and operationalized its partner landscape analysis and assessment. The NPI team also provided technical support to the Guatemala Mission to develop and implement a localization strategy, manage its local partner landscape assessment, and design a localization-focused funding opportunity.

## LOCAL WORKS

Through the Agency's Local Works program (<https://www.usaid.gov/local-faith-and-transformative-partnerships/local-works>), USAID provides opportunities for local partners and those new to working with USAID to access the financial and technical resources they need without being out competed by large U.S. and international development organizations. As of the end of FY 2023, 36 USAID Missions across all regions have Local Works funding to support demand-driven activities that enable locally led development across a range of sectors. Missions with current Local Works programming currently manage 76 active awards and have 51 more planned for

the first months of FY 2024, most of which are with local partners. USAID selected another nine Missions to participate in the Local Works program in FY 2023. These Missions are currently developing programs. USAID's Local Works staff also provided 21 Missions with technical and/or financial support for unsolicited applications to support locally driven priorities. An example of USAID's Local Works programming is the Morocco Mission's partnership with the Ennakhil Association, a Moroccan organization founded in 1997 that champions women's rights. Through Local Works, the Ennakhil Association has used more than \$800,000 in USAID funding to expand its support center for victims of gender-based violence (GBV), provide vocational training (such as culinary arts) for women in at-risk situations, and advocate for catalytic national GBV legislation and policies in Morocco.

The Local Works program launched its first FSN Localization Fellowship Program in FY 2023. The program is one way USAID empowers FSN staff and harnesses their invaluable talent. The Local Works program has supported 18 fellows from Missions globally to drive impactful change, including by leading USAID's localization agenda across and within different Bureaus in Washington, D.C., and through temporary duty experiences with other Missions. USAID

leaders and staff colleagues have recognized these FSN fellows as “localization champions”: they have led learning panels, shaped policy changes, and represented USAID in high-level meetings. They have also shared their perspectives and recommendations on USAID’s strategies for FSN empowerment and localization with USAID Administrator Samantha Power.

Through all of these efforts, USAID strives to be more responsive to local actors’ priorities and capacities and provide more funding to local partners.

## STRENGTHENING AND EMPOWERING USAID’S WORKFORCE

Strengthening and empowering the workforce is a top priority for USAID. In FY 2023, USAID progressed strategically toward several critical goals, including but not limited to advancing DEIA; empowering employees to learn, grow, unionize, and thrive; and optimizing physical and digital infrastructure.

### STRATEGICALLY AND SYSTEMATICALLY ADVANCING DEIA

#### DEIA STRATEGIC PLAN IMPLEMENTATION PROGRESS

In its 2021–2024 DEIA Strategic Plan, USAID aligned its goals and objectives with the U.S. government’s priorities in the government-wide Strategic Plan to Advance DEIA in the Federal Workforce (<https://www.whitehouse.gov/wp-content/uploads/2021/11/Strategic-Plan-to-Advance-Diversity-Equity-Inclusion-and-Accessibility-in-the-Federal-Workforce-11.23.21.pdf>). USAID identified ten priorities in its plan, which focus on: (1) DEIA Governance; (2) DEIA Data; (3) Partnerships and Recruitment; (4) Promoting Paid Internships; (5) Pay Equity; (6) Advancing Equity for the

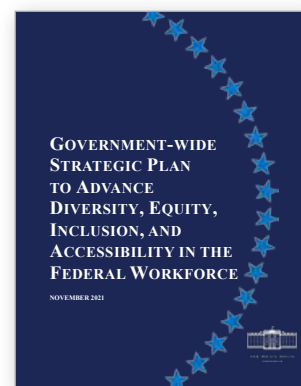
LGBTQI+ Workforce; (7) Professional Development and Advancement; (8) DEIA Training and Learning; (9) Advancing Equity for Workers with Disabilities; and (10) Fostering a Safe Workplace.

USAID’s Office of the Chief DEIA Officer has made significant progress tracking and achieving these priorities since USAID established the office in March 2022 (<https://www.usaid.gov/press-release/usaid-announces-launch-office-diversity-equity-inclusion-and-accessibility>). Early successes include:

- Designated gender-neutral restrooms in the USAID Annex headquarters building and plan to designate gender-neutral restrooms in the Ronald Reagan Building and International Trade Center headquarters building in FY 2024;
- Increased the number of staff who attend the International Career Advancement Program (ICAP) from five in 2019 to 20 in 2022, a 300 percent increase;<sup>19</sup>
- Conducted USAID’s first annual DEIA Survey, through which participants responded favorably to 72 percent of the questions;
- Increased the number of paid internships USAID offers by about 212 percent; and
- Alleviated barriers in USAID’s hiring process, such as by anonymizing applicant data and advocating for hiring panels with diverse participants who have completed unconscious bias training.

USAID has outlined and identified its strategies and actions, quarterly and annual measures, responsible teams, and dedicated resources for each of its ten DEIA priorities.

USAID has included more information on DEIA in subsequent parts of this Other Management Information, Initiatives, and Issues section, as DEIA is integral to most of USAID’s priority management initiatives.



The cover of the Government-wide Strategic Plan to Advance DEIA in the Federal Workforce, to which USAID aligned its 2021–2024 DEIA Strategic Plan.

<sup>19</sup> ICAP is “a professional development and leadership program for highly promising mid-career professionals in international affairs in the United States”. The Josef Korbel School of International Studies at the University of Denver and the Aspen Institute sponsor ICAP (<https://www.icapaspen.org/>).

## GLOBAL DEVELOPMENT PARTNERSHIP INITIATIVE (GDPI) AND CRISIS OPERATIONS STAFFING

USAID continued to expand its permanent Civil Service and Foreign Service workforce through USAID's multiyear GDPI during FY 2023. Through GDPI, USAID is replacing with more permanent staffing mechanisms some positions USAID filled using term-limited, non-career, and often non-direct-hire mechanisms. As of June 2023, 97 percent of the budgeted Civil Service GDPI positions are already onboard or nearing entry on duty. This is the first time since FY 2013 that USAID's Civil Service workforce reached more than 1,630 onboard. USAID is currently requesting authority from Congress for more flexible and robust funding to sustain this staffing momentum.

USAID's overall racial and ethnic minority staffing under GDPI has increased steadily, from 30 percent in 2013, to 31 percent in 2018, to 35 percent in 2022. The racial and ethnic minority composition of USAID's Civil Service and Foreign Service increased between 2018 and 2022: the Civil Service increased by 27 percent, from 635 in 2018, to 805 in December 2022; and the Foreign Service increased by 30 percent, from 481 in 2018, to 626 in December 2022.

USAID currently relies heavily on contractors for its crisis operations work, which has resulted in a workforce with often high vacancy rates and without sufficient ability to perform certain inherently governmental functions. In FY 2023, Congress provided USAID with Crisis Operations Staffing pilot authority to appoint and employ personnel to non-permanent, Civil Service Excepted positions in the Bureau for Conflict Prevention and Stabilization's Office of Transition Initiatives, the Bureau for Humanitarian Assistance, and the Bureau for Global Health. These positions will replace up to 350 existing contract and interagency agreement positions that respond to and prevent foreign crises and growing instability. For more information on USAID's Crisis Operations Staffing, please refer to the "Bolstering our Humanitarian Assistance and Crisis Operations Workforce through Improved Recruitment, Hiring, and DEIA Practices" story in the Overview of Programmatic Performance section on page 27.

USAID is piloting masked hiring to reduce bias in hiring. This approach masks certain information about candidates that could lead to conscious or unconscious bias in the hiring process. USAID plans to evaluate the effectiveness of masked hiring in the future.

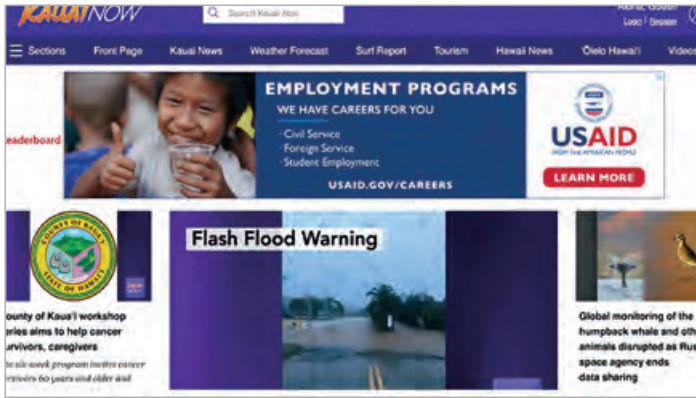
## RECRUITING, HIRING, AND CAREER PATHWAYS

USAID conducts outreach and recruitment through virtual, in-person, and hybrid forums to advance its broader talent acquisition strategy. USAID engaged in more than 80 nationwide events in FY 2023, including with individuals with disabilities, veterans, socioeconomically disadvantaged individuals, and constituents from traditionally underrepresented groups. USAID ran advertising campaigns in Hawaii, California, Illinois, Texas, and Michigan to highlight USAID careers via billboards, radio advertisements, electronic displays, webpage banners, digital ad impressions, and ads on public transit. USAID also increased its promotion of employment opportunities across 20 talent sourcing platforms—seven more platforms than in FY 2022—to reach more diverse candidates and networks. Additionally, USAID hosted a series of hiring fairs to more



A screenshot from the Crisis Operations Staffing Information Panel USAID hosted on July 18, 2023. USAID posted the recording to YouTube at <https://www.youtube.com/watch?v=kW3PR0n9Zyg&list=PL5lx1424rCpYbKKudQWG263n1ThJixAq-&index=2>. SOURCE: USAID





An advertisement for USAID careers on Kaua'i Now, a Hawaiian local news site. SOURCE: KAUA'I NOW



An advertisement for USAID careers at a bus stop in Hawai'i. PHOTO: USAID

quickly recruit candidates for positions related to humanitarian emergencies, pandemics, conflict, and political transitions.

USAID also expanded career pathways for students and recent graduates in FY 2023 (<https://www.usaid.gov/careers/student-internships>). For example, USAID increased its number of paid internships through the Pathways Internship Program (<https://www.opm.gov/policy-data-oversight/hiring-information/students-recent-graduates/>). This is one way USAID implements Executive Order (E.O.) 14035 on DEIA in the Federal Workforce (<https://www.federalregister.gov/documents/2021/06/30/2021-14127/diversity-equity-inclusion-and-accessibility-in-the-federal-workforce>). Through July 2023, USAID employed 97 Pathways interns, compared to 59 in FY 2022—an increase of 38, or 64 percent. USAID supported three of those interns at the USAID Missions in Barbados and Thailand through the Agency's new Pathways Overseas Internship pilot. In summer 2023, USAID launched a Pathways Career Internship to provide students with paid internships year-round with the possibility of USAID appointing them noncompetitively after they complete their educational programs. Lastly, USAID provided 37 paid internships through third-party programs, including for 22 students through the Hispanic Association of Colleges and Universities (HACU) National Internship Program (<https://www.hacu.net/hacu/default.asp>), 12 students through the International Leadership

Foundation Program (<https://www.ilfnational.org/>), and three students through partnerships with three educational institutions.

USAID continued to attract outstanding individuals to the Foreign Service through the Donald M. Payne International Development Graduate Fellowship Program (<https://www.paynefellows.org/>), particularly individuals who identify as members of underserved and marginalized populations. USAID funded 30 Payne Fellows in FY 2023, 90 percent of whom self-identified as American Indian or Alaskan Native, Hispanic, Black/African American, Multi Racial, Asian, or Native Hawaiian or other Pacific Islander.

USAID also further integrated DEIA considerations throughout the Foreign Service recruitment and assignment process. To facilitate hiring for persons with disabilities, USAID enhanced its provision of reasonable accommodations for job applicants. For instance, USAID revised its vacancy announcements in FY 2023 to include information on how applicants can request reasonable accommodations. The Agency also provides the Reasonable Accommodation Manager's contact information to applicants whom USAID selects for interviews. Many applicants have taken advantage of this opportunity to understand and request the reasonable accommodation options available to them. To tackle unconscious bias toward USAID job applicants, USAID required hiring panel members to complete bias prevention training





**USAID Administrator Samantha Power welcomes the new Payne Fellows to USAID on May 24, 2023. PHOTO: USAID**

and consulted stakeholders like the USAID Office of Civil Rights. Through August 2023, USAID hosted 17 unconscious bias training sessions for a total of 543 USAID staff. USAID also increased the diversity of selection panels by including FSNs and required all panel members to take bias prevention training to ensure greater equity in the Foreign Service Officer assignments process. Moreover, USAID assessed in depth how it assigns members of its Senior Foreign Service to high-level positions worldwide. Through its assessment, USAID identified multiple recommendations for making the process more equitable and transparent. The recommendations include automating the 360 degree feedback process to eliminate the potential for bias. USAID plans to implement the recommendations in FY 2024.

### **MINORITY-SERVING INSTITUTION (MSI) PARTNERSHIPS**

A mutually responsive and supportive partnership between USAID and the U.S. higher education community is vital to achieve broad global development objectives—and MSIs are uniquely well-positioned to partner with USAID. USAID and its partners have a long history of working with MSIs in critical U.S. foreign and humanitarian assistance areas. In developing countries, MSIs have brought the same passion and vision that propels them in their work with Indigenous and underrepresented communities in the United States.

USAID established three new MSI partnerships in FY 2023 through memoranda of understanding (MOUs) with Morehouse College, Fayetteville State University, and the Hispanic Association of Colleges and Universities. Through these MOUs, USAID will:

- Demonstrate commitment to inclusivity and affirmatively advancing equity, civil rights, racial justice, and equal opportunity;
- Increase MSI knowledge of, and access to, USAID programs and initiatives;
- Identify opportunities for students and faculty to engage in U.S. foreign assistance;
- Share career and internship opportunities;
- Increase student engagement with USAID; and
- Support increased MSI participation in USAID’s research initiatives.

### **EMPOWERING EMPLOYEES TO LEARN, GROW, AND THRIVE**

#### **RESPECTFUL, INCLUSIVE, AND SAFE ENVIRONMENTS (RISE) PROGRAM**

USAID implemented RISE as a pilot training program in 2018 and has since expanded it into a cross-disciplinary learning and engagement platform. USAID’s goal has been to foster a more respectful, inclusive, and safe workplace culture

and environment, which are fundamental for USAID to achieve its core mission. RISE is a critical component of USAID's DEIA efforts and includes content about:

- Defining civility and respect;
- Exploring implicit biases and micro-messaging;
- Promoting employee accountability;
- Preventing harassment and misconduct, including sexual misconduct;
- Promoting inclusive development approaches in USAID's programs;
- Integrating safeguarding measures into USAID programs to protect beneficiaries from harm, including sexual exploitation and abuse; and
- Advancing staff safety, security, wellness, and resilience.

RISE is different from other USAID training programs in that the Agency's subject matter experts and dedicated volunteers own, develop, and deliver the content, rather than outsourcing these tasks to third-party trainers. Through FY 2023, USAID trained approximately 2,800 staff across 30 B/IOs and Missions through 328 RISE training sessions, RISE-tailored events, and RISE's Inclusive Leadership Seminar. RISE is a gold standard for DEIA training in the Federal Government and is the model OPM—the Federal Government's human resources (HR) agency—uses to evaluate the effectiveness of federal DEIA training.

## LEADERSHIP EDUCATION

USAID promotes a culture of continuous learning and leadership development for its staff through formal coursework and diverse learning platforms. In FY 2023, USAID hosted the second annual Inclusive Leadership Development Summit: *Developing the Next Generation of Leaders* with more than 750 attendees from Washington, D.C., and USAID Missions. Through the Summit, USAID amplified the contributions and impact of inclusive leadership at all levels within USAID and across our public- and private-sector partner organizations. The Summit aligned with USAID Administrator Samantha Power's New Vision for

USAID (<https://www.usaid.gov/news-information/speeches/nov-04-2021-administrator-samantha-power-new-vision-global-development>) and the Agency's need to strengthen emergent leaders, take action on DEIA initiatives, and strengthen FSN Empowerment.

USAID also redesigned its New Employee Orientation by incorporating presentations from the Offices of Civil Rights and DEIA, topics specific to inclusive development, and a briefing for supervisors. USAID continues to promote inclusion in its programs and in its workforce development. Together with the Federal Executive Institute, USAID designed and implemented four classes of the Leadership Development Program to increase access for our FSN workforce. To date, 25 percent of USAID's Senior A&A FSNs have been trained through these classes.

USAID launched its Certified Coaching Program at the beginning of FY 2023 by leveraging recent USAID graduates of an executive leadership coaching certification partnership with Georgetown University. This partnership enabled USAID to quickly transition from retaining two certified coaches annually through OPM's Federal Internal Training Coaching Program to 29 within eight months. The second cohort of 20 coaches completed the program in August 2023, bringing the total number of USAID's certified coaches to 49 within one year.

USAID also hosted training for supervisors in FY 2023. For example, USAID hosted quarterly group training sessions on how to address performance and behavioral deficiencies in the workplace. USAID also hosted individual sessions on managing probationary periods, labor obligations, and leave requests under USAID's Family and Medical Leave Act and Voluntary Leave Transfer Programs.

USAID's Bureau for Management also launched a pilot of its Management Exchange Program at the end of FY 2023. The program is a dynamic leadership development opportunity through which senior staff will rotate through the Bureau's seven offices, learning about the inner workings of each, while building and bringing fresh perspectives and skills that will help the Bureau

increase its efficiency and effectiveness over the immediate and long terms. The Bureau integrated continuous improvement into the design of the program and will use lessons it learns from the pilot to improve the program.

**FOREIGN SERVICE NATIONAL (FSN) / COOPERATING COUNTRY NATIONAL PERSONAL SERVICES CONTRACTOR (CCNPSC) EMPOWERMENT**

USAID’s FSNs are critical to USAID achieving its mission. More than 4,600 FSNs work for USAID, which means they represent approximately 70 percent of the Agency’s overseas staff and more than one third of USAID’s total workforce. Their unparalleled understanding of country contexts, local networks, and lived experiences are critical to USAID solving complex development challenges and continuing progress beyond programs.

USAID released its FSN Empowerment Implementation Plan (FSN EIP) in FY 2023 to better empower, invest in, and recognize the integral contributions of the FSN workforce. Developing the EIP was a collaborative effort through which USAID solicited input from FSNs, FSOs, and staff in Washington, D.C. In the EIP, USAID articulated 12 commitments across three

pillars to elevate our local staff: (1) Leadership; (2) Operational Policy; and (3) Professional Development. USAID’s commitments include:

- Expanding the FSN Leadership and Performance Coaching Program, which has already resulted in 24 International Coaching Federation-credentialed FSN coaches;
- Increasing the number of FSN-13 positions, which is the highest grade for FSN positions; increasing the number of in-person FSN fellowships in Washington, D.C., and overseas;
- Establishing more standard position descriptions for mission-critical functions;
- Hosting regional FSN conferences to better connect FSNs with regional development trends and USAID goals; and
- Starting the process of establishing more senior FSN advisor positions in Missions.

Additionally, USAID created an FSN Management Council that consists of FSN A&A Specialists from throughout USAID. The FSN Management Council communicates directly with USAID leadership, advocates on behalf of the workforce, recommends business improvements, and advises on A&A policy changes. At the nexus of USAID’s



USAID Administrator Samantha Power, Agency Counselor Clinton White, and Deputy Administrator Paloma Adams-Allen participated in USAID’s FSN Advocacy Council Conference in December 2022. PHOTO: USAID



FSN Empowerment and A&A work is USAID's impressive progress warranting our FSN A&A staff. The Agency now has 40 local staff with warrants, who are able to take on greater responsibility and leadership in the A&A processes. This includes obligating incremental funding within already negotiated award amounts, conducting post-award conferences, consenting to subcontracts, providing administrative approvals, monitoring contract performance, closing out awards, and issuing administrative changes. USAID's 40 warranted FSN A&A staff is more than double the number USAID had at the end of FY 2022.

### EMPLOYEE UNIONS

USAID maintains positive labor relationships with its two unions: the American Federation of Government Employees and the American Foreign Service Association (AFSA). USAID and AFSA successfully completed negotiations on a new Framework Agreement in January 2023. With this agreement, USAID has institutionalized every relevant commitment the White House Task Force on Worker Organizing and Collective Bargaining has recommended, and the Agency has concurrently modernized, streamlined, and clarified our labor-management relationship with AFSA in a manner that will pay dividends for both parties for years to come. In February 2023, more than 125 supervisors and managers attended an Agency-wide training on labor obligations at USAID, as part of the Agency's continuous effort to fulfill its commitments to empowering its career workforce.

### EMPLOYEE WELLNESS AND RESILIENCE

Staff Care, USAID's employee wellness and resilience program, is an innovative, integrated program USAID designed to bolster the physical and emotional well-being, work-life balance, and resilience of its approximately 13,000-member global workforce and their families. Through Staff Care, USAID offers work-life assistance, wellness programs, support for new and expecting parents, support for caregivers, employee assistance counseling, individual resilience training, and organizational resilience services. Staff Care also helps USAID teams build working environments and relationships to navigate change effectively.

For instance, in FY 2023, Staff Care enhanced programs to address the effects of operational crises on USAID staff and the effects of operating in hybrid work environments due to the COVID-19 pandemic. Staff Care focused on enhancing the resilience of members of the USAID workforce affected by, and responding to, Vladimir Putin's ongoing war on Ukraine; the killing of U.S. government employees in Nigeria; and the ongoing crisis in Haiti, among other crises.

In FY 2023, Staff Care leveraged more than 140 champions from across USAID in Washington, D.C., and overseas to promote employee wellness and resilience. Between October 2022 and June 30, 2023, Staff Care supported more than 8,400 individual participants through Agency-wide sessions and more than 2,100 individuals through custom sessions for their specific OUs. Staff Care determined session topics based on feedback from 27 Missions and 19 B/IOs from across USAID. Staff Care also supported more than 400 staff through individual counseling sessions.

In terms of information and communications, more than 3,200 staff each month received Staff Care's newsletter of tips and resources, and more than 2,300 staff received an overview of Staff Care services through their New Employee Orientation. Staff Care also provided 54 webinars on more than 40 topics, which 5,427 individuals attended. Staff Care uses data to measure outcomes and continuously improve. From these webinars, 84 percent of the participants reported learning skills to improve their effectiveness at work, 94 percent reported strengthening their resilience and well-being skills, and 95 percent reported an increased feeling that USAID appreciates its employees.

Between October 2022 and June 30, 2023, Staff Care provided wellness programming, such as physical strengthening challenges, flu shots, and gym membership for more than 4,300 employees. Staff Care also provided work-life programming,



The USAID Staff Care Service Center in the Ronald Reagan Building headquarters building in Washington, D.C., where staff can access Staff Care services in person.

PHOTO: USAID



such as emotional well-being strengthening challenges, support for parents and caregivers, and individual consultations for more than 2,000 employees. Within these individual consultations, Staff Care provided 213 staff with work-life services and referrals and 507 staff with counseling support on employee resilience, which saved USAID an estimated 2,053 work days, valued at \$447,600. Moreover, 100 percent of counseling clients reported increased life satisfaction and well-being through follow-up evaluations.

Staff Care also hired a resettlement social worker to support 160 FSNs from USAID's former Afghanistan Mission and their families who fled Afghanistan after the U.S. military withdrawal. The social worker provided resilience training and resettlement information to nearly 600 individuals through twice-monthly virtual sessions and provided mental health support to members of the broader USAID community who supported the former FSNs.

## **PERFORMANCE MANAGEMENT, ACCOUNTABILITY, AND AWARDS**

USAID encourages outstanding performance through performance management, awards and recognition programs, and employee accountability. In FY 2023, USAID overhauled its performance management framework for Civil Service staff by integrating 13 critical skills and competencies that range from anti-corruption principles to embracing digital development, gender equality, and sustainable practices. Each competency is a cornerstone through which USAID fortifies its commitment to transparency, inclusion, and innovation, while the performance management framework solidifies USAID's overall commitment to excellence.

USAID recognizes and rewards individuals and groups through monetary and non-monetary awards for exceeding performance expectations and contributing to USAID's mission, goals, and objectives. Through the 2022 Annual Incentive Award season, which spanned FY 2022 to FY 2023, USAID personnel submitted 509 nominations, totaling 2,064 nominees. USAID conducted an

award utilization analysis in FY 2023 to further ensure it equitably distributes awards across eligible staff. Through the analysis, USAID found no major exclusions. USAID also deployed a newly improved awards tool, which enabled the Agency to resolve approximately 96 percent of all internal customer inquiries about awards, compared to 79 percent in FY 2022—a 17 percent improvement.

USAID holds its executives accountable for achieving the Agency's goals and priorities. USAID identifies annual shared performance requirements for Civil Service executive personnel, including Senior Executive Service and Administratively Determined executives, and evaluates executive performance against those goals. USAID's Civil Service Executive Shared Performance Requirements for FY 2023 aligned with current Agency priorities, such as advancing DEIA, along with U.S. government-wide performance expectations. In FY 2023, USAID began implementing quarterly performance conversations for Senior Foreign Service employees who serve as Mission Directors and Country Representatives to institutionalize more robust accountability measures.

## **OPTIMIZING PHYSICAL AND DIGITAL INFRASTRUCTURE**

### **FEDERAL REAL PROPERTY**

In FY 2023, USAID completed Phase Five of the ten-phase renovation of its Washington, D.C., headquarters at the Ronald Reagan Building and International Trade Center. The renovations included implementing workplace designs to improve USAID's ability to support its hybrid in-person and remote work model. USAID also implemented several building infrastructure upgrades to operate more sustainably and reduce USAID's carbon footprint under the "Do Our Part" Special Objective of USAID's Climate Strategy (<https://www.usaid.gov/policy/climate-strategy>). The upgrades included transitioning to LED lighting, installing higher-efficiency plumbing systems, and improving the heating and cooling system. USAID expects to finish the renovations by the end of FY 2026.

## KNOWLEDGE MANAGEMENT AND ORGANIZATIONAL LEARNING (KMOL)

USAID developed its first KMOL Policy to strengthen and empower USAID’s workforce to perform at its best in the delivery of U.S. foreign assistance. USAID’s vision for its KMOL Policy is to *Improve USAID’s ability to harness its cumulative knowledge, learn from it, and apply those lessons to its work to achieve better results.* To achieve this vision, USAID will strengthen KMOL efforts, infrastructure, and norms to leverage its accumulated knowledge fully and systematically from decades of experience, research, and organizational learning. Achieving the vision will also help USAID reduce burdens associated with accessing and transferring knowledge.

The KMOL Policy spans **programs**, USAID’s efforts to achieve outcomes, and **operations**, USAID’s internal processes and systems that support programs. USAID’s goals for the policy are to:

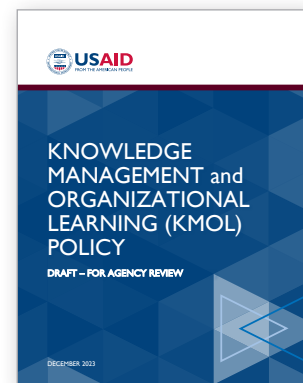
- Steward knowledge in all forms, including local and Indigenous knowledge, as a shared USAID asset;
- Leverage knowledge and learning to enhance program impact; and
- Invest in local knowledge systems to support locally led development.

USAID included **two requirements** in the policy: (1) establish a KMOL governance body within USAID’s Management Operations Council, which is the senior leadership body that oversees, recommends, and coordinates Agency-wide management improvements, reform initiatives, investments, goals, and objectives; and (2) all B/IOs and Missions must develop KMOL Plans that include a structured process for retaining and handing over knowledge, and norms for storing and making working information accessible. USAID expects to publish the KMOL Policy by December 2023.

## HUMAN RESOURCES (HR) AND TECHNOLOGY

In FY 2023, USAID continued to develop new features and functionality in LaunchPad, which is USAID’s centralized, online employee portal for HR services, and in the Human Capital Data Analytics (HCDA) system, which includes a Data Warehouse and a front-end reporting tool, Talent Analytics. USAID made the following significant updates in FY 2023:

- Finished redesigning the My Work Tool within LaunchPad, through which USAID centralized the workflows and functionality for completing personnel tasks and service requests, such as for reviewing awards, approving telework agreements, staffing, workforce planning, onboarding, and offboarding. By completing this sweeping enhancement, USAID incorporated multiple years of valuable feedback from across the Agency.
- Enhanced the existing telework/remote-work agreement form within LaunchPad to enable employees to request specific days for scheduled telework and to request and establish Domestic Employees Teleworking Overseas agreements.
- Soft launched the Recruiting and Hiring Tool within LaunchPad and established plans to roll out the tool fully by the end of FY 2024. The tool enables different parts of USAID to recruit for their positions, automatically manages handoffs between stakeholders, and assigns all required tasks for recruiting actions. The tool replaces an antiquated process that was entirely manual and did not contain any centralized electronic record keeping. Stakeholder groups previously used different systems for storing documents and communicating, which resulted in lost data and wasted time managing various processes.
- Established standard operating procedures for managing and resolving HR tickets to improve communication and response times.



The cover of USAID’s draft KMOL Policy. USAID expects to publish the final policy in December 2023.



The logo for LaunchPad, the online employee portal through which USAID has centralized HR services.

- Improved interoperability between Data Warehouse, which is part of HCDA, and other USAID databases by using WebMethods, a software tool that enables users to integrate databases and applications.
- Improved the functionality of Talent Analytics, which is a front-end reporting tool and part of HCDA, to better support USAID's increased data use for workforce planning and other priorities.

### **CYBERSECURITY, ARTIFICIAL INTELLIGENCE (AI), AND PROTECTING AGAINST 21ST CENTURY THREATS**

Cybersecurity is a critical priority for USAID due to the Agency's complex information enterprise, vast amount of sensitive humanitarian aid data, and the wide array of cyber threats USAID faces across a multitude of potential entry points for internal and external adversaries. For instance, more than 14,000 users across more than 90 countries have access to USAID's network. The Agency continues to face an ever-increasing volume of cyberattacks, including malware attacks, phishing emails, and threats to Personally Identifiable Information. As a result, USAID continuously monitors and improves its information enterprise to protect its networks, systems, and information, and works closely with OMB, the U.S. Department of Homeland Security, the Federal Chief Information Officer, and Federal Chief Information Security Officer Councils, and other federal organizations to stay abreast of the latest threat intelligence.

In FY 2023, USAID continued to build and maintain a more modern, secure, and resilient IT environment to enhance mission delivery. The Agency expanded its efforts to modernize its security architecture, improve transparency, implement new and innovative practices like robotics process automation and AI, expand its use of cloud and shared services, and better use data through various data governance and quality initiatives.

USAID significantly advanced its implementation of E.O. 14028, *Improving the Nation's Cybersecurity* (<https://www.federalregister.gov/documents/2021/05/17/2021-10460/improving-the-nations-cybersecurity>), by upgrading its security strategy and information security environment. USAID has already met the requirements to adopt cloud technology and has made significant progress developing and implementing a Zero Trust Architecture. This will further protect USAID's cyber assets and improve end-user work experiences through a simpler, more sophisticated process for "anywhere, anytime" user access. USAID is also implementing its Zero Trust security model strategy to help maintain strong cybersecurity, combat malicious actors and threats, support stable identity proofing, and enhance network and data security.

As directed by E.O. 13960, *Promoting the Use of Trustworthy Artificial Intelligence in the Federal Government* (<https://www.federalregister.gov/documents/2020/12/08/2020-27065/promoting-the-use-of-trustworthy-artificial-intelligence-in-the-federal-government>), USAID submitted its inventory of AI use-cases to OMB to further USAID's efforts to provide transparency and demonstrate compliance with using AI technologies in a responsible and trustworthy way. USAID recognizes the benefits and potential cybersecurity risk of AI technologies. As such, USAID has been actively partnering and collaborating with the Artificial Intelligence Research and Development (AI R&D) and the Cyber Security and Information Assurance (CSIA) Interagency Working Groups under the Networking and Information Technology Research and Development (NITRD) Program (<https://www.nitrd.gov/>). NITRD is the United States' primary source of federally funded research and development for advanced information technologies in computing, networking, and software. NITRD is among the oldest and largest federal programs for coordinating the activities of multiple agencies to address multidisciplinary, multitechnology, and multisector research and development needs.

The AI R&D Interagency Working Group supports activities that the National Science and Technology Council (<https://www.whitehouse.gov/ostp/ostps-teams/nstc/>) Select Committee on AI and the Subcommittee on Machine Learning and AI task. The CSIA Interagency Working Group coordinates federal research and development to protect information and information systems from cyber threats and supports the security and safety of U.S. information systems that underpin a vast array of capabilities and technologies. By partnering in both Interagency Working Groups, USAID voices its unique needs for delivering on its mission, brings a diverse international perspective, and supports inclusion and equity within the U.S. government's regulatory efforts.

In FY 2023, USAID finished transitioning its more than 70 enterprise systems in operations to fully comply with the National Institute for Standards and Technology's Special Publication (SP) 800-53 Revision 5, including SP 800-53A, *Assessing Security and Privacy Controls in Information Systems and Organizations* (<https://csrc.nist.gov/publications/detail/sp/800-53a/rev-5/final>), and SP 800-53B, *Control Baselines for Information Systems and Organizations* (<https://csrc.nist.gov/publications/detail/sp/800-53b/final>). This work helps confirm critical IT systems, components, and services are trustworthy and support USAID's security and privacy risk management processes.

## USING DATA AS A STRATEGIC ASSET AND STRENGTHENING DATA INFRASTRUCTURE, ACCESS, AND TRANSPARENCY

USAID significantly advanced its priority enterprise data initiatives in FY 2023. Through these initiatives, USAID focused on data governance, access, use, transparency, and literacy. The Agency's Data Administration and Technical Advisory (DATA) Board (<https://data.usaid.gov/stories/Data-Governance/cjcz-4uux>) has played a pivotal role in leading these initiatives, supporting USAID's commitment to publishing data, using evidence to support management decisions and program designs, addressing data-related

challenges, and complying with federal mandates that emphasize making data accessible and useable for the public.

At the start of FY 2023, the DATA Board set data priorities for the fiscal year and devised a comprehensive data governance roadmap to guide and measure progress. Notably, the DATA Board drafted implementing guidance for several pressing data issues, including emergency data redactions for previously published data; using data from drones and seismic sensors; and sharing datasets that are not in English.

USAID also prioritized transparent foreign assistance data in FY 2023. For instance, USAID held ForeignAssistance.gov (<https://www.foreignassistance.gov/>) training sessions for external partners and promoted the website to stakeholders. ForeignAssistance.gov is a USAID and Department of State collaboration and an integrated platform that empowers users to explore U.S. foreign assistance data through visualizations, custom queries, and the ability to download and analyze data based on country, sector, or agency.

Publishing its draft Digital Information Rule (<https://www.federalregister.gov/documents/2023/04/14/2023-06998/usaid-acquisition-regulation-united-states-agency-for-international-development-usaid-acquisition>) for public comment in the Federal Register and responding to those public comments



USAID published its proposed Digital Information Rule in the Federal Register on April 14, 2023. SOURCE: <https://www.federalregister.gov/documents/2023/04/14/2023-06998/usaid-acquisition-regulation-united-states-agency-for-international-development-usaid-acquisition>



was another significant focus for USAID in FY 2023. The rule is an important initiative through which USAID aims to streamline how partners plan for, collect, and submit data to USAID. The rule is a framework for improving the management and use of digital information throughout USAID’s programs and operations, and establishes clear guidelines and standards. Through the rule, USAID strives to enhance the quality of the data it collects and to ensure it integrates the data into its systems.

One key aspect of the Digital Information Rule is that USAID would require partners to align their processes for collecting and submitting data with USAID’s digital information standards. Doing this would ensure the data USAID receives from partners are consistent and compatible, which would facilitate USAID effectively analyzing and using the data. As part of this effort, USAID is developing its Digital Front Door, which will be a single point of entry for partners to submit

digital information to comply with USAID award requirements. The Digital Front Door will reduce burdens and inefficiencies. By adhering to these standards and using the Digital Front Door, partners would contribute to creating a robust and reliable data ecosystem within USAID.

To improve data literacy among employees and partners, USAID continued to develop advanced-level data literacy training courses to build on the beginner and intermediate courses USAID launched in the past two fiscal years. To promote transparency and understanding of USAID’s data management approach, in FY 2024 USAID will publish these courses on a publicly accessible USAID data literacy site. USAID also began planning a Data Literacy Certification Program to further engage staff on developing advanced data literacy skills and to provide an enriching professional development opportunity. USAID plans to launch the program in FY 2024.

Through these efforts, USAID has demonstrated its dedication to advancing data-related initiatives and fostering an environment of effective data governance, accessibility, and literacy across the organization and its partnerships.

USAID also continued developing its Development Information Solution (DIS) (<https://www.usaid.gov/partner-with-us/resources-for-partners/development-information-solution>) in FY 2023, which plays a crucial role in helping the Agency advance its mission by streamlining and supporting its portfolio management activities. Through DIS, USAID aims to enhance the use of high-quality evidence in development programming, increase efficiencies throughout the Program Cycle, and provide stakeholders a cohesive narrative from strategy to results. More than 100 OUs are currently using DIS for reporting their performance results.

USAID’s efforts to further develop DIS in FY 2023 focused on addressing USAID’s challenges with managing and reporting data, particularly challenges related to program stakeholder needs and increasing demand for detailed program data. When implementing USAID’s Program Cycle requirements, USAID’s field Missions require comprehensive systems to manage budget, mapping, and performance data. At the same

**USAID’s “Data-Informed Design” advanced-level data literacy training course includes definitions of key technical terms and concepts and how they relate to USAID’s context.**



time, USAID's Washington, D.C., OUs need high-quality program information to monitor and support the implementation of global strategies and to communicate progress to stakeholders. By adding and refining features, USAID has enhanced its ability to manage, monitor, and report on development activities, which helps USAID improve the effectiveness and impact of its investments. USAID's DIS work aligns with USAID's commitment to using evidence to drive decisions, efficiency, and communicating effectively with stakeholders.

USAID has been operationalizing its Development Data Commons (DDC) throughout FY 2023, following the initial pilot USAID conducted in FY 2022. USAID envisions the DDC as an enterprise-wide program and a solution that accelerates USAID's ability to use development and humanitarian assistance data from various geographies, sectors, and time horizons to advance its mission globally. By harnessing data science methodologies and other emerging technologies, through the DDC, USAID empowers its workforce to address complex, mission-critical development issues more effectively.

In FY 2023, USAID also continued its significant progress implementing the 21st Century Integrated Digital Experience Act (IDEA) of 2018, including by continuing to implement various initiatives to modernize digital experiences. For instance, one of USAID's significant accomplishments in FY 2023 was redesigning its public website, USAID.gov (<http://www.usaid.gov>). USAID.gov is a crucial tool through which the Agency engages with the public and disseminates information. USAID quickly and efficiently refreshed the website, including updating its look, enhancing its navigation features, and vastly improving its search engine. In addition, USAID.gov now features content in 38 different languages. Employees at Missions around the world who are native speakers of the various languages translated the content. USAID does not use machine translations for this content.

Implementing digital signature capabilities is another one of USAID's noteworthy IDEA-related accomplishments. This advancement enables staff and implementing partners to digitally sign A&A documents, which eliminates the burdensome

process of printing, signing, and scanning. The digital signature solution saves time and resources and aligns with USAID's broader strategy to use digital tools and processes to enhance CX.

Furthermore, USAID introduced AidScape (<https://aidscape.usaid.gov/>) to address the need to efficiently access data. AidScape is a unified platform that enables users to search, browse, and discover data resources from ten legacy USAID websites. AidScape offers a consistent and user-friendly experience.

Through these notable achievements, USAID demonstrated its commitment to embracing digital transformation and enhancing the twenty-first century integrated digital experience.

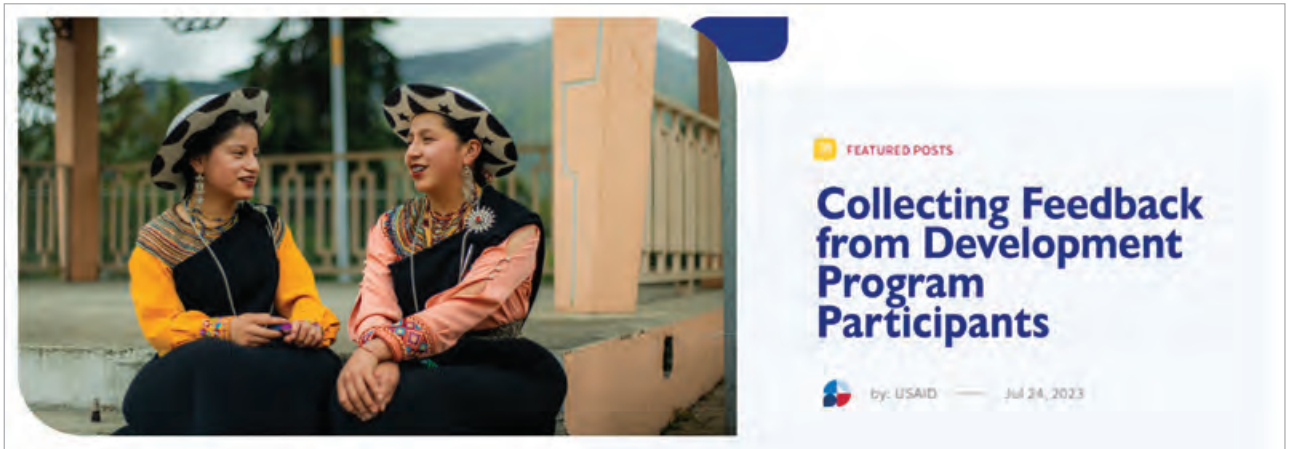
## **DELIVERING EXCELLENT, EQUITABLE, AND SECURE FEDERAL SERVICES AND CX**

Delivering high-quality, equitable, and secure services and CX is critically important for USAID. To do these things, in FY 2023, USAID continued to improve how it: designs, develops, and delivers services, digital products, and CX; implements its Equity Action Plan (EAP); and supports employees through their federal careers.

## **IMPROVING DESIGN, DEVELOPMENT, AND DELIVERY OF SERVICES, DIGITAL PRODUCTS, AND CX**

### **HIGH IMPACT SERVICE PROVIDER (HISP): PROGRESS AND NEXT STEPS**

**In 2021, President Biden designated USAID as a new HISP.** USAID's HISP designation (<https://www.performance.gov/agencies/usaid/service-providers/usaid/>) reflects Agency efforts to listen and respond to its customers' needs and experiences, such as by making it easier to partner with USAID and alleviating administrative burdens. USAID's HISP work is an opportunity to highlight, build on, and continue the Agency's work on everything from localization to making USAID a diverse, equitable, inclusive, and accessible workplace.



A blog post on USAID’s WorkwithUSAID platform about USAID’s guide for implementing partners on collecting feedback from development program participants. Collecting and using feedback is part of USAID’s CX and HISP work. SOURCE: USAID

USAID has been focusing on expanding its community of partners as a key component of its HISP work. USAID started by focusing on CX by ensuring the Agency creates a front door for new organizations to connect with USAID. USAID customers include organizations in the United States and around the world who partner with USAID or would like to, participants in and leaders of USAID’s programs, and U.S. taxpayers. USAID established its WorkwithUSAID platform (<https://www.workwithusaid.org/>) to improve engagement with all of these groups, especially partners and potential partners.

Since USAID launched the site in 2021, there has been extensive interest, with more than 2.8 million pageviews and more than 4,600 organizations registered in the Partner Directory, of which 65 percent are local organizations and nearly 81 percent are new to working with USAID. More than 3,600 organizations have completed the Pre-Engagement Assessment to determine their readiness to partner with USAID.

USAID is receiving positive feedback from users, including:

- *We just applied for our first opportunity with USAID and used your resources for guidance. We keep visiting your page to learn more.*
- *Using the WorkwithUSAID.org Partner Directory and resources, we were able to establish a successful partnership with Fundamelher in El Salvador and craft a concept note for a grand challenge.*

The Agency is planning to add a funding opportunities feed to the platform, which will pull USAID-specific opportunities directly from SAM.gov and Grants.gov to make it easier for prospective partners to find solicitations. In the longer term, USAID plans to translate the entire website into multiple languages, starting with French, Spanish, and Arabic.

USAID’s community of users is engaging robustly and has communicated what functionality it hopes USAID adds to the site in the future. The current functionality is just the beginning of USAID’s efforts to improve the CX, increase equity in procurement, and make it easier for more organizations to partner with USAID.

**USAID has also expanded its HISP services to include its Private-Sector Engagement (PSE) work.** USAID is implementing a significant cultural and operational change to scale its engagement with and catalyze investment from businesses and industry groups—the private sector—to achieve mutually beneficial global development and humanitarian assistance objectives. This is critical because the amount of private investments in low- and middle-income countries significantly exceed official development assistance. Since 2017, USAID has partnered with more than 6,000 private-sector partners. Collectively, those partners have contributed nearly \$39 billion in commitments.



USAID currently relies on a patchwork of non-standardized systems and business processes to manage, capture, and report on its PSE activities. This results in a slow, inconsistent, and frustrating partner experience, and imposes redundant tasks and other time taxes on USAID staff and partners alike.

To address these issues, USAID is implementing a major enterprise-wide digital transformation to modernize its operational systems to enhance PSE and improve the partner experience. One primary example is USAID designing and implementing a customer relationship management system to standardize and systematize managing our relationships with private-sector organizations, foundations and philanthropies, public international organizations, and other types of partners.

The customer relationship management system will provide USAID staff globally with a common and robust view of past and present relationships and partnerships, and enable them to collaborate with partners with high-quality and more complete information. The system will also enable USAID staff to more easily identify relevant internal points of contact across the Agency's global footprint, and to share information, context, and past experiences. Most crucially, the system will streamline and, for the first time, standardize key partner engagement functions and business processes, such as for doing due diligence, which will save USAID staff thousands of hours in effort that would otherwise be wasted and redundant.

The customer relationship management system is in the development stage, and USAID is already reviewing key elements of the technical architecture. USAID aims to begin piloting the new platform with select user groups in late 2023.

## COMMUNICATIONS: STRENGTHENING AND MODERNIZING

USAID is investing in, enhancing, and diversifying its approach to strategic communications to raise greater public awareness of the Agency's impact. One way USAID is doing this is through using new distribution channels, such as USAID did for the Diia in DC event (<https://www.usaid.gov/diiaindc>) it hosted on May 23, 2023.

Diia is a groundbreaking and award-winning mobile application that connects 19 million Ukrainians with more than 120 government services and dozens of digital documents. It has distinguished Ukraine as a world leader in e-government innovation. The Government of Ukraine has used Diia, built in partnership with the United States, as a critical platform to support Ukrainians who have been displaced and to provide services to those who are affected by Vladimir Putin's war on Ukraine.

USAID implemented a robust communications plan to raise awareness of Diia, showcase it as a successful and innovative partnership, and announce its next phase. USAID's broader goal was to drive awareness of the future of digital democracy among key stakeholders and to highlight how Diia can support democratic efforts in partner countries. USAID worked with the Government of Ukraine to host a first-of-its-kind event called "Diia in DC," through which USAID and the Government of Ukraine convened almost 1,000 industry leaders. For the event, USAID and the Government of Ukraine used traditional media and press outreach, social and digital media, and partner and influencer engagement to leverage their capabilities and reach new and existing audiences.

Nearly 4,000 people attended via the livestream and USAID received 385,400 impressions on its event-related tweets and 8,400 engagements with



**USAID Administrator Samantha Power participates in a panel discussion with Ukraine Vice Prime Minister and Minister of Digital Transformation Mykhailo Fedorov, and Editor-at-Large at New York Magazine Kara Swisher during the Diia in DC event. PHOTO: USAID**



event-related tweets from USAID Administrator Samantha Power’s accounts. In addition, there were nearly 30,000 views of the video recap of the event, and more than 12 English-language media outlets highlighted Diia in DC in print/online, broadcast, podcasts, newsletter, and blogs.

USAID’s and the Government of Ukraine’s collaborative and holistic communications efforts for Diia in DC are a shining example of how USAID strengthens and modernizes its communications to increase awareness of the important work USAID and its partners are doing.

### **EQUITY ACTION PLAN (EAP) IMPLEMENTATION PROGRESS**

USAID embeds DEIA in its programs and operations through its EAP (<https://www.usaid.gov/equity/equity-action-plan>). In its EAP, USAID committed to doing these five things by September 2023:

- (1) Continue developing the WorkwithUSAID platform;
- (2) Enhance implementing USAID’s nondiscrimination policy for beneficiaries, including developing and implementing an Independent Accountability Mechanism and advancing Title VI protections (<https://www.justice.gov/crt/fcs/TitleVI>) at USAID;
- (3) Lower internal and external barriers for USAID awards, which involves reducing acquisition and assistance administrative burdens that negatively impact partner capacity;
- (4) Designate an Inclusive Development (ID) Champion<sup>20</sup> at each Mission and procure inclusive development support mechanisms, which USAID’s ID Hub will manage; and
- (5) Implement a consistent approach to incorporating racial and ethnic equity and diversity into policy, planning, and learning processes.

<sup>20</sup> USAID defines “ID Champion” to include Mission points of contact who are responsible for overseeing ID in strategic planning, program design, and implementation. This definition does not automatically include gender advisors, but includes staff who dedicate a minimum of 50 percent of their time to addressing the needs of marginalized groups, underrepresented populations, and people in vulnerable situations, and promoting ID concepts.

USAID highlights its EAP implementation progress on page 23 of this AFR, in the Linking Activities to Outcomes part of the Strategic Goal 3 subsection within the Overview of Programmatic Performance section.

USAID’s second priority action in its EAP includes developing and implementing the Social, Economic, and Environmental Accountability Mechanism (SEE-AM). The SEE-AM is a new redress channel for any individual or group of individuals who can demonstrate they have experienced or may experience potentially adverse social, economic, or environmental impacts resulting from activities USAID funds or has funded. The SEE-AM is a key component of offering program participant protections and ensuring USAID exercises duty of care to support its principle of “do no harm.” The SEE-AM is also a Congressional requirement outlined in the Joint Explanatory Statement in the FY 2021 Department of State, Foreign Operations, and Related Programs Appropriations Act.

USAID onboarded an Accountability Mechanism Official in FY 2023 to lead the development and launch of the SEE-AM. Additionally, from April through July 2023, USAID’s Accountability Mechanism Working Group conducted internal and external consultations on proposed SEE-AM standard operating procedures and began working on an award standard provision that would require implementing partners to report to USAID known complaints within the scope of the SEE-AM. USAID plans to soft launch the SEE-AM in late fall 2023 and will incorporate lessons it learns before formally launching and implementing the SEE-AM in spring or summer 2024.

### **SAFEGUARDING: PROTECTING USAID’S CUSTOMERS**

USAID prioritizes protecting the integrity of its foreign assistance programs and improving its oversight of its implementing partners, including by ensuring USAID and its partners comply with

various safeguarding, financial, and program requirements systematically across awards. Safeguarding refers to operational measures USAID uses to protect program participants and other vulnerable populations from harm related to Agency-funded programs and activities. Safeguarding violations, such as trafficking in persons (TIP), sexual exploitation and abuse (SEA), and child abuse, exploitation, and neglect, conflict with USAID's values and the respect for human dignity on which international development stands. USAID updated its ARP in 2023 to expand its risk related to SEA to include TIP and child safeguarding considerations.

Workload demands on USAID related to safeguarding violations continue to increase. For example, SEA disclosures from implementing partners to USAID increased by 11 percent in FY 2023 compared to FY 2022. In addition, USAID anticipates that its safeguarding workload will increase exponentially based on the Agency's new proposed award requirements, which include a mandatory reporting requirement on allegations of exploitation, sexual abuse, child abuse, and child neglect. In the first quarter of FY 2024, USAID released an assistance award provision with these new requirements, as well as standard operating procedures for staff to use to respond to safeguarding violations. In spring 2024, USAID plans to begin the rulemaking process to implement similar requirements in acquisition awards.

To mitigate and respond consistently to alleged safeguarding violations in USAID's programming, in 2020, USAID leaders decided to enhance the Agency's safeguarding procedures and centralize its safeguarding functions. In FY 2022, USAID established its central safeguarding function in the Responsibility, Safeguarding, and Compliance (RSC) Division in the Bureau for Management's Office of Management Policy, Budget, and Performance. In FY 2023, the RSC Division conducted in-depth safeguarding and compliance training with more than 2,600 USAID Washington, Mission, and implementing partner staff.

In FY 2023, USAID continued to be a leader in the U.S. government and donor community in using available measures to respond to safeguarding

violations in USAID's programming. For example, when appropriate, USAID uses powerful administrative tools, such as suspending and debarring partners, to protect the U.S. government and program participants from perpetrators of safeguarding violations.

## **ENHANCING INTERNAL CX**

### **CUSTOMER EXPERIENCE SURVEY (CXs), PLAYBOOK, AND TRAINING**

Placing customers at the heart of services and activities can significantly improve overall performance. Government leaders recognize CX as a core function, encouraged by the potential to improve customer satisfaction, efficiency, and mission effectiveness. Moreover, customer-centric efforts and orientation can strengthen DEIA efforts.

USAID's annual CXs is a longstanding part of its internal efforts to improve and benchmark customer service. The impact of the CXs continues to grow; the CXs currently includes 19 Washington, D.C.-based service centers, nine regional service centers, and five service offices in every one of USAID's more than 80 Missions around the world. USAID included five Agency-level priorities in the FY 2023 CXs, including a section on "Burden Reduction" to support and inform efforts to reduce program and administrative burdens on staff and operations. Overall, more than 3,000 staff responded to the survey; collectively, they provided 6,525 unique comments. Demographically, 55 percent of the respondents were based in Washington, D.C., and 45 percent were based internationally. Through sustained efforts, most OUs have improved and stabilized their CXs results over time. The number of OUs that exceeded USAID's internal customer service standard increased from 44 percent in 2018 to 90 percent in 2023.

In FY 2023, USAID continued implementing the CX Playbook it rolled out in FY 2022. The CX Playbook outlines participatory planning techniques OUs can use to ascertain customers' aspirations, priorities, and experience, and methods to monitor customer participation and experience.



Facilitators for and participants in the CX Fundamentals course, which USAID conducted in August 2023 in Bangkok, Thailand, at its Regional Development Mission for Asia. USAID trained more than 200 staff globally in key CX principles and practices in FY 2023. PHOTO: USAID

These methods include regularly seeking feedback and input—including after providing service—to inform and improve future activities and programs.

USAID also rolled out a new CX Fundamentals Training in FY 2023, to help USAID staff better meet internal customers’ needs. For instance, the training helps staff understand how:

- Customer service influences most aspects of their work;
- To identify and address customer pain points and how to start to address them;
- To apply “customer journeys” to their customer service interactions; and
- To collect data and document feedback to improve service.

Through the training, USAID has reached more than 200 USAID staff globally with key CX principles and practices.

#### **AGENCY APPROACH TO FIELD SERVICES (AAFS)**

USAID’s AAFS fosters collaboration across Washington OUs to ensure coordination, transparency, responsiveness, and informed decision-making for providing technical assistance to other OUs. Through the Universal Technical Request and Mission Support (UTRAMS) system, USAID has a single process for OUs to request, manage, track, and learn from technical assistance provision. In addition, AAFS has helped USAID identify new cross-functional opportunities to collaborate and coordinate. USAID drives change and results through AAFS by leveraging networks and various crosscutting technical expertise and tools to support on-the-ground results through cutting-edge, holistic support.

In the first six months of Calendar Year 2023, the UTRAMS system facilitated approximately 1,000 requests from USAID Missions for programmatic support. Approximately 70 percent of these requests were aligned to USAID’s Policy Framework (<https://www.usaid.gov/policy/documents/mar-23-2023-usaids-policy-framework>) priority of *Confronting the Greatest Challenges of Our Time, Objective 4: Bolster health security, improve primary care, and reverse the decline in global life expectancy.*



## OPTIMALLY MANAGING THE BUSINESS OF THE GOVERNMENT

USAID always prioritizes optimizing how it manages its business as a U.S. government agency that is accountable to the American people. In FY 2023, USAID continued to improve its efficiency, effectiveness, and impact, including by supporting federal acquisition initiatives, enhancing financial management, and incentivizing, recognizing, and holding staff accountable to their performance.

### SUPPORTING FEDERAL ACQUISITION INITIATIVES

#### CATEGORY MANAGEMENT

USAID has fully engaged its acquisition workforce to optimize the Agency's use of Category Management principles, in line with OMB's memorandum on Category Management (<https://www.whitehouse.gov/wp-content/uploads/2019/03/M-19-13.pdf>) and the President's Management Agenda Priority 3, Strategy 1 on fostering lasting improvements in the federal acquisition system. The primary objective of Category Management is to procure common goods and services more like a single U.S. government enterprise, which helps USAID efficiently and effectively use taxpayer dollars in Agency procurements to save money and avoid time-consuming and redundant contracting actions. Category Management also enables USAID's acquisition workforce to focus more on high-priority mission work that is outside the scope of Category Management and that represents the majority of USAID's contract dollars.

In FY 2023, USAID exceeded by 7 percent its Spend Under Management (SUM) target of 70 percent of obligated contract dollars going to a SUM solution, for a total of 77 percent of spend. USAID also exceeded by 1.41 percent its Best-in-Class (BIC) target of 6.3, for a total of 7.71 percent. Notably, USAID's Category Management spend contributed significantly to the Agency's performance against its small business targets, with more than 90 percent of USAID's SUM also having contributed to its small business spend.

### MADE IN AMERICA

In FY 2023, USAID continued to work closely with OMB's Made in America Office (<https://www.madeinamerica.gov/>) to fulfill the mandates of E.O. 14005, *Ensuring the Future is Made in All of America by All of America's Workers* (<https://www.federalregister.gov/documents/2021/01/28/2021-02038/ensuring-the-future-is-made-in-all-of-america-by-all-of-americas-workers>), and associated laws, regulations, and OMB policies, which focus on maximizing the use of U.S.-made goods and services in federal contracts and assistance awards. USAID continues to explore ways to maximize the use of goods, products, and materials produced in, and services offered in, the United States, within the context of USAID's unique statutory authorities and overseas development and humanitarian assistance mission, which distinguish USAID's sourcing practices from those of other federal agencies.

### SMALL AND DISADVANTAGED BUSINESS UTILIZATION

USAID initiated an Equity in Procurement Working Group to advance the President's focus on Small, Disadvantaged Businesses, in line with OMB's memorandum on Advancing Equity in Procurement (<https://www.whitehouse.gov/wp-content/uploads/2021/12/M-22-03.pdf>), and subsequent memoranda. The working group focuses on reducing barriers to entry for underrepresented groups,



Participants at the Exhibit Hall USAID hosted on August 2, 2023 for small businesses to engage directly with the Agency and its large implementing partners. PHOTO: USAID



increasing opportunities, and incorporating small business utilization into USAID policy for advanced planning. Through its work, the working group gathers and shares lessons learned and best practices from OUs to improve USAID's performance.

In June 2023, USAID hosted its 14th Annual Small Business Conference to provide small businesses with guidance on working with USAID. USAID also hosted an in-person Exhibit Hall in Washington, D.C., on August 2, 2023, to enable U.S. small businesses to engage directly with USAID staff and the Agency's large implementing partners, with attendance from 108 U.S. small business representatives. U.S. small businesses can also visit the WorkwithUSAID platform (<https://www.workwithusaid.org/>) to learn more about partnering with USAID.

USAID's FY 2023 small business utilization goal was 13.25 percent, and USAID achieved 15.45 percent with a total spend of \$967 million.

## ENHANCING FEDERAL FINANCIAL MANAGEMENT

### ENTERPRISE RISK MANAGEMENT (ERM)

USAID manages enterprise risk through its ERM program (<https://www.usaid.gov/about-us/agency-policy/series-500/references-chapter/596mab>) in compliance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, the FMFIA (<https://www.congress.gov/bill/97th-congress/house-bill/1526>), and the GPRA Modernization Act (<https://www.govinfo.gov/content/pkg/PLAW-111publ352/pdf/PLAW-111publ352.pdf>). USAID's ERM program enables USAID to holistically approach risk management and integrate and coordinate risk management across all levels and functions within the Agency.

One of USAID's key tools for addressing risk is its RAS (<https://www.usaid.gov/about-us/agency-policy/series-500/references-chapter/596mad>), which USAID revised in FY 2022. The RAS is a critical

component of USAID's ERM program: it provides the USAID workforce with broad guidance on the amount and type of risk the Agency is willing to accept—based on evaluating opportunities and threats—to achieve its mission and objectives. USAID updating its RAS reflects USAID's efforts to respond to evolving environments as it pursues progress beyond programs.

USAID achieved a major milestone in its ERM maturity in FY 2023 when it successfully deployed a new technology platform called the ERM Tool. USAID designed this IT solution to improve risk monitoring capabilities while reducing burdens on staff. In FY 2023, for the first time, USAID's B/IOs and Missions used the tool to share with USAID leadership the top risks they face. USAID then used the tool to consolidate and analyze risks from more than 120 OUs, which provided the Agency with a clear picture of the most pressing risks it faces. The ERM Tool also enables B/IOs and Missions to monitor their risks in real time throughout the year. The ERM Tool is a "one stop shop" for managing risks across USAID.

After updating the RAS and deploying the ERM Tool, in June 2023, USAID released a self-assessment to its B/IOs and Missions to gauge their perspectives on the Agency's level of ERM maturity in three key domains: People, Processes, and Tools. USAID is currently gathering data. The results of the self-assessment will enable USAID in FY 2024 to reflect on achievements and opportunities for growth, and support the Agency to further strengthen its ERM program.

By managing risk through its ERM program, USAID continuously improves the accountability and effectiveness of its programs and operations. In addition, USAID includes financial results and assurances in its annual AFR (<https://www.usaid.gov/results-and-data/progress-data/agency-financial-report>), in accordance with OMB Circular A-136, Financial Reporting Requirements (<https://www.whitehouse.gov/wp-content/uploads/2023/05/A-136-for-FY-2023.pdf>).

## CLIMATE RISK MANAGEMENT

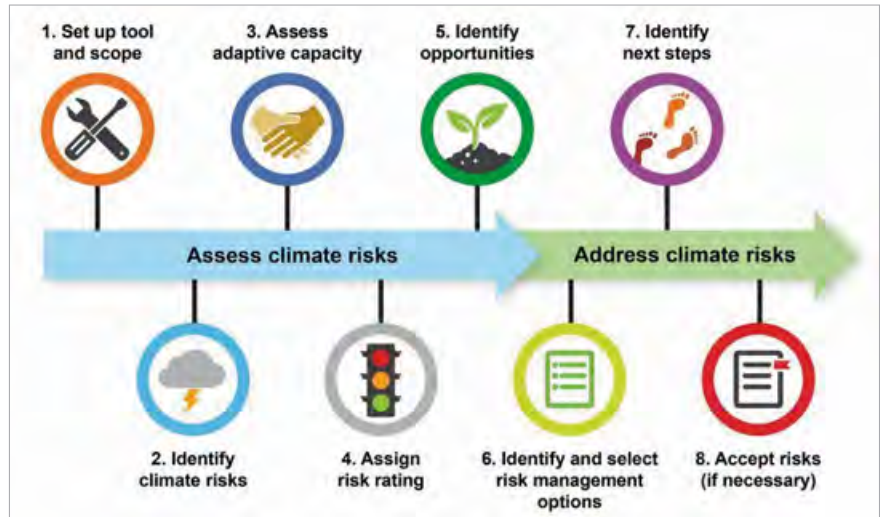
In FY 2023, USAID continued managing climate risk at the enterprise, OU, and program and activity levels through USAID’s ERM program and Climate Risk Management (CRM) process (<https://www.climatelinks.org/climate-risk-management>).

In FY 2022, USAID:

- Updated its RAS, which included adding language about integrating climate change considerations into USAID’s program designs and strategies;
- Added a climate change risk to its ARP, which features nine cross-functional treatments through which USAID emphasizes training, policy, operations, and reporting to ensure USAID manages the risk in a continuous, systematic, rigorous, efficient, and effective way; and
- Equipped RMLs across USAID with the tools and information they need to identify and properly respond to climate risk through the annual FMFIA and internal USAID risk profile review and submission process.

In FY 2023, USAID spotlighted and analyzed Mission climate risks submissions, using the ERM Tool, to proactively manage and contextualize risks, such as by identifying where particular climate risks are most concentrated geographically. These kinds of analyses help USAID target resilience and risk mitigation resources as efficiently and effectively as possible.

USAID also continued implementing its CRM process in FY 2023. The CRM process is a mandatory part of USAID’s Program Cycle and is how USAID systematically assesses, addresses, and adaptively manages climate change and climate variability risks in strategies and programming. In FY 2023, USAID began updating its operational policy for integrating climate change into R/CDCSs (<https://www.usaid.gov/results-and-data/planning/country-strategies-cdcs>).



The steps in USAID’s CRM process when designing Regional and Country Development Cooperation Strategies (R/CDCSs). USAID includes this graphic in its “Climate Risk Screening and Management Tool: For use in strategy design.”

USAID continues to strengthen partner countries’ capacities to adapt and build resilience to climate change impacts; better manage climate and disaster threats; improve access to and use of climate information; and reduce resource-related conflict by using climate solutions and adaptation assistance to address intersecting climate and conflict stressors.

Please refer to the Climate-Related Risk section on page 190 of this AFR for more information about USAID’s efforts to manage climate risk.

## AUDIT FOLLOW-UP

### BACKGROUND

USAID is subject to audit by the OIG and 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 financial statement 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 2023

### 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 decide regarding audit recommendations within a six-month period after the issuance of the audit report, and implement a management decision<sup>21</sup> within one year, to the extent practicable.

On October 1, 2022, the Agency had a beginning balance of 256 audit recommendations. During FY 2023, the OIG issued a total of 247 audit recommendations and the Agency closed 255 recommendations, which left 248 recommendations open at the end of the fiscal year. Of the number closed, 180 were procedural or non-monetary; 75 were questioned costs, which represented \$1.58 million in disallowed costs USAID recovered.<sup>22</sup> As of September 30, 2023, USAID has six recommendations over six months old without a management decision, and 86 recommendations with a management decision more than a year old, and USAID submitted 35 performance audit recommendations to the OIG requesting closure.

As illustrated in the “Management Action on Audit Recommendations with Disallowed Costs” table, on October 1, 2022, the Agency had a beginning balance of 153 management decisions. During FY 2023, the OIG acknowledged 66 audit recommendations with management efficiencies and planned recoveries<sup>23</sup> that totaled more than \$1.8 million. During FY 2023, the Agency completed final action for 75 monetary audit recommendations that represented \$35.8 million in cost savings. During FY 2023, the OIG did not issue recommendations for funds put to better use.

<sup>21</sup> A “management decision” is the evaluation of a recommendation by management and a decision upon an appropriate course of action.

<sup>22</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>23</sup> “Planned recoveries” relate to collections of disallowed costs.

## MANAGEMENT ACTION ON AUDIT RECOMMENDATIONS WITH DISALLOWED COSTS

	Recommendations	Dollar Value (\$000)
<b>Management Decisions:</b>		
Beginning Balance October 1, 2022	153	\$ 282,632
Management Decisions During the Fiscal Year	66	\$ 1,830
Total Management Decisions Made	219	\$ 284,462
<b>Final actions:</b>		
Collections/Offsets	–	\$ 34,824
Other Recovery	–	\$ 938
Total Final Actions <sup>1</sup>	75	\$ 35,762
Ending Balance September 30, 2023	144	\$ 248,700

Note: The data in this table includes procedural (non-monetary) audit recommendations that are associated with disallowed costs.

<sup>1</sup> A single audit recommendation can involve multiple recovery types (collections/offset, other recovery, write-offs).

## GAO

USAID began FY 2023 (October 1, 2022) with 26 open recommendations issued by GAO, a decrease from 30 which represents a 15 percent decrease from FY 2022. During FY 2023, GAO issued 11 audit recommendations and the Agency closed seven recommendations. USAID currently has 30 open recommendations. GAO is currently reviewing 40 USAID programs worldwide.

## STATEMENT OF ACTION ON RECOMMENDATIONS THAT WERE SUBMITTED TO CONGRESS

Recommendations	10
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Note: This table depicts the number of Statement of Actions submitted to Congress during FY 2023.

## STATUS OF GAO RECOMMENDATIONS

	Recommendations
<b>Audit Recommendation:</b>	
Beginning Balance on October 1, 2022	26
GAO Recommendations Received	11
Total GAO Recommendations	37
<b>Final actions:</b>	
Recommendations Implemented	7
Ending Balance on September 30, 2023	30

Note: This table depicts the number of Statement of Actions submitted to Congress during FY 2023.



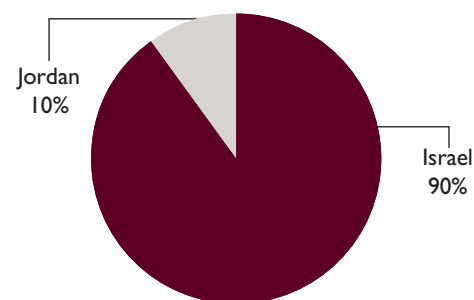
## SOVEREIGN BOND GUARANTEES (SBGs)

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 the 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. The total current exposure of USAID's SBG portfolio is \$5.2 billion, of which \$4.6 billion represents outstanding principal and \$540 million represents outstanding interest following the full repayments of certain guarantees. SBGs that

have been fully repaid include Egypt's bond in 2015; Tunisia's in 2019 (one bond) and 2021 (two bonds); Ukraine's bonds during 2019, 2020, and 2021; three of Jordan's bonds in 2019, 2021, and 2022; Iraq's bond in 2022, and three of Israel's in 2023. See Note 6, *Loan Guarantee Liabilities*, in the Financial Section of this AFR for additional information on the current loan portfolios.

### CURRENT SBG EXPOSURE AS OF SEPTEMBER 30, 2023



### USAID OUTSTANDING SOVEREIGN BOND GUARANTEE PORTFOLIO

As of September 30, 2023

(Dollars in Millions)

Country	Year	Principal Outstanding	Interest Outstanding	Total	Maturity
Israel	1993	\$ 1,408	\$ 197	\$ 1,605	*
Israel	2003	\$ 2,724	\$ 313	\$ 3,037	*
Jordan	2015	\$ 500	\$ 30	\$ 530	June 2025
<b>Total</b>		<b>\$ 4,632</b>	<b>\$ 540</b>	<b>\$ 5,172</b>	

\* Multiple loans with varying maturity time frames, the last loan for 1993 is due November 2027 while 2003 is September 2033.

# FINANCIAL SECTION





*(Preceding page) Zhannat, pictured here with her three children, is one of thousands of caretakers in the Kyrgyz Republic who are now equipped with knowledge allowing them to make better nutrition choices for the children in their care, thanks to USAID-trained health workers.*

PHOTO: MAXIME FOSSAT FOR USAID

*(Below) The U.S. Embassy provided food assistance to over 2,500 flood-affected households in the Cambodian province of Pursat on October 28, 2020, funded by USAID and distributed through the United Nations World Food Programme (WFP).*

PHOTO: CESAR LOPEZ BALAN FOR WFP



# LETTER FROM THE CHIEF FINANCIAL OFFICER



Reginald W. Mitchell

Developed and deployed a new ERM technology platform across the Agency to improve our risk monitoring capabilities while reducing burdens on staff.

As the Agency's Chief Financial Officer (CFO), I am pleased to join Administrator Power in presenting the USAID Agency Financial Report (AFR) for FY 2023. 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. The Agency's priorities include our continued responses to global health emergencies, the global food crisis, and the humanitarian emergency affecting the people of Ukraine.

## AUDIT OF THE AGENCY'S FINANCIAL STATEMENTS

For FY 2023, 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 and assured compliance with the Federal Financial Management Improvement Act. Moreover, the independent auditor found no reportable instances of noncompliance with laws and regulations during FY 2023.

Sound financial management continues to be an Agency priority. Our strong and sustainable internal control posture has provided for process improvements in financial management activities that resulted in the closure of all prior years' Government Management Reform Act audit findings and recommendations. For the FY 2023 audit report, USAID's independent auditors identified no material weaknesses; however, one significant deficiency remains open that pertains to USAID's internal control over financial reporting related to

calculating accrued expenses. Over the past year, the Agency has automated its process for reporting accruals, and is awaiting the Office of the Inspector General's response on closing these findings.

## KEY ACCOMPLISHMENTS

I am honored to announce USAID is the recipient of the prestigious *Certificate of Excellence in Accountability Reporting (CEAR) Award for Fiscal Year 2022*, which recognizes the Agency's integration of performance and financial reporting. This is the ninth year the Agency's report received the CEAR award. I want to sincerely thank all USAID staff for their dedication and diligence in contributing to the FY 2023 AFR, which presents the Agency's use of resources, operating performance, financial stewardship, and assessment of risks in a clear and effective manner.

In addition to the notable financial milestones, my staff and I sought opportunities to contribute, promote, and advance activities that support the Administrator's anti-corruption, Locationization, and Sustainability priorities, including the following highlights:

- Developed and deployed a new ERM technology platform across the Agency to improve our risk monitoring capabilities while reducing burdens on staff. In FY 2023, for the first time, the Agency's Missions, Bureaus, and Independent Offices used this IT solution—called the ERM Tool—to share with USAID leadership the top risks they face. USAID's ERM Secretariat, which is housed within the Office of the CFO (M/OCFO), then



used the ERM Tool to consolidate and analyze these risks, providing the Agency with a clear picture of the most pressing risks it faces.

- Completed nearly one-third of projects identified for engagement as part of the CFO Five-Year Financial Management Strategic Plan, including hiring additional controllers to strengthen financial operations and USAID's anti-corruption and localization priorities, facilitating the change in USAID's time and attendance software, and deploying a new process to automate quarterly accruals. These efforts align with and support the Agency's Burden Reduction Program. Additionally, the M/OCFO launched new Agency-wide training programs on Government-to-Government engagements and working with Supreme Audit Institutions (SAI).
- Continued to refine the Agency's process to resolve performance and financial outstanding audit recommendations with results demonstrating favorable trends on closures and a reduced number of outstanding recommendations.
- Advised on international accounting guidance for the International Financial Reporting for Non-Profit Organizations project that recently published the second exposure draft of International Non-Profit Accounting Guidance. The Guidance aims to improve the clarity and consistency of non-profit organization financial reports, resulting in greater credibility and trust in the sector globally.
- Successfully represented the Agency's interests on the Donor Steering Committee for the International Organization of Supreme Audit Institutions (INTOSAI) and the International Federation of Accountants (IFAC) by working with global institutions for SAI and Professional Accountancy Organization capacity development. These efforts helped to strengthen the accountability, transparency, and integrity of partner-government institutions and public-sector accounting in accordance with generally accepted international standards.

- Continued engagements with the U.S. Government Accountability Office's Center for Audit Excellence and INTOSAI Development Initiative to strengthen the capacity of international accountability organizations, including SAIs, which leads to increased accountability and transparency over Agency funds and contributed to strengthening anti-corruption activities.
- In concert with the USAID Bureau for Global Health continue to implement a memorandum of understanding with IFAC; the Global Fund to Fight AIDS, Tuberculosis and Malaria; and Gavi, and the Vaccine Alliance by taking steps to strengthen the capacity of auditors in SAIs through the African Professionalization Initiative (API) Learning Program.

USAID has made great strides to improve its financial management and operations through partnership and collaboration with external stakeholders, and by the dedicated work of our staff across the globe. In FY 2024, the M/OCFO will continue to innovate and automate its financial systems, realizing the highest financial management standards possible. These efforts will specifically advance Administrator Power's priorities of anti-corruption, localization, and sustainability while continuing to safeguard U.S taxpayer funds.



Reginald W. Mitchell  
Chief Financial Officer  
November 14, 2023

A photograph of a man in a blue surgical cap and green scrubs holding a newborn baby in a hospital setting. The man is smiling and looking down at the baby. The baby is wearing a blue and white striped onesie. In the background, there is a white wall with a red sharps container and a blue incubator.

FINANCIAL SECTION  
**AUDITOR'S  
REPORT**



*(Preceding page)* Dr. Ricardo Montoya greets a very young patient inside Erasmo Meoz University Hospital in Cúcuta. The hospital is near the border with Venezuela and experienced an uptick of patients two years ago as a result of the economic and political turmoil in that country.

PHOTO: HANZ RIPPE FOR USAID

*(Below)* On January 28, 2016, USAID/Colombia and Acumen announced its first investment under the joint \$4 million initiative Investing for Peace Fund. Cacao de Colombia, a producer and marketer of premium chocolate and cocoa grains, received \$1.15 million to strengthen its operating capacity and extend much-needed market access to as many as 1,200 smallholder farmers across the municipality of Tumaco and the Department of Arauca, as well as the Sierra Nevada in the department of Magdalena. PHOTO: HANZ RIPPE FOR USAID/COLOMBIA





## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

### MEMORANDUM

**DATE:** November 14, 2023

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

**FROM:** Assistant Inspector General, Office of Audits, Inspections, and Evaluations,  
Toayoa D. Aldridge /s/

**SUBJECT:** Audit of USAID's Financial Statements for Fiscal Years 2023 and 2022 (0-000-24-001-C)

Enclosed is the final report on the audit of USAID's financial statements for fiscal years 2023 and 2022.<sup>1</sup> The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. Certified Public Accountants and Consultants (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 24-01, 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 GKA 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, 2023 and 2022, 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, regulations, contracts, and grant agreements. To answer the audit objectives, the audit firm assessed risk, considered internal controls, and designed audit

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<sup>1</sup> Pursuant to the James M. Inhofe National Defense Authorization Act for Fiscal Year 2023, Pub. L. No. 117-263, § 5274, which amends the Inspector General Act of 1978, when USAID OIG contracts with an audit firm to perform the work, USAID OIG provides non-governmental organizations and/or business entities specifically identified in the accompanying report, if any, 30 days from the date of report publication to review the final report and submit a written response to USAID OIG that clarifies or provides additional context for each instance within the report in which the non-governmental organization and/or business entity is specifically identified. Any comments received to this effect are posted for public viewing on <https://usaid.oig.gov> with USAID OIG's final transmittal. Please direct related inquiries to [oignotice\\_ndaa5274@usaid.gov](mailto:oignotice_ndaa5274@usaid.gov).

USAID Office of Inspector General  
Washington, DC  
[oig.usaid.gov](http://oig.usaid.gov)



procedures relevant to USAID's fair presentation of its fiscal years 2023 and 2022 financial statements.

The audit firm concluded that USAID's financial statements for fiscal years ended September 30, 2023 and 2022, are presented fairly, in all material respects, and in accordance with U.S. generally accepted accounting principles. The audit firm found no reportable noncompliance for fiscal year 2023 with provisions of applicable laws, regulations, contracts, and grant agreements. The audit firm also found no material weaknesses but reported one significant deficiency related to USAID's internal control process for calculating and recording accrued expenses. GKA determined that USAID has not completed the final action on the prior year's recommendation<sup>2</sup> to address this repeated significant deficiency and therefore we did not make new recommendations to address it.

In finalizing the report, the audit firm acknowledged the USAID's response to the report. We appreciate the assistance provided to our staff and the audit firm's employees during the engagement.

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<sup>2</sup> USAID OIG, "[Audit of USAID's Financial Statements for Fiscal Years 2022 and 2021](#)" (0-000-23-001-C), November 12, 2022, Recommendation I.



Member of the American Institute of Certified Public Accountants

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November 6, 2023

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

RE: Audit of the U.S. Agency for International Development (USAID) Financial Statements for Fiscal Years 2023 and 2022

This letter transmits the final report on our audit of USAID’s financial statements for fiscal years 2023 and 2022. 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 2023 and 2022.

With respect to internal control, we identified one deficiency that we consider significant. The significant deficiency pertains to USAID’s processes for calculating and recording accrued expenses.

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. 24-01. We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

We made no new recommendations for fiscal year 2023.

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

GKA, P.C. /s/

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## INDEPENDENT AUDITOR'S REPORT

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

In our audits of the fiscal years 2023 and 2022 financial statements of the U.S. Agency for International Development (USAID), we found:

- USAID's financial statements as of and for the fiscal years ended September 30, 2023, and 2022, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- No material weaknesses, but found one significant deficiency in internal control over financial reporting for fiscal year 2023 based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2023 with provisions of applicable laws, regulations, contracts, and grant agreements we tested.

The following sections discuss in more detail (1) our report on the financial statements, which includes required supplementary information (RSI)<sup>1</sup> and other information included with the financial statements; (2) our report on internal control over financial reporting; (3) our report on compliance with laws, regulations, contracts, and grant agreements; and (4) agency comments.

### Report on the Financial Statements

#### Opinion

In accordance with Government Auditing Standards, we have audited the accompanying financial statements of USAID which comprise the consolidated balance sheets as of September 30, 2023 and 2022, 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").

In our opinion, USAID's financial statements present fairly, in all material respects, USAID's financial position as of September 30, 2023 and 2022, and its net costs of operations, changes in net position, and budgetary resources for the years then ended in accordance with U.S. generally accepted accounting principles.

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<sup>1</sup> The RSI, is information that a designated accounting standard-setter requires to accompany the basic financial statements, consists of the Management Discussion and Analysis (MD&A).

### Basis of Opinion

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. 24-01, *Audit Requirements for Federal Financial Statements*.

Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of USAID and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibility of Management for the Financial Statements

USAID management is responsible for (1) the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; (2) preparing, measuring, and presenting the RSI in accordance with U.S. generally accepted accounting principles; (3) preparing and presenting other information included in USAID's financial report, and ensuring the consistency of that information with the audited financial statements and the RSI; and (4) maintaining effective internal control over financial reporting, including the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement or material weakness when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. generally accepted government auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements in order to obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.



- Obtain an understanding of internal control relevant to our audit of the 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 USAID’s internal control over financial reporting. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Perform other procedures we consider necessary in the circumstances.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the financial statement audit.

#### Required Supplementary Information

U.S. generally accepted accounting principles issued by the Federal Accounting Standards Advisory Board (FASAB) require that the RSI be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the financial statements, is required by FASAB, which considers it 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 U.S. generally accepted government auditing standards, 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

USAID’s other information contains a wide range of information, some of which is not directly related to the financial statements. This information is presented for purposes of additional analysis and is not a required part of the financial statements or the RSI. Management is responsible for the other information included in USAID’s financial report. The other information comprises the historical information but does not include the financial statements and our auditor’s report thereon. Our opinion on the financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

## **Report on Internal Control over Financial Reporting**

In connection with our audit of USAID's financial statements, we considered USAID's internal control over financial reporting, consistent with our auditor's responsibility discussed below.

### **Results of Our Consideration of Internal Control over Financial Reporting**

Our consideration of internal control was for the limited purpose described below, and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies or to express an opinion on the effectiveness of USAID's internal control over financial reporting. Given these limitations, during our 2023 audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, we identified one deficiency in USAID's internal control, summarized below and described in Appendix A, that we consider to be a significant deficiency related to USAID's controls over calculating and recording of accrued expenses.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of USAID's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control over financial reporting that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

During our 2023 audit, we identified deficiencies in USAID's internal control over financial reporting that we do not consider to be material weaknesses or significant deficiencies. Nonetheless, these deficiencies warrant USAID management's attention. We have communicated these matters to USAID management and, where appropriate, will report on them separately.

### **Basis for Results of Our Consideration of Internal Control over Financial Reporting**

We performed our procedures related to USAID's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

### **Responsibilities of Management for Internal Control over Financial Reporting**

USAID management is responsible for designing, implementing, and maintaining effective internal control over financial reporting relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibilities for Internal Control over Financial Reporting**

In planning and performing our audit of USAID's financial statements as of and for the year ended September 30, 2023 and 2022, in accordance with U.S. generally accepted government auditing standards, we considered USAID's internal control relevant to the financial statement audit 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 USAID’s internal control over financial reporting. Accordingly, we do not express an opinion on USAID’s internal control over financial reporting. We are required to report all deficiencies that are considered to be significant deficiencies or material weaknesses. We did not consider all internal controls relevant to operating objectives, such as those controls relevant to preparing performance information and ensuring efficient operations.

#### Definition and Inherent Limitations of Internal Control over Financial Reporting

An entity’s internal control over financial reporting is a process effected by those charged with governance, management, and other personnel, the objectives of which are to provide reasonable assurance that (1) transactions are properly recorded, processed, and summarized to permit the preparation of financial statements in accordance with U.S. generally accepted accounting principles, and assets are safeguarded against loss from unauthorized acquisition, use, or disposition, and (2) transactions are executed in accordance with provisions of applicable laws, including those governing the use of budget authority, regulations, contracts, and grant agreements, noncompliance with which could have a material effect on the financial statements. Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

#### Intended Purpose of Report on Internal Control over Financial Reporting

The purpose of this report is solely to describe the scope of our consideration of USAID’s internal control over financial reporting and the results of our procedures, 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 U.S. generally accepted government auditing standards in considering internal control over financial reporting. Accordingly, this report on internal control over financial reporting is not suitable for any other purpose.

#### **Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements**

In connection with our audit of USAID’s financial statements, we tested compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements consistent with our auditor’s responsibility discussed below.

#### Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our tests for compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements disclosed no instances of noncompliance for fiscal year 2023 that would be reportable under U.S. generally accepted government auditing standards. However, the objective of our tests was not to provide an opinion on compliance with laws, regulations, contracts, and grant agreements applicable to USAID. Accordingly, we do not express such an opinion.

Basis for Results of Our Tests for Compliance with Laws, Regulations, Contracts, and Grant Agreements

We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for Tests of Compliance section below.

Responsibilities of Management for Compliance with Laws, Regulations, Contracts, and Grant Agreement

USAID’s management is responsible for complying with laws, regulations, contracts, and grant agreements applicable to USAID.

Auditor’s Responsibilities for Tests of Compliance with Laws, Regulations, Contracts, and Grant Agreements

Our responsibility is to test compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements applicable to USAID that have a direct effect on the determination of material amounts and disclosures in USAID’s financial statements, and to perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAID. We caution that noncompliance may occur and not be detected by these tests.

Intended Purpose of Report on Compliance with Laws, Regulations, Contracts, and Grant Agreements

The purpose of this report is solely to describe the scope of our testing of compliance with selected provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on compliance. This report is an integral part of an audit performed in accordance with U.S. generally accepted government auditing standards in considering compliance. Accordingly, this report on compliance with laws, regulations, contracts, and grant agreements is not suitable for any other purpose.

**USAID’s Response to Audit Findings and Recommendations**

USAID’s response to the findings and recommendations identified in our report is described in Appendix C. USAID’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Status of Prior Year Recommendations**

We have reviewed the status of USAID’s corrective actions with respect to the findings and recommendations included in the prior year’s Independent Auditors’ Report, dated November 8, 2022. The status of prior year recommendations is presented in Appendix D.

GKA, P.C. /s/

Washington, DC  
November 6, 2023



## **APPENDIX A. SIGNIFICANT DEFICIENCY**

### **Significant Deficiency in Internal Control Over Calculating and Recording Accrued Expenses (Repeat)**

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**

We selected a judgmental sample of 45 modified accruals as of March 31, 2023, for testing. We noted that:

- For 2 out of 45 sampled items, COR Quarterly Accrual Worksheets supporting the modified accrual amount in Phoenix were not provided by the CORs. The total amount is \$1,552,308.
- For 3 out of the 45 sampled items, COR Quarterly Accrual Worksheets had incorrect calculations and did not match the modified accrual amount in Phoenix. Based on the difference noted, the Q2 accruals were overstated by the amount of \$818,796.

#### **USAID/MISSIONS**

##### **Mission A**

During our testing as of March 31, 2023, one (1) of the 45 sampled items did not have supporting documentation to justify the transaction – total amount of \$752,804.

##### **Mission B**

During our testing as of June 30, 2023, we noted that:

- For six (6) of the 22 sampled items, COR Quarterly Accrual Worksheets had incorrect calculations and did not match the modified accrual amount in Phoenix totaling (\$62,994).
- Additionally, the modified accrual amount calculated for one of the sample items (72066922D00001) was more than the unliquidated balance by approximately (\$5,717).

##### **Mission C**

During our audit as of June 30, 2023, we obtained the Mission’s Accruals Item Status Count and Items Not Reviewed report to determine whether the mission posted all their specified quarterly accruals and cleared unprocessed Intragovernmental Payments and Collections (IPAC). We noted that three (3) of the 87 accruals were not reviewed.

Even though the quantitative amount may be considered immaterial, our testing determined that the control issues are pervasive throughout USAID.

ADS 631.3.3.1, Basis for Recognition of Accruals – General, Effective Date: 10/20/2022 states as follows:

Obligation Managers or CORs/AORs/ GATRs must recognize accruals in the accounting period in which the title to goods is accepted, services are rendered, wages are earned, progress is made in contract performance, or revenue is generated. For example, if USAID accepts the title to goods (whether the goods are delivered or USAID has received documented notification that the goods are in transit) then USAID must recognize an accrual and liability for the unpaid amount of the goods. Assuming invoices are not available at the end of the period, Obligation Managers or CORs/AORs/GATRs must estimate the amounts owed using available documentation.

Accruals must be based on the best available information on expenditures for the obligation activity. At the same time, Obligation Managers or CORs/AORs/GATRs must base the accruals for expenditures on an analysis of the projected expenditure rate or actual expenditures to the end of the quarter and use estimates when documentation is not available. Additionally, accruals can be based on completion and delivery of each milestone/stage, or a percentage of completion of the milestone/stage, if the completed part can stand on its own as a deliverable which USAID can sufficiently benefit from.

Obligation Managers or CORs/AORs/GATRs must make every effort to ensure reasonable estimates are documented for support when using estimating techniques. Obligation Managers or CORs/AORs/GATRs must verify the accruals amount in the Phoenix Accruals Query based on an analysis comparing the system-generated accruals to first-hand knowledge of project activities. In Washington B/IOs, Obligation Managers, CORs/AORs/GATRs, or someone with the recording role must accept the system-generated accrual or record a modified accrual in the Phoenix Accruals Query, as necessary. The FM staff in the Missions performs this function.

The COR generates a worksheet detailing the approved modified accrual amount. Someone other than the COR is responsible for posting the amount to the general ledger. However, the controls for checking to ensure that the amount posted to the general ledger is the amount approved by the COR was not consistently implemented. Also, there were instances where the worksheets were not adequately reviewed to identify errors in the calculation before they were posted.

Additionally, some CORs did not respond to multiple requests to provide their COR worksheets that support the modified accrual amount recorded in Phoenix.

Failure to ensure that only the modified accrual amounts approved by the COR are posted to the general ledger could cause the financial statements to be materially misstated due to error - or for other reasons.

We are not making any new recommendation in fiscal year 2023. Below is the restated fiscal year 2022 recommendation also indicated in Appendix D.

**Recommendation 1:**

Update its methodology for reporting and posting quarterly accruals to eliminate or mitigate the human factor while increasing automation by developing a system generated accrual estimation amount for financial reporting purpose.

## **APPENDIX B. 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;
- 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, 2023 and 2022. 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 February 2023 through November 2023 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 C. AGENCY'S RESPONSE TO AUDIT**



*Chief Financial Officer*

October 31, 2023

### **MEMORANDUM FOR OFFICE OF THE INSPECTOR GENERAL**

**TO:** Toayoa Aldridge, Assistant Inspector General for Audits, Evaluations, and Inspections

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

**SUBJECT:** Management Comment(s) to Respond to the Draft Audit Report Produced by the Office of Inspector General (OIG) titled, Audit of USAID's Financial Statements for Fiscal Years 2023 and 2022 (0-000-24-001-C) (Task No. 00150823)

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The U.S. Agency for International Development (USAID) would like to thank the Office of Inspector General (OIG) for the Opportunity to provide comments on the subject draft report. The Report does not indicate any new recommendations.

**After review of the Draft Audit Report management has no comments.**

## **APPENDIX D. 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 2022 Findings and Recommendations**

**Recommendation 1:** Update its methodology for reporting and posting quarterly accruals to eliminate the human factor while increasing automation by developing a system generated accrual estimation amount for financial reporting purpose.

*Status: Open as of November 6, 2023. Repeated in FY2023.*

**Recommendation 2:** Issue written guidance for Agreement Officer Representatives/Contracting Officer Representatives to contact Office of the Chief Financial Officer if they need to post an accrual over and above the amount allowed in the current Phoenix accruals system.

*Status: Closed as of September 26, 2023*

**Recommendation 3:** Update the Phoenix system security plan to include National Institute of Standards and Technology 800-53 Revision 5 controls.

*Status: Closed as of October 19, 2023*

**Recommendation 4:** Perform a Security Control Assessment and use the results to update the Phoenix system security plan and create plans of action and milestones for any planned controls.

*Status: Closed as of October 19, 2023*

**Recommendation 5:** Provide the results of the Phoenix Security Control Assessment and the updated system security plan to the Authorizing Official for review and approval.

*Status: Closed as of October 19, 2023*

**Recommendation 6:** Review and, if needed, update the Memorandum of Understanding with the Department of State to include changes and obtain approval of the Agency officials.

*Status: Closed as of September 26, 2023*

**Recommendation 7:** Review and update the Service Level Agreement with the Department of State. Additionally, USAID should implement a process to ensure that the Service Level Agreement is reviewed annually.

*Status: Closed as of October 19, 2023*



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FINANCIAL SECTION  
**FINANCIAL  
STATEMENTS  
AND NOTES**





(Preceding page) Captivating moments at the 15th Matmata Festival supported by USAID through its Visit Tunisia Activity: A celebration of Tunisian culture, food, and music. PHOTO: USAID TUNISIA

(Below) USAID Morocco's National Program on Reading pilot was so successful at improving early grade reading skills in Arabic that the Ministry of Education scaled the program nationwide, reaching 4.4 million primary grade students. PHOTO: NATIONAL PUBLIC RADIO (NPR)



# INTRODUCTION TO PRINCIPAL FINANCIAL STATEMENTS

USAID has prepared the **Principal Financial Statements** for FY 2023 to report the financial position and results of its operations, from the books and records of the Agency, in accordance with formats prescribed by OMB in Circular A-136, *Financial Reporting Requirements*. The statements are in addition to other financial reports prepared by the Agency, in accordance with OMB and 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 2022. USAID's Principal Financial Statements, footnotes, and other information for FY 2023 and FY 2022 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 suborganization appears in Note 15, *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 results 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, 2023, and 2022. 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, 2023 and 2022. 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 include comparative notes on data from FY 2022.

## 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 every fiscal year since FY 1996. The USAID 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 2016 through FY 2022 Principal Financial Statements. The OIG rendered an unmodified opinion on the FY 2023 Principal Financial Statements. Administrator Samantha Power 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, 2023 and 2022

(In Thousands)

	2023	2022
<b>ASSETS:</b>		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 41,118,024	\$ 44,827,671
Accounts Receivable, Net (Note 3)	22,509	24,900
Advances and Prepayments (Note 4)	164,220	150,742
<b>Total Intragovernmental</b>	<b>41,304,753</b>	<b>45,003,313</b>
Other than Intragovernmental:		
Cash and Other Monetary Assets (Note 5)	226,008	261,565
Accounts Receivable, Net (Note 3)	77,996	78,601
Inventory and Related Property, Net (Note 7)	19,968	15,177
General Property, Plant and Equipment, Net (Note 8)	54,427	59,437
Advances and Prepayments (Note 4)	645,815	493,265
<b>Total Other than Intragovernmental</b>	<b>1,024,214</b>	<b>908,045</b>
<b>Total Assets</b>	<b>\$ 42,328,967</b>	<b>\$ 45,911,358</b>
<b>LIABILITIES:</b>		
Intragovernmental:		
Downward Reestimate Payable to the Treasury (Note 6)	\$ 295,801	\$ 634,755
Accounts Payable	41,397	65,216
Advances from Others and Deferred Revenue (Note 11)	942,722	1,088,674
Other Liabilities (Note 11)	22,034	24,422
<b>Total Intragovernmental</b>	<b>1,301,954</b>	<b>1,813,067</b>
Other than Intragovernmental:		
Accounts Payable	3,105,885	3,116,569
Loan Guarantee Liabilities (Note 6)	734,536	956,759
Federal Employee and Veteran's Benefits (Note 12)	24,531	26,333
Advances from Others and Deferred Revenue (Note 11)	11,719	18,508
Other Liabilities (Note 11)	487,834	494,188
<b>Total Other than Intragovernmental</b>	<b>4,364,505</b>	<b>4,612,357</b>
<b>Total Liabilities</b>	<b>5,666,459</b>	<b>6,425,424</b>
Commitments and Contingencies (Note 13)		
<b>NET POSITION:</b>		
Unexpended Appropriations	35,175,707	37,844,754
Cumulative Results of Operations	1,486,801	1,641,180
<b>Total Net Position</b>	<b>36,662,508</b>	<b>39,485,934</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 42,328,967</b>	<b>\$ 45,911,358</b>

The accompanying notes are an integral part of these statements.

**CONSOLIDATED STATEMENT OF NET COST**

For the Years Ended September 30, 2023 and 2022

(In Thousands)

<b>Category</b>	<b>2023</b>	<b>2022</b>
<b>DR—Democracy, Human Rights and Governance</b>		
Gross Costs	\$ 1,820,743	\$ 1,490,560
Less: Earned Revenue	(12,458)	(13,751)
Net Program Costs	1,808,285	1,476,809
<b>EG—Economic Growth</b>		
Gross Costs	19,726,503	10,954,729
Less: Earned Revenue	(118,456)	(111,619)
Net Program Costs	19,608,047	10,843,110
<b>ES—Education and Social Services</b>		
Gross Costs	1,426,015	1,125,723
Less: Earned Revenue	(9,732)	(9,945)
Net Program Costs	1,416,283	1,115,778
<b>HA—Humanitarian Assistance</b>		
Gross Costs	8,885,506	6,640,039
Less: Earned Revenue	(2,260)	(2,525)
Net Program Costs	8,883,246	6,637,514
<b>HL—Health</b>		
Gross Costs	3,629,951	8,453,362
Less: Earned Revenue	(566,169)	(911,332)
Net Program Costs	3,063,782	7,542,030
<b>PO—Program Development and Oversight</b>		
Gross Costs	1,358,097	1,147,055
Less: Earned Revenue	(7,656)	(7,824)
Net Program Costs	1,350,441	1,139,231
<b>PS—Peace and Security</b>		
Gross Costs	717,907	600,226
Less: Earned Revenue	(4,390)	(5,845)
Net Program Costs	713,517	594,381
<b>Net Cost of Operations (Note 15)</b>	<b>\$ 36,843,601</b>	<b>\$ 29,348,853</b>

The accompanying notes are an integral part of these statements.

**CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION**

For the Years Ended September 30, 2023 and 2022

(In Thousands)

	2023	2022
<b>Unexpended Appropriations:</b>		
Beginning Balance	\$ 37,844,754	\$ 35,385,955
Appropriations Received	34,116,060	32,857,101
Appropriations Transferred-in/out	167,639	(223,357)
Other Adjustments	(141,524)	(299,397)
Appropriations Used	(36,811,222)	(29,875,548)
Change in Unexpended Appropriations	(2,669,047)	2,458,799
<b>Total Unexpended Appropriations, Ending Balance</b>	<b>\$ 35,175,707</b>	<b>\$ 37,844,754</b>
<b>Cumulative Results of Operations:</b>		
Beginning Balance	\$ 1,641,180	\$ 2,252,426
Appropriations Used	36,811,222	29,875,548
Donations and Forfeitures of Cash and Cash Equivalents	66,478	34,318
Transfers-in/out Without Reimbursement	5,803	1,910
Donations and Forfeitures of Property	5,946	13,749
Imputed Financing	95,581	63,703
Other	(295,808)	(1,251,621)
Net Cost of Operations (Note 15)	(36,843,601)	(29,348,853)
Net Change in Cumulative Results of Operations	(154,379)	(611,246)
<b>Total Cumulative Results of Operations, Ending Balance</b>	<b>\$ 1,486,801</b>	<b>\$ 1,641,180</b>
<b>Net Position</b>	<b>\$ 36,662,508</b>	<b>\$ 39,485,934</b>

The accompanying notes are an integral part of these statements.



## COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2023 and 2022

(In Thousands)

	2023		2022	
	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 (Discretionary and Mandatory)	\$ 15,257,148	\$ 1,591,514	\$ 14,393,937	\$ 2,375,013
Appropriations (Discretionary and Mandatory)	34,187,235	–	32,041,395	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	592,452	51,297	1,320,561	68,577
<b>Total Budgetary Resources</b>	<b>\$ 50,036,835</b>	<b>\$ 1,642,811</b>	<b>\$ 47,755,893</b>	<b>\$ 2,443,590</b>
<b>Status of Budgetary Resources:</b>				
New Obligations and Upward Adjustments (Total) (Note 16)	\$ 38,181,628	\$ 634,754	\$ 32,822,235	\$ 852,076
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	10,967,484	–	13,663,591	–
Unapportioned, Unexpired Accounts (Note 2)	639,099	1,008,057	1,028,599	1,591,514
<b>Unexpired Unobligated Balance, End of Year</b>	<b>11,606,583</b>	<b>1,008,057</b>	<b>14,692,190</b>	<b>1,591,514</b>
Expired Unobligated Balance, End of Year	248,624	–	241,468	–
Total Unobligated Balance, End of Year	11,855,207	1,008,057	14,933,658	1,591,514
<b>Total Budgetary Resources</b>	<b>\$ 50,036,835</b>	<b>\$ 1,642,811</b>	<b>\$ 47,755,893</b>	<b>\$ 2,443,590</b>
<b>Outlays, Net and Disbursements, Net:</b>				
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 37,343,280	–	\$ 29,707,086	–
Distributed Offsetting Receipts (-)	(729,610)	–	(899,105)	–
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 36,613,670</b>	<b>–</b>	<b>\$ 28,807,981</b>	<b>–</b>
Disbursement, Net (Total) (Mandatory)		\$ 583,457		\$ 783,499

The accompanying notes are an integral part of these statements.

# NOTES TO THE FINANCIAL STATEMENTS

## NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A. REPORTING ENTITY

USAID is a component of the U.S. government. For this reason, some of the assets and liabilities reported by USAID 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.

### PROGRAM FUNDS

The hierarchy of USAID program funds is reported first at the budget authority funding level followed by responsibility segments that encompass Pillar and Regional Bureaus. These Bureaus in turn carry out the Agency's mission through various funded programs.

The main program funds include Assistance for Europe, Eurasia, and Central Asia (AEECA); Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health/Child Survival and HIV/AIDS; and Guaranteed Loan Programs, 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**

These funds are considered to be economic assistance under the Foreign Assistance Act of 1961.

These funds provide assistance to the independent states that emerged from the former Soviet Union and support the 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.

#### **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 fund promote stability and U.S. security interests in strategic regions of the world.

#### **Development Assistance**

This fund provides economic resources to developing countries with the aim of bringing the benefits of development to the poor. The fund 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 fund 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**

This fund provides relief, rehabilitation, and reconstruction assistance to foreign countries struck by disasters such as famines, floods, hurricanes, and earthquakes. The fund also provides assistance in disaster preparedness, prevention, and mitigation; and provides 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/Child Survival and HIV/AIDS**

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.

### **Guaranteed Loans:**

- **Israel Loan Guarantee Program**

Congress authorized the Israel Loan Guarantee Program in Section 226 of the Foreign Assistance Act of 1961 (P.L. 87-195) to support the costs for immigrants resettling to Israel from the former Soviet Union, Ethiopia, and other countries. Under this program, the U.S. government has guaranteed the repayment of up to \$9.23 billion in notes issued to date. In addition, the Emergency Wartime Supplemental Appropriations Act of 2003 (P.L. 108-11) authorized supplemental funding for this program to support Israel's economy which was negatively impacted by political strife in the region. As a result of this, \$4.1 billion in additional notes were 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 (P.L. 112-74), earmarked to provide support for the Republic of Tunisia. Pursuant to section 7034(r) of the Department of State, Foreign Operations, and Related Programs Appropriations Act, 2015 (P.L. 113-235), this program was expanded to include the Hashemite Kingdom of Jordan and renamed the Middle East Northern Africa Loan Guarantee Program. The added guarantee reinforces the firm U.S. commitment to the people of Jordan by strengthening the Government of Jordan's ability to maintain access to international financing, while enabling it to achieve its economic development and reform goals. This program was further expanded to include the Republic of Iraq in 2017. The U.S. government guaranteed a total repayment of \$6.24 billion in notes issued for the MENA program, \$500 million of which remains outstanding to date. The Tunisia and Iraq guarantees have matured and are no longer active. Refer to the Management's Discussion and Analysis – Sovereign Bond Guarantees (SBGs) section of this AFR for details.

## **FUND TYPES**

For each of the program funds listed, a receipt or expenditure account is established. These receipt and expenditure accounts are further classified into fund types. Agency activities are financed through these funds. The principal statements include all funds under USAID's control. Most of the 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 which are allowed under the annual appropriation for operating expenses.

## **B. 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 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.

### **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 P.L. 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, multi-year, 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 U.S. Department of Agriculture (USDA) Commodity Credit Corporation, the Executive Office of the President, and the State Department.

Additional financing sources for USAID's various credit programs and trust funds include amounts obtained through collection of guaranty fees, 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**

Fund Balance with Treasury (FBWT) is an asset of a reporting entity and a liability of the General Fund of the U.S. Government. Amounts reported for FBWT represent commitments by the Federal Government to provide resources to particular programs; however, they do not represent net assets to the government as a whole. When a reporting entity seeks to use FBWT to liquidate budgetary obligations, Treasury will finance the disbursements with current receipts or borrow from the public if a deficit exists. On USAID's financial statements, FBWT represents the aggregate amount of undisbursed funds in USAID's general funds, deposit fund, and clearing/suspense fund. The general fund cash balance includes a portion that is available to USAID to make expenditures and pay liabilities and a portion that is unavailable. Deposit fund and clearing/suspense fund balances are non-entity funds that are temporarily held by USAID until transferred to another federal agency or distributed to a third party. Fund balances are carried forward into subsequent fiscal years until disbursements are made.

#### **G. FOREIGN CURRENCY**

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 Costs.

#### **H. ACCOUNTS RECEIVABLE**

Accounts receivable consist of amounts due mainly 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. LOAN GUARANTEES**

In the event a guaranteed loan defaults, the loans are accounted for as receivables after funds have been disbursed. To date, no defaults have occurred on the current loan portfolio.

The loans receivable is 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 Statement of Net Cost.

#### **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 consist 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 approximate cost except for shipping and transportation costs, and they are not considered “held for sale.” At any time during the year, inventory may include 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 Federal Credit Reform Act of 1990 (FCRA) prescribes an alternative method of budgeting for guarantees obligated on or after October 1, 1991 (post-1991). The FCRA significantly changed the manner in which USAID finances the activities of loan programs. The main purpose of the FCRA was to measure the cost of federal credit programs more accurately 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.”

Subsidy cost associated with guarantees, is required by the FCRA to be recognized as an expense in the year in which the guarantee is disbursed. Subsidy cost is calculated by Agency program offices prior to obligation using a model prescribed by OMB.

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.

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. Reestimates can either be upward reestimates which indicate that insufficient funds are available to cover the financing account liabilities or downward reestimates which indicate that there is too much subsidy.

The excess funding derived through the downward reestimates is anticipated to be disbursed to Treasury after OMB provides the authority in the succeeding fiscal year. This is reported on the *Downward Reestimate Payable to Treasury* line of the Balance Sheet. Budget authority is also requested from OMB for the upward reestimates.

## **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 an 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 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
- Department of Health and Human Services

USAID receives allocation transfers as the child from:

- Department of State
- Department of Agriculture, Commodity Credit Corporation



## NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2023 and 2022 consisted of the following (*in thousands*):

Status of Fund Balance with Treasury	2023	2022
Unobligated Balance		
Available	\$ 10,967,484	\$ 13,663,591
Unavailable	1,895,780	2,861,581
Obligated and Other Balances Not Yet Disbursed (Net)	28,254,760	28,302,499
<b>Total</b>	<b>\$ 41,118,024</b>	<b>\$ 44,827,671</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.

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 budgetary related obligations.

### NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2023 and 2022 are as follows (*in thousands*):

	Receivable Gross	Allowance Accounts	Receivable Net 2023	Receivable Net 2022
Intragovernmental				
Accounts Receivable from Federal Agencies	\$ 340,592	N/A	\$ 340,592	\$ 659,655
Less: Intra-Agency Receivables	(318,083)	N/A	(318,083)	(634,755)
Total Intragovernmental Accounts Receivable	22,509	N/A	22,509	24,900
Accounts Receivable from the Public	92,873	(14,877)	77,996	78,601
Total Accounts Receivable, Net	\$ 115,382	\$ (14,877)	\$ 100,505	\$ 103,501

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.

Accounts receivable from the public consists of amounts managed by Missions or USAID/Washington. These receivables primarily relate to audit findings associated with questioned costs. Other receivables relate

to unrecovered advances and overdue advances. Unrecovered advances are advances disbursed to Agency employees that have not been used and have not been returned to the Agency. Overdue advances are advances disbursed to non-federal vendors that have not been used and are associated with obligations that have exceeded the performance end date.

The allowance for uncollectable accounts related to these receivables is calculated based on a historical analysis of collectability.

## NOTE 4. ADVANCES AND PREPAYMENTS

Advances and Prepayments as of September 30, 2023 and 2022 consisted of the following (*in thousands*):

	2023	2022
<b>Intragovernmental</b>		
Advances to Federal Agencies	\$164,220	\$ 150,742
Total Intragovernmental	164,220	150,742
<b>Other than Intragovernmental</b>		
Advances to Contractors/Grantees	364,084	292,300
Advances to Host Country Governments and Institutions	281,731	200,965
Total Other than Intragovernmental	645,815	493,265
<b>Total Advances and Prepayments</b>	<b>\$ 810,035</b>	<b>\$ 644,007</b>

Intragovernmental Advances consist 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.

## NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2023 and 2022 are as follows (*in thousands*):

	2023	2022
<b>Cash and Other Monetary Assets</b>		
Foreign Currencies	\$ 226,008	\$ 261,565
<b>Total Cash and Other Monetary Assets</b>	<b>\$ 226,008</b>	<b>\$ 261,565</b>

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled \$226 million in FY 2023 and \$262 million in FY 2022, as disclosed in Note 11. The Agency operates in over 40 different countries, therefore, the Agency exchanges U.S. dollars (USD) for various local

currencies. The value of Foreign Currency fluctuates relative to the value of the USD.

USAID does not have any non-entity cash or other monetary assets.

## NOTE 6. LOAN GUARANTEE LIABILITIES

USAID operates the following loan guarantee programs:

- Israel Loan Guarantee Program
- Middle East Northern Africa (MENA) Loan Guarantee Program

A description of these credit programs and the accounting for them is detailed in Note 1 of this report.

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

### GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2023 and 2022 are as follows (*in thousands*):

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
<b>Guaranteed Loans Outstanding (2023):</b>		
Israel	\$ 4,132,436	\$ 4,132,436
MENA	500,000	500,000
<b>Total</b>	<b>\$ 4,632,436</b>	<b>\$ 4,632,436</b>
<b>Guaranteed Loans Outstanding (2022):</b>		
Israel	\$ 6,175,627	\$ 6,175,627
MENA	500,000	500,000
<b>Total</b>	<b>\$ 6,675,627</b>	<b>\$ 6,675,627</b>

Liability for Loan Guarantees as of September 30, 2023 and 2022 are as follows (*in thousands*):

Loan Guarantee Programs	Liabilities for Post-1991 Guarantees, Present Value	Loan Guarantee Liabilities
<b>Liability for Loan Guarantees as of September 30, 2023:</b>		
Israel	\$ 566,973	\$ 566,973
MENA	167,563	167,563
<b>Total</b>	<b>\$ 734,536</b>	<b>\$ 734,536</b>
<b>Liability for Loan Guarantees as of September 30, 2022:</b>		
Israel	\$ 815,544	\$ 815,544
MENA	141,215	141,215
<b>Total</b>	<b>\$ 956,759</b>	<b>\$ 956,759</b>

(continued on next page)



## SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2023 and 2022 are as follows (*in thousands*):

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
<b>Modifications and Reestimates (2023):</b>				
Israel	\$ –	\$ –	\$ (295,801)	\$ (295,801)
MENA	–	–	22,281	22,281
<b>Total</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ (273,520)</b>	<b>\$ (273,520)</b>
<b>Modifications and Reestimates (2022):</b>				
Israel	\$ –	\$ –	\$ (150,502)	\$ (150,502)
MENA	–	–	(484,253)	(484,253)
<b>Total</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ (634,755)</b>	<b>\$ (634,755)</b>

Total Loan Guarantee Subsidy Expense as of September 30, 2023 and 2022 are as follows (*in thousands*):

Loan Guarantee Programs	2023	2022
Israel	\$ (295,801)	\$ (150,502)
MENA	22,281	(484,253)
<b>Total</b>	<b>\$ (273,520)</b>	<b>\$ (634,755)</b>

## 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			Total (%)
			(%)	(%)	(%)	
Israel	–	–	–	–	–	
MENA	–	–	–	–	–	

(continued on next page)

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2023 and 2022 are as follows (*in thousands*):

<b>2023: Post-1991 Loan Guarantees</b>			
	<b>Israel</b>	<b>MENA</b>	<b>Total</b>
<b>Beginning Balance of the Loan Guarantee Liabilities</b>	<b>\$ 815,544</b>	<b>\$ 141,215</b>	<b>\$ 956,759</b>
Add:			
Fees received	—	—	—
Interest expense on entity borrowings	—	—	—
Subsidy expense	—	—	—
Upward reestimate	—	22,281	22,281
Less:			
Claim payments to lenders	—	—	—
Interest supplements paid	—	—	—
Interest revenue on uninvested funds	47,230	4,067	51,297
Negative subsidy payments	—	—	—
Downward reestimates	(295,801)	—	(295,801)
Loan guarantee modifications	—	—	—
Other	—	—	—
<b>Ending Balance of the Loan Guarantee Liabilities</b>	<b>\$ 566,973</b>	<b>\$ 167,563</b>	<b>\$ 734,536</b>

<b>2022: Post-1991 Loan Guarantees</b>			
	<b>Israel</b>	<b>MENA</b>	<b>Total</b>
<b>Beginning Balance of the Loan Guarantee Liabilities</b>	<b>\$ 912,239</b>	<b>\$ 610,698</b>	<b>\$ 1,522,937</b>
Add:			
Fees received	—	—	—
Interest expense on entity borrowings	—	—	—
Subsidy expense	—	—	—
Upward reestimate	—	—	—
Less:			
Claim payments to lenders	—	—	—
Interest supplements paid	—	—	—
Interest revenue on uninvested funds	53,807	14,770	68,577
Negative subsidy payments	—	—	—
Downward reestimates	(150,502)	(484,253)	(634,755)
Loan guarantee modifications	—	—	—
Other	—	—	—
<b>Ending Balance of the Loan Guarantee Liabilities</b>	<b>\$ 815,544</b>	<b>\$ 141,215</b>	<b>\$ 956,759</b>

Administrative Expense as of September 30, 2023 and 2022 are as follows (*in thousands*):

	<b>2023</b>	<b>2022</b>
Loan Guarantee Program*	\$ 71	\$ 66
<b>Total</b>	<b>\$ 71</b>	<b>\$ 66</b>

\* USAID receives appropriations for administering its programs in the operating fund. Due to the relative size of the current loan portfolio in relation to other USAID programs, distinction of associated loan administrative costs are based on estimates.

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## OTHER INFORMATION

Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2024. 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 during the current fiscal year, reducing USAID's risk exposure by approximately \$2.5 billion (this is further detailed under the Management's Discussion and Analysis – Sovereign Bond Guarantees (SBGs) section of this AFR).

There are no new loans disbursements, as such, no data was reported under the subsidy rates table on the previous page. 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.

## 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, 2023 and 2022 are as follows (*in thousands*):

	2023	2022
<b>Items Held for Use</b>		
Office Supplies	\$ 3,487	\$ 3,290
<b>Items Held in Reserve for Future Use</b>		
Disaster Assistance Materials and Supplies	8,883	4,671
Birth Control Supplies	7,598	7,216
<b>Total Inventory and Related Property (Net)</b>	<b>\$ 19,968</b>	<b>\$ 15,177</b>

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuation is based on historical acquisition costs except for shipping and transportation costs.

At any time during the year, inventory may include excess, obsolete, or unserviceable operating materials and supplies. 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, 2023 and 2022 are as follows (*in thousands*):

2023	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
<b>Classes of Fixed Assets:</b>				
Equipment	3 to 5 years	\$ 61,278	\$ (49,043)	\$ 12,235
Buildings, Improvements, and Renovations	5 to 20 years	84,568	(51,575)	32,993
Land and Land Rights	N/A	7,203	N/A	7,203
Internal Use Software	3 to 5 years	144,322	(142,326)	1,996
<b>Total PP&amp;E</b>		<b>\$ 297,371</b>	<b>\$ (242,944)</b>	<b>\$ 54,427</b>

2022	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
<b>Classes of Fixed Assets:</b>				
Equipment	3 to 5 years	\$ 57,799	\$ (47,450)	\$ 10,349
Buildings, Improvements, and Renovations	5 to 20 years	84,935	(48,771)	36,164
Land and Land Rights	N/A	7,203	N/A	7,203
Internal Use Software	3 to 5 years	144,322	(138,601)	5,721
<b>Total PP&amp;E</b>		<b>\$ 294,259</b>	<b>\$ (234,822)</b>	<b>\$ 59,437</b>

(continued on next page)



Schedule of General PP&E, Net as of September 30, 2023 is as follows (*in thousands*):

2023	Net PP&E
Balance Beginning of Year	\$ 59,437
Capital Acquisition	9,195
Dispositions	(442)
Depreciation Expense	(13,763)
Balance Ending of Year	\$ 54,427

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 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, 2023, Future Lease Payments consisted of the following (*in thousands*):

Operating Leases: Future Payments Due: Fiscal Year	2023		
	Future Costs		
	Federal	Non-Federal	Future Costs
2024	\$ 58,479	\$ 60,107	\$ 118,586
2025	58,867	35,513	94,380
2026	57,563	24,440	82,003
2027	57,404	14,728	72,132
2028	57,801	8,434	66,235
2029 and Beyond	333,424	9,012	342,436
Total Future Lease Payments	\$ 623,538	\$ 152,234	\$ 775,772

Future operating lease payments total \$775.8 million, of which \$623.5 million is for the USAID headquarter buildings in Washington, D.C., with the remaining \$152.2 million for leases at Mission locations throughout the world. The current lease agreements are for approximately 893,888 sq. feet for the headquarter building with the longest lease extending out until FY 2040.

The leases at Mission locations are for office, warehouse, and residential spaces with various expiration dates between FY 2023 through FY 2036. All the leases for the headquarter buildings are with the U.S. General Services Administration (GSA), which charge commercial rates for USAID's occupancy and are non-cancellable.

## NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2023 and 2022 Liabilities Not Covered by Budgetary Resources were as follows  
(in thousands):

	2023	2022
<b>Liabilities Not Covered by Budgetary Resources:</b>		
Intragovernmental:		
Unfunded FECA Liability (Note 12)	\$ 6,377	\$ 6,333
Other Unfunded Employment Related Liability (Note 11)	10	79
Total Intragovernmental	\$ 6,387	\$ 6,412
Accrued Annual Leave (Note 11)	84,811	79,000
FSN Separation Pay Liability (Note 11)	–	701
Future Workers' Compensation Benefits (Note 12)	24,531	26,333
Total Liabilities Not Covered by Budgetary Resources	115,729	112,446
Total Liabilities Covered by Budgetary Resources	5,550,730	6,312,592
<b>Total Liabilities</b>	<b>\$ 5,666,459</b>	<b>\$ 6,425,038</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.

## NOTE II. OTHER LIABILITIES

As of September 30, 2023 and 2022 Other Current Liabilities consisted of the following (*in thousands*):

	2023	2022
<b>Intragovernmental</b>		
IPAC Suspense	\$ 5,964	\$ 6,521
Unfunded FECA Liability (Note 12)	6,377	6,333
Custodial Liability	45	2,701
Employer Contributions & Payroll Taxes Payable	9,638	8,788
Other Unfunded Employment Related Liability	10	79
Total Other Liabilities	22,034	24,422
Advances from Others and Deferred Revenue	942,722	1,088,674
Total Intragovernmental	\$ 964,756	\$ 1,113,096
<b>Other than Intragovernmental</b>		
Accrued Funded Payroll and Leave	\$ 46,179	\$ 7,708
Accrued Unfunded Annual Leave (Note 10)	84,811	79,000
FSN Separation Pay Liability (Note 10)	–	701
Foreign Currency Trust Fund (Note 5)	226,008	261,565
Other Liabilities	130,836	145,214
Total Other Liabilities	487,834	494,188
Future Workers' Compensation Benefits (Note 10)	24,531	26,333
Advances from Others and Deferred Revenue	11,719	18,508
Total Liabilities Other than Intragovernmental	\$ 524,084	\$ 539,029
<b>Total Other Liabilities</b>	<b>\$ 1,488,840</b>	<b>\$ 1,652,125</b>

Intragovernmental Liabilities represent amounts due to other federal agencies. All remaining Other Liabilities are liabilities to non-federal entities.

## NOTE 12. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2023 and 2022 are indicated in the table below (*in thousands*):

Unfunded Workers' Compensation Benefits	2023	2022
<b>Liabilities Not Covered by Budgetary Resources</b>		
Future Workers' Compensation Benefits (Note 10)	\$ 24,531	\$ 26,333
Accrued Unfunded FECA Liability (Note 10)	6,377	6,333
<b>Total Unfunded Workers' Compensation Benefits</b>	<b>\$ 30,908</b>	<b>\$ 32,666</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 2023, USAID's total FECA liability was \$31 million, comprised of unpaid FECA billings for \$6 million and estimated future FECA costs of \$25 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method that utilizes 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 13. 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, 2022 there were four pending cases. One of these cases was closed

and another was dismissed during FY 2023. There was one new case identified in FY 2023. As of September 30, 2023 there were three pending cases.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2023 and 2022 (*in thousands*):

	2023		2022	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
<b>Legal Contingencies:</b>				
Probable	\$ -	\$ -	\$ -	\$ -
Reasonably Possible	1,900	4,300	1,100	8,263
<b>Total Accrued Liabilities and Estimated Range of Loss</b>	<b>\$ 1,900</b>	<b>\$ 4,300</b>	<b>\$ 1,100</b>	<b>\$ 8,263</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 14. COVID-19 ACTIVITY

USAID's COVID-19 Activity as of September 30, 2023 and 2022 consisted of the following (*in thousands*):

Schedule of COVID-19 Activity	2023	2022
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from Prior Year	\$ 10,103	\$ 2,957,499
New Budget Authority (+)	\$ –	\$ –
Recissions (-)/Other Changes (+/-) to Budgetary Resources	\$ (1,512)	\$ (1,305)
Budgetary Resources Obligated (-)	\$ 2,610	\$ 2,955,567
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	\$ 7,590	\$ 94
Outlays, Net	\$ 843,444	\$ 5,207,045

USAID's COVID-19 Activity by Funded Programs as of September 30, 2023 and 2022 consisted of the following (*in thousands*):

Schedule of COVID-19 Activity by Funded Programs	2023			Totals
	Economic Support Fund	International Disaster Assistance Fund	Operating Expenses	
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from Prior Year	\$ 4,268	\$ 4,731	\$ 1,104	\$ 10,103
New Budget Authority (+)	\$ –	\$ –	\$ –	\$ –
Recissions (-)/Other Changes (+/-) to Budgetary Resources	\$ –	\$ (1,512)	\$ –	\$ (1,512)
Budgetary Resources Obligated (-)	\$ 600	\$ 990	\$ 1,020	\$ 2,610
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	\$ 4,278	\$ 2,229	\$ 1,083	\$ 7,590
Outlays, Net	\$ 812,687	\$ 2,882	\$ 27,875	\$ 843,444

Schedule of COVID-19 Activity by Funded Programs	2022			Totals
	Economic Support Fund	International Disaster Assistance Fund	Operating Expenses	
Budgetary Resources: Unobligated (and unexpired) Balance Carried Forward from Prior Year	\$ 2,889,436	\$ 1,118	\$ 66,945	\$ 2,957,499
New Budget Authority (+)	\$ –	\$ –	\$ –	\$ –
Recissions (-)/Other Changes (+/-) to Budgetary Resources	\$ –	\$ –	\$ (1,305)	\$ (1,305)
Budgetary Resources Obligated (-)	\$ 2,889,436	\$ –	\$ 66,131	\$ 2,955,567
Budgetary Resources: Ending Unobligated (and unexpired) Balance to be Carried Forward	\$ –	\$ 1,118	\$ (1,024)	\$ 94
Outlays, Net	\$ 5,127,514	\$ 37,508	\$ 42,023	\$ 5,207,045

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## HIGHLIGHTS OF COVID-19 FUNDING ACCOMPLISHMENTS

COVID-19 knows no borders and no one is safe until everyone is safe. USAID is leading the U.S. government's efforts to vaccinate the world and save lives now. Since the beginning of the pandemic, USAID has supported more than 120 countries to contain and combat the virus. USAID is building on decades of global health leadership combating infectious diseases such as Ebola, HIV/AIDS, tuberculosis, and malaria to now fight COVID-19 among other vaccine preventable diseases. USAID programs are helping deliver vaccines and get shots in arms through the U.S. government's Initiative for Global Vaccine Access (Global VAX), expand

access to COVID-19 testing and treatment, protect and train health workers, deliver life-saving health commodities and equipment, share accurate and reliable public health information, and safeguard global health security. USAID is not just fighting the disease—we are also fighting to secure decades of development progress that the pandemic has harmed. USAID programs are keeping kids in school, providing emergency food and hygiene assistance, helping people find work, preventing democratic backsliding, addressing gender-based violence, and tackling other devastating impacts of the pandemic.

## NOTE 15. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

The Schedule of Costs by Responsibility Segment categorizes costs and revenues by Program Categories and Program Areas, which is consistent with the 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 Pillar and Regional Bureaus of USAID meet the criteria for responsibility segments. These bureaus directly support the Agency's 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 Pillar and Regional Bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

In the FY 2023 Consolidated Statement of Net Cost, major responsibility segments are (i) the Regional Bureaus and (ii) the Pillar Bureaus. The five Regional Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; and the Middle East. The five Pillar Bureaus are Bureau for Humanitarian Assistance; Conflict Prevention and Stabilization; Development, Democracy, and Innovation; Global Health; and Resilience and Food Security.

Schedule of Costs by SPSD for the years ended September 30, 2023 and 2022 are indicated in the table on the following pages (*in thousands*):

Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2023 Consolidated Total	2022 Consolidated Total
<b>DR—Democracy, Human Rights and Governance</b>												
DR.1—Rule of Law (ROL)												
Gross Costs	21,721	37,092	—	—	9,766	30,940	—	55,887	12,955	—	\$ 168,361	\$ 118,288
Less: Earned Revenue	(177)	(243)	—	—	(82)	(13)	—	(493)	(103)	—	(1,111)	(996)
<b>Net Program Costs</b>	<b>21,544</b>	<b>36,849</b>	—	—	<b>9,684</b>	<b>30,927</b>	—	<b>55,394</b>	<b>12,852</b>	—	<b>167,250</b>	<b>117,292</b>
DR.2—Good Governance												
Gross Costs	89,567	127,214	—	682	19,728	139,934	—	233,170	93,904	—	704,199	578,912
Less: Earned Revenue	(649)	(832)	—	(4)	(144)	(51)	—	(2,303)	(844)	—	(4,827)	(5,288)
<b>Net Program Costs</b>	<b>88,918</b>	<b>126,382</b>	—	<b>678</b>	<b>19,584</b>	<b>139,883</b>	—	<b>230,867</b>	<b>93,060</b>	—	<b>699,372</b>	<b>573,624</b>
DR.3—Political Competition and Consensus-Building												
Gross Costs	54,106	26,800	2,752	634	9,414	25,472	—	16,748	23,353	—	159,279	162,981
Less: Earned Revenue	(402)	(173)	(1)	(3)	(231)	(11)	—	(140)	(209)	—	(1,170)	(1,717)
<b>Net Program Costs</b>	<b>53,704</b>	<b>26,627</b>	<b>2,751</b>	<b>631</b>	<b>9,183</b>	<b>25,461</b>	—	<b>16,608</b>	<b>23,144</b>	—	<b>158,109</b>	<b>161,264</b>
DR.4—Civil Society												
Gross Costs	117,215	112,202	914	2,970	9,177	70,278	—	73,214	90,950	—	476,920	425,128
Less: Earned Revenue	(823)	(764)	—	(15)	(121)	(26)	—	(697)	(741)	—	(3,187)	(3,961)
<b>Net Program Costs</b>	<b>116,392</b>	<b>111,438</b>	<b>914</b>	<b>2,955</b>	<b>9,056</b>	<b>70,252</b>	—	<b>72,517</b>	<b>90,209</b>	—	<b>473,733</b>	<b>421,167</b>
DR.5—Independent Media and Free Flow of Information												
Gross Costs	13,044	22,681	—	—	5,575	56,155	—	18,288	244	—	115,987	83,382
Less: Earned Revenue	(90)	(157)	—	—	(69)	(19)	—	(205)	(2)	—	(542)	(656)
<b>Net Program Costs</b>	<b>12,954</b>	<b>22,524</b>	—	—	<b>5,506</b>	<b>56,136</b>	—	<b>18,083</b>	<b>242</b>	—	<b>115,445</b>	<b>82,726</b>
DR.6—Human Rights												
Gross Costs	24,525	39,970	1,059	1,471	53,779	4,303	—	58,874	12,016	—	195,997	121,869
Less: Earned Revenue	(152)	(265)	—	(11)	(476)	(2)	—	(614)	(101)	—	(1,621)	(1,133)
<b>Net Program Costs</b>	<b>24,373</b>	<b>39,705</b>	<b>1,059</b>	<b>1,460</b>	<b>53,303</b>	<b>4,301</b>	—	<b>58,260</b>	<b>11,915</b>	—	<b>194,376</b>	<b>120,736</b>
<b>Total Democracy, Human Rights and Governance</b>	<b>317,885</b>	<b>363,525</b>	<b>4,724</b>	<b>5,724</b>	<b>106,316</b>	<b>326,960</b>	—	<b>451,729</b>	<b>231,422</b>	—	<b>1,808,285</b>	<b>1,476,809</b>
<b>EG—Economic Growth</b>												
EG.1—Macroeconomic Foundation for Growth												
Gross Costs	5,397	1,527	—	—	35,756	14,769,699	—	16,320	1,133,915	—	15,962,614	8,311,948
Less: Earned Revenue	(50)	—	—	—	(4,155)	(7,258)	—	(223)	(84,713)	—	(96,399)	(39,292)
<b>Net Program Costs</b>	<b>5,347</b>	<b>1,527</b>	—	—	<b>31,601</b>	<b>14,762,441</b>	—	<b>16,097</b>	<b>1,049,202</b>	—	<b>15,866,215</b>	<b>8,272,656</b>
EG.2—Trade and Investment												
Gross Costs	51,796	76,301	—	—	22,504	21,070	—	13,970	22,717	—	208,358	130,944
Less: Earned Revenue	(370)	(535)	—	—	(179)	(9)	—	(146)	(169)	—	(1,408)	(995)
<b>Net Program Costs</b>	<b>51,426</b>	<b>75,766</b>	—	—	<b>22,325</b>	<b>21,061</b>	—	<b>13,824</b>	<b>22,548</b>	—	<b>206,950</b>	<b>129,949</b>
EG.3—Agriculture												
Gross Costs	711,142	307,651	—	—	18,570	62,827	—	73,532	38,366	461,889	1,673,977	1,036,576
Less: Earned Revenue	(5,441)	(2,602)	—	—	(108)	(25)	—	(722)	(309)	—	(9,207)	(6,244)
<b>Net Program Costs</b>	<b>705,701</b>	<b>305,049</b>	—	—	<b>18,462</b>	<b>62,802</b>	—	<b>72,810</b>	<b>38,057</b>	<b>461,889</b>	<b>1,664,770</b>	<b>1,030,332</b>
EG.4—Financial Sector												
Gross Costs	—	3,070	—	—	—	6,880	—	277	6,287	—	16,514	95,113
Less: Earned Revenue	—	(47)	—	—	—	(2)	—	—	(42)	—	(91)	(54,298)
<b>Net Program Costs</b>	—	<b>3,023</b>	—	—	—	<b>6,878</b>	—	<b>277</b>	<b>6,245</b>	—	<b>16,423</b>	<b>40,815</b>

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Categories	2023										2022	
	Africa	Asia	BHA	CPS	DDI	Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	Consolidated Total	Consolidated Total
<b>EG.5—Private Sector Productivity</b>												
Gross Costs	13,030	102,021	252	639	103,177	111,117	—	37,959	165,633	—	533,828	540,549
Less: Earned Revenue	(95)	(772)	—	—	(651)	(41)	—	(419)	(1,489)	—	(3,467)	(4,411)
<b>Net Program Costs</b>	<b>12,935</b>	<b>101,249</b>	<b>252</b>	<b>639</b>	<b>102,526</b>	<b>111,076</b>	<b>—</b>	<b>37,540</b>	<b>164,144</b>	<b>—</b>	<b>530,361</b>	<b>536,138</b>
<b>EG.6—Workforce Development</b>												
Gross Costs	3,558	14,686	—	—	38,792	11,010	—	11,588	26,718	—	106,352	107,114
Less: Earned Revenue	(25)	(116)	—	—	(307)	(3)	—	(112)	(228)	—	(791)	(853)
<b>Net Program Costs</b>	<b>3,533</b>	<b>14,570</b>	<b>—</b>	<b>—</b>	<b>38,485</b>	<b>11,007</b>	<b>—</b>	<b>11,476</b>	<b>26,490</b>	<b>—</b>	<b>105,561</b>	<b>106,261</b>
<b>EG.7—Modern Energy Services</b>												
Gross Costs	19,478	158,790	—	—	987	166,832	—	11,278	12,591	—	369,956	169,542
Less: Earned Revenue	(95)	(966)	—	—	(6)	(62)	—	(103)	(115)	—	(1,347)	(952)
<b>Net Program Costs</b>	<b>19,383</b>	<b>157,824</b>	<b>—</b>	<b>—</b>	<b>981</b>	<b>166,770</b>	<b>—</b>	<b>11,175</b>	<b>12,476</b>	<b>—</b>	<b>368,609</b>	<b>168,590</b>
<b>EG.8—Information and Communications Technology Services</b>												
Gross Costs	443	7,152	—	—	7,392	9	—	385	—	—	15,381	13,459
Less: Earned Revenue	(2)	(44)	—	—	(28)	—	—	—	—	—	(74)	(58)
<b>Net Program Costs</b>	<b>441</b>	<b>7,108</b>	<b>—</b>	<b>—</b>	<b>7,364</b>	<b>9</b>	<b>—</b>	<b>385</b>	<b>—</b>	<b>—</b>	<b>15,307</b>	<b>13,401</b>
<b>EG.9—Transport Services</b>												
Gross Costs	3,355	50,681	—	—	429	257	—	249	128	—	55,099	11,242
Less: Earned Revenue	(24)	(250)	—	—	(4)	—	—	(1)	(2)	—	(281)	(115)
<b>Net Program Costs</b>	<b>3,331</b>	<b>50,431</b>	<b>—</b>	<b>—</b>	<b>425</b>	<b>257</b>	<b>—</b>	<b>248</b>	<b>126</b>	<b>—</b>	<b>54,818</b>	<b>11,127</b>
<b>EG.10—Environment</b>												
Gross Costs	124,395	153,281	35	—	52,314	1,705	—	100,875	8,164	—	440,769	340,458
Less: Earned Revenue	(853)	(1,019)	—	—	(310)	—	—	(992)	(66)	—	(3,240)	(2,764)
<b>Net Program Costs</b>	<b>123,542</b>	<b>152,262</b>	<b>35</b>	<b>—</b>	<b>52,004</b>	<b>1,705</b>	<b>—</b>	<b>99,883</b>	<b>8,098</b>	<b>—</b>	<b>437,529</b>	<b>337,694</b>
<b>EG.11—Climate Change – Adaptation</b>												
Gross Costs	7,931	28,743	—	—	2,579	—	—	8,457	1,271	1,761	50,742	21,162
Less: Earned Revenue	(58)	(171)	—	—	(5)	—	—	(67)	(13)	—	(314)	(154)
<b>Net Program Costs</b>	<b>7,873</b>	<b>28,572</b>	<b>—</b>	<b>—</b>	<b>2,574</b>	<b>—</b>	<b>—</b>	<b>8,390</b>	<b>1,258</b>	<b>1,761</b>	<b>50,428</b>	<b>21,008</b>
<b>EG.12—Climate Change – Clean Energy</b>												
Gross Costs	52,497	51,177	—	—	4,936	18,434	—	11,945	2,403	68	141,460	45,515
Less: Earned Revenue	(275)	(231)	—	—	(19)	(3)	—	(107)	(19)	—	(654)	(261)
<b>Net Program Costs</b>	<b>52,222</b>	<b>50,946</b>	<b>—</b>	<b>—</b>	<b>4,917</b>	<b>18,431</b>	<b>—</b>	<b>11,838</b>	<b>2,384</b>	<b>68</b>	<b>140,806</b>	<b>45,254</b>
<b>EG.13—Climate Change – Sustainable Landscapes</b>												
Gross Costs	21,836	52,309	—	—	10,706	—	—	63,670	—	2,932	151,453	131,107
Less: Earned Revenue	(176)	(349)	—	—	(72)	—	—	(586)	—	—	(1,183)	(1,222)
<b>Net Program Costs</b>	<b>21,660</b>	<b>51,960</b>	<b>—</b>	<b>—</b>	<b>10,634</b>	<b>—</b>	<b>—</b>	<b>63,084</b>	<b>—</b>	<b>2,932</b>	<b>150,270</b>	<b>129,885</b>
<b>Total Economic Growth</b>	<b>1,007,394</b>	<b>1,000,287</b>	<b>287</b>	<b>639</b>	<b>292,298</b>	<b>15,162,437</b>	<b>—</b>	<b>347,027</b>	<b>1,331,028</b>	<b>466,650</b>	<b>19,608,047</b>	<b>10,843,110</b>
<b>ES—Education and Social Services</b>												
<b>ES.1—Basic Education</b>												
Gross Costs	316,728	149,781	1,273	—	160,942	4,073	—	85,459	308,561	—	1,026,817	858,864
Less: Earned Revenue	(2,257)	(873)	—	—	(95)	(2)	—	(795)	(2,763)	—	(6,785)	(7,589)
<b>Net Program Costs</b>	<b>314,471</b>	<b>148,908</b>	<b>1,273</b>	<b>—</b>	<b>160,847</b>	<b>4,071</b>	<b>—</b>	<b>84,664</b>	<b>305,798</b>	<b>—</b>	<b>1,020,032</b>	<b>851,275</b>

(continued on next page)







(continued)

Categories	2022										2023	Consolidated	2022
	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	Total	Total	Total
<b>PS-Peace and Security</b>													
PS.1-Counterterrorism													
Gross Costs	9,961	1,894	-	-	3,537	-	-	-	-	-	-	15,392	19,336
Less: Earned Revenue	(70)	(12)	-	-	(52)	-	-	-	-	-	-	(134)	(179)
<b>Net Program Costs</b>	<b>9,891</b>	<b>1,882</b>	-	-	<b>3,485</b>	-	-	-	-	-	-	<b>15,258</b>	<b>19,157</b>
PS.2-Combating Weapons of Mass Destruction (WMD)													
Gross Costs	-	-	-	123	-	2,445	-	-	-	-	-	2,568	148
Less: Earned Revenue	-	-	-	-	-	(1)	-	-	-	-	-	(1)	(1)
<b>Net Program Costs</b>	-	-	-	<b>123</b>	-	<b>2,444</b>	-	-	-	-	-	<b>2,567</b>	<b>147</b>
PS.3-Counter narcotics													
Gross Costs	-	-	-	-	-	-	110,674	-	-	-	-	110,674	117,593
Less: Earned Revenue	-	-	-	-	-	-	(1,147)	-	-	-	-	(1,147)	(1,359)
<b>Net Program Costs</b>	-	-	-	-	-	-	<b>109,527</b>	-	-	-	-	<b>109,527</b>	<b>116,234</b>
PS.4-Transnational Threats and Crime													
Gross Costs	-	-	-	-	-	31,351	-	-	-	-	-	31,351	13,814
Less: Earned Revenue	-	-	-	-	-	(12)	-	-	-	-	-	(12)	(20)
<b>Net Program Costs</b>	-	-	-	-	-	<b>31,339</b>	-	-	-	-	-	<b>31,339</b>	<b>13,794</b>
PS.5-Trafficking in Persons													
Gross Costs	2,301	20,714	-	-	-	2,934	-	726	334	-	-	27,009	28,760
Less: Earned Revenue	(14)	(135)	-	-	-	(1)	-	(5)	-	-	-	(155)	(235)
<b>Net Program Costs</b>	<b>2,287</b>	<b>20,579</b>	-	-	-	<b>2,933</b>	-	<b>721</b>	<b>334</b>	-	-	<b>26,854</b>	<b>28,525</b>
PS.6-Conflict Mitigation and Stabilization													
Gross Costs	31,115	50,354	3,316	283,803	372	11,432	-	29,234	121,287	-	-	530,913	420,532
Less: Earned Revenue	(243)	(349)	(1)	(1,085)	(1)	(6)	-	(259)	(997)	-	-	(2,941)	(4,050)
<b>Net Program Costs</b>	<b>30,872</b>	<b>50,005</b>	<b>3,315</b>	<b>282,718</b>	<b>371</b>	<b>11,426</b>	-	<b>28,975</b>	<b>120,290</b>	-	-	<b>527,972</b>	<b>416,482</b>
PS.7-Conventional Weapons Security and Explosive Remnants of War (ERW)													
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Program Costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
PS.8-Strengthening Military Partnerships and Capabilities													
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Program Costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
PS.9-Citizen Security and Law Enforcement													
Gross Costs	-	-	-	-	-	-	-	-	-	-	-	-	43
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-	(1)
<b>Net Program Costs</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>42</b>
<b>Total Peace and Security</b>	<b>43,050</b>	<b>72,466</b>	<b>3,315</b>	<b>282,841</b>	<b>3,856</b>	<b>48,142</b>	-	<b>139,223</b>	<b>120,624</b>	-	-	<b>713,517</b>	<b>594,381</b>
<b>Net Cost of Operations</b>	<b>3,543,536</b>	<b>2,131,772</b>	<b>9,153,135</b>	<b>379,112</b>	<b>832,653</b>	<b>15,622,801</b>	<b>693,729</b>	<b>1,473,455</b>	<b>2,493,891</b>	<b>519,517</b>	<b>\$36,843,601</b>	<b>\$29,348,853</b>	

## NOTE 16. 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, 2023 and 2022. USAID's total budgetary resources were \$51.7 billion and \$50.2 billion as of September 30, 2023 and 2022, 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):

	2023	2022
Category A, Direct	\$ 1,847,938	\$ 1,808,046
Category B, Direct	36,366,403	30,520,233
Category A, Reimbursable	105,219	90,794
Category B, Reimbursable	496,822	1,255,238
<b>Total</b>	<b>\$ 38,816,382</b>	<b>\$ 33,674,311</b>

### B. BORROWING AUTHORITY, END OF PERIOD AND TERMS OF BORROWING AUTHORITY USED:

The Agency had no reported borrowing authority as of the end of both FY 2023 and FY 2022. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 and is used to finance obligations during the current year, as needed.

### C. PERMANENT INDEFINITE APPROPRIATIONS:

Pursuant to Section 504(f) of the Federal Credit Reform Act of 1990, the Agency is authorized the use of permanent indefinite authority to fund increases in the projected subsidy costs of the loan guarantee programs, as determined by the annual reestimate process. When such an appropriation is received, it is obligated and disbursed from the program to the financing fund to make sure it has sufficient assets to cover its liabilities.

### D. LEGAL ARRANGEMENTS AFFECTING THE USE OF UNOBLIGATED BALANCES:

The "Consolidated Appropriations Act" signed into law as P.L. 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).

(continued on next page)

## E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2023 and 2022, were \$26.3 billion and \$26.1 billion, respectively.

	2023	2022
<b>Federal</b>		
Obligations Paid	\$ 61,932	\$ 55,925
Obligations Unpaid	690,953	710,934
Total Federal	\$ 752,885	\$ 766,859
<b>Non-Federal</b>		
Obligations Paid	\$ 720,206	\$ 580,577
Obligations Unpaid	24,788,209	24,797,152
Total Non-Federal	\$ 25,508,415	\$ 25,377,729
Total Undelivered Orders at End of Year	\$ 26,261,300	\$ 26,144,588

## 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 (President's Budget) is presented below. This reconciliation is as of September 30, 2022 because submission of the Budget for FY 2023, which presents the execution of the FY 2023 Budget, occurs after publication of these financial statements. The USAID Budget Appendix can be found on the OMB website (<https://www.whitehouse.gov/omb/budget>) and will be available in early February 2024.

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 \$20.9 billion. This fact is corroborated by the State 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.

2022	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 50,199,483	\$ 33,674,311	\$ (899,105)	\$ 29,707,086
Funds Reported in SBR, Not Attributed to USAID in the President's Budget	(20,905,000)	(15,869,000)	–	(18,773,000)
Other Differences	1,095,646	4,691,382	–	7,113,737
Budget of the U.S. Government	\$ 30,390,129	\$ 22,496,693	\$ (899,105)	\$ 18,047,823



## NOTE 17. 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 present increases and decreases in assets and liabilities, respectively. Some sections 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, 2023 and 2022 is indicated in the table below (*in thousands*):

	2023	2022
<b>NET COST</b>	<b>\$ 36,843,601</b>	<b>\$ 29,348,853</b>
<b>Components of Net Cost That Are Not Part of Net Outlays:</b>		
Property, Plant and Equipment Depreciation	(13,875)	(16,456)
Property, Plant, and Equipment Disposal and Revaluation	(442)	(1,259)
Other	295,803	635,413
<b>Increase/(Decrease) in Assets:</b>		
Accounts Receivable	(341,950)	(222,217)
Other Assets	130,857	86,588
<b>(Increase)/Decrease in Liabilities:</b>		
Accounts Payable	34,507	(455,256)
Salaries and Benefits	(825)	(1,787)
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	161,067	151,750
<b>Other Financing Sources:</b>		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(95,581)	(63,703)
Transfers Out/In Without Reimbursement	(301,631)	(1,253,532)
Donated Revenue	(66,478)	(34,318)
<b>Total Components of Net Operating Cost That Are Not Part of Net Outlays</b>	<b>(198,550)</b>	<b>(1,174,777)</b>
<b>Components of Net Outlays That Are Not Part of Net Cost:</b>		
Other	716,650	1,509,861
Unreconciled Difference	(18,421)	23,149
<b>Total Components of Net Outlays That Are Not Part of Net Cost</b>	<b>698,229</b>	<b>1,533,010</b>
<b>NET OUTLAYS</b>	<b>\$ 37,343,280</b>	<b>\$ 29,707,086</b>
Distributed Offsetting Receipts	(729,610)	(899,105)
<b>AGENCY OUTLAYS, NET</b>	<b>\$ 36,613,670</b>	<b>\$ 28,807,981</b>

## NOTE 18. RECLASSIFICATION OF FINANCIAL STATEMENT LINE ITEMS FOR FINANCIAL REPORT 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 Statement of Net Cost and a Reclassified Statement of Changes in Net Position. Treasury eliminates 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. A copy of the 2022 FR can be found here: Bureau of the Fiscal Service – Reports, Statements & Publications (<https://fiscal.treasury.gov/reports-statements/>) and a copy of the 2023 FR will be posted to this site as soon as it is released.

The term "intragovernmental" is used in this note to refer to amounts that result from other components of Federal Government. The term "non-federal" is used in this note to refer to Federal Government amounts that result from transactions with non-federal entities. These include transactions with individuals, businesses, non-profit entities, and state, local, and foreign governments.

The Reclassification of the Statement of Net Cost and the Statement of Changes in Net Position for the year ended September 30, 2023 are presented in the tables on the following pages (*in thousands*):

**Reclassification of Statement of Net Cost to Line Items Used  
for the Government-wide Statement of Net Cost  
For the Year Ending September 30, 2023**

**Line Items Used to Prepare  
FY 2023 Government-wide  
Statement of Net Cost**

FY 2023 USAID Statement of Net Cost			Line Items Used to Prepare FY 2023 Government-wide Statement of Net Cost	
Financial Statement Line	Amounts	Other than Dedicated Collections (with Elimination)	Amounts	Reclassified Financial Statement Line
<b>Gross Cost</b>	\$ 37,564,722	\$ –	\$ 36,380,921	Non-Federal Gross Cost <b>Intragovernmental Costs</b>
			170,104	Benefit Program Costs
			95,581	Imputed Costs
			918,076	Buy/Sell Cost
			40	Other Expenses (Without Reciprocals)
			1,183,801	<b>Total Intragovernmental Cost</b>
Total Gross Cost	37,564,722	–	37,564,722	<b>Total Reclassified Gross Cost</b>
<b>Earned Revenue</b>	(721,121)		(39,597)	Non-Federal Earned Revenue <b>Intragovernmental Revenue</b>
			(630,227)	Buy/Sell Revenue
			(51,297)	Borrowing and Other Interest Revenue
			(681,524)	<b>Total Intragovernmental Earned Revenue</b>
Total Earned Revenue	(721,121)	–	(721,121)	Total Reclassified Earned Revenue
<b>Net Cost of Operations</b>	<b>\$ 36,843,601</b>	<b>\$ –</b>	<b>\$ 36,843,601</b>	<b>Net Cost of Operations</b>

**Reclassification of Statement of Changes in Net Position to Line Items Used  
for Government-wide Statement of Operations and Changes in Net Position  
For the Year Ending September 30, 2023**

<b>FY 2023 USAID Statement of Changes in Net Position</b>			<b>Line Items Used to Prepare FY 2023 Government-wide Statement of Changes in Net Position</b>	
<b>Financial Statement Line</b>	<b>Amounts</b>	<b>Other than Dedicated Collections (with Elimination)</b>	<b>Amounts</b>	<b>Reclassified Financial Statement Line</b>
<b>UNEXPENDED APPROPRIATIONS:</b>				<b>UNEXPENDED APPROPRIATIONS:</b>
Unexpended Appropriations, Beginning Balance	\$ 37,844,754	\$ –	\$ 37,844,754	Unexpended Appropriations, Beginning Balance
Appropriations Received	34,116,060		33,974,536	Appropriations Received, as adjusted
Other Adjustments	(141,524)			Other Adjustments
Appropriations Transferred In/Out	167,639	(9,385,437)	9,630,420	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
Appropriations Used	(36,811,222)	9,385,411	(9,462,755)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing Sources
<b>Total Unexpended Appropriations</b>	<b>\$ 35,175,707</b>	<b>\$ (26)</b>	<b>\$ 35,175,733</b>	<b>Total Unexpended Appropriations</b>
<b>CUMULATIVE RESULTS OF OPERATIONS:</b>				<b>CUMULATIVE RESULTS OF OPERATIONS:</b>
Cumulative Results, Beginning Balance	\$ 1,641,180	\$ –	\$ 1,641,180	Cumulative Results, Beginning Balance, as adjusted
Appropriations Used	36,811,222		36,811,222	Appropriations Used
Non-Exchange Revenues			72,424	Non-Federal Non-Exchange Revenues
			338,953	Other Taxes and Receipts
			(634,761)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Donations and Forfeitures of Property	5,946	(716)	6,512	Non-Entity Collections Transferred to the General Fund of the U.S. Government
		716	(716)	– Donations and Forfeitures of Property
		(6)	6	Expenditure Transfers-In of Financing Sources
		(295,802)	295,802	Expenditure Transfers-Out of Financing Sources
Transfers in/out Without Reimbursement	5,803	295,828	(295,821)	Non-Expenditure Transfer-In of Financing Sources – Capital Transfers (RC 11)
Other	(295,808)			Non-Expenditure Transfers-Out of Financing Sources – Capital Transfers (RC 11)
Donations and Forfeitures of Cash and Cash Equivalents	66,478		95,581	Transfers-In Without Reimbursement
Imputed Financing	95,581			Transfers-Out Without Reimbursement
<b>Total Financing Sources</b>	<b>36,689,222</b>	<b>26</b>	<b>36,689,196</b>	<b>Total Financing Sources</b>
<b>Net Cost of Operations</b>	<b>(36,843,601)</b>		<b>(36,843,601)</b>	<b>Net Cost of Operations</b>
<b>Ending Balance – Cumulative Results of Operations</b>	<b>\$ 1,486,801</b>	<b>\$ 26</b>	<b>\$ 1,486,775</b>	<b>Ending Balance – Cumulative Results of Operations</b>
<b>Total Net Position</b>	<b>\$ 36,662,508</b>	<b>\$ –</b>	<b>\$ 36,662,508</b>	<b>Net Position</b>

FINANCIAL SECTION  
**REQUIRED  
SUPPLEMENTARY  
INFORMATION**





*(Preceding page)* In Georgia, Darejan Berdzenishvili employs her neighbors Naira Tokhadze and Rusudan Kalandadze, both native to Guria, to wash, cut, and peel the fruits in her home. “People in my village, and in general, people of Guria are my family,” she says about her efforts to hire locally and spur economic growth in the community. PHOTO: THOMAS CRISTOFOLETTI FOR USAID

*(Below)* View of the landscape that surrounds the town of Khidistavi, Georgia. USAID experts supported the Georgian Government in efforts to strengthen its tax system, so that the government could increase spending on programs and services to benefit its people. PHOTO: THOMAS CRISTOFOLETTI FOR USAID



# STATEMENT OF BUDGETARY RESOURCES

## REQUIRED SUPPLEMENTARY INFORMATION: COMBINING STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2023

(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 New Independent States	Child Survival and Disease Programs Funds	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)	\$ 270,203	\$ 1,151	\$ 505,510	\$ 511	\$ 4,317,424	\$ 3,793,525	\$ 3,573,265	\$ 3,812	\$ 38,360	\$ 1,591,514	\$ 857,250	\$ 1,896,137	\$ 16,848,662
Appropriations (Discretionary and Mandatory)	1,748,350	–	850,334	–	4,368,613	4,841,850	21,767,795	–	–	–	610,293	–	34,187,235
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	97,654	–	(47,225)	–	2,000	26	(549,214)	–	–	51,297	400,339	688,872	643,749
<b>Total Budgetary Resources</b>	<b>\$ 2,116,207</b>	<b>\$ 1,151</b>	<b>\$ 1,308,619</b>	<b>\$ 511</b>	<b>\$ 8,688,037</b>	<b>\$ 8,635,401</b>	<b>\$ 24,791,846</b>	<b>\$ 3,812</b>	<b>\$ 38,360</b>	<b>\$ 1,642,811</b>	<b>\$ 1,867,882</b>	<b>\$ 2,585,009</b>	<b>\$ 51,679,646</b>
<b>Status of Budgetary Resources:</b>													
New Obligations and Upward Adjustments (Total) (Note 16)	1,861,025	–	616,841	–	4,076,950	7,871,334	20,277,984	232	4,958	634,754	1,166,246	2,306,058	38,816,382
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	18,143	–	688,401	511	4,585,445	763,567	4,451,833	3,580	33,133	–	215,159	207,712	10,967,484
Unapportioned, Unexpired Accounts	143,818	1,151	2,491	–	6,821	500	8,496	–	269	1,008,057	473,225	2,328	1,647,156
<b>Unexpired Unobligated Balance, End of Year</b>	<b>161,961</b>	<b>1,151</b>	<b>690,892</b>	<b>511</b>	<b>4,592,266</b>	<b>764,067</b>	<b>4,460,329</b>	<b>3,580</b>	<b>33,402</b>	<b>1,008,057</b>	<b>688,384</b>	<b>210,040</b>	<b>12,614,640</b>
Expired Unobligated Balance, End of Year	93,221	–	886	–	18,821	–	53,533	–	–	–	13,252	68,911	248,624
<b>Total Unobligated Balance, End of Year</b>	<b>255,182</b>	<b>1,151</b>	<b>691,778</b>	<b>511</b>	<b>4,611,087</b>	<b>764,067</b>	<b>4,513,862</b>	<b>3,580</b>	<b>33,402</b>	<b>1,008,057</b>	<b>701,636</b>	<b>278,951</b>	<b>12,863,264</b>
<b>Total Budgetary Resources</b>	<b>\$ 2,116,207</b>	<b>\$ 1,151</b>	<b>\$ 1,308,619</b>	<b>\$ 511</b>	<b>\$ 8,688,037</b>	<b>\$ 8,635,401</b>	<b>\$ 24,791,846</b>	<b>\$ 3,812</b>	<b>\$ 38,360</b>	<b>\$ 1,642,811</b>	<b>\$ 1,867,882</b>	<b>\$ 2,585,009</b>	<b>\$ 51,679,646</b>
<b>Outlays, Net and Disbursements, Net:</b>													
Outlays, Net (Total) (Discretionary and Mandatory)	1,666,710	–	820,118	–	3,361,132	9,259,494	19,019,748	383	1	–	889,989	2,325,705	37,343,280
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(729,610)	–	(729,610)
<b>Agency Outlays, Net (Discretionary and Mandatory)</b>	<b>\$ 1,666,710</b>	<b>\$ –</b>	<b>\$ 820,118</b>	<b>\$ –</b>	<b>\$ 3,361,132</b>	<b>\$ 9,259,494</b>	<b>\$ 19,019,748</b>	<b>\$ 383</b>	<b>\$ 1</b>	<b>\$ –</b>	<b>\$ 160,379</b>	<b>\$ 2,325,705</b>	<b>\$ 36,613,670</b>
Disbursement, Net (Total) (Mandatory)										\$ 583,457			\$ 583,457

## MAJOR FUNDS

### Operating Funds

1000 Operating Expenses of USAID

### Program Funds

0305 Civilian Stabilization Initiative  
0306 Assistance for Europe, Eurasia, and  
Central Asia (AEECA)  
1010 Assistance for Eastern Europe  
1021 Development Assistance (DA)  
1035 International Disaster Assistance  
1037 Economic Support Fund (ESF)  
1093 Assistance for the Newly Independent  
States of the Former Soviet Union  
1095 Child Survival and Disease Programs Funds

## CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account  
4493 Loan Guarantees to Middle East Northern Africa  
(MENA) – Financing Account

## CREDIT PROGRAM FUNDS

0301 Israel Program Fund  
0402 Ukraine Program Fund  
0409 Loan Guarantees to Middle East Northern Africa  
(MENA) – Program Account  
5318 Israel Program Fund – Administrative Expense

## ALLOCATIONS TO OTHER AGENCIES

0306 Assistance for Europe, Eurasia, and  
Central Asia (AEECA)  
1010 Assistance for Eastern Europe  
1021 Development Assistance  
1035 International Disaster Assistance  
1037 Economic Support Fund (ESF)  
1093 Assistance for the Newly Independent  
States of the Former Soviet Union  
1095 Child Survival and Disease Program Funds

## ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State  
0535 Embassy Security, Construction and  
Maintenance, 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  
4336 Commodity Credit Corporation

## OTHER FUNDS

### Operating Funds

0300 Capital Investment Fund (CIF)  
1007 Operating Expenses of USAID Inspector General  
1099 Fines, Penalties and Forfeitures – Not Otherwise  
Classified

### Program Funds

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  
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



# OTHER INFORMATION



**(Preceding page) A Girl in Chennai, India stood with a fresh water fountain, September 20, 2016.**

**PHOTO: USAID'S DEVELOPMENT CREDIT AUTHORITY**

**(Below) Sulfi was born and raised in Arugum Bay which is on the east coast of Sri Lanka. He feels passionate about keeping the ocean clean and the damages of plastic waste. And, he turned his passion into action joining Lanka Upcycles, a fair trade organization which recycles and manufactures products from waste and biodegradable materials that is supported by USAID.**

**PHOTO: JAY AMIN FOR USAID**





# SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

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 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 this AFR.

**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-Conformances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Non-Conformances	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.

# 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 areas:

- Curbing Corruption, Abuse, and Fraud That Degrade U.S. Foreign Assistance
- Mitigating Programming Risks, Increasing Accountability, Improving Stakeholder Awareness, and Strengthening Agency Documentation
- Optimizing a Workforce to Deliver on USAID's Mission
- Implementing Financial and Information Technology Controls to Safeguard Taxpayer Resources

USAID aggressively pursues corrective actions for all significant challenges, whether identified by the OIG, GAO, or other sources.

The following pages that address the top management challenges for USAID are from the entire Top Management Challenges report for FY 2024, which is available on the USAID OIG website ([oig.usaid.gov](https://oig.usaid.gov)) at <https://oig.usaid.gov/our-work/major-management-challenges>.

## Message From the Acting Deputy Inspector General

The United States Agency for International Development (USAID) faces a multitude of challenges as it works to deliver support across the world on behalf of the American people. In addition to the humanitarian crises caused by Russia's invasion of Ukraine and the conflict between Israel and Hamas, USAID also must respond to natural disasters, health pandemics, food insecurity, and the effects of climate change. At the same time, it is important for USAID to responsibly design and implement effective internal controls to maximize the impact of its programs and be a good steward of U.S. taxpayer dollars. Finally, ensuring the security and safety of its personnel and projects in regions prone to conflict or instability remains one of the Agency's highest priorities. In facing these obstacles, USAID will have to demonstrate resilience, strategic foresight, and innovative approaches to fulfill its mission in an increasingly complex world.

The scale and complexity of these issues underscore the critical role played by USAID's Office of Inspector General (OIG). These challenges demonstrate the need for continued oversight to guide the Agency's responsible stewardship of U.S. foreign assistance funding and highlight the risks that may impact USAID programs. Informed by our independent and objective audits, inspections, evaluations, investigations, and other oversight, we have identified four management challenges confronting USAID in fiscal year (FY) 2024:

1. Curbing Corruption, Abuse, and Fraud That Degrade U.S. Foreign Assistance
2. Mitigating Programming Risks, Increasing Accountability, Improving Stakeholder Awareness, and Strengthening Agency Documentation
3. Optimizing a Workforce to Deliver on USAID's Mission
4. Implementing Financial and Information Technology Controls to Safeguard Taxpayer Resources

While this report meets the requirements of the Report Consolidation Act, it also informs our oversight work and frames our dialogue with Congress regarding our ongoing oversight of U.S. foreign assistance programs. We remain committed to working with USAID, Congress, the OIG community, and the international aid sector in our efforts to provide timely and informative oversight that is helpful to decision and policy makers. Our goal for the coming year and beyond is to help USAID improve its programs and operations and to hold accountable all those who seek to compromise the Agency's vital work.

Nicole Angarella  
Acting Deputy Inspector General



## Challenge I. Curbing Corruption, Abuse, and Fraud That Degrade U.S. Foreign Assistance

*One of USAID's foremost challenges is ensuring U.S. taxpayer funds are used effectively, efficiently, and for their intended purposes. However, corruption, fraud, and sexual exploitation and abuse undermine the effectiveness of aid, erode public trust, and impede sustainable development. Business email compromise scams and informal currency exchange systems remain ongoing threats, and USAID personnel and award mechanisms may not be suited to ensure accountability over contractors and grantees. USAID also must maintain continued vigilance to combat sexual exploitation and abuse in the international aid sector, which betrays the very beneficiaries and project participants that USAID's programming is designed to help.*

### **USAID Must Guard Against the Diversion of Humanitarian Aid in Its Work With UN Agencies and Other Public International Organizations**

Curbing corruption and safeguarding Agency resources require comprehensive efforts, particularly when working with nongovernmental organizations (NGOs) and public international organizations (PIOs), including United Nations (UN) agencies and multilateral development banks. The diversion of humanitarian aid, including cash assistance, food, medicine, blankets, and winter clothing, deprives vulnerable populations of vital assistance. Diversion can occur before delivery to beneficiaries, or when beneficiaries are coerced into giving up aid. It not only deprives those in need of assistance but also weakens the very purpose of aid initiatives, exacerbating the challenges faced by communities already grappling with dire circumstances. Furthermore, diversion serves to prolong conflicts by diverting aid to combatants or terrorist organizations.

- After USAID alerted OIG about the alleged diversion of food in Ethiopia, OIG identified multiple potential fraud schemes including corruption in the beneficiary selection process and exploitation by vendors purchasing food from beneficiaries. OIG also responded to allegations that beneficiaries were compelled to give a portion of their assistance to local officials and armed groups.
- The UN notified USAID, which informed OIG about instances of humanitarian aid reaching affected populations in Somalia, who were then coerced into giving up part of the assistance.
  - As a result of surveys in multiple Internally Displaced Person camps receiving aid, the UN identified widespread and systemic problems involving camp management and administration in localized areas, with reasonable assumption this is occurring across Somalia. In addition, local leaders and clans, some with ties to security forces and militias, engaged in post-delivery diversion, and some recipients were compelled to provide bribes in order to receive assistance.
  - The lack of feasible monitoring by the humanitarian community exacerbated these issues in Somalia, where post-delivery aid diversion persists.
- Despite the above examples of aid diversion, our office has not received the number of reports expected from UN agencies regarding potential fraud impacting USAID funds, although USAID's award agreements require disclosures on all allegations of prohibited conduct.<sup>1</sup> Over the 2-year period ending July 31, 2023, OIG received 309 total disclosures for 20 UN entities that were

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<sup>1</sup> USAID Automated Directives System (ADS) Chapter 308 describes prohibited conduct as practices that are corrupt, fraudulent, collusive, coercive, and obstructive, and requires PIOs to promptly report to USAID and USAID OIG any credible instances of actual, suspected, or alleged prohibited conduct. Mandatory PIO reporting requirements in ADS 308 also extend to suspicions or complaints of sexual harassment and sexual exploitation and abuse (SEA).

obligated over \$13.6 billion in USAID funding. Most of those disclosures came from the World Food Programme (see Table 1).

- OIG received just 6 disclosures from 17 of the 20 UN entities—with no disclosures from or relating to 15 agencies—that collectively received nearly \$2 billion in USAID funding.

*Table 1. UN Obligations and Disclosures of Potential Financial Fraud Within USAID-funded Programs From August 1, 2021, to July 31, 2023*

United Nations Entity	Acronym	Obligation	Disclosures Total	Disclosures from USAID	Disclosures from UN
World Food Programme	WFP	\$9,078,221,200	234	229	5
United Nations Children’s Fund	UNICEF	\$1,619,652,387	32	23	9
International Organization for Migration	IOM	\$995,157,864	26	21	5
World Health Organization	WHO	\$542,610,067	5	5	0
Food and Agriculture Organization	FAO	\$519,989,571	6	4	2
United Nations Office for Project Services	UNOPS	\$194,370,938	4	0	4
United Nations Office for the Coordination of Humanitarian Affairs	OCHA	\$186,058,744	1	1	0
United Nations Development Programme	UNDP	\$184,304,598	1	1	0
United Nations Population Fund	UNFPA	\$146,735,203	0	0	0
Joint United Nations Programme on HIV/AIDS	UNAIDS	\$76,511,269	0	0	0
Pan American Health Organization	PAHO	\$44,926,417	0	0	0
United Nations Women	UNW	\$20,783,876	0	0	0
United Nations Office for Disaster Risk Reduction	UNDRR	\$18,999,505	0	0	0
International Union for Conservation of Nature	IUCN	\$16,245,310	0	0	0
United Nations Human Settlements Programme	UN-Habitat	\$8,645,324	0	0	0
United Nations Industrial Development Organization	UNIDO	\$2,500,000	0	0	0
International Trade Centre	ITC	\$800,242	0	0	0
United Nations Office on Drugs and Crime	UNODC	\$161,469	0	0	0
International Fund for Agricultural Development	IFAD	\$105,000	0	0	0
United Nations Economic and Social Commission for Asia and the Pacific	ESCAP	\$304	0	0	0
<b>Total</b>	-	<b>\$13,656,779,288</b>	<b>309</b>	<b>284</b>	<b>25</b>

Source: USAID OIG Office of Investigations. Table does not include SEA disclosures.

## Email Scams and Informal Currency Exchange Systems Are Ongoing Threats to USAID's Stewardship of Government Funds

### Improving Measures to Combat Business Email Compromise Schemes

Business email compromise (BEC) schemes are sophisticated scams often orchestrated by international organized crime syndicates. Such schemes pose a specific threat to USAID programs.

- Through cyber intrusions, social-engineering tactics, and exploiting human error, these schemes take aim at individuals and entities that routinely wire transfer payments to awardees, vendors, and suppliers. By exploiting compromised email accounts, fraudsters manipulate employees from USAID and the Agency's awardees into unwittingly directing funds to the scammers' bank accounts, resulting in the misappropriation of crucial resources intended for aid recipients.
- Having encountered multiple allegations and actively investigated cases related to BEC, OIG released a fraud alert<sup>2</sup> outlining examples of vulnerabilities to USAID, USAID awardees, and program beneficiaries. OIG identified BEC red flags as well as simple precautionary measures that USAID can adopt to shield itself and its awardees from these schemes.

### Continuing to Mitigate Risks Posed by Currency Exchange Arbitrage

As noted in a prior Top Management Challenges report, USAID awardees operating in designated complex emergency areas, such as Syria and Yemen, use informal currency exchange systems to convert U.S. dollars into local currency.

- In 2021, OIG alerted<sup>3</sup> USAID to vulnerabilities, including insufficient documentation and unregulated rates. When coupled with oversight limitations, these vulnerabilities heighten the risk that Agency programs will be subject to embezzlement, fund diversion, and fraudulent invoicing. Currency exchange arbitrage remains a persistent risk in USAID programming in countries such as Lebanon, Libya, Syria, and Yemen.
- Subsequently, OIG opened additional investigations into the practice of exploiting currency price variations for financial gain. OIG received allegations of currency exchange arbitrage, which, if unaddressed, could jeopardize USAID's programming integrity. OIG issued a follow-up situational alert<sup>4</sup> highlighting investigative efforts and underscoring the inadequacies of existing Agency provisions and policies.

## USAID Faces the Complex Challenge of Holding Non-U.S.-Based Nongovernmental Organizations Accountable

OIG has consistently emphasized the difficulty in enhancing fraud safeguards and establishing effective award mechanisms for non-U.S.-based NGOs.<sup>5</sup> For example, a Federal judge dismissed a False Claims Act lawsuit against a UK-based NGO accused of submitting false certifications to USAID regarding past support for terrorist organizations. The judge ruled on jurisdictional grounds that the NGO could not be sued in a U.S. court due to the absence of a relevant clause in its award agreement with USAID. The

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<sup>2</sup> USAID OIG, *Business Email Compromise Scheme Alert*, September 28, 2023.

<sup>3</sup> USAID OIG, *Fraud Alert Pertaining to Conversion of U.S. Dollars to Local Currencies in Conjunction with Complex Emergencies*, April 7, 2001.

<sup>4</sup> USAID OIG, *Conversion of U.S. Dollars into Local Currencies in Conjunction with Complex Emergencies*, September 27, 2023.

<sup>5</sup> USAID OIG, *Top Management Challenges Facing USAID in Fiscal Year 2023*, November 16, 2022. USAID OIG, *Top Management Challenges Facing USAID in Fiscal Year 2022*, November 12, 2022.

Second Circuit upheld this decision, setting precedent that could hinder the United States' recovery of taxpayer funds acquired fraudulently or improperly by foreign NGOs.

- USAID has not taken action to address this concern.
  - The Agency informed OIG that it will not incorporate a standard forum selection clause provision into its grant awards. Such a provision would enhance USAID's ability to hold foreign-based awardees accountable in U.S. courts, a critical deterrent that already exists for U.S.-based award recipients.
  - According to USAID, including language that would enable the U.S. government to pursue civil action against non-U.S. awardees could have a "chilling effect" on overseas awardees responsible for executing the Agency's programs.<sup>6</sup>

### **SPOTLIGHT: USAID's Partnerships With NGOs and PIOs to Support Ukraine**

To uphold the U.S. government's commitment to Ukraine, USAID partners with NGOs and PIOs (such as UN agencies and the World Bank). Some programs, including direct budget support for Ukrainian civil servants, are funded through donor trust funds that centrally channel resources from bilateral donors. This support helps ensure the continuation of Ukrainian governmental functions, such as paying teachers and healthcare workers and responding to urgent humanitarian needs. However, OIG's past work has found that these types of mechanisms present oversight challenges. For example, while USAID's agreement with the World Bank regarding the Afghanistan Reconstruction Trust Fund (ARTF) stipulated that donors could review or evaluate activities, USAID had not formally conducted any such evaluations. For the ARTF, the Agency also did not meet its essential oversight responsibilities, such as monitoring progress and maintaining adequate files. USAID developed policies and procedures to enhance verification for certain types of disbursements and track the ARTF's performance. Similar safeguards could help strengthen coordination and oversight of USAID's contributions to the World Bank to support Ukraine.

## **A Priority for USAID Is to Stop Perpetrators of Sexual Exploitation and Abuse**

As highlighted in previous Top Management Challenges reports, addressing sexual exploitation and abuse (SEA) in the foreign aid sector remains a persistent issue due to the inherent power imbalance between aid workers and beneficiaries. Preventing SEA remains a paramount challenge for USAID, necessitating urgent and sustained attention.

### **USAID Must Act Promptly and Decisively to Effectively Combat Sexual Exploitation and Abuse, a Persistent Threat to Foreign Assistance**

- OIG issued a referral in March 2022 to USAID regarding 18 World Health Organization employees alleged to have perpetrated SEA during the Ebola health crisis in the Democratic Republic of Congo. USAID moved quickly to prevent these individuals from circulating from the United Nations to aid organizations receiving USAID funding. As of August 2023, USAID had debarred five individuals and suspended five individuals who were also proposed for debarment.
- After receiving allegations of SEA, failure to report, and victim blaming at an orphanage and comprehensive care community for HIV-affected individuals operated by a USAID awardee in Kenya,

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<sup>6</sup> USAID Office of Acquisition Assistance, Bureau for Management, *Response to "Vulnerabilities to USAID Accountability Measures over Non-U.S.-based NGOs, OIG Case Number: AF-HI-17-0575-I"* (memo to USAID OIG), September 1, 2023.

OIG referred investigative findings to USAID for suspension and debarment consideration. As a result of this referral, USAID took decisive action, debarring two of the organization's leaders, thus preventing them from involvement in U.S.-government funded projects.

#### **Continued Action Needed to Strengthen Controls to Prevent and Respond to Sexual Exploitation and Abuse of Beneficiaries**

- Our 2021 audit noted that, while USAID had taken steps to increase its focus on SEA, there were gaps in the Agency's approaches for responding to and managing sexual abuse allegations.<sup>7</sup>
  - For example, while awardees were required to report misconduct to contracting officials and mission directors, USAID's operational requirements did not define when to report, what information to provide, or what actions to take in response to these allegations. In addition, USAID lacked a centralized tracking mechanism for allegations, which impacted its ability to manage its response.
- While USAID has made some progress in refining prevention and monitoring mechanisms, continued action is needed.
  - Specifically, of the nine recommendations from the 2021 audit, seven remain open as of October 2023 and will not be fully addressed until 2024 given the scope and breadth of the changes needed.
  - These recommendations, when enacted, will address numerous control shortcomings highlighted in the audit, including the need for a centralized tracking system for allegations and delegating clear roles and responsibilities for responding to such allegations.

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<sup>7</sup> USAID OIG, *USAID Should Implement Additional Controls to Prevent and Respond to Sexual Exploitation and Abuse of Beneficiaries* (9-000-21-006-P), May 12, 2021.



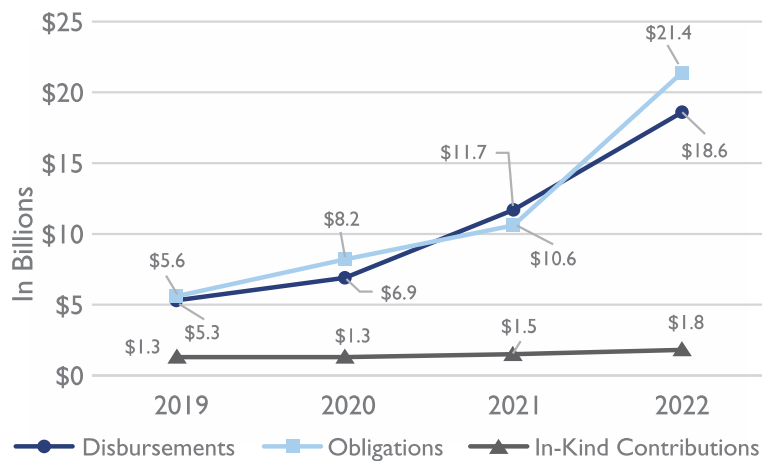
## Challenge 2. Mitigating Programming Risks, Increasing Accountability, Improving Stakeholder Awareness, and Strengthening Agency Documentation

Challenges facing USAID include the need to monitor the billions of dollars awarded to entities that are not subject to U.S. laws or business standards. At the same time, the lack of stakeholder awareness about Agency requirements and incomplete information on award performance, risk mitigation, and awardee evaluation limit the ability of USAID employees to perform their jobs.

### Increased Pace of Obligations to Awardees Makes USAID’s Oversight Role More Difficult

Agency obligations to UN agencies, multilateral development banks, and PIOs increased from \$5.6 billion in FY 2019 to \$21.4 billion in FY 2022 (+282 percent); see Figure 1. Yet, generally, PIOs are not subject to U.S. laws or business standards, and USAID has limited direct oversight for these awards.

Figure 1. USAID’s Obligations, Disbursements, and In-Kind Contributions to PIOs (FY 2019-2022)



Source: OIG analysis of USAID data.

USAID policy requires completion of organizational capacity reviews to gauge a PIO’s ability to manage Federal funds and states that PIOs are subject to the Agency’s procedures for procurement, monitoring, and reporting. This process allows USAID to understand whether a PIO is capable of adequately safeguarding USAID resources, and to highlight any significant concerns, considerations, or risks that should be considered. However, USAID must ensure that contract terms are specific and accepted by awardees, as well as confirm that program goals are met.

## SPOTLIGHT: Risks Associated With Assistance to Ukraine

The International Monetary Fund estimates that the government of Ukraine requires \$5 billion per month to operate. In response, the U.S. government has appropriated \$22.9 billion in direct budget support, \$1.4 billion in humanitarian aid, and \$1.4 billion in development assistance as of June 2023. While the Secretary of State and USAID Administrator certify and report that substantial safeguards to prevent corruption and ensure accountability are in place before obligating funds, the Department of State highlighted risks of corruption in Ukraine, stating, “While the government publicized several attempts to combat corruption, it remained a serious problem for citizens and businesses alike.”<sup>8</sup>

### Lack of Awareness of Roles, Expectations, and Requirements Limits the Ability of Some Agency Staff to Carry Out Their Responsibilities

- Managing fraud and diversion risks and communicating clear expectations in Agency guidance is critically important to ensure humanitarian assistance quickly reaches those who need it most. Such assistance comes with increased risks, including those posed by sanctioned groups and criminal organizations.
  - For example, our audit<sup>9</sup> found that USAID’s Bureau for Humanitarian Assistance did not consistently follow guidance to assess the risks posed by sanctioned groups in El Salvador, Guatemala, and Honduras before implementing programming. It also missed opportunities to further strengthen the documentation of risk assessments and data sharing pertaining to cash assistance. Accordingly, we recommended that USAID clarify for staff and applicants its processes for assessing and mitigating fraud and diversion risks.
- Managers and staff need more support, including training and more detailed guidance, to fully understand their roles, expectations, and ways to adhere to policy and guidance.
  - For example, our audit<sup>10</sup> of USAID’s Counter-Trafficking in Persons (C-TIP) efforts in Asia made recommendations to strengthen the Agency’s ability to combat human trafficking. Specifically, we recommended that USAID’s missions improve their processes for implementing programming objectives and enforcing awardee compliance with prevention and detection requirements.
  - By taking these actions, USAID could address recurring deficiencies that we have identified in the past, such as omissions of C-TIP provisions in award agreements; provide guidance to awardees for reporting C-TIP allegations to OIG; and mitigate legal and reputational risks to the Agency.

### Incomplete Documentation Limits USAID’s Ability to Measure Performance, Evaluate Partners, and Fully Understand Risks

Federal internal control standards require agencies to complete documentation related to the operation, design, implementation, and operating effectiveness of an organization’s internal control system. Key aspects of USAID’s internal control system include award performance, risk management,

<sup>8</sup> Department of State, Bureau of Democracy, Human Rights, and Labor, [2022 Country Reports on Human Rights Practices: Ukraine](#).

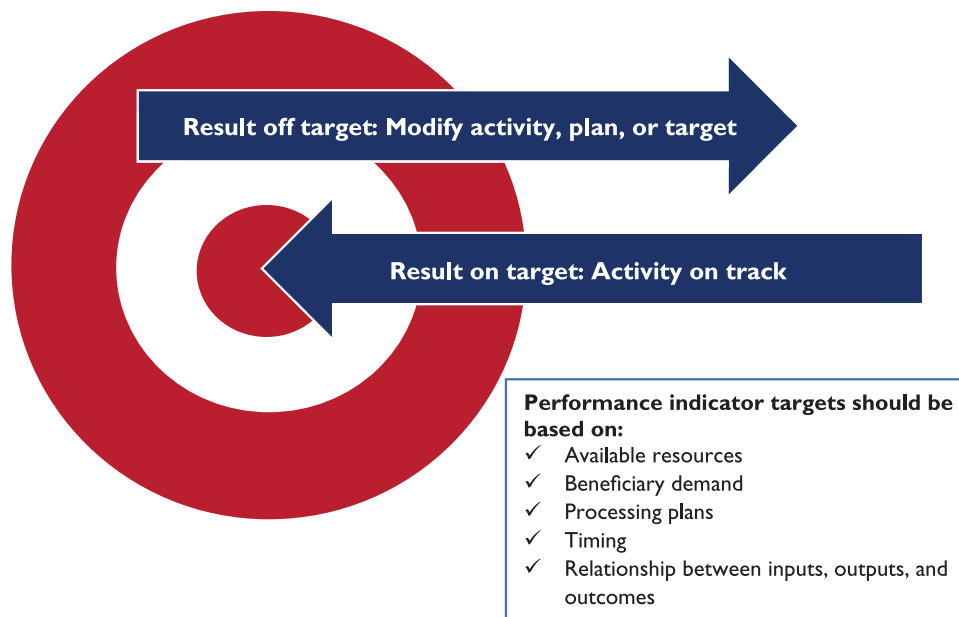
<sup>9</sup> USAID OIG, [Northern Central America Humanitarian Response: USAID Took Steps to Mitigate Fraud Risks, but Opportunities Exist to Clarify Guidance on Assessing Sanctioned Group Risk](#) (9-000-23-001-P), May 22, 2023.

<sup>10</sup> USAID OIG, [Counter-Trafficking in Persons: Improved Guidance and Training Can Strengthen USAID’s C-TIP Efforts in Asia](#) (5-000-23-001-P), September 11, 2023.

and evaluation of award recipients or applicants. Our FY 2023 audits highlight instances in which the Agency can improve documentation around these processes.

- Missions can refine monitoring and performance indicator guidance to require more documentation on how expectations compare to results. This would allow missions to assess whether programs are meeting their intended objectives.
  - For example, our audit<sup>11</sup> of USAID’s Mission in Egypt (USAID/Egypt) higher education program found that USAID developed performance indicators to measure progress toward higher education development purposes. Mission staff, however, did not always document targets, track performance, or explain why some targets were not reached.
  - Accordingly, our audit recommended that USAID/Egypt require activity teams to follow best practices when documenting their rationales for setting performance indicator targets and document the reasons for significant differences between these targets and actual results achieved (see Figure 2).

Figure 2. Using Performance Indicator Targets and Results to Influence Activities



Source: OIG interpretation of USAID policy (Automated Directives System 201) and the “Monitoring Toolkit: Performance Indicator Targets.”

- USAID has requirements for government-to-government programs to ensure the accountability, capacity, and governance of public financial management institutions when entrusting other governments with USAID funds.
  - While USAID followed its established Agency policy regarding cash transfers in Jordan, it did not (1) update its risk assessment for the Central Bank of Jordan and Jordan’s Ministry of

<sup>11</sup> USAID OIG, *Higher Education Programs: USAID/Egypt Could Better Use Information to Set Performance Indicator Targets and Gauge Results* (8-263-23-002-P), March 23, 2023.

- Planning and International Cooperation or (2) document its deviation from Agency guidance for approving the cash transfer program.
- Updates to Agency policy provide increased flexibility for missions to calibrate the scope and level of effort for each step of the risk management process for government-to-government assistance. Therefore, documenting deviations will remain important for memorializing USAID's approach to managing the cash transfer program in the future.
  - Absent full compliance with due diligence requirements, USAID will have an outdated and incomplete view of the financial management capacity of institutions that receive cash transfer funds.<sup>12</sup>
- Encouraging transparency and strengthening documentation around risk management and mitigation can give stakeholders key insights into a mission, its strategies, and individual awards.
    - As Israel responded in the aftermath of Hamas' terrorist attacks against Israeli civilians in October 2023, USAID and the State Department committed to provide \$100 million in humanitarian assistance to Palestinian families left without access to clean water, medical treatment, and safe shelter. USAID Administrator Power emphasized that any interference by Hamas or diversion of aid, as delivered through trusted UN, International Committee of the Red Cross, and Red Crescent partners, will jeopardize the continuation of life-saving assistance.
    - In our audit of USAID's Mission for West Bank and Gaza, we found that mission staff generally followed Agency guidance to identify and assess risks after the resumption of funding and programing to the Palestinian people. However, USAID did not identify risks related to security, legal, fiduciary, or information technology. Similarly, it did not document its internal deliberative process when identifying and assessing risks. As a result, the mission did not reap the benefits of a more transparent and documented process that involved all key stakeholders, including mission leaders, managers, and staff, in analyzing all available data.<sup>13</sup>
  - To safeguard USAID programming from corrupt actors, the Agency can improve its preaward certification process to capture information about whether prospective award recipients have engaged with actors sanctioned by the U.S. government due to corrupt activity.<sup>14</sup>

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<sup>12</sup> USAID OIG, *Jordan Cash Transfer Program: USAID Generally Followed the Grant Agreement and Agency Policy With Some Due Diligence Exceptions* (8-278-23-001-P), November 17, 2022.

<sup>13</sup> USAID OIG, *West Bank and Gaza: USAID Did Not Document Its Deliberative Process for Identifying and Assessing Risks in Programming* (8-294-23-003-P), September 18, 2023.

<sup>14</sup> USAID OIG, *Vulnerabilities in USAID's Ability to Assess Award Applicants' Relationships with Corrupt Actors*, January 3, 2022.

## Challenge 3. Optimizing the Workforce to Deliver on USAID’s Mission

USAID has acknowledged staffing and hiring as challenge areas, noting that continued reliance on personal services contractors and institutional support contractors is an impediment to the Agency’s core business and response functions. As the Agency looks to increase the number of direct hires, our work has pointed to the ongoing need for a formal staffing plan and improved data to inform staffing needs.

### USAID Needs to Enhance Workforce Planning and Data Collection Tools for Optimizing the Effectiveness and Diversity of Its Workforce

Systemic workforce planning challenges are hindering USAID’s ability to fulfill its mission and respond to new priorities.

- A May 2022 audit recommended the Agency increase support staff and strengthen guidance on recruitment, onboarding, strategic workforce planning, and skill-gap tracking. Those recommendations remain open.<sup>15</sup> A more recent evaluation found that the Bureau for Africa continues to rely on internal discussions and prior experience to gauge staffing needs. Without Agency guidance or tools for conducting staff assessments, officials found it hard to determine whether the bureau was adequately staffed.<sup>16</sup>
- According to Agency officials, the inability to fully capture workforce data has prevented them from tracking key information on USAID’s institutional and personal services contractors—a group that comprised 29 percent of the workforce in FY 2020. These contractors fill critical short-term needs and help USAID rapidly respond to emergencies around the world. However, an evaluation of USAID’s use of contractors highlighted how the lack of contractor data is impeding efforts to build a sustainable workforce and achieve employee diversity, equity, and inclusion goals.<sup>17</sup>

#### SPOTLIGHT: USAID’s Oversight Work in Ukraine Is Complicated by Changes to the Agency’s Staffing Footprint in the Region

USAID’s staffing presence in Ukraine significantly decreased after Russia’s invasion of the country. However, as of April 2023, the Agency achieved a more than 224 percent increase in development and humanitarian assistance for Ukraine. At the same time, the State Department restricted the total number of U.S. government personnel permitted to work within Ukraine and allocated slots to U.S. agencies working in-country, including USAID. The staffing cap and allocations have changed as the war has continued. Still, based on our review of the Agency’s staffing pattern reports, USAID’s decreased presence in Ukraine has been more than offset by a mobilization of staff to other European countries, notably Poland.

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<sup>15</sup> USAID OIG, *Strategic Workforce Planning: Challenges Impair USAID’s Ability to Establish a Comprehensive Human Capital Approach* (9-000-22-001-P), May 25, 2022.

<sup>16</sup> USAID OIG, *USAID Bureau for Africa’s Approach to Strategic Workforce Management Reflected Agency-Wide Challenges* (E-698-23-001-M), February 21, 2023.

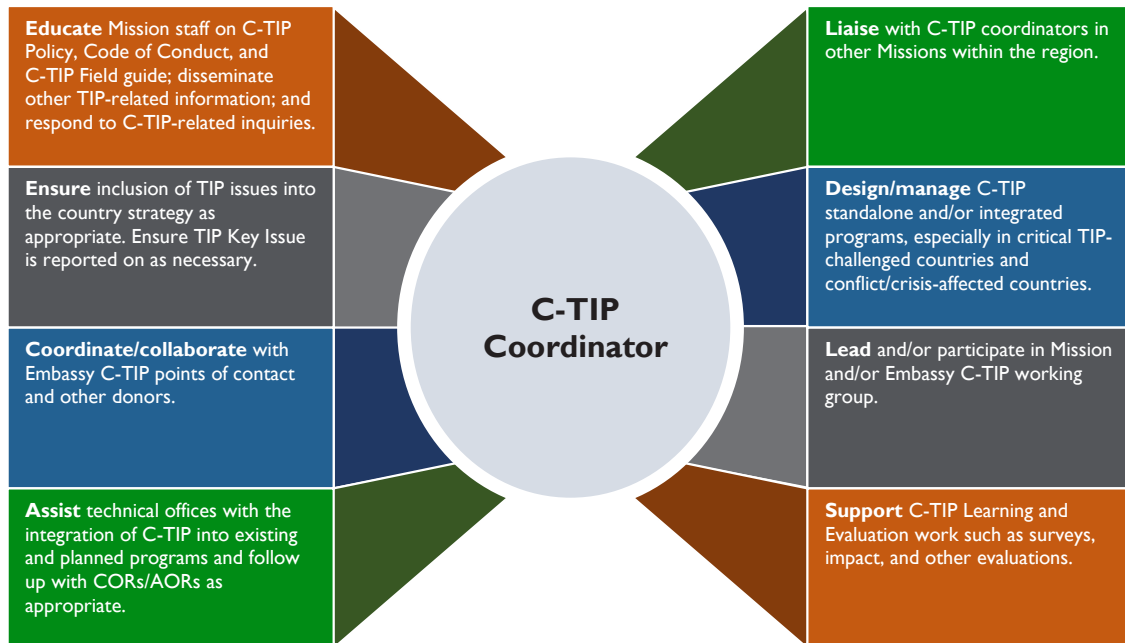
<sup>17</sup> USAID OIG, *Contractor Use for Disaster and Stabilization Responses: USAID Is Constrained by Funding Structure but Better Data Collection Could Improve Workforce Planning* (E-000-22-002-M), September 29, 2022.



## Persistent Staffing Constraints Limit USAID’s Ability to Fully Address and Oversee Key Development Priorities

- A recently issued report noted that updated guidance on the roles and responsibilities of C-TIP coordinators (see Figure 3) and a rollout of survivor-informed training had not been completed due to a lack of staffing resources in the Agency’s Bureau for Democracy, Human Rights, and Governance.<sup>18</sup> As a result, USAID staff will not be properly equipped to engage with trafficking survivors or obtain valuable insight on the quality of shelters, legal advice, and other improvements to service delivery.<sup>19</sup>

Figure 3. USAID C-TIP Coordinator Key Roles and Responsibilities



Source: USAID’s Mission C-TIP Coordinator Responsibilities guidance (undated).

- During an inspection of USAID’s Mission to South Sudan’s International Cooperative Administrative Support Services (ICASS) process,<sup>20</sup> we found issues related to understaffing, an absence of essential guidance and procedures, and partially untrained Foreign Service Nationals performing support functions. While USAID and the State Department share responsibilities for ICASS at the Embassy in Juba, we identified areas in which the Agency could improve by (1) implementing a plan to fill approved warehouse positions, (2) developing and implementing procedures to formalize the

<sup>18</sup> During the scope of the audit, the Bureau for Democracy, Human Rights, and Governance was organized within the Bureau for Development, Democracy, and Innovation as the Center for Democracy, Human Rights, and Governance.

<sup>19</sup> USAID OIG, *Counter-Trafficking in Persons: Improved Guidance and Training Can Strengthen USAID’s C-TIP Efforts in Asia* (5-000-23-001-P), September 11, 2023.

<sup>20</sup> USAID OIG, *Inspection of USAID/South Sudan’s ICASS Service Provision in Juba* (E-668-23-002-M), September 28, 2023.

orientation and transition process for direct hires and contractors, and (3) properly training staff to fulfill their roles.

**SPOTLIGHT: Staffing Constraints Limit USAID's Ability to Meaningfully Increase Work With New and Local Partners**

- During our ongoing audit on the Rohingya refugee crisis, we learned that although USAID has emphasized the need to support locally led development, only a small percentage of funding has been directly allocated to local organizations in Burma and Bangladesh. Although local organizations may not be direct award recipients, USAID indirectly supports them through awards issued to NGOs that will then partner with local organizations as subawardees. USAID officials recognized that these local organizations had access to remote and difficult areas as well as the expertise to implement humanitarian assistance activities. However, Agency officials believe mission staffing levels are not adequate to meet monitoring and oversight requirements for direct funding to local organizations.
- During our ongoing audit of the New Partnerships Initiative, Agency staff noted that the limited capacity of mission staff remains an impediment to increasing the number of awards to new and underutilized partners. For example, mission staff referred to difficulties in conducting initial due diligence reviews as well as ongoing management burdens associated with new and underutilized partners. They expressed concerns that this limited bandwidth would restrict the Agency's ability to meaningfully expand USAID's partner base.

## Challenge 4. Implementing Financial and Information Technology Controls to Safeguard Taxpayer Resources

*The effective design and implementation of internal controls are critical to USAID's ability to determine how it allocates funds and protects its assets against loss from fraud, corruption, diversion of resources, or unauthorized disclosure. Control issues can put information and resources at risk and prevent stakeholders from understanding how U.S. taxpayer funds achieve international development results.*

### Weaknesses in Controls Adversely Impact the Agency's Financial Management Capabilities

According to USAID's Risk Appetite Statement, the Agency has a low appetite for risks related to financial reporting, payment mechanisms, financial systems, internal controls, and audit management.<sup>21</sup>

- There were no reportable instances of noncompliance with applicable laws, regulations, contracts, and grant agreements during the most recent audit of the Agency's financial statements.<sup>22</sup> However, the audit did identify a significant deficiency related to calculating and recording accrued expenses. Tests of sample transactions<sup>23</sup> identified differences between the source documentation and Agency accounting records.
- Accordingly, the audit report made seven recommendations to address identified internal control deficiencies, two of which specifically pertained to accrued expenses. The audit concluded that "even though the quantitative amount [of the transactions tested] may be considered immaterial, our testing determined that the control issues are pervasive throughout USAID." The Agency's inability to remediate identified control issues could cause the financial statements to be inaccurately reported or out of compliance with reporting standards.

The need to meet control and compliance standards extends to USAID's purchase card and travel card program.

- Our oversight of FY 2022 transactions<sup>24</sup> found that management did not enforce USAID's policies and procedures to ensure cardholders are adequately monitored for compliance with purchase card policies. Accordingly, we recommended that the Agency implement controls to ensure cardholders maintain documentation for purchase transactions. This will allow USAID to provide greater assurance that the program is free from illegal, improper, or erroneous purchases and payments.

USAID continues to face financial risks with funding local organizations based in foreign countries, which have varied levels of experience managing funds and are at greater risk of internal control weaknesses and noncompliance with award terms and regulations.

- In FY 2023, we issued close to 250 audits of local organizations, covering over \$1.3 billion. For these audits, we questioned about \$21 million due to internal control and noncompliance issues.
- For example, in Africa, accounting for and recovering costs related to the value added tax is a sustained and widespread problem. Our audits of local recipients for the Africa Regional Office

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<sup>21</sup> U.S. Agency for International Development, *Risk Appetite Statement*, June 2018.

<sup>22</sup> USAID OIG, *Audit of USAID's Financial Statements for Fiscal Years 2022 and 2021* (0-000-23-001-C), November 12, 2022.

<sup>23</sup> Testing took place at USAID's Washington, DC, headquarters and at overseas missions selected for testing.

<sup>24</sup> USAID OIG, *Assessment of USAID's Purchase Card Program Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2022* (0-000-23-010-C), August 9, 2022.

identified nearly \$4.1 million in total questioned costs in FY 2023 and made 100 recommendations; over \$1 million and 13 recommendations related specifically to the value added tax problem.

### **SPOTLIGHT: Indirect Costs Represent a Substantial Portion of Agency Expenditures**

USAID's Overhead, Special Cost, and Closeout Branch is authorized to negotiate indirect cost rates and is responsible for managing over \$142.5 billion in awards. Indirect costs, such as office space rental, utilities, and clerical and managerial salaries, are incurred for common purposes that are too time consuming or costly for a specific award. They carry risks for USAID because determining whether they are reasonable, allowable, and allocable to awards to U.S. and foreign organizations can be difficult. We have an ongoing audit that focuses on the awards that USAID managed between fiscal years 2016 and 2021. The objective of this audit is to determine the extent to which USAID applied best practices for managing indirect costs incurred by awardees.

### **Gaps in USAID's Information Technology Practices Presented Security Risks**

- Strengthening information technology (IT) processes and procedures at the beginning and end of a staff member's tenure at USAID could mitigate risks associated with access to information and information systems.
  - For example, our previous work<sup>25</sup> found that USAID did not implement measures to validate whether new hires signed access agreements and received approval before gaining access to the Agency's information systems. Without such measures, USAID faces an increased risk that individuals will be granted access to the wrong systems or roles and permissions and that system users will not understand their responsibilities for USAID's information systems and data.
  - Also, the Agency could not always locate separated employees' exit checklists, which confirm that IT assets were returned and accounted for and that network access has been suspended. Closing the open recommendation to confirm that accounts have been disabled due to inactivity, position change, or separation will decrease the risk of account misuse and unauthorized access.
- With the prevalence of remote work and telework opportunities in today's workplace, USAID's information and systems are even more accessible to personal cell phones and other devices via the Agency's external cloud system. However, misuse or unauthorized access to the cloud may critically harm the integrity of USAID's operations. To that end, we recommended that the Chief Information Officer complete a risk assessment, determine the actions required to mitigate any identified risks, and update policies and procedures accordingly. Having appropriate security controls in place is critical to reducing the risk of unauthorized access, disclosure, and modification of the Agency's data, including sensitive but unclassified information.<sup>26</sup>

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<sup>25</sup> USAID OIG, *USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA* (A-000-21-004-C), January 7, 2021.

<sup>26</sup> USAID OIG, *USAID Needs to Improve Policy and Processes to Better Protect Information Accessed on Personal Devices* (A-000-20-006-P), June 19, 2020.

- Our report on USAID’s information security program<sup>27</sup> identified two vulnerabilities related to the tracking of IT equipment and implementation of event-logging requirements. We made recommendations to bring USAID in compliance with Federal and Agency requirements.
  - USAID did not consistently inventory the physical location of IT assets with the specificity necessary for tracking and reporting. Consequently, there is an increased risk that IT equipment will be misplaced or stolen. This could result in the loss of control of USAID data, including personally identifiable information, and potentially strain the Agency’s budget as additional funds may be required to replace missing equipment.
  - Information from logs on Federal information systems is invaluable in the detection, investigation, and remediation of cyber threats. However, USAID did not have the ability to correlate event logs across different repositories in a complete or risk-based manner. This increased the chance that the Agency might fail to collect all relevant data on—and thus miss the potential scope of—suspicious events or attacks.

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<sup>27</sup> USAID OIG, *USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2023 in Support of FISMA* (A-000-23-004-C), September 8, 2023.



## USAID's Progress on Addressing the Top Management Challenges for FY 2023

USAID has reported progress on addressing the challenge areas identified in last year's Top Management Challenges report with the examples detailed below. However, OIG has not verified the completion of these actions or confirmed such progress. For information related to the Agency's progress in addressing open recommendations, refer to our [Semiannual Reports to Congress](#).

### Challenge 1. Establishing Optimal Conditions for Agency Staff and Programs to Succeed

- USAID reported multiple efforts to strengthen the global workforce. For example, the Agency reported the following:
  - USAID launched the Global Development Partnership Initiative, which aims to hire more Federal employees and local staff; increase the percentage of Federal employees as a share of the workforce; and make data-informed staffing decisions. Under this initiative, USAID has begun increasing the career workforce (both civil service and Foreign Service) from 3,450 to 4,750 over several years. In the first 2 years of the initiative, with additional operating expenses appropriations, USAID has created almost 300 new career positions.
  - USAID's Crisis Operations Staffing pilot is one new way the Agency is increasing the percentage of Federal employees in the workforce. This temporary authority authorizes the Agency to use program funds to appoint and employ personnel in the excepted service to respond to and prevent foreign crises and contexts with growing instability. Through the Crisis Operations Staffing pilot, the Agency's goal is to hire up to 350 employees through a time-limited civil service excepted authority by the end of 2023. USAID is now seeking congressional approval to formalize Crisis Operations Staffing from a pilot to a permanent authority, which would also require Office of Personnel Management approval for permanent civil service excepted authority.
- To better collect and track information to improve diversity in its workforce, including contracted staff, USAID reported that it now uses a data collection platform to collect demographic data, as applicable and allowable by law.

### Challenge 2. Mitigating Risk in Agency Operations

- To mitigate risks and better understand local organization capabilities, USAID reported increased emphasis on preaward risk assessments. When these assessments are completed, USAID expects they will allow the Agency to tailor awards to match partner capabilities, incorporate specific capacity-strengthening activities, and build in appropriate safeguards.
- USAID reported implementing a comprehensive system of risk mitigation measures in the Bureau for Humanitarian Assistance. For example, USAID already requires the following:
  - Location-specific safety and security plans.
  - Mandatory reporting requirements on fraud, waste, and abuse.
  - Mandatory use of USAID's third-party monitoring contract.

Additionally, USAID requires the following in response to the operational environment in Yemen:

- Monthly programmatic reporting in addition to semiannual reporting.
- Robust and redundant complaints and feedback reporting mechanisms.
- USAID reported that partners are now using data analytics to prevent and detect duplication in humanitarian cash assistance programs.
- To address open audit recommendations, USAID reported developing a supply chain risk management program into the Agency's security oversight and IT procurement processes.
- To better manage risks facing local organization procurements, USAID reported that it has allocated resources and implemented steps to make engagement more meaningful and productive. For example, the Agency instituted a requirement that each award include plans to increase partner accountability and feedback, completed partner landscape analyses at eight missions, and launched the New Partnerships Initiative Incubator and WorkwithUSAID.org.
- To manage risk and combat corruption in Ukraine, USAID reported that its acquisition and assistance workforce is collaborating with other U.S. government agencies to strengthen anticorruption efforts and implement safeguards in foreign assistance during the planning, budgeting, and design processes.

### **Challenge 3. Countering Corruption, Abuse, and Malign Influence**

- USAID reported progress on the establishment of an interim reporting process and centralized tracker for SEA in the Agency's programs.
- USAID reported the development of standard assistance award requirements to require partners and their subawardees to increase protection against SEA and child exploitation, abuse, and neglect in USAID programs as well as make mandatory the reporting of such issues to both OIG and USAID.
- To counter China's global influence in key development sectors ranging from natural resources management to human rights protection, USAID reported the ongoing development of a strategic framework and programmatic approach that is consistent with the President's foreign policy vision and strategic objectives.
- To increase accountability in the response to the conflict in Ukraine, USAID reported increased funding to local institutions to support efforts to counter corruption, strengthen public financial management practices, and improve transparency and accountability. The Agency will provide additional support for anticorruption and judicial reform efforts, including with Ukraine's Ministry of Justice and other justice centers run by NGOs at the local level. The goal is to help war victims resolve legal challenges and restore livelihoods.

### **Challenge 4. Maximizing the Impact of Monitoring and Quality Data**

- USAID reported progress around monitoring and evaluation as they are practiced in humanitarian assistance, risk reduction, and resilience building, specifically at the missions in Bangladesh and Ukraine. Revisions to mission processes in Bangladesh included more detailed guidance on the use of third-party monitors and a requirement to document and follow up on actions regarding third-party monitors findings. In Ukraine, USAID reported that it monitored the humanitarian response by using third-party monitors to conduct more than 50 site visits to 18 partners.

- USAID conducted after action reviews and learning sessions to capture learning from third-party monitoring to understand what worked well and where the gaps are to inform the design of future third party monitoring methodologies and tools.
- USAID has significantly increased the total number of rigorous evaluations to measure impact of USAID's investments both for longer term resilience building programs as well as emergency programs designed to address the human sufferings and livelihoods in protracted crises. These high-quality rigorous evaluations will not only help understand the progress but also assess the cost effectiveness of the Agency's investments and identify interventions that are effective. However, designing and implementing fit-for-purpose, high-quality evaluations remains a challenge in the humanitarian context because of security and safety concerns, transitory population, and high attrition rates.
- To improve the data quality of USAID's key IT systems, the Agency reported the establishment of a quarterly verification and validation process that can measure data accuracy and completeness through an online dashboard. Further, USAID reported the implementation of policies and system enhancements to ensure contracts and procurement critical documents are uploaded into Agency IT systems before obligation. In addition, the Agency carries out a review and follow-up process in the event of a missing executed contract or procurement document.
- To enhance monitoring of programs during the COVID-19 pandemic, USAID reported that it implemented procedures to assess the tradeoffs of more frequent reporting and to better communicate expectations for the documentation of field-level oversight. USAID also developed briefings on remote data collection for the implementing community to encourage safety and weigh pros and cons of different remote data collection during COVID-19.
- USAID reported taking steps to develop, communicate, and use quality data to inform decision making and key stakeholders in implementing climate change mitigation efforts under the Agency's Climate Strategy. USAID partnered with research organizations and universities to identify and develop behavioral measures to assess the impacts of climate change adaptations.

# PAYMENT INTEGRITY

USAID complies with all regulatory requirements and legal updates on improper payments (IPs). The Payment Integrity Information Act of 2019 (PIIA), signed into law on March 2, 2020, replaced the Improper Payment Information Act of 2002 (IPIA), the Improper Payments Elimination and Recovery Act of 2010 (IPERA), the Improper Payments Elimination and Recovery Improvement Act of 2012 (IPERIA), and the Fraud Reduction and Data Analytics Act of 2015 (FRDAA).

PIIA requires federal managers to assess and identify high-risk programs and activities and report findings in the Agency Financial Report, [www.paymentaccuracy.gov](http://www.paymentaccuracy.gov) (<https://www.paymentaccuracy.gov/>), and OMB Annual Data Call. The U.S. government's Do Not Pay (DNP) initiative provides access to multiple sources of information, including a centralized DNP list for federal departments and agencies to verify the eligibility of a vendor, grantee, loan recipient, or beneficiary to receive federal payments prior to disbursing payments.

PIIA requires the identification of IPs and defines an IP as a payment that should not have been made or that was made in an incorrect amount. Such payments include overpayments, underpayments, unknown payments, and technically improper payments. PIIA further classifies IPs into two broad categories: monetary loss IPs and non-monetary loss IPs.

**Monetary loss type IPs** (i.e., overpayments) are defined as excess payments that in theory should/could be recovered. They are either intentional or unintentional overpayments. (See Figure 1. Monetary Loss)

**Intentional monetary loss IPs**, commonly referred to as financial fraud, are overpayments that occur on purpose. Examples of such payments include theft, collusion to defraud, defalcations, vendor manipulation of invoices by deliberately increasing invoice, and applicants intentionally understating income on an application to qualify for benefits.

**Unintentional monetary loss IPs** are overpayments that are accidental in nature because the program is unaware that the payment is an overpayment at the time of the payment; also, the recipient has not purposefully falsified information for gain. Examples of unintentional monetary loss IPs include errors and mistakes in under- and overpayments.

**Unknown payments (UPs)** occur when a program cannot discern whether a payment is proper or improper. If a program is still conducting research or reviewing a payment at the time the program must finish sampling and report its results, the payment is considered a UP for reporting purposes that year.

## MONETARY LOSS

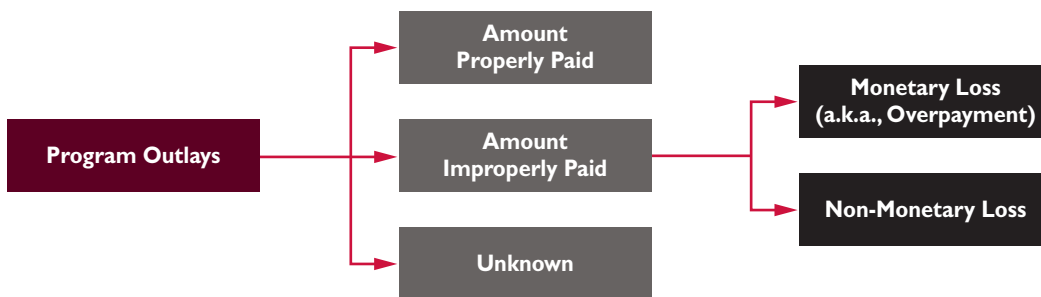


Figure 1. Improper Payment Type Categories, adapted from M-21-19 (see page 9)

## NON-MONETARY LOSS

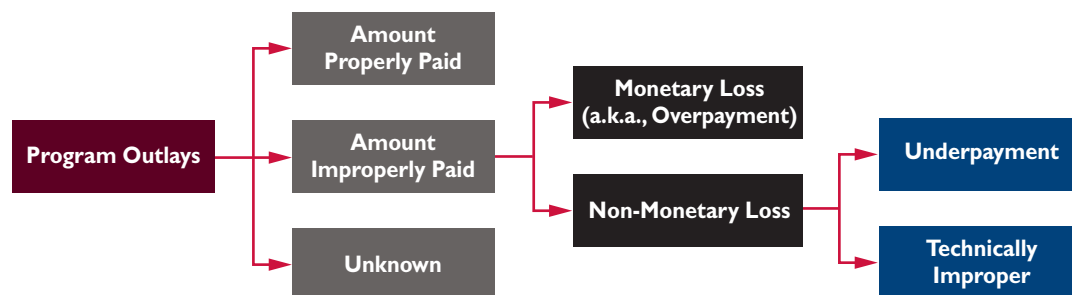


Figure 2. Non-Monetary Loss Improper Payment Type Categories, adapted from M-21-19 (see page 11)

**Non-monetary loss IPs** are payments that do not result in monetary loss to the Agency. They include underpayments and technically IPs. (See Figure 2. Non-Monetary Loss)

An **underpayment** is a payment that is less than what is due. When an underpayment occurs, the improper amount is the difference between the amount due and the amount that was actually paid. An underpayment is a non-monetary loss type of IP. Interest that may result from an underpayment by an agency is not considered an IP if the interest was paid correctly.

**Technically IPs** are payments to the right recipient for the right amount. Therefore, they do not result in the program needing to recover funds due to overpayment. What makes this type of payment technically an IP rather than a proper payment is that the payment process failed to follow an applicable statute or regulation. For example, paying the right recipient the right amount despite failing to obtain all evidence required under regulation prior to payment or despite failing to obtain a statutorily required signature in a contract prior to payment are both technically IPs.

USAID defines its programs and activities in alignment with the manner of funding received through appropriations—these funds are further subdivided into funding for global operations. USAID is dedicated to reducing fraud, waste, and abuse by reviewing and reporting programs susceptible to IPs under PIIA and OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*, as revised

per OMB Memorandum M-21-19, Transmittal of Appendix C to OMB Circular A-123, *Requirements for Payment Integrity Improvement* (M-21-19).

USAID takes significant steps to reduce and eliminate the Agency's IPs 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, D.C., and at overseas Missions. These courses include sessions about the characteristics of IPs and the process controls to reduce and eliminate them. As a result, staff exercise the highest degree of quality control in the payment process, ensuring Agency accountability.

Appendix C requires all federal departments and agencies to determine if the risk of IPs is significant and to provide statistically valid annual estimates of IPs when the amount in any program exceeds OMB-established thresholds. Each year, USAID responds to a data call from OMB regarding IPs. Further detail about IPs is available at <https://www.paymentaccuracy.gov>.

## ASSESSING RISK

USAID assessed the risk of IPs in all program areas in FY 2022 and FY 2023. At the beginning of FY 2023, USAID prepared the final year of a three-year risk assessment cycle. On March 9, 2023, the President's FY 2024 Budget Request for the State Department and USAID was reported to be \$63.1 billion for foreign assistance and



diplomatic engagement (<https://www.usaid.gov/news-information/fact-sheets/mar-09-2023-fiscal-year-fy-2024-presidents-budget-request-united-states-agency-international-development-usaid>). This budget includes \$32 billion in foreign assistance for USAID, which represents a \$3 billion (10 percent) increase from the FY 2023 Adjusted Enacted level. The budget allocation for USAID will support various initiatives including sustaining U.S. Leadership in Humanitarian Assistance and Food Security; Prioritizing Developing Economies and Strengthening Democracies; Bolstering the Ukrainian People; Supporting Efforts to Out-Compete the People's Republic of China and Investing in the Indo-Pacific Region; Championing Global Health and Global Health Security; Promoting Gender Equality, Equity, and Empowerment; and Addressing the Root Causes of Irregular Migration Across Central America. The next scheduled risk assessment is planned for FY 2024.

## I. USAID MANAGEMENT FRAMEWORK FOR PAYMENT INTEGRITY

Operating in more than 80 countries around the world, USAID maintains an accounting and payment system that allows for payments in both U.S. dollars and foreign currencies. Trained authorized officers certify all Agency payments, whether processed by USAID or by the State Department on behalf of USAID. USAID minimizes IPs by integrating its internal control system with these payment business processes. The Agency's IP management builds on the concepts of prevention, detection, and response. The framework is a continuously improving process of addressing internal control components for efficient and effective payment operations; reliable reporting on payments; and legal compliance with payment terms, laws, and regulations, with the 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. For example, in Washington and at overseas Missions, staff first review invoices for potential duplicate submissions, then record proper invoices in a secure online system for storing and imaging documents to establish an approval workflow that guides 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 policy, examiners determine whether a valid obligation exists, verify payee 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 held personally accountable for the propriety of payments. USAID's extensive process for prepayment control minimizes the likelihood of IPs and has reduced IPs worldwide, both in the number of incidents and in the total dollar amount. In the 12-month period that ended June 30, 2023, USAID-funded payments were \$19.03 billion, with \$8.99 million in IPs, which resulted in an IP rate of 0.04725 or 0.047 percent.

## II. 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 IP by focusing enhanced scrutiny on grants and contracts, which make up a significant portion of USAID's expenditures. Table 1 summarizes the Agency's internal control testing for IPs and recapture.

**TABLE 1 – IMPROPER PAYMENTS RECAPTURED WITH INTERNAL CONTROLS AND WITHOUT AUDIT PROGRAMS AS OF JUNE 30, 2023**

(Dollars in Millions)

Activity	Amount Identified	Amount Recaptured	Percent Recaptured
Grant	\$ 2.853	\$ 2.716	95.18%
Contract	4.992	4.891	97.99%
Payroll	0.029	0.017	58.22%
Travel	0.035	0.035	100.00%
Other (Non-Payroll)	0.269	0.269	54.06%
<b>Total</b>	<b>\$ 8.179</b>	<b>\$ 7.928</b>	<b>96.93%</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, 2023**

(Dollars in Millions)

Age Range	Amount	Percent of Total
Zero to Six Months	\$ 4.46	56.31%
Six Months to One Year	3.46	43.69%
<b>Total to Recapture</b>	<b>\$ 7.92</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 depicts the amount of uncollected payments identified for recapture, 100 percent of which USAID ascertained during the period January 1, 2023, to June 30, 2023. USAID deems all outstanding overpayments identified in Table 2 to be collectible.

USAID identified IPs known as non-monetary loss and monetary loss IPs, as defined in OMB A-123, Appendix C, and in PIIA. USAID identified \$2.3 million in non-monetary loss: underpayments and technically IPs and \$1.16 million in monetary loss: overpayments for the period of July 1, 2022, through December 31, 2022. It also identified \$1.61 million in non-monetary loss: underpayments and technically IPs and \$2.51 million in monetary loss: overpayment for the period of January 1, 2023, through June 30, 2023. During this reporting period, USAID has no high-priority program in monetary loss in excess of \$100 million.

For the risk assessment, the increase in USAID’s funded payments for FY 2023 to \$19.03 billion, as compared to \$15.51 billion in the previous year. This substantial increase in disbursement of funds can be attributed to a combination of key factors, including global inflation, the proliferation of mis/dis/mal information, socio-economic and geopolitical challenges, second-order effects of the COVID-19 pandemic, international commitments, humanitarian aid expansion, and economic growth initiatives.

The acceleration of climate-related disasters—as well as the intensification of internal and cross-national conflicts that impact food and energy security—have also increased demands for humanitarian resources and the speed with which those resources are mobilized.

Funding is also needed to advance USAID’s locally led development initiative, which may require Missions to allocate significant additional resources to organizational strengthening and local capacity building. Some specific challenges that Missions may face include banking and financial transaction restrictions, as well as resource reallocation when responding to environmental emergencies.

Overcoming these obstacles and successfully implementing Agency priorities requires additional staff to approve and finalize procurement actions as well as provide adequate oversight and management of grants, awards, and cooperative agreements. Similarly, the direct and indirect supporting functions provided by various B/IOs must be scaled up to match the expanded portfolio.

The Agency also leverages the results of audits by the USAID OIG, audits under OMB Circular A-133, Compliance Supplement 2016 ([https://obamawhitehouse.archives.gov/omb/circulars/a133\\_compliance\\_supplement\\_2016](https://obamawhitehouse.archives.gov/omb/circulars/a133_compliance_supplement_2016)), and contracts and grants closeouts to identify payment anomalies and target areas for improvement. The applicable financial offices at the Agency promptly initiate corrective actions for duplicates and overpayments caused by administrative errors.

USAID applies recaptured payments in accordance with OMB Circular A-123, Appendix C, 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 Treasury as miscellaneous receipts. The Agency also deposits recaptured canceled resources as miscellaneous receipts.

If USAID’s OUs 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 close-out, the recovery process makes full use of all collection tools available, including installment payment plans, cross-servicing with the Treasury, and the claims litigation process in the U.S. Department of Justice.

### III. REDUCTION OF IMPROPER PAYMENTS WITH THE DNP INITIATIVE

PIIA 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 IPs or improper awards; and (B) provide the frequency of corrections or identification of incorrect information.”

USAID has incorporated searches of the PIIA listed DNP databases into the existing processes for tracking IPs and recapturing them. Starting in FY 2018, the Treasury began sending a monthly DNP adjudication report that listed possible DNP database matches to USAID’s M/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, USAID’s M/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)—Public of the Social Security Administration;
- GSA’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 IPs*, which includes all payments screened by the DNP Initiative or other USAID internal databases managed by USAID’s M/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

- *IPs reviewed and not stopped*, which includes payments reviewed by the DNP databases, disbursed, and later identified as improper.

USAID's M/OCFO plans to continue using 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 454,931 payments that totaled \$88.6 billion, using the DNP Initiative to conclude no confirmed IPs. From October 1, 2018, through July 31, 2023, the DNP Initiative reviewed 256,478 payments by USAID that totaled \$68.4 billion and found no confirmed IPs.

#### IV. MANAGING FRAUD

As the world's largest bilateral donor, the Agency realizes that countering corruption is crucial to fulfilling USAID's mission and goals. USAID also recognizes that fraud risk management is not a one-time exercise, but a dynamic process. The Agency understands the importance of addressing fraud strategically and has therefore adopted a proactive approach. During FY 2023, USAID continued to improve its vigorous approach to managing fraud and continued its consistent messaging and concerted actions on fraud prevention and detection.

USAID is committed to highlighting anti-corruption as a core U.S. national security and development priority, along with the greater U.S. government. On December 9, 2022, the Agency announced the release of its first ever Anti-Corruption Policy (<https://www.usaid.gov/anti-corruption/policy>). The Policy outlines USAID's plan for institutionalizing anti-corruption efforts throughout all of the Agency's work. In alignment with the U.S. Strategy on Countering Corruption (<https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/06/fact-sheet-u-s-strategy-on-countering-corruption/>), the Policy solidifies USAID's emphasis on transnational corruption, grand corruption, and kleptocracy, and commits the Agency to tackle corruption at its source.

The policy outlines USAID's approaches to keep pace with contemporary corruption threats and commits the Agency to countering corruption across all sectors and in all regions where the Agency operates. Using a whole-of-agency approach to the implementation of the new Anti-Corruption Policy, USAID communicated by webinar with all staff on the major shifts the Agency had committed to and described how the Agency is adapting to tackle transnational, grand corruption, and kleptocracy. The webinar provided an opportunity for Agency staff to obtain guidance, ask questions, and share ideas. Furthermore, USAID launched Anti-Corruption Technical Clinics as part of its Mission outreach plan. This is a series of monthly deep-dive Anti-Corruption Technical Clinics that will run during calendar year 2023, providing opportunities for staff around the world to discuss the main lines of effort in the new Policy and understand the newly launched Agency-wide Transforming the Fight Against Corruption Initiative as part of it. Through this fora, staff will be able to explore options for practical, country-level implementation of the Anti-Corruption Policy and participate in deep-dive technical discussions around potential alignment and adaptations. This will also be an opportunity for staff to share and contribute their insights and experience in countering corruption at the country, regional, and global levels, including ways to counter corruption across sectors. Another outcome of the clinics will be peer learning and cross-fertilization of ideas on ways to implement the new Policy and adapt, scale, and modernize anti-corruption programming.

Following up on the Agency's commitment to providing anti-corruption tools and resources, USAID announced the release of the new USAID Guide to Countering Corruption Across Sectors (<https://www.usaid.gov/documents/usaid-guide-countering-corruption-across-sectors>). The Guide underscores the centrality of addressing corruption to achieving sustainable development outcomes and humanitarian assistance objectives. The release of the Guide recognizes USAID's understanding that effectively elevating the fight against corruption requires tackling the problem from multiple angles and across all sectors.

The Guide represents an important step forward in revamping the Agency’s programming. It provides practical guidance for USAID staff, implementers, and the broader anti-corruption community about ways to identify and seize opportunities to address corruption across sectors. This Guide is the umbrella under which a series of nested, sector-specific handbooks will be produced that will describe in more detail particular corruption risks, challenges, and considerations within specific sectors, as well as programmatic options for addressing them. In this vein, during this period, the Agency also co-released the first of these handbooks—the USAID Global Health Anti-Corruption Technical Integration Handbook (<https://www.usaid.gov/documents/usaid-global-health-anti-corruption-integration-handbook>)—which provides deep analysis of the ways in which corruption undermines development objectives across this critical sector and the ways in which global health programming can be used to affirmatively tackle corruption and bolster accountability to citizens.

In the two years since the Agency established the Anti-Corruption Task Force (ACTF), it has made great advancements in addressing corruption, which is a top priority of the Agency, and has been hard at work leading USAID’s fight against corruption. USAID Administrator Samantha Power extended the ACTF’s mandate on June 27, 2022. During that time, the ACTF continued to make significant progress in amplifying and adapting the Agency’s approach to countering corruption. With the release of USAID’s Anti-Corruption Policy, the ACTF has solidified the Agency’s emphasis on transnational corruption, grand corruption, and kleptocracy to protect resources crucial for development and deliver on the promise of democracy as a system that works in the public interest. Considering the Anti-Corruption Policy articulates concrete actions that USAID will take over the next three years to enshrine the prioritization of anti-corruption, the Agency has established a new Bureau for Democracy, Human Rights, and Governance, with an Anti-Corruption Center, as the future permanent home of anti-corruption work at USAID.

The ACTF continues to lead the institutionalization of anti-corruption across USAID and aligns Agency policy, programming, and resources with the U.S. government’s ambitious strategy to counter corruption. During FY 2023, the ACTF has worked to:

- **Strengthen anti-corruption efforts by expanding its anti-corruption programs:** On March 29 and 30, 2023, the United States co-hosted the second Summit for Democracy with the governments of Costa Rica, the Netherlands, the Republic of Korea, and the Republic of Zambia. World leaders assembled in a virtual, plenary format, followed by gatherings in each of the co-hosted countries with representatives from government, civil society, and the private sector. USAID played a major role in the Summit, including hosting a full day of sessions focused on new approaches and partnerships that strengthen democracy, human rights, and governance. The Agency also launched new anti-corruption initiatives. The Financial Transparency and Integrity (FTI) Accelerator provides surge support to partner governments and civil society on key FTI reforms, amplifies and connects these to the efforts of other democracy cohorts dedicated to anti-corruption, and supports cooperation on FTI efforts at the transnational level. The Integrity for Development Campaign (I4D) seeks to increase the overall amount of donor resources for anti-corruption, especially in environments in which the international community is making major sectoral investments—such as climate finance—and where, as a result, the risks of corruption are high.
- **Accelerate innovation and adaptation:** USAID is increasing its focus on innovative, responsive, and flexible programming, as well as addressing the increasingly transnational nature of corruption. During the second Summit for Democracy, USAID announced the 20 semi-finalists for the Powering a Just Energy Transition Green Minerals Challenge (JET Minerals Challenge) as part of the Agency’s work under the Countering Transnational Corruption Grand Challenge for Development. In addition, USAID in partnership with Amazon, BHP



Foundation, and Chandler Foundation, announced the JET Minerals Challenge to catalyze the development, application, and scaling of innovations to counter corruption and strengthen transparency, accountability, and integrity in the global rush to meet the unprecedented demand for green minerals. This open call for innovation welcomed problem solvers from around the world to submit new ideas as well as proven approaches to reduce corruption in green mineral supply chains.

- **USAID Anti-Corruption Response Fund (ACRF):** The ACRF program addresses emerging and dynamic opportunities within countries to counter corruption, responds to heightened corruption risks and challenges, and pilots new approaches to countering transnational corruption. In 2023, through the ACRF, USAID awarded the first tranche of funding to Missions in Democratic Republic of the Congo and the Dominican Republic.
- **Embedding anti-corruption efforts across USAID:** The Agency continues to institutionalize anti-corruption throughout its internal operations and integrates anti-corruption across key sectors, including health, humanitarian assistance, and climate change.

To boost the fight against corruption and to promote and support staff participation in this effort, the ACTF sponsored rotational assignments under its FSN staff Fellowship Program and engages FSNs who want to be involved in the Agency's cutting-edge anti-corruption work.

- **Build partnerships and coalitions:** USAID is fostering new partnerships with businesses, technologists, researchers, and other donors in our effort to transform the fight against corruption.

To support investigative journalists and to boost financial transparency and integrity, in May 2023, on World Press Freedom Day (<https://www.usaid.gov/news-information/press-releases/may-03-2023-usaid-commemorates-world-press-freedom-day>), USAID Administrator Samantha Power announced the official launch of Reporters Shield (<https://www.usaid.gov/democracy/reporters-shield>). This is a new

membership program that defends investigative journalism around the world by providing legal support to fight back against defamation lawsuits and other legal threats meant to silence their critical voices. Media outlets and civil-society organizations around the world can apply to the program to cover their reporters and staff members.

The Agency also continues to implement its anti-fraud plan. The plan includes awareness, prevention, detection, monitoring, early response, reporting, and evaluation of fraud, and is included in guidance provided on submission of annual risk profiles and internal control deficiencies for all USAID Missions and B/IOs. This process provides appropriate monitoring over material weaknesses, significant and control deficiencies, and regular updates on corrective action plans of Agency's Assessable Units (AUs) to better understand and develop mitigating solutions to identified risk(s).

## PREVENTING FRAUD

The Agency recognizes that fraud prevention is the first line of defense in reducing fraud risk. USAID also recognizes that fraud prevention is to be implemented through a sound system of preventive controls, which decreases motive, restricts opportunity, and limits rationalization of fraudulent acts. ERM and internal control are crucial to the Agency core operations. USAID's ERM approach ensures Agency objectives, strategic planning, programming, core operations management, and resource allocations are planned, implemented, and monitored within a risk-aware and risk-balanced culture. During FY 2023, USAID continued to mature its ERM approach, strengthening and building up its robust risk management culture and processes across the Agency via systems, tools, skills, and experience to support USAID activities from a data-driven and risk-aware posture. The Agency's strategic plans, operations, and fraud risk management actions continue to operate within an ERM Governance Framework that integrates risk, internal control, management oversight, staff/implementer training, and public awareness to ensure enhanced fraud prevention, detection, and response.

In January 2023, the ERM Secretariat deployed a new Agency-wide IT solution called the ERM Tool. This automated tool is being used for the first time by USAID Missions and B/IOs to complete the risk profile process for FY 2023, and it will enable AUs to monitor risks in real time throughout the year. The ERM tool includes risk themes related to anti-fraud, including anti-corruption; diversion of funds; sanctions; and fraud, waste, and abuse. The FY 2023 ARP update captured a number of risks centered around fraud, waste, abuse, and potential diversion of funds. All of the identified risks will be actively managed. Future updates of the ERM Tool, currently under development, will significantly increase the focus on internal control and fraud. The next step is integrating a reimagined FMFIA/Uniform Risk and Internal Control Assessment (URICA) process into the ERM Tool. Over several months, the ERM Secretariat team conducted webinars and a series of virtual orientation sessions on the ERM Tool, developed a user guide, and established a cross-Agency ERM Tool Community of Practice.

A key tool in Fraud Prevention is the Agency's Risk Appetite Statement (RAS) (<https://www.usaid.gov/about-us/agency-policy/series-500/references-chapter/596mad>). The RAS aligns with USAID's current risk posture and key priorities and is a critical component of USAID's ERM program. In FY 2023, USAID's ERM and Internal Control team created a campaign to further socialize the RAS across the Agency, which included hosting a series of four webinars focused on the RAS in partnership with several Bureaus. The webinars were attended by hundreds of staff. Webinar topics included: (1) An overview of the RAS and how it can be used by our workforce to make risk-informed decisions that advance our mission; (2) How the RAS fits with the Agency's vision for localization and shared practices for its use; (3) Reconciling the Agency's low appetite for fiduciary risk with a high appetite for programmatic/development outcome risk; and (4) Inclusive development and the RAS.

On March 9, 2023, M/OCFO updated the policy ADS Chapter 596, *Management's Responsibility for Enterprise Risk Management and Internal Control*, to improve procedures for addressing internal control deficiencies to promote an effective ERM and

internal control environment. ERM and internal control activities provide risk management support for the Agency in different but complementary ways. ERM focuses on the identification, assessment, and management of risks and provides an enterprise-wide, strategically aligned portfolio view of organizational challenges. Internal control corresponds to the policies, procedures, and tools used to determine reasonable assurance that programs achieve goals and objectives avoiding fraud, waste and mismanagement. Internal control also seeks to ensure that laws and regulations are followed and reliable and timely information is obtained, maintained, reported, and used for decision-making. The revisions to the policy provide guidance to USAID on providing reliable reporting, maintaining compliance with relevant laws and regulations, and improving effectiveness and efficiency of operations.

As part of the U.S. Strategy on Countering Corruption and the recently unveiled USAID Anti-Corruption Policy, the Agency is prioritizing working with and supporting local oversight bodies, which includes in-country SAIs. The Anti-Corruption Policy states that working with these institutions will support USAID's efforts to counter corruption. Actions that USAID is taking to strengthen local oversight bodies include the Agency's work with GAO Center for Audit Excellence, the International Organization of Supreme Audit Institutions-Donor Cooperation, and a Memorandum of Understanding with the International Federation of Accountants; Gavi, the Vaccine Alliance; and the Global Fund to Fight AIDS, Tuberculosis and Malaria. The following are examples of working with SAIs during this period:

- In June 2023, USAID representatives attended the SAI20: Summit of the SAI in India (<https://sai20.org/>) to help strengthen the relationship between USAID and India's SAI and to discuss two key issues raised by SAI leaders from G20 member countries: the blue economy and responsible AI. SAI20 served as a forum to discuss the important role played by SAIs globally in ensuring transparency and accountability in promoting cooperation among the G20 members.

- On May 4, 2023, and building on a relationship that started in 2020 when USAID and GAO signed a three-year agreement with the Armenia Audit Chamber to provide technical and administrative support to the Audit Chamber, the Agency's CFO, and the ACTF Executive Director met with representatives of the Armenia Audit Chamber. Discussions included the benefits of the relationship between USAID and the Armenian SAI and how the Audit Chamber is helping to build trust with the citizens of Armenia, while also establishing key benchmarks for good governance. All sides are currently working on an extension of the agreement for an additional two years.
- In November 2022, USAID representatives participated in the XXIV International Congress of Supreme Audit Institutions (INCOSAI) held in Rio de Janeiro, Brazil. Anti-corruption efforts and SAI reforms were key priorities during the event. The event happens every three years. One of the key takeaways from the Congress was the key role SAIs can play when it comes to performing audits. Auditing is about checks and balances and about people. When you have a proper check and balance system, expenditures and policies align with operational procedures to strengthen SAIs. Building and strengthening relationships with the SAIs will typically yield positive results.
- In addition, during FY 2023, the Agency signed a Memorandum of Understanding with the Democratic Republic of Congo SAI. This partnership is working to strengthen local oversight bodies in the country.
- The M/OCFO has developed a training course titled "Working with Supreme Audit Institutions." The training is available to staff from both headquarters and Missions who are interested in working with SAIs. The training allows participants to develop or deepen their knowledge about SAIs and provides information about a SAI's purpose and its role in the country's public financial management system. Participants also learn about a SAI's external oversight function and its role in ensuring efficient use of public funds and

combating corruption. The course also provides information so that staff can explore various options for USAID Missions to partner with SAIs in achieving programmatic goals, be able to recognize strengths and weaknesses of SAIs, and learn about ways to build their audit capacity.

The Agency understands that training has a direct impact on USAID's productivity and performance. Effective fraud training can help mitigate fraud risks, increase the effectiveness of anti-fraud controls, and ensure that anti-fraud policies and reporting protocols are followed. Skills and employee development are crucial to combat fraud. Therefore, during FY 2023, the Agency continued its effort to strengthen work performance through training and knowledge-sharing events. In July 2023, the Agency's M/OCFO piloted the "Introduction to the Government-to-Government (G2G) Risk Management Process" training in Washington, D.C. This training includes the requirements of the G2G Risk Management Process as per the latest revision of the ADS 220 policy. Multiple deliveries of this training are planned for FY 2024. USAID also continues to enforce the Annual Ethics mandatory training requirement, ensuring Agency staff complete ethics training.

During FY 2023, USAID's OIG continued to build relationships with key players across the international aid sector to strengthen accountability and integrity in U.S. foreign assistance programs. In the first half of FY 2023 alone, the OIG conducted 156 fraud awareness briefings to 7,223 aid workers in 39 countries to encourage their reporting of misconduct, particularly sexual exploitation and abuse of beneficiaries (<https://oig.usaid.gov/node/6034>).

The U.S. government established a Ukraine Oversight Interagency Working Group committed to working together to provide Congress and the American public with timely updates on their efforts to identify waste, fraud, and abuse related to the Ukraine response and to promote the economy, efficiency, and effectiveness of those programs and operations. USAID's OIG is part of this Working Group and in January 2023, USAID's OIG, the Department of Defense, and the State Department, in coordination with the

larger Working Group, published a Joint Strategic Oversight Plan for Ukraine Response ([https://www.dodig.mil/Portals/48/FY2023\\_JSOP\\_UKRAINE\\_RESPONSE.pdf](https://www.dodig.mil/Portals/48/FY2023_JSOP_UKRAINE_RESPONSE.pdf)). The publication was soon followed by the Joint Oversight of the Ukraine Response publication, on March 27, 2023 ([https://oig.usaid.gov/sites/default/files/2023-03/1247\\_1707\\_Ukraine\\_mar2023\\_revised\\_final.pdf](https://oig.usaid.gov/sites/default/files/2023-03/1247_1707_Ukraine_mar2023_revised_final.pdf)).

The OIG provides regular fraud awareness briefings to the U.S. government-funded program officials and implementers to deepen their understanding of fraud schemes. In addition, on April 18, 2023, the Agency issued a notice reminder for staff of the ongoing whistleblower protections.

## DETECTING FRAUD

The Agency is aware that fraud prevention is not absolute and may not stop all potential fraudulent acts, but the quick and timely detection of fraud incidents will go a long way in containing losses, improving the chances of recovery, and deterring future fraud. Fraud detection involves the use of monitoring and review tools to detect fraud when it occurs. USAID ensures validation of business and activity processes that are susceptible to fraud, waste, and abuse throughout the program lifecycle. The Agency also continues to use a variety of risk management techniques.

USAID's OIG conducted audits, evaluations, and investigations that promote economy, efficiency, and effectiveness and prevent and detect fraud, waste, and abuse in USAID programs and operations. In the first half of FY 2023 alone, the OIG conducted 183 performance and financial audits and evaluations which covered \$53.4 billion in funds, generated 118 recommendations for improved operations, and identified over \$9 million in questioned costs. In that same period, the OIG's investigative work resulted in over \$63 million in monetary results, 18 referrals for criminal prosecution, and referrals of 17 individuals and organizations for consideration of government-wide suspension and debarment, including UN officials found to have committed sexual exploitation and abuse.

The Audit, Performance and Compliance Division within the M/OCFO manages USAID's audit follow-up of audit recommendations and internal control programs, including activities with the OIG and GAO.

In addition, the Agency continues to conduct pre-award surveys; financial, program, and monitoring reviews; and audits of contracts and grants. The Agency procures the following types of audits from both the Defense Contract Audit Agency (DCAA) and Independent Accounting Firms: Incurred Cost Audits (for-profit entities only); Cost Accounting Standards (CAS) Disclosure Statement Audits (for both types of entities); and Accounting System Audits (for-profit entities only). Audits of non-profit entities are covered under the Single Audit Act. 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.

Fraud risk assessments are part of USAID's ongoing transactional reviews of key business processes to include annual verification of controls and testing. It is also important to note that the assessment for fraud is not just limited to financial and transactional reviews, but also non-financial reviews, such as IT input controls and compliance requirements in accordance with the FISMA of 2014.

B/IOs and Missions utilize fraud risk assessments to identify risks (with respect to payroll, beneficiary payments, grants, large contracts, purchase and travel cards, and other vendor payments). Missions also conduct Mission assessments and evaluations and processes, such as the Non-U.S. Pre-award Surveys (NUPAS), G2G risk assessments, capacity assessments, close-out audits, GMRA, Payment Integrity reviews, financial reviews, and other pre-award surveys per 2 Code of Federal Regulations (CFR) 200. Mission ERM Systems highlight other opportunities of fraud risk assessment that are embedded into Mission processes.

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. The Agency has continued to conduct annual



assessments—Appendix A (Internal Control over Reporting), Appendix B (Improving the Management of Government Charge-Card Programs), Appendix C (Payment Integrity), Appendix D (Compliance with the FFMIA), and the FMFIA exercise. In addition, USAID utilizes the URICA tool to conduct and report internal-control self-assessments from each OU. Annually, USAID performs Agency-wide risk assessments using the URICA tool, mandatory fraud-assertion statements, and the GAO Green Book evaluation for internal control, which addresses fraud risk.

Related to the elimination of IPs, the Agency continues to use the DNP List data analytic tool to make payment-verification decisions and detect and prevent fraudulent and/or IPs to vendors, grantees, loan recipients, and beneficiaries. Following receipt of USAID's daily payment file, the Treasury performs DNP searches from multiple data sources prior to disbursement of the Agency's funds. Upon detecting an improper or questionable transaction, the 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 the Treasury disburses the funds.

The Agency also has a robust suspension and debarment program to protect the Agency from doing business with entities and individuals that are not presently responsible. Regulations and policies, coupled with fraud awareness, allow staff and development partners to exert their roles and responsibilities to prevent and reduce fraud.

## RESPONDING TO FRAUD

The Agency is aware that fraud response includes timely actions. Fraud response strategies are designed to provide guidance on dealing with detected or suspected cases of fraud in a measured and consistent manner. USAID has embedded actions that integrate and strengthen anti-corruption practices across the Agency's operations. The Agency's fraud response plans include investigation protocols, remedial action, and reporting. USAID staff is required to disclose waste, fraud, abuse, and corruption to appropriate authorities such as the OIG. Contractors and grantees implementing

projects with U.S. funds must also comply with mandatory disclosure requirements in reporting allegations of fraud and misconduct.

USAID's programs and operations foster and encourage integrity of the Agency's employees, as well as contractors, grantees, and partner-country counterparts. The Compliance Division in the Bureau for Management, Office of Management Policy, Budget, and Performance ensures USAID partners with responsible organizations and individuals. The division leads the Agency's suspension and debarment program. Suspension and debarment actions are business decisions that protect the Agency and the U.S. government from doing business with entities and individuals that are not presently responsible.

In compliance with its mission to protect the integrity of USAID programs and awards, on May 23, 2023, the OIG announced the release of a new online Hotline portal for receiving information from all sources. The Hotline provides a mechanism for individuals and organizations to report fraud, waste, abuse (including sexual exploitation and abuse), and corruption related to programming, personnel, or operations. The portal, which replaces the OIG's legacy Hotline intake process, is accessible on the Fraud Awareness and Reporting page (<https://oig.usaid.gov/report-fraud>) of the OIG's public-facing website. It was created to promote greater efficiency and accountability in the Hotline's intake process. The portal is intended to be an efficient way for awardees, their staff, and others to submit allegations of fraud. In addition, and to reflect this change, on May 31, 2023, the Agency updated its Assistance Policies Regarding Reporting Allegations of Fraud, Waste, Abuse, and Other Misconduct.

The OIG has full law-enforcement authority and employs investigative 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, 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

Pursuant to OMB Uniform Guidance in Section 200.343(b) of Part 2 of the CFR, recipients of grants and cooperative agreements must liquidate all obligations incurred under their awards within 90 days after the end of the period of performance, unless the federal awarding department or agency authorizes an extension, or program-specific statutes specify a different liquidation period.

Challenges that cause delays in closeout include the following:

- Submission by grant recipients of the statement of expenditures associated with the grant (*Federal Financial Reports* – Standard Form (SF)-425, which recipients of federal funds are required to use for reporting cumulative expenses quarterly) with unadjusted balances, which complicates reconciliation;
- Delays by grantees in making adjustments in the HHS payments-management system that interfaces with Phoenix, USAID’s financial system;
- Missing and delayed final SF-425s;
- Problems with legacy data prior to migration to new systems;
- Reconciliation problems with manual reports;

- Grantees that have gone out of business;
- Delays in the resolution of audits by foreign grant recipients;
- Delays by grantees in returning funds from questioned costs or unspent advances;
- Delays by grantees in posting refunds in the payments-management system; and
- Interface issues between USAID’s systems and grantees’ payments-management system.

The table reflects that USAID had a total of 883 grants/cooperative agreements with an undisbursed balance of \$100,909,424 for which the period of performance elapsed by two years or more prior to September 30, 2023. This is an increase of 108 awards from the 775 grants/cooperative awards, and an increase of \$25,717,339 from the \$75,192,085 reported in the AFR in 2022.

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 grantees comply with provisions of their grant/cooperative agreements and are communicating with grantees to ensure the better management of federal funds.

Category	Period of Performance Elapsed Without Closeout		
	2-3 Years	3-5 Years	More Than 5 Years
Number of Grants/Cooperative Agreements with Zero Dollar Balances	1	0	2
Number of Grants/Cooperative Agreements with Undisbursed Balances	522	209	149
Total Amount of Undisbursed Balances	\$66,473,179	\$17,454,815	\$16,981,430

# CLIMATE-RELATED RISK

USAID assesses, manages, and reduces climate-related risks, including climate-related financial risks, across its operations and programs. USAID does this as part of its climate change adaptation, resilience, and mitigation efforts. In FY 2023, USAID advanced these efforts by continuing to implement its **Climate Strategy 2022–2030** (<https://www.usaid.gov/climate/strategy>) and FY 2022 – FY 2023 **Climate Change APG** (<https://www.performance.gov/agencies/USAID/apg/goal-5/>), which the Agency implements jointly with the State Department, and is in their Joint Strategic Plan ([https://www.usaid.gov/sites/default/files/2022-05/Final\\_State-USAID\\_FY\\_2022-2026\\_Joint\\_Strategic\\_Plan\\_29MAR2022.pdf](https://www.usaid.gov/sites/default/files/2022-05/Final_State-USAID_FY_2022-2026_Joint_Strategic_Plan_29MAR2022.pdf)) as part of Strategic Objective 1.2 on “securing ambitious climate mitigation and adaptation outcomes, including supporting effective Paris Agreement implementation.” It is critical that USAID advance climate action to reduce its financial risk, including protecting critical development gains and bolstering adaptation and resilience to reduce the long-term need for USAID to respond to climate change-related humanitarian disasters and other crises.



(Left) The cover of USAID's Climate Strategy, which the Agency published on Earth Day 2022.



(Right) The cover of USAID's Climate Strategy Year One Review, which USAID published in June 2023.

In FY 2023, USAID publicly reported on its progress implementing the Climate Strategy. In April, USAID published a “**Progress Update**” (<https://www.climatelinks.org/resources/usaid-climate-strategy-progress-update>), highlighting its ongoing leadership role in advancing key interagency initiatives. These initiatives include the President’s Emergency Plan for Adaptation and Resilience (PREPARE) (<https://www.whitehouse.gov/wp-content/uploads/2021/10/Full-PREPARE-Plan.pdf>), investments in effective early warning systems, more than \$340 million in public and private finance to help countries adapt to climate change, and efforts to reduce global methane emissions. In June, USAID published its “**Year One Review**” (<https://www.usaid.gov/policy/climate-strategy/jun-2023-progress>), through which the Agency highlighted that in FY 2022, it conserved more than 60 million hectares of carbon-rich lands like tropical forests; worked with countries to provide power to millions of people while reducing emissions through actions such as holding competitive renewable energy auctions and increasing energy efficiency; and launched new efforts to advance climate-positive development practices across USAID’s work. USAID recognizes that the climate crisis touches every aspect of development.

In FY 2023, USAID also continued to report quarterly on its FY 2022 – FY 2023 **Climate Change APG** to Performance.gov (<https://www.performance.gov/>), the Federal Government’s online centralized performance reporting portal. For more information about USAID’s Climate Change APG performance, please refer to Performance.gov or the Strategic Goal 1 Performance Goal Accomplishment Highlights part of the Overview of Programmatic Performance section of this AFR (see page 15). USAID and the State Department plan to establish a subsequent Climate Change APG for FY 2024 – FY 2025.

**2YR GOAL**

# UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT

## Climate Change (Joint with DOS)

**GOAL LEADERS****Trigg Talley**Director  
OES/EGC (DOS)**Gillian Caldwell**Chief Climate Officer and Deputy Assistant  
Administrator  
Bureau for Development, Democracy, and  
Innovation (USAID)**Kathryn Stratos**Deputy Director for Climate and Cross-  
Sectoral Strategy  
DDI/EEI (USAID)**Christine Dragisic**Acting Branch Chief  
Bureau of Oceans and International  
Environmental and Scientific Affairs (DOS)

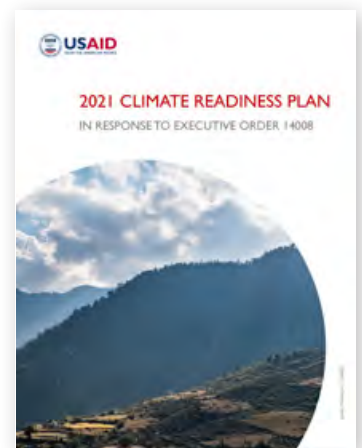
The Climate Change APG landing page on Performance.gov, where the public can access quarterly progress updates.

SOURCE: <https://www.performance.gov/agencies/usaid/apg/goal-5/>

USAID's Climate Strategy includes a **Special Objective** on "Doing Our Part" by equitably addressing climate change, including reducing the Agency's carbon footprint, increasing our resilience to the impacts of climate change, and strengthening DEIA in our climate- and environment-focused workforce. Implementing the Special Objective includes implementing USAID's Climate Readiness Plan, which focuses on climate adaptation and resilience and is posted at <https://www.usaid.gov/climate/readiness-plan> and <https://www.sustainability.gov/contributing-agencies.html#usaid>, and USAID's Sustainability Plan, which focuses on minimizing USAID's contributions to climate change. In FY 2023, USAID developed, released, and socialized internally implementing guidance for USAID OUs and staff globally to use in implementing the Special Objective based on specific operating circumstances. The implementing guidance explains the core tenets of the Special Objective, highlights priority efforts, and provides information about additional tools and resources USAID is developing to support

OUs. Included are a list of internal and external resources; an overview of how USAID is tracking and reporting on progress; a description of how USAID is advancing and sharing learning; and frequently asked questions. USAID updates the implementing guidance as needed.

USAID's **Climate Readiness Plan** includes actions to integrate climate adaptation and resilience more robustly across the Agency's business operations, including financial management, IT, acquisition and assistance (A&A), supply chains, HR, real property and asset management, and security, as well as in USAID's Program Cycle (<https://usaidlearninglab.org/learning-at-usaid/program-cycle-overview-page>) through the Climate Risk Management (CRM) process (<https://www.climatelinks.org/climate-risk-management>) detailed in existing Agency operational policy (<https://www.usaid.gov/ads/policy/200/201>). In FY 2023, USAID delivered an annual report on its progress implementing its Climate Readiness Plan through an



The cover of USAID's Climate Readiness Plan, through which the Agency is implementing priority climate adaptation and risk mitigation actions across its program processes and management functions to increase the resilience of the Agency's core mission to known climate threats and vulnerabilities.

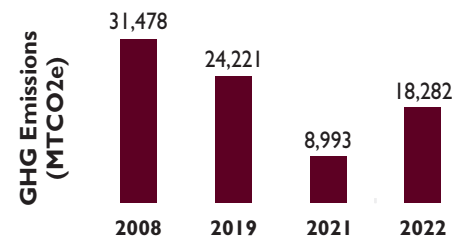
internal presentation to the White House. USAID’s highlights spanned climate mainstreaming, CRM, climate-ready workforce, and A&A and supply chains. For instance, for climate mainstreaming, USAID highlighted that, in FY 2023, all Bureaus developed and began implementing Climate Action Plans to document how they will contribute to USAID’s Climate Strategy and Objectives. For its climate-ready workforce, USAID showcased how it developed and is now using climate change-focused competencies for leaders and staff to evaluate personnel performance. In addition, USAID highlighted that it has integrated climate change indicators into its internal Organizational Health Index, a business management tool USAID uses to inventory and monitor its organizational health and performance and promote continuous improvement. The climate change indicators will help senior leaders make informed decisions related to USAID’s climate action, including ensuring the workforce has sufficient resources and capacity.

USAID published its most recent written Climate Readiness Plan progress report in FY 2022, which is available at <https://www.usaid.gov/climate/readiness-plan> and <https://www.sustainability.gov/contributing-agencies.html#usaid>. For more information about USAID’s progress implementing ERM and CRM, refer to the Climate Risk Management section within the Other Management Information, Initiatives, and Issues section of this AFR (see page 81).

USAID’s **Sustainability Plan** aligns with the Federal Sustainability Plan (<https://www.sustainability.gov/federalsustainabilityplan>) and includes a variety of actions to minimize the Agency’s operational greenhouse gas (GHG) emissions equitably from procurement, facilities, motor vehicles, employee air travel, and more, as USAID strives to do its part to achieve the U.S. government’s sustainability goals, which are summarized at <https://www.sustainability.gov>. In line with its Sustainability Plan, in FY 2023, USAID inventoried its GHG emissions across its global business travel, global vehicle fleet fuel use, U.S.-based staff commuting, and U.S.-based facilities for FYs 2008, 2019, 2021, and 2022. USAID chose these fiscal years to align with

## USAID OPERATIONAL GHG EMISSIONS BY FISCAL YEAR

(In Thousands)



A bar chart that visualizes USAID’s operational GHG emissions for FYs 2008, 2019, 2021, and 2022 from its global business travel, global vehicle fleet fuel use, U.S.-based facilities, and U.S.-based workforce commuting. From its GHG emissions inventory, USAID was able to see that, due to COVID-19 pandemic-related operational changes, it significantly reduced its emissions in FY 2021, but rebounded in FY 2022.

the requirement in E.O. 14057 on federal sustainability (<https://www.federalregister.gov/documents/2021/12/13/2021-27114/catalyzing-clean-energy-industries-and-jobs-through-federal-sustainability>) that agencies reduce emissions relative to an FY 2008 baseline, as well as to compare the Agency’s GHG emissions before, during, and toward the end of the COVID-19 pandemic.

Through the inventory, USAID estimates it has reduced its operational GHG emissions from these sources by approximately 42 percent compared to its FY 2008 baseline. USAID also identified that its greatest emissions reduction opportunities are for facilities energy use, business travel, A&A and supply chains, and workforce commuting, and through partnering and training. USAID socialized the results of its GHG emissions inventory with its workforce to empower them to do what they can to contribute to USAID’s emissions reduction efforts.

One way USAID has done this is by publishing the results via interactive dashboards on the Agency’s internal cloud server. The dashboards enable USAID staff to explore the data to understand USAID’s carbon footprint, the Agency’s priority GHG emissions reduction opportunities, and how they can make more climate-conscious decisions in their day-to-day job functions and work.



USAID plans to conduct the GHG emissions inventory annually and partner with the State Department to expand the scope to encompass USAID's full global operations.

In March 2023, USAID used the data from the inventory to set targets for reducing its GHG emissions. Specifically, in line with U.S. government targets, USAID committed to: (1) achieving net-zero emissions from operations by 2050; and (2) reducing its GHG emissions from its FY 2008 baseline by 65 percent by the end of FY 2030.

In line with E.O. 14057, USAID is also working to set underlying targets for reducing emissions from electricity consumption, vehicles, buildings, waste management, A&A and supply chains, and commuting.

USAID is implementing a multi-pronged approach to address its biggest opportunities to reduce its GHG emissions, because the Agency recognizes one of the most powerful and direct ways to reduce its climate-related financial risk is to reduce its contributions to global warming-fueled climate change. This high-level approach is described in the following subsections.

## FACILITIES

USAID has identified using clean and renewable energy, where possible, as a major opportunity to reduce its facilities-related GHG emissions. On June 20, 2023, USAID, GSA, and the White House Council on Environmental Quality (CEQ) held a press conference to jointly announce GSA's plans to upgrade the Ronald Reagan Building and International Trade Center, the location of USAID's headquarters and one of the largest buildings in GSA's federal buildings portfolio, to use 100 percent electric power. GSA will use up to \$13.5 million in Inflation Reduction Act funding to use clean-energy technologies to lower energy costs, create good-paying local jobs, and reduce carbon pollution (<https://www.gsa.gov/about-us/newsroom/news-releases/bidenharris-administration-announces-nearly-1-bi-06202023>). The upgrades will save more than \$6.3 million in energy costs, reduce energy use by 40 percent, and reduce emissions by 16,000 tons annually. Because GSA



## AGENCY-LEVEL TARGETS:

By FY 2050, achieve  
**NET ZERO**  
operational GHG emissions.

By FY 2030  
**REDUCE**  
operational GHG emissions  
by **65%** from an FY 2008  
baseline.

USAID used its operational GHG emissions inventory data to set data-driven emissions reduction targets that also align with U.S. government targets.



USAID Deputy Administrator for Management and Resources Paloma Adams-Allen speaks during USAID's joint press conference with GSA and the CEQ on June 20, 2023. The agencies announced that GSA will use Inflation Reduction Act funding to transition the Ronald Reagan Building and International Trade Center to run on 100 percent electricity to reduce the building's carbon footprint. The agencies livestreamed the event via YouTube (<https://www.youtube.com/watch?v=urCGe8QLWF4>). PHOTO: USAID

is the real property owner of the facilities USAID operates in Washington, D.C., USAID is also collaborating with GSA to advance other facilities sustainability initiatives, such as working to purchase and use renewable energy.

Similarly, USAID is collaborating with the State Department on facilities sustainability initiatives overseas, while also implementing actions within USAID's control. For example, in 29 USAID-owned residential properties in Zimbabwe, Zambia, Malawi, and Botswana, USAID plans





**At its office compound in Pretoria, South Africa, USAID has installed solar panels to reduce its energy consumption-related carbon footprint and to increase its climate resilience and energy security, especially as South Africa continues to implement rolling blackouts due to energy shortages. PHOTO: USAID**

to install solar panels to generate off-grid electricity, solid-state battery backup systems to store solar-generated power to use during power outages, and water cisterns with pumps, filter systems, and ultraviolet light sterilizers to create potable water reserves. These upgrades will help USAID reduce its GHG emissions while also increasing its climate resilience and energy security. USAID follows all federal guidelines for purchasing solar panels, recognizing that parts of the global solar panel supply chain are tainted by the use of forced labor (<https://www.state.gov/wp-content/uploads/2022/07/Forced-Labor-and-the-Clean-Energy-Transition-Finding-A-Responsible-Way-Forward.pdf>).

## VEHICLE FLEET

To reduce its GHG emissions from its vehicle fleet, USAID has assessed its opportunities globally for transitioning to battery electric vehicles (EVs) and plug-in hybrid EVs where viable, based on local country conditions.

In the United States, in FY 2023, USAID operated nine leased GSA vehicles and advanced its plans and efforts to transition to EVs and to install and use EV supply equipment, such as charging stations. USAID has one dual-port EV charging station at its USAID Annex Headquarters facility in downtown Washington, D.C., has ordered its first EV, plans to trade in three gas-powered

vehicles for EVs in early FY 2024, and has plans to install five more dual-port charging stations by the end of FY 2025.

For international office locations, USAID advocates through the International Cooperative Administrative Support Services (ICASS) Program (<https://fam.state.gov/fam/06fam/06fam0910.html>) for international-presence U.S. government agencies to purchase and use EVs in motor pools where local country conditions allow. In most international locations where USAID operates, USAID is co-located with the State Department at the U.S. Embassy; the State Department typically serves as the motor pool service provider. The State Department has identified a few viable locations for the U.S. government to transition interagency motor pools to EVs, including Amman, Jordan, where USAID has a presence.

USAID is also acting to transition its international vehicle fleet to EVs where possible. For example, USAID, as the alternate service provider for the motor pool services in Pristina, Kosovo, plans, as a pilot, to procure two EVs for local travel. In addition, in the Philippines, USAID is working with the State Department to procure the first EV for the post. In less-developed locations where USAID works, it will not be possible for the foreseeable future to transition to EVs.



**USAID's dual-port EV charging station in the garage of its USAID Annex Headquarters facility in Washington, D.C. PHOTO: USAID**

## BUSINESS TRAVEL

USAID recognizes that it also needs to reduce its GHG emissions from business travel while still delivering on its mission. In FY 2023, USAID challenged its B/IOs and Missions to reduce their GHG emissions from an FY 2022 baseline by 30 percent by the end of FY 2024. To help OUs make progress, USAID modeled the number of round-trip flights each should strive to reduce to help USAID reach its Agency-wide goal. In addition, USAID developed guiding questions for leaders to use to make climate-conscious and DEIA-informed travel approvals. For example, the question set includes but is not limited to the following questions:

- “What is the mission objective that USAID needs to achieve with the potential air travel? Can USAID achieve this remotely or via hybrid approach? Why or why not?”;
- “Could the travel be combined with other mission support work or travel requirements? (e.g., by: batching trips, such as going to multiple places, or meeting virtually with multiple offices while in-person at another office; or pairing temporary duty travel with other official travel, such as rest and recuperation.)”; and
- “Who would be traveling? Has your OU documented and applied consistently and systematically an equitable, just, and impartial process for identifying field office and professional development needs that USAID must support through travel?”

USAID is applying lessons from the COVID-19 pandemic to reduce its travel-related GHG emissions. During that time the Agency learned that while some aspects of its operations suffered, such as building relationships through in-person contact, USAID was able to use digital technology to achieve its mission. Using data from a survey of USAID’s senior leaders in Washington and internationally, the Agency developed and disseminated recommendations outlining when OUs can best use virtual technical assistance to advance USAID’s mission while reducing travel-related emissions. Example recommendations include: (1) “Consider travel limits on or a ‘default to virtual’ approach for professional training and conferences”; and

(2) “Promote hybrid virtual engagements, in which virtual is the primary form of engagement and future temporary duty travel is planned when or if needed. Because there are particular scenarios that are unique to technical assistance support, some collaborations may require periods of virtual support combined with a field visit.”

## A&A

USAID is integrating climate change considerations into A&A through a variety of efforts. In April 2023, USAID’s Office of Acquisition and Assistance published a blog post on what USAID’s Climate Strategy means for procurement (<https://www.climatelinks.org/blog/interview-what-usaids-climate-strategy-means-procurement>). The blog post explained:

1. The connection between procurement and climate change;
2. Actions the Office of Acquisition and Assistance is taking to integrate climate change into procurement;
3. What USAID Agreement and Contracting Officer Representatives and technical officers can do; and
4. What USAID’s approach means for implementing partners—specifically that USAID is integrating climate considerations into specific award and activity designs and solicitations.

The Office of Acquisition and Assistance also presented to USAID’s regional A&A offices on approaches to integrating climate change into procurement, and is developing a guide for A&A staff on incorporating environment and climate considerations into A&A awards. The guide will provide background on USAID’s climate goals, methods to use and other key resources and guidance, and questions to guide climate language in each section of a solicitation. In addition, to generate examples of how OUs can integrate climate change considerations into A&A awards in various sectors, a multi-bureau team of climate and A&A experts collaborated in FY 2023 with regional offices to pilot and tailor approaches. The team plans to share what it learns Agency-wide to help USAID scale its efforts.

## SUPPLY CHAINS

USAID also advanced efforts to reduce its GHG emissions from supply chains in FY 2023, including by optimizing shipping mode decisions while considering “mission-critical” tradeoffs. USAID is maximizing its use of ocean shipping over alternative shipping modes based on findings from its inventory of transportation-related GHG emissions from its global health supply chain. Ocean shipping generates significantly fewer GHG emissions than other modes of shipping. USAID continues to identify and act on opportunities to reduce its supply chain GHG emissions as a matter of business.

In its humanitarian assistance supply chain, USAID also advanced efforts to increase climate resilience and reduce GHG emissions, including by reducing materials use and packaging waste, and by mitigating commodity losses, shortages, and delays. For instance, USAID partnered with the Massachusetts Institute of Technology’s (MIT) Lincoln Labs to build supply chain maps and a traceability dashboard prototype, and to develop, pilot, and iterate on a scalable, solar-powered baler to compact plastic waste in the field that increases recycling and reduces pollution while providing humanitarian assistance.

In FY 2023, USAID also invested in a GHG emissions tracking service to record GHG emissions from its humanitarian assistance food aid ocean shipments. This will enable USAID to better quantify its GHG emissions and to set goals and targets for reducing its humanitarian assistance supply chain carbon footprint, including by implementing requirements in future contracts and grants to require more efficient procurement and transportation.

Through the Joint Initiative for Sustainable Humanitarian Assistance Packaging Waste Management, which USAID leads, USAID also worked to update its Multi-Donor Policy Landscape Analysis on Environmental Sustainability and Climate Change Mitigation (<https://ecentre.org/wp-content/uploads/2023/01/Multi-Donor-Policy-Landscape-Analysis.pdf>), which the Agency expects to publish by the end of November 2023. The purpose of the landscape analysis update is twofold: (1) to update the humanitarian community’s

understanding of how humanitarian donors are addressing environmental sustainability and climate change mitigation issues, in an effort to stimulate new and more robust policies and strategies while helping harmonize efforts among donors; and (2) to enable initiative partners and stakeholders to better understand donors’ environmental and climate approaches, priorities, and perspectives so they may adjust to new ways of working to align with these.

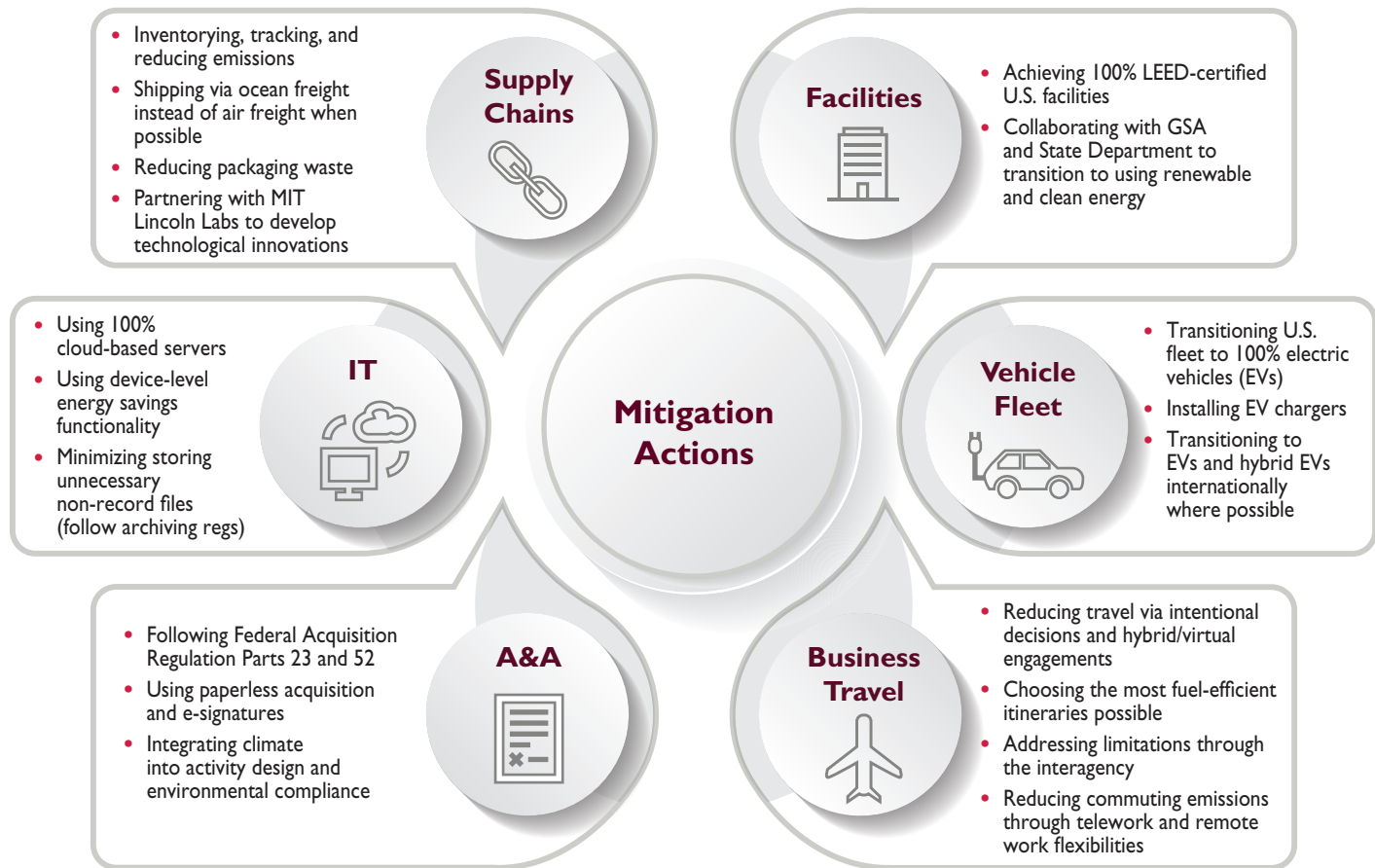
USAID’s humanitarian assistance supply chain climate mitigation and resilience efforts align with the Climate and Environment Charter for Humanitarian Organizations’ goal to “minimize and manage the damage we cause to the environment and the climate, while maintaining our ability to provide timely and principled humanitarian assistance” (<https://www.climate-charter.org/>).

## WORKFORCE COMMUTING

To reduce GHG emissions from its workforce commuting, USAID implements a robust Transit Benefits Program through which USAID encourages employees to use mass transit and other commuting options that reduce air pollution and traffic congestion instead of using single-occupant vehicles.

In line with the Telework Enhancement Act of 2010 (<https://www.govinfo.gov/content/pkg/BILLS-111hr1722enr/pdf/BILLS-111hr1722enr.pdf>), in the United States, USAID also offers a Telework and Remote Work Program governed by the Agency’s operational policy (<https://www.usaid.gov/sites/default/files/2023-07/405.pdf>) in which employees can voluntarily participate, though the Agency encourages all employees to have, at a minimum, a situational telework agreement. While USAID did not design its Telework and Remote Work Program specifically to help reduce its GHG emissions, implementing the program does help USAID slightly reduce its carbon footprint by foregoing emissions associated with employees commuting to U.S. government facilities. In terms of climate adaptation, implementing its Telework and Remote Work Program helps USAID bolster its climate resilience and continuity of operations by enabling the Agency to direct participating employees to telework, as needed, during extreme weather events and climate change-related emergencies.

## AN OVERVIEW OF USAID'S EFFORTS TO REDUCE ITS GHG EMISSIONS ACROSS ITS OPERATIONS



SOURCE: USAID

USAID defines these as “acute weather events that prevent access to the worksite or disrupt operations, including intense storms, frequent heavy precipitation, heat waves, drought, extreme flooding, and higher sea levels.”

USAID plans to implement a biennial commuter survey to estimate, track, and inform efforts to reduce its commuting-related GHG emissions, and to inform and continuously improve its Transit Benefits Program. USAID developed its commuter survey and related processes in FY 2023 and plans to conduct the survey next in FY 2024. In September 2023, USAID instituted a work posture policy under which all workforce members in the United States who do not have an active remote work agreement or personal exception are required to work at least three days in a USAID or other U.S. government facility each week.

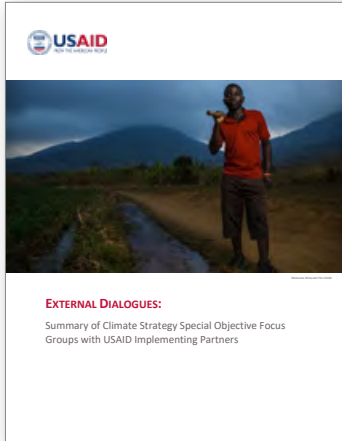
Implementing its commuter survey in FY 2024 will help USAID understand the GHG emissions consequences of this updated work posture.

### PARTNERING

USAID recognizes the importance of collaborating with its partners to address the climate crisis as we seek to “Do Our Part.” Accordingly, in October and November 2022, USAID conducted six focus groups with 31 unique participants from 24 implementing partner organizations to:

- Socialize the Climate Strategy Special Objective;
- Learn about the partners’ current and planned sustainability and DEIA initiatives;
- Identify challenges and barriers partners are facing;





The cover of the report USAID published in April 2023 on its focus groups with implementing partner organizations on implementing the "Do Our Part" Special Objective of USAID's Climate Strategy.

- Elicit input on actions USAID could take to better engage with, incentivize, and support partners to implement the Special Objective through USAID awards;
- Identify additional learning opportunities; and
- Create a space for partners to share and exchange ideas and information.

USAID detailed its findings in a report it published in April 2023 (<https://www.usaid.gov/document/apr-14-2023-external-dialogues-Summary-climate-strategy-special-objective-focus-groups-usaid-implementing-partners>) and highlighted key takeaways in a blog post it published to its WorkwithUSAID platform (<https://www.workwithusaid.org/blog/highlights-from-usaid-s-climate-strategy-focus-groups-with-partners>). Highlights included that partners:

- Care deeply about the tenets of the Special Objective and are doing their best to implement them because doing so is critical to remaining competitive in the marketplace and because they feel it is the right thing to do;
- Are at various stages of maturity in their sustainability journeys, and as a result, appreciated the opportunity to learn from one another;
- Want USAID to tell them, through the procurement process, what USAID wants them to do to implement the Special Objective while implementing USAID awards; and
- Recommended that USAID coordinate with other donor organizations to coalesce around GHG emissions tracking and reporting standards globally and that USAID provide its partners with guidance on tracking, reporting, and reducing GHG emissions.

With respect to these last two highlights, importantly, USAID follows the government-wide Federal Acquisition Regulation (FAR). The U.S. government is currently following established rulemaking processes to inform and solicit feedback from the public about considering establishing U.S. government-wide contract requirements for reducing, measuring, and tracking GHG emissions. USAID appreciated the recommendations its partners offered and encouraged them to follow the relevant FAR cases and use the opportunity for public comments to express their suggestions and concerns. For example, partners may be interested in Case 2021-015, Disclosure of Greenhouse Gas Emissions and Climate-Related Financial Risk (<https://www.regulations.gov/document/FAR-2021-0015-0037>), for which the public comment period closed on February 13, 2023, and Case 2021-016, *Minimizing the Risk of Climate Change in Federal Acquisitions* (<https://www.regulations.gov/document/FAR-2021-0016-9639>), for which the Federal Acquisition Regulatory Council is drafting a proposed rule and will solicit public comments. In addition, USAID is addressing the second-to-last highlight through its A&A effort to integrate climate change considerations into specific award and activity designs and solicitations. USAID engages in the Civilian Agency Acquisition Council (<https://www.acquisition.gov/content/civilian-agency-acquisition-council-caac>) to help shape the climate-related considerations in the FAR, as a way to help the U.S. government, including USAID, to improve its sustainability and reduce its climate-related financial risk.

USAID has built and leverages a network of partnerships inside and outside of government to combat climate change. The Agency has developed close working relationships with the White House CEQ, the State Department,

The logos of some of the U.S. government entities with which usaid has built and leverages close working relationships to address climate change through operations. From left to right: the State Department, the White House Council on Environmental Quality, the General Services Administration, and the Peace Corps.



Peace Corps





The logo of the United States and Canada-led first-of-its-kind international community of practice for “greening” government operations. The Greening Government Initiative enables countries to share knowledge and lessons learned, promote innovation, and help meet Paris Agreement commitments.

SOURCE: <https://www.sustainability.gov/ggi/>



The logos of some of the organizations that facilitate and coordinate the sustainability managers roundtable: the World Resources Institute, the Natural Resources Defense Council, and The Nature Conservancy.

GSA, the Peace Corps, and others. USAID’s and the State Department’s Bureaus for Management meet regularly to coordinate on operational climate change adaptation and mitigation efforts, opportunities, and challenges, including to share resources, learning, and other information.

In FY 2023, two USAID senior managers served as fellows in the Office of the Federal Chief Sustainability in the CEQ via the White House Leadership Development Program (<https://www.performance.gov/whldp/>). In their roles, the two fellows helped drive the U.S. government’s implementation of the Federal Sustainability Plan, including by coordinating sustainability action in the interagency. They also helped coordinate and expand the Greening Government Initiative (<https://www.sustainability.gov/ggi/>), a joint U.S.- and Canada-led community of practice to engage and support governments around the world to “green” their national operations through sharing knowledge and lessons learned, promoting innovation, and helping meet Paris Agreement commitments. The fellows will return to USAID in FY 2024, bringing with them their strengthened sustainability expertise, networks, and leadership skills to help USAID advance its climate and sustainability objectives.

On operations, USAID also engages in the Sustainability Managers Roundtable, which is “a diverse group of sustainability professionals from more than 60 NGOs, universities, government agencies, and multilateral [organizations]” and private-sector companies, which the World Resources Institute,

Natural Resources Defense Council, The Nature Conservancy, Environmental Defense Fund, and Organization of American States coordinate and facilitate (<https://www.wri.org/sustainability-wri>). Through the Roundtable, USAID has shared and accessed information and ideas, including related to business travel, energy consumption-related GHG emissions inventory methodologies, and procurement. In addition, USAID measured the maturity of its sustainability program alongside other roundtable members.

More broadly, USAID partners to implement its Climate Strategy with other government agencies, country and local governments, the private sector, Indigenous Peoples, local communities, women, youth, and other marginalized and/or under-represented groups, multilateral organizations, and other donor agencies. For example, USAID Administrator Samantha Power currently co-chairs the Coalition for Disaster Resilient Infrastructure (CDRI) (<https://www.cdri.world/>), through which she is seeking to help CDRI develop a sustainable approach that integrates infrastructure best practices that include the aspirations and perspectives of local communities, women, and Indigenous Peoples; expand its global reach, particularly to the countries climate change is affecting most; and foster partnerships with the public and private sectors, academia, and other U.S. and international institutions. Please refer to USAID’s Climate Strategy (<https://www.usaid.gov/policy/climate-strategy>) for more information about how USAID partners to implement it.



A screenshot from USAID’s PIVOT Climate and Finance Practicum Podcast, which USAID hosts on YouTube at <https://www.youtube.com/watch?v=SXA-ypDUUIQ>.

## TRAINING

Training and strengthening the climate capacities of its workforce and partners are key ways USAID actively mitigates against its climate-related financial risks while leading and supporting global climate action and implementing its Climate Strategy. In August 2022, USAID developed and published a “Climate Basics” one-hour online training course that explains in simple terms why climate change is relevant to development and humanitarian assistance. The course is available on USAID’s internal “USAID University” platform. In addition, USAID has updated and maintains on its public ClimateLinks.org website a set of trainings for USAID and partner personnel, including on CRM (<https://www.climatelinks.org/resources/what-climate-risk-management-process>), Integrating Climate Risk in Long-Term Planning (<https://www.climatelinks.org/resources/integrating-climate-risk-long-term-planning>), Climate Finance (<https://www.climatelinks.org/resources/climate-finance-training>), Climate Resilient Development (<https://www.climatelinks.org/resources/climate-resilient-development-101>), and more.

In FY 2023, USAID inventoried climate- and sustainability-related training available inside and outside of government. USAID also inventoried the knowledge, skills, and behaviors USAID leaders and staff need to exercise to implement climate and sustainability efforts. Using this information, USAID then analyzed training and knowledge, skill, and behavior gaps to identify future training needs. USAID is also collaborating across the U.S. government to share and compile training resources and information that all government agencies can access and use.

One critical way USAID is meeting current needs and filling gaps is through its Climate Finance Training and Climate Champions Practicum, for which USAID uses the cutting-edge Practical, InnoVative, On-the-Job Training (PIVOT) model (<https://sites.google.com/view/usaid-pivot/home>). USAID designed and implemented two PIVOT Climate Finance and Climate Champions Practicum trainings in 2022 and 2023, and kicked off the next round of the Climate Champions Practicum in fall 2023, with a focus on building Missions’ capacities to mobilize climate finance and implement USAID’s Climate Strategy. USAID

tailors the training to individual Missions’ needs, recognizing that addressing large-scale challenges like climate change requires a whole-Mission response.

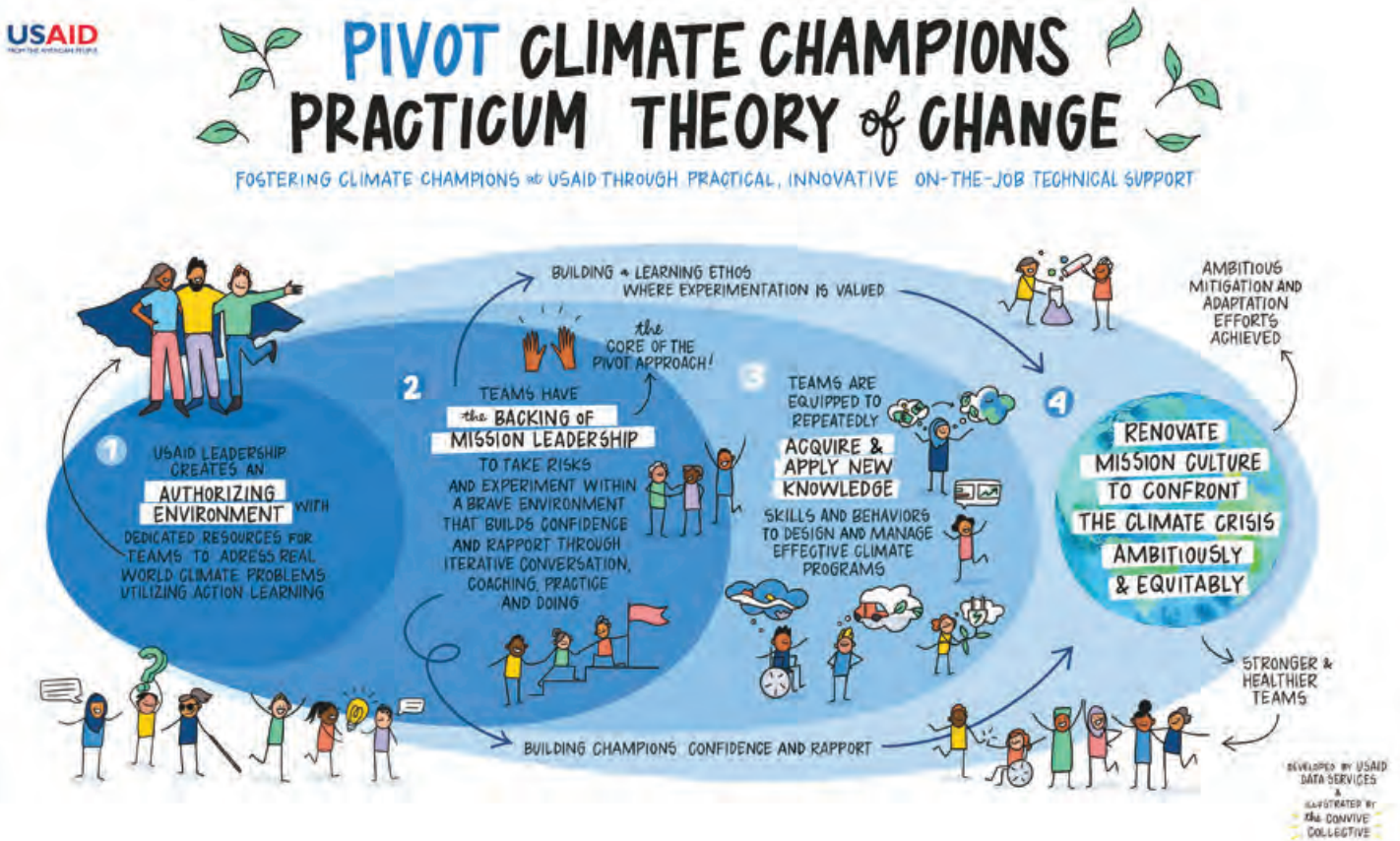
Through the PIVOT model, USAID implements virtual and in-person learning, technical support, and team coaching to help staff across all development sectors, programming, and operations mobilize their capacity and commitment to tackle the climate crisis. USAID roots PIVOT practicums in equitable, inclusive, and locally led development, a learn-by-doing and evidence-based approach, and leadership and change management to drive holistic climate action at the individual, team, and Mission levels. An FY 2023 PIVOT Climate Finance Practicum for USAID’s Africa Bureau resulted in measurable gains in technical skills and knowledge, leadership capacity, and collaboration, learning, and adapting among several Missions that

subsequently modified existing programs to embed new ways to elevate climate finance.

## ENVIRONMENTAL EQUITY AND JUSTICE

USAID also mitigates its climate-related financial risk by integrating environmental equity and justice into its work to implement its Climate Strategy. USAID recognizes equity, justice, and inclusion are critical to sustaining bold and ambitious climate action—the best, most enduring solutions are and will be those in which equity, justice, and inclusion are deeply embedded. Through its work, USAID strives and is actively working to:

- Empower local communities and groups experiencing marginalization to be meaningfully included in decision-making, policy-making, funding, and benefit-sharing.



USAID’s illustrated theory of change for its PIVOT Climate Champions Practicum. SOURCE: USAID

- Confront entrenched power structures that create and maintain inequities.
- Support a Just Transition—one in which the global transition to a low-carbon, resilient economy occurs in a way that fosters positive environmental, social, and economic outcomes, delivers equitable benefits, and does no harm.
- Improve DEIA in its workforce that focuses primarily on climate- and environment-related work.
- Partner to deliver clean air for local communities and reduce emissions and the risk of displacement and dangerous health effects.

In addition, USAID is mainstreaming climate and environmental equity and justice by:

- Acting on the expertise of and recommendations from working groups on Environmental Equity and Justice and Climate Equity.
- Employing two Climate Equity Advisors in USAID's Bureau for Humanitarian Assistance.
- Embedding these topics in its Climate Staffing Plan and Climate Capacity-Building Plan to ensure staff have the knowledge, skills, and abilities they need to integrate climate and environmental equity and justice effectively into USAID's programs and operations in all sectors.
- Scaling a Climate Equity and Justice module from its Climate Champions Practicum.



# APPENDIX





**(Preceding page)** Peruvian designers incorporate the textile traditions of an Indigenous group in the Amazon. As part of USAID's Amazon Business Alliance, a joint initiative with the Government of Canada and Conservation International, two renowned Peruvian fashion designers traveled to the Indigenous communities of Oxapampa to learn ancestral techniques from Yanessa women and adapt them to their own designs.

PHOTO: DIEGO PÉREZ FOR THE AMAZON BUSINESS ALLIANCE

**(Below)** USAID has provided job opportunities to more than 80,000 families, helping former coca farmers in Peru find legitimate work and connecting them with producer associations. USAID also partners with financial institutions and digital providers that give residents an opportunity to build sustainable livelihoods. PHOTO: DAVE COOPER FOR USAID



# APPENDIX A.

## SUMMARY OF SIGNIFICANT LAWS

Laws that the Agency considers having a significant impact on USAID's operations and financial statements during FY 2023 are the following:

- **Accountability of Tax Dollars Act of 2002 (ATDA)** – described on page i in *About This Report listing legislation containing reporting requirements satisfied in the Agency Financial Report (AFR)*.
- **Antideficiency Act (ADA)** – initially enacted in the 1800s with the current version recodified on September 13, 1982. Among other things, prevents the incurring of obligations or the making of expenditures (outlays) in excess of amounts available in appropriations or funds. Violations are obligations or expenditures in excess of the lower of the amount in the affected account, the amount apportioned, or any administrative subdivision of funds specified in the agency's fund-control regulations.
- **Cash Management Improvement Act (CMIA) of 1990** – provides the general rules and procedures for the efficient transfer of funds for federal financial assistance programs between the Federal Government and the states, territories, and the District of Columbia. CMIA's objectives are (1) Efficiency: to minimize the time between the transfer of funds to the states and the payout for program purposes; (2) Effectiveness: to ensure that federal funds are available when requested; and (3) Equity: to assess an interest liability to the Federal Government and/or the states to compensate for the lost value of funds.
- **Chief Financial Officers (CFO) Act of 1990** – described on page i in *About This Report listing legislation containing reporting requirements satisfied in the AFR*.
- **Civil Service Retirement Act (CSRA)** – which became effective on August 1, 1920, established a retirement system for certain federal employees. The Civil Service Retirement System (CSRS) is a defined benefit, contributory retirement system. Employees and agencies share in the expense of the annuities to which employees become entitled. It was replaced by the Federal Employees Retirement System (FERS) for federal employees who first entered covered service on and after January 1, 1987.
- **Debt Collection Improvement Act (DCIA) of 1996** – tasked the U.S. Department of the Treasury (Treasury) with certain government-wide debt collection responsibilities. The law provides that delinquent non-tax debts generally must be turned over to the Treasury for appropriate action to collect the debt. Certain types of debts are exempt from this requirement. A major purpose of DCIA is to maximize collections of delinquent debts owed to the Federal Government by ensuring quick action to enforce recovery of debts and the use of all appropriate collection tools. DCIA as amended by the DATA Act requires federal agencies to notify Treasury of federal nontax debt delinquent over 120 days for purposes of payment offset and requires agencies to refer such debt to Treasury for centralized collection action. To facilitate debt collection, DCIA, in concert with other federal debt collection laws that the act amended, authorizes several debt collection tools, including administrative wage garnishment, credit bureau reporting, and referring debt to private collection agencies, and bars delinquent federal non-tax debtors from receiving additional federal loans, loan insurance, or loan guarantees until such debtors resolve their delinquencies.
- **Digital Accountability and Transparency Act (DATA Act) of 2014** – enacted May 9, 2014 to (1) expand the Federal Funding Accountability and Transparency Act of 2006 by disclosing direct federal agency expenditures and linking federal contract, loan, and grant spending information to programs of federal agencies to enable taxpayers and policy makers to track federal spending more effectively; (2) establish government-wide data standards for

financial data and provide consistent, reliable, and searchable government-wide spending data that is displayed accurately for taxpayers and policy makers on USAspending.gov (or a successor system that displays the data); (3) simplify reporting for entities receiving federal funds by streamlining reporting requirements and reducing compliance costs while improving transparency; (4) improve the quality of data submitted to USAspending.gov by holding federal agencies accountable for the completeness and accuracy of the data submitted; and (5) apply approaches developed by the Recovery Accountability and Transparency Board to spending across the Federal Government.

- **Federal Computer Security Act** – a U.S. federal law enacted in 1987 to improve the security and privacy of sensitive information in federal computer systems and establish minimally acceptable security practices for such systems. Responsibilities and oversight for cybersecurity have shifted to the Federal Information Security Management Act (FISMA) of 2002. FISMA 2002 was superseded by the Federal Information Security Modernization Act of 2014.
- **Federal Credit Reform Act (FCRA) of 1990** – was enacted to accomplish four objectives: (1) measure the costs of federal credit programs more accurately, (2) place the cost of credit programs on a budgetary basis equivalent to other federal spending, (3) encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries, and (4) improve the allocation of resources among credit programs and between credit and other spending programs. Agencies that borrow for Credit Reform Accounts follow standardized processes for establishing accounts, creating borrowing agreements, accruing interest, and processing principal and interest transactions. It requires federal agencies to set aside the subsidy cost of new credit assistance provided in the form of direct loans or loan guarantees. The subsidy cost will be the estimated long-term cost to the Federal Government of the loan or loan guarantee.
- **Federal Debt Collection Authority** – includes Public Laws, Statutes, and Other Authorities Related to the Collection of Delinquent Debts Owed to the Federal Government. DCIA provides that any non-tax debt or claim owed to the Federal Government that is 180 days delinquent, with certain exceptions, will be referred to the Treasury for appropriate action to collect or terminate collection actions. Debt that is in litigation or foreclosure, with a collection agency or designated federal debt collection center, or that will be disposed of under an asset sales program, is exempt from transfer to the Secretary. DCIA as amended by the DATA Act provides that agencies are required to notify Treasury of all non-tax debts that are 120 days delinquent for purposes of administrative offset. There are no exemptions.
- **Federal Employees' Compensation Act (FECA)** – enacted on September 7, 1916, provides compensation benefits to civilian employees for disability due to personal injury or disease sustained while in the performance of duty. The FECA also provides for payment of benefits to dependents if a work-related injury or disease causes an employee's death. These benefits include medical expenses, compensation for wage loss, and payment to dependents of employees who die from work-related injuries or diseases. For partially disabled employees returning to work, FECA provides vocational rehabilitation (training for a different job). The act is administered by the U.S. Department of Labor.
- **Federal Employees Health Benefits Act (FEHBA)** – enacted September 28, 1959, governs the health benefits of millions of federal workers and dependents, and authorizes OPM to enter into contracts with private insurance carriers to administer benefit plans.
- **Federal Employee Retirement System Act (FERSA) of 1986** – establishes the Federal Employees' Retirement System for federal employees, postal employees, and Members of Congress who began service after December 31, 1983. Declares that benefits payable under the system are in addition to those payable under the Social Security Act. Sets forth provisions for the benefit plan including: (1) eligibility for an annuity after five years of creditable service, (2) entitlements to retirement based on age and years of service, (3) the formulas for computing an annuity, (4) survivor election reductions, and (5) funding. Sets forth provisions for mandatory retirement for air traffic controllers, law enforcement officers, and firefighters.



- **Federal Financial Management Improvement Act (FFMIA) of 1996** – described on page i in *About This Report* listing legislation containing reporting requirements satisfied in the AFR.

- **Federal Information Security Management Act (FISMA)** – enacted in 2002, recognizes the importance of information security to the economic and national security interests of the United States. The act requires each federal agency to develop, document, and implement an agency-wide program to provide security for the information and information systems that support the operations and assets of the agency, including those provided or managed by another agency, contractor, or other source.

The Federal Information Security Modernization Act of 2014 (FISMA 2014) – amends the Federal Information Security Management Act of 2002 to: (1) reestablish the oversight authority of the Director of OMB with respect to agency information security policies and practices, and (2) set forth authority for the Secretary of the U.S. Department of Homeland Security (DHS) to administer the implementation of such policies and practices for information systems. FISMA 2014 updates the Federal Government’s cybersecurity practices by: (1) codifying DHS authority to administer the implementation of information security policies for non-national security federal Executive Branch systems, including providing technical assistance and deploying technologies to such systems; (2) amending and clarifying OMB’s oversight authority over federal agency information security practices; and (3) requiring OMB to amend or revise OMB A-130, *Managing Information as a Strategic Resource*, to “eliminate inefficient and wasteful reporting.”

- **Federal Information Technology Acquisition Reform Act (FITARA)** – enacted December 19, 2014, requires the heads of agencies to ensure that their respective CIOs have a significant role in IT decisions, including annual and multiyear planning, programming, budgeting, execution, reporting, management, governance, and oversight functions. The intent of the law is to establish a long-term framework through which federal IT investments could be tracked, assessed, and managed to

significantly reduce wasteful spending and improve project outcomes.

- **Federal Managers' Financial Integrity Act (FMFIA) of 1982** – described on page i in *About This Report* listing legislation containing reporting requirements satisfied in the AFR.

- **The Foreign Assistance Act of 1961** – promotes the foreign policy, security, and general welfare of the United States by assisting peoples of the world in their efforts toward economic development and internal and external security, and for other purposes. Along with issuance of E.O. 10973, *Administration of Foreign Assistance and Related Functions*, the Act reorganized the structure of existing U.S. foreign assistance programs, distinguishing between military and non-military aid, and created a new agency, the United States Agency for International Development (USAID), to administer non-military, economic assistance programs.

- **Government Corporation Control Act (GCCA) of 1945** – as amended, provides for the standardized budget, auditing, debt management, and depository practices for the government corporations listed in the act. Notwithstanding unusual provisions that may be present in their enabling statute, government corporations remain “agencies” of the United States and are therefore subject to all laws governing agencies, except where exempted from coverage by provisions of general management laws.

- **Government Management Reform Act (GMRA) of 1994** – described on page i in *About This Report* listing legislation containing reporting requirements satisfied in the AFR.

- **Payment Integrity Information Act (PIIA) of 2019** – described on page i in *About This Report* listing legislation containing reporting requirements satisfied in the AFR.

- **Prompt Payment Act (PPA)** – enacted May 21, 1982, requires federal agencies pay their bills on time, pay interest penalties when payments are made late, and take discounts only when payments are made by the discount date and the discount is economically justified.

# APPENDIX B.

## ABBREVIATIONS AND ACRONYMS

<b>A</b>		<b>APR</b>	
<b>A&amp;A</b>	Acquisition and Assistance		Annual Performance Report
<b>AA</b>	Assistant Administrator	<b>ARP</b>	Agency Risk Profile
<b>AAFS</b>	Agency Approach to Field Services	<b>ART</b>	Antiretroviral Therapy
<b>ACI</b>	Andean Counterdrug Initiative	<b>ARTF</b>	Afghanistan Reconstruction Trust Fund
<b>ACRF</b>	Anti-Corruption Response Fund	<b>ATDA</b>	Accountability of Tax Dollars Act
<b>ACTF</b>	Anti-Corruption Task Force	<b>AU</b>	Assessable Unit
<b>ADA</b>	Antideficiency Act	<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>BEC</b>	Business Email Compromise
<b>ADS</b>	Automated Directives System	<b>BHA</b>	Humanitarian Assistance Bureau
<b>AFR</b>	Agency Financial Report	<b>BIC</b>	Best-in-Class
<b>AFSA</b>	American Foreign Service Association	<b>BLIC</b>	Being LGBTI in the Caribbean
<b>AI</b>	Artificial Intelligence	<b>C</b>	
<b>AI R&amp;D</b>	Artificial Intelligence Research and Development	<b>C-TIP</b>	Counter-Trafficking in Persons
<b>AICPA</b>	American Institute of Certified Public Accountants	<b>CAO</b>	Chief Acquisition Officer
<b>AIDAR</b>	USAID Acquisition Regulation	<b>CAS</b>	Cost Accounting Standards
<b>ANC</b>	Antenatal Care	<b>CCNPSC</b>	Cooperating Country National Personal Services Contractor
<b>AOR</b>	Agreement Officer Representative	<b>CDCS</b>	Country Development Cooperation Strategy
<b>APG</b>	Agency Priority Goal	<b>CDRI</b>	Coalition for Disaster Resilient Infrastructure
<b>API</b>	African Professionalization Initiative		
<b>APP</b>	Annual Performance Plan		



<b>CEAR</b>	Certificate of Excellence in Accountability Reporting	<b>DATA Act</b>	Digital Accountability and Transparency Act
<b>CEQ</b>	Council on Environmental Quality	<b>DCAA</b>	Defense Contract Audit Agency
<b>CFO</b>	Chief Financial Officer	<b>DCCP</b>	Digital Connectivity and Cybersecurity Partnership
<b>CFR</b>	Code of Federal Regulations	<b>DCIA</b>	Debt Collection Improvement Act
<b>CIF</b>	Capital Investment Fund	<b>DDC</b>	Development Data Commons
<b>CIO</b>	Chief Information Officer	<b>DDI</b>	Development, Democracy, and Innovation Bureau
<b>CLA</b>	Collaborating, Learning, and Adapting	<b>DEC</b>	Development Experience Clearinghouse
<b>CMIA</b>	Cash Management Improvement Act	<b>DEIA</b>	Diversity, Equity, Inclusion, and Accessibility
<b>CO2</b>	Carbon Dioxide	<b>DFA</b>	Development Fund for Africa
<b>COM</b>	Chief of Mission	<b>DIS</b>	Development Information Solution
<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>DPT</b>	Diphtheria, Pertussis and Tetanus
<b>CRM</b>	Climate Risk Management	<b>DQA</b>	Data-Quality Assessment
<b>CSIA</b>	Cyber Security and Information Assurance	<b>DR</b>	Democracy, Human Rights, and Governance
<b>CSRA</b>	Civil Service Retirement Act	<b>DRG</b>	Democracy, Human Rights, and Governance Bureau
<b>CSRS</b>	Civil Service Retirement System		
<b>CX</b>	Customer Experience		
<b>CXS</b>	Customer Experience Survey		
<b>D</b>		<b>E</b>	
<b>DA</b>	Development Assistance	<b>EAP</b>	Equity Action Plan
<b>DART</b>	Disaster Assistance Response Team	<b>EAU</b>	Emergency Use Authorization
<b>DATA</b>	Data Administration and Technical Advisory	<b>ECR</b>	External Civil Rights
		<b>EDGE</b>	Enterprises for Development, Growth, and Empowerment

<b>EE4D</b>	Energy Efficiency for Development	<b>FERS</b>	Federal Employees Retirement System
<b>EEI</b>	Employee Engagement Index	<b>FERSA</b>	Federal Employee Retirement System Act
<b>EEOC</b>	Equal Employment Opportunity Commission	<b>FEVS</b>	Federal Employee Viewpoint Survey
<b>EG</b>	Economic Growth	<b>FFMIA</b>	Federal Financial Management Improvement Act
<b>EMCRIC</b>	Executive Management Council on Risk and Internal Control	<b>FISMA</b>	Federal Information Security Management Act
<b>E.O.</b>	Executive Order	<b>FISMA 2014</b>	Federal Information Security Modernization Act of 2014
<b>ERM</b>	Enterprise Risk Management	<b>FITARA</b>	Federal Information Technology Acquisition Reform Act
<b>ERW</b>	Explosive Remnants of War	<b>FMFIA</b>	Federal Managers' Financial Integrity Act
<b>ES</b>	Education and Social Services	<b>FR</b>	Financial Report of the U.S. Government
<b>ESI</b>	Employee Satisfaction Index	<b>FRDAA</b>	Fraud Reduction and Data Analytics Act
<b>ESF</b>	Economic Support Fund	<b>FSN</b>	Foreign Service National
<b>EV</b>	Electric Vehicle	<b>FSN EIP</b>	FSN Empowerment Implementation Plan
<b>Evidence Act</b>	Evidence-Based Policymaking Act	<b>FTI</b>	Financial Transparency and Integrity
<b>F</b>		<b>FY</b>	Fiscal Year
<b>FAO</b>	Food and Agriculture Organization	<b>G</b>	
<b>FAR</b>	Federal Acquisition Regulation	<b>G2G</b>	Government-to-Government
<b>FASAB</b>	Federal Accounting Standards Advisory Board	<b>GAAP</b>	Generally Accepted Accounting Principles
<b>FATAA</b>	Foreign Aid Transparency and Accountability Act	<b>GAO</b>	Government Accountability Office
<b>FBWT</b>	Fund Balance with Treasury	<b>GATR</b>	Government Agreement Technical Representative
<b>FCI</b>	Facility Condition Indices		
<b>FCRA</b>	Federal Credit Reform Act		
<b>FECA</b>	Federal Employees' Compensation Act		
<b>FEHBA</b>	Federal Employees Health Benefits Act		

<b>GBV</b>	Gender-Based Violence	<b>HIV/AIDS</b>	Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome
<b>GCCA</b>	Government Corporation Control Act	<b>HL</b>	Health
<b>GDPI</b>	Global Development Partnership Initiative	<b>HR</b>	Human Resources
<b>GFSS</b>	Global Food Security Strategy		
<b>GHG</b>	Greenhouse Gas		
<b>GLAAS</b>	Global Acquisition and Assistance System	<b>I</b>	
<b>Global VAX</b>	Global Vaccine Access	<b>I4D</b>	Integrity for Development Campaign
<b>GMRA</b>	Government Management Reform Act	<b>IAA</b>	Interagency Agreement
<b>GPRA</b>	Government Performance and Results Act	<b>ICAP</b>	International Career Advancement Program
<b>GPRAMA</b>	Government Performance and Results Act Modernization Act	<b>ICASS</b>	International Cooperative Administrative Support Services
<b>GROW</b>	Generating Resilience and Opportunities for Women	<b>ID</b>	Inclusive Development
<b>GSA</b>	U.S. General Services Administration	<b>IDEA</b>	Integrated Digital Experience Act
<b>GTAS</b>	Governmentwide Treasury Account Symbol Adjusted Trial Balance System	<b>IFAC</b>	International Federation of Accountants
		<b>INCOSAI</b>	International Congress of Supreme Audit Institutions
		<b>INTOSAI</b>	International Organization of Supreme Audit Institutions
		<b>IP</b>	Improper Payment
		<b>IPAC</b>	Intragovernmental Payments and Collections
<b>H</b>		<b>IPERA</b>	Improper Payments Elimination and Recovery Act
<b>HA</b>	Humanitarian Assistance	<b>IPERIA</b>	Improper Payments Elimination and Recovery Improvement Act
<b>HACU</b>	Hispanic Association of Colleges and Universities	<b>IPI</b>	Inclusive Growth, Partnerships, and Innovation Bureau
<b>HCDA</b>	Human Capital Data Analytics	<b>IPIA</b>	Improper Payments Information Act
<b>HHS</b>	U.S. Department of Health and Human Services		
<b>HISP</b>	High Impact Service Provider		

<b>IRM</b>	Integrated Risk Management	<b>MIT</b>	Massachusetts Institute of Technology
<b>IT</b>	Information Technology	<b>MOU</b>	Memorandum of Understanding
		<b>MSI</b>	Minority Serving Institution
<b>J</b>			
<b>JSP</b>	Joint Strategic Plan	<b>N</b>	
<b>K</b>			
<b>KMOL</b>	Knowledge Management and Organizational Learning	<b>N/A</b>	Not Applicable
		<b>NAP</b>	National Adaptation Plan
		<b>NDC</b>	Nationally Determined Contribution
		<b>NGO</b>	Nongovernmental Organization
		<b>NIST</b>	National Institute of Standards and Technology
<b>L</b>			
<b>LBNL</b>	Lawrence Berkeley National Laboratory	<b>NITRD</b>	Networking and Information Technology Research and Development
<b>LEED</b>	Leadership in Energy and Environmental Design	<b>NPI</b>	New Partnerships Initiative
		<b>NUPAS</b>	Non-U.S. Organization Pre-award Survey
<b>M</b>			
<b>M</b>	Bureau for Management	<b>O</b>	
<b>M/MPBP</b>	Office of Management Policy, Budget, and Performance	<b>OBO</b>	Bureau of Overseas Buildings Operations (State Department)
<b>M/OCFO</b>	Office of the Chief Financial Officer	<b>OCE</b>	Office of the Chief Economist
<b>M/OCFO/FS</b>	M/OCFO Financial Systems Division	<b>OCFO</b>	Office of the Chief Financial Officer
<b>MCRC</b>	Management Control Review Committee	<b>OCP Africa</b>	OCP Africa Fertilizers Nigeria Limited
<b>MCRIC</b>	Management Council on Risk and Internal Control	<b>OE</b>	Operating Expense
<b>MD&amp;A</b>	Management's Discussion and Analysis	<b>OHI</b>	Organizational Health Index
<b>MEL</b>	Monitoring, Evaluation, and Learning	<b>OIG</b>	Office of Inspector General
<b>MENA</b>	Middle East Northern Africa	<b>OMB</b>	Office of Management and Budget
		<b>OPM</b>	Office of Personnel Management

<b>OPS</b>	Overseas Personnel System	<b>PPR</b>	Performance Plan and Report
<b>OU</b>	Operating Unit	<b>PrEP</b>	Pre-Exposure Prophylaxis
<b>P</b>		<b>PREPARE</b>	President 's Emergency Plan for Adaptation and Resilience
<b>PAR</b>	Performance and Accountability Report	<b>PS</b>	Peace and Security
<b>PASA</b>	Participating Agency Service Agreement	<b>PSE</b>	Private-Sector Engagement
<b>PB</b>	Performance Budgeting	<b>R</b>	
<b>PCV</b>	Pneumococcal Vaccine	<b>R/CDCS</b>	Regional and Country Development Cooperation Strategy
<b>PGII</b>	Partnership for Global Infrastructure and Investment	<b>RAS</b>	Risk Appetite Statement
<b>PIIA</b>	Payment Integrity Information Act	<b>REFS</b>	Resilience, Environment, and Food Security Bureau
<b>PIO</b>	Public International Organization	<b>RISE</b>	Respectful, Inclusive, and Safe Environments
<b>PIOET</b>	Pandemic Influenza and Other Emerging Threats	<b>RFS</b>	Resilience and Food Security Bureau
<b>PIRS</b>	Performance Indicator Reference Sheet	<b>RMC</b>	Risk Management Council
<b>PIVOT</b>	Practical, InnoVative, On-the-Job Training	<b>RML</b>	Risk Management Liaison
<b>P.L.</b>	Public Law	<b>RMT</b>	Response Management Team
<b>PLR</b>	Planning, Learning, and Resource Management Bureau	<b>ROL</b>	Rule of Law
<b>PMP</b>	Performance Management Plan	<b>RSC</b>	Responsibility, Safeguarding, and Compliance
<b>PO</b>	Program Development and Oversight	<b>RSI</b>	Required Supplementary Information
<b>POL</b>	Office of Policy	<b>S</b>	
<b>PP&amp;E</b>	Property, Plant and Equipment	<b>SAI</b>	Supreme Audit Institution
<b>PPA</b>	Prompt Payment Act	<b>SAM</b>	System for Award Management
<b>PPL</b>	Policy, Planning, and Learning Bureau	<b>SAT</b>	Senior Assessment Team
		<b>SBG</b>	Sovereign Bond Guarantee



<b>SBR</b>	Statement of Budgetary Resources	<b>URICA</b>	Uniform Risk and Internal Control Assessment
<b>SDG</b>	Sustainable Development Goal	<b>U.S.</b>	United States
<b>SEA</b>	Sexual Exploitation and Abuse	<b>USAID</b>	U.S. Agency for International Development
<b>SEE-AM</b>	Social, Economic, and Environmental Accountability Mechanism	<b>U.S.C.</b>	United States Code
<b>SF</b>	Standard Form	<b>USD</b>	U.S. Dollar
<b>SP</b>	Special Publication	<b>USDA</b>	U.S. Department of Agriculture
<b>SPSD</b>	Standardized Program Structure and Definition	<b>USPSC</b>	U.S. Personal Services Contractor
<b>State Department</b>	U.S. Department of State	<b>USSGL</b>	U.S. Standard General Ledger
<b>STEM</b>	Science, Technology, Engineering, and Mathematics	<b>UTRAMS</b>	Universal Technical Request and Mission Support
<b>SUM</b>	Spend Under Management	<b>V</b>	
<b>T</b>		<b>V-Dem</b>	Varieties of Democracy
<b>TBD</b>	To Be Determined	<b>VMMC</b>	Voluntary Medical Male Circumcision
<b>The Hubs</b>	Farm and Fortune Hubs	<b>W</b>	
<b>TIP</b>	Trafficking in Persons	<b>WASH</b>	Water, Sanitation, and Hygiene
<b>Treasury</b>	U.S. Department of the Treasury	<b>WFP</b>	World Food Programme
<b>U</b>		<b>WHO</b>	World Health Organization
<b>UN</b>	United Nations	<b>WMD</b>	Weapons of Mass Destruction
<b>UNICEF</b>	United Nations International Children's Emergency Fund	<b>WRP</b>	Workforce Recruitment Program
<b>UP</b>	Unknown Payment		

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*We welcome your comments on how we can improve this report. Please provide comments to:*

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