



USAID
FROM THE AMERICAN PEOPLE

USAID
at 60



FISCAL YEAR 2021 AGENCY FINANCIAL REPORT

Six Decades of Progress



(Preceding page) USAID's immunization and agriculture programs reach back nearly 60 years. USAID has invested in vaccine development and distribution from the days of smallpox immunizations to today's COVID-19 vaccines, including at this vaccine clinic in Rwanda from 2021. Agriculture has been a huge success story for USAID as well. In the Agency's early years, USAID helped farmers in South Korea produce high-yield rice strains. Today, USAID works with partners and producers throughout South Asia to deploy digital agricultural tools as part of the development of stress resilient, high-yield wheat.

PHOTO CREDITS: (top left) USAID; (top right) USAID/RWANDA; (bottom left) IHAP; (bottom right) DALJIT SINGH FOR USAID

ABOUT THIS REPORT

The *Agency Financial Report* (AFR) of the U.S. Agency for International Development (USAID) for Fiscal Year (FY) 2021 provides an overview of the Agency's performance and financial information. The AFR demonstrates to Congress, the President, and the public USAID's commitment to its mission and accountability for the resources entrusted to it. This report is available on USAID's website at <https://www.usaid.gov/results-and-data/progress-data/agency-financial-report> and includes information that satisfies the reporting requirements contained in the following legislation:

- Inspector General Act of 1978 – requires information on management actions in response to audits produced by the Office of Inspector General (OIG);
- Federal Managers' Financial Integrity Act (FMFIA) of 1982 – requires ongoing evaluations of and reports on the adequacy of internal accounting systems and administrative controls, not just over financial reporting but also over program areas;
- Chief Financial Officers (CFO) Act of 1990 – requires improved Federal Government financial accounting and reporting;
- Government Management Reform Act (GMRA) of 1994 – requires annual audited department- and agency-level financial statements, as well as an annual audit of U.S. government-wide consolidated financial statements;
- Federal Financial Management Improvement Act (FFMIA) of 1996 – requires an assessment of a department'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 requires 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 requires 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 to 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 FY 2021 APR to OMB in spring 2022. 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, the U.S. Agency for International Development (USAID) promotes and demonstrates democratic values abroad, and advance a free, peaceful, and prosperous world. In support of America's foreign policy, USAID leads the U.S. Government's international development and disaster assistance through partnerships and investments that save lives, reduce poverty, strengthen democratic governance, and help people emerge from humanitarian crises and progress beyond assistance.

The Caño Mochuelo indigenous reserve is one of 19 indigenous reserves supported by USAID's Natural Wealth Program in Colombia. USAID is working alongside these communities to conserve the biodiversity of the tropical dry forest in the Caribbean, the flooded savannas in the Orinoquia, and the ecosystems in the Amazon-Orinoquia transition zone. With USAID's support, more than 63,000 hectares of critical ecosystems are under improved natural resources management benefitting more than 2,000 people. To raise awareness of the Caño Mochuelo communities' challenges, USAID worked with Colombian artist Pedro Ruiz last year to lead a painting workshop with them and displayed their artwork in an online exhibit, *Caño Mochuelo: Universe in Danger*. PHOTO: JULIÁN LINEROS FOR USAID



[usaid.link/lbo7](https://www.usaid.gov/link/lbo7)



WHERE USAID WORKS

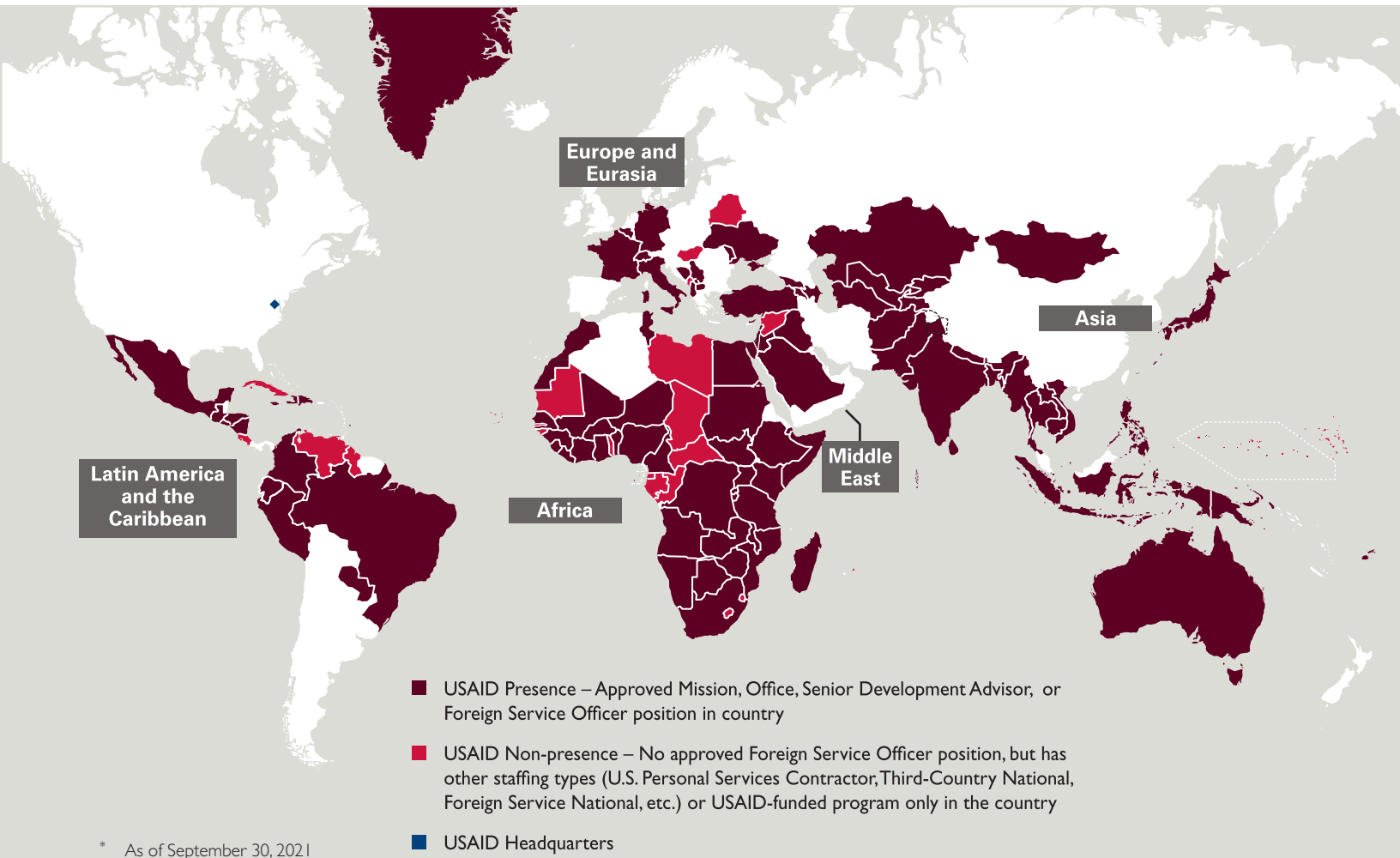
In more than 100* countries around the world, the investments USAID makes have long-term benefits for the United States. To explore where, and with whom, USAID spends your foreign assistance dollars, and related project stories and results, visit <https://www.usaid.gov/where-we-work>.

“The steps we take to combat COVID-19, climate change, conflict, and other ills abroad, make us safer, while demonstrating compassion for, and cooperation with, people all over the world.”

— Administrator Samantha Power
Opening Statement on the FY 2022 Budget Request to the Senate Appropriations Subcommittee on State Foreign Operations, and Related Programs, May 26, 2021

USAID
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 [usaid.link/vs8](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. At USAID, working with the private sector is a necessity.

The Agency has built more than 1,600 alliances with a wide variety of private-sector entities in the past 11 years, leveraging more than \$19 billion in public and private funds toward increasing the sustainable impact of our development assistance programs.

HOW USAID FULFILLS 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

By advancing democracy and governance to help promote sustainable development and peace around the world—recognizing poverty does not cause violent extremism, it creates conditions that extremists can exploit.
<https://www.usaid.gov/supporting-global-stability>



Providing Humanitarian Assistance

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



Catalyzing Innovation and Partnership

By making the impossible, possible, the unsolvable, solvable with technology, new thinking, and engaging with the private sector to fulfill our mission.
<https://www.usaid.gov/catalyzing-innovation-and-partnership>



Empowering Women and Girls

Through supporting women and girls—peace and progress cannot be sustained without women's equal access to opportunities and participation in their countries' institutions.
<https://www.usaid.gov/empowering-women-and-girls>

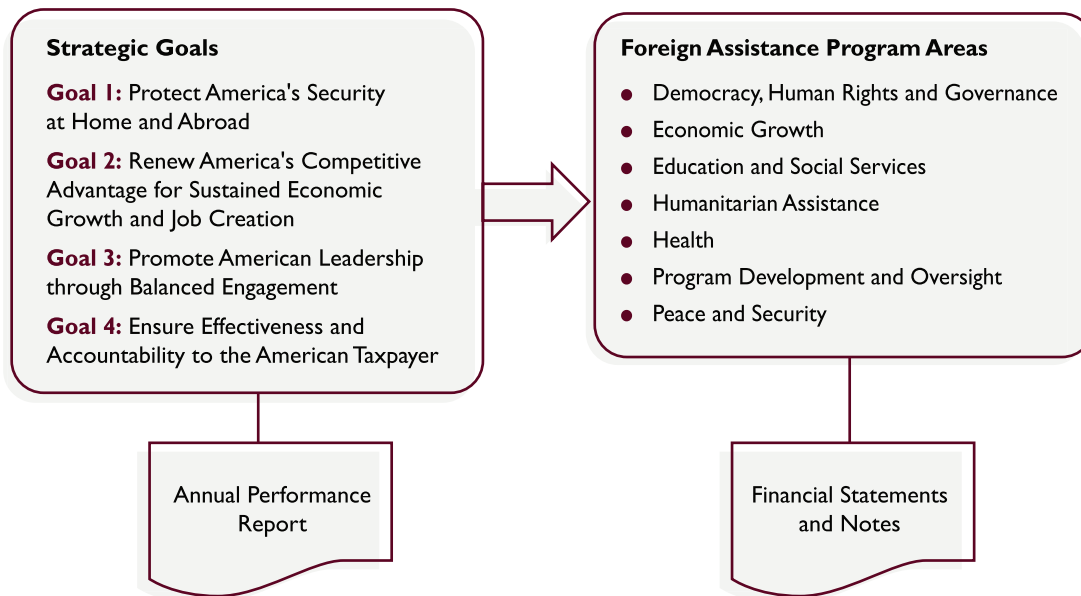
HOW USAID IS ACCOUNTABLE

ACCOUNTABILITY FOUNDATION FOR PROGRAM AND FINANCIAL RESULTS

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

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

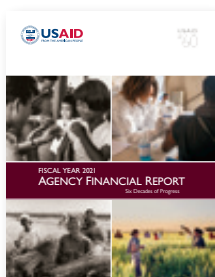
USAID uses the Standardized Program Structure and Definition (SPSD) system to categorize programs and track financial results. The SPSD contains seven categories of foreign assistance programs listed below. The Consolidated Statement of Net Cost (included in this Agency Financial Report [AFR]) represents the cost of operating the Agency's seven foreign assistance program areas. The Overview of Programmatic Performance section of this AFR provides a crosswalk between the JSP and the SPSD program categories. To further explore USAID's strategic goals and performance results, see the *State-USAID FY 2018 – FY 2022 JSP* (https://www.usaid.gov/sites/default/files/documents/1870/JSP_FY_2018_-_2022_FINAL.pdf) and the *USAID Annual Performance Report* (https://www.state.gov/wp-content/uploads/2021/01/25.-State-USAID-FY-2020-APR_Final.pdf).



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

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

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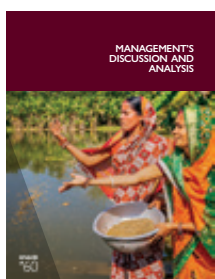
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A brief overview of Who USAID Is, Where USAID Works, Why USAID Matters, What USAID Does, and How USAID Is Accountable.



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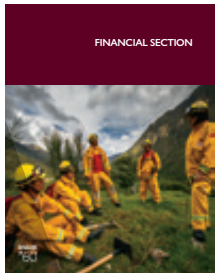
A brief message from the Agency Head highlighting the Agency's vision and an assessment of the reliability and completeness of financial and performance data in the report.



MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

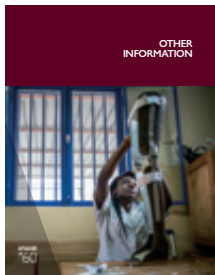
The MD&A provides an overview of the Agency's financial and performance results. It summarizes the Agency's mission, activities, program and financial performance, systems, controls, legal compliance, and financial position.

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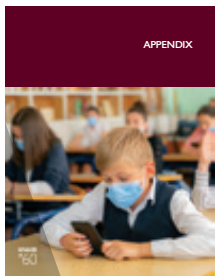
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This report is available at: <https://www.usaid.gov/results-and-data/progress-data/agency-financial-report>.

EXECUTIVE MESSAGE FROM ADMINISTRATOR SAMANTHA POWER



Samantha Power

As the U.S. Agency for International Development (USAID) celebrates its 60th year, we take this opportunity to reflect on all the ways in which the world is a healthier, cleaner, more democratic, and more prosperous place because of the generosity of the American people. President John F. Kennedy founded USAID in 1961 based on the belief that every person, regardless of where they were born, deserved to live in dignity.

This notion has been at the center of our work since the Agency's creation, and over the past 60 years we have made extraordinary progress in advancing the human condition around the world.

Since its founding, USAID has responded to thousands of natural disasters and humanitarian crises in more than 80 percent of the world, reaching billions of people in desperate need with food, health care, and shelter. From one of USAID's first major disaster responses, the devastating 1963 earthquake in Skopje, Yugoslavia, to the Indian Ocean Tsunami in 2004 to the 2021 earthquake in southwestern Haiti, USAID's response to disasters has saved lives, helped rebuild economies, and strengthened resilience to future shocks.

As a result of USAID's investments in global health, people around the world are living longer, healthier lives. In 1980, USAID's contributions to research and vaccine development helped eradicate smallpox, making it the first disease to be conquered on a global scale. Since then, USAID has helped nations turn the tide on HIV, malaria, and tuberculosis, and assisted many countries in eliminating neglected tropical diseases, improving the lives of hundreds of millions of people.

USAID programs also bolstered democratic institutions and market-based economies as new waves of democratization swept across the developing world. USAID was instrumental in rebuilding the banking systems in former Soviet satellite countries after the fall of the Berlin Wall, and today, many of those countries have become strong economic and security partners of the United States. In Timor-Leste, years of USAID assistance led to a significant breakthrough in 2017, when the country held national elections for the first time in its history

without international supervision. Our assistance has empowered local leaders, entrepreneurs, and civil society to create their own destinies and chart their own paths to prosperity.

Today, we face compounding challenges that are jeopardizing many of these hard-won development gains, from the COVID-19 pandemic to a warming climate. Across the U.S. government, USAID is uniquely positioned to confront today's global challenges, whether by vaccinating people against COVID-19, helping nations adapt to and mitigate climate change, shoring up democratic institutions around the world, fighting corruption, addressing increasing humanitarian needs, bolstering global food security, or expanding our global health security efforts. And just as President Kennedy understood the role that foreign aid plays in promoting global peace and stability, President Biden, too, understands how valuable our development assistance is to U.S. foreign policy, cementing this view by elevating the USAID Administrator to become a standing member of the National Security Council.

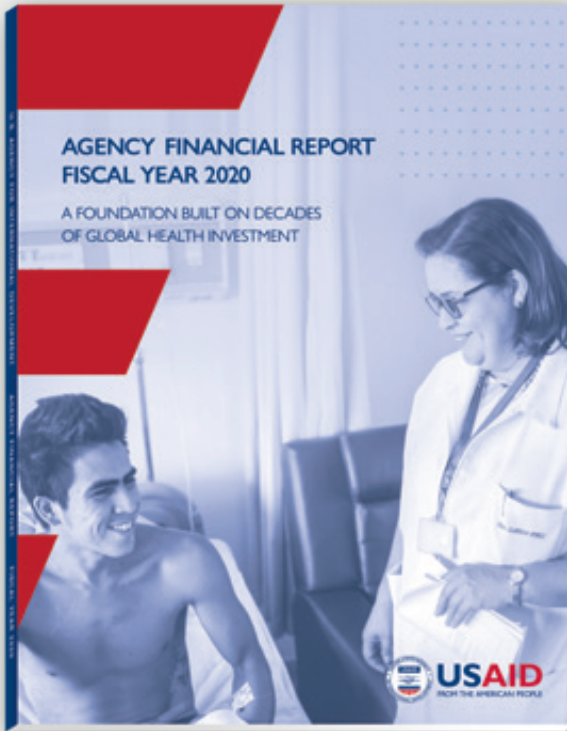
USAID will continue to build on the progress made over the past six decades, partnering with countries to address the world's toughest challenges, while demonstrating the best of American values and building the type of goodwill that inspires action and cooperation from our allies. The goals and actions described in this Agency Financial Report are critical to these efforts. We have worked closely with the Office of Inspector General to ensure these financial and summary performance data are complete, reliable, and accurate. The Independent Auditor's Report, including reports on internal control and compliance with laws and regulations, appears in the Financial Section of this report. The section on Management's Discussion and Analysis reviews our assessments of our internal controls, risks, and other issues.

The Kennedy Administration created our Agency 60 years ago to build a more equitable, prosperous world, while strengthening America's economic and national security. While there is much work to do, we continue to answer the call to extend the reach of freedom and dignity to all people.

A handwritten signature in blue ink that reads "S. Power".

Samantha Power
Administrator
November 12, 2021

2020 CERTIFICATE OF EXCELLENCE AWARDS



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MANAGEMENT'S DISCUSSION AND ANALYSIS





USAID
at 60

(Preceding page) USAID and its partner WorldFish promote fish cultivation in nearly 800 home ponds across India's Odisha state to improve rural families' access to nutritious fish and enhance their livelihoods. The project also works with 22 women's groups to teach them to cultivate fish in community-leased ponds.

PHOTO: PRABHAKAR JAYAVARAPU FOR USAID



<https://usaid.link/5hb>

(Above) Iron-rich beans are sorted by cooperative members in Bugesera, Rwanda. The Feed the Future initiative introduced high-iron beans across the country to increase smallholder farmer income, improve nutrition, and strengthen climate resilience. Since 2017, Feed the Future has worked with agro-dealers, farmers, seed multipliers, and government stakeholders to increase production and consumption of these beans.

PHOTO: HERVE IRANKUNDA, CNFA/USAID FEED THE FUTURE RWANDA HINGA WEZE ACTIVITY



<https://usaid.link/8uh>

MISSION AND ORGANIZATIONAL STRUCTURE

MISSION STATEMENT

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

The U.S. Agency for International Development (USAID) has been working toward these goals for more than 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.

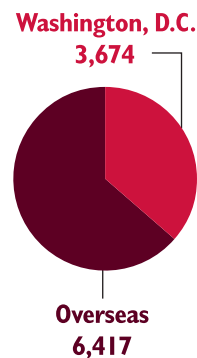
ORGANIZATIONAL STRUCTURE

USAID is an independent federal agency that receives overall foreign policy guidance from the Secretary of State. With an official presence in 97 countries and programs in 26 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

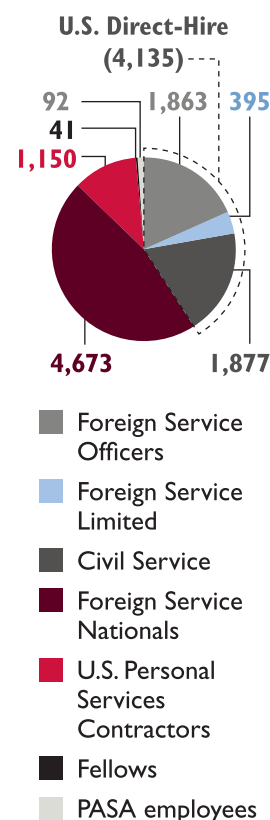
programs in close coordination with the U.S. Department of State (State) and collaborates with other U.S. government departments and agencies, multilateral and bilateral organizations, private companies, academic institutions, faith-based groups, and nongovernmental organizations (NGOs).

USAID staff work 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 2021 the Agency delivered on its mission with the support of 4,135 U.S. direct-hire (USDH) employees, of whom 1,863 are Foreign Service Officers, 395 are Foreign Service Limited, and 1,877 are in the Civil Service. Additional support came from 4,673 Foreign Service Nationals, 1,150 U.S. Personal Services Contractors (USPSCs), 41 Fellows, and 92 Participating Agency Service Agreements (PASAs) employees. Of these employees, 3,674 work in Washington, D.C., and 6,417 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.¹

EMPLOYEE LOCATIONS



EMPLOYEES



¹ The data is as of Pay Period 20, and any arrival action after September 30, 2021, 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 in the process of validating the overseas data to ensure all staff and countries are captured 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 the U.S. Agency for International Development (USAID). USAID unified pre-existing U.S. government assistance programs and served as the U.S. government's lead international development and humanitarian assistance agency.

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

— John F. Kennedy

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 (IOs) support both crosscutting or more limited services. The regional Bureaus are Africa (AFR), Asia (ASIA), Middle East (ME), Latin America and the Caribbean (LAC), and Europe and Eurasia (E&E).

USAID's pillar Bureaus report to a Deputy Administrator who oversees the five regional Bureaus and the following:

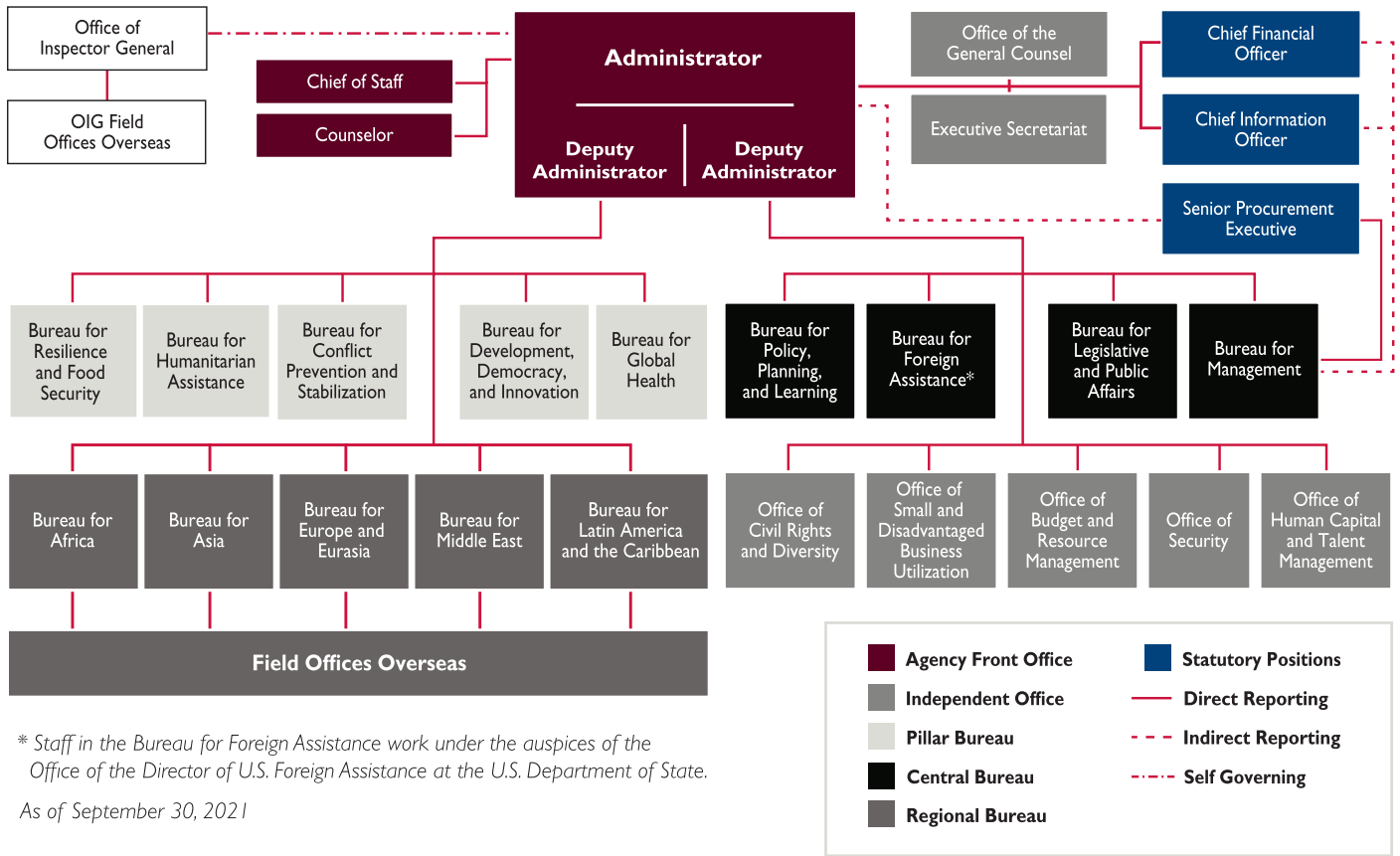
- The Bureau for Humanitarian Assistance (BHA), which provides expertise in emergency aid;

- The Bureau for Conflict Prevention and Stabilization (CPS), which provides expertise in peacebuilding, conflict and violence prevention, and implementation of political transition and stabilization programs;
- The Bureau for Resilience and Food Security (RFS), 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 Development, Democracy, and Innovation (DDI), which provides world-class technical assistance to USAID overseas Missions enabling the Agency to anticipate and respond to evolving trends and issues, catalyze innovation, and broaden the Agency's partnership base; and
- The Bureau for Global Health (GH), which provides expertise in global challenges, such as child, maternal, and reproductive health; HIV/AIDS; malaria; tuberculosis; and integrated health care.

USAID's central Bureaus report to a second Deputy Administrator as follows:

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

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT STRUCTURE



outreach to promote greater understanding of USAID’s mission and programs; and

- The Bureau for Management (M), which administers USAID’s operational budget and centralized procurement, financial, information technology (IT), policy, performance, and administrative support services for the Agency’s worldwide operations.

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

Office of Human Capital and Talent Management (HCTM), which oversees the planning, development, management, and administration of human capital and talent for the Agency.

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

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

In accordance with the Chief Financial Officer (CFO) Act of 1990, the CFO reports directly to the Administrator. To align Agency-wide operations strategically across the management platform, maximize programmatic synergies, and prevent

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

ORGANIZATIONAL STRUCTURE OVERSEAS

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

FOREIGN ASSISTANCE PROGRAM AREAS

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

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

OVERVIEW OF PROGRAMMATIC PERFORMANCE

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

USAID's evidence-based programming includes:

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

DISCIPLINE OF DEVELOPMENT

The Program Cycle (<https://www.usaid.gov/results-and-data/planning>) is USAID's foundational framework for evidence-based development. The Program Cycle reinforces the links between country-level strategic planning (through Country

Development Cooperation Strategies, or CDCSs), design, and implementation of Agency programs, and monitoring and evaluation to generate evidence and understand program performance. Across these components, which together represent the discipline of development, USAID continuously learns and adapts to influence the annual budget and resource management processes, and achieve measurable, sustainable results. Four principles guide USAID's Program Cycle:

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

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 operating units (OU) report key indicator data in their annual performance reports, which inform Agency decisions and external reporting.

QUALITY OF MONITORING AND EVALUATION

As part of the Program Cycle, USAID's requirements for monitoring and evaluation help the Agency build a body of evidence from which to learn and adapt, as well as increase the quality and transparency of that evidence. Meeting these requirements also ensures the Agency complies with the objectives of the Foreign Aid Transparency and Accountability Act (FATAA) of July 2016 and the guidelines the Office of Management and Budget (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 found that USAID had adopted all of OMB's guidelines for monitoring and evaluation. To meet the provisions of the Foundations for Evidence-Based Policymaking Act of 2018, USAID named an Agency Evaluation Officer and published the Fiscal Year (FY) 2022 Annual Evaluation Plan (https://pdf.usaid.gov/pdf_docs/PA00XBT7.pdf). Under Title I of the Evidence Act, agencies must develop a learning agenda that covers a four-year period aligned with the strategic plan and addresses a set of agency-wide priority learning questions. USAID is revising the Agency Learning Agenda to align with emerging policy priorities and the *FY 2022 – FY 2026 Joint Strategic Plan* (JSP). Following consultations with internal and external stakeholders, USAID developed eight draft learning questions that will guide evidence generation, sharing, and use in decision-making as the Agency implements top policy priorities. USAID will publish the Agency Learning Agenda and a summary of findings from a Capacity Assessment for Statistics, Evaluation, Research, and Analysis 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 (Automated Directives System [ADS] Chapter 201 [<https://www.usaid.gov/ads/policy/200/201>]) 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 caused by the COVID-19 pandemic). Finally, ADS Chapter 201 now requires that USAID's OUs analyze costs when doing an impact evaluation to produce an estimate of the impact per dollar of the intervention being studied. The Program Cycle includes basing strategic planning for and the design of activities on the best available evidence and providing ongoing accountability,

learning, and adaptation during strategy and implementation. USAID's OUs have completed more than 1,300 external evaluations since USAID issued the Agency's Evaluation Policy in 2011. In the fall of 2021, USAID will update and publish its Evaluation Policy to incorporate changes to the Evidence-Based Policymaking Act of 2018 and the Agency's revised ADS 201. To promote internal and external learning from evaluations, USAID requires evaluations (with limited exceptions) to be publicly available on USAID's Development Experience Clearinghouse (DEC) at <https://dec.usaid.gov>.

USAID also executes an Operational Excellence Agenda to inform continuous operational improvements that align with the Agency Learning Agenda. The Agency 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 studies. USAID uses these studies to address major management challenges at the Agency and produce practical, actionable recommendations that responsible offices and staff can implement. As of August 2021, approximately 50 percent of USAID's accepted recommendations are either in progress or complete, which reflects the action-oriented approach the Agency takes in these management assessments. USAID makes its management assessments publicly available on the DEC.

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: delivering classroom and online training courses, creating tools and guidance to support staff in implementing the Program Cycle's procedures, providing direct technical assistance to USAID Missions and offices on Program Cycle processes, and facilitating peer-to-peer learning by hosting communities of practice.

For example:

- USAID has developed a sophisticated training curriculum with a set of online and classroom courses tailored to specific staff roles to build

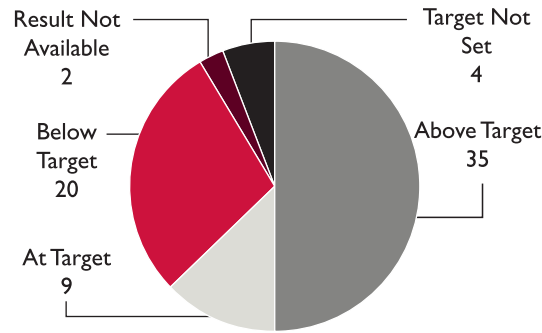
capacity in the Program Cycle’s processes. Courses include Introduction to the Program Cycle, Project Design, Activity Design and Implementation, Performance Monitoring and Evaluation Essentials, Applied Performance Monitoring and Evaluation, and Better Development through CLA.

- USAID has trained more than 3,000 staff in evaluating and monitoring programs since 2011.
- USAID provides templates, checklists, guidance documents, and other tools that support its staff to plan, design, manage, and learn from monitoring and evaluation. USAID has published its toolkits for good practice in evaluation (<https://usaidlearninglab.org/evaluation>), monitoring (<https://usaidlearninglab.org/content/monitoring-toolkit>), and learning (<https://usaidlearninglab.org/cla-toolkit>) on USAID’s Learning Lab website (<https://usaidlearninglab.org/>).
- USAID offers training courses and workshops that promote a standard approach to strategic operations management and business analytics across the Agency. For example, USAID developed a new eLearning Data Literacy Curriculum 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.

PERFORMANCE INDICATORS AND TRENDS

Performance indicators are the basis for observing progress and measuring actual results compared to expected ones. Hence, they are an indispensable

FY 2020 PERFORMANCE MEASURE SUMMARY



Total Performance Measures: 70

management tool for making evidence-based decisions about the design of programs, activities, and operations. While several factors contribute to the overall success of foreign assistance programs and management operations, analyzing and using performance data are critical to ensuring USAID achieves its intended results. OUs within USAID do not report the results of their foreign assistance programs for FY 2021 until December 2021, after the required publication date of USAID’s Agency Financial Report (AFR).² Accordingly, the most recent performance data in this report are for FY 2020,³ with baseline and trend data included when available. Despite a variety of obstacles, including the onset of the COVID-19 pandemic, most USAID-funded programs met or exceeded their targets in FY 2020.

QUALITY OF DATA

Data are only useful for decision-making if they are high quality and provide support for informed decisions. 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.

² USAID has elected to produce an Agency Financial Report (AFR) and Annual Performance Report (APR) as an alternative to the consolidated Performance and Accountability Report (PAR). The Agency will submit its FY 2021 APR to OMB in spring 2021 and publish it at <https://www.usaid.gov/results-and-data/progress-data/annual-performance-report>.

³ Annual targets are set before results of the previous year are calculated. The Performance Plan and Report (PPR) includes targets two years in advance. For example, targets for FY 2020 were set in the PPR of FY 2018.

Each PIRS: (1) defines the indicator’s meaning and use and the method of data collection, and (2) specifies the data sources and identifies data’s limitations. A Data-Quality Assessment (DQA) is the process USAID uses to assess the validity, integrity, precision, reliability, and timeliness of performance-indicator data; USAID uses a PIRS to record the results of each DQA. All performance-indicator data USAID reports externally must go through the DQA process every three years. 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 and that other U.S. government departments and agencies or international organizations provide, such as the World Bank or the United Nations [UN]).

STRATEGIC GOALS AND RESULTS

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

Operationally, USAID works closely with the U.S. Department of State (State) to cooperatively pursue U.S. national security and foreign policy objectives abroad. The two organizations do this by implementing diplomacy and foreign assistance programs to support the President’s interim *National Security Strategy* (NSS) (<https://www.whitehouse.gov/wp-content/uploads/2021/03/NSC-1v2.pdf>).

The Government Performance and Results Act (GPRA) of 1993 requires federal departments and agencies to develop strategic plans. USAID and State 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 achieving results. The JSP also includes the short-term performance goals USAID uses to measure progress on those long-term goals and objectives. The *FY 2022 Annual Performance Plan* (APP) served as the final year of planning and the *FY 2021 Annual Performance Report* (APR) will serve as the final year of reporting under the *FY 2018 – FY 2022 JSP* (https://www.usaid.gov/sites/default/files/documents/1870/JSP_FY_2018_-_2022_FINAL.pdf).

As of the end of FY 2021, USAID and State are developing the FY 2022 – FY 2026 JSP. This involves establishing new strategic goals, strategic objectives, performance goals, indicators, and targets. USAID and State’s joint strategic goals support the U.S. government’s overall efforts to promote and demonstrate democratic values abroad and advance a free, peaceful, and prosperous world. These goals foster conditions for stability and progress that benefit Americans and the rest of the world.

According to the GPRA Modernization Act, USAID publicly reports on a quarterly basis the progress of Agency Priority Goals (APGs).⁴ USAID’s APGs for FY 2020 – FY 2021 were in the following areas: Resilience and Food Security, Maternal and Child Health (MCH), Private-Sector Engagement, Effective Partnering and Procurement Reform (EPPR), Category Management (CM), and HIV/AIDS (joint with State). Results for all USAID APGs appear in the applicable sections in this report; the results provide updates on the Strategic Goals and indicators. The Executive Branch suspended public reporting on these APGs on Performance.gov in early 2021 due to a change in priorities from the new Administration. USAID is developing new APGs that align with the forthcoming JSP and will use these new APGs for the FY 2022 – FY 2023 reporting cycle.

⁴ 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 JOINT STRATEGIC GOAL FRAMEWORK

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

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

PERFORMANCE GOAL ACCOMPLISHMENT HIGHLIGHTS

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

STRATEGIC GOAL I

Protect America’s Security at Home and Abroad

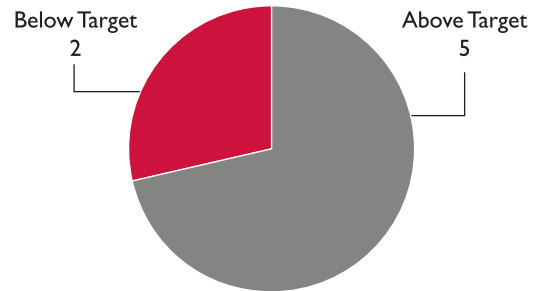
PUBLIC BENEFIT

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

LINKING ACTIVITIES TO OUTCOMES

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

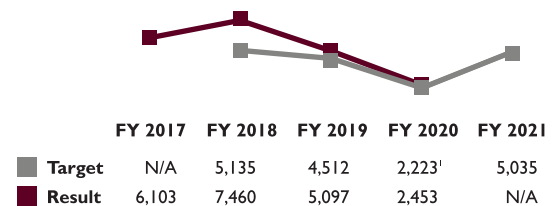
SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL I IN FY 2020



Total Performance Measures: 7

ILLUSTRATIVE PERFORMANCE INDICATOR:

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



Source: FY 2022 Annual Performance Plan

¹ The FY 2020 target is lower than previous results and targets because key projects are ending and new projects began in FY 2020.

In FY 2020, the U.S. government funded 2,453 events, training, and activities to increase broad public support for peace and reconciliation. COVID-19 affected the implementing environment and led to award (or activity) modifications or redirections, resulting in USAID exceeding the FY 2020 target.

The U.S. government implemented activities to prevent and respond to conflict, violence, and stabilization challenges, including 93 projects to promote people-to-people reconciliation across 39 countries; support for 20,900 women to



Ilwad Elman, of the Elman Peace and Human Rights Centre in Somalia, works on demobilization of child soldiers, peacebuilding, and deradicalization of young fighters. PHOTO: SEBASTIAN LINDSTROM, WTYSL

ENGAGING THE POTENTIAL OF YOUTH AS PEACEBUILDERS IN AFRICA

How USAID supports youth as partners in development, diplomacy, and global stability

Young changemakers around the world hold the potential to reduce violence and extremism in their lifetimes.

How the United States engages with these young changemakers and their networks could determine whether they view the United States as a legitimate long-term partner or look to other countries for support instead. Our approach to engaging this new generation is both cost-effective and can lead to long-term partners for peacebuilding in fragile regions.

These youth are using innovation to leverage development, influence diplomacy, and work with security forces to push back against Boko Haram in West Africa and Al Shabab in Somalia. Collectively, they work to deradicalize prisons, reintegrate child soldiers, and increase the voices of young people in peace processes. They are examples of how USAID invests in youth leadership programs that support youth as active collaborators not just in our international development work, but our diplomatic and global stability efforts, as well.

YOUTH AS PARTNERS IN DEVELOPMENT

In 2015, the United Nations (UN) Security Council adopted resolution 2250 on youth, peace, and security advocating for a stronger role for youth in the peacebuilding process. In designing our youth strategies, USAID recognizes the unrealized potential of the largest generation in history in supporting conflict prevention.

Young leaders want to be engaged as partners in development—fighting disinformation and authoritarianism, addressing community COVID-19 needs, and innovating around violence prevention. Youth have shown they will take action with or without the support of other development stakeholders, but could be more effective in partnership with us.

The Carnegie Endowment's Global Protest Tracker shows how the resurgence of protests—often led by students and young people against authoritarian governments—reached record highs

(continued on next page)

participate in peacebuilding processes; training for 113 USAID experts in conflict-sensitive aid; and timely interventions in response to complex crises and transitions in more than 20 countries. Programming assisted communities in Iraq and Syria recovering from ISIS control; supported early-recovery activities in Libyan communities

affected by violent conflict; bolstered new or transitioning governments in Armenia, Malaysia, Ukraine, and North Macedonia; countered violent extremism in Cameroon, Nigeria, Niger, Burkina Faso, Somalia, Bosnia, and Mozambique; and advanced implementation of the Colombian peace accord.

in 2020. This trend will likely continue in 2021 as youth push back against corrupt and anti-democratic regimes and protest inefficient delivery of public services amid the pandemic.

Young changemakers are also leading peacebuilding campaigns to “silence the guns in Africa,” “turn bullets into books in South Sudan,” and say “we are here,” joining dialogues on peacebuilding in numerous countries.

THE DEVELOPMENT IMPERATIVE FOR ENGAGING YOUTH

In Somalia, Ilwad Elman, a 2019 Nobel Prize Nominee and a USAID-supported 2014 Young African Leaders Initiative fellow, advocates for engaging youth in peace and security efforts to promote local peace and advance national security. Violent groups disproportionately target young people ages 10 to 29 for recruitment—though the vast majority of youth in fragile environments do not join.

Young changemakers around the world hold the potential to reduce violence and extremism in their lifetimes.

Youth groups, like those participating with Ilwad’s Elman Center, are working to change the narrative, framing youth not as victims and perpetrators, but as advocates and changemakers. Ilwad, the daughter of two human rights activists, is establishing innovative models for reintegrating child soldiers and advancing efforts on conflict mediation and deradicalization with young people. Ilwad helped establish the first rape crisis center in Somalia ten years ago in response to the use of rape as a weapon of conflict. They have now established centers in nine regions.

USAID actively engages youth, such as those working with Ilwad, in community peacebuilding to improve outcomes and resiliencies for their fellow youth. By building youth’s sense of agency, resilience, and cohesion, these positive approaches in turn increase the engagement of youth and reduce their susceptibility to extremism.

THE DIPLOMACY OF YOUTH IN PEACEBUILDING

In Cameroon, Achaleke Christian Leke, a member of USAID’s YouthLead.org platform, has seen the impact of global policies and resolutions like UN Resolution 2250 on his work with gangs and youth involved in extremism.

“Young people are not waiting to be given a space to act. They are either forcing themselves into these spaces through legitimate processes, or creating their own spaces and now inviting stakeholders to join them.” — Achaleke

For example, rather than waiting for the government to create a space for dialogue, youth in Cameroon mobilized to create the National Youth Mediators Network and invited the government and other development stakeholders to join.

“We are on the front lines of violence each day in conflict zones, prisons, and even schools, ensuring that this and the next generation are committed to peace and not susceptible to violence. We can’t tolerate being left out of peace processes and development of national violence prevention plans,” said Achaleke.

IN DEFENSE OF YOUNG CHANGEMAKERS

To ensure effective security cooperation, security and defense agencies need to change their understanding of youth engagement. When military forces see youth as targets or troublemakers, these forces miss the potential to leverage youth contributions in peacebuilding. According to the young leaders involved, USAID and the United States Africa Command have explored how to improve training on engaging young peacebuilders, though much more can be done.

To build this institutional capacity of both security forces and public services, the United States is working with emerging leaders, who are often more open to accountability and transparency than entrenched elites. For example, engaged young leaders have recently been working side by side with civil defense to respond in a collaborative way to disasters like the pandemic.

USAID’s Global LEAD initiative seeks to support one million young changemakers over the next four years. Along with other stakeholders, USAID is working to build on this approach to engage these young peacebuilders, so as to not lose the trust and support of the world’s largest cohort of champions for change.

STRATEGIC GOAL 2

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

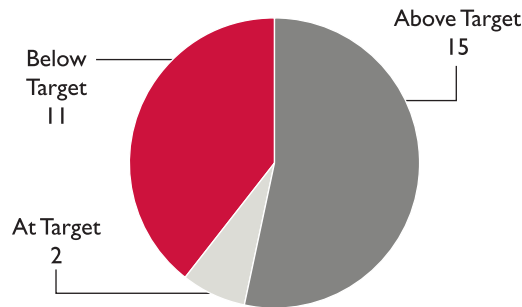
PUBLIC BENEFIT

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

LINKING ACTIVITIES TO OUTCOMES

Led by USAID, Feed the Future (<https://www.feedthefuture.gov/>) draws on the agricultural, trade, investment, development, and policy resources and expertise of multiple federal departments and agencies. USAID continues to implement the U.S. government's *Global Food Security Strategy* (GFSS) through Feed the Future, which brings together a host of partners in pursuit of a common goal: to end global hunger, poverty, and malnutrition in a sustainable way. Feed the Future is expanding inclusive, agriculture-led growth for millions of people; empowering people to improve their families' diets and nutrition; and strengthening resilience among populations in areas of recurrent crisis. Feed the Future can also help U.S. businesses compete in new markets and increases demand for

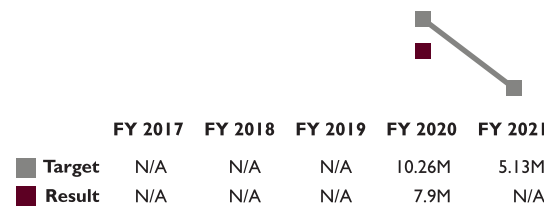
SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL 2 IN FY 2020



Total Performance Measures: 28

ILLUSTRATIVE PERFORMANCE INDICATOR:

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



Source: FY 2022 Annual Performance Plan

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

U.S. innovations. These efforts help lift smallholder farmers out of poverty in countries in which USAID operates. By rapidly transforming regions and emerging economies, this work may help protect U.S. interests, open markets for U.S. firms, and strengthen U.S. influence.

The main challenges to Feed the Future's ability to achieve reductions in hunger, poverty, and malnutrition are external risk factors that can inhibit progress. These external risk factors include shocks and stresses like food crises, conflict, and changing host-government priorities. The COVID-19 pandemic is having secondary effects on all of Feed the Future's intermediate results. These intermediate results include productivity,

livelihoods, markets and trade, food consumption and nutrition, hygiene, and household resilience. While many of these effects will be widespread and easy to anticipate, the specific effects will differ based on country, population, and sector. Feed the Future's activities will need to adapt to protect and continue to achieve the outcomes of the GFSS, while simultaneously addressing unique constraints in local systems

that the COVID-19 pandemic exposed. In Feed the Future's target countries, implementation strategies will account for these externalities by allowing flexibility in their programming and assumptions to address unforeseen events. Individual USAID Missions also account for changing conditions by periodically reviewing, assessing, and adjusting development objectives in each target country.



Nomagugu Mabhena from Nkayi District shows off an example of an energy-saving stove built using skills learned through the Food Assistance for Assets program. PHOTO: USAID/ZIMBABWE

THE RESILIENCE OF ZIMBABWE'S FOOD-INSECURE COMMUNITIES IN THE FACE OF COVID-19

Small assets, big outcomes

In Zimbabwe, the COVID-19 pandemic is far more than a health crisis. It has exacerbated an already-dire economic and humanitarian situation marked by high inflation rates, currency shortages, and recurrent droughts. Nationwide lockdowns have further disrupted the informal economy, where 75 percent of Zimbabweans earn a living. The 2020 Rural Zimbabwe Vulnerability Assessment Committee survey estimated that 5.7 million rural Zimbabweans were food insecure between January and March of 2021.

BUILDING COMMUNITY RESILIENCE

Since 2011, USAID has worked with Zimbabwe's rural communities through the Food Assistance for Assets program to build, rehabilitate, and upgrade community assets to improve food security.

Community members, USAID, and implementing partners work together to reduce the risks and impact of climate change, increase food productivity, and strengthen resilience to natural disasters over time.

These activities bring communities together to build shared assets such as small dams, irrigation systems, cattle dip tanks, fishponds, community gardens, seed banks, cattle sales pens, market stalls, and fodder gardens.

Community members provide labor and locally available resources toward constructing assets, and USAID contributes construction materials and technical advice, in addition to monthly food baskets that include maize meal, pulses, and cooking oil for participating households.

The indicator “Number of individuals in the agriculture system who have applied improved management practices or technologies with U.S. government assistance” measures the total number of farmers, ranchers, and other primary-sector producers (of food and non-food crops, livestock and livestock products, fish and other fisheries/aquaculture products, agro-forestry, and natural-resource-based products), as well as individuals in the private sector,

government, and civil society who applied improved management practices or technologies anywhere within the food and agriculture system as a result of U.S. government assistance during the reporting year. Improving management practices and technological change by different actors in the agrifood system is critical to increasing agricultural productivity and supporting stronger, more inclusive, productive, and profitable agrifood systems.

A single community asset can provide long-term benefits to more than 100 food-insecure households. Since its inception, the program has reduced the need for emergency food assistance by funding the construction of more than 1,700 food security-related community assets across Zimbabwe.

ADAPTING AND INNOVATING DURING THE PANDEMIC

When the Government of Zimbabwe announced a nationwide lockdown in March 2020 to slow the spread of COVID-19, USAID and local communities quickly adapted so the program could continue.

The activities pivoted from constructing large community assets, which normally bring together large groups of up to 300 people, to building smaller assets that neighboring households can work together on and share.

“We now work in small groups of 10, while following COVID-19 measures to prevent spreading the virus,” says Nomagugu Mabhena from Nkayi District, who lives with her husband and four children. “We wear masks, avoid sharing tools, practice social distancing, and use tippy-taps that we constructed for handwashing.”

To continue monitoring progress, an integral part of ensuring that beneficiaries participate in the activities, USAID introduced geo-tagging as a way to virtually monitor the assets. By cell phone, beneficiaries send geo-tagged photos and videos to show the progress of their work. Through the virtual system, USAID staff are also able to continue sharing technical advice.

“The strict COVID-19 travelling restrictions have not hindered us from monitoring the programs. Remote monitoring has offered us a unique opportunity to keep in touch with our beneficiaries,” says USAID/Zimbabwe Humanitarian Assistance and Resilience Director Marialice Ariens.

SMALLER ASSETS YIELD SURPRISING OUTCOMES

The shift to building small, shared assets—including keyhole gardens, compost pits, solar dryers for preserving vegetables, granaries, and energy-efficient stoves—is helping increase the long-term food security and resilience of these communities beyond the pandemic.

“At first, we were not sure how much we would achieve from the small assets. I must admit that the smaller assets left us in awe! We have filled up all the gullies, planted trees, constructed contour ridges and basins across the shared fields and pastures. If we continue on this path, we will be able to preserve our soils and vegetation better. Our livestock will never run out of pasture. We plan to maintain this good practice beyond the small asset program,” Nomagugu explains.

The community aspect of the shared assets have also come with unexpected benefits. “Working on smaller shared assets within our villages has brought us closer[,] and there are few conflicts because we are smaller groups spending more time working together,” Nomagugu added.

HOPE FOR FOOD-INSECURE COMMUNITIES

Between June and November 2020, community members created more than 600 small community assets, and the program assisted 66,000 food-insecure households with monthly food baskets.

Since 2011, USAID has partnered with organizations such as the World Food Programme, Cultivating New Frontiers in Agriculture, World Vision, Save the Children, and Catholic Relief Services to address the long-standing food-insecurity crisis in rural Zimbabwe.

USAID will continue to work closely with its partners to maximize the potential of the Food Assistance for Assets program to improve both short- and long-term food security for vulnerable Zimbabweans.

STRATEGIC GOAL 3

Promote American Leadership through
Balanced Engagement

PUBLIC BENEFIT

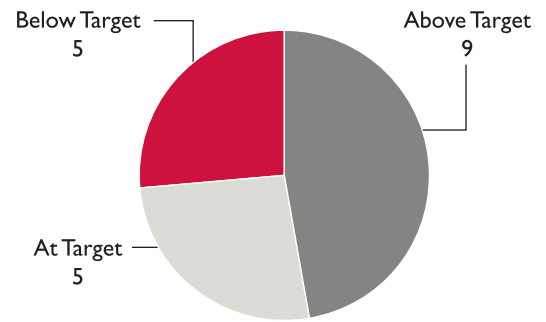
Through alliances and partnerships, the United States promotes mutual security and economic interests by cooperating with like-minded communities. The United States continues to lead in international and multilateral organizations, which presents opportunities to build consensus around American values; advance U.S. national security, economic, and development goals; and rally collective action with U.S. leadership. The United States will continue to be the global leader in preventing the spread of disease; promoting protections for human life, dignity, and rights; and facilitating humanitarian efforts around the world. Through efforts in family planning, malaria, HIV/AIDS, and nutrition, USAID's health programs will work to strengthen child and maternal health, a cornerstone of public health, to reduce deaths, preempt pandemics and the spread of diseases, and foster prosperity and stability. These programs will concentrate on countries with the highest need, demonstrable commitment, and potential to leverage resources from the public and private sectors. USAID projects American values as it carries out its development and humanitarian assistance mission.

LINKING ACTIVITIES TO OUTCOMES

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

Malaria remains a major cause of mortality among young children. Children under five years of age still account for almost 70 percent of malaria deaths

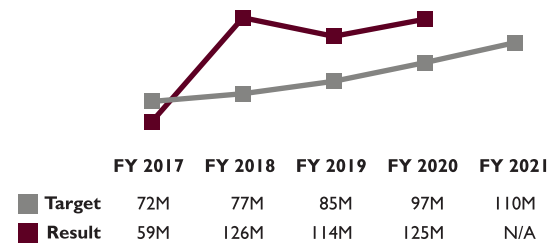
SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL 3 IN FY 2020



Total Performance Measures: 19

ILLUSTRATIVE PERFORMANCE INDICATOR:

Annual total number of people protected against malaria with insecticide treated nets (ITN) (in Millions) **APG** ★



Source: FY 2022 Annual Performance Plan

worldwide, and without sustained efforts, prior progress could be quickly reversed. Through the President's Malaria Initiative (PMI), USAID works with the governments of host countries, civil society, and private-sector partners to reduce malaria deaths further and substantially decrease malaria morbidity by supporting partners to adapt to changing epidemiology and incorporate new tools; improving local capacity to collect and use information to inform decisions and allocate resources; mitigating the risk of a resurgence of malaria; and building capacity of health care institutions. Since malaria morbidity also adversely affects children's attendance at school and adults' productivity in the workplace, healthier populations also contribute to improved education outcomes and more robust economies.

Children under five years of age are one of the most vulnerable groups malaria affects. As a result of funding under PMI and coordination with

other major donors, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria; and the Bill & Melinda Gates Foundation, 22 PMI-focus countries in Africa with paired nationwide surveys show significant declines in all-cause mortality rates among children younger than five years of age. These declines in mortality rates ranged from 10 percent to 67 percent. PMI's efforts protected 125 million people against malaria with insecticide

treated nets (ITNs) in FY 2020. PMI exceeded the projected target due, in part, to a very successful campaign in Uganda.

A high level of ITN use in a community—which is associated with greatly reduced populations of mosquitoes that transmit malaria—can reduce the risk of malaria infections even among those who do not use an ITN.



Lab staff in the Kyrgyz Republic use strengthened infection control measures. PHOTO: USAID

REGAINING LOST PROGRESS IN THE FIGHT TO END TUBERCULOSIS (TB)

USAID is committed to helping countries recover from COVID-19's devastating impact on TB diagnosis and care services

Despite being preventable and curable, TB has long been the world's deadliest infectious disease and continues to kill more people in low- and middle-income countries than any other infectious disease. While COVID-19 has had a devastating global impact over the past year, **TB has been silently sickening 10 million people and killing 1.4 million every year.**

Although significant gains have been achieved in the fight against TB, **in a matter of months, COVID-19 has threatened to reverse years of progress.** The pandemic and associated measures to control it have severely disrupted TB diagnosis and care services in the world's highest TB-burden countries, resulting in an alarming drop in reported TB cases.

(continued on next page)

To add to this, people who suffer from airborne respiratory infections, such as TB, are more likely to have severe cases of COVID-19. Recent data show that **people with COVID-19 and TB are about three times more likely to die than those with only TB.**

TB and COVID-19 share the burden of being societal diseases that spread through the air, and the world's poorest populations—who are more likely to be undernourished and living in densely populated areas—are at increased risk for both.

TB and COVID-19 share the burden of being societal diseases that spread through the air, and the world's poorest populations—who are more likely to be undernourished and living in densely populated areas—are at increased risk for both.

The stigma and discrimination faced by those who suffer from TB has been compounded by sharing similar symptoms, such as cough and fever, with COVID-19. Fear in seeking care can result in advanced disease and further transmission in communities.

As the U.S. government lead for global TB efforts, USAID works with governments and partners around the world to reach every person with TB, cure those in need of treatment, and prevent the spread of new infections.

In the 23 countries where USAID focuses TB programming, preliminary analysis estimates that one million fewer people with TB had access to diagnosis and treatment in 2020 compared to the previous year—representing a staggering 23 percent decline. As a result of this, the pandemic's impact on TB is projected to sicken an additional six million people and cause an additional 1.4 million TB deaths between 2020 and 2025.

To address COVID-19's impact on TB programs, **USAID is working with country governments and partners on urgent recovery plans in the most affected countries.** Key to these efforts are USAID's in-country partners, who have been able to implement on-the-ground solutions rapidly to maintain TB services throughout the COVID-19 pandemic.

At the beginning of the COVID-19 pandemic, the **Kyrgyz Republic's** National TB Center converted to begin treating COVID-19 patients. As those suffering from TB are particularly vulnerable to COVID-19, this posed the serious risk of patients contracting both diseases. To mitigate this risk, USAID partners supported the country's National TB Program in strengthening the center's infection control measures, such as providing personal protective equipment and establishing teams to work in two-week shifts, alternating with two weeks of self-isolation.

In **Nigeria**, when COVID-19 started to spread, USAID partners quickly implemented a series of interventions to maintain TB services, such as converting health workers who normally screened for TB in clinics to "roaming screeners" within communities. These roaming screeners were assigned to work at pharmacies and other facilities close to where they lived, enabling people with TB symptoms to continue to be examined and tested during pandemic-related lockdowns.

And in **Cambodia**, when social distancing and movement restrictions affected access to healthcare facilities, USAID's local partner was able to maintain TB services through mobile outreach screenings. These efforts have been vital in continuing to find active TB cases, refer patients for treatment, and curb the spread of the disease.

Alongside governments, the Global Fund, and other partners, USAID is helping countries recover from this setback in fighting TB, while also building their capacities to respond to future airborne infectious diseases. In countries facing both COVID-19 and TB, **addressing the two diseases simultaneously can curb both and reduce the threat of future airborne pandemics.**

By investing in efforts such as testing for COVID-19 and TB at the same time and joint contact investigations and community screenings, as well as implementing infection prevention and control measures, these efforts will provide vital foundations to also respond to future pandemics.

STRATEGIC GOAL 4

Ensure Effectiveness and Accountability to the American Taxpayer

PUBLIC BENEFIT

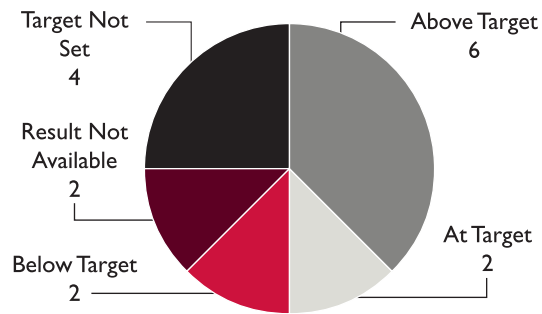
The President’s Management Agenda often contains goals in areas that are critical to improving the Federal Government’s effectiveness, efficiency, and accountability. Concurrently, USAID seeks to maximize taxpayers’ return on investment and improve operational efficiency. In support of these aims, USAID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

LINKING ACTIVITIES TO OUTCOMES

USAID applies the principles of CM to purchase common goods and services more like a single enterprise. To use taxpayer dollars more efficiently and effectively in Agency procurements, USAID prioritizes U.S. government-wide contracts—like OMB’s designated Best-in-Class (BIC) contracts—to purchase common goods and services to save money, avoid wasteful and redundant contracting actions, and free up acquisition staff time. These savings allow USAID’s acquisition workforce to focus on high-priority mission work that is outside the scope of CM and that represents the vast majority of USAID’s contract dollars.

During FY 2021, USAID met its Spend Under Management (SUM) target of \$3.9 billion and exceeded its BIC obligation target of \$204 million by 18.1 percent by obligating \$241.3 million. Balancing various Agency priorities along with meeting CM targets has been a challenge throughout FY 2021. USAID worked aggressively in FY 2021 to increase its engagement with the General Services Administration (GSA), OMB, BIC contract holders, and the Agency’s acquisition workforce to increase awareness of CM, BIC

SUMMARY OF PERFORMANCE MEASURES FOR STRATEGIC GOAL 4 IN FY 2020



Total Performance Measures: 16

ILLUSTRATIVE PERFORMANCE INDICATOR:

Percentage of addressable contract dollars awarded to Best-in-Class vehicles (USAID) (in Millions) **APG** ★



	FY 2017	FY 2018	FY 2019	FY 2020 ¹	FY 2021
Target	N/A	N/A	N/A	Q4: \$185.8M	Q4: \$204.3M
Result	N/A	N/A	N/A	Q4: \$197.7M	N/A

Source: FY 2020 Annual Performance Report

¹ Prior to the FY 2020 – FY 2021 APG, USAID reported the targets and results as a percentage rather than a raw dollar amount.

contracts, and Agency requirements that could best be met by using a CM solution for the procurement. USAID has done this successfully while also exceeding its small business prime contract award goals.

Looking ahead to FY 2022, USAID anticipates that OMB will increase CM targets, which USAID will make the necessary adjustments to meet. USAID will further refine and update its internal best practices related to adopting CM, including training, collaboration, increasing awareness, and recommending common goods and services that could be procured using CM solutions. USAID will also aim to increase its engagement with stakeholders from industry and across other federal entities.



Administrator Samantha Power meets with ministers from donor countries via video call to discuss access to aid in Ethiopia. PHOTO: USAID

TRANSFORMING THE WAY USAID WORKS: PRIORITIZING SAFETY AND IMPACT THROUGH INFORMATION TECHNOLOGY (IT)

The unprecedented COVID-19 pandemic brought with it unexpected challenges felt around the world. As part of USAID’s operational response, the Agency transitioned its more than 11,000 domestic and overseas staff to a maximum telework posture. Within 24 hours of the decision to transition to telework, USAID responded with 97 percent of staff working remotely the next day. USAID worked swiftly to distribute thousands of pieces of secure IT equipment to Agency staff so they could safely work from home. Since March 2020, USAID provided telework training to more than 1,500 staff through virtual sessions, and produced numerous telework communications and resource documents to maximize staff productivity during the pandemic. Technical experts developed digital solutions, such as virtual orientation and training programs, so USAID could continue to onboard more than 1,400 new staff remotely, expanding the Agency’s workforce and capabilities. USAID’s decade-long investment in cloud technology and in-house expertise ensured that the vital work to transform development did not falter in the face of a global pandemic.

The Agency’s IT support infrastructure continues to perform above expectations, even as nearly four times the number of staff overseas telework on a given day compared to pre-COVID-19-pandemic levels. During FY 2020, while working in a maximum telework environment, the Agency successfully

completed its largest restructuring in history by establishing five new Bureaus, obligated over \$21.4 billion in acquisition and assistance mechanisms (including more than \$1.56 billion to new and underutilized partners), and provided billions to fight COVID-19 in more than 120 countries.

To sustain its IT support infrastructure successes in an environment in which telework and remote work will continue to feature prominently, USAID continues to strategically expand its IT investments via the *Federal Information Technology Acquisition Reform Act (FITARA) Common Baseline Implementation Plan* (<https://www.usaid.gov/digitalstrategy/fitara-implementation-plan>). USAID received an “A” rating in the Data Center Optimization Initiative category of the December 2020 *FITARA 11.0 Scorecard* (<https://fitara.meritalk.com/assets/pdf/scorecard-11-methodology.pdf>), indicating that the Agency is optimizing digital data centers to enhance efficiency, performance, and environmental consciousness. Enhanced data centers benefit staff working remotely by improving ease of access to data, resulting in cost savings for the Agency. Through efficient, effective, and secure digital solutions, USAID will continue to equip and empower its employees and implementing partners to deliver on USAID’s humanitarian assistance and development mission, while remaining resilient in the midst of crisis.

USAID ILLUSTRATIVE INDICATORS AND PERFORMANCE TRENDS

Indicators and data represent all indicators with USAID equity included in the *FY 2020 Annual Performance Report* (APR), available at https://www.state.gov/wp-content/uploads/2021/01/25.-State-USAID-FY-2020-APR_Final.pdf, and *FY 2022 Annual Performance Plan* (APP), available at <https://www.usaid.gov/results-and-data/progress-data/annual-performance-report/fy2022>. Some indicators include data from joint reporting with State. While this report includes some explanations as footnotes

here, the APR includes additional analysis of the results as compared to the targets. **Indicators reported as part of USAID’s FY 2020 – FY 2021 Agency Priority Goals (APGs) are noted in the table starting below with bold APG and star symbol ★; each APG includes multiple indicators.** USAID introduced some performance indicators after FY 2017 and thus did not collect data on them in some years. Where appropriate, the table indicates N/A (not applicable).

FY 2020 RESULTS LEGEND

Above Target	More than 100 percent of the target set for FY 2020 was met
At Target	90 to 100 percent of the target for FY 2020 was met
Below Target	Below 90 percent of the target set for FY 2020 was met
Result Not Available	Result data not available at time of publication
Target Not Set	Target not established for FY 2020

Strategic Goal 1: Protect America’s Security at Home and Abroad						
Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 1.2: Defeat ISIS, Al-Qaida, and other transnational terrorist organizations and counter state-sponsored, regional, and local terrorist groups that threaten U.S. national security interests						
Number of Countering Violent Extremism (CVE) programs directly related to U.S. government CVE objectives implemented in country by civil society and partner governments ¹	237	96	72	72	21	33
Strategic Objective 1.3: Counter instability, transnational crime, and violence that threaten U.S. interests by strengthening citizen-responsive governance, security, democracy, human rights, and rule of law						
Number of U.S. government-funded events, trainings, or activities designed to build support for peace or reconciliation on a mass scale ²	6,103	7,460	5,097	2,223	2,453	5,035
Number of people participating in U.S. government-supported events, trainings, or activities designed to build mass support for peace and reconciliation ³	324,546	369,766	601,499	526,868	277,629	319,601
Number of local women participating in a substantive role or position in a peacebuilding process supported with U.S. government assistance ⁴	37,150	5,852	4,422	7,099	21,067	9,263
Number of individuals receiving voter education through U.S. government-assisted programs ⁵	2.734 million	64.220 million	10.330 million	8.167 million	13.422 million	10.977 million
Number of individuals receiving civic education through U.S. government-assisted programs	4.462 million	11.762 million	10.065 million	9.479 million	12.800 million	13.177 million
Number of judicial personnel trained with U.S. government assistance ⁶	34,039	46,294	38,479	30,000	30,829	19,545

See end of table starting on page 29 for footnotes.

(continued on next page)

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

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 2.1: Promote U.S. prosperity by advancing bilateral relationships and leveraging international institutions and agreements to open markets, secure commercial opportunities, and foster investment and innovation to contribute to U.S. job creation						
The World Bank's Doing Business Trading Across Borders score for partner countries with USAID trade facilitation programming ⁷	71.4	72.8	76.6	73	77	73
Number of private sector firms that have improved management practices or technologies as a result of U.S. government assistance ⁸	2,119	1,443	832	839	85,081	21,654
Strategic Objective 2.2: Promote healthy, educated, and productive populations in partner countries to drive inclusive and sustainable development, open new markets, and support U.S. prosperity and security objectives						
Value of annual sales of producers and firms that are receiving U.S. government assistance ⁹ APG ★	N/A	N/A	N/A	\$2.34 billion	\$4.09 billion	\$1.17 billion
Number of individuals in the agriculture system who have applied improved management practices or technologies with U.S. government assistance ¹⁰ APG ★	N/A	N/A	N/A	10.26 million	7.9 million	5.13 million
Value of new private-sector investment leveraged by the U.S. government to support food security and nutrition ¹¹ APG ★	N/A	N/A	N/A	\$784.0 million	\$281.8 million	\$392.0 million
Number of children under age five reached with nutrition-specific interventions through programs funded by the U.S. government ¹² APG ★	N/A	N/A	N/A	28.49 million	26.8 million	14.25 million
Hectares under improved management practices or technologies that promote improved climate-risk reduction and/or natural-resources management ¹³ APG ★	N/A	N/A	N/A	4.51 million	5.70 million	2.23 million
Number of USAID Feed the Future evaluations ¹⁴ APG ★	N/A	N/A	N/A	Q1: 2 Q2: 2 Q3: 2 Q4: 2	Q1: 7 Q2: 2 Q3: 3 Q4: 4	Q1: 2 Q2: 2 Q3: 2 Q4: 2
Percentage of female participants in U.S. government-assisted programs designed to increase access to productive economic resources (assets, credit, income, or employment) ¹⁵	52.61%	50.39%	43.96%	47.45%	41.68%	32.32%
Percentage of participants reporting increased agreement with the concept that males and females should have equal access to social, economic, and political resources and opportunities	41.75%	51.89%	59.25%	65.13%	71.21%	48.87%
Number of people reached by a U.S. government-funded intervention providing gender-based violence (GBV) services (e.g., health, legal, psychosocial counseling, shelters, hotlines, other) ¹⁶	4.338 million	5.050 million	8.860 million	2.032 million	5.823 million	2.452 million

See end of table starting on page 29 for footnotes. Full description of legend can be found on page 23.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target ■ Result Not Available ■ Target Not Set

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

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 2.2: Promote healthy, educated, and productive populations in partner countries to drive inclusive and sustainable development, open new markets, and support U.S. prosperity and security objectives (continued)						
Number of legal instruments drafted, proposed, or adopted with U.S. government assistance designed to improve prevention of, or response to, sexual and gender-based violence at the national or sub-national level ¹⁷	47	56	77	74	173	30
Number of countries with improved learning in primary grades ¹⁸	N/A	N/A	4	6	4	8
Number of learners in primary schools or equivalent non-school-based settings reached with U.S. government education assistance ¹⁹	25.259 million	35.095 million	32.643 million	33.759 million	24.039 million	26.607 million
Number of firms that receive U.S. government-funded technical assistance to improve business performance ²⁰	71,347	99,546	115,615	54,927	138,993	34,463
Full-time equivalent employment of firms that receive U.S. government assistance ²¹	25,002	19,345	19,092	26,592	56,072	52,089
Number of people gaining access to a basic drinking water service as a result of U.S. government assistance ²²	N/A	N/A	2.562 million	2.888 million	2.231 million	2.231 million
Number of people who gained access to a basic sanitation service as a result of U.S. government assistance	1.554 million	3.066 million	3.601 million	3.264 million	3.227 million	1.411 million
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	363,863	585,555	810,471	885,106	511,965	980,070
Number of people who receive livelihood co-benefits (monetary or non-monetary) associated with the implementation of U.S. government sustainable landscapes activities ²³	59,493	174,410	372,763	736,505	2.283 million	1.694 million
Strategic Objective 2.3: Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms						
Number of beneficiaries with improved energy services due to State and USAID assistance ²⁴	9.210 million	9.500 million	15.774 million	10.000 million	49.689 million	10.881 million
Amount of investment mobilized (in US\$) for energy projects (including clean energy) as supported by U.S. government assistance ²⁵	\$7.634 billion	\$5.999 billion	\$3.324 billion	\$8.357 billion	\$4.865 billion	\$1.729 billion
Energy generation capacity (MW) supported by U.S. government assistance that has achieved financial closure ²⁶	5,094	7,895	14,436	13,029	8,098	3,671
Number of energy-sector laws, policies, regulations, or standards formally proposed, adopted, or implemented as supported by U.S. government assistance	427	235	317	240	254	198
Number of government officials receiving U.S. government-supported anti-corruption training	13,991	15,804	38,800	20,000	29,488	21,268

See end of table starting on page 29 for footnotes. Full description of legend can be found on page 23.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target ■ Result Not Available ■ Target Not Set

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

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 2.3: Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms (continued)						
Number of people affiliated with nongovernmental organizations (NGOs) that receive U.S. government-supported anti-corruption training	15,127	15,875	13,613	12,000	7,556	5,482
Number of anti-corruption measures proposed, adopted, or implemented due to U.S. government assistance, to include laws, policies, or procedures	331	704	973	400	56	428
Number of target countries with new Fiscal Transparency Innovation Fund projects	12	15	14	12	15	17

Strategic Goal 3: Promote American Leadership through Balanced Engagement

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 3.1: Transition nations from assistance recipients to enduring diplomatic, economic, and security partners						
Percentage of USAID Country Development Cooperation Strategies that include a Development Objective, Intermediate Result, Sub-Intermediate Result, or transition section that addresses ways to strengthen host-country capacity to further its self-reliance ²⁷	N/A	3.17%	14.29%	82.5%	64%	100%
Strategic Objective 3.3: Increase partnerships with the private-sector and civil-society organizations to mobilize support and resources and shape foreign public opinion						
Amount of resource commitments by non-U.S. government public and private entities in support of U.S. foreign-policy goals	\$25.3 billion	\$55.7 billion	\$54.2 billion	\$55.3 billion	\$56.364 billion	\$56.4 billion
Number of staff trained on the principles of Private-Sector Engagement (PSE)	N/A	N/A	N/A	Q1: 40 Q2: 49 Q3: 49 Q4: 49	Q1: 83 Q2: 75 Q3: 0 Q4: 23	Q1: 50 Q2: 50 Q3: 50 Q4: 50
Percent of staff who "agree" or "strongly agree" that their Operating Unit (OU) adheres to USAID's PSE Policy	N/A	N/A	N/A	63%	67%	68%
Percent of Missions that report multiple active partnerships with the private sector	N/A	N/A	N/A	80%	74%	83%
Strategic Objective 3.4: Project American values and leadership by preventing the spread of disease and providing humanitarian relief						
Absolute change in the under-five mortality rate (decrease per 1,000 live births) APG ★	-2.1	-2	-2	-2	-1.8	-2
Absolute change in total percentage of children who received at least three doses of pneumococcal vaccine by 12 months of age ²⁸ APG ★	N/A	+2.1%	+4.4%	+1%	+4.4%	+1%

See end of table starting on page 29 for footnotes. Full description of legend can be found on page 23.

(continued on next page)

Legend: ■ Above Target ■ At Target ■ Below Target ■ Result Not Available ■ Target Not Set

Strategic Goal 3: Promote American Leadership through Balanced Engagement (continued)

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 3.4: Project American values and leadership by preventing the spread of disease and providing humanitarian relief (continued)						
Absolute change in total percentage of births delivered in a health facility ²⁹ APG ★	N/A	+1%	+1.2%	+1%	+1.2%	+1%
Absolute change in the prevalence rate of modern contraceptive ³⁰ APG ★	+0.4%	+0.6%	+0.5%	+1%	+0.8%	+1%
Annual total number of people protected against malaria with insecticide treated nets (ITN) ³¹ APG ★	59 million	126 million	114 million	97 million	125 million	110 million
Absolute change in the rate of exclusive breastfeeding among children under six months of age ³² APG ★	N/A	+1.9%	+1.9%	+1%	+1.9%	+1%
Percent of shipments of contraceptive commodities that are on time ³³ APG ★	N/A	Q1: 75% Q2: 81% Q3: 84% Q4: 91%	Q1: 93% Q2: 85% Q3: 98% Q4: 95%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 88% Q2: 92% Q3: 97% Q4: 94%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%
Percent of shipments of contraceptive commodities that are on time and in full ³⁴ APG ★	N/A	Q1: 57% Q2: 74% Q3: 63% Q4: 85%	Q1: 89% Q2: 94% Q3: 87% Q4: 84%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 81% Q2: 93% Q3: 94% Q4: 93%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%
Number of adults and children newly diagnosed with HIV ³⁵ APG ★	Q1: 717,732 Q2: 826,940 Q3: 820,702 Q4: 991,499 FY 2017: 3,356,873	Q1: 705,161 Q2: 789,254 Q3: 773,327 Q4: 944,619 FY 2018: 3,212,361	Q1: 676,282 Q2: 741,115 Q3: 716,264 Q4: 904,892 FY 2019: 3,038,553	3,774,757	Q1: 678,179 Q2: 725,849 Q3: 531,670 Q4: TBD FY 2020: 1,935,698	2,385,635
Number of adults and children currently receiving antiretroviral therapy (ART) ³⁶ APG ★	Q4: 13.2 million	Q4: 14.8 million	Q4: 15.7 million	19,083,139	Q3: 15.9 million Q4: 17.4 million	19,774,264
Number of adults and children newly enrolled on antiretroviral therapy (ART) ³⁷ APG ★	Q1: 620,414 Q2: 677,516 Q3: 651,122 Q4: 833,534 FY 2017: 2,782,586	Q1: 580,568 Q2: 651,420 Q3: 645,180 Q4: 813,205 FY 2018: 2,690,373	Q1: 583,522 Q2: 653,055 Q3: 637,946 Q4: 788,537 FY 2019: 2,663,060	3,681,547	Q1: 608,340 Q2: 678,979 Q3: 522,764 Q4: TBD FY 2020: 1,810,083	2,347,635
Number of males circumcised as part of voluntary medical male circumcision (VMMC) programs ³⁸ APG ★	Q1: 534,960 Q2: 570,775 Q3: 1,180,204 Q4: 1,100,408 FY 2017: 3,386,347	Q1: 714,338 Q2: 839,088 Q3: 1,086,402 Q4: 1,094,386 FY 2018: 3,734,214	Q1: 859,987 Q2: 852,995 Q3: 1,089,946 Q4: 1,096,403 FY 2019: 3,899,331	4,017,565	Q1: 873,843 Q2: 838,676 Q3: 280,976 Q4: TBD FY 2020: 1,993,495	2,629,034
Protection mainstreaming in NGO proposals ³⁹	N/A	100%	96%	95%	100%	95%
Percent of disaster declarations responded to within 72 hours	100%	89%	95%	95%	91%	95%

See end of table starting on page 29 for footnotes. Full description of legend can be found on page 23.

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Legend: ■ Above Target ■ At Target ■ Below Target ■ Result Not Available ■ Target Not Set

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

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 4.1: Strengthen the effectiveness and sustainability of our diplomacy and development investments						
Percentage of completed evaluations used to inform management and decision-making	USAID: N/A	USAID: 99.4%	USAID: 100%	USAID: 95%	USAID: 87%	USAID: 95%
Percent of completed Foreign Assistance evaluations with a local expert as a member of the evaluation team	59%	64.8%	61%	65%	57%	65%
Percentage of awards using co-creation ⁴⁰ APG ★	59%	64.8%	61%	Q1: 23.5% Q2: 24% Q3: 240% Q4: 25.5%	Q1: 31.2% Q2: 25.6% Q3: 31.1% Q4: 24.9%	Q1: 26% Q2: 27% Q3: 27.5% Q4: 28.5%
Percentage of obligations using co-creation ⁴¹ APG ★	N/A	18%	N/A	Q1: 19.5% Q2: 19.5% Q3: 21% Q4: 21.4%	Q1: 36.9% Q2: 21.3% Q3: 26.7% Q4: 23.4%	Q1: 23% Q2: 25.5% Q3: 26% Q4: 26%
Direct awards to new and underutilized partners ⁴² APG ★	N/A	N/A	N/A	N/A	N/A	N/A
Sub-awards to new and underutilized partners ⁴³ APG ★	N/A	N/A	N/A	N/A	N/A	N/A
Field OUs Percentage of obligations made to new and underutilized partners ⁴⁴ APG ★	N/A	N/A	N/A	N/A	11.9%	22%
Field OUs Percentage of obligations made through sub-awards to new and underutilized partners ⁴⁵ APG ★	N/A	N/A	N/A	N/A	0.7%	6%
Washington OUs Percentage of obligations made to new and underutilized partners ⁴⁶ APG ★	N/A	N/A	N/A	N/A	8%	12%
Washington OUs Percentage of obligations made through sub-awards to new and underutilized partners ⁴⁷ APG ★	N/A	N/A	N/A	N/A	0.8%	3%
Number of addressable contract dollars awarded to Best-in-Class (BIC) vehicles APG ★	N/A	N/A	N/A	Q1: \$25 million Q2: \$55 million Q3: \$100 million Q4: \$185.8 million	Q1: \$17.3 million Q2: \$44.1 million Q3: \$95.8 million Q4: \$197.7 million	\$204.3 million
Number of contract dollars awarded to contract vehicles designated as Spend Under Management (SUM) ⁴⁸ APG ★	N/A	N/A	N/A	Q1: \$500 million Q2: \$1,200 million Q3: \$2,500 million Q4: \$3,799.5 million	Q1: \$495.6 million Q2: \$1,608.6 million Q3: \$3,063.8 million Q4: \$4,960.5 million	\$3,850 million
Strategic Objective 4.2: Provide modern and secure infrastructure and operational capabilities to support effective diplomacy and development						
Number of Operating Units Adopting the Development Information Solution (DIS)	N/A	0	3	35	38	40

See end of table starting on page 29 for footnotes. Full description of legend can be found on page 23.

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Legend: ■ Above Target ■ At Target ■ Below Target ■ Result Not Available ■ Target Not Set

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

Indicator Title	FY 2017 Results	FY 2018 Results	FY 2019 Results	FY 2020 Target	FY 2020 Results	FY 2021 Target
Strategic Objective 4.3: Enhance workforce performance, leadership, engagement, and accountability to execute our mission efficiently and effectively						
Overall Score on Human Capital Function of GSA's Customer Satisfaction Survey (or USAID's equivalent survey) ⁴⁹	USAID: 4.16	USAID: 3.91	USAID: 4.24	USAID: 4.5	USAID: 3.9	USAID: 4.3
Strategic Objective 4.4 – Strengthen security and safety of workforce and physical assets						
Percentage of USAID Global Health and Management Bureau staff moved to newly leased facility	N/A	0%	0%	100%	100%	N/A
Percent completion of Phases 3 and 4 of the Ronald Reagan Building Renovation	N/A	0%	33%	100%	90%	100%

- ¹ COVID-19 affected the implementing environment resulting in a larger-than-expected (-) discrepancy in target achievement. As a relatively new standard foreign-assistance indicator, adoption of this indicator remains low; the Department of State and USAID will work to correct under-reporting through the FY 2020 Performance Plan and Report (PPR) feedback process and continue efforts to increase OU and partner capacity to collect and report data on CVE programs.
- ² FY 2020 result and target are significantly lower than previous results and targets. The main reason is that key projects ended and new projects began in FY 2020 at several U.S. Missions. As a result, these Missions lowered their targets for FY 2020.
- ³ COVID-19 led to staffing constraints that resulted in a larger-than-expected discrepancy in target achievement. COVID-19 affected the implementing environment, resulting in a larger-than-expected (-) discrepancy in target achievement. COVID-19 led to award (or activity) modifications or redirections that resulted in a larger-than-expected (-) discrepancy in target achievement.
- ⁴ COVID-19 affected the implementing environment, resulting in a larger-than-expected (+) discrepancy in target achievement.
- ⁵ Due to the nature of this indicator, results can be dependent on election scheduling and the accessibility of messages in target communities. This may lead to inconsistent trends in this indicator from year to year. The FY 2018 result represents a significant increase from past annual trends because of increased opportunities in countries, greater technological access through broadcast and social networks, and greater support for voter education than in past years. For example, an unanticipated, short-term rapid-response intervention to better inform Venezuelan citizens (domestically and abroad) on the May 2018 snap elections for president through a wide-reaching social-media, radio, and television campaign reached 43 million persons. Additionally, the short-term nature of this support can make targets difficult to set. Out-year targets reflect only the small subset of programming that is actually planned and does not account for "rapid response" type interventions designed to address unforeseen needs globally. As such, the targets may underestimate the anticipated number of people to be reached through elections-related programming in subsequent years.
- ⁶ The year-to-year decline in totals and targets reflect the fact that several OUs have activities that are transitioning or concluding.
- ⁷ While USAID trade facilitation programming seeks to improve partner countries' scores on the World Bank "Doing Business" report's Trading Across Borders indicator, there are many other factors outside USAID's manageable interest affecting these scores. These include the country's internal political changes and policies on customs and border management. At the same time, the specific countries benefiting from USAID trade facilitation programming change from year to year for a number of reasons, including budget allocation levels.
- ⁸ COVID-19 led to award (or activity) modifications or redirections that resulted in a larger-than-expected (+) discrepancy in target achievement. The net total FY 2020 actual number was much larger than the target because some implementers digitized delivery of assistance and thus increased the scale of their outreach, and there was increased demand from beneficiary firms. The indicator does not account for the magnitude of change, e.g., account for the quality difference between high-touch and low-touch interventions. Digital trainings do not necessarily mean low-touch, but with an order of magnitude increase in outreach in the metric likely does capture more low-touch activity.
- ⁹ While COVID-19 impacts resulted in negative target achievement for many activities in FY 2020, strong positive results for other activities offset this negative impact and led to overall positive target achievement on this indicator. Most notably, the Coffee Farmer Resilience Initiative exceeded its targets due to reaching more lending clients in Peru, Rwanda, and Uganda. USAID adjusted the target for FY 2021 to reflect the President's Budget Request for FY 2020.
- ¹⁰ COVID-19 affected the implementing environment, resulting in a larger-than-expected (-) discrepancy in target achievement. USAID adjusted the target for FY 2021 to reflect the President's Budget Request for FY 2020.
- ¹¹ USAID adjusted the target for FY 2021 to reflect the President's Budget Request for FY 2020.
- ¹² USAID adjusted the target for FY 2021 to reflect the President's Budget Request for FY 2020.
- ¹³ USAID adjusted the target for FY 2021 to reflect the President's Budget Request for FY 2020.
- ¹⁴ This (+) discrepancy in target achievement is due to the fact that the evaluation completion date and date of upload to the Development Experience Clearinghouse (DEC) often do not match. An evaluation is included in the quarter in which it appeared on the DEC and not when it was completed.
- ¹⁵ COVID-19 affected the implementing environment, resulting in a larger-than-expected (-) discrepancy in target achievement. COVID-19 led to award (or activity) modifications or redirections that resulted in a larger-than-expected (-) discrepancy in target achievement.

Full description of legend can be found on page 23.

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- ¹⁶ The FY 2020 target for this indicator has been exceeded by 21 percent. Some U.S. government-funded interventions have scaled-up to respond to the GBV precipitated by the confinement, stress, and economic crises caused by the COVID-19 pandemic. Other projects are benefiting more survivors through improved GBV services: more health worker training, public education, access to referral systems, outreach to survivors of sexual assault, and the collection of prevention and response data on GBV.
- ¹⁷ The FY 2020 indicator target has been exceeded by 131 percent. Indonesia accounts for much of this increase. Indonesia adopted additional Standard Operating Practices. Unexpectedly, many Standard Operating Practices were adopted at the same time. For example, in Afghanistan, many longstanding efforts came to fruition in FY 2020, including policies and regulations that govern women's protection centers. In Egypt, USAID was able to support four legal additional instruments after establishment of the National Committee to Eradicate Female Genital Mutilation.
- ¹⁸ COVID-19 affected the implementing environment, resulting in a larger-than-expected (-) discrepancy in target achievement.
- ¹⁹ COVID-19 impacted the implementing environment resulting in a larger-than-expected (-) discrepancy in target achievement.
- ²⁰ COVID-19 affected the implementing environment, resulting in a larger-than-expected (+) discrepancy in target achievement. COVID-19 led to award (or activity) modifications or redirections that resulted in a larger-than-expected (+) discrepancy in target achievement.
- ²¹ COVID-19 affected the implementing environment, resulting in a larger-than-expected (+) discrepancy in target achievement. COVID-19 led to award (or activity) modifications or redirections that resulted in a larger-than-expected (+) discrepancy in target achievement.
- ²² Results for this indicator were slightly below the target for FY 2020. However, the COVID-19 pandemic affected the implementing environment, resulting in a larger-than-expected discrepancy in target achievement, as water-service providers had less revenue and higher operating costs, making it more difficult to expand services, even with U.S. government assistance. In addition, these data are preliminary, and numbers may increase, as some USAID Missions have not yet reported results for this year.
- ²³ Reporting for FY 2020 included lump-sum results from large-scale development activities that USAID has supported for years, such as Vietnam's Payment for Ecosystem Services system, which supports forest-dependent communities in many areas of the country.
- ²⁴ Improvement in energy services in FY 2020 resulted from an increase in clean generational capacity in countries such as Indonesia, Pakistan, and Senegal. Additionally, significant improvements in electricity systems and trading in Central America will increase energy access across the region.
- ²⁵ This indicator predominately represents investments in new energy capacity. Due to the nature of these investments, it is hard to predict the success rate of active project proposals and the timing of financial close; thus the targets are approximate only. Support for large-scale renewable energy auctions can also cause large year-to-year fluctuations in the magnitude of results reporting, as these are outliers in the overall total.
- ²⁶ This indicator predominately represents investments in new energy capacity. Due to the nature of these investments, it is hard to predict the success rate of active project proposals and the timing of financial close; thus the targets are approximate only.
- ²⁷ In FY 2020, the Agency approved 25 Country Development Cooperation Strategies (CDCSs), bringing the cumulative total to 34 approved by September 2020. COVID-19 led to staffing constraints that prevented USAID's ability to adhere to planning schedules. The resulting delays account for discrepancy between the target and actuals. The Agency remains on track to meet the FY 2021 target of 100 percent. Ten countries included in the initial denominator of 63 made the decision to develop alternate strategic documents in lieu of standard CDCSs and are therefore not accounted for here. The new denominator is 53 CDCSs.
- ²⁸ India recently introduced Pneumococcal Vaccine (PCV3); because it is a large country and because the values are weighted, the increase in PCV3 over the past two years has been larger than expected.
- ²⁹ The small, but stable, increase reflects the continued positive trajectory in this important intervention. USAID will reconsider the target if the trend continues to be greater than expected.
- ³⁰ Several factors contribute to the FY 2020 deviation, including: the Agency's increased focus on responding to the COVID-19 pandemic, shifting priorities from in-country collaborators in the field, operational challenges and obstacles presented by the pandemic with their impact on program outcomes, and secondary impacts of COVID-19 on maternal and child health.
- ³¹ The President's Malaria Initiative (PMI) exceeded the projected target due, in part, to a very successful campaign in Uganda.
- ³² The absolute change in the rate of exclusive breastfeeding among children under six months of age was 1.9 percentage points, which surpassed the target (1.0 percentage points). USAID added the indicator in FY 2020 to reflect our support and funding for immediate and exclusive breastfeeding for the first six months, followed by the introduction of age-appropriate complementary foods along with continued breastfeeding for up to two years of age and beyond. USAID will reconsider the target if the trend continues to be greater than expected.
- ³³ USAID sustains strong on-time, in-full delivery performance by working closely with the Global Health Supply Chain-Procurement and Supply Management (GHSC-PSM) Project to monitor and mitigate risks to its own global supply 99 chain. To achieve such strong results, USAID has championed and supported approaches such as the improved use of analytics to help drive performance.
- ³⁴ USAID sustains strong on-time, in-full delivery performance by working closely with the GHSC-PSM Project to monitor and mitigate any risks to its own global supply chain. To achieve such strong results, USAID has championed and supported approaches such as the improved use of analytics to help drive performance.
- ³⁵ The 27 percent reduction from Q2 to Q3 was largely due to scaling down of HIV testing programs outside of health care facilities to ensure safety and security of patients, clinical staff, and community workers in response to COVID-19.
- ³⁶ COVID-19's impact on HIV testing and treatment initiation also had an impact on growth of the total number of patients on treatment.
- ³⁷ The number of patients newly initiated on treatment is dependent on those that are newly identified to be HIV positive. Therefore, we see a similar reduction in the number of people newly tested positive for HIV (HTS_POS) observed in Q3 due to the impact of COVID-19, as explained in the indicator analysis regarding new diagnoses.

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- ³⁸ VMMC programs, along with many other prevention interventions, were largely paused across the President's Emergency Plan for AIDS Relief (PEPFAR) program in Q3 due to COVID-19. Some countries were able to restart following easing of restrictions in June. Even with a 104 limited time frame of implementation, PEPFAR was able to provide VMMC services to nearly 281,000 men, 28 percent of the number of VMMC performed in Q3 of FY 2019.
- ³⁹ One of the ways in which USAID prevents GBV in emergencies is by ensuring each proposal received from an NGO mainstreams protection principles and practices. "Protection mainstreaming" is the process of incorporating protection principles and promoting meaningful access, safety, and dignity in humanitarian aid. The numerator for this indicator is the number of NGO proposals received by USAID's Bureau for Humanitarian Assistance (BHA) that include protection mainstreaming; the denominator is the total number of NGO proposals received by USAID/BHA.
- ⁴⁰ The gaps between target and actual data for Q1 and Q3 occurred as a result of gradual improvements in the Agency's understanding of the COVID-19 pandemic and its understanding of how to address the pandemic's immediate effects. This included allowing staff time to continue to engage in programming, such as co-creation processes. USAID continues to analyze and refine data on co-creation. The calculations for the APG for FY 2018 and 2019 exclude cooperative agreements as a vehicle for co-creation. After further review, USAID decided to include cooperative agreements in the data. This also applies to FY 2021 indicators.
- ⁴¹ The Q1 actual exceeded the target by more than 10 percent. This likely resulted from the Effective Partnering and Procurement Reform (EPPR) team's difficulty in setting data-driven targets due to the lack of co-creation data during EPPR's first implementation year.
- ⁴² Given the Agency's focus on the global COVID-19 response, USAID was not able to set data-driven targets using New Partnerships Initiative (NPI) action plans.
- ⁴³ Given the Agency's focus on the global COVID-19 response, USAID was not able to set data-driven targets using NPI action plans.
- ⁴⁴ These data are derived from the 77 submitted Mission NPI Action plans. Note, USAID does not measure these indicators quarterly. The reason for reporting on a yearly basis is that measuring obligations toward new and underutilized partners (NUPs) and subaward NUPs requires extensive calculations to extract the right information from all the data that exist.
- ⁴⁵ Note USAID does not measure these indicators quarterly. The reason for reporting on a yearly basis is that measuring obligations toward NUPs and subaward NUPs requires extensive calculations to extract the right information from all the data that exist.
- ⁴⁶ To create these targets, USAID took the weighted value for FY 2020 (Washington 71 percent and Missions 29 percent), then the baseline value of Washington at 8 percent for FY 2019 and the Mission target at 22 percent for a weighted average of 12 percent. Note USAID does not measure these indicators quarterly. The reason for reporting on a yearly basis is that measuring obligations toward NUPs requires extensive calculations to extract the right information from all the data that exist.
- ⁴⁷ Note, USAID does not measure these indicators quarterly. The reason for reporting on a yearly basis is that measuring obligations toward NUPs and subaward NUPs requires extensive calculations to extract the right information from all the data that exist.
- ⁴⁸ COVID-19 led to staffing constraints that resulted in increased discrepancy in target achievement. COVID-19 led to changes in resource allocation that resulted in a larger-than-expected (+) discrepancy in target achievement (SUM). COVID-19 led to award (or activity) modifications or redirections that resulted in increased (+) discrepancy in target achievement (SUM). USAID exceeded its SUM target (and achieved its BIC target) by over 30 percent due to its increased awareness and communication, dedicated training efforts, and better coordination across the Agency related to leveraging Category Management solutions.
- ⁴⁹ Staffing constraints within USAID's Office of Human Capital and Talent Management (HCTM), including challenges resulting from the COVID-19 pandemic, resulted in prolonged response times to human resources (HR) requests, negatively affecting the customer experience. In FY 2020, customers had also not yet been fully empowered and trained to use the range of new HR tools that were being developed to improve the customer service experience.

LOOKING FORWARD



Ruth Buckley

AGENCY IMPACT

The world has progressed substantially across a wide range of development areas since the U.S. Agency for International Development's (USAID's) founding in 1961. However, the ongoing COVID-19 pandemic and climate crisis are demonstrating the fragility of international development. Women, children, persons with disabilities, and other historically marginalized populations stand to suffer the most from the direct and secondary effects of these crises.

Through Agency partnerships and investments in areas such as health, education, agriculture and food security, energy and infrastructure, gender equality, women's empowerment, and more, USAID is combating these crises and supporting its worldwide partner countries, U.S. national security, and U.S. taxpayers by delivering equitably on its development and humanitarian assistance mission.

IDENTIFYING CHALLENGES AND OPPORTUNITIES

USAID is executing its mission in an increasingly complex landscape in which efficiency, effectiveness, equity, and innovation are imperative. USAID adapts, continuously improves, and makes data-driven decisions. In addition, USAID partners for maximum impact and strives for just, equitable, and inclusive policies, processes, programming, and results. As USAID works with its U.S. government and international partners, the Agency recognizes many shared challenges, risks, and opportunities, including those related to the COVID-19 pandemic; the climate crisis; and improving diversity, equity, inclusion, and accessibility (DEIA). USAID is committed to disclosing and effectively managing its challenges, while continuously enhancing Agency performance.

ONGOING RESPONSE TO THE COVID-19 PANDEMIC

The COVID-19 pandemic is one of the greatest health challenges the world has ever faced. To beat COVID-19 in the United States and abroad, keep Americans safe, rebuild our economy, and curb the emergence of variants, we must fight and end the pandemic everywhere. Together with the U.S. Department of State (State), USAID is leading the U.S. international response.

Since the start of the pandemic, USAID has supported more than 120 countries and provided more than \$9 billion to fight COVID-19 around the world, foster global recovery, and strengthen global health security. USAID is working with interagency partners to deliver on the Biden Administration's promise to provide more than 1.1 billion safe and effective Pfizer-BioNTech vaccines to low- and middle-income countries through COVAX. In addition, USAID has delivered more than 8,700 high-quality, custom ventilators to 43 countries and members of the North Atlantic Treaty Organization (NATO). USAID's comprehensive response (<https://www.usaid.gov/coronavirus>) spans multiple sectors, and the Agency's assistance is tailored to each country's needs. USAID's decades of investments in strengthening immunization and health systems have been important to the broader U.S. government's global COVID-19 response.

To help inform a data-driven response to COVID-19, USAID researched, conducted outreach, and prepared analyses around how USAID should invest in a world changed by COVID-19 (<https://www.usaid.gov/coronavirus/documents/landscape-analysis-tracking-first-and-second-order-impacts-covid-19>). Through this work, USAID assessed how it could adapt its policies, programming, and operations to evolving challenges. In response, the Agency identified

funding opportunities to address secondary effects of COVID-19 in developing countries (<https://www.usaid.gov/news-information/press-releases/sep-25-2021-usaid-provides-nearly-297-million-urgently-needed-covid-19-response-around-world>). For instance, USAID partnered with State to launch a \$10 million Private-Sector Engagement and Partnership fund to find innovative private-sector solutions (<https://www.state.gov/office-of-global-partnerships-covid-19-private-sector-engagement-partnership-fund/>). USAID also empowered its Foreign Service Nationals with new authorities, expanded the use of third-party and remote monitoring, issued guidance to implementing partners (<https://www.usaid.gov/work-usaid/resources-for-partners/covid-19-guidance-implementing-partners>), and streamlined its policies and procedures to facilitate rapid responses to shifting circumstances. In addition, USAID is capturing lessons learned to improve its operational response to the COVID-19 pandemic and to ensure the Agency is prepared for future crises. At the end of 2020, USAID stood up the Critical Coordination Structure to support the Agency's return to normal operations after the COVID-19 pandemic and to coordinate USAID's response to any future challenge that affects the Agency's ability to operate on a regular basis.

INCREASING RESILIENCE TO CLIMATE CHANGE RISKS

Climate change is a planetary crisis that not only threatens to roll back decades of hard-won development gains, but also poses major risks to USAID's mission, programs, and operations. In addition, USAID recognizes that climate change is interrelated, overlapping, and mutually reinforcing with other shocks, like pandemics and conflict.

For these reasons, USAID is developing a new Climate Strategy (<https://www.usaid.gov/climate/strategy>) that will guide how the Agency will elevate and integrate climate change considerations and objectives, including climate justice, into USAID priorities, policies, programming, partnerships, and operations. The Climate Strategy will also guide USAID's work to address secondary impacts of the COVID-19 pandemic that intersect with climate change, like preventing the spread of vector-borne

diseases, and increase USAID's support to partner countries so that they, and USAID's investments, are climate resilient. One way USAID ensures its investments consider climate change and variability is through the Agency's Climate Risk Management policy (<https://www.usaid.gov/ads/policy/200/201mal>). Through this policy, USAID systematically assesses, addresses, and adaptively manages climate risks within all new Regional and Country Development Cooperation Strategies and development programs. As a result, during the design stage of new projects and activities, USAID and its implementing partners screen projects for climate risks.

USAID is also committed to transparently disclosing known operational climate risks, increasing the resilience of its operations to those risks, and leading by example by minimizing the Agency's contributions to climate change. In accordance with Executive Order (E.O.) 14008, *Tackling the Climate Crisis at Home and Abroad*, USAID developed a new *Climate Readiness Plan* (<https://www.usaid.gov/climate-change/2021-climate-readiness-plan>). In the plan, the Agency identified five major operational climate vulnerabilities. These included risks to real property, procurement and supply chains, infrastructure and support systems, health and safety, and security. USAID also identified steps it will take to mitigate and effectively manage these risks. For example, USAID is exploring expanding its use of telework and remote-work flexibilities in its new work environment after the COVID-19 pandemic to maximize workforce preparedness to work from safe and secure locations and to continue operations. To minimize its contributions to climate change, USAID develops and implements an annual sustainability plan (<https://www.usaid.gov/sustainability>). The sustainability plan focuses on reducing USAID's greenhouse gas emissions from the Agency's operations (e.g., facilities, utility consumption, motor vehicles, air travel, etc.). As USAID increases its resilience to climate change and leads by example by maximizing its operational sustainability, the Agency will identify, create, and leverage opportunities to support partners as they also work toward a prosperous, net-zero, and resilient future.

IMPROVING AND ENHANCING DIVERSITY, EQUITY, INCLUSION, AND ACCESSIBILITY (DEIA)

Advancing DEIA is one of the Biden-Harris Administration's top priorities, and USAID has an opportunity to follow the President's lead and act boldly to build and sustain an inclusive workforce that reflects the diversity of the United States. As such, improving and enhancing DEIA is one of Administrator Power's top priorities for USAID.

The USAID Diversity, Equity, and Inclusion (DEI) Strategic Plan (<https://www.usaid.gov/who-we-are/diversity-equity-inclusion>) responds to the U.S. government's call to improve and enhance DEIA in the workplace and for Agency beneficiaries.

On the first day of her tenure, Administrator Power signed USAID's DEI Strategic Plan for 2021–2024. Through this strategy, USAID aims to create a more respectful, inclusive, and safe workplace environment for all employees. The strategy promotes equity in the face of the unprecedented health, economic, and social challenges affecting the Agency's workforce.

USAID is already making progress on the three goals in the strategy: (1) Improved and Enhanced Diversity Throughout USAID, (2) Enhanced Culture of Inclusion and Equity for Everyone in the Workplace, and (3) Strengthened Accountability for Promoting and Sustaining a Diverse Workforce and Inclusive Agency Culture.

LOOKING AHEAD

Despite numerous ongoing crises, USAID is prepared to support communities, governments, civil society, and the private sector in the Agency's partner countries around the world. USAID will also rise to the occasion to enhance and sustain DEIA. Building on its six decades of experience, USAID is robustly, adaptively, and eagerly responding to these challenges, risks, and opportunities to advance the Agency's humanitarian and development assistance mission.



Ruth Buckley
Acting Performance Improvement Officer

ANALYSIS OF 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. This analysis summarizes 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 principal statements include a Consolidated Balance Sheet, a Consolidated Statement of Net Cost, a Consolidated Statement of Changes in Net Position, and a Combined Statement of Budgetary Resources. These principal statements appear in the Financial Section of this report.

The Agency also prepares a Combining Statement of Budgetary Resources with the Required Supplementary Information.

OVERVIEW OF FINANCIAL POSITION

Preparing the Agency's financial statements is a vital component of sound financial management and provides accurate, accountable, and reliable information that is useful for assessing performance, allocating resources, and targeting areas for future programmatic emphasis. The Agency's management is responsible for the integrity and objectivity of the financial information presented in the statements. USAID is committed to excellence in financial management and maintaining a rigorous system of internal controls to safeguard its widely dispersed assets against loss from unauthorized acquisition, use, or disposition. As USAID broadens its global relevance and impact, the Agency will continue to promote local partnership by delivering assistance through host-government systems and faith-based and community organizations. In addition, USAID is developing a new Climate Strategy, (<https://www.usaid.gov/climate/strategy>), which will integrate climate change objectives into USAID priorities, policies, programming, partnerships, and operations ensuring that USAID's investments are climate resilient. For further details on USAID's climate change efforts refer to the Climate Readiness Plan (<https://www.usaid.gov/climate-change/2021-climate-readiness-plan>).

A summary of USAID's major financial activities in FY 2021 and FY 2020 appears in the Changes in Financial Position in FY 2021 table, as shown to the left. This table represents the resources available, assets on hand to pay liabilities, and corresponding net position. The net cost of operations is the cost of operating USAID's lines of business, less earned revenue. Budgetary resources are funds available to the Agency to incur obligations and

CHANGES IN FINANCIAL POSITION IN FY 2021

(In Thousands)

Net Financial Condition	2021	2020	% Change in Financial Position
Fund Balance with Treasury	\$ 43,534,920	\$ 35,276,110	23%
Accounts Receivable, Net	108,398	119,198	-9%
Cash and Other Monetary Assets, Advances and Other Assets	818,598	1,586,915	-48%
Inventory and Related Property, Net	17,920	16,090	11%
Property, Plant and Equipment, Net	64,073	73,332	-13%
Total Assets	\$ 44,543,909	\$ 37,071,645	20%
Downward Reestimate Payable to the Treasury	852,076	899,487	-5%
Accounts Payable	2,726,529	2,557,026	7%
Advances from Others and Deferred Revenue	1,182,796	1,283,954	-8%
Loan Guarantee Liability	1,522,937	2,285,297	-33%
Other Liabilities and Federal Employees and Veteran's Benefits	621,190	661,413	-6%
Total Liabilities	\$ 6,905,528	\$ 7,687,177	-10%
Unexpended Appropriations	35,385,955	29,283,335	21%
Cumulative Results of Operations	2,252,426	101,133	2127%
Total Net Position	37,638,381	29,384,468	28%
Net Cost of Operations	\$ 15,949,898	\$ 13,741,944	16%
Budgetary Resources	\$ 40,714,223	\$ 30,020,783	36%

fund operations. This summary section also includes an explanation of significant fluctuations on each of USAID's financial statements.

BALANCE SHEET SUMMARY

ASSETS – WHAT WE OWN AND MANAGE

Total assets were \$44.5 billion as of September 30, 2021. This represents an increase of \$7.5 billion or 20 percent increase over the FY 2020 total assets of \$37.1 billion. The most significant asset is the Fund Balance with Treasury, which represents 98 percent of USAID's total assets, as of September 30, 2021. The Fund Balance with Treasury consists of cash appropriated to USAID by Congress or transferred from other federal departments and agencies and held in U.S. Department of the Treasury (Treasury) accounts that are accessible by the Agency to pay incurred obligations. The Fund Balance with Treasury account increased by \$8.3 billion or 23 percent as a direct result of increased appropriations received and allocation transfers to support USAID's global response to the COVID-19 pandemic. The \$768.3 million, or 48 percent decrease to the Cash and Other Monetary Assets, Advances and Other Assets account balances, is primarily due to a change in the Letter of Credit service provisions within the International Disaster Assistance Program and the health program areas within the Bureau of Global Health, which resulted in increased expenditures charged against advances, therefore decreasing the account balance. The USAID stockpile inventories increased by \$1.8 million or 11 percent increase due to health and safety concerns related to the pandemic and USAID's efforts to combat the effects of the COVID-19 virus worldwide. During the year, various overseas properties were transferred to the U.S. Department of State (State) or host countries, and a real property reconciliation review led to multiple accounting adjustments, thus primarily accounting for the \$9.3 million or 13 percent decrease to the Property, Plant, and Equipment account balance.

LIABILITIES – WHAT WE OWE

The FY 2021 total liabilities of \$6.9 billion, presents a decrease of \$781.6 million or 10 percent decrease over the FY 2020 total liabilities of \$7.7 billion. The primary cause for the significant decrease in

total liabilities is attributable to the \$762.4 million decline or 33 percent decrease in the Loan Guarantee Liability account over the FY 2020 balance. This decrease is due to the reduction in USAID's risk exposure as a direct result of to the full repayment of the Ukraine and Tunisia loan guarantee programs during FY 2021 as well as the repayment of one of Jordan's loan guarantees.

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, 2021, was \$37.6 billion, which is an increase of \$8.3 billion or 28 percent over the \$29.4 billion reported for FY 2020. The primary contributing factor for the increase in Net Position is due to receiving supplemental COVID-19 funding of \$8.7 billion in FY 2021, pursuant to the American Rescue Plan Act of 2021, (P.L. 117-2) to address the continued impact of the COVID-19 effects globally. Refer to Note 15, *COVID-19 Activity*, for further details on the supplemental COVID-19 funding.

RESULTS (NET COST) OF OPERATIONS

NET COSTS

The results of operations are reported in the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position. The Consolidated Statement of Net Cost represents the cost (net of earned revenues) of operating the Agency's foreign assistance programs. State and USAID use the Standardized Program Structure and Definition (SPSD) system to categorize their programs. The SPSD contains the following seven categories of foreign assistance programs: Democracy, Human Rights, and Governance; Economic Growth; Education and Social Services; Humanitarian Assistance; Health; Program Development and Oversight; and Peace and Security. Refer to the Mission and Organizational

Structure section in this report for specific details on each of the foreign assistance programs.

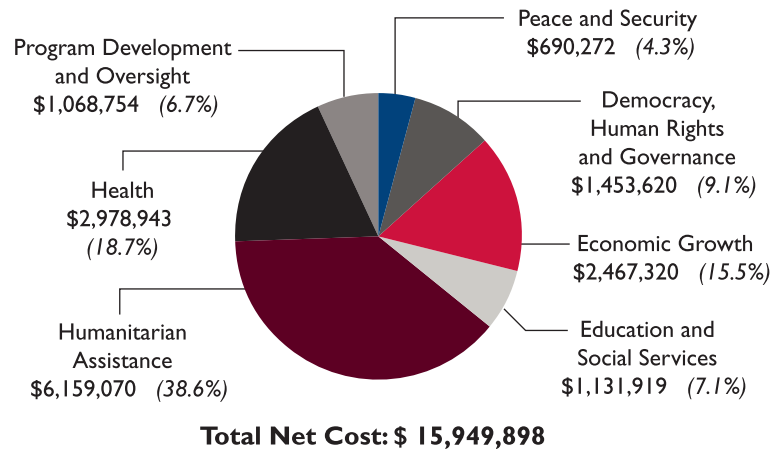
USAID’s net cost of operations totaled \$16.0 billion and \$13.7 billion for FY 2021 and FY 2020, respectively. This is an increase of \$2.2 billion or 16.1 percent over the prior fiscal year. The net costs of operations within the programs shifted due to changing global program initiatives as shown in the Major Categories of Net Cost Comparison chart. For example, within the Health category there was an overall increase in net costs of \$1.6 billion with the largest increases in the following program areas; an increase of \$1.4 billion within the “HIV/AIDS” program area and an increase of \$138.5 million within “Pandemic Influenza and Other Emerging Threats” programs. The Humanitarian Assistance category also had a significant increase in net costs of \$1.2 billion within the “Protection, Assistance and Solutions” program area of the Bureau of Humanitarian Assistance. The “Macroeconomic Foundation for Growth” program area within the “Economic Growth” category incurred a decrease of \$916.6 million in net costs during FY 2021, due to the effects of the pandemic and shifting priorities. The following chart provides an overview of the overall net costs of operations by category for the Major Categories of Net Cost Comparison for FY 2021 and FY 2020.

NET COSTS BY PROGRAM AREAS

In addition to reporting net costs by overall categories, USAID further calculates net costs by

FY 2021 NET COST OF OPERATIONS BY CATEGORIES

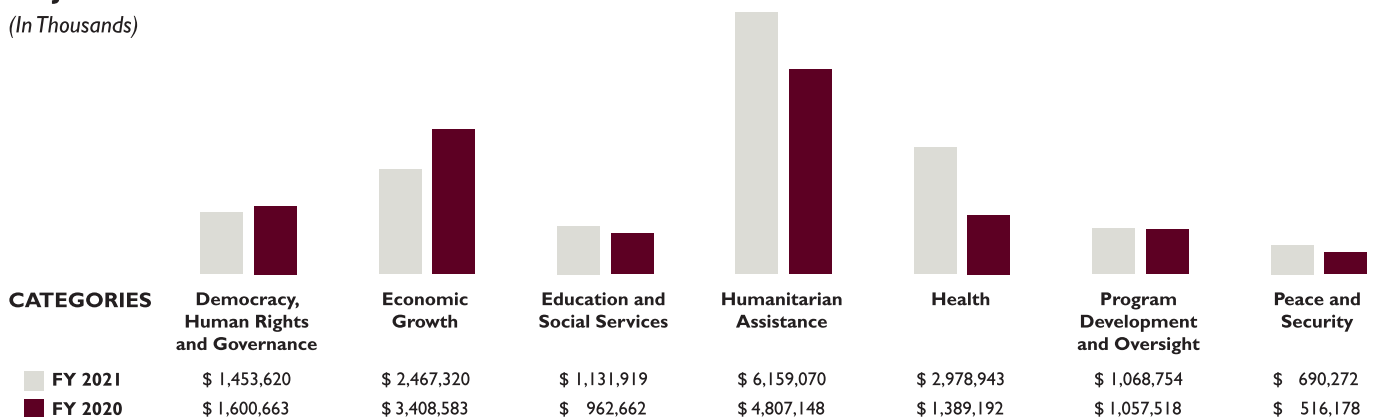
(In Thousands)



category and program areas for financial reporting. In FY 2021, USAID incurred costs within all 48 program areas in the seven foreign assistance categories, as shown in the FY 2021 Net Cost by Program Areas table on the following page. Each program area is an important element of the Agency’s framework for effectively leveraging scarce resources to impact development priorities and allowing USAID’s management to evaluate the overall mission or program activity efficiently and effectively. For a further breakout of net costs by responsibility segments and program areas refer to Note 16, *Schedule of Cost by Standardized Program Structure and Definition (SPSD)*. The responsibility segments include the five Pillar and five Regional Bureaus.

MAJOR CATEGORIES OF NET COST COMPARISON FOR FY 2021 AND FY 2020

(In Thousands)



FY 2021 NET COST BY PROGRAM AREAS

(In Thousands)

Categories	Program Areas*	Total
Democracy, Human Rights and Governance	Good Governance	\$ 625,009
	Civil Society	321,669
	Political Competition and Consensus-Building	163,374
	Rule of Law (ROL)	159,002
	Human Rights	104,626
	Independent Media and Free Flow of Information	79,940
	Democracy, Human Rights and Governance Total	
Economic Growth	Agriculture	848,309
	Modern Energy Services	381,712
	Private Sector Productivity	378,682
	Environment	295,275
	Trade and Investment	165,124
	Transport Services	99,211
	Workforce Development	90,047
	Climate Change – Sustainable Landscapes	88,908
	Macroeconomic Foundation for Growth	56,667
	Financial Sector	49,512
	Information and Communications Technology Services	9,369
	Climate Change – Adaptation	3,480
	Climate Change – Clean Energy	1,024
Economic Growth Total		2,467,320
Education and Social Services	Basic Education	849,504
	Social Services	103,488
	Higher Education	96,583
	Social Assistance	56,965
	Social Policies, Regulations, and Systems	25,379
Education and Social Services Total		1,131,919
Humanitarian Assistance	Protection, Assistance and Solutions	5,849,162
	Disaster Readiness	247,689
	Migration Management	62,219
Humanitarian Assistance Total		6,159,070
Health	HIV/AIDS	1,952,099
	Water Supply and Sanitation	351,325
	Pandemic Influenza and Other Emerging Threats (PIOET)	206,924
	Maternal and Child Health	168,343
	Malaria	120,705
	Family Planning and Reproductive Health	103,674
	Tuberculosis	33,517
	Other Public Health Threats	20,478
	Nutrition	21,878
Health Total		2,978,943
Program Development and Oversight	Administration and Oversight	743,283
	Program Design and Learning	280,965
	Evaluation	44,506
Program Development and Oversight Total		1,068,754
Peace and Security	Conflict Mitigation and Stabilization	491,372
	Counternarcotics	136,934
	Counterterrorism	42,220
	Trafficking in Persons	17,271
	Transnational Threats and Crime	2,423
	Combating Weapons of Mass Destruction (WMD)	33
	Citizen Security and Law Enforcement	11
	Conventional Weapons Security and Explosive Remnants of War (ERW)	5
	Strengthening Military Partnerships and Capabilities	3
	Peace and Security Total	
Total Net Cost of Operations		\$15,949,898

* For insight on how the Program Areas relate to development, see the State-USAID Joint Strategic Goal Framework on page 11 for related Strategic Goals and Strategic Objectives.

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 the Treasury and appropriated by Congress for use by USAID. In addition, USAID receives budget authority as the parent of an appropriation received from State, the U.S. Forest Service (an Agency of the U.S. Department of Agriculture), and a one-time allocation from the U.S. Department of Health and Human Services in FY 2021. Activity related to these departments and agencies appears in the Combining Schedule of Budgetary Resources located in the Required Supplementary Information section of this report.

Budgetary Resources consist of the resources available to USAID at the beginning of the year, plus the appropriations received, spending authority from offsetting collections, and other budgetary resources received during the year. The Status of Budgetary Resources chart compares the new obligations and upward adjustments, unobligated balances, and total budgetary resources for USAID from FY 2018 through FY 2021. The Agency's cumulative budgetary resources in FY 2021 is \$40.7 billion, of which it has obligated \$24.6 billion.

OBLIGATIONS AND OUTLAYS

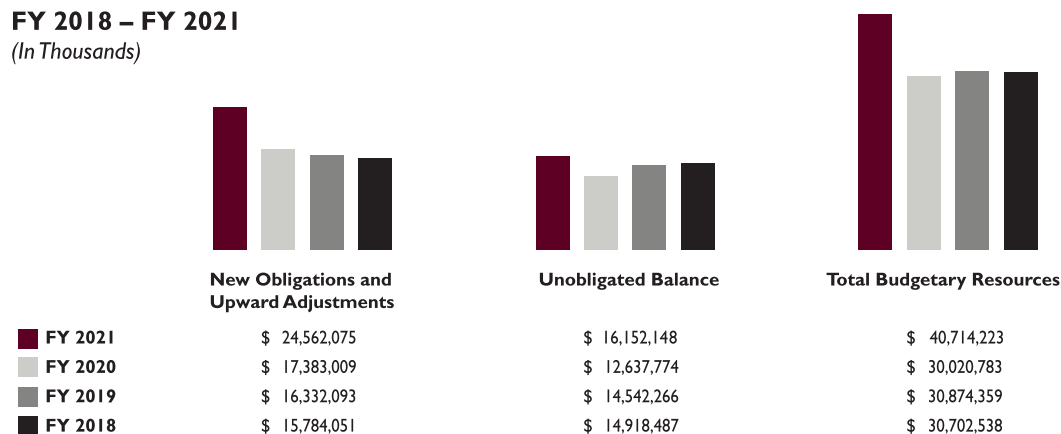
The Status of Budgetary Resources chart shows the overall Total Budgetary Resources received and whether new obligations and upward adjustments incurred and the funding remaining unobligated at year-end for FY 2018 through FY 2021. As shown in the chart, USAID's Total Budgetary Resources for FY 2021 was \$40.7 billion, which is an increase of \$10.7 billion, or a 36 percent increase over the FY 2020 Total Budgetary Resources of \$30.0 billion. This increase in budgetary resources is due to the influx of supplemental COVID-19 funding and allocation transfers from State to combat the effects of the pandemic globally, as discussed in the sections above and in Note 15, *COVID-19 Activity*.

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

In FY 2021, USAID received \$8.7 billion in COVID-19 supplemental appropriations pursuant to the American Rescue Plan Act of 2021 (P.L. 117-2). This supplemental funding supports the United States response to the COVID-19 pandemic both at home and abroad. Since the start of the outbreak, USAID has acted decisively

STATUS OF BUDGETARY RESOURCES FY 2018 – FY 2021

(In Thousands)



to commit funding to health, humanitarian, and development assistance specifically aimed at fighting the pandemic. USAID used funding from the Economic Support Fund, the International Disaster Assistance Fund, and the Operating Expenses of USAID accounts 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 2021, USAID incurred obligations of \$3.6 billion, used appropriation funding of \$2.2 billion, transferred out \$145.7 million to State, and has \$3.6 billion of COVID-19 funding remaining available beyond FY 2021. The financial impact of the COVID-19 funding received on the Fund Balance with Treasury account is \$7.5 billion or 17.1 percent and \$369.7 million or 13.6 percent of the Accounts Payable account as of September 30, 2021. For further details related to COVID-19 funding refer to Note 15, *COVID-19 Activity*.

LIMITATIONS OF THE FINANCIAL STATEMENTS

USAID's Chief Financial Officer has prepared these principal financial statements from the Agency's accounting records to report the financial position and results of operations of USAID, pursuant to the requirements of Section 3515 (b) of Title 31 of the United States Code (U.S.C.). While the Chief Financial Officer has prepared these statements from the books and records of USAID, in accordance with generally accepted accounting principles (GAAP) for federal entities and the formats prescribed by the Office of Management and Budget (OMB), the Agency provides them in addition to the financial reports used to monitor and control budgetary resources. The statements should be read with the understanding that they are for a component of the U.S. government, a sovereign entity.

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

MANAGEMENT ASSURANCES

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

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

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

of management are responsible for ensuring adequate controls over USAID operations.

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

USAID STATEMENT OF ASSURANCE

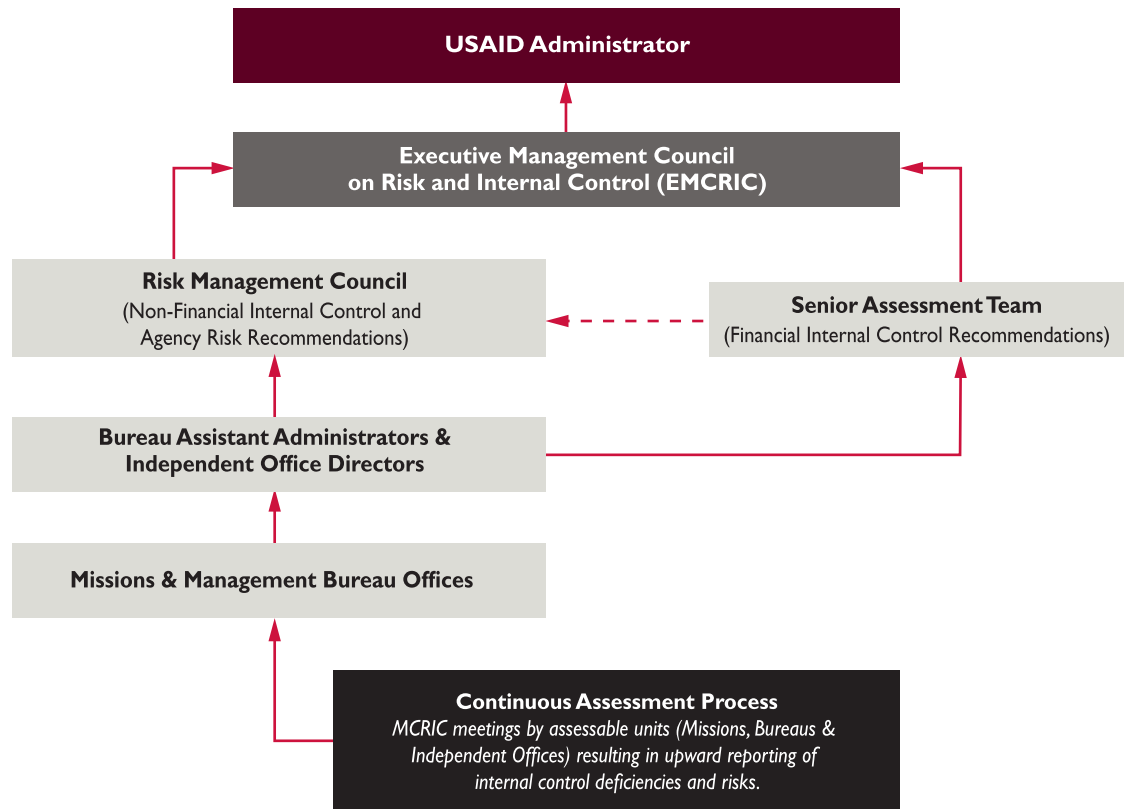
The Agency's management is responsible for identifying and managing risks, as well as maintaining effective internal controls to meet the objectives of Sections 2 and 4 of the Federal Managers' Financial Integrity Act (FMFIA) and the provisions under Section 4 of the Federal Financial Management Improvement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

assessment, the Agency can provide reasonable assurance that USAID's internal controls over financial systems, operations, reporting, and compliance were operating effectively as of September 30, 2021.



Samantha Power,
USAID Administrator
November 12, 2021

GOVERNANCE STRUCTURE FOR ERM AND INTERNAL CONTROL SYSTEMS



The Executive Management Council on Risk and Internal Control (EMCRIC) integrates Enterprise Risk Management (ERM) with USAID’s internal control structure. The ERM Secretariat provides administrative and logistical support to the USAID governance structure. USAID’s Bureaus and Independent Offices (B/IOs) have appointed Risk Management Liaisons (RMLs) to facilitate the efficient and effective identification, reporting, and treatment of risks. The Deputy Administrator chairs the EMCRIC, which comprises the Agency’s senior leadership, including the heads of B/IOs; the Chief of Staff; the Chief Risk Officer; the Chief Financial Officer (CFO); the Chief Information Officer; the Chief Acquisition Officer; the Chief Human Capital Officer; and the Director of the Office of Management Policy, Budget, and Performance within the Bureau for Management. Self-certifications from heads of Operating Units (OUs) worldwide serve as the basis for the assurance statement issued by the USAID Administrator, which 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 the Deputy Assistant Administrator of the Bureau for Management and the Deputy Assistant Administrator of the Bureau for Policy, Planning, and Learning, is responsible for assessing the roll-up of top Agency risks and non-financial internal control deficiencies from USAID OUs worldwide. The RMC evaluates risks and recommends updates to the Agency Risk Profile, an Agency-level portfolio of risks, for review and endorsement by the EMCRIC.

The Senior Assessment Team (SAT), chaired by the Agency’s 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 material weaknesses to the EMCRIC and the Agency as a whole. Any such deficiencies will be included in this annual FMFIA assurance statement.

The Agency's Internal Control Team employs an integrated process to meet the requirements of the various appendices of OMB Circular A-123, including compliance with Internal Control over reporting, management of government charge cards, payment integrity, and FMFIA-related requirements.

During fiscal year (FY) 2021, the Agency used the Uniform Risk and Internal Control Assessment (URICA) tool to conduct internal control assessments of all Agency units in support of FMFIA. USAID Missions and B/IOs self-assessed and reported that the 17 Government Accountability Office (GAO) principles of internal control were effective. To fully integrate ERM, OUs leveraged the existing internal control assessment process and identified risks simultaneously. Top risks are identified in the Agency Risk Profile, categorized, assigned a treatment, and monitored in accordance with a treatment plan. Other accomplishments during FY 2021 include improvements to the guidance for OUs, the expansion of the ERM core team to holistically reflect the Agency-wide approach to risk management, and the continuation of the ERM training program. Additional accomplishments include requirements gathering for the development of an ERM Tool to support USAID's governance, risk management, and compliance processes. The ERM Tool deployment is scheduled for FY 2022 and will allow the efficient accumulation and trend analysis of reported risks at all levels of the Agency.

MANAGING CLIMATE RISK

Climate change poses a fundamental threat to USAID's management operations. In FY 2021, USAID identified and analyzed five major operational climate vulnerabilities in the Agency's

new *Climate Readiness Plan* (<https://www.usaid.gov/climate-change/2021-climate-readiness-plan>). These vulnerabilities included risks to real property, procurement and supply chains, infrastructure and support systems, health and safety, and security. While USAID cannot eliminate the threat climate change poses, the Agency is committed to systematically managing its operational climate risks as part of its efforts to mainstream climate change into the Agency's management operations.

USAID manages climate risk at the enterprise level through its ERM governance process. In FY 2022, USAID will continue to integrate climate risk management into the Agency's risk profile to ensure the Agency efficiently and effectively anticipates, identifies, and proactively leverages opportunities to mitigate and adapt to global climate change. In FY 2022, USAID will also begin implementing location-specific continuity of operations (COOP) plans that consider climate risk. These COOP plans will connect to USAID's location-specific Emergency Action Plans and ensure the Agency is prepared to respond effectively to all climate-related contingencies.

ASSESSMENT OF COMPLIANCE WITH THE FMFIA

As required by Section 803(a) of the FMFIA, the Agency determined that its financial management systems substantially comply with federal requirements for financial management systems, applicable federal accounting standards promulgated by the Federal Accounting Standards Advisory Board (FASAB), and the U.S. Standard General Ledger (USSGL) at the transaction level for FY 2021.

The FMFIA requires USAID to implement and maintain financial management systems that comply substantially with federal requirements for financial management systems, applicable federal accounting standards promulgated by the FASAB, and the USSGL at the transaction level. USAID assesses its financial management systems annually for compliance with Appendix D of OMB Circular A-123, the FMFIA, FMFIA, and other federal requirements. USAID's process for assessing compliance includes the use of the FMFIA

Compliance Determination Framework, which incorporates a risk model applied against common goals and compliance indicators. (The Treasury Financial Manual Chapter 9500 provides guidance for using the Federal Financial Management System Requirements when determining compliance with the FFMIA.)

GOALS AND SUPPORTING FINANCIAL SYSTEM STRATEGIES

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

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

USAID uses data from Phoenix to guide decision-making and provide an accurate picture of the Agency's activities worldwide. The Digital Accountability and Transparency Act of 2014 (DATA Act), which requires federal departments and agencies to report on procurement and financial assistance spending in a standardized manner, provides increased transparency into the Agency's finances and procurement activity. USAID submitted and certified its FY 2021 DATA Act files to the U.S. Department of the Treasury (Treasury) on time and on budget as it has since it was first tracked in FY 2017. In FY 2020, USAID successfully implemented mid-year changes to its DATA Act submissions to report on monthly

COVID-19 expenditures accurately, in compliance with the Coronavirus Aid, Relief, and Economic Security (CARES) Act. These activities are ongoing for FY 2021. Detailed budget and spending data from Phoenix are also a vital input into the public facing websites such as the Foreign Assistance Dashboard (<https://www.foreignassistance.gov/>) and USAspending (<https://www.usaspending.gov/>). These tools promote transparency by enabling stakeholders to see how U.S. taxpayer funds achieve international development results and explain how the U.S. government invests in countries around the world. They also provide insight into the Agency's response to COVID-19 that is centered around providing health, humanitarian, economic, and development assistance specifically aimed at fighting the global pandemic.

This year, USAID's Operating Expenses (OE) Budget Modernization Project continued to automate, streamline, and execute processes for better reporting and mission results. To help in this effort, USAID is expanding its implementation of Performance Budgeting (PB), a subsystem of Phoenix that provides oversight and tracking of the full OE programming and budgeting lifecycle. During FY 2021, USAID used PB to improve the OE budget formulation processes; centralize all OE spend plan activities; track Congressional spend plans; and produce Congressional Budget Justification (CBJ) tables. In the future, USAID plans to expand PB to support formulation of mission budgets and spend plans allowing the Agency to manage results more effectively from formulation of the OE budget to its execution. The Office of the Chief Financial Officer (OCFO) continues to explore ways to use technology to streamline Agency financial processes.

The Automated Deobligation Application continued to improve the deobligation process by allowing for automated deobligations of small purchase awards in the Global Acquisition and Assistance System (GLAAS) as well as travel orders, credit card obligations, and Phoenix obligations. For FY 2021, the application allowed the Agency to deobligate more than 14,000 accounting lines, which freed up almost \$56 million for potential reuse. The 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 2021, this tool allowed the processing of more than 706 requests from approximately 111 users.

The CFO is committed to ensuring that USAID complies with evolving federal requirements. In FY 2021, USAID initiated the process to update Phoenix to comply with a government-wide mandate regarding entities that conduct business with the U.S. government. This mandate requires all entities registered with the System for Award Management (SAM) to stop using Dun & Bradstreet's Data Universal Numbering System (DUNS) for vendor identification and to start utilizing SAM's maintained Unique Entity Identifiers (UEIs) for this tracking. The update is scheduled for implementation in FY 2022. In addition, USAID continues its work toward the U.S. government's upcoming G-Invoicing requirements to better manage its intragovernmental actions.

FRAMEWORK FOR FINANCIAL MANAGEMENT SYSTEMS

The Phoenix financial system is the accounting system of record for the Agency and the core of USAID's financial management systems framework. Phoenix enables the Agency's staff to analyze, manage, and report on foreign assistance funds. In FY 2021, Phoenix had over 2,800 users who processed 1.3 million transactions and obligated over \$33 billion.

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

USAID creates incremental investments to automate and streamline financial management processes with the aim of reflecting standard

business processes, meeting user and federal requirements, and following guidance from OMB and Treasury to strengthen practices in the management of both finances and information technology (IT). In FY 2021, the OCFO updated Phoenix's middleware to the latest versions to ensure that the Agency remains current with security standards. In addition, the Phoenix information system security team is continuously monitoring the National Institute of Standards and Technology (NIST) requirements and USAID's Automated Directives System (ADS) requirements to validate that the Phoenix system and related documentation are in compliance. Aside from NIST requirements, the Phoenix system team implemented a SecOps pipeline that deploys quarterly middleware patches to every Phoenix application running on the USAID network.

In FY 2021, the OCFO completed the Phoenix updates needed to support USAID's structural transformation. This included creating new Phoenix codes and structures for the Bureau for Development, Democracy, and Innovation (DDI) and reintegrating the Office of Afghanistan and Pakistan into the Bureau for Asia (ASIA). The OCFO also conducted a review of Phoenix's security configuration and role assignments to allow users to operate in USAID's transformed structure.

SUMMARY OF SIGNIFICANT LAWS

Laws that the Agency considers having a significant impact on USAID's operations and financial statements during FY 2021 and with which the Agency maintains compliance 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 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 Digital Accountability and Transparency Act of 2014 (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.
- **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 to 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 Department of 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 the Office of Personnel Management (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 chief information officers (CIOs) have a significant role in information technology (IT) decisions, including annual and multi-year 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 Executive Order 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.

OTHER MANAGEMENT INFORMATION, INITIATIVES, AND ISSUES

Through wide-ranging reforms and initiatives, in fiscal year (FY) 2021, the U.S. Agency for International Development (USAID) continued to improve the efficiency and effectiveness of its workforce, policies, programs, and processes to advance the Agency's development and humanitarian assistance mission. In support of Biden-Harris Administration priorities and initiatives, USAID has focused this section on:

- Empowering, rebuilding, and protecting the federal workforce;
- Restoring public trust in the Federal Government and delivering services effectively and efficiently;
- Enhancing federal information technology (IT) and cybersecurity; and
- Leveraging federal acquisition as a catalyst.

EMPOWERING, REBUILDING, AND PROTECTING THE FEDERAL WORKFORCE NOW AND INTO THE FUTURE

USAID is committed to and proactively working to empower, rebuild, and protect its workforce through the challenges and opportunities of today, as well as those of tomorrow. USAID is doing this by ensuring its employees can safely and productively telework during the COVID-19 pandemic, closely monitoring COVID-19 trends, and preparing for its workforce's eventual reentry into Agency facilities. USAID is also thoughtfully planning for a new, post-COVID-19 pandemic work posture that considers the lessons the Agency has learned about when and where USAID can accomplish its work. USAID strives to be a model employer and an employer of choice that attracts, hires, develops, and retains a highly skilled and

diverse workforce. Accordingly, USAID recognizes that improving how the Agency supports human resources (HR) and talent management is central to advancing its mission. USAID is committed to maintaining a focus on high-value, mission-critical work; improving HR services; advancing performance management and accountability; enhancing employees' resilience and engagement; and expediting hiring for mission-critical positions. In FY 2021, the Agency undertook a number of initiatives to develop and implement innovative human capital programs consistent with USAID's priorities and the Agency's HR Transformation Strategy and Action Plan (http://pdf.usaid.gov/pdf_docs/PBAAE486.pdf).

IT SUPPORT FOR TELEWORK DURING THE COVID-19 PANDEMIC

USAID works in some of the most challenging locations around the world to deliver U.S. foreign assistance on the ground. To do so, USAID relies on modern, mobile IT solutions. Starting more than ten years ago, USAID began robust IT modernization efforts to provide staff with:

- real-time access to data;
- applications that support different endpoints, such as laptop computers, mobile phones, and accessories;
- multiple platforms, devices, and network types; and
- collaboration tools and centralized portals to gather and share information to support informed programmatic and business decisions.

USAID's early modernization efforts enabled all Agency staff to telework within the first few days of the decision to move to mandatory telework in March 2020. As mandatory telework has continued into 2021 for many USAID staff, USAID remains



nimble and responsive, leveraging connectivity options such as a Virtual Desktop Infrastructure, a cloud productivity suite of mail and collaboration tools, and mobile and cloud strategies to keep USAID’s work moving forward.

USAID continues to prepare the Agency’s systems and processes for reentry. In the interim, USAID is well positioned to continue supporting its global workforce and is innovating and enhancing the Agency’s operational readiness.

EVALUATING POST-REENTRY WORK ENVIRONMENT AND PLANNING FOR THE FUTURE OF WORK

USAID actively monitors COVID-19 conditions in Washington, D.C., and surrounding local jurisdictions to keep Agency leadership and staff informed. Consistent with that approach, USAID regularly assesses the risks, challenges, and logistical hurdles of the reentry process to ensure the Agency is aligned and prepared for a smooth and efficient reentry. The Agency is pursuing a “Reentry Readiness” approach to proactively assist staff with certain badging, enrollment, and IT requirements to help provide a seamless transition back to domestic facilities. USAID is also implementing President Biden’s requirements to ensure that all federal employees and onsite contractors are fully vaccinated against COVID-19. The Agency already implemented a process for all federal employees, onsite contractors, and visitors to attest to their vaccination status. The Agency will codify detailed

guidance in the USAID COVID-19 Workforce Safety Plan and Workplace Guidelines (Safety Plan) (<https://www.usaid.gov/coronavirus/workforce-safety-plan>). USAID updates the Safety Plan regularly based on changes to guidance, epidemiological burden, and local context.

When the Agency ends its emergency posture, USAID intends to establish a new work environment that reflects the lessons learned during the pandemic about when and where USAID can accomplish its work. USAID’s new posture will reflect its increased role in national security and ensure the Agency has the necessary on-site resources to accomplish its mission. The Agency’s new posture also will reflect USAID’s demonstrated capability to accomplish its mission in an increasingly virtual environment. While the Agency will set policies for workplace posture in the new normal, Bureaus and Independent Offices (B/IOs) will develop office-specific plans that meet their operational needs while promoting flexibility and choice at the Agency.

LAUNCHPAD: INNOVATIVE EMPLOYEE PORTAL FOR SERVICES

To improve staff experience, USAID continues to build new features and functionality into LaunchPad, the Agency’s centralized, online employee portal for HR services. Employees now have a greater ability to view and manage their personnel data and history. This information also allows supervisors and administrative staff to better manage their teams. The Agency also streamlined the onboarding process for Civil Service employees through LaunchPad. The Agency assigns tasks to candidates, hiring managers, and the USAID staff who are critical to the onboarding process (e.g., HR, security, IT, and administrative staff) to complete onboarding activities. The tool transparently provides data on the status of the candidate’s onboarding process from the tentative offer stage through 60 days after the new hire enters on duty.

In addition, USAID piloted robotics process automation (RPA) (i.e., a bot) to process personnel actions for legal name changes. After an employee submits a name change request and supporting documentation through an intuitive questionnaire,

the bot gathers the data from the request and inputs the data into the HR and Payroll system. Then the HR staff review and approve the request, and the bot then processes the personnel action. This pilot prepares USAID to automate additional personnel actions and reduce the data-entry burden on HR staff, giving them more time to focus on high-value analytical work. USAID also added new functionality to LaunchPad in FY 2021 to execute award nominations and approvals as well as to facilitate the annual Foreign Service promotion boards.

USAID continues to monitor its HR service delivery and customer service through LaunchPad. For example, managers in USAID's Office of Human Capital and Talent Management (HCTM) can now access and use dashboards to view staff workload and customer feedback transparently. USAID received more than 45,000 HR cases through LaunchPad between August 2020 and August 2021 and maintained an average customer satisfaction survey score of 4.4 (out of 5) over the past year.

WORKFORCE PLANNING

In its Interim FY 2020 – FY 2022 USAID Strategic Workforce Plan (SWFP), USAID provided its vision for strategic workforce planning and analytics to support the human capital recruitment, hiring, and onboarding required to achieve USAID's mission. Via the SWFP, USAID allocated its Civil Service and Foreign Service staff and articulated the Agency's plans for its overseas footprint. USAID will use the SWFP to guide the Agency's future workforce planning efforts. USAID also will undertake a process to complete a new SWFP to replace the Interim SWFP.

In FY 2021, USAID began deploying Talent Analytics. Talent Analytics is a workforce planning module and an online platform that produces insights into the Agency's workforce and features interactive dashboards, automated reporting, and ad hoc reports. USAID subject matter experts have trained nearly 200 staff users from across Washington and Missions overseas on the tool and given those users access to begin using it for workforce analytics and planning

purposes. USAID is testing automated reporting and forecasting to understand and anticipate promotions, attrition, and hiring trends. Through Talent Analytics, USAID automated the calculation it uses to determine promotion eligibility for its Foreign Service workforce and replaced manual Excel spreadsheet calculations. USAID also created a module within Talent Analytics to promote and document strategic Foreign Service assignment decisions and enable scenario-planning capabilities. Talent Analytics will continue to evolve, which will improve USAID's data-driven, targeted workforce planning incrementally with each iteration.

In FY 2021, USAID launched a position validation tool that completed the Agency's business process re-engineering of Foreign Service position management, assignments, and reassignments process. The new tool enables the Agency's Operating Units (OUs) to validate all Foreign Service positions, which produces an up-to-date staffing pattern that is integrated with the assignments, bidding tools, and getting-to-post tools. Further, recognizing the changing staffing needs in hard-to-fill posts (e.g., posts in the Islamic Republic of Pakistan and the Republics of Iraq and South Sudan), USAID eliminated long-standing Foreign Service bidding requirements for those posts. Instead, Foreign Service Officers must bid on priority positions. This new requirement closely matches the Agency's programmatic priorities with its workforce allocation.

USAID also completed the overseas Foreign Service workforce planning model. This model uses a set of drivers, including budget, implementing mechanisms, local staff capacity, measures of work, and prioritization to produce allocations for Foreign Service staff overseas. USAID's leaders are using the results of this first year to validate and allocate Foreign Service positions, and to understand the true staffing needs and demand for Foreign Service staff. Similar to the Talent Analytics tool, the overseas workforce planning model will evolve annually. USAID also completed the initial domestic Foreign Service workforce planning model. The Agency is currently reviewing the initial results, and making adjustments to improve the model.

HIRING

With support from Congress, USAID will encumber and maintain the levels of U.S. direct-hire (USDH) staff the Agency needs to execute its strategic direction and priorities. The Agency is committed to reaching and sustaining a staffing level of 1,600 permanent Civil Service employees, and 1,850 permanent Foreign Service Officers. To support these efforts USAID has accelerated recruitment, hiring, and onboarding. Simultaneously, USAID is rebuilding its core HR functions and hiring mechanisms, including by hiring USDH HR Specialists. USAID also contracted surge staff to help reach the staffing levels USAID needs to deliver its mission. The Agency also shifted its Civil Service hiring approaches to reflect best practices and yield significant efficiencies. For example, the Agency aggressively used broader and recurring job announcements to build rosters of talented and diverse candidates for multiple similar positions. Additionally, due to the pandemic, USAID shifted the Foreign Service hiring process from in-person to virtual. As a result, USAID subject matter experts from across the Agency (including from Missions overseas) participated at higher rates, which broadened the pool of experts and increased the diversity of hiring personnel.

USAID will continue to prioritize identifying, monitoring, and filling staffing or skills gaps, such as by strengthening USAID's Foreign Service workforce by recruiting career candidates for positions in all technical areas.

EMPLOYEE ENGAGEMENT

USAID values an inclusive work environment, one in which the Agency learns from every member of its team and fosters their active participation. USAID recognizes the relationship between employee engagement and how well the Agency performs its mission. USAID's focus on employee engagement relies, in part, on data from the Federal Employee Viewpoint Survey (FEVS). To increase employee engagement, USAID requires OUs to create action plans to identify critical areas for the OUs to improve based on their FEVS results.



In FY 2020, USAID focused on developing and implementing tailored action plans to make improvements in 20 Washington B/IOs that had Employee Engagement Index (EEI) scores lower than 65 percent, based on the 2019 FEVS results. As a result, in 2020, USAID's Global Satisfaction Index increased by 4 percentage points to reach 75 percent, and its EEI score also increased by 3 percentage points to reach 79 percent, which remains 7 percentage points higher than the U.S government-wide index. Despite this increase, USAID ranked 19 out of 25 mid-size agencies in the list of "Best Places to Work in the Federal Government" in 2020 according to the Partnership for Public Service.

EMPLOYEE WELLNESS AND RESILIENCE

USAID's Employee Wellness and Resilience program, referred to at USAID as Staff Care, is an innovative, integrated program specifically designed to bolster the physical and emotional well-being, work-life balance, and resilience of the Agency's 15,000-member global workforce and their families. Staff Care's services include work-life assistance, wellness programs, support for new and expecting parents, employee assistance counseling, individual resilience training, and organizational resilience (OR) services. Staff Care helps teams around the world build strong, dynamic working environments and relationships that can navigate change effectively. For instance, over this reporting period, Staff Care provided support for the Agency's large-scale restructuring by helping those affected to continue to be resilient in the face of ongoing

change. Staff Care has also rapidly expanded the breadth and depth of its programming to address the enormous challenges related to the COVID-19 pandemic.

In FY 2021 (between October 2020 and June 2021), Staff Care provided 44 engagements in response to requests from 31 overseas Missions around the world and provided 57 engagements in response to requests from 42 teams in Washington. These engagements included OR, Employee Assistance Program critical incident support and consultations, resilience training, and wellness and work-life programming that supported more than 4,800 employees. Of the 988 employees Staff Care supported through its 26 OR engagements, 78 percent reported increased team cohesion, 72 percent reported increased team performance and productivity, and 73 percent reported increased morale.

In addition to team engagements, Staff Care assisted more than 11,000 employees through a variety of services, supporting many individuals more than once. For example, Staff Care provided 101 webinars on over 40 topics that 2,049 individuals attended to promote emotional and mental health, resilience, wellness, work-life balance, and effectiveness in response to COVID-19. From these webinars, 92 percent of the participants reported learning skills to improve their effectiveness at work, 90 percent reported strengthening their resilience and well-being skills, and 93 percent reported an increased feeling that USAID appreciates its employees.

Between October 2020 and June 2021, Staff Care provided wellness programming, such as physical strengthening challenges, flu shots, and gym membership for more than 1,500 employees. Staff Care also provided work-life programming, such as emotional well-being strengthening challenges, support for parents and caregivers, and individual consultations for more than 1,400 employees. In addition, Staff Care provided 217 staff with work-life services and referrals, and 465 staff with counseling support on employee resilience, which saved the Agency an estimated 1,232 work days, valued at \$402,688. In addition, 92 percent of counseling clients reported, via follow-up evaluation, increased life satisfaction and well-being.

ACCOUNTABILITY AND AWARDS

USAID ensures employee accountability and encourages outstanding performance through a combination of performance management, promotion, awards, and recognition programs. USAID continues to advance the Agency's employee performance management systems and the Foreign Service promotion process. The Agency developed an online tool to conduct Foreign Service promotion boards within LaunchPad. This tool, which USAID linked to its online ePerformance tool, improves the Agency's promotion data analysis and enables the Agency to conduct—and remote staff to participate in—promotion boards. USAID launched the online promotion board tool for the Agency to use in the 2020 Foreign Service promotion boards, which the Agency conducted in October 2020.

Agency executives are accountable for achieving USAID's goals and priorities. Since 2018, USAID has identified annual shared Agency goals for all its executive personnel—Senior Foreign Service (SFS), Senior Executive Service (SES), and Administratively Determined (AD) employees. USAID continues to hold its executive personnel accountable to these annual shared Agency goals.

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

MODERNIZING THE PERSONNEL VETTING SYSTEM

In 2017, the Federal Government amended Executive Order (E.O.) 13467, *Reforming Processes Related to Suitability for Government Employment, Fitness for Contractor Employees, and Eligibility for*

Access to Classified National Security Information, to require agencies to continuously vet all employees who have a security clearance, not just those at the highest risk levels. Continuous vetting will ensure the federal workforce can be trusted to protect people, property, information, and the U.S. government's mission.

USAID supports continuous vetting and recognizes that certain instances will require the Agency to use an investigative process and strong insider-threat programs, as not all derogatory information is found in databases or readily available to agencies that are not members of the intelligence community. Additionally, there are a few state and local law enforcement municipalities that do not report criminal information to key federal databases. USAID has leveraged the Office of the Director of National Intelligence's (ODNI) Trusted Workforce (TW) 2.0 capabilities and will record continuous vetting results into the appropriate federal clearance verification systems for all cleared employees.

Continuously vetting cleared personnel is a major reform initiative that will allow USAID to eliminate periodic reinvestigations once every five years and instead conduct automated checks of records (criminal, travel, financial, etc.), with subsequent field investigations when needed. USAID continues to automate investigative components of its security investigation case-management system and works with trusted investigative providers to support direct interface capabilities, quicker output, and adjudicative decisions.

RESTORING PUBLIC TRUST IN THE FEDERAL GOVERNMENT AND DELIVERING SERVICES EFFECTIVELY AND EFFICIENTLY

USAID recognizes and respects how important public trust and partner relationships are to the Agency's ability to deliver effectively and efficiently on its humanitarian assistance and development mission, including by achieving sustainable solutions to global opportunities and challenges.

Accordingly, USAID is modernizing its public-facing websites, digital services, and records management; expanding its work with new and nontraditional partners; improving customer experience; and supporting the Federal Government's effort to streamline the entity identification and validation process required for organizations to do business with the Federal Government.

MODERNIZING PUBLIC-FACING WEBSITES, DIGITAL SERVICES, AND RECORDS MANAGEMENT

USAID has undertaken a full redesign of the Agency's primary flagship public access website (<https://www.usaid.gov>). Informed by best practices from industry and other government agencies, the design team aggressively canvassed internal and external stakeholders to seek input. USAID will use the results of this research, as well as guidance and elements from the General Service Administration's (GSA) U.S. Web Design System (<https://designsystem.digital.gov/>) to yield a new, accessible, mobile-friendly, and user experience-focused web environment for the Agency in FY 2022. USAID will use insights from this work and from follow-on research to also help the Agency modernize its internal web portal.

The U.S. government is driving transformational change to modernize through multiple complementary channels, including moving to electronic government. In support, USAID is investing in an integrated approach to electronic records management that preserves the integrity of the Agency's records; further protects the Agency against loss of records; is sustainable throughout the records lifecycle; and manages records in accordance with applicable federal law and statutes, regulations, directives, and policies. USAID's approach will also identify and assess legacy systems and update or migrate those systems to the new electronic records management baseline. Doing this will enable USAID to electronically preserve, schedule, and fulfill a U.S. government mandate to properly dispose of and/or retire all federal records by submitting them electronically to the National Archives and Records Administration (NARA) for permanent storage. USAID will also promote

and support the use of other electronic and/or virtual applications across the USAID enterprise to further emphasize and support an all-encompassing electronic records management approach. This will include transitioning legacy paper forms to a fillable, electronic format, establishing guidelines and procedures for uploading Agency records into digital repositories and digitizing legacy paper records to enable USAID to upload those records to digital repositories.

TRANSITIONING TO A FEDERAL RECIPIENT UNIQUE ENTITY IDENTIFIER

As part of efforts to make it easier and less burdensome for entities to do business with the Federal Government, agencies are moving to a new Unique Entity Identifier (UEI), which will replace the Dun & Bradstreet Data Universal Numbering System (DUNS)[®] nine-digit number, as the primary key to identify entities throughout many government systems. This UEI is for award-management purposes only. It will streamline the entity identification and validation process for businesses, as entities will no longer have to go to a third-party website to obtain their identifiers. The UEI will be generated in System for Award Management (SAM) and assigned to existing entities at the beginning of the entity registration process. The Office of Management and Budget (OMB) and GSA have mandated this transition by April 4, 2022. USAID is working to meet the federal mandate by the deadline and plans to upgrade relevant internal systems to be in compliance.

EXPANDING WORK WITH LOCAL PARTNERS

Through USAID's New Partnerships Initiative (NPI) (<https://www.usaid.gov/npi>), the Agency seeks to partner with new and nontraditional partners—including U.S. small businesses, local actors, faith-based organizations, cooperatives, diaspora groups, and civil-society organizations. These partnerships will elevate local leadership, foster equity and accountability, and mobilize resources across the Agency's programs. NPI currently supports

33 awards around the world, representing more than \$400 million to approximately 60 partners in 30 countries.

NPI seeks to lower the barriers nontraditional partners face, in part by helping them overcome the information gaps that groups sometimes face when they compete with USAID's traditional partners. These barriers typically arise if nontraditional partners have not previously received funding directly from USAID. Additionally, NPI aims to promote funding opportunities and capacity development that put local actors in the lead for defining the priorities that matter to their communities, designing and implementing solutions, mobilizing local resources, and being accountable for the results.

USAID's U.S.-based implementing partners also play an important role by taking steps to partner responsibly and equitably with local organizations to ensure local voices and priorities are heard; empower local sub-awardees in decision-making that affects organizations and communities; be responsive, transparent, and accountable to feedback from local beneficiaries and communities; and develop capacity for local organizations to thrive.

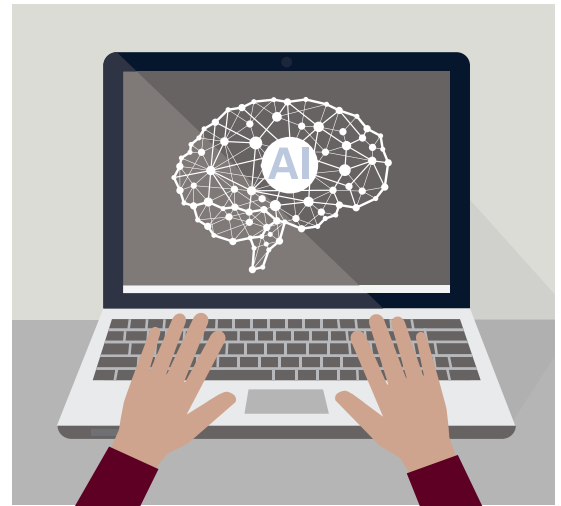
NPI has been at the forefront of developing new approaches and practices, such as Accountability and Feedback Plans, that highlight priorities and concerns of local communities in USAID's work. From inception, improving diversity, equity, and inclusion in USAID operations and partnerships has been important to NPI. USAID is formally addressing these priorities through new NPI strategic planning and data-collection requirements.

USAID has also established the Partnerships Incubator to increase transparency, accelerate the momentum of NPI, expand Agency capacity for partnerships, and help partner organizations work with USAID. With the Partnerships Incubator, USAID developed WorkWithUSAID.org (<https://www.workwithusaid.org/>), a platform designed to support organizations that are interested in working with the Agency. Through this website, current and prospective partners can freely access a variety of innovative services and

curated resources that are designed to help improve organizational readiness, connect partners to peers and experts, and prepare potential partners to seek USAID funding. USAID launched this platform in November 2021.

IMPROVING CUSTOMER EXPERIENCE

USAID continues to drive forward customer service improvements with a focus on customer experience. Some Agency good practices include exercising participatory planning techniques to ascertain customers' aspirations, priorities, and experience; and monitoring customer participation and experience by consistently seeking feedback and input to inform and improve subsequent activities and programs. The Agency's annual Customer Service Survey is a long-standing component of internal efforts, and USAID is currently working to establish and validate an Agency-wide Customer Service Framework. One continuing effort USAID highlights is significant progress made implementing the new Agency Approach to Field Services (AAFS), which is transforming how Washington-based staff and OUs support the work of Missions overseas. Mission feedback in 2019 revealed it can be challenging for Missions to find and access program technical expertise, services, and support from Washington. To improve the Agency's field focus, AAFS is making requesting and delivering technical assistance more consistent and coordinated, via a single technical request system called the Unified Travel and Mission System (UTRAMS) and an Agency-wide Country Support Network process. Together, these two approaches will improve the quality and coordination of assistance without creating burden for Missions. AAFS will also make information that Missions desire about expertise, programming, and mechanisms readily available via a Technical Service (TS) Portal. The data USAID captures through AAFS about field demand for services and customer satisfaction will help the Agency identify gaps and inform decisions on how to allocate resources to meet the Biden-Harris Administration's and Administrator Power's highest priorities. In FY 2021, USAID launched UTRAMS, Country Support Networks, and the TS Portal among all Bureaus and Missions worldwide.



ENHANCING FEDERAL IT AND CYBERSECURITY

In FY 2021, USAID continued to build and maintain more modern, secure, and resilient IT to enhance the delivery and productivity of its programs. The Agency expanded its efforts to improve transparency, leverage new and innovative practices, use artificial intelligence (AI), ramp up cybersecurity risk management, improve data management and use, leverage cloud solutions, and embrace shared services.

A focus on cybersecurity remains central given USAID's significant cyber footprint, the increasing use of mobile and agile technologies in an interconnected world, and the large number of data-collection efforts. The Agency aims to create a culture of strong cybersecurity awareness and transform the USAID hiring process to recruit, hire, and retain qualified personnel with high-demand cybersecurity skills.

PRIORITIZING IT MODERNIZATION AND CYBERSECURITY

Cybersecurity is a critical Agency priority because of the wide array of cyber threats USAID faces across a vast attack surface, including a multitude of potential entry points for internal and external adversaries. More than 13,000 users have access to the Agency's network, in more than 100 countries, including hundreds of foreign cooperating country nationals. The USAID global network encompasses

35,000 devices. Through its cybersecurity program, USAID has laid an important foundation for working closely with OMB, the U.S. Department of Homeland Security (DHS), the Federal Chief Information Officer (CIO) Council, and other federal organizations to protect its networks, systems, and information to ensure successful mission delivery. USAID is also strengthening its overall cybersecurity posture by implementing DHS's Continuous Diagnostics and Mitigation (CDM) program to improve and deepen the Agency's data-driven risk-management decisions. In addition, the Agency deploys complementary cybersecurity tools to detect and prevent malicious malware attacks, phishing emails, and unauthorized data exfiltration, including threats to personally identifiable information (PII) and Advanced Persistent Threat (APT). USAID also implemented a Vulnerability Disclosure Policy (VDP) to proactively address vulnerabilities of Internet-accessible systems and services with public security researchers.

USAID is also actively implementing E.O. 14028, *Improving the Nation's Cybersecurity*, which President Biden signed on May 12, 2021, and, in the process, upgrading the Agency's security strategy and information security environment consistent with the E.O. USAID believes the provisions of E.O. 14028 will position USAID optimally in this modern threat environment. The Agency has already met the Cloud Technology Adoption mandate in the E.O. and made significant progress in developing a USAID Zero Trust Architecture (ZTA) Plan. E.O. 14028 has also provided an impetus to accelerate the implementation of USAID's Zero Trust security model strategy, which will help the Agency maintain a strong cybersecurity stance, combat malicious actors in the dynamic threat landscape, and support stable identity proofing, as well as network and data security.

FURTHER ENHANCE AND APPLY FEDERAL DATA MANAGEMENT AND DATA SCIENCE CAPABILITIES

Consistent with the Foundations for Evidence-Based Policymaking Act of 2018 (Evidence Act) and subsequent guidance, USAID continues to refine its approach to making its data discoverable, accessible, and usable to the U.S. taxpayer and

the larger international development community. Readily available data support the Agency's efforts to design and implement programs that advance a country's development based on solid evidence.

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

The USAID Data Administration and Technical Advisory (DATA) Board is the Agency's official data governance body, as mandated by the Evidence Act and subsequent guidance from OMB in Memoranda M-19-18 and M-19-23. The DATA Board brings together stakeholders from across the Agency to address some of USAID's most pressing data-related challenges and to ensure USAID is in compliance with federal mandates that concern data. Via the DATA Board, the Agency has developed and implemented annual road maps to chart measurable progress throughout each year, adopted a master data-management program, developed a capital plan for enterprise data assets and infrastructure, implemented a data-strategy road map, and assessed multiple areas for continued improvement. USAID also has met all Federal Data Strategy milestones, including those related to assessing organizational data maturity and closing related gaps.

Based on the DATA Board's assessments, USAID established a baseline and developed a performance plan to close employee data skills and literacy gaps. This has included standing up ten working groups that have helped launch an Agency-wide data literacy curriculum and foster advancements in master data management, data sharing and protection, data standards, and AI. To date, hundreds of Agency participants have accessed the courses, including staff in more than 55 countries and across at least 18 B/IOs.

In response to the COVID-19 pandemic, USAID developed COVID-19 situational dashboards, a master dataset of COVID-19-related data, and a resource hub for access to external COVID-19 resources for USAID and other federal agencies. In 2021, several USAID OUs supported the COVID-19 Task Force with creating a COVID-19 Biweekly Trends slide presentation and the *U.S. COVID-19 Global Response and Recovery Framework Bi-weekly Progress Report*, which reports progress toward targets in the U.S. COVID-19 Global Response and Recovery Framework. This is an interagency product the White House and National Security Council use, and which USAID develops in collaboration with the Centers for Disease Control and Prevention, with inputs from the U.S. Department of Health and Human Services, Department of Defense, Department of State (State), and Department of the Treasury. USAID also developed a custom tool that assesses the secondary impacts of COVID-19 across sectors and regions. USAID and State used the tool in American Rescue Plan Act of 2021 global response planning exercises.

ENHANCING TRANSPARENCY AND DATA ACCESS

In the realm of foreign assistance, transparency is essential to promote accountability to both recipients abroad and U.S. taxpayers at home. In August 2021, USAID and State, working together as the Foreign Assistance Data and Reporting Team (FA-DART), jointly released a platform to provide a singular, public-facing website for U.S. foreign assistance data by consolidating and replacing the Foreign Aid Explorer and ForeignAssistance.gov legacy websites. Moving forward, the new ForeignAssistance.gov (<https://foreignassistance.gov/>) will continue to collect and publish foreign assistance data from 20 U.S. government agencies that manage foreign assistance programs. In doing so, ForeignAssistance.gov fulfills foreign assistance transparency standards and reporting requirements (<https://www.foreignassistance.gov/about>).

The new ForeignAssistance.gov is a highly visual, interactive website that presents a multi-dimensional visualization of the U.S. foreign assistance lifecycle and advances U.S. foreign assistance

transparency, accessibility, and accountability to the public. Users may also explore development activities in a country beyond what is provided by the U.S. government, as reported in the International Aid Transparency Initiative (IATI), using the Development Cooperation Landscape dashboard (<https://foreignassistance.gov/donor>). ForeignAssistance.gov will feature ongoing improvements as data are continually published and USAID and State add features and resources to enhance the user experience.

In addition, the Development Data Library (DDL) (<https://data.usaid.gov/>) is an interactive platform that enhances the accessibility and usability of the Agency's data. USAID has significantly grown the DDL by increasing the number of publicly accessible data assets available to improve development outcomes globally. For example, USAID released 82 data assets to the DDL during FY 2021. This represents a 26 percent increase in the number of data assets published to the DDL at the Public and Restricted Public levels. This increase is slightly higher than the 20 percent increase USAID has experienced in other years. In total, the DDL currently hosts 396 Public and Restricted Public data assets from Missions overseas. USAID rigorously reviews each submission to the DDL to ensure a balance between security and transparency while maintaining the nuances of the raw data. Experts in privacy, statistical analysis, and digital curation implement safeguards to protect the data of staff, partners, and beneficiaries.

The Federal Information Technology Acquisition Reform Act, or FITARA, has been a key mechanism for USAID to demonstrate transparency and accountability in IT investments. It has resulted in better mission outcomes, more efficient IT solutions, and ultimately more effective stewardship of taxpayer dollars for the American people. USAID remains the only agency to receive four overall "A" ratings on the FITARA Scorecards (January 2017, November 2017, December 2019, and July 2020). USAID received an overall "B" rating on FITARA Scorecard 12.0, which the House Committee on Oversight and Reform and Government Accountability Office (GAO) released on July 28, 2021.

SHARING HIGH-QUALITY SERVICES

USAID invests in shared services and continues to explore opportunities to expand their use to promote efficiency and effectiveness. USAID will continue to implement and execute the existing Sharing Quality Services (SQS) Performance Goals that are included under Strategy 3 of the prior administration's Cross-Agency Priority (CAP) Goals (<https://trumpadministration.archives.performance.gov/CAP/sharing-quality-services/>) until the Biden-Harris Administration releases the new President's Management Agenda and associated CAP Goals.

OMB established the previous SQS goal to increase the Federal Government's use of existing shared services, especially those that are mature, customer-centric, and demonstrate value. USAID has adopted five of the seven Established Government-wide Offerings identified in Strategy 3. Consistent with OMB guidance and the underlying philosophy of the SQS CAP Goal, USAID also uses commercial off-the-shelf (COTS) solutions where possible.

THE DEVELOPMENT INFORMATION SOLUTION (DIS)

DIS is a web-based, Agency-wide portfolio-management system designed to capture one cohesive development story—from strategy to results. DIS comprises a suite of IT tools organized into five functional areas: (1) Performance Management, (2) Budget Planning and Monitoring, (3) Project Design and Acquisition and Assistance (A&A) Planning, (4) Portfolio Reports and Dashboards, and (5) the DDL and the Development Experience Clearinghouse (DEC). By the end of FY 2021, USAID rolled out the DIS Performance Management module to 85 OUs globally. Once USAID fully deploys DIS, the system will meet the Agency's need for high-quality, real-time data by integrating program funding, award information, and development results in one single platform to inform evidence-based decision-making.

USAID's major goals for DIS include: (1) accelerate implementation of policies, including compliance with FITARA and the Federal Information Security Modernization Act (FISMA); (2) facilitate better data analysis and resource

management; and (3) streamline standard reporting and portfolio-management tasks. USAID currently has a proliferation of monitoring and evaluation (M&E) systems and a lack of data integration. DIS provides a solution to this problem by helping to integrate multiple streams of data across different systems to manage functions of the Program Cycle (Automated Directives System [ADS] Chapter 201 [<https://www.usaid.gov/sites/default/files/documents/201.pdf>]). DIS will also continue to position the DDL as the central digital repository for detailed, high-value datasets generated with USAID funding. Agency staff, and in some cases the general public, can use these datasets to cross-check evaluation findings, reconfirm development hypotheses, and conduct research.

LEVERAGING FEDERAL ACQUISITION AS A CATALYST

Managing A&A is critical to the Agency's core development and humanitarian assistance work. To achieve its mission, USAID works in more than 100 countries, with a variety of different types of organizations, and awards the majority of its funds competitively through A&A instruments.

During FY 2021, USAID made significant progress on several initiatives that continued to be catalysts for change and acquisition innovation. These initiatives included: (1) category management, (2) addressing the needs of small and disadvantaged businesses, (3) leveraging technology to support acquisitions, and (4) taking steps to address new priority areas.

CATEGORY MANAGEMENT

USAID applies the principles of Category Management (CM) to purchase common goods and services more like a single enterprise. This approach supports the efficient and effective use of taxpayer dollars in Agency procurements. Under CM, USAID prioritizes U.S. government-wide contracts, such as OMB's designated Best-in-Class (BIC) contracts, to save money and avoid wasteful and redundant contracting actions. This allows USAID's acquisition workforce to focus more on high-priority mission work that is outside the scope of CM and that represents the majority of USAID's contract dollars.

During FY 2021, USAID met its Spend Under Management (SUM) target of \$3.9 billion and exceeded its BIC obligation target of \$204 million by 18.1 percent by obligating \$241.3 million. USAID worked aggressively in FY 2021 to increase its engagement with GSA, OMB, BIC contract holders, and the Agency's acquisition workforce to increase awareness of CM, BIC contracts, and Agency requirements that could best be met by using a CM solution for the procurement. Preliminary data indicates USAID has done this successfully while also exceeding its small business prime contract award goals.

Looking ahead to FY 2022, USAID anticipates that OMB will increase CM targets, which USAID will make the necessary adjustments to meet. To meet its CM targets, USAID will further refine and update its internal best practices related to adopting CM, including training, collaboration, increasing awareness, and recommending common goods and services that could be procured using CM solutions.

ADDRESSING SMALL AND DISADVANTAGED BUSINESSES

USAID remains committed to working aggressively to achieve all of its small and disadvantaged business goals. Preliminary data indicates in FY 2021, USAID obligated \$793.2 million to U.S. small businesses, which represents 14.3 percent of the Agency's prime acquisition award dollars. USAID maintained its obligations to small businesses at 14 percent in both FY 2020 and FY 2021, exceeding the Agency's FY 2020 goal of 12 percent. The Agency's overall performance for FY 2021 will be finalized during the second quarter of FY 2022. USAID anticipates exceeding its goal of 12.51 percent.

Notably, CM contributed to USAID's success in obligations to U.S. small businesses. For instance, USAID increased its obligations under OASIS Small Business (an OMB-designated CM BIC contract vehicle) from \$47.8 million in FY 2020 to \$60.6 million in FY 2021. This represents a 26.8 percent increase in obligations to a contract that helps the Agency meet its CM and small

business goals simultaneously. In addition, USAID doubled its unique U.S. small business vendors from five in FY 2020 to ten in FY 2021.

ADDRESSING NEW PRIORITY AREAS

Throughout FY 2021, USAID has been dedicated to mitigating the COVID-19 pandemic and providing critical resources to the Agency's COVID-19 Task Force.

As USAID transitions to FY 2022, the Agency is aligning itself and its acquisition efforts to support and achieve key Administration objectives related to several E.O.s, including: *Made in America* (E.O. 14005) and implementing guidance in OMB Memorandum M-21-26; *Tackling the Climate Crisis at Home and Abroad* (E.O. 14008); *America's Supply Chains* (E.O. 14017); *Preventing and Combating Discrimination on the Basis of Gender Identity or Sexual Orientation* (E.O. 13988); and *Advancing Racial Equity and Support for Underserved Communities Through the Federal Government* (E.O. 13985).

AUDIT FOLLOW-UP

BACKGROUND

USAID is subject to audit by the Office of Inspector General (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 Chief Financial Officer (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 2021

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 actions, in a timely manner, on audit recommendations where USAID has reached agreement with the OIG. Management must make a decision⁵ regarding audit recommendations within a six-month period after the issuance of the audit report and implement a management decision within one year, to the extent practicable.

On October 1, 2020, the Agency had a beginning balance of 346 audit recommendations. During FY 2021, the OIG issued a total of 259 audit recommendations, and made OIG acknowledged management decisions on three recommendations for Funds Put to Better Use, 259 Disallowed Cost audit recommendations, and 213 (non-financial) procedure recommendations. During FY 2021,

the Agency closed 335 recommendations, which left 270 recommendations open at the end of the fiscal year. Of the number closed, 239 were procedural or non-monetary; 93 were questioned costs, which represented \$16.7 million in disallowed costs USAID recovered; and three management efficiencies totaling \$210 million.⁶ As of September 30, 2021, USAID has one recommendation over six months old without a management decision, and 47 recommendations had a management decision more than a year old. USAID submitted 52 recommendations to the OIG for closure.

The tables on the following page show that USAID made management decisions to act on 67 audit recommendations with management efficiencies and planned recoveries⁷ that totaled more than \$25.6 million. In addition, the Agency completed final action for 93 monetary audit recommendations that represented \$16.7 million in cost savings.

⁵ A “management decision” is the evaluation of a recommendation by management and a decision upon an appropriate course of action.

⁶ “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.”

⁷ “Planned recoveries” relate to collections of disallowed costs.

MANAGEMENT ACTION ON RECOMMENDATIONS THAT FUNDS BE PUT TO BETTER USE

	Recommendations	Dollar Value (\$000)
Management Decisions:		
Beginning Balance on October 1, 2020	2	\$ 210,300
Management Decisions During the Fiscal Year	1	77
Total Management Decisions Made	3	210,377
Final actions:		
Recommendations Implemented	(3)	210,377
Recommendations not Implemented	–	–
Total Final Actions	–	–
Ending Balance on September 30, 2021 ¹	–	\$ –

MANAGEMENT ACTION ON AUDIT RECOMMENDATIONS WITH DISALLOWED COSTS

	Recommendations	Dollar Value (\$000)
Management Decisions:		
Beginning Balance October 1, 2020	193	\$ 227,822
Management Decisions During the Fiscal Year	66	25,562
Total Management Decisions Made	259	253,384
Final actions:		
Collections/Offsets	–	3,128
Other Recovery	–	4,188
Property	–	199
Write-Offs	–	9,143
Total Final Actions ²	93	16,658
Ending Balance September 30, 2021 ¹	166	\$ 236,726

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

¹ “Ending Balance September 30, 2021” equals “Total management decisions made” minus “Total final actions.”

² A single audit recommendation can involve multiple recovery types (collections/offset, other recovery, write-offs).

GAO

In FY 2021, the number of open recommendations issued to USAID by GAO increased from 21 to 30, which represents a 43 percent increase from FY 2020. The Agency closed 15 recommendations, up from 11 the previous year. GAO is currently reviewing 29 USAID programs worldwide.

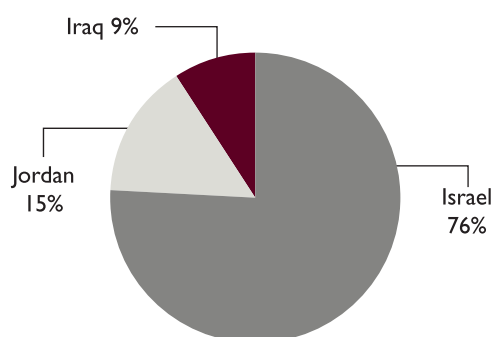
SOVEREIGN BOND GUARANTEES (SBG)

Since 1993, the U.S. government has provided 20 guarantees of sovereign bonds issued by foreign governments in the international capital markets (by the governments of 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 \$10.8 billion, of which \$9.3 billion represents outstanding principal and \$1.5 billion represents outstanding interest following the full repayments of 9 guarantees, i.e., Egypt's bond in

2015, all three of Tunisia's in 2019 (one bond) and 2021 (two bonds), all three of Ukraine's bonds during 2019, 2020, and 2021, two of Jordan's bonds in 2019 and 2021, as well as the continuing amortization of one of Israel's sovereign bonds. See Note 6, *Loan Guarantee Liabilities*, in the Financial Section of this report for additional information on the current loan portfolio.

CURRENT SBG EXPOSURE AS OF SEPTEMBER 30, 2021



OUTSTANDING SBG PORTFOLIO

As of September 30, 2021

(Dollars in Millions)

Country	Year	Principal Outstanding	Interest Outstanding	Total	Maturity Date
Israel	1993	\$ 2,742	\$ 522	\$ 3,264	*
Israel	2003	4,100	826	4,926	*
Jordan	2015	1,000	26	1,026	June 2022
Jordan	2015	500	60	560	June 2025
Iraq	2017	1,000	11	1,011	January 2022
Total		\$ 9,342	\$ 1,445	\$ 10,787	

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

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FINANCIAL SECTION





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(Preceding page) When the Incan ruins of Machu Picchu were threatened by forest fires last September, Peruvian firefighter Jessica Morón and her wildland firefighting team battled the flames to protect the historic sanctuary and its surrounding biodiversity. USAID and the U.S. Forest Service have been working together in Peru since 2010 to support conservation and sustainable use of its forests. Together, they've trained 150 people working in Peru to combat wildfires. PHOTO: DIEGO PÉREZ FOR USAID

(Above) USAID, partnering with the World Food Program, distributed nutrient-filled foods to fight malnutrition in Kenya at the Reuben Health Center in Mukuru Kwa Reuben Urban Settlement. Everline Omugala feeds her twins Franco Omoto and Francis Saya nutrition supplements. Everline is among many who received cash assistance to prevent malnutrition during the COVID-19 pandemic. PHOTO: GEOFFREY MWANGI FOR USAID

<https://usaid.link/w8g>

<https://www.usaid.gov/coronavirus>

LETTER FROM THE CHIEF FINANCIAL OFFICER



Reginald W. Mitchell

As the Agency's Chief Financial Officer (CFO), I am pleased to join Administrator Power in presenting the U.S. Agency for International Development (USAID) Agency Financial Report (AFR) for Fiscal Year (FY) 2021. The AFR illustrates our Agency's continued strong financial performance and reinforces our commitment to transparency and accountability for the funds entrusted to us by the American

people—especially during the continued COVID-19 pandemic. The Agency's top priorities included responding to COVID-19 with more than \$9 billion (<https://www.usaid.gov/coronavirus>) to meet this global crisis along with almost \$200 million (https://www.usaid.gov/sites/default/files/documents/2021_09_24_USG_Afghanistan_Complex_Emergency_Fact_Sheet_7.pdf) in humanitarian assistance for our Afghan allies.

AUDIT OF THE AGENCY'S FINANCIAL STATEMENTS

For FY 2021, USAID's independent auditor issued its audit report with an unmodified (or clean) audit opinion on the Agency's consolidated financial statements. In addition, USAID made an unmodified Statement of Assurance under the Federal Managers' Financial Integrity Act (FMFIA) and Federal Financial Management Improvement Act (FFMIA) on the Agency's internal controls and conformance with the requirements for a federal financial management system. Moreover, the independent auditor found no reportable instances of noncompliance with laws and regulations during FY 2021.

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' financial audit findings and recommendations with the exception of one.

In the FY 2021 financial audit report, USAID's independent auditors identified no material weaknesses or significant deficiencies in USAID's internal control over financial reporting. The audit firm also found no instances of noncompliance with provisions of laws, regulations, contracts, and grant agreements. In the FY 2020 audit report, USAID's independent auditors identified no material weaknesses; however, two modified repeat significant deficiencies were identified in USAID's internal controls related to financial reporting that included recording accrued expenses and account management. Also, six recommendations related to USAID's internal control process for financial management were identified. During FY 2021, the CFO submitted closure requests for 100 percent of the FY 2020 financial recommendations, and all of these recommendations except one were closed by the independent auditor by fiscal year end. The one remaining open recommendation is expected to be closed in FY 2022.

KEY ACCOMPLISHMENTS

I am honored to announce that, for the seventh year, USAID is the recipient of the prestigious *Certificate of Excellence in Accountability Reporting (CEAR) Award*, which recognizes the Agency's integration of performance and financial reporting. I sincerely thank all USAID staff for their dedication and diligence in contributing to the FY 2020 AFR report, 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 USAID's mission, including the following highlights:

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

- Partnered with the Agency's COVID-19 Task Force to highlight risks associated with the COVID-19 pandemic to the Agency's Enterprise Risk Management (ERM) governance bodies. This partnership informed modifications to the existing Agency Risk Profile related to emergency response planning.
- Engaged colleagues worldwide to develop a new CFO financial management strategic plan. This plan will provide a framework for our vision, mission, goals, and strategies. Our efforts will also include prioritizing initiatives, timelines, metrics, and funding resources to accompany and align directly to the plan's goals and strategies.
- Partnered to revise USAID's policy document that guides planning, designing, implementing, and closing of Government to Government (G2G) activities implemented through partner-government systems. This Automated Directives System (ADS) 220 policy revision introduces the Agency's seven-step risk-management process intended to assist Missions to plan, assess, implement, monitor, and evaluate G2G activities and help USAID achieve its goals of strategic decision-making through alleviating threats and identifying opportunities. The revised policy focuses on ensuring that risk management and due diligence is in line with the Agency's risk-management approach, while also providing greater flexibility so Missions can advance G2G programming from a prudent, risk-aware posture.
- Managed the Agency's cash reconciliation, collections, and reporting operations efficiently and effectively, ensuring that the Agency maintain compliance with the Department of the Treasury's Fund Balance with Treasury (FBWT) reporting requirements with results demonstrating a reduction of open reconciling items and outstanding suspense items when compared to FY 2020.
- Revised USAID's federal regulations on debt collection under 22 CFR 213, effective July 12, 2021. The regulations are revised to include clarification on collection actions, types of debt where the CFO may exercise a waiver of indebtedness, and additional debt collection definitions.
- Partnered across the Agency to develop and launch the USAID Anti-Fraud Plan to support USAID's fraud prevention, detection, and response activities. The plan addresses key federal mandates related to the assessment of fraud, waste, and abuse, and continuous monitoring at the programmatic activity levels, while leveraging existing tools, systems, and expertise to ensure compliance and integrity in Agency operations.
- Facilitated coordination between the USAID Office of Inspector General (OIG) and USAID's Bureaus and Independent Offices to ensure the OIG Top Management Challenges Report accurately reflects the Agency's progress and commitment.
- 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 International Financial Reporting for Non-Profit Organizations (IFR4NPO).
- Represented the Agency on the Donor Steering Committee for the International Organization of Supreme Audit Institutions (INTOSAI), working with global donors for Supreme Audit Institution audit capacity development that seeks to strengthen the accountability, transparency, and integrity of partner-government institutions in accordance with international standards.
- Renewed the Agency's five-year memorandum of understanding (MOU) with the Government Accountability Office (GAO) Center for Audit Excellence (CAE). The MOU serves as a foundation to partner with CAE to strengthen the capacity of international accountability organizations, including Supreme Audit Institutions.

USAID's achievements reflect the exceptional effort and devotion of our employees and partners worldwide. I am proud to be part of an agency that works hard to achieve its mission and objectives creatively and strategically. In FY 2022, I look forward to advancing our efforts under Administrator Power's leadership as we continue to hold ourselves and the Agency to the highest financial-management standards while also strengthening our risk management and internal controls to safeguard and maximize the return on U.S. taxpayers' investments.



Reginald W. Mitchell
Chief Financial Officer
November 12, 2021

FINANCIAL SECTION AUDITOR'S REPORT





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(Preceding page) Fishers sell their catches in Maluku Province, Indonesia. For the past 30 years, the United States has supported Indonesia's commitment to natural resource management, including empowering local champions to lead community-based conservation efforts.

PHOTO: SAMANTHA MARTIN FOR USAID



<https://usaid.link/fm4>

(Above) A nice catch for this fisherman from the Calamianes Island Group in the Philippines. Here, fishers combine traditional practices with new management tools to effectively use and conserve marine resources. This is one of several ways USAID promotes community-based conservation, which is often more sustainable when led by the people who call these communities home.

PHOTO: ROMWELL MARI SANCHEZ FOR USAID



<https://usaid.link/fm4>



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

MEMORANDUM

DATE: November 12, 2021
TO: USAID, Chief Financial Officer, Reginald W. Mitchell
FROM: Deputy Assistant Inspector General for Audit, Alvin Brown /s/
SUBJECT: Audit of USAID's Financial Statements for Fiscal Years 2021 and 2020 (0-000-22-005-C)

Enclosed is the final report on the audit of USAID's financial statements for fiscal years 2021 and 2020. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. Certified Public Accountants and Management 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 21-04, "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, 2021 and 2020, 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 procedures relevant to USAID's fair presentation of its 2021 and 2020 financial statements.

The audit firm concluded that USAID's financial statements for fiscal years ended September 30, 2021 and 2020, are presented fairly, in all material respects, and in conformity with accounting principles generally accepted in the United States of America. The audit firm did not identify any material weaknesses or significant deficiencies in its internal control over financial reporting. The audit firm also found no reportable noncompliance for fiscal year 2021 with provisions of applicable laws, regulations, contracts, and grant agreements.

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

USAID Office of Inspector General
Washington, DC
oig.usaid.gov



Member of the American Institute of Certified Public Accountants

November 8, 2021

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

RE: Audit of USAID's Financial Statements for Fiscal Years 2021 and 2020

This letter transmits the final report on our audit of USAID's financial statements for fiscal year 2021 and 2020. 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 2021 and 2020.

With respect to internal controls, during our audit we did not identify any deficiencies in internal controls that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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. 21-04. We identified no instances of substantial noncompliance with the Federal Financial Management Improvement Act of 1996 (FFMIA), Public Law 104-208.

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

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

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



Member of the American Institute of Certified Public Accountants

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 2021 and 2020 financial statements of U.S. Agency for International Development (USAID), we found:

- USAID's financial statements as of and for the fiscal years ended September 30, 2021, and 2020, are presented fairly, in all material respects, in accordance with U.S. generally accepted accounting principles;
- no material weaknesses in internal control over financial reporting based on the limited procedures we performed; and
- no reportable noncompliance for fiscal year 2021 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)¹ 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

In accordance with Government Auditing Standards, we have audited USAID's financial statements. USAID's financial statements comprise the consolidated balance sheets as of September 30, 2021 and 2020 and the related consolidated statements of net cost, consolidated statements of changes in net position, and combined statements of budgetary resources for the years then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements"). We conducted our audits in accordance with U.S. generally accepted government auditing standards. We believe that the audit evidence we obtained is sufficient and appropriate to provide a basis for our audit opinions.

Management's Responsibility

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 documents containing the audited financial statements and auditor's report, and ensuring the consistency of that information

¹ 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).

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 Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 21-04, *Audit Requirements for Federal Financial Statements*. Those standards and OMB Bulletin No. 21-04 require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. We are also responsible for applying certain limited procedures to RSI and other information included with the financial statements.

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

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

Opinion on Financial Statements

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USAID as of September 30, 2021 and 2020, and its net costs, changes in net position, and budgetary resources for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information (RSI)

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The information in the *About This Report* section, the *USAID at a Glance* section, the *Message from the Administrator*, the *Message from the Chief Financial Officer*, the Other Information section, and the appendixes in the Agency Financial Report is presented for the purpose of additional analysis and is not a required part of the basic consolidated financial statements or the RSI. We read the other information included with the financial statements in order to identify material inconsistencies, if any, with the audited financial statements. Our audit was conducted for the purpose of forming an opinion on USAID's financial statements. We did not audit and do not express an opinion or provide any assurance on the other information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our reports dated November 8, 2021, on our consideration of USAID's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of USAID's internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's internal control over financial reporting and compliance.

GKA, P.C.

Washington, DC
November 8, 2021



Member of the American Institute of Certified Public Accountants

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

In connection with our audits of USAID's financial statements, we considered USAID's internal control over financial reporting, consistent with our auditor's responsibility discussed below. We performed our procedures related to USAID's internal control over financial reporting in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

USAID's management is responsible for 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 Responsibility

In planning and performing our audit of USAID's financial statements as of and for the years ended September 30, 2021 and 2020, in accordance with U.S. generally accepted government auditing standards, we considered USAID's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of USAID's internal control. Accordingly, we do not express an opinion on the effectiveness of USAID's internal control. We 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 objective, such as those controls relevant to preparing performance information and ensuring efficient operations.

Definition and Inherent Limitations of Internal Controls 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.

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Because of its inherent limitations, internal control over financial reporting may not prevent, or detect and correct, misstatements due to fraud or error.

Results of Our Consideration of Internal Control over Financial Reporting

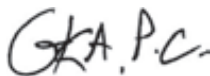
Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be material weaknesses and significant deficiencies or to express an opinion on the effectiveness of USAID's internal control over financial reporting. We did not test all internal controls relevant to operating objectives as broadly defined by the *Federal Managers' Financial Integrity Act of 1982 (FMFIA)*, Public Law 97-255. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

During our 2021 audit, we identified deficiencies in USAID's internal control over financial reporting that we do not consider to be material weaknesses. Nonetheless, these deficiencies warrant USAID management's attention. We have communicated these matters to USAID management and, where appropriate, will report on them separately.

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.



Washington, DC
November 8, 2021



Member of the American Institute of Certified Public Accountants

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

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

In connection with our audits 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. We caution that noncompliance may occur and not be detected by these tests. We performed our tests of compliance in accordance with U.S. generally accepted government auditing standards.

Management's Responsibility

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

Auditor's Responsibility

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 perform certain other limited procedures. Accordingly, we did not test compliance with all laws, regulations, contracts, and grant agreements applicable to USAID.

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 2021 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.

Compliance and Other Matters

The management of USAID is responsible for complying with laws, regulations, contracts, and grant agreements applicable to USAID. As part of obtaining reasonable assurance about whether USAID's financial statements are free from material misstatement, we performed tests of USAID's compliance with certain provisions of laws regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial

statement amounts and with certain other laws and regulations specified in OMB Bulletin 21-04, including the requirements referred to in section 803(a) of the Federal Financial Management Improvement Act of 1996 (FFMIA). We limited our tests of compliance to these provisions and did not test compliance with all laws and regulations applicable to USAID. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or OMB Bulletin No. 21-04.

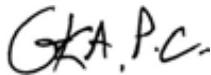
Compliance with the Federal Financial Management Improvement Act of 1996

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

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

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

The purpose of this report is solely to describe the scope of our testing of compliance with applicable provisions of applicable laws, regulations, contracts, and grant agreements, and the results of that testing, and not to provide an opinion on USAID's 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 communication is not suitable for any other purpose.



Washington, DC
November 8, 2021

APPENDIX A. SCOPE AND METHODOLOGY

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

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

To fulfill these responsibilities, GKA:

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

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

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

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

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

We did not test compliance with all laws and regulations applicable to USAID. We limited our tests of compliance to those laws and regulations required by OMB audit guidance that we deemed applicable to the financial statements for the fiscal year ended September 30, 2021 and 2020. 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 March 2021 through November 2021 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

APPENDIX B. AGENCY'S RESPONSE



Chief Financial Officer

MEMORANDUM

TO: Deputy Assistant Inspector General for Audit, Alvin Brown

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

Reginald W.
Mitchell

Digitally signed by Reginald W. Mitchell
Date: 2021.11.08 14:33:26 -0500

DATE: November 8, 2021

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 2021 and 2020* (0-000-22-005-C) (Task No. 0010131)

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.

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

APPENDIX C. STATUS OF PRIOR-YEARS FINDINGS AND RECOMMENDATIONS

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

Status of 2019 Findings and Recommendations

All FY 2019 recommendations have been closed, except for the following:

Condition:

Significant Deficiency: Password controls should be strengthened.

Recommendation 9:

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

Status: Open as of November 8, 2021.

Status of 2020 Findings and Recommendations

Condition:

Significant Deficiency: Account management controls should be strengthened.

Recommendation 1:

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

Status: Closed as of September 30, 2021.

Recommendation 2:

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

Status: Closed as of September 30, 2021.

Recommendation 3:

- Ensure that annual System user access recertification includes all users and ensure that any access permission not explicitly requested and approved during the recertification are

disabled/removed.

Status: Closed as of September 30, 2021.

Recommendation 4:

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

Status: Closed as of September 30, 2021.

Recommendation 5:

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

Status: Closed as of September 30, 2021.

Recommendation 6:

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

Status: Closed as of September 30, 2021.

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FINANCIAL SECTION FINANCIAL STATEMENTS AND NOTES





USAID
at 60

(Preceding page) Moussa Konaré of Mali loves working in his fields and also educating his children and those in his community. He credits the USAID Selective Integrated Reading Activity for helping him build awareness about the importance of early literacy and active parental involvement. As a result, he has created an informal learning community outside his home. Three times a week, children from the village visit to practice their reading and writing skills. PHOTO: AISSATA CHEICK SYLLA FOR USAID/MALI SIRA

(Above) Shireen Saqallah (left) participated in a USAID-supported Non-Formal Education program in Jordan where she and over 18,000 youth and young adults can earn a 10th grade equivalency certificate of completion that qualifies them to return to formal education or enroll in vocational training. Shireen credits facilitator Diyaa Alhawawshah (right) for her encouragement that she not only complete her education, but also embrace her talent and earnings potential as an artist. PHOTO: MOHAMMAD MAGHAYDA FOR USAID

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INTRODUCTION TO PRINCIPAL FINANCIAL STATEMENTS

The U.S. Agency for International Development (USAID) has prepared the **Principal Financial Statements** for Fiscal Year (FY) 2021 to report the financial position and results of its operations, from the books and records of the Agency, in accordance with formats prescribed by the Office of Management and Budget (OMB) in Circular A-136, *Financial Reporting Requirements*. The statements are in addition to other financial reports prepared by the Agency, in accordance with OMB and U.S. Department of the Treasury (Treasury) directives to monitor and control the status and use of budgetary resources, from the same books and records. Subject to appropriation law, the Agency has no authority to pay liabilities not covered by budgetary resources. Liquidation of such liabilities requires the enactment of a corresponding appropriation. The Principal Financial Statements include comparative data for FY 2020. USAID's Principal Financial Statements, footnotes, and other information for FY 2021 and FY 2020 consist of the following:

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

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

The **Consolidated Statement of Changes in Net Position** presents the change in USAID's net position that 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, 2021, and 2020. 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, 2021, and 2020. 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 2020.

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 1996. The USAID Office of Inspector General (OIG) is required to audit these statements, related internal controls, and the Agency's compliance with applicable laws and regulations. From FY 1996 through FY 2000, the OIG was unable to express an opinion on USAID's financial statements, because the Agency's financial-management systems could not produce complete, reliable, timely, and consistent financial information.

In FY 2001, the OIG expressed qualified opinions on three of the then five Principal Financial Statements of the Agency, while continuing to issue a disclaimer of opinion on the remaining two statements. In FY 2002, the OIG expressed unqualified opinions on four of the then five Principal Financial Statements and a qualified opinion on the fifth. This marked the first time since the enactment of the GMRA that USAID received an opinion on all of its Principal Financial Statements. The Agency continued to receive unqualified opinions on its Principal Financial Statements until FY 2012, when an accounting error resulted in the first qualified opinion in nine years. USAID successfully executed corrective measures thereafter, and regained an unmodified (formerly known as “unqualified”) 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 2020, FY 2019, FY 2018, FY 2017, and FY 2016 Principal Financial Statements. The OIG rendered an unmodified opinion on the FY 2021 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, 2021 and 2020

(In Thousands)

	2021	2020
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	\$ 43,534,920	\$ 35,276,110
Accounts Receivable (Note 3)	24,249	24,598
Advances and Prepayments (Note 4)	130,486	86,445
Total Intragovernmental	43,689,655	35,387,153
Other than Intragovernmental/With the Public:		
Cash and Other Monetary Assets (Note 5)	288,936	333,307
Accounts Receivable, Net (Note 3)	84,149	94,600
Inventory and Related Property, Net (Note 7)	17,920	16,090
General Property, Plant and Equipment, Net (Note 8)	64,073	73,332
Advances and Prepayments (Note 4)	399,176	1,167,163
Total Other than Intragovernmental/With the Public	854,254	1,684,492
Total Assets	\$ 44,543,909	\$ 37,071,645
LIABILITIES:		
Intragovernmental:		
Downward Reestimate Payable to the Treasury (Note 6)	\$ 852,076	\$ 899,487
Accounts Payable	134,879	86,622
Advances from Others and Deferred Revenue (Note 12)	1,165,779	1,266,731
Other Liabilities (Note 12)	23,494	30,305
Total Intragovernmental	2,176,228	2,283,145
Other than Intragovernmental/With the Public:		
Accounts Payable	2,591,650	2,470,404
Loan Guarantee Liabilities (Note 6)	1,522,937	2,285,297
Federal Employee and Veteran's Benefits (Note 13)	26,928	27,586
Advances from Others and Deferred Revenue (Note 12)	17,017	17,223
Other Liabilities (Note 12)	570,768	603,522
Total Other than Intragovernmental/With the Public	4,729,300	5,404,032
Total Liabilities	6,905,528	7,687,177
Commitments and Contingencies (Note 14)		
NET POSITION:		
Unexpended Appropriations	35,385,955	29,283,335
Cumulative Results of Operations	2,252,426	101,133
Total Net Position	37,638,381	29,384,468
Total Liabilities and Net Position	\$ 44,543,909	\$ 37,071,645

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2021 and 2020

(In Thousands)

Category	2021	2020
DR—Democracy, Human Rights and Governance		
Gross Costs	\$ 1,461,143	\$ 1,600,709
Less: Earned Revenue	(7,523)	(46)
Net Program Costs	1,453,620	1,600,663
EG—Economic Growth		
Gross Costs	2,592,664	3,546,635
Less: Earned Revenue	(125,344)	(138,052)
Net Program Costs	2,467,320	3,408,583
ES—Education and Social Services		
Gross Costs	1,136,991	963,852
Less: Earned Revenue	(5,072)	(1,190)
Net Program Costs	1,131,919	962,662
HA—Humanitarian Assistance		
Gross Costs	6,174,106	4,807,295
Less: Earned Revenue	(15,036)	(147)
Net Program Costs	6,159,070	4,807,148
HL—Health		
Gross Costs	3,664,816	1,809,398
Less: Earned Revenue	(685,873)	(420,206)
Net Program Costs	2,978,943	1,389,192
PO—Program Development and Oversight		
Gross Costs	1,074,567	1,057,523
Less: Earned Revenue	(5,813)	(5)
Net Program Costs	1,068,754	1,057,518
PS—Peace and Security		
Gross Costs	693,765	516,186
Less: Earned Revenue	(3,493)	(8)
Net Program Costs	690,272	516,178
Net Cost of Operations (Note 16)	\$ 15,949,898	\$ 13,741,944

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2021 and 2020

(In Thousands)

	2021	2020
Unexpended Appropriations:		
Beginning Balance	\$ 29,283,335	\$ 29,430,913
Appropriations Received	23,084,239	14,301,783
Appropriations Transferred-in/out	(23,190)	(80,788)
Other Adjustments	(116,175)	(238,594)
Appropriations Used	(16,842,254)	(14,129,979)
Change in Unexpended Appropriations	6,102,620	(147,578)
Total Unexpended Appropriations Ending Balance	35,385,955	29,283,335
Cumulative Results of Operations:		
Beginning Balance	\$ 101,133	\$ 535,077
Appropriations Used	16,842,254	14,129,979
Nonexchange Revenue	(3)	(2)
Donations and Forfeitures of Cash and Cash Equivalents	2,041,005	57,367
Transfers-in/out Without Reimbursement	–	(62,366)
Donations and Forfeitures of Property	19,566	40,162
Imputed Financing	50,445	42,347
Other	(852,076)	(899,487)
Net Cost of Operations (Note 16)	(15,949,898)	(13,741,944)
Net Change in Cumulative Results of Operations	2,151,293	(433,944)
Cumulative Results of Operations Ending Balance	2,252,426	101,133
Net Position	\$ 37,638,381	\$ 29,384,468

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2021 and 2020

(In Thousands)

	2021		2020	
	Budgetary	Non-Budgetary Credit Reform Financing Accounts	Budgetary	Non-Budgetary Credit Reform Financing Accounts
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net	\$ 9,788,448	\$ 3,167,694	\$ 11,075,719	\$ 3,607,565
Appropriations (Discretionary and Mandatory)	25,061,676	–	13,979,085	–
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	2,589,599	106,806	1,247,520	110,894
Total Budgetary Resources	\$ 37,439,723	\$ 3,274,500	\$ 26,302,324	\$ 3,718,459
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total) (Note 17)	\$ 23,662,588	\$ 899,487	\$ 16,832,244	\$ 550,765
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	12,857,891	–	8,596,988	303,360
Exempt from Apportionment, Unexpired Accounts (Note 2)	–	–	(1)	–
Unapportioned, Unexpired Accounts (Note 2)	718,093	2,375,013	663,859	2,864,334
Unexpired Unobligated Balance, End of Year	13,575,985	2,375,013	9,260,846	3,167,694
Expired Unobligated Balance, End of Year	201,150	–	209,234	–
Total Unobligated Balance, End of Year	13,777,135	2,375,013	9,470,080	3,167,694
Total Budgetary Resources	\$ 37,439,723	\$ 3,274,500	\$ 26,302,324	\$ 3,718,459
Outlays, Net and Disbursements, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	\$ 15,899,180	\$ 792,681	\$ 13,806,957	\$ 410,984
Distributed Offsetting Receipts (-)	(2,968,500)	–	(612,315)	–
Agency Outlays, Net (Discretionary and Mandatory)	\$ 12,930,680	\$ 792,681	\$ 13,194,642	\$ 410,984
Disbursement, Net (Total) (Mandatory)		\$ 792,681		\$ 410,984

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

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

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

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

B. REPORTING ENTITY

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

Established in 1961 by President John F. Kennedy, USAID is the independent U.S. government agency that provides economic development

and humanitarian assistance to advance United States economic and political interests overseas.

PROGRAMS

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

The main programs include Assistance for Europe, Eurasia, and Central Asia; Civilian Stabilization Initiative; Economic Support Fund; Development Assistance; International Disaster Assistance; Global Health and Child Survival; and 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

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

This account provides funds for a program of assistance to the independent states that emerged from the former Soviet Union. These funds support the U.S. foreign policy goals of consolidating improved U.S. security; building a lasting partnership with the new independent states; and providing mutual access to markets, resources, and expertise.

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

Civilian Stabilization Initiative

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

Economic Support Fund

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

Development Assistance

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

International Disaster Assistance

Funds for the International Disaster Assistance Program provide relief, rehabilitation, and reconstruction assistance to foreign countries struck by disasters such as famines, floods, hurricanes, and earthquakes. The program also provides assistance in disaster preparedness, prevention, and mitigation; and providing emergency commodities and services for immediate healthcare and nutrition. Additionally, this fund supports the capability to provide timely emergency response to disasters worldwide.

Global Health and Child Survival

This fund provides economic resources to developing countries in support of programs to improve infant and child nutrition, with the aim of reducing infant and child mortality rates; to reduce HIV transmission

and the impact of the HIV/AIDS pandemic in developing countries; to reduce the threat of infectious diseases of major public health importance such as polio, malaria, or tuberculosis; and to expand access to quality basic education for girls and women.

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 the 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. In FY 2014, this program was expanded to include Jordan and renamed the Middle East Northern Africa Loan Guarantee Program. In January 2017, pursuant to the Further Continuing and Security Assistance Appropriations Act, 2017 (P.L. 114-254), a new guarantee agreement with Iraq, was added to the MENA portfolio. These assistance programs aim to support the Sovereign governments in their respective economic transition and reform initiatives. Under this program, the U.S. government guaranteed the total repayment of \$6.24 billion notes issued to date.

- **Ukraine Loan Guarantee Program**

The Loan Guarantee Program for Ukraine was established in accordance with Title III of the U.S. Department of State (State),

Foreign Operations, and Related Programs Appropriations Act, 2014 (division K of P.L. 113-76). The Ukraine Loan Program is intended to help Ukraine meet its near-term social spending needs and insulate vulnerable Ukrainians from the impact of necessary economic adjustments. To date a total of \$3 billion in notes have been issued.

FUND TYPES

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

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

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

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

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

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

C. BASIS OF ACCOUNTING

Transactions are recorded on both an accrual and budgetary basis. Under the accrual basis, revenues are recognized when earned and expenses are recognized when a liability is incurred, without regard to receipt or payment of cash. Budgetary accounting facilitates compliance with legal constraints on, and controls of, the use of federal funds. The accompanying Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position have been prepared on an accrual basis. The Statement of Budgetary Resources has been prepared in accordance with budgetary accounting rules.

D. BUDGETS AND BUDGETARY ACCOUNTING

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

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

The "Consolidated Appropriations Act" signed into law as 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, multiyear, and no-year (non-expiring) appropriations—that may be used within statutory limits. Appropriations are recognized as a financing source (i.e., Appropriations used) on the Statement of Changes in Net Position at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are not recognized as expenses. In addition to funds warranted directly to USAID, the agency also receives allocation transfers from the U.S. Department of Agriculture (USDA) Commodity Credit Corporation, the Executive Office of the President, State, and Millennium Challenge Corporation (MCC).

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

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

F. FUND BALANCE WITH THE U.S. TREASURY

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

G. FOREIGN CURRENCY

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

I. LOAN GUARANTEES

In the event a loan guarantee 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 operating statement.

J. ADVANCES

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

K. INVENTORY AND RELATED PROPERTY

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

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

L. PROPERTY, PLANT AND EQUIPMENT

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

M. LIABILITIES

Liabilities represent the amount of monies or other resources that are likely to be paid by USAID as the result of transactions or events that have already

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

N. LIABILITIES FOR LOAN GUARANTEES

The 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 imputed cost to USAID.

USAID recognizes a current period expense for the future cost of post retirement health benefits and life insurance for its employees while they are still working. USAID accounts for and reports

this expense in its financial statements in a manner similar to that used for pensions, with the exception that employees and USAID do not make contributions to fund these future benefits.

Q. COMMITMENTS AND CONTINGENCIES

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

R. NET POSITION

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

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

S. NON-ENTITY ASSETS

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

T. AGENCY COSTS

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

U. PARENT/CHILD REPORTING

USAID is a party to allocation transfers with other federal agencies as both a transferring (parent) entity and receiving (child) entity. Allocation transfers are legal delegations by one department of its ability to obligate budget authority and outlay funds to another department. A separate fund account (allocation account) is created in the U.S. Treasury as a subset of the parent fund account for tracking and reporting purposes. All allocation transfers of balances are credited to this account, and subsequent obligations and outlays incurred by the child entity are also charged to this allocation account as they execute the delegated activity on behalf of the parent entity. Generally, all financial activity related to

these allocation transfers (e.g., budget authority, obligations, outlays) is reported in the financial statements of the parent entity, from which the underlying legislative authority, appropriations, and budget apportionments are derived. Per OMB Circular A-136 guidance, parent transfer activities are to be included and child transfer activities are to be excluded in trial balances. Exceptions to this general rule affecting USAID include the Executive Office of the President, for whom USAID is the child in the allocation transfer but, per OMB guidance, will report all activity relative to these allocation transfers in USAID's financial statements. In addition to these funds, USAID allocates funds as the parent to:

- Department of Agriculture, Forest Service
- Department of State
- Department of Health and Human Services

USAID receives allocation transfers as the child from:

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

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2021 and 2020 consisted of the following (*in thousands*):

Status of Fund Balance with Treasury	2021	2020
Unobligated Balance		
Available	\$ 12,857,891	\$ 8,900,347
Unavailable	3,294,256	3,737,427
Obligated and Other Balances Not Yet Disbursed (Net)	27,382,773	22,638,336
Total	\$ 43,534,920	\$ 35,276,110

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, 2021 and 2020 are as follows (*in thousands*):

	Receivable Gross	Allowance Accounts	Receivable Net 2021	Receivable Net 2020
Intragovernmental				
Accounts Receivable from Federal Agencies	\$ 876,325	N/A	\$ 876,325	\$ 941,176
Less: Intra-Agency Receivables	(852,076)	N/A	(852,076)	(916,578)
Total Intragovernmental Accounts Receivable	24,249	N/A	24,249	24,598
Accounts Receivable from the Public	107,418	(23,269)	84,149	94,600
Total Receivables	\$ 131,667	\$ (23,269)	\$ 108,398	\$ 119,198

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

All other entity accounts receivable consist of amounts managed by Missions or USAID/Washington. These receivables consist of overdue advances, unrecovered advances, and audit findings. The allowance for uncollectable accounts related to these receivables is calculated based on a historical analysis of collectability. Accounts receivable from Missions are collected and recorded to the respective appropriation.

NOTE 4. OTHER ASSETS

Other Assets as of September 30, 2021 and 2020 consisted of Advances as follows (*in thousands*):

	2021	2020
Intragovernmental		
Advances to Federal Agencies	\$ 130,486	\$ 86,445
Total Intragovernmental	130,486	86,445
Other than Intragovernmental/With the Public		
Advances to Contractors/Grantees	156,564	882,103
Advances to Host Country Governments and Institutions	1,217,693	940,471
Advances, Other	(975,081)	(655,411)
Total Other than Intragovernmental/With the Public	399,176	1,167,163
Total Other Assets	\$ 529,662	\$ 1,253,608

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

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

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

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2021 and 2020 are as follows (*in thousands*):

	2021	2020
Cash and Other Monetary Assets		
Other Cash	\$ (398)	\$ (447)
Foreign Currencies	289,334	333,754
Total Cash and Other Monetary Assets	\$ 288,936	\$ 333,307

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled \$289 million in FY 2021 and \$334 million in FY 2020, as disclosed in Note 12. USAID does not have any non-entity cash or other monetary assets.

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

NOTE 6. LOAN GUARANTEE LIABILITIES

USAID operates the following loan guarantee programs:

- Israel Loan Guarantee Program
- Middle East Northern Africa (MENA) Loan Guarantee Program (comprised of Tunisia, Jordan and Iraq Loan Guarantees)
- Ukraine 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, 2021 and 2020 are as follows (*in thousands*):

Loan Guarantee Programs	Outstanding Principal of Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2021):		
Israel	\$ 6,841,786	\$ 6,841,786
Ukraine	–	–
MENA	2,500,000	2,500,000
Total	\$ 9,341,786	\$ 9,341,786
Guaranteed Loans Outstanding (2020):		
Israel	\$ 7,463,606	\$ 7,463,606
Ukraine	1,000,000	1,000,000
MENA	4,750,000	4,750,000
Total	\$ 13,213,606	\$ 13,213,606

Liability for Loan Guarantees as of September 30, 2021 and 2020 are as follows (*in thousands*):

Loan Guarantee Programs	Liabilities for Post-1991 Guarantees, Present Value	Loan Guarantee Liabilities
Liability for Loan Guarantees as of September 30, 2021:		
Israel	\$ 912,239	\$ 912,239
Ukraine	–	–
MENA	610,698	610,698
Total	\$ 1,522,937	\$ 1,522,937
Liability for Loan Guarantees as of September 30, 2020:		
Israel	\$ 975,885	\$ 975,885
Ukraine	259,605	259,605
MENA	1,049,807	1,049,807
Total	\$ 2,285,297	\$ 2,285,297

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2021 and 2020 are as follows (*in thousands*):

Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2021):				
Israel	\$ -	\$ -	\$ (121,786)	\$ (121,786)
Ukraine	-	-	(266,574)	(266,574)
MENA	-	-	(463,716)	(463,716)
Total	\$ -	\$ -	\$ (852,076)	\$ (852,076)
Modifications and Reestimates (2020):				
Israel	\$ -	\$ -	\$ (107,188)	\$ (107,188)
Ukraine	-	-	(279,896)	(279,896)
MENA	-	-	(21,659)	(21,659)
Total	\$ -	\$ -	\$ (408,743)	\$ (408,743)

Total Loan Guarantee Subsidy Expense as of September 30, 2021 and 2020 are as follows (*in thousands*):

Loan Guarantee Programs	2021	2020
Israel	\$ (121,786)	\$ (107,188)
Ukraine	(266,574)	(279,896)
MENA	(463,716)	(21,659)
Total	\$ (852,076)	\$ (408,743)

SUBSIDY RATES FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

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

Loan Guarantee Programs	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
Israel	-	-	-	-	-
Ukraine	-	-	-	-	-
MENA	-	-	-	-	-

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2021 and 2020 are as follows (*in thousands*):

2021: Post-1991 Loan Guarantees				
	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liabilities	\$ 975,885	\$ 259,605	\$ 1,049,807	\$ 2,285,297
Add:				
Fees received	—	—	—	—
Interest expense on entity borrowings	—	—	—	—
Subsidy expense reestimates	—	—	—	—
Upward reestimate	—	—	—	—
Less:				
Claim payments to lenders	—	—	—	—
Interest supplements paid	—	—	—	—
Interest revenue on uninvested funds	58,140	6,969	24,607	89,716
Negative subsidy payments	—	—	—	—
Downward reestimates	(121,786)	(266,574)	(463,716)	(852,076)
Loan guarantee modifications	—	—	—	—
Other	—	—	—	—
Ending Balance of the Loan Guarantee Liabilities	\$ 912,239	\$ —	\$ 610,698	\$ 1,522,937

2020: Post-1991 Loan Guarantees				
	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liabilities	\$ 1,021,532	\$ 517,135	\$ 1,044,479	\$ 2,583,146
Add:				
Fees received	—	—	—	—
Interest expense on entity borrowings	—	—	—	—
Subsidy expense reestimates	—	—	—	—
Upward reestimate	17,090	—	—	17,090
Less:				
Claim payments to lenders	—	—	—	—
Interest supplements paid	—	—	—	—
Interest revenue on uninvested funds	61,541	22,366	26,987	110,894
Negative subsidy payments	—	—	—	—
Downward reestimates	(124,278)	(279,896)	(21,659)	(425,833)
Loan guarantee modifications	—	—	—	—
Other	—	—	—	—
Ending Balance of the Loan Guarantee Liability	\$ 975,885	\$ 259,605	\$ 1,049,807	\$ 2,285,297

Administrative Expense as of September 30, 2021 and 2020 are as follows (*in thousands*):

	2021	2020
Loan Guarantee Program*	\$ 70	\$ —
Total	\$ 70	\$ —

* 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 for FY 2021 is based on an estimate.

OTHER INFORMATION

Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2022. 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 \$4.4 billion (this is further detailed under the Sovereign Bond Guarantees (SBG) section of this report). As a result, downward reestimates calculated in the current fiscal year was approximately \$852 million.

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

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, 2021 and 2020 are as follows (*in thousands*):

	2021	2020
Items Held for Use		
Office Supplies	\$ 1,764	\$ 1,920
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	6,482	6,124
Birth Control Supplies	9,674	8,046
Total Inventory and Related Property	\$ 17,920	\$ 16,090

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

NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E), Net as of September 30, 2021 and 2020 are as follows (*in thousands*):

2021	Useful Life	Cost	Accumulated Depreciation/Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	\$ 57,470	\$ (49,294)	\$ 8,176
Buildings, Improvements, and Renovations	5 to 20 years	84,104	(45,058)	39,046
Land and Land Rights	N/A	7,203	N/A	7,203
Internal Use Software	3 to 5 years	144,270	(134,622)	9,648
Total PP&E		\$ 293,047	\$ (228,974)	\$ 64,073

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

(continued on next page)

Schedule of General PP&E, Net as of September 30, 2021 is as follows (*in thousands*):

2021	Net PP&E
Balance Beginning of Year	\$ 73,332
Capital Acquisition	30,209
Dispositions	(14,711)
Depreciation Expense	(24,757)
Balance Ending of Year	\$ 64,073

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

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

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

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

NOTE 9. LEASES

As of September 30, 2021, Future Lease Payments consisted of the following (*in thousands*):

Operating Leases: Future Payments Due: Fiscal Year	2021		
	Future Costs		Future Costs
	Federal	Non-Federal	
2022	\$ 52,819	\$ 48,393	\$ 101,212
2023	60,566	33,370	93,936
2024	60,956	21,947	82,903
2025	61,373	12,781	74,154
2026	60,099	6,609	66,708
2027 and Beyond	466,856	6,490	473,345
Total Future Lease Payments	\$ 762,669	\$ 129,590	\$ 892,258

Future operating lease payments total \$892.3 million, of which \$762.7 million is for the USAID headquarter buildings in Washington, D.C., with the remaining \$129.6 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 2021 through FY 2029. All the leases for the headquarter buildings are with the U.S. General Services Administration (GSA), which charges commercial rates for USAID's occupancy and are non-cancellable.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2021 and 2020 Liabilities Not Covered by Budgetary Resources were as follows
(in thousands):

	2021	2020
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	\$ 6,432	\$ 8,551
Other Unfunded Employment Related Liability (Note 12)	340	82
Other Liabilities (Note 12)	27	9,250
Total Intragovernmental	\$ 6,799	\$ 17,883
Accrued Annual Leave (Note 12)	84,322	89,411
Future Workers' Compensation Benefits (Note 13)	26,928	27,586
Total Liabilities Not Covered by Budgetary Resources	122,926	134,880
Total Liabilities Covered by Budgetary Resources	6,782,602	7,552,297
Total Liabilities	\$ 6,905,528	\$ 7,687,177

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. INTRAGOVERNMENTAL DEBT

The Balance Sheet component of the \$852 million *Downward Reestimate Payable to the Treasury* is the excess funding derived through the loan reestimate process. It is anticipated to be paid to Treasury at the end of next fiscal year. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2021 and 2020 Other Current Liabilities consisted of the following (*in thousands*):

	2021	2020
Intragovernmental		
IPAC Suspense	\$ 7,369	\$ 6,010
Unfunded FECA Liability (Note 13)	6,432	8,551
Custodial Liability	2,684	2,368
Employer Contributions & Payroll Taxes Payable	6,642	4,044
Other Unfunded Employment Related Liability	340	82
Other Liabilities (Note 10)	27	9,250
Total Other Liabilities	23,494	30,305
Advances from Others and Deferred Revenue	1,165,779	1,266,731
Total Intragovernmental	\$ 1,189,273	\$ 1,297,036
Other than Intragovernmental/With the Public		
Accrued Funded Payroll and Leave	\$46,703	32,190
Accrued Unfunded Annual Leave and Separation Pay (Note 10)	84,322	89,411
FSN Separation Pay Liability	4,877	–
Foreign Currency Trust Fund (Note 5)	289,334	333,754
Other Liabilities	145,532	148,167
Total Other Liabilities	570,768	603,522
Advances From Others and Deferred Revenue	17,017	17,223
Total Liabilities Other than Intragovernmental/With the Public	\$ 587,785	\$ 620,745
Total Other Liabilities	\$ 1,777,058	\$ 1,917,781

Intragovernmental Liabilities represent amounts due to other federal agencies. All remaining Other Liabilities are liabilities to non-federal entities.

NOTE 13. FEDERAL EMPLOYEES AND VETERAN'S BENEFITS

The provision for workers' compensation benefits payable, as of September 30, 2021 and 2020 are indicated in the table below (*in thousands*):

Unfunded Workers' Compensation Benefits	2021	2020
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits (Note 10)	\$ 26,928	\$ 27,586
Accrued Unfunded FECA Liability (Note 10)	6,432	8,551
Total Unfunded Workers' Compensation Benefits	\$ 33,360	\$ 36,137

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 2021, USAID's total FECA liability was \$33.4 million, comprised of unpaid FECA billings for \$6.4 million and estimated future FECA costs of \$26.9 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 14. COMMITMENTS AND CONTINGENCIES

USAID is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of the Agency's operations and are not expected to have a material adverse effect on the Agency's financial operations. As of September 30, 2020, there were two pending cases. One of the cases with a possible estimated range loss of \$8,800,000 was settled for

\$1,950,000 on September 22, 2021, and the Court of Federal Claims subsequently dismissed the case on October 1, 2021.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2021 and 2020 (*in thousands*):

	2021		2020	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
Legal Contingencies:				
Probable	\$ -	\$ -	\$ -	\$ -
Reasonably Possible	100	1,800	100	10,600
Total Accrued Liabilities and Estimated Range of Loss	\$ 100	\$ 1,800	\$ 100	\$ 10,600

USAID's normal course of business involves the execution of project agreements with foreign governments that are a type of treaty. All of these agreements give rise to obligations that are fully reported on USAID's financial statements, and

none of which are contingent. It is not USAID's normal business practice to enter into other types of agreements or treaties with foreign governments that create contingent liabilities.

NOTE 15. COVID-19 ACTIVITY

USAID's COVID-19 Activity as of September 30, 2021 consisted of the following (*in thousands*):

SCHEDULE OF FY 2021 FUNDING ACTIVITY							
COVID-19 Funded Programs	Appropriations Received FY 2021 ¹	Appropriations Received FY 2020 ²	Unobligated Balances Carried Over from FY 2020	Obligations Incurred	Remaining Available beyond FY 2021	Appropriations Used	Allocation Transfers In/(Out) – State Department
Economic Support Fund – ARP	\$ 8,675,000	\$ –	\$ –	\$ 3,392,318	\$ 3,494,124	\$ 1,637,202	\$ (151,357)
Economic Support Fund	–	250,000	28,766	92,890	2,635	98,677	5,665
International Disaster Assistance	–	558,000	–	50,045	121	464,623	–
Operating Expenses of USAID	41,000	–	–	6,689	33,826	484	–
Operating Expenses of USAID – ARP	–	95,000	42,276	16,693	29,087	29,663	–
Operating Expenses of USAID Inspector General	–	1,000	691	186	–	625	–
Total FY 2021 COVID-19 Funding Activity	\$ 8,716,000	\$ 904,000	\$ 71,733	\$ 3,558,821	\$ 3,559,793	\$ 2,231,274	\$ (145,692)

¹ USAID received Supplemental COVID-19 funding of \$8.7 billion in FY 2021, pursuant to the American Rescue Plan (ARP) Act of 2021, PL 117-2, to address the continued impact of COVID-19. USAID also received \$4.0 billion of Global Health (GH) allocation transfers from State (Parent), under Legal Authority 22 U.S.C. 2392. State reports on the allocation transfers and not USAID. The funds appropriated to USAID disclosed above are also reported under the Agency's Combined Statement of Budgetary Resources.

² USAID received \$904 million of COVID-19 funding under the Supplemental Appropriations Act, PL 116-123 and the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), PL 116-136 in FY 2020. USAID also received \$443 million of GH allocation transfers from State (Parent), under Legal Authority 22 U.S.C. 2392.

USAID's COVID-19 Activity as of September 30, 2020 consisted of the following (*in thousands*):

SCHEDULE OF FY 2020 FUNDING ACTIVITY					
COVID-19 Funded Programs	Appropriations Received FY 2020 ¹	Obligations Incurred	Remaining Available beyond FY 2020	Appropriations Used	Allocation Transfers Out – State Department
Economic Support Fund	\$ 250,000	\$ 170,582	\$ 28,766	\$ 39,952	\$ 3,700
International Disaster Assistance	558,000	504,244	–	53,756	–
Operating Expenses of USAID	95,000	31,567	42,276	28,157	–
Operating Expenses of USAID Inspector General	1,000	120	691	189	–
Total FY 2020 COVID-19 Funding Activity	\$ 904,000	\$ 706,513	\$ 71,733	\$ 122,054	\$ 3,700

¹ USAID received \$904 million of COVID-19 funding under the Supplemental Appropriations Act, PL 116-123 and the CARES Act, PL 116-136 in FY 2020. USAID also received \$443 million of GH allocation transfers from State (Parent), under Legal Authority 22 U.S.C. 2392.

HIGHLIGHTS OF COVID-19 FUNDING ACCOMPLISHMENTS

The COVID-19 pandemic is one of the greatest health challenges the world has ever faced. To beat COVID-19 in the United States and abroad,

keep Americans safe, rebuild our economy, and curb the emergence of variants, we must fight and end the pandemic everywhere. Together with State,

USAID is leading the United States' international response. With the COVID-19 funding, USAID primarily is financing the procurement, logistics, commodities, training, and technical assistance to support the care of patients with COVID-19, including the use of ventilators and related equipment, in affected countries. USAID prioritized the funding to implement the following interventions in developing countries affected and at-risk of COVID-19. These interventions include:

- screening at points of entry and exit;
- purchasing key health commodities and equipment when available (e.g., diagnostic equipment and reagents, personal protective equipment were purchased in accordance with USAID's guidance, therapeutics, vaccines, commodities, and equipment for patient care, disinfectants and sanitizers);
- preventing and controlling infections in critical health facilities; readiness to identify, diagnose, manage, and treat cases rapidly;

- identifying and following up on the contacts of persons infected with the novel coronavirus that causes COVID-19; promoting social and behavioral change in populations through accurate risk communications and community;
- implementing health measures for travelers;
- providing logistics and supply-chain management; and
- performing global and regional coordination, and country-level readiness and response.

Since the start of the pandemic, USAID has supported more than 120 countries and provided more than \$9.8 billion to fight COVID-19 around the world, foster global recovery, and strengthen global health security. USAID is working with interagency partners to deliver on the Biden Administration's promise to provide more than 1.1 billion safe and effective Pfizer-BioNTech vaccines to low- and middle-income countries through COVAX. In addition, USAID has delivered more than 8,700 high-quality, custom ventilators to 43 countries and the North Atlantic Treaty Organization (NATO).

NOTE 16. SCHEDULE OF COST BY STANDARDIZED PROGRAM STRUCTURE AND DEFINITION (SPSD)

The Schedule of Costs by Responsibility Segment categorizes costs and revenues by Program Categories 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 (on the pages following) meet the criteria for responsibility segments. These bureaus directly support the Agency goals while the remaining bureaus and offices support the operations of these bureaus. To report the full cost of program outputs, the cost of support bureaus and offices are allocated to the outputs of the Pillar and Regional Bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

In the FY 2021 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 (BHA); Conflict Prevention and Stabilization (CPS); Development, Democracy, and Innovation (DDI); Global Health (GH); and Resilience and Food Security (RFS).

Schedule of Costs by SPSD for the years ended September 30, 2021 and 2020 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	2021 Consolidated Total	2020 Consolidated Total
DR—Democracy, Human Rights and Governance												
DR.1—Rule of Law (ROL)												
Gross Costs	\$ 22,520	\$ 55,626	\$ 1,419	\$ 443	\$ 2,228	\$ 22,354	\$ —	\$ 43,097	\$ 12,140	\$ —	\$ 159,827	\$ 152,063
Less: Earned Revenue	(99)	(225)	—	(11)	(32)	(121)	—	(246)	(91)	—	(825)	—
Net Program Costs	22,421	55,401	1,419	432	2,196	22,233	—	42,851	12,049	—	159,002	152,063
DR.2—Good Governance												
Gross Costs	77,228	121,116	—	20,925	—	96,886	—	157,467	154,703	—	628,325	876,261
Less: Earned Revenue	(240)	(491)	—	(112)	—	(560)	—	(835)	(1,078)	—	(3,316)	—
Net Program Costs	76,988	120,625	—	20,813	—	96,326	—	156,632	153,625	—	625,009	876,261
DR.3—Political Competition and Consensus-Building												
Gross Costs	55,383	27,323	1,629	3,621	1,537	24,571	—	13,620	36,562	—	164,246	153,727
Less: Earned Revenue	(190)	(124)	—	(91)	(39)	(131)	—	(73)	(224)	—	(872)	—
Net Program Costs	55,193	27,199	1,629	3,530	1,498	24,440	—	13,547	36,338	—	163,374	153,727
DR.4—Civil Society												
Gross Costs	68,317	90,581	589	11,633	9,123	72,343	—	42,010	28,654	—	323,250	289,457
Less: Earned Revenue	(260)	(451)	—	(77)	(19)	(374)	—	(216)	(184)	—	(1,581)	(46)
Net Program Costs	68,057	90,130	589	11,556	9,104	71,969	—	41,794	28,470	—	321,669	289,411
DR.5—Independent Media and Free Flow of Information												
Gross Costs	6,637	12,790	—	224	47	44,778	—	15,892	—	—	80,368	58,269
Less: Earned Revenue	(22)	(64)	—	(6)	(1)	(247)	—	(88)	—	—	(428)	—
Net Program Costs	6,615	12,726	—	218	46	44,531	—	15,804	—	—	79,940	58,269
DR.6—Human Rights												
Gross Costs	11,314	21,973	135	1,554	18,910	2,563	—	45,137	3,541	—	105,127	70,932
Less: Earned Revenue	(39)	(110)	—	(36)	(14)	(15)	—	(264)	(23)	—	(501)	—
Net Program Costs	11,275	21,863	135	1,518	18,896	2,548	—	44,873	3,518	—	104,626	70,932
Total Democracy, Human Rights and Governance	240,549	327,944	3,772	38,067	31,740	262,047	—	315,501	234,000	—	1,453,620	1,600,663
EG—Economic Growth												
EG.1—Macroeconomic Foundation for Growth												
Gross Costs	7,316	35,189	—	—	2,731	1	—	1,766	66,042	—	113,045	1,049,763
Less: Earned Revenue	(15)	(24,591)	—	—	—	—	—	(4)	(31,768)	—	(56,378)	(76,500)
Net Program Costs	7,301	10,598	—	—	2,731	1	—	1,762	34,274	—	56,667	973,263
EG.2—Trade and Investment												
Gross Costs	34,784	81,607	—	—	16,882	22,015	—	5,609	4,931	—	165,828	73,611
Less: Earned Revenue	(109)	(367)	—	—	(36)	(126)	—	(40)	(26)	—	(704)	—
Net Program Costs	34,675	81,240	—	—	16,846	21,889	—	5,569	4,905	—	165,124	73,611
EG.3—Agriculture												
Gross Costs	381,411	134,990	—	—	10,853	8,425	—	37,116	7,170	270,684	850,649	786,107
Less: Earned Revenue	(1,259)	(700)	—	—	(94)	(38)	—	(195)	(54)	—	(2,340)	(11)
Net Program Costs	380,152	134,290	—	—	10,759	8,387	—	36,921	7,116	270,684	848,309	786,096
EG.4—Financial Sector												
Gross Costs	155	9,442	—	—	9,155	13,061	—	1,599	75,235	—	108,647	126,133
Less: Earned Revenue	—	(30)	—	—	(14)	(73)	—	(9)	(59,009)	—	(59,135)	(61,541)
Net Program Costs	155	9,412	—	—	9,141	12,988	—	1,590	16,226	—	49,512	64,592

(continued on next page)

(continued)

Categories	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	2021 Consolidated Total	2020 Consolidated Total
EG.5—Private Sector Productivity												
Gross Costs	10,182	96,046	—	25	109,550	103,962	—	20,266	41,579	—	381,610	416,891
Less: Earned Revenue	(28)	(387)	—	—	(870)	(549)	—	(89)	(1,005)	—	(2,928)	—
Net Program Costs	10,154	95,659	—	25	108,680	103,413	—	20,177	40,574	—	378,682	416,891
EG.6—Workforce Development												
Gross Costs	8,488	11,638	—	—	32,687	8,994	—	8,787	19,756	—	90,350	46,604
Less: Earned Revenue	(30)	(38)	—	—	(18)	(46)	—	(40)	(131)	—	(303)	—
Net Program Costs	8,458	11,600	—	—	32,669	8,948	—	8,747	19,625	—	90,047	46,604
EG.7—Modern Energy Services												
Gross Costs	104,099	208,218	—	—	12,470	43,135	—	11,688	3,351	108	383,069	327,709
Less: Earned Revenue	(328)	(585)	—	—	(183)	(206)	—	(52)	(3)	—	(1,357)	—
Net Program Costs	103,771	207,633	—	—	12,287	42,929	—	11,636	3,348	108	381,712	327,709
EG.8—Information and Communications Technology Services												
Gross Costs	392	4,282	—	—	4,480	14	—	160	62	—	9,390	10,519
Less: Earned Revenue	(1)	(15)	—	—	(4)	—	—	(1)	—	—	(21)	—
Net Program Costs	391	4,267	—	—	4,476	14	—	159	62	—	9,369	10,519
EG.9—Transport Services												
Gross Costs	11,050	77,154	—	—	4,228	404	—	4,503	2,193	—	99,532	102,397
Less: Earned Revenue	(39)	(158)	—	—	(95)	(2)	—	(21)	(6)	—	(321)	—
Net Program Costs	11,011	76,996	—	—	4,133	402	—	4,482	2,187	—	99,211	102,397
EG.10—Environment												
Gross Costs	88,723	94,131	160	—	28,823	—	—	77,501	5,688	1,711	296,737	525,134
Less: Earned Revenue	(268)	(497)	—	—	(227)	—	—	(428)	(42)	—	(1,462)	—
Net Program Costs	88,455	93,634	160	—	28,596	—	—	77,073	5,646	1,711	295,275	525,134
EG.11—Climate Change – Adaptation												
Gross Costs	—	1,853	—	—	83	—	—	1,022	—	532	3,490	1,621
Less: Earned Revenue	—	(7)	—	—	—	—	—	(3)	—	—	(10)	—
Net Program Costs	—	1,846	—	—	83	—	—	1,019	—	532	3,480	1,621
EG.12—Climate Change – Clean Energy												
Gross Costs	—	219	—	—	754	—	—	41	—	10	1,024	572
Less: Earned Revenue	—	—	—	—	—	—	—	—	—	—	—	—
Net Program Costs	—	219	—	—	754	—	—	41	—	10	1,024	572
EG.13—Climate Change – Sustainable Landscapes												
Gross Costs	9,408	35,636	—	—	719	—	—	39,889	—	3,641	89,293	79,574
Less: Earned Revenue	(20)	(162)	—	—	—	—	—	(203)	—	—	(385)	—
Net Program Costs	9,388	35,474	—	—	719	—	—	39,686	—	3,641	88,908	79,574
Total Economic Growth	653,911	762,868	160	25	231,874	198,971	—	208,862	133,963	276,686	2,467,320	3,408,583
ES—Education and Social Services												
ES.1—Basic Education												
Gross Costs	261,125	178,246	1,924	—	135,775	8,827	—	40,180	227,124	—	853,201	754,610
Less: Earned Revenue	(852)	(587)	—	—	(112)	(188)	—	(178)	(1,780)	—	(3,697)	(223)
Net Program Costs	260,273	177,659	1,924	—	135,663	8,639	—	40,002	225,344	—	849,504	754,387

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Categories	2021							2020				
	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	Consolidated Total	Consolidated Total
ES.2—Higher Education												
Gross Costs	8,403	27,910	749	—	31,299	—	—	6,617	22,061	—	97,039	73,167
Less: Earned Revenue	(28)	(122)	—	—	(104)	—	—	(31)	(171)	—	(456)	—
Net Program Costs	8,375	27,788	749	—	31,195	—	—	6,586	21,890	—	96,583	73,167
ES.3—Social Policies, Regulations, and Systems												
Gross Costs	460	13,417	—	—	1,157	13	—	9,261	1,169	—	25,477	16,105
Less: Earned Revenue	(2)	(32)	—	—	(19)	—	—	(37)	(8)	—	(98)	(92)
Net Program Costs	458	13,385	—	—	1,138	13	—	9,224	1,161	—	25,379	16,013
ES.4—Social Services												
Gross Costs	1,860	16,473	—	1,174	44,290	1,949	50	24,662	13,516	—	103,974	94,786
Less: Earned Revenue	(6)	(92)	—	—	(118)	(10)	(1)	(153)	(106)	—	(486)	(307)
Net Program Costs	1,854	16,381	—	1,174	44,172	1,939	49	24,509	13,410	—	103,488	94,479
ES.5—Social Assistance												
Gross Costs	5,519	1,395	—	—	2,978	80	—	1,579	45,749	—	57,300	25,184
Less: Earned Revenue	(35)	(6)	—	—	(13)	—	—	(8)	(273)	—	(335)	(568)
Net Program Costs	5,484	1,389	—	—	2,965	80	—	1,571	45,476	—	56,965	24,616
Total Education and Social Service	276,444	236,602	2,673	1,174	215,133	10,671	49	81,892	307,281	—	1,131,919	962,662
HA—Humanitarian Assistance												
HA.1—Protection, Assistance and Solutions												
Gross Costs	1,207	6,785	5,361,571	—	476,568	7,032	4,839	3,976	1,354	—	5,863,332	4,610,627
Less: Earned Revenue	(5)	(31)	(2,091)	—	(11,962)	(60)	(4)	(15)	(2)	—	(14,170)	(147)
Net Program Costs	1,202	6,754	5,359,480	—	464,606	6,972	4,835	3,961	1,352	—	5,849,162	4,610,480
HA.2—Disaster Readiness												
Gross Costs	1,821	16,173	209,882	—	17,405	1	—	2,940	—	—	248,222	174,588
Less: Earned Revenue	(9)	(80)	—	—	(437)	—	—	(7)	—	—	(533)	—
Net Program Costs	1,812	16,093	209,882	—	16,968	1	—	2,933	—	—	247,689	174,588
HA.3—Migration Management												
Gross Costs	—	—	—	—	—	—	—	62,552	—	—	62,552	22,080
Less: Earned Revenue	—	—	—	—	—	—	—	(333)	—	—	(333)	—
Net Program Costs	—	—	—	—	—	—	—	62,219	—	—	62,219	22,080
Total Humanitarian Assistance	3,014	22,847	5,569,362	—	481,574	6,973	4,835	69,113	1,352	—	6,159,070	4,807,148
HL—Health												
HL.1—HIV/AIDS												
Gross Costs	291,639	47,447	—	—	2,482	3,079	2,234,020	21,868	25,170	442	2,626,147	1,018,823
Less: Earned Revenue	(6,935)	(491)	—	—	(32)	(76)	(665,775)	(503)	(236)	—	(674,048)	(420,206)
Net Program Costs	284,704	46,956	—	—	2,450	3,003	1,568,245	21,365	24,934	442	1,952,099	598,617
HL.2—Tuberculosis												
Gross Costs	13,427	17,702	—	—	28	1,541	1,454	17	190	3	34,362	27,037
Less: Earned Revenue	(335)	(432)	—	—	—	(39)	(37)	—	(2)	—	(845)	—
Net Program Costs	13,092	17,270	—	—	28	1,502	1,417	17	188	3	33,517	27,037

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Categories	2021										2020	
	Africa	Asia	BHA	CPS	DDI	Europe & Eurasia	Global Health	Latin America & Caribbean	Middle East	RFS	Consolidated Total	Consolidated Total
PS-Peace and Security												
PS.1-Counterterrorism												
Gross Costs	18,452	6,069	3,203	3,353	3,308	660	-	-	7,352	-	42,397	38,931
Less: Earned Revenue	(61)	(40)	-	(18)	(2)	(5)	-	-	(51)	-	(177)	-
Net Program Costs	18,391	6,029	3,203	3,335	3,306	655	-	-	7,301	-	42,220	38,931
PS.2-Combating Weapons of Mass Destruction (WMD)												
Gross Costs	-	-	-	33	-	-	-	-	-	-	33	-
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	-	-	-	33	-	-	-	-	-	-	33	-
PS.3-Counter narcotics												
Gross Costs	-	2,864	-	56	115	1	-	134,595	-	-	137,631	104,947
Less: Earned Revenue	-	-	-	(1)	(3)	-	-	(693)	-	-	(697)	-
Net Program Costs	-	2,864	-	55	112	1	-	133,902	-	-	136,934	104,947
PS.4-Transnational Threats and Crime												
Gross Costs	-	-	-	-	-	2,424	-	-	-	-	2,424	898
Less: Earned Revenue	-	-	-	-	-	(1)	-	-	-	-	(1)	-
Net Program Costs	-	-	-	-	-	2,423	-	-	-	-	2,423	898
PS.5-Trafficking in Persons												
Gross Costs	327	13,581	-	3	-	2,009	-	-	1,466	-	17,386	19,202
Less: Earned Revenue	(1)	(94)	-	-	-	(9)	-	-	(11)	-	(115)	(8)
Net Program Costs	326	13,487	-	3	-	2,000	-	-	1,455	-	17,271	19,194
PS.6-Conflict Mitigation and Stabilization												
Gross Costs	31,171	49,783	13,052	162,701	3,425	9,656	-	20,687	203,400	-	493,875	350,199
Less: Earned Revenue	(104)	(224)	-	(479)	(87)	(51)	-	(119)	(1,439)	-	(2,503)	-
Net Program Costs	31,067	49,559	13,052	162,222	3,338	9,605	-	20,568	201,961	-	491,372	350,199
PS.7-Conventional Weapons Security and Explosive Remnants of War (ERW)												
Gross Costs	5	-	-	-	-	-	-	-	-	-	5	931
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	5	-	-	-	-	-	-	-	-	-	5	931
PS.8-Strengthening Military Partnerships and Capabilities												
Gross Costs	3	-	-	-	-	-	-	-	-	-	3	1
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	3	-	-	-	-	-	-	-	-	-	3	1
PS.9-Citizen Security and Law Enforcement												
Gross Costs	11	-	-	-	-	-	-	-	-	-	11	1,077
Less: Earned Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Net Program Costs	11	-	-	-	-	-	-	-	-	-	11	1,077
Total Peace and Security	49,803	71,939	16,255	165,648	6,756	14,684	-	154,470	210,717	-	690,272	516,178
Net Cost of Operations	\$ 2,112,235	\$ 1,773,073	\$ 5,801,094	\$ 255,324	\$ 1,154,646	\$ 543,041	\$ 1,806,922	\$ 994,474	\$ 1,177,268	\$ 331,821	\$ 15,949,898	\$ 13,741,944

NOTE 17. COMBINED STATEMENT OF BUDGETARY RESOURCES

The Combined Statement of Budgetary Resources presents information about total budgetary resources available to USAID and the status of those resources, as of September 30, 2021 and 2020. USAID's total budgetary resources were \$40.7 billion and \$30 billion as of September 30, 2021 and 2020, 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):

	2021	2020
Category A, Direct	\$ 1,585,294	\$ 1,547,899
Category B, Direct	22,333,207	15,197,912
Category A, Reimbursable	60,433	62,211
Category B, Reimbursable	583,141	574,987
Total	\$ 24,562,075	\$ 17,383,009

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 2021 and FY 2020. 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 account 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 (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).

E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2021 and 2020, were \$25 billion and \$21 billion, respectively.

	2021	2020
Federal		
Obligations Paid	\$ 42,983	\$ 41,047
Obligations Unpaid	4,129,346	640,675
Total Federal	4,172,329	681,722
Non-Federal		
Obligations Paid	478,315	1,207,687
Obligations Unpaid	20,522,327	19,545,562
Total Non-Federal	21,000,642	20,753,249
Total Undelivered Orders at End of Year	\$ 25,172,971	\$ 21,434,971

F. DIFFERENCE BETWEEN THE COMBINED STATEMENT OF BUDGETARY RESOURCES AND THE BUDGET OF THE U.S. GOVERNMENT (in thousands):

The reconciliation between the Statement of Budgetary Resources (SBR) and the Budget of the U.S. Government (Budget) is presented below. This reconciliation is as of September 30, 2020 because submission of the Budget for FY 2023, which presents the execution of the FY 2021 Budget, occurs after publication of these financial statements. The USAID Budget Appendix can be found on the OMB website (<http://www.whitehouse.gov/omb/budget>) and will be available in early February 2022.

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 \$8.2 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.

2020	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	\$ 30,020,783	\$ 17,383,009	\$ (612,315)	\$ 14,217,941
Funds Reported in SBR, Not Attributed to USAID in the President’s Budget	(8,227,000)	(5,364,000)	–	(5,240,000)
Other Differences	558,217	565,991	–	592,059
Budget of the U.S. Government	\$ 22,352,000	\$ 12,585,000	\$ (612,315)	\$ 9,570,000

NOTE 18. RECONCILIATION OF NET COST TO BUDGETARY OUTLAYS

Budgetary and financial accounting information differ. Budgetary accounting is used for planning and control purposes and relates to both the receipt and use of cash, as well as reporting the federal deficit. Financial accounting is intended to provide a picture of the government's financial operations and financial position so it presents information on an accrual basis. The accrual basis includes information about costs arising from the consumption of assets and the incurrence of liabilities. The reconciliation of net outlays, presented on a budgetary basis, and the net cost, presented on an accrual basis, provides an explanation of the relationship between the budgetary and financial accounting information. The reconciliation serves not only to identify costs paid for in the past and those that will be paid in the future, but also to assure integrity between budgetary and financial accounting.

The first section of the reconciliation below presents components of net cost that are not part of net outlays and should be excluded from net cost. The second and third sections presents increase and decrease in assets and liabilities respectively. Some are used for assets that are reported on the Balance Sheet, not as net cost. The final section adds or subtracts from total resources those items reported in net cost that do not require or generate resources. As an example, the Agency collects regular passport fees that are reported as revenue on the Statement of Net Cost. However, these fees are not shown as a resource because they are returned to Treasury and cannot be obligated or spent by the Agency.

Schedule of Reconciliation of Net Cost of Operations to Net Costs of Budgetary Outlays for the years ended September 30, 2021 and 2020 is indicated in the table below (*in thousands*):

	2021	2020
Net Cost	\$ 15,949,898	\$ 13,741,944
Components of Net Cost That Are Not Part of Net Outlays:		
Property, Plant and Equipment Depreciation	(24,757)	(122,703)
Property, Plant and Equipment Disposal and Revaluation	(14,752)	(1,590)
Other	779,662	(26,049)
Increase/(Decrease) in Assets:		
Accounts Receivable	(75,303)	4,487
Other Assets	(768,317)	178,900
(Increase)/Decrease in Liabilities:		
Accounts Payable	(50,753)	(745,697)
Salaries and Benefits	(17,110)	2,791
Insurance and Guarantee Program Liabilities	762,360	–
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	104,562	(145,127)
Other Financing Sources:		
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	50,445	(42,347)
Transfers Out/In Without Reimbursement	–	48,853
Total Components of Net Operating Cost That Are Not Part of Net Outlays	746,037	(848,482)
Components of Net Outlays That Are Not Part of Net Cost:		
Other	(31,363)	465,754
Unreconciled Difference	27,289	555,958
Total Components of Net Outlays That Are Not Part of Net Cost	(4,074)	1,021,712
NET OUTLAYS	\$ 16,691,861	\$ 13,915,174
Distributed Offsetting Receipts	(2,968,500)	(612,315)
AGENCY OUTLAYS, NET	\$ 13,723,361	\$ 13,302,859

The FY 2020 Agency Outlays, Net on this schedule differs from that of the Statement of Budgetary Resources because of the exclusion of credit financing funds and other credit program funds transferred to the International Development Finance Corporation.

NOTE 19. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION FOR FR COMPILATION PROCESS

To prepare the Financial Report of the U.S. Government (FR), the Department of the Treasury requires agencies to submit an adjusted trial balance, which is a listing of amounts by U.S. Standard General Ledger account that appear in the financial statements. Treasury uses the trial balance information reported in the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS) to develop a Reclassified Balance Sheet, Reclassified Statement of Net Cost, and a Reclassified Statement of Changes in Net Position for each agency, which are accessed using GTAS. Treasury eliminates all

intragovernmental balances from the reclassified statements and aggregates lines with the same title to develop the FR statements. This note shows the USAID's financial statements and the USAID's reclassified statements prior to elimination of intragovernmental balances and prior to aggregation of repeated FR line items.

The Reclassification of the Balance Sheet, the Statement of Net Cost, and the Statement of Changes in Net Position for the year ended September 30, 2021 are presented in the following tables (*in thousands*):

FY 2021 USAID Balance Sheet

**Line Items Used to Prepare
FY 2021 Government-wide Balance Sheet**

Financial Statement Line	Amounts	Intra-departmental Elimination	Amounts	Reclassified Financial Statement Line
ASSETS:				ASSETS:
Intragovernmental Assets:				Intragovernmental Assets:
Fund Balance with Treasury (Note 2)	\$ 43,534,920		\$ 43,534,920	Fund Balance with Treasury
Accounts Receivable (Note 3)	24,249	\$ (852,076)	876,325	Accounts Receivable
<i>Total Accounts Receivable, Net</i>	24,249		876,325	<i>Total Reclassified Accounts Receivable, Net</i>
Advances to Others and Prepayments (Note 4)	130,486		130,486	Advances to Others and Prepayments
<i>Total Other</i>	130,486		130,486	<i>Total Reclassified Other</i>
Total Intragovernmental Assets	43,689,655	(852,076)	44,541,731	Total Intragovernmental Assets
Cash and Other Monetary Assets (Note 5)	288,936		288,936	Cash and Other Monetary Assets
Accounts Receivable, Net (Note 3)	84,149		84,149	Accounts Receivable, Net
Inventory and Related Property, Net (Note 7)	17,920		17,920	Inventory and Related Property, Net
Property, Plant and Equipment, Net (Note 8)	64,073		64,073	Property, Plant and Equipment, Net
Advances and Prepayments (Note 4)	399,176		399,176	Advances to Others and Prepayments
Total Assets	\$ 44,543,909	\$ (852,076)	\$ 45,395,985	Total Assets
LIABILITIES:				LIABILITIES:
Intragovernmental Liabilities:				Intragovernmental Liabilities:
Downward Reestimate Payable to the Treasury (Note 6)	852,076		852,076	Downward Reestimate Payable to the Treasury
Accounts Payable	134,879		134,879	Accounts Payable
<i>Total Accounts Payable</i>	134,879		134,879	<i>Total Reclassified Accounts Payable</i>
Advances from Others and Deferred Revenue (Note 12)	1,165,779		1,165,779	Advances from Others and Deferred Revenue
Other Liabilities (Note 12)	23,494	(852,076)	875,570	Other Liabilities (Without Reciprocals)
Total Intragovernmental Liabilities	1,324,152	(852,076)	2,176,228	Total Intragovernmental Liabilities
Accounts Payable	2,591,650		2,591,650	Accounts Payable
Federal Employees and Veteran's Benefits (Note 13)	26,928		26,928	Federal Employees and Veteran's Benefits Payable
Loan Guarantee Liability (Note 6)	1,522,937		1,522,937	Loan Guarantee Liabilities
Advances From Others and Deferred Revenue (Note 12)	17,017		17,017	Advances From Others and Deferred Revenue
Other Liabilities (Note 12)	570,768		570,768	Other Liabilities
<i>Total Miscellaneous Liabilities</i>	587,785		587,785	<i>Total Reclassified Miscellaneous Liabilities</i>
Total Liabilities	6,053,452	(852,076)	6,905,528	Total Liabilities
NET POSITION:				NET POSITION:
Total Net Position	37,638,381	-	37,638,381	Total Net Position
Total Liabilities and Net Position	\$ 44,543,909	\$ (852,076)	\$ 45,395,985	Total Liabilities and Net Position

FY 2021 USAID Statement of Net Cost

**Line Items Used to Prepare
FY 2021 Government-wide Statement of Net Cost**

Financial Statement Line	Amounts	Intra-departmental Eliminations	Amounts	Reclassified Financial Statement Line
Gross Cost	\$ 16,798,052		\$ 15,698,504	Non-Federal Cost <i>Non-Federal Gross Cost</i>
			15,698,504	Total Non-Federal Cost
			15,698,504	Intragovernmental Costs
			137,433	Benefit Program Costs
			50,445	Imputed Costs
			911,670	Buy/Sell Cost
			1,099,548	Total Intragovernmental Cost
Total Gross Cost	16,798,052	–	16,798,052	<i>Total Reclassified Gross Cost</i>
Earned Revenue	(848,154)		183	Non-federal Earned Revenue
	(848,154)		183	Intragovernmental Revenue
			(758,622)	Buy/Sell Revenue
			(89,715)	Borrowing and Other Interest Revenue
	(848,154)		(848,154)	Total Intragovernmental Earned Revenue
Total Earned Revenue	(848,154)	–	(848,154)	<i>Total Reclassified Earned Revenue</i>
Net Cost	\$ 15,949,898	\$ –	\$ 15,949,898	Net Cost

**FY 2021 USAID
Statement of Changes in Net Position**

**Line Items Used to Prepare
FY 2021 Government-wide
Statement of Changes in Net Position**

Financial Statement Line	Amounts	Intra-departmental Eliminations	Amounts	Reclassified Financial Statement Line
UNEXPENDED APPROPRIATIONS:				UNEXPENDED APPROPRIATIONS:
Unexpended Appropriations, Beginning Balance	\$ 29,283,335		\$ 29,283,335	Unexpended Appropriations, Beginning Balance
Appropriations Received	23,084,239		22,968,064	Appropriations Received as Adjusted
Other Adjustments	(116,175)			Other Adjustments
Appropriations Transferred In/Out	(23,190)	(6,389,583)	6,473,530	Non-Expenditure Transfers-In of Unexpended Appropriations and Financing Sources
Appropriations Used	(16,842,254)	6,389,583	(6,496,720)	Non-Expenditure Transfers-Out of Unexpended Appropriations and Financing sources
			(16,842,254)	Appropriations Used (Federal)
Total Unexpended Appropriations	35,385,955		35,385,955	Total Unexpended Appropriations
CUMULATIVE RESULTS OF OPERATIONS:				CUMULATIVE RESULTS OF OPERATIONS:
Cumulative Results, Beginning Balance	101,133		101,133	Cumulative Results, Beginning Balance
Appropriations Used	16,842,254		16,842,254	Appropriations Expended
Non-Exchange Revenues	(3)		2,060,568	Non-Federal Non-Exchange Revenues
			47,411	Other Taxes and Receipts
			(899,487)	Accrual for Non-Entity Amounts to be Collected and Transferred to the General Fund of the U.S. Government
Donations and Forfeitures of Property	19,566	(2,004,783)	2,004,783	Non-Entity Collections Transferred to the General Fund of the U.S. Government
		2,004,783	(2,004,783)	Donations and Forfeitures of Property
		852,076	852,076	Expenditure Transfers-In of Financing Sources
		(852,076)	(852,076)	Expenditure Transfers-Out of Financing Sources
Other	(852,076)			Transfers-In Without Reimbursement
Donations and Forfeitures of Cash and Cash Equivalents	2,041,005			Transfers-Out Without Reimbursement
Imputed Financing	50,445		50,445	Other
				Donations and Forfeitures of Cash and Cash Equivalents
Total Financing Sources	18,101,191	-	18,101,191	Imputed Financing Sources
Net Cost of Operations	(15,949,898)		(15,949,898)	Total Financing Sources
Ending Balance – Cumulative Results of Operations	2,252,426		2,252,426	Net Cost of Operations
Total Net Position	\$ 37,638,381	\$ -	\$ 37,638,381	Ending Balance – Cumulative Results of Operations
				Net Position

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FINANCIAL SECTION
**REQUIRED SUPPLEMENTARY
INFORMATION**





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(Preceding page) Floaters made of recycled plastic water bottles and polypropylene rope allow seaweed seedlings to be dropped into the ocean—to be retrieved later as part of a thriving seaweed farming practice. Puerto Princesa, Palawan is one of eight cities in the Philippines that USAID partners with to help seaweed farmers access markets, resources, and funding to expand their businesses.

PHOTO: VEEJAY VILLAFRANCA FOR USAID SURGE PROJECT

(Above) These men live in one of 19 indigenous reserves supported by USAID's Natural Wealth Program in Colombia. USAID is working with these communities to conserve the biodiversity of the tropical dry forest in the Caribbean, the flooded savannas in the Orinoquia, and the ecosystems in the Amazon-Orinoquia transition zone.

PHOTO: JULIÁN LINEROS FOR USAID

 <https://usaid.link/b2p>

 <https://usaid.link/bo7>

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2021

(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				
Budgetary Resources:													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	\$ 325,671	\$ 1,130	\$ 575,265	\$ 511	\$ 3,532,491	\$ 1,521,855	\$ 2,176,321	\$ 3,913	\$ 38,061	\$ 3,167,694	\$ 760,758	\$ 852,472	\$ 12,956,142
Appropriations (Discretionary and Mandatory)	1,418,747	—	770,334	—	3,500,000	4,395,362	12,451,963	—	—	—	2,525,270	—	25,061,676
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	57,852	—	250	—	2,648	—	1,773,469	—	—	106,806	537,556	217,824	2,696,405
Total Budgetary Resources	\$ 1,802,270	\$ 1,130	\$ 1,345,849	\$ 511	\$ 7,035,139	\$ 5,917,217	\$ 16,401,753	\$ 3,913	\$ 38,061	\$ 3,274,500	\$ 3,823,584	\$ 1,070,296	\$ 40,714,223
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total) (Note 17)	1,567,916	—	551,288	—	3,407,198	4,429,149	9,478,808	39	—	899,487	3,392,586	835,604	\$ 24,562,075
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	86,348	1,130	787,509	511	3,352,749	1,485,060	6,813,751	3,874	32,646	—	240,941	53,372	12,857,891
Unapportioned, Unexpired Accounts	97,030	—	2,443	—	251,847	3,008	64,013	—	5,415	2,375,013	183,029	111,308	3,093,106
Unexpired Unobligated Balance, End of Year	183,378	1,130	789,952	511	3,604,596	1,488,068	6,877,764	3,874	38,061	2,375,013	423,971	164,680	15,950,998
Expired Unobligated Balance, End of Year	50,976	—	4,609	—	23,345	—	45,181	—	—	—	7,027	70,012	201,150
Total Unobligated Balance, End of Year	234,354	1,130	794,561	511	3,627,941	1,488,068	6,922,945	3,874	38,061	2,375,013	430,998	234,692	16,152,148
Total Budgetary Resources	\$ 1,802,270	\$ 1,130	\$ 1,345,849	\$ 511	\$ 7,035,139	\$ 5,917,217	\$ 16,401,753	\$ 3,913	\$ 38,061	\$ 3,274,500	\$ 3,823,584	\$ 1,070,296	\$ 40,714,223
Outlays, Net and Disbursements, Net:													
Outlays, Net (Total) (Discretionary and Mandatory)	1,403,105	14	450,421	392	2,488,276	5,302,819	3,021,394	1,376	394	792,681	2,566,400	664,589	16,691,861
Distributed Offsetting Receipts (-)	—	—	—	—	—	—	—	—	—	—	(2,968,500)	—	(2,968,500)
Agency Outlays, Net (Discretionary and Mandatory)	\$ 1,403,105	\$ 14	\$ 450,421	\$ 392	\$ 2,488,276	\$ 5,302,819	\$ 3,021,394	\$ 1,376	\$ 394	\$ 792,681	\$ (402,100)	\$ 664,589	\$ 13,723,361
Disbursement, Net (Total) (Mandatory)										\$ 792,681			\$ 792,681

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

1010 Assistance for Eastern Europe
1021 Development Assistance (DA)
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for New Independent States
1095 Child Survival and Disease Programs Funds

CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account
4345 Ukraine Guarantee Financing Fund
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

1010 Assistance for Eastern Europe
1021 Development Assistance
1035 International Disaster Assistance
1037 Economic Support Fund (ESF)
1093 Assistance for the Independent States of the Former Soviet Union
1095 Child Survival and Disease Program Funds

ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State
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
2750 Millennium Challenge Corporation
4336 Commodity Credit Corporation

OTHER FUNDS

Operating Funds

0300 Capital Investment Fund (CIF)
0306 Assistance for Europe, Eurasia, and Central Asia (AEECA)
1007 Operating Expenses of USAID Inspector General
1036 Federal Service Retirement and Disability Fund (FSRDF)
1099 Fines, Penalties and Forfeitures – Not Otherwise Classified
1435 Miscellaneous Interest Collections
3220 Miscellaneous Recoveries

Program Funds

0305 Civilian Stabilization Initiative
1012 Sahel Development Program
1014 Development Fund for Africa (DFA)
1015 Complex Crisis Fund
1023 Food and Nutrition Development Assistance
1024 Population Planning and Health, Development Assistance
1025 Education and Human Resources, Development Assistance
1027 Transition Initiatives
1028 Global Fund to Fight HIV/AIDS
1029 Tsunami Relief and Reconstruction Fund
1033 HIV/AIDS Working Capital
1038 Central American Reconciliation Assistance
1040 Sub-Saharan Africa Disaster Assistance
1096 Iraq Relief Fund
1500 Demobilization and Transition Fund

Trust Funds

8342 Foreign National Employees Separation Liability Fund
8502 Technical Assistance – U.S. Dollars Advance from Foreign Governments
8824 Gifts and Donations

Revolving Funds

4175 Property Management Fund
4513 Working Capital Fund
4590 Acquisition of Property Revolving Fund

OTHER INFORMATION





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(Preceding page) USAID is committed to the tenets of diversity, equity, and inclusion—and that includes respecting and empowering people with disabilities. Here, Prisca, 28, of Kinshasa, Democratic Republic of Congo displays skills learned through orthotics technician training, part of USAID's Training, Economic Empowerment, Assistive Technology and Medical and Physical Rehabilitation project. She wants to prove that women with a disability like hers—her leg was injured when she was younger—are capable and can make a contribution.

PHOTO: ROSALIE COLFS/IFI

<https://usaid.linklouj>

(Above) USAID partners with municipal and central government entities to help returned migrants from the Northern Triangle countries in Central America reintegrate into their communities. Since 2019, more than 570 returned migrants like José, a shoemaker from El Salvador, have been supported so that they thrive at home. José received USAID-supported training to improve his entrepreneurial skills.

PHOTO: KAREN AZUCENA FOR USAID

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OFFICE OF INSPECTOR GENERAL'S STATEMENT OF MOST SERIOUS MANAGEMENT AND PERFORMANCE CHALLENGES FOR USAID

According to the U.S. Agency for International Development's (USAID) Inspector General, the top management challenges the Agency faces are in the following areas:

- Crisis in Afghanistan
- USAID's COVID-19 Response;
- Managing Risks to Humanitarian Assistance;
- Sustaining International Development Gains;
- Advancing Coordination with Stakeholders; and
- Implementing Core Management Functions.

USAID aggressively pursues corrective actions for all significant challenges, whether identified by the Office of Inspector General (OIG), the Government Accountability Office (GAO), or other sources.

The following pages that address the top management challenges for USAID are from the entire Top Management Challenges report for FY 2022, which is available on the website of the USAID OIG ([oig.usaid.gov](https://oig.usaid.gov/our-work/major-management-challenges)) at <https://oig.usaid.gov/our-work/major-management-challenges>.

Message From the Acting Inspector General



Thomas J. Ullom
Acting Inspector General

In accordance with the Reports Consolidation Act of 2000, we submit our annual statement summarizing the top management and performance challenges USAID faces in providing development and humanitarian assistance.

USAID stands out among the agencies we oversee for the scale of its activities and the challenges it faces in their implementation. In fiscal year 2021, USAID managed \$40.1 billion in budgetary resources to help save lives, reduce poverty, and strengthen democracies while advancing U.S. national security and economic prosperity. The direct and second-order effects of the COVID-19 pandemic continued to impact the Agency's programs and operations during the year and contributed to an increase in extreme global poverty for the first time in decades. Amid this backdrop, the rapid fall of the Afghan government marked a pivotal change in USAID's decades-long relationship with the country, culminating in an urgent mobilization effort to ensure the safety of personnel and leaving many questions about the future of U.S. engagement.

This report contextualizes four long term challenges for USAID: managing humanitarian assistance, sustaining development gains, coordinating with stakeholders, and implementing core management functions. This year, we include two spotlight sections relating crosscutting challenges to Afghanistan and COVID-19. We also, where relevant, connect challenges to the Millennium Challenge Corporation (MCC), the Inter-American Foundation (IAF), and the U.S. African Development Foundation (USADF). USAID's progress made addressing prior year challenges is summarized in the final section.

In preparing this report, we considered the outcomes of our audits, evaluations, investigations, and other oversight work, as well as relevant work by other oversight agencies and input from USAID. In addition to meeting the requirements of the Reports Consolidation Act, this document will help inform our work and frame our dialogues with Congress and the administration to pursue stakeholder priorities for effective stewardship of U.S. funds dedicated to foreign aid and development.

We are committed to providing timely oversight of USAID's programs and operations in line with our core mission to strengthen and safeguard U.S. foreign assistance. If you have any questions about top management challenges facing USAID, MCC, IAF, or USADF, please contact me at (202) 712-1150.

Challenge Spotlight: Crisis in Afghanistan

In August 2021, the Afghan government fell to the Taliban, President Ashraf Ghani fled the country, and the United States withdrew its military forces and all diplomatic personnel. After 20 years of sustained support and over \$24 billion in humanitarian assistance and development programs, USAID's presence in Afghanistan impacted the lives of millions of Afghans and thousands of USAID and implementer staff, including Afghans whose lives may now be at risk for their work with the U.S. government. Responding to a rapidly evolving crisis of this magnitude cuts across the core challenge areas we have identified for the Agency, as noted in the following examples.

Targeting humanitarian assistance and protecting it from Taliban diversion.

As of September 2021, USAID had provided more than \$197 million in humanitarian assistance for programs in Afghanistan in fiscal year 2021. Prior Overseas Contingency Operations (OCO) reporting highlighted constraints delivering humanitarian aid in-country due to fighting between the Taliban and Afghan security forces and at least two instances where the Taliban diverted or co-opted assistance from a USAID implementer.¹ Our office issued a situational alert in September 2021 to the Agency noting that the Taliban takeover and continued interference in the provision of foreign assistance will pose significant challenges as USAID programming resumes. Despite the risks, USAID has committed to expanding humanitarian assistance efforts, with \$157.5 million in funding announced in June 2021 and an additional nearly \$40 million in September 2021, distributed primarily through the United Nations and non-governmental organizations (NGOs), many of whom remain on the ground. USAID has strengthened controls with public international organizations (PIOs) in recent years but remains in a challenging position of determining how best to respond to and oversee the prevailing humanitarian needs in Afghanistan, particularly given the evolving conditions for women and girls.

Determining the future of development assistance and sustaining past gains.

USAID provided over \$22 billion in development assistance for a peaceful, stable Afghanistan since 2002. USAID's long-term plan, outlined in the Country Development Cooperation Strategy for 2019-2023, focused on working with the Afghan government to "help Afghanistan become a more inclusive, economically viable, and self-reliant country" that would be a better national security partner for the U.S. government. USAID must now navigate the collapse of the Afghan government as well as uncertainties about the viability of development programs given broader U.S. government restrictions pertaining to the Taliban. Moreover, the participation of women and girls in Afghan society and sustainability of prior investments in health, education, democracy, infrastructure, and other areas are now under threat. Adding to the challenge is the evacuation of the U.S. Embassy and USAID mission in Kabul, which limits the Agency's ability to monitor programming and engage stakeholders in Afghanistan.

OIG Oversight of USAID Activities in Afghanistan

Since 2003, OIG has issued over 300 reports on Afghanistan, covering awards valued at close to \$6.4 billion. This oversight resulted in nearly 800 recommendations to strengthen U.S. foreign assistance and identified close to \$373 million in questioned costs. In addition, our office, along with OIGs at the Departments of State and Defense, has reported quarterly since 2015 on the status of Operation Freedom's Sentinel, the OCO in Afghanistan. We have also coordinated with the Special Inspector General for Afghanistan Reconstruction (SIGAR) on audits and investigations and maintained staff in Kabul until August 2021.

¹ Lead Inspector General Report to United States Congress, Operation Freedom's Sentinel, October 1, 2020-December 31, 2020, and April 1, 2021-June 30, 2021.

Supporting the transition of Afghans in the United States. A top priority of Agency leadership has been the evacuation of staff from Afghanistan. USAID worked with other agencies to evacuate its American team and relocate Afghan personnel to the United States and other safe locations. To support this effort, USAID organized volunteers from across the Agency to help process visas for and assist with the arrival of Afghan colleagues, aid workers, and refugees. The Agency also reported coordinating with other agencies to provide technical support to address the protection needs of Afghans as part of their relocation, including assisting unaccompanied minors and improving accessibility at ports of entry. In addition, press reports have highlighted challenges with the visa process, which applies differing criteria to Afghans who worked on different types of projects for USAID.

As we continue to monitor the evolving situation in Afghanistan, we will adapt our approach to provide timely and relevant oversight that is responsive to our mandate and stakeholder needs.

Challenge Spotlight: USAID's COVID-19 Response

The ramifications of COVID-19 continue to affect USAID programming and operations nearly 2 years after the pandemic began. USAID obligated approximately \$7.7 billion and disbursed \$5.3 billion toward COVID-19 efforts by July 31, 2021, according to the Agency. As new cases and deaths continue worldwide, our targeted COVID-19 oversight efforts reflect the crosscutting impacts on the Agency, identifying both complex challenges and innovative practices rising out of the pandemic.

Supporting vaccine rollout. USAID has contributed \$2 billion to the COVID-19 Vaccines Global Access Facility (COVAX) to support the procurement and distribution of vaccines. Our recent evaluation noted that, as of May 2021, USAID was still finalizing a strategy that would include international assistance for COVID-19 vaccination programs, with some delays in funding and strategy development caused by the change in administration.² In addition, we reported that USAID may need to enhance oversight to mitigate risks with vaccine procurement and distribution performed by the global Vaccine Alliance (Gavi), which reported that COVID-19 vaccines may be associated with a higher risk of theft and diversion than traditional Gavi-supported vaccines. The Agency agreed with our recommendation to determine whether future contributions to Gavi for COVID-19 vaccines should include additional oversight-related clauses to mitigate the higher risk for fraud, waste, and abuse.

Monitoring in a pandemic environment.

USAID missions saw a reduction in their ability to monitor programs, citing challenges with movement restrictions and technology that limited in-person visits, verification of data, and engagement with beneficiaries. According to the Agency, the inability to use its traditional project monitoring tools resulted in vulnerabilities to fraud, waste, and abuse. The Agency took a range of actions to adapt its monitoring, including providing additional guidance and flexibilities, equipping staff with the tools to enable telework to continue operations, and using remote monitoring techniques suitable to their operating environments. The impact of these efforts will likely be assessed later through program evaluations and independent financial and performance audits.³

Implementing the whole-of-government pandemic response.

While past international public health emergencies like Ebola underscored complications of interagency work, the whole-of-government response to COVID-19 surfaced unique challenges

OIG Oversight Related to COVID-19

Our targeted oversight efforts since the pandemic began in January 2020 resulted in the following publications:

- [Key Questions to Inform USAID's COVID-19 Response](#), May 2020
- COVID-19 Fraud Awareness and Reporting [Fact Sheet](#)
- COVID-19 Information Briefs, issued in [September 2020](#), [December 2020](#), [June 2021](#), and [October 2021](#)
- [USAID Had Limited Control Over COVID-19 Ventilator Donations, Differing From Its Customary Response to Public Health Emergencies](#), February 2021
- [USAID Adapted to Continue Program Monitoring During COVID-19, But the Effectiveness of These Efforts Is Still To Be Determined](#), May 2021
- [U.S. COVID-19 Vaccine Contributions: USAID Should Consider Enhancing Oversight to Mitigate Risk of Fraud, Waste, and Abuse](#), September 2021

² USAID OIG, "U.S. COVID-19 Vaccine Contributions: USAID Should Consider Enhancing Oversight to Mitigate Risk of Fraud, Waste, and Abuse" (E-000-21-002-M), September 1, 2021.

³ USAID OIG, "USAID Adapted to Continue Program Monitoring During COVID-19, But the Effectiveness of These Efforts Is Still To Be Determined" (9-000-21-007-P), May 21, 2021.

for USAID. For example, under the previous administration, the National Security Council (NSC) directed USAID's \$200 million ventilator donation program, marking a significant departure from the Agency's customary practices for responding to public health emergencies.⁴ USAID continues to meet with interagency partners and international organizations and has established internal units to help coordinate and implement its portion of the whole-of-government response.⁵ In October 2021, USAID published its COVID-19 response plan to support implementation.

Normalizing operations under prolonged pandemic conditions.

USAID submitted its reentry plan for domestic facilities in July 2021 and, in August 2021, began badging and IT processes for staff hired during the pandemic. Formal reopening plans, however, remain fluid, with much depending on local conditions. Overseas operating status is determined and managed on a country-by-country basis by the State Department. While overseas USAID staff and implementers report effective adaptations and improvements to operations, they also identified concerns with vaccine access and program monitoring. Our letter to Congress on USAID's plans for reentry highlighted U.S. Government Accountability Office (GAO) considerations for ensuring a safe domestic workforce, including making decisions based on local conditions, communicating with employees, and implementing protection and social distancing measures.⁶ As the Agency moves toward its new normal, USAID must balance the need to protect the health and safety of staff, recruit and retain an effective workforce, and achieve its broad international development objectives.

⁴ USAID OIG, "[USAID Had Limited Control Over COVID-19 Ventilator Donations, Differing From Its Customary Response to Public Health Emergencies](#)" (4-936-21-002-P), February 24, 2021.

⁵ To include, from the White House, "National Strategy for the COVID-19 Response and Pandemic-Preparedness," January 21, 2021, and "U.S. COVID-19 Global Response and Recovery Framework," July 1, 2021.

⁶ USAID OIG, "[OIG Letter to Chairman Connolly on USAID Reopening Plans](#)," August 6, 2020.



Challenge Area I.

Managing Risks to Humanitarian Assistance

In fiscal year 2020, USAID spent \$6.6 billion on humanitarian assistance and stabilization activities to help people in need around the world. The need is great: the United Nations estimated that 235 million people—1 in 33 people worldwide—would need humanitarian assistance and protection in 2021, the highest figure in decades. Additionally, humanitarian crises are growing longer, with the average lasting 9 years.⁷ USAID recognizes the complex constraints of operating in crisis settings, including the inherent difficulty accessing program sites to deliver and oversee assistance. USAID also makes efforts to evaluate—and, in some cases, accept—risks that accompany the decision to act. However, our work continues to flag challenges in mitigating fraud and corruption risks and monitoring activities to ensure that lifesaving U.S.-funded assistance reaches those who need it most.

“Corruption corrodes public trust; hobbles effective governance; distorts markets and equitable access to services; undercuts development efforts; contributes to national fragility, extremism, and migration; and provides authoritarian leaders a means to undermine democracies worldwide.”

From President Joe Biden’s “Memorandum on Establishing the Fight Against Corruption as a Core United States National Security Interest,” June 3, 2021.

Mitigating Fraud and Corruption Risks

Federal internal control standards require the Agency to identify and respond to fraud risks.⁸ USAID policies reflect these principles, which staff and implementers strive to implement and strengthen. For example, informed by our audits and investigations, in January 2021 USAID agreed to develop a fraud risk management framework for humanitarian assistance responses. Our recent work underscores the importance of identifying risks and preventing fraud and corruption in humanitarian settings. These examples reinforce and complement the Biden administration’s national security agenda and USAID’s

⁷ European Commission Science Hub, “Humanitarian crises around the world are becoming longer and more complex,” November 20, 2020.

⁸ The Comptroller General issues standards of internal control in the Federal government. Standards for Internal Control in the Federal Government, also known as the Green Book, provides the overall framework for establishing and maintaining an effective internal control system. The Office of Management and Budget provides requirements for establishing, assessing, and reporting on internal controls in the Federal government (Circular A-123).

new Anti-Corruption Task Force, established in June 2021, to elevate, strengthen, and integrate anticorruption work across the Agency. Related challenges facing USAID include:

- *Anti-Fraud and Procurement Controls.* While USAID designed corrective actions to enhance anti-fraud controls in programming to support those displaced by the conflict in Syria, the Agency did not follow through on commitments made by a major implementer to establish sufficient controls over USAID funding. We identified \$11.6 million in questioned costs stemming from the implementer's noncompliance with related procurement policies and procedures.⁹ In Africa's Lake Chad region, Federal regulations allowed implementers to use noncompetitive procurements, which have been associated with fraud schemes elsewhere. Despite heightened risks, USAID did not require implementers to inform the awarding offices of their use for awards in Africa's Lake Chad region.¹⁰
- *Bribery.* In December 2020, our multiyear investigation resulted in the extradition and guilty plea of a former NGO official who paid bribes to influence the procurement of food and supplies intended for those affected by various humanitarian crises, including refugees displaced by the conflict in Syria.
- *False Claims.* In March 2021, an international NGO agreed to pay \$6.9 million under the False Claims Act¹¹ to settle allegations that it submitted inflated invoices to USAID while implementing humanitarian assistance awards to deliver aid to refugees and displaced persons in Syria.
- *Ineligible Beneficiaries.* While USAID incorporated fraud risk management leading practices into the Agency's humanitarian response to the Venezuela regional crisis, the Agency did not require implementers to do the same for planning, risk assessment, or data analytics activities.¹² Control weaknesses enabled one implementer to enroll ineligible individuals for assistance who were affiliated with a municipal government agency in Colombia.
- *Currency Exchange.* Some USAID implementers in designated Complex Emergency areas, such as Yemen and Syria, convert U.S. dollars into local currency using informal currency exchange systems. In April 2021, we alerted USAID to vulnerabilities—including lack of documentation, unregulated rates, and inhibited oversight—that expose the Agency to increased risks of embezzlement, funds diversion, and fraudulent invoicing.

In August 2021, we issued an advisory highlighting key considerations for USAID to consider as it supports programming in the Northern Triangle, including risks that transnational criminal organizations could pose to humanitarian assistance.¹³ Our ongoing audit of USAID's efforts in the Northern Triangle is assessing USAID's application process for prospective implementers and the design of cash transfer activities.

⁹ USAID OIG, "[Weaknesses in Oversight of USAID's Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance](#)" (8-000-21-001-P), March 4, 2021.

¹⁰ USAID OIG, "[USAID Has Gaps In Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa's Lake Chad Region](#)" (4-000-21-001-P), October 15, 2020.

¹¹ The False Claims Act (31 U.S.C. §§ 3729 – 3722) provides that any entity that submits false claims to the U.S. government is liable for treble damages and an accompanying fine for each false claim submitted.

¹² USAID OIG, "[Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID's Venezuela Response](#)" (9-000-21-005-P), April 16, 2021.

¹³ USAID OIG, "[Key Considerations to Inform USAID's Engagement in the Northern Triangle Countries](#)," August 26, 2021.

Monitoring Humanitarian Assistance and Stabilization Activities

Effectively monitoring humanitarian assistance and stabilization activities is inherently difficult given the crisis conditions in which USAID operates. Insufficient monitoring can jeopardize the effectiveness of activities as well as the safety and security of personnel working to implement them. Our recent work speaks to ongoing monitoring challenges USAID is working to overcome, such as the following:

- *Third-Party Monitoring.* USAID uses third-party monitors to directly observe program activities in difficult scenarios, but our work has identified varied challenges with how the Agency implements this technique. For example, in Africa's Lake Chad region, lack of a formal planning process hindered third-party monitoring. Ultimately, USAID issued a third-party monitoring contract for just one of four countries in the region, about 4 years after first identifying the need for this monitoring support. In Iraq, we found that USAID's management of its third-party monitor left some observations without timely follow-up or resolution. Weak tracking systems increased the risk that significant third-party monitor findings would be left unaddressed, particularly with frequent staff rotations in and out of Iraq.
- *Performance Indicators and Evaluations.* Information from performance indicators and evaluations helps USAID measure progress and adapt programs as needed, but using these tools effectively is an ongoing challenge. For example, USAID developed but did not fully implement a monitoring and evaluation plan for its resilience and food security activities in Africa's Sahel region, which is home to some of the poorest and most fragile countries in the world. As a result, USAID's monitoring and evaluation contractor did not complete all work as planned, and some performance indicators could not be used to make appropriate course corrections. Further, while USAID supplemented routine monitoring with periodic performance evaluations, the Agency did not always track recommendations to resolution as USAID's policy calls for, leading to gaps in monitoring that may persist in subsequent programs.¹⁴
- *Access Constraints.* Among differing country contexts, USAID-funded humanitarian operations are impacted by similar access challenges, including constraints related to transportation, insecurity, and bureaucracy. We found that within USAID, information-sharing practices are largely informal. Though, flexibilities for branding and marking improved operational safety for implementers.

¹⁴ USAID OIG, "[USAID's RISE Program in the Sahel Aligned With Resilience Policies but Lacked Robust Monitoring](#)" (4-000-21-003-P), September 25, 2021.



Challenge Area 2.

Sustaining International Development Gains

USAID identifies commitment from host governments, the private sector, and other partners as fundamental to enabling host-country ownership and sustaining gains made through the Agency's international development investments. The Agency champions planning and monitoring throughout the program cycle to advance development goals and tailor activities to the local country context for quantifiable, sustainable results. Yet, our work highlights challenges that the Agency faces in enhancing planning and monitoring, broadening local capacity and private sector commitment, and preventing and detecting fraud, waste, and abuse—factors that will remain critical as USAID pivots to supporting the priorities of the current administration and helping countries rebound from second-order impacts of COVID-19.

“Lasting solutions to development challenges require local organizations that have the insights to develop tailored solutions and the credibility to implement them.”

—USAID Administrator Samantha Power, July 2021 testimony to Congress

Enhancing Planning and Monitoring

Sustainable development is informed, in part, by robust planning and monitoring that aligns development goals with resources. When planning and monitoring fall short, the sustainability of USAID's programs is affected. The following examples from our recent work illustrate these challenges:

- *Planning.* In its response to the Venezuela regional crisis, the Agency lacked a strategic framework to guide its development response, instead prioritizing project and award planning requirements.¹⁵ In El Salvador, USAID did not develop a plan to operationalize U.S. strategies and initiatives in the region or lay out specific steps to achieve the Agency's security goals related to crime and violence prevention programs. Without the plan, it was unclear what USAID was seeking to achieve in support of its security goals under the U.S. Strategy for Engagement in Central America.¹⁶ In Iraq, USAID lacked formal guidance for staff to transition away from humanitarian assistance programming, making it difficult

¹⁵ USAID OIG, “[Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID's Venezuela Response](#)” (9-000-21-005-P), April 16, 2021.

¹⁶ USAID OIG, “[USAID/El Salvador's Crime and Violence Prevention Programs Need To Focus More on High-Risk Individuals To Advance Security Goals](#)” (9-598-21-001-P), November 30, 2020.

to ascertain when the humanitarian need has ended and conditions for a transition to longer term development are met.¹⁷ A GAO report noted a similar example with USAID’s Feed the Future program, where the Agency did not fully follow the process it had developed to graduate countries toward more targeted assistance due to the COVID-19 pandemic and bureau restructuring. As a result, key stakeholders faced challenges with making informed decisions to help target countries advance toward graduation from Feed the Future assistance.¹⁸

- *Monitoring.* Effective monitoring of large awards—like USAID’s \$9.5 billion award to implement procurement and supply management activities for the Global Health Supply Chain Program—is key to ensuring that health commodities such as medicines and supplies are delivered as planned. However, USAID could not determine the extent to which reported performance metrics reflected actual improvements in performance. USAID also did not monitor the use of regional distribution centers, which left USAID and the implementer without key information to ensure effective and efficient distribution of commodities or to make adjustments as needed.¹⁹ As in humanitarian contexts, USAID uses third-party monitors for a wide range of monitoring services for development activities. Three missions we reviewed in Asia—Bangladesh, Nepal, and Pakistan—benefited from third-party monitors for independent verification of activity performance and oversight in remote locations but lacked a systematic and centralized process to ensure that issues identified by third-party monitors were resolved and documented in a timely manner—similar to issues we found in humanitarian contexts.²⁰

Broadening Local Capacity and Private Sector Commitment

Our recent oversight work illustrates the importance of—and challenges associated with—obtaining support and leveraging resources from local and private sector partners to sustain development gains. For example:

- *Local Partner Capacity.* Meeting internal control standards to safely manage U.S. foreign assistance can be a challenge for local partners, who have varying levels of experience and capability implementing USAID-funded programs. In the last 10 years, financial audits that we oversee of local organizations have resulted in 3,502 recommendations to correct internal control and compliance issues and \$1.1 billion in questioned costs. Related to PEPFAR programming specifically, since 2018 USAID has been working to meet a notional goal of channeling 70 percent of funding through host-country governments or local organizations by September 2020. USAID made gains but fell short of the mark with a reported 44 percent of PEPFAR funding going directly to local partners by that point. We are concluding an audit that is assessing USAID’s progress toward meeting PEPFAR local partner funding goals and mission-specific approaches for implementing Agency guidance in preparing funding strategies and meeting targets while addressing risks.
- *Private Sector Engagement.* USAID engages with the private sector to maximize development in target sectors. This engagement includes supporting host-government reforms, providing technical assistance on new business opportunities, and giving financial assistance to minimize private sector investment risks. However, insufficient Agency-wide guidance, data, and metrics have hindered missions’ ability to design,

¹⁷ USAID OIG, “[Enhanced Guidance and Practices Would Improve USAID’s Transition Planning and Third-Party Monitoring in Iraq](#)” (9-266-21-003-P), February 19, 2021.

¹⁸ U.S. Government Accountability Office, “Global Food Security: Improved Monitoring Framework Needed to Assess and Report on Feed the Future’s Performance” (GAO-21-548), August 2021.

¹⁹ USAID OIG, “[Award Planning and Oversight Weaknesses Impeded Performance of USAID’s Largest Global Health Supply Chain Project](#)” (9-000-21-004-P), March 25, 2021.

²⁰ USAID OIG, “Improved Guidance and Processes Would Strengthen the Use of Third-Party Monitors in Bangladesh, Nepal, and Pakistan” (5-000-22-002-P), draft report issued October 23, 2021.

manage, and oversee private sector engagement and maximize such engagement, as USAID's private sector engagement policy calls for.²¹ With more comprehensive guidance, USAID has an opportunity to open more avenues to engage with the private sector and further support countries' self-reliance.

- **Cost Sharing.** USAID may share costs with host governments and implementers to leverage resources and build commitment and sustainability. Yet, due to limited guidance and training, USAID staff lacked clarity regarding how cost sharing should be monitored. As a result, Asia missions we reviewed may lack assurance on the accuracy of reported contributions, potentially leaving USAID short of accruing intended benefits of cost sharing.²²

Related Challenges at the Millennium Challenge Corporation

MCC has faced similar risks to sustainability and challenges with assessing the capacity and ability of partner countries to institute policy and institutional reform. Under the Threshold Program, MCC has committed \$172 million to help countries implement difficult reforms that would enable them to be eligible for a future compact. However, we found that MCC did not have a process in place to assess the overall impact of this program. In addition, the transparency of MCC's Economic Rate of Return (ERR) analyses—cost-benefit analyses to indicate whether a potential project's economic benefit will exceed its costs by MCC's required 10 percent threshold over 20 years—has caught the interest of Congress, which requires MCC to report the economic justification of a proposed compact program. MCC relies on a peer review process to ensure that ERRs are objective and reliable. We are concluding an audit that is assessing the extent to which MCC's guidance and procedures for developing and reviewing ERR analyses address identified risks and how MCC used the peer review process to inform investment decisions in select compacts.

Source: USAID OIG, "[MCC Should Do More to Assess the Threshold Program's Progress in Achieving Its Overall Objectives](#)" (M-000-21-001-P), September 2, 2021.

Preventing and Detecting Fraud, Waste, and Abuse

Our recent and ongoing investigations reiterate risks of fraud, waste, and abuse in the context of supporting local partners, who may lack the requisite systems and will to ensure accountability of U.S. government funds. A salient example relates to the Kenya Medical Supplies Authority (KEMSA), a Kenyan state-run corporation and recipient of a \$650 million, 5-year award to store and distribute medical commodities donated to the country by USAID. Our investigations found evidence suggesting corruption at the highest levels of the organization, severely compromising KEMSA's ability to (1) manage the purchase and distribution of life-saving health commodities intended for the most vulnerable Kenyans and (2) USAID's investment in the program.

²¹ USAID OIG, "[Improved Guidance, Data, and Metrics Would Help Optimize USAID's Private Sector Engagement](#)" (5-000-21-001-P), December 9, 2020.

²² USAID OIG, "[Cost Sharing: USAID's Asia Bureau Should Enhance Guidance and Training to Ensure Missions Verify Awardees' Contributions](#)" (5-000-22-002-P), draft report issued September 29, 2021.



Challenge Area 3.

Advancing Coordination With Stakeholders

Achieving development goals around the world often goes beyond unilateral efforts by USAID, depending on multilateral efforts where USAID may be the lead agency, a key partner, or a significant financial backer. To further U.S. foreign policy and national security objectives, USAID exercises its role and responsibility as the U.S. government's premier development agency by navigating the divergent priorities and functions of multiple stakeholders to achieve complementary but distinct goals. Within the U.S. government, USAID is a member of the NSC and works closely with several Federal agencies, including the Department of State and the Department of Health and Human Services' Centers for Disease Control and Prevention (CDC) in developing shared strategic priorities, allocating resources, and executing programs. The Agency also works with other U.S. development organizations, including MCC and the recently established U.S. International Development Finance Corporation (DFC).

Our oversight work has found coordination to be a longstanding challenge for USAID, as the Agency strives to respond quickly to changing priorities even when decisions extend beyond its immediate control and authority. Our recent work speaks to particular challenges reconciling interagency policy decisions and adapting to external budget considerations.

Reconciling Interagency Policy Decisions

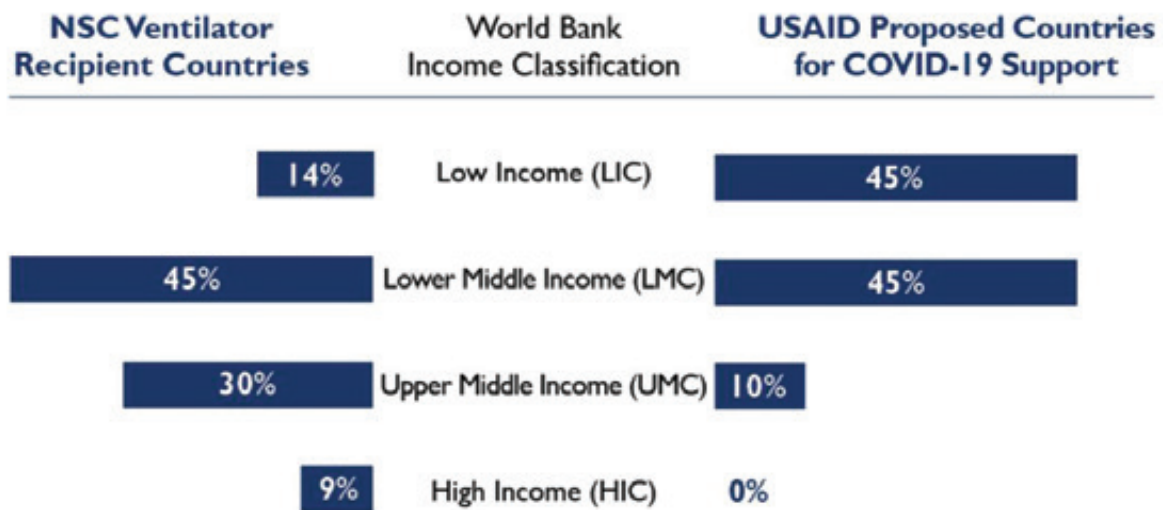
While USAID is an independent agency, it receives overall policy guidance from the Secretary of State and the NSC. Reconciling ongoing Agency programs with broader U.S. government objectives creates challenges for USAID, which responds by redirecting priorities, accepting risks, and adjusting staff. However, at times, the Agency has lacked policies and processes for responding to external decisions.

- *Priority Redirection.* In responding to the COVID-19 pandemic, USAID provided ventilators to over 40 countries through the \$200 million ventilator donation program. However, this program did not align with the Agency's initial COVID-19 response planning nor customary practices for responding to public health emergencies. Instead, the NSC made decisions for determining recipient countries, how many ventilators to send, and which suppliers and models to use.²³ As shown in the following figure, the countries that the NSC prioritized and USAID ultimately supported differed from

²³ USAID OIG, "USAID Had Limited Control Over COVID-19 Ventilator Donations, Differing From Its Customary Response to Public Health Emergencies" (4-936-21-002-P), February 24, 2021.

USAID’s initial proposal. With limited control over ventilator donations, USAID did not ensure monitoring mechanisms were in place at the time of delivery and had limited information about the location of ventilators within countries. The work of our special agents in recovering 191 stolen USAID-procured ventilators en route to El Salvador underscores this oversight challenge. The differing priorities of ventilator allocation between USAID and the NSC may have contributed to wasted resources and efforts and reduced impact as countries without the most critical need for them received ventilators.

Ventilator Distribution: Comparison of Prioritized Countries by Income Classification



Source: USAID OIG, “USAID Had Limited Control Over COVID-19 Ventilator Donations, Differing From Its Customary Response to Public Health Emergencies” (4-936-21-002-P), February, 24, 2021.

- Risk Acceptance.** In responding to the Venezuela regional crisis, USAID partnered with the State Department to prioritize the delivery of assistance to the Venezuelan people and to neighboring countries supporting and aiding Venezuelan migrants.²⁴ However, USAID did not have a process for documenting NSC and State Department directives that at times led USAID to support priorities beyond its general risk appetite. USAID also did not have a joint strategic humanitarian response plan with the State Department to coordinate the response. Officials at both agencies commented that time and resources dedicated to deconflicting coordination challenges could have been used more effectively to direct humanitarian assistance in the region. We found these challenges were not unique to the Venezuela regional crisis, and addressing them could improve USAID’s future humanitarian assistance operations.
- Staffing Adjustments.** Following direction from the Vice President, USAID increased its religious and ethnic minority (REM) portfolio in Iraq to be in line with a policy change to directly support persecuted communities. However, while the Agency ramped up these activities, the State Department conducted two staffing reviews to reduce in-country U.S. personnel. Ultimately, USAID reduced its team from 26 to 6 expatriate staff, which strained award management as monitoring requirements increased for REM programs. To mitigate the staffing challenges, USAID shifted to managing its most recent awards

²⁴ USAID OIG, “Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID’s Venezuela Response” (9-000-21-005-P), April, 16, 2021.

from Washington, DC.²⁵ Similar staff reduction decisions affected USAID's Afghanistan team prior to recent events, prompting the Agency to make programmatic changes without first accounting for the impact of those changes on the sustainability of its development activities. In that case, USAID agreed with our recommendation to do more to ensure comprehensive risk assessments are completed in consultation with key stakeholders and Congress as the Agency reduced staff and programs.²⁶

Adapting to External Budget Considerations

The process of executing the foreign assistance budget is central to USAID's ability to deliver on its mandate. Our recent work illustrates how USAID must adapt to external considerations that can lead to delays obligating funding and restrictions on how funding is spent.

- *Funding Delays.* In examining USAID's fiscal year 2019 budget process, we found that reviews by other offices and agencies, as well as differences of opinion between the administration and Congress on the direction of foreign assistance programming, hindered USAID's ability to obligate funds in a timely manner. USAID's Office of Budget and Resource Management (BRM) conducted an internal after-action review to identify challenges affecting the obligation of funds and drafted conclusions and recommendations to improve the process.²⁷ As of September 2021, BRM continued efforts to streamline and manage the obligation process—for example, by issuing an Agency Notice on obligation expediency and tracking COVID redirections and obligations, as well as streamlining processes with the State Department.
- *Earmarks.* Congress may apply earmarks, or conditions in the appropriation that direct the use of the funds provided. When earmarks apply globally and affect multiple accounts administered by both USAID and the State Department, both agencies must coordinate to ensure that earmark requirements are met. When the requirements of earmarks do not align with USAID's technical priorities, the earmarks take precedence.²⁸ We found that accounting for earmarks in appropriated funds contributed to some of USAID's mission budgets being out of alignment with their country-specific strategies for self-reliance. The Agency updated policy to clarify roles and responsibilities for producing budget scenarios and updated guidance to help deconflict differing instructions.²⁹ In February 2021, the Center for Strategic and International Studies relatedly reported that the uptick in earmarks and directives for foreign assistance in the past three decades has made it difficult to meet the country-ownership principle. Additional practical implications for USAID include constrained ability to quickly reallocate development funding to address new threats and unforeseen opportunities; reduced availability of development funding for sectors and programs without earmarks; and limited ability to produce long-term, country-specific strategic plans.³⁰ USAID said that it recently developed a historical analysis of directives to present options to the Administrator to work with Congress to provide more flexibility in the fiscal year 2022 appropriations. We are concluding an audit related to USAID's compliance with the Senator Paul Simon Water for the World Act of 2014 in which Congress directs USAID to prioritize countries for water, sanitation, and hygiene (WASH) assistance based on needs-

²⁵ USAID OIG, "U.S. Assistance Strategy in Iraq: Significant Events Surrounding USAID's Iraq Religious and Ethnic Minority Portfolio and Award Management Challenges" (E-000-22-001-M), November 1, 2021.

²⁶ USAID OIG, "USAID Needs to Implement a Comprehensive Risk Management Process and Improve Communication As It Reduces Staff and Programs in Afghanistan" (8-306-21-002-P), March 19, 2021.

²⁷ USAID OIG, "Lessons From USAID's FY 2019 Budget Process Highlight Interagency Constraints and Areas that Require Continued Attention," March 2, 2021.

²⁸ USAID OIG, "Lessons From USAID's FY 2019 Budget Process Highlight Interagency Constraints and Areas that Require Continued Attention," March 2, 2021.

²⁹ USAID OIG, "USAID Updated Guidance To Address Inconsistent Use of Journey to Self-Reliance Metrics and Misalignment of Missions' Budgets" (9-000-21-002-P), December 23, 2020.

³⁰ Center for Strategic and International Studies, "Earmarks and Directives in the Foreign Operations Appropriation," accessed October 2021.

based criteria and opportunity indicators to designate high-priority countries. The audit specifically assesses the extent to which USAID has designated high-priority countries with the criteria and indicators in the Act and complied with related Congressional reporting requirements. Additionally, the audit assesses the challenges USAID faced in allocating funding to high-priority countries.

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Challenge Area 4.

Implementing Core Management Functions

To carry out its mission effectively and efficiently, USAID relies on a network of support functions for the management of Agency awards, finances, information systems, and human capital. USAID continues to strengthen controls over core management functions, but our recent audits and investigations show that gaps remain.

Managing Awards

Award management remains a top challenge for USAID. In July 2021, the USAID Administrator testified to Congress that “the funding levels and complexity of our programs has expanded at a rate that significantly outpaces our staffing.” She further noted that each USAID contracting officer has managed over \$65 million annually over the past four years, compared to about \$15 million annually for each contracting officer at the Department of Defense. Examples of recent challenges include:

- *Pressure.* Agreement officers felt pressure to use a certain type of award or move through due diligence procedures without adequate time or resources.³¹ Contracting officers reported pressure to terminate contracts despite raising adverse cost implications of doing so.³² We identified a need for improved tools, guidance, and training to supplement steps taken to address a related recommendation we made in September 2019.³³
- *Award Planning and Evaluation.* Weaknesses in planning and evaluation processes hindered USAID’s ability to fully support key decisions made in the design and award of its \$9.5 billion Global Health Supply Chain award. Lack of guidance on expected timeframes of the procurement process delayed implementation by about 3 years. We also found that the contracting officer had limited involvement and raised concerns about the decision process despite Federal regulations requiring the officer’s approval on acquisition planning. Also, the Agency did not sufficiently document its choice of a single implementer or strategies to address the risk associated with that arrangement. In addition, USAID

³¹ USAID OIG, “[Observations on Risk in the Pre-Award Process for Assistance Awards](#),” June 24, 2021.

³² USAID OIG, “[USAID Has Contract Termination Guidance That Aligns With Federal Contracting Requirements, but Employees Could Benefit From Additional Resources](#)” (9-000-21-009-P), September 23, 2021.

³³ USAID OIG, “[USAID’s Award Oversight Is Insufficient to Hold Implementers Accountable for Achieving Results](#)” (9-000-19-006-P), September 25, 2019.

did not sufficiently evaluate the winner's past performance or management information system capabilities during bidding. As USAID designs its next award to continue this supply chain work, it must improve policy and guidance to effectively design, procure, and manage that award and optimize the use of future global health investments.³⁴

- *Sexual Exploitation and Abuse.* As the Agency began assessing its existing policies and procedures related to sexual exploitation and abuse (SEA), we undertook an audit that found variances in how USAID applied SEA prevention measures, such as requirements for implementer codes of conduct and implementation plans across award types (assistance versus acquisition) and response types (humanitarian assistance versus ongoing development assistance). USAID also lacked clearly defined roles and responsibilities and a centralized tracking mechanism for responding to and managing SEA allegations.³⁵ Preventing SEA perpetrators from circulating throughout the aid sector is a related challenge; in July 2021, we issued a present responsibility determination referral to USAID after we found evidence to support allegations of SEA by an individual who moved from one USAID-funded organization to another. In August 2021, we issued a memorandum to USAID flagging concerns about lack of cooperation from the World Health Organization (WHO) in providing information in response to our investigative inquiry into SEA allegations against WHO aid workers operating in the Democratic Republic of Congo (DRC).
- *Screening Requirements.* USAID has inconsistently implemented screening requirements that serve to prevent the diversion of aid to terror organizations and other groups barred from receiving assistance. In the last 2 fiscal years, our non-Federal audits reported 24 instances in Africa where local USAID partners did not perform required due diligence checks, including verifying whether potential employees and suppliers are restricted from receiving U.S. government funds. In contrast—in the Lake Chad region, specifically—USAID established requirements and implemented a due diligence process for certain activities to prevent the diversion of aid to terrorists.
- *Holding Implementers Accountable.* Absent further action from USAID, non-U.S.-based NGOs accused of fraud may continue to evade accountability under the full scope of U.S. law. Earlier this year, a Federal judge dismissed a False Claims Act case against an NGO based in the United Kingdom that had allegedly submitted false certifications to USAID regarding past support to terrorist entities. The judge determined that the NGO could not be sued in U.S. court, despite multiple direct awards with USAID. Had USAID wanted to ensure that foreign awardees could be held accountable in U.S. court, the court suggested that the Agency should have included a clause to that extent in its awards.

Sexual Exploitation and Abuse Prevention

In the foreign aid sector, SEA has been a longstanding challenge given the inherent power disparity between aid workers and beneficiaries. USAID issued a SEA policy in March 2020, and the topic remains a priority for USAID and our office.

³⁴ USAID OIG, "[Award Planning and Oversight Weaknesses Impeded Performance of USAID's Largest Global Health Supply Chain Project](#)" (9-000-21-004-P), March 25, 2021.

³⁵ 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.

Managing Finances

In recent years, USAID has worked to address previously identified weaknesses, and our audits of USAID's financial statements for fiscal years 2019 and 2020 did not identify any material weaknesses in the Agency's internal control over financial reporting. Given the importance of proper stewardship of taxpayer funds and the risk to the Agency's reputation, continued vigilance is critical. Areas for continued attention include:

- Fiduciary and reputational risks related to the importance of maintaining an internal control environment to ensure proper stewardship of taxpayer funds.
- Risks for delayed grant closeout based on weaknesses in closeout communication, procedures, deobligation of awards, documentation, and employee training and certification. The Agency addressed our recommendations, including conducting an analysis to close out, deobligate, and put to better use the \$178 million in expired awards our audit identified. USAID said that as of the second quarter of fiscal year 2021, unliquidated obligations had been reduced to \$7.8 million, and that it continues to implement additional monitoring measures.

Related Challenges at the Millennium Challenge Corporation

For MCC's financial statements for the same period, we did not identify any instances of noncompliance, but we did note one significant deficiency related to oversight and controls over financial reporting. In addition, although MCC complied with requirements tied to legislation preventing improper payments, our assessment of MCC's charge card program found a moderate risk of illegal, erroneous, or improper payments or purchases. We made three recommendations to MCC to improve controls over the charge card program.

Sources: USAID OIG, "[Audit of MCC's Fiscal Years 2020 and 2019 Financial Statements](#)" (0-MCC-21-002-C), November 14, 2020, and "[MCC Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019](#)" (0-MCC-21-006-C), May 14, 2021, and "[Assessment of MCC's FY 2020 Charge Card Programs Identified a Moderate Risk of Illegal, Improper, or Erroneous Purchases and Payments](#)" (0-MCC-21-008-C), July 29, 2021.

Managing Information Systems and Bolstering Cyber Security

USAID depends on sound information systems for all facets of business, including ensuring that information is secure, controls are in place to protect privacy, and the Agency has effective controls over its use of information and communication equipment. Recent work illustrates some of the challenges USAID has encountered managing its information systems. These challenges call for additional diligence with the Agency's expanded use of telework during the pandemic.

- *Information Security.* USAID generally implemented an effective information security program, though the Agency faced challenges in a number of areas, including account management, security training, and contingency planning.³⁶ A prior year report noted an increased risk of a breach because USAID had not implemented key internal controls to protect information accessed in the cloud system by staff on their personal devices.³⁷ The Agency has taken final corrective action on three of the report's recommendations. For the third recommendation—to "Conduct a risk assessment for Agency staff

³⁶ 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.

³⁷ 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.

using personal devices to access the external cloud system and determine what actions Agency officials need to take to mitigate any identified risks”—USAID has postponed its planned completion date twice. Its current plan is to take final action by July 2022, citing “impacts to long-term information technology (IT) architecture planning resulting from unforeseen changes in the workplace arising from the worldwide reaction to COVID-19.” Until USAID completes the recommended risk assessment, the Agency will lack assurance that its information and the external cloud system are secure.

- *Privacy Program.* USAID implemented some key elements of an effective privacy program, but additional controls are necessary to protect personally identifiable information (PII) and reduce the risk of a privacy breach and related financial loss.³⁸ Specifically, the Agency needs to implement key privacy controls previously reported in a 2014 audit, such as role-based training and measures to prevent data loss to protect PII and provide the public with sufficient information about records containing their information. More recent, amid the urgency of the Afghanistan response, the Agency protected the PII of Afghans arriving in the United States by minimizing the collection and restricting the sharing of their PII.
- *Consolidated Systems.* USAID developed the Development Information Solution (DIS) system to help missions manage performance monitoring and budgeting across program areas by collecting data from financial and procurement systems, as well as program data, to allow for a more holistic view on the Agency’s portfolio. Although USAID was making progress developing and implementing some aspects of DIS, we found that the Agency’s full deployment of the system was behind schedule. USAID agreed with our four recommendations to help fully achieve performance goals and is working to revise cost-savings plans, processes for validating data, and plans to validate participation and adoption of DIS across the agency.³⁹
- *Supply Chain Threats.* The complex web of suppliers throughout the world that supports information and communication technology (ICT) poses risks to government agencies, including USAID. ICT solutions are particularly vulnerable to threats posed by foreign actors that might seek to exploit vulnerabilities in the supply chain. A recent GAO report covering 23 Federal agencies, including USAID, noted that few Federal agencies had implemented practices to manage ICT risks, including establishing executive-level oversight or agency-wide assessments of supply chain risks.⁴⁰ USAID indicated that it plans to take action to respond to concerns raised in the GAO report. Our audit mandated by the Federal Information Security Modernization Act of 2014 (FISMA) includes a related finding that reinforces concerns raised by GAO.

³⁸ USAID OIG, “[USAID Needs to Improve Its Privacy Program to Better Ensure Protection of Personally Identifiable Information](#)” (A-000-21-001-P), August 11, 2021.

³⁹ USAID OIG, “[USAID Was Not On Track To Achieve Performance and Cost Savings Goals for the Development Information Solution System](#)” (A-000-21-001-U), May 6, 2021.

⁴⁰ GAO, “[Information Technology, Federal Agencies Need to Take Urgent Action to Manage Supply Chain Risks](#)” (GAO-21-171), December 2020.

Related Challenges in Foreign Assistance Agencies

We audit the information security programs of MCC, IAF, and USADF annually as part of our mandated FISMA work. We have also performed the audit on behalf of DFC until the nascent organization’s Inspector General is fully functioning. While each organization generally implemented an effective security program in fiscal year 2020, our audits identified weaknesses.

MCC	IAF	USADF	DFC
Repeated weaknesses related to data protection and privacy, security training, and contingency planning.	Weaknesses with 13 controls and 2 open recommendations from prior FISMA audit reports.	Weaknesses with four controls and one open recommendation from a prior FISMA audit report.	Weaknesses with nine controls and nine open recommendations from prior FISMA audit reports.

Sources: USAID OIG, “[MCC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA](#)” (A-MCC-21-001-C), November 5, 2020, and “[IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA](#)” (A-IAF-21-002-C), December 4, 2020, and “[USADF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA](#)” (A-ADF-21-003-C), December 21, 2020, and “[DFC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA](#)” (A-DFC-21-005-C), January 28, 2021.

Managing Human Capital

USAID has faced challenges maintaining an adequately trained workforce at the staffing levels needed to accomplish its mission. In the last 10 years, about one-third of our performance audits pointed to staffing or training as a challenge for the Agency. For example, we found that USAID/EI Salvador staff had specialized technical expertise but lacked sufficient knowledge and work experience in crime and violence prevention⁴¹—a new area for USAID which has received increased attention from the administration, especially in the Northern Triangle. In 2019, Congress appropriated funding to USAID to hire more Civil Service and Foreign Service staff following the 2017 Federal hiring freeze. USAID has previously acknowledged staffing challenges and developed an interim strategic workforce plan in February 2020 to guide the Agency through fiscal year 2022. We are concluding an audit that is determining the extent to which USAID has met congressionally mandated staffing targets, identified skills gaps, and measured progress toward assessing those gaps. Also, Congress has requested specific oversight of USAID staffing, including a GAO audit of the alignment of staffing, resources, mission, and priorities of USAID’s Global Health Bureau and an evaluation we are initiating on key aspects of USAID’s Africa Bureau human capital management.

⁴¹ USAID OIG, “[USAID/EI Salvador’s Crime and Violence Prevention Programs Need To Focus More on High-Risk Individuals To Advance Security Goals](#)” (9-598-21-001-P), November 30, 2020.

USAID Progress Made in Addressing Prior Challenges

USAID has made progress in addressing challenge areas noted in last year's Top Management Challenges. In addition to addressing recommendations as reported in our [Semiannual Report to Congress](#), USAID reported the following areas of progress.

Addressing Challenges With Humanitarian Assistance

To address the COVID-19 pandemic in the humanitarian assistance context, USAID's Bureau for Humanitarian Assistance established a COVID-19 working group to coordinate, plan, and establish systems to enable the bureau to program supplemental funding. In addition, the working group developed a strategic framework to provide guidance to staff on policy and priorities of funding received as part of the American Rescue Plan (ARP) legislation. USAID reported additional progress in the following areas:

- *Vetting Constraints.* In response to an OIG classified advisory notice, USAID's Office of Security (SEC) reported implementing a number of actions to address challenges with vetting and access to national security information. Specifically, SEC entered into an agreement with the Joint Interagency Task Force-National Capital Region to access their space and information and is pursuing a similar arrangement with the National Counterterrorism Center. SEC is also planning to increase staffing and has instituted a review process to shorten access time to Sensitive Compartmented Information (SCI). In January 2021, USAID issued policy to codify partner vetting governance, policies, and procedures. In addition, USAID reported that the Bureau for Humanitarian Assistance has a dedicated Vetting Support Unit that has expanded vetting of humanitarian programs.
- *Oversight.* USAID reported that the Bureau for Humanitarian Assistance developed internal guidance on monitoring humanitarian assistance in nonpermissive environments, including best practices for monitoring and the use of third-party monitors. The Agency also reported launching an online training course to improve staff capacity on third-party monitoring.
- *Fraud Risk.* The Agency reported progress with detecting and preventing fraud in complex environments. For example, USAID reported suspending a partner that paid an armed opposition group in a conflict zone. In another case, USAID requested information from a partner in response to an OIG referral indicating that the partner did not disclose credible allegations of fraud. Also, USAID updated its awards policy for grants and cooperative agreements to require non-U.S.-based NGOs to provide USAID OIG timely access to any reward-related information or material. In addition, the Agency reported actions to mitigate the risk of fraud and aid diversion involving public international organizations (PIOs) supporting humanitarian assistance, including standardizing applications, reporting requirements, and working directly with PIOs on oversight issues, such as audit reports, disclosure policies, and assurance statements.

Improving Sustainability and Oversight

USAID reported making progress on improving local capacity and development outcomes. For example:

- *Health Systems.* The Agency reported progress addressing challenges with health systems strengthening activities. Specifically, the Bureau for Global Health worked to close an OIG recommendation to identify and disseminate a set of indicators for missions to track progress with health systems strengthening activities. In addition, the Agency noted progress building local capacity, including enhancing and tracking country ownership of supply chains and improving the end-to-end visibility of information systems. USAID reported establishing a Supply Chain Risk Management team at the headquarters and country levels to identify, monitor, and mitigate supply chain risks, with mission teams reporting quarterly to headquarters. The Agency developed best practices to address supply chain risks and awarded a contract in August 2020 to perform market assessments to identify stolen or counterfeit products in local markets, identify supply chain vulnerabilities, and provide technical assistance to strengthen local capacities and enforce local laws.
- *Monitoring and Evaluation.* USAID reported progress addressing concerns related to site visits and evaluations. The Agency reported updating policy to clarify the purpose of site visits and expectations for documentation in response to a 2020 OIG report on education programming in Pakistan, where the mission is relying on third-party monitors to conduct site visits.⁴² In response to a 2019 OIG report on USAID's Democracy, Human Rights, and Governance (DRG) programming that noted Agency challenges conducting and disseminating impact evaluations, USAID reported launching training courses in DRG technical areas, holding quarterly regional calls to disseminate information on impact evaluations,⁴³ and establishing the Bureau for Development, Democracy, and Innovation to support missions.
- *Preventing Fraud, Waste, and Abuse.* USAID reported progress addressing a challenge noted in a prior Top Management Challenge report, in which a Rwandan partner was subject to procurement fraud when a subcontractor sought to bribe a USAID employee to procure sensitive information. Following the incident, according to USAID, the U.S.-based implementer reviewed procurement files, conducted refresher training for its workforce on business conduct and disclosure of conflicts of interest, and took a more active role in larger procurements.

Addressing Coordination Challenges

USAID reported progress coordinating with other agencies on its response to Ebola and COVID-19. Specifically, USAID reported working closely with the CDC on the Ebola outbreaks in the DRC and Guinea, as well as on the COVID-19 pandemic. For the Ebola response, USAID coordinated planning and weekly leadership meetings with the CDC and deployed CDC staff on Agency response teams. USAID also reported convening an Interagency After-Action Review on the DRC Ebola response, which found that USAID and the CDC must continue to work on coordination related to international public health emergencies that occur in humanitarian settings. For the COVID-19 response, USAID reported working with the CDC to coordinate technical and financial assistance overseas and reengage with WHO on vaccination support for low-income countries. The Agency also reported progress on coordinating with the State Department and the Office of Management and Budget on supplemental COVID-19 funding. This includes working on the U.S. government's COVID-19 Global Response and Recovery Framework and establishing technical working groups.

⁴² USAID OIG, "[USAID's Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results](#)" (5-391-20-001-P), July 22, 2020.

⁴³ USAID OIG, "[Additional Actions Are Needed To Improve USAID's Democracy, Human Rights, and Governance Programs](#)" (8-000-20-001-P), November 26, 2019.

Strengthening Management Functions

The Agency reported the following progress addressing concerns related to awards management, financial management, and human capital:

- *Award Management.* USAID reported making progress in response to two multiyear investigations noted in the 2020 Top Management Challenges that resulted in \$17.3 million in questioned costs incurred between 2009 and 2014 for the funding of lavish, off-site retreats; unallowable public relations costs; and large, year-end bonuses. USAID issued a settlement offer that is now with the Department of Justice.
- *Financial Management.* To address a recommendation from the fiscal year 2019 financial statements audit regarding \$32 million in obligations for which no disbursement had been made in over 3 years, the USAID Chief Financial Officer implemented a quarterly dashboard to monitor and address unliquidated obligations. As of the second quarter of fiscal year 2021, the Agency reported that unliquidated obligations had decreased to \$7.8 million. Related to internal control and compliance standards for charge card spending, USAID reported conducting annual reviews of government charge card programs at headquarters and at missions in Morocco and Uganda.
- *Human Capital.* USAID reported progress implementing a strategic workforce plan, developing plans to guide the reentry of domestic staff, completing structural reform, mitigating the consequences of staffing vacancies, and addressing concerns related to whistleblower retaliation. In addition, the Agency reported working on developing a Future of Work plan focused on maximizing remote work, flexibility, and adapting to the hybrid environment, while trying to accomplish the Agency's mission and satisfying national security needs.

Related USAID OIG Products

“Assessment of MCC’s FY 2020 Charge Card Programs Identified a Moderate Risk of Illegal, Improper, or Erroneous Purchases and Payments” (0-MCC-21-008-C), July 29, 2021.

“Assessment of USAID’s Purchase Card Program Showed Low Risk of Improper Purchases and Payments in Fiscal Year 2020” (0-000-21-007-C), July 16, 2021.

“Audit of MCC’s Fiscal Years 2020 and 2019 Financial Statements” (0-MCC-21-002-C), November 14, 2020.

“Audit of USAID’s Financial Statements for Fiscal Years 2020 and 2019” (0-000-21-001-C), November 16, 2020.

“Award Planning and Oversight Weaknesses Impeded Performance of USAID’s Largest Global Health Supply Chain Project” (9-000-21-004-P), March 25, 2021.

“Cost Sharing: USAID’s Asia Bureau Should Enhance Guidance and Training to Ensure Missions Verify Awardees’ Contributions” (5-000-22-002-P), draft report issued September 29, 2021.

“COVID-19 Information Brief: USAID COVID-19 Activity Update,” September 21, 2020.

“COVID-19 Information Brief #2: USAID COVID-19 Activity Update,” December 23, 2020.

“COVID-19 Information Brief #3,” June 9, 2021.

“COVID-19 Information Brief #4,” October 28, 2021.

“DFC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA” (A-DFC-21-005-C), January 28, 2021.

“Enhanced Guidance and Practices Would Improve USAID’s Transition Planning and Third-Party Monitoring in Iraq” (9-266-21-003-P), February 19, 2021.

“Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID’s Venezuela Response” (9-000-21-005-P), April 16, 2021.

“IAF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA” (A-IAF-21-002-C), December 4, 2020.

“Improved Guidance and Processes Would Strengthen the Use of Third-Party Monitors in Bangladesh, Nepal, and Pakistan” (5-000-22-001-P), draft report issued October 23, 2021.

“Improved Guidance, Data, and Metrics Would Help Optimize USAID’s Private Sector Engagement” (5-000-21-001-P), December 9, 2020.

“Key Considerations to Inform USAID’s Engagement in the Northern Triangle Countries,” August 26, 2021.

Lead Inspector General Report to United States Congress, Operation Freedom’s Sentinel, October 1, 2020-December 31, 2020, and April 1, 2021-June 30, 2021.

“Lessons From USAID’s FY 2019 Budget Process Highlight Interagency Constraints and Areas that Require Continued Attention,” March 2, 2021.

“MCC Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019” (0-MCC-21-006-C), May 14, 2021.

“MCC Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA” (A-MCC-21-001-C), November 5, 2020.

“MCC Should Do More to Assess the Threshold Program’s Progress in Achieving Its Overall Objectives” (M-000-21-001-P), September 2, 2021.

“Observations on Risk in the Pre-Award Process for Assistance Awards,” June 24, 2021.

“U.S. Assistance Strategy in Iraq: Significant Events Surrounding USAID’s Iraq Religious and Ethnic Minority Portfolio and Award Management Challenges” (E-000-22-001-M), November 1, 2021.

“U.S. COVID-19 Vaccine Contributions: USAID Should Consider Enhancing Oversight to Mitigate Risk of Fraud, Waste, and Abuse” (E-000-21-002-M), September 1, 2021.

“USADF Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA” (A-ADF-21-003-C), December 21, 2020.

“USAID Adapted To Continue Program Monitoring During COVID-19, But the Effectiveness of These Efforts Is Still To Be Determined” (9-000-21-007-P), May 21, 2021.

“USAID Communicated and Enforced Branding and Marking Policies but Could Further Clarify Waiver Requirements and Monitoring Responsibilities” (9-000-21-008-P), July 23, 2021.

“USAID Complied in Fiscal Year 2020 With the Payment Integrity Information Act of 2019” (0-000-21-005-C), May 14, 2021.

“USAID Generally Implemented an Effective Information Security Program for Fiscal Year 2020 in Support of FISMA” (A-000-21-004-C), January 7, 2021.

“USAID Had Limited Control Over COVID-19 Ventilator Donations, Differing From Its Customary Response to Public Health Emergencies” (4-936-21-002-P), February 24, 2021.

“USAID Has Contract Termination Guidance That Aligns With Federal Contracting Requirements, but Employees Could Benefit from Additional Resources” (9-000-21-009-P), September 23, 2021.

“USAID Has Gaps in Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa’s Lake Chad Region” (4-000-21-001-P), October 15, 2020.

“USAID Needs To Implement a Comprehensive Risk Management Process and Improve Communication As It Reduces Staff and Programs in Afghanistan” (8-306-21-002-P), March 19, 2021.

“USAID Needs to Improve Its Privacy Program to Better Ensure Protection of Personally Identifiable Information” (A-000-21-001-P), August 11, 2021.

“USAID Should Implement Additional Controls To Prevent and Respond To Sexual Exploitation and Abuse of Beneficiaries” (9-000-21-006-P), May 12, 2021.

“USAID Updated Guidance To Address Inconsistent Use of Journey to Self-Reliance Metrics and Misalignment of Missions’ Budgets” (9-000-21-002-P), December 23, 2020.

“USAID Was Not On Track To Achieve Performance and Cost Savings Goals for the Development Information Solution System” (A-000-21-001-U), May 6, 2021.

“USAID/El Salvador’s Crime and Violence Prevention Programs Need To Focus More on High-Risk Individuals To Advance Security Goals” (9-598-21-001-P), November 30, 2020.

“USAID’s RISE Program in the Sahel Aligned With Resilience Policies but Lacked Robust Monitoring” (4-000-21-003-P), September 25, 2021.

“USAID’s Travel Card Program Complied with the Government Charge Card Abuse Prevention Act in Fiscal Year 2020” (0-000-21-009-C), August 5, 2021.

“Weaknesses in Oversight of USAID’s Syria Response Point To the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance” (8-000-21-001-P), March 4, 2021.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

The Office of Management and Budget (OMB) requires all federal departments and agencies to prepare Table 1 (Summary of Financial Statement Audit) and Table 2 (Summary of Management Assurances). Table 1 shows that the independent auditor for the U.S. Agency for International Development (USAID) gave the Agency an unmodified opinion on the financial statements with no material weaknesses. Table 2 indicates

that the Agency has an unmodified Assurance Statement under the Federal Managers' Financial Integrity Act (FMFIA) and the Federal Financial Management Improvement Act (FFMIA) with no Agency internal control material weaknesses. These tables correspond with the information presented in the Management's Discussion and Analysis (MD&A) Section and Financial Section of the report.

TABLE 1. SUMMARY OF FINANCIAL STATEMENT AUDIT

Audit Opinion: Unmodified

Restatement: No

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Ending Balance
Total Material Weaknesses	0	0	0	0	0

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
Total Material Weaknesses	0	0	0	0	0	0

Effectiveness of Internal Control over Operations (FMFIA § 2)

Statement of Assurance: Unmodified

Material Weaknesses	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Total Material Weaknesses	0	0	0	0	0	0

(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.

PAYMENT INTEGRITY

Regulatory requirements on improper payments have evolved through various legal updates. The Payment Integrity Information Act of 2019 (PIIA) was signed into law on March 2, 2020, replacing 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 incorporated provisions from the aforementioned laws into a single subchapter in the U.S. Code, while also introducing new aspects into the payment integrity statutory framework. PIIA requires federal managers to assess and identify high-risk programs and activities and report findings in the Agency Financial Report (AFR), www.paymentaccuracy.gov (<https://www.paymentaccuracy.gov/>), and the Office of Management and Budget (OMB) Annual Data Call. The U.S. government's Do Not Pay (DNP) initiative provides access to multiple resources, 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 improper payments (IPs) and defines these 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 improper payments 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 (UP) 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

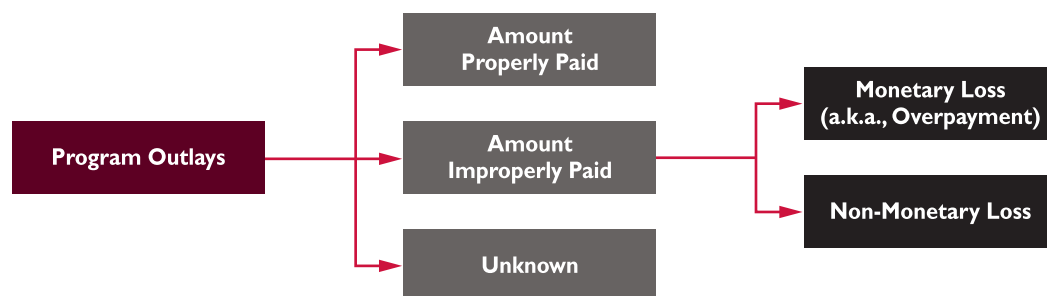


Figure 1. Improper Payment Type Categories, adapted from M-21-19 (see page 9)

NON-MONETARY LOSS

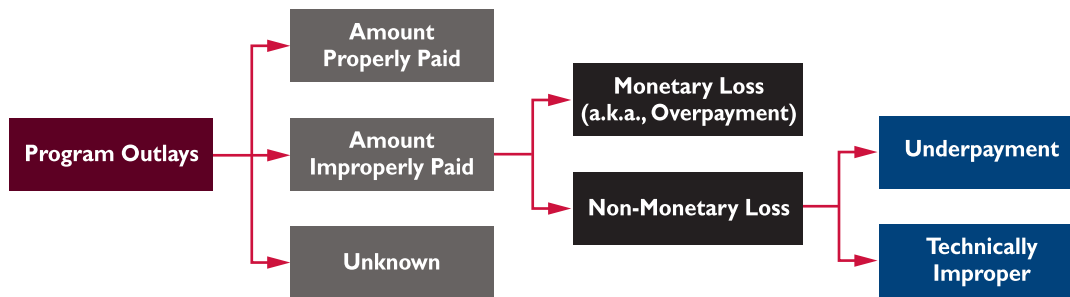


Figure 2. Non-Monetary Loss Improper Payment Type Categories, adapted from M-21-19 (see page 11)

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.

The U.S. Agency for International Development (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 has taken 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 global 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, and the Agency holds them accountable for IPs.

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://paymentaccuracy.gov/>.

ASSESSING RISK

USAID assessed the risk of IPs in all program areas in fiscal year (FY) 2020 and FY 2021. The Agency has been in full reporting cycle for the Risk Assessment since the beginning of FY 2021. President Biden signed the American Rescue Plan Act on March 11, 2021. Through it, Congress

provided nearly \$11 billion for USAID and the U.S. Department of State (State) to continue fighting the pandemic, respond to urgent humanitarian needs, and address the devastating secondary impacts such as hunger, poverty, education loss, and increases in other diseases. Therefore, the Agency incorporated an additional metric to assess program risks and IP identification for COVID-19 reporting starting in FY 2020. The next scheduled risk assessment is planned for FY 2022.

I. USAID MANAGEMENT FRAMEWORK FOR PAYMENT INTEGRITY

USAID operates in more than 80 countries and maintains an accounting and payment system that allows for payments in both U.S. dollars and foreign currencies. Trained authorized officers certify all Agency payments, whether processed by USAID or by State on behalf of USAID. USAID minimizes IPs by integrating its internal control system with the payment business process. The Agency's management of IPs builds on the concepts of prevention, detection, and response. The framework is a continuously improving process of addressing internal control components to ensure efficient and effective payment operations; reliable reporting on payments; and legal compliance with payment terms, laws, and regulations, with the ultimate goal of safeguarding U.S. government assets during the payment process.

USAID has a rigorous payment process supported by extensive core financial systems, financial management, and procedural controls. 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 ensures review, approval, and routing in the financial system. Controls built into the routing process enable contracting

representatives to disallow all or part of a payment, as appropriate. Administratively approved invoices flow automatically to a voucher examiner for review. In accordance with USAID 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.

In March 2021, USAID was made aware of potential IPs connected to USAID's Office of Human Capital and Talent Management (HCTM). The IP amount is unknown at this time. USAID will disclose this information in the next reporting cycle once the amount is determined.

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, 2021, USAID-funded payments were \$13.48 billion, with \$14.16 million in IPs, an IP rate of 0.001052 or 0.0105 percent.

II. RECAPTURE OF OVERPAYMENTS

To complement its extensive prepayment controls, USAID has implemented a series of postpayment 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 on enhanced scrutiny on grants and contracts, which make up a significant portion of Agency expenditures. The table on the following page 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, 2021

(Dollars in Millions)

Activity	Amount Identified	Amount Recaptured	Percent Recaptured
Grant	\$ 1.42	\$ 0.00	0%
Contract	0.15	0.00	0%
HR/Payroll	0.13	0.00	0%
Travel	0.04	0.00	0%
Other (Non-Payroll)	1.69	0.00	0%
Total	\$ 3.43	\$ 0.00	0%

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, 2021

(Dollars in Millions)

Age Range	Amount	Percent of Total
Zero to Six Months	\$ 1.44	14.91%
Six Months to One Year	8.19	85.09%
Total to Recapture	\$ 9.63	100.00%

Note: Prior to FY 2019, USAID categorized all sustained questioned and unallowable costs as “improper.” As a result of the recent update to OMB Circular A-123, Appendix C, and further consultation with OMB, henceforth USAID will only classify questioned and unallowable costs that result from a payment error as improper.

Table 2, shown above, depicts the amount of uncollected payments identified for recapture, 100 percent of which USAID ascertained during the period of January 1, 2021, to June 30, 2021. USAID deems all outstanding overpayments identified in Table 2 to be collectible.

USAID identified IPs known as non-monetary loss unknown IPs, as defined in OMB A-123, Appendix C, and PIIA. USAID identified \$5.7 million in non-monetary loss unknown IPs for the period of July 1, 2020, through December 31, 2020; it also identified \$4.6 million in non-monetary loss unknown IPs for the period of January 1, 2021, through June 1, 2021.

The Agency also leverages the results of audits by the USAID Office of Inspector General (OIG), audits under OMB Circular A-133, *Compliance Supplement 2016* (https://obamawhitehouse.archives.gov/omb/circulars/a133_compliance_supplement_2016), and

contracts and grants close-outs 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 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 U.S. Department of the Treasury (Treasury) as miscellaneous receipts. The Agency also deposits recaptured cancelled resources as miscellaneous receipts.

If USAID’s Operating Units are unable to collect funds owed from an implementing partner, contractor, or grantee, the Agency will refer the collection to the Treasury. Barring any debt compromise, suspension, or termination

of collection action or 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, Treasury began sending a monthly DNP adjudication report that listed possible DNP database matches to the USAID Office of the Chief Financial Officer (OCFO), which then conducted a manual review of disbursed payments by using the online DNP portal. For example, the monthly Treasury DNP adjudication report might identify five matches for a vendor named “Smith.” For each possible match, the USAID OCFO would determine if the vendor was correctly identified and/or if the payment was proper.

USAID is currently using the following databases:

- The Death Master File (DMF) of the Social Security Administration;
- The General Services Administration’s System for Award Management (SAM); and
- The Debt Check Database for Treasury (Debt Check).

- For reporting purposes, the data in question include the following:
 - *Payments reviewed for IPs*, which includes all payments screened by the DNP Initiative or other USAID internal databases managed by the USAID 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.

The USAID 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 348,892 payments—totaling \$46.3 billion—using the DNP Initiative. It concluded that there were no confirmed IPs. From the period of October 1, 2018, through July 31, 2021, the DNP Initiative reviewed 150,439 payments by USAID that totaled \$26.1 billion; it found no confirmed IPs. The DNP Initiative provides the Agency with advanced payment analysis that mitigates and eliminates IPs.

IV. MANAGING FRAUD

USAID supports the effective, efficient, and sustainable delivery of foreign assistance while managing risks in an uncertain and multi-dimensional global context. The Agency’s core strategic planning, operations, and fraud-management actions operate within USAID’s Enterprise Risk Management (ERM) Governance Framework, which integrates risk, internal control, management oversight, staff and implementer training, and public awareness to ensure robust fraud prevention, detection, and response.

USAID acknowledges that a range of humanitarian assistance is needed to address global crises. The Agency remains at the forefront of international

development and continues to advance key operations under difficult circumstances. USAID continues to prepare, mobilize, and respond while protecting the safety of its workforce and safeguarding taxpayer dollars. USAID ensures these safeguards so that lifesaving work around the world continues, such as supporting the response to COVID-19 in partner countries. USAID has displayed resilience and commitment despite the challenges of managing crises and continues to use systems, tools, skills, experience, and partnerships to support its global activities from a risk-aware posture.

During the global pandemic of FY 2021, the Agency continued to work—both in Washington and at global Missions—in the coordinated program activities, actions, and existing control measures to identify and monitor the Agency’s fiduciary and non-fiduciary risks and, in turn, mitigate the risk of fraud. The Agency has embedded fraud risk management into its operations and programming. The Agency has also adopted and fully implemented several leading federal practices for managing fraud risks to assist managers in financial stewardship and conducting due diligence, and to promote transparency, fight fraud, and ensure integrity in USAID programs.

- The PIIA, enacted in March 2020, was passed to improve efforts to identify and reduce government-wide IPs, including payments that are the result of fraud. PIIA repealed and replaced the Fraud Reduction and Data Analytics Act of 2015 (FRDAA). The PIIA reorganizes and revises existing IPs statutes, which establish requirements for federal agencies to cut down on IPs made by the Government.
- The Government Accountability Office (GAO) Fraud Framework consists of categories of fraud control activities centered around prevention, detection, and response.

The Agency’s fraud reduction efforts support USAID’s compliance with regulations, including the revised Standards for Internal Control in the Federal Government [2014] (i.e., the “GAO Green Book”) and updated OMB Circular A-123, *Management’s Responsibility for Enterprise Risk Management and*

Internal Control, revised in 2016, but also takes into account the use of data-driven evidence to support overall Agency fraud awareness and prevention.

USAID adheres to laws, regulations, and Agency policies that collectively address methods to manage the risk of fraud. USAID complies with mandates as set forth in USAID’s Acquisition Regulation (AIDAR), the Code of Federal Regulations (CFR), the Federal Acquisition Regulation (FAR), the Federal Financial Management Improvement Act of 1996 (FFMIA), the Federal Information Security Modernization Act (FISMA), the Federal Information Technology Acquisition Reform Act (FITARA), the Federal Managers’ Financial Integrity Act of 1982 (FMFIA), the Government Management Reform Act (GMRA) of 1994, OMB Circular A-123, and internal operational fraud prevention policies and procedures documented in USAID’s Automated Directives System (ADS).

USAID’s ADS addresses policy guidance and integration for organization management and authorities, development programming, acquisition and assistance (A&A), budget and finance, human resources, and management services. Guidance covered in the ADS is continuously monitored and updated to align USAID policies to ensure robust activities to prevent fraud.

As a result, the Agency has a firm suspension and debarment program, which addresses occurrences of fraud through exclusionary actions that are binding against individuals and entities. In accordance with Executive Order 12549—Debarment and Suspension, these exclusion actions apply across the U.S. government. Regulations and policies, coupled with fraud awareness for USAID staff, allow staff and development partners to play their roles to prevent and reduce fraud. For example, along with the U.S. Department of Defense and State, USAID has been part of the Lead Inspector General (Lead IG) framework for oversight of overseas contingency operations and submitted quarterly reports to the U.S. Congress on the East Africa Counterterrorism Operation and the North and West Africa Counterterrorism Operation. Lead IG reporting for those two operations concluded at the end of FY 2020 due to a change in overseas contingency operations. In addition, the Agency has developed an anti-fraud

plan to further support Mission and Washington assessment and analysis of fraud risk to bolster the multi-faceted approaches to manage the risk of fraud.

The Agency continues to recognize the important role of foreign assistance in addressing development priorities, humanitarian emergencies, and impact related to the global pandemic. The Agency has also continued to support local ownership and sustainability and has advanced in fostering partnerships with local actors. For example, USAID's Office of HIV/AIDS, a key implementer of the U.S. President's Emergency Plan for AIDS Relief (PEPFAR), emphasizes the importance of increased engagement of local partners and pursues the PEPFAR target that 70 percent of funding received by a country from a PEPFAR implementing agency must be provided to local prime partners. In addition, in 2019, USAID announced the launch of the New Partnerships Initiative Incubator, designed to expand and strengthen how USAID works with new and underutilized partners. These ongoing efforts require focus on approaches to prevent, detect, and manage fraud.

PREVENTING FRAUD: USAID has implemented a number of systems and controls starting at the activity planning level and continuing throughout the process that include: conducting risk assessments and preparing risk mitigation plans for the implementation activities, and establishing an Anti-Corruption Task Force (ACTF) to ensure that the Agency is doing its due diligence and that no level of fraud is assumed internally within USAID or with implementing partners. Such partners include governments, nongovernmental organizations (NGOs), and other external stakeholders.

The Agency recognizes that ERM and Internal Controls are vital to core operations. Effective risk management is key to achieving USAID's goals and objectives, identifying and improving the effectiveness and efficiency of Agency operations, providing reliable reporting, preventing fraud, and ensuring compliance with relevant laws and regulations. USAID's ERM approach provides the Agency with a framework to monitor and track risks (inclusive

of fraud risks) and processes at the Agency, Bureau, programmatic, and transactional levels. It focuses on sustained prevention, early warning, detection, and response capabilities that strengthen accountability, efficiency, and effective administration of Agency operations and resources.

All Bureaus or Independent Offices (B/IO) and Missions have a statutory fiduciary duty and responsibility to promote due diligence and accountability across Agency programs and activities. B/IOs and Missions are required to complete and submit the FMFIA certification letter. The tools used for this submission are the Uniform Risk and Internal Control Assessments (URICA), and risk profile exercises in accordance with FMFIA and ERM risk-profile implementation guidelines. These submissions support the Agency's Annual Assurance Statement—which is signed by the Agency's Administrator and published in the AFR. As part of a holistic approach, the Agency's fraud prevention, detection, and response efforts are integrated into the ERM Governance Framework. Using the Agency's Governance Structure on ERM and Internal Control, the Risk Appetite Statement, and the Risk Management Process, USAID identifies and documents key risks and weaknesses in internal controls during the annual Risk Profile Submission and FMFIA certification processes.

The Agency recognizes that risk assessments are a critical element of advancing USAID development priorities, and specifically its partnerships with local actors. The Agency's Government to Government (G2G) Risk Management process includes a holistic review of all risk categories and identifies, evaluates, and responds to the risks of fraud, waste, abuse, and other forms of corruption. The risk assessments specifically address fraud risk through country-context analysis of government internal systems, detailed questionnaires, and transactional testing of public financial management systems, which allows USAID programming teams and partner-government counterparts to work collectively to identify and develop planned responses to risks upon discovery and before project implementation begins. This process is vital to the prevention, detection, and response to the risk of fraud among public financial institutions.

On January 13, 2021, the Agency released a revision of the ADS 220, which is USAID's policy document that establishes the procedures that guide planning, designing, implementing, and closing of G2G activities implemented through partner-government systems. The policy introduces the Agency's seven-step risk-management process intended to help Missions plan, assess, implement, monitor, and evaluate G2G activities, and helps USAID achieve its goals of strategic decision-making through alleviating threats and identifying opportunities. The G2G Risk Management process also ensures that USAID follows a risk-based approach throughout the G2G activity lifecycle. The revised policy focuses on ensuring that risk management and due diligence is in line with the Agency's risk-management approach, while also providing greater flexibility so Missions can advance G2G programming from a prudent, risk-aware posture. The ADS 220 revision provides a harmonized, coherent, and flexible policy that integrates risk management in the application of USAID's operational model for planning, delivering, assessing, and adapting development programming in a given region or country to advance U.S. foreign policy. Other changes include additional guidance on monitoring, evaluating, and learning with linkage to risk mitigation and capacity development, and a holistic review of all risks and alignment with the Agency's Risk Appetite Statement (RAS).

To make pre-award determinations of not-for-profit or for-profit non-U.S. organizations being considered for USAID grants, the Agency developed and utilizes the Non-U.S. Organization Pre-award Survey (NUPAS) assessment tool. NUPAS includes 29 evaluative elements to help determine whether the organization's financial management and internal control systems are adequate to manage, control, account for, and report on the use of potential USAID funds. This pre-award survey also provides the information needed to evaluate the ability of a local organization to adequately fulfill the terms of an award, and serves as a tool in the selection of non-U.S. implementing partners. Agreement Officers are encouraged to tailor the NUPAS tool and select areas for review that are critical in making a determination for a particular award.

USAID also conducts pre-award surveys; financial, program, and monitoring reviews; and audits of contracts and grants. In addition, 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. In addition, all Agency employees receive annual mandatory ethics and fraud-awareness training.

On February 24, 2021, USAID launched its Anti-Fraud Plan, in accordance with federal laws and regulations to implement an integrated, enterprise-wide strategy that includes the awareness, prevention, detection, monitoring, early-response reporting, and evaluation of fraud. In coordination with Agency guidance on the submission of annual risk profiles and internal-control deficiencies, as well as existing Mission-level risk-management systems issued to the Agency's B/IOs, and Missions; this plan enables the monitoring and control of significant deficiencies, material weaknesses, and associated corrective action plans of the Agency's Assessable Units (AUs) to better understand and respond to emerging or critical fraud risks.

The plan focuses on a holistic approach to anti-fraud activities by acknowledging the nature of the work conducted by the Agency and the responsibilities and functions of USAID's personnel as well as integrates existing Agency processes (internal controls and risk-management process and tools) to assess, prevent, detect, and respond to fraud and fraud risk, in line with standards of Fraud-Risk Principle 8 in the GAO's Standards for Internal Control in the Federal Government (the GAO "Green Book"). The plan aligns Agency Anti-Fraud actions with the GAO Fraud Framework by providing a fraud risk-assessment template that Missions can adapt

to their specific country contexts. It also addresses possible fraud risks captured in the Management Performance Challenges identified by the OIG. The OIG's investigated findings are a key driver for USAID's continuous fraud-related and wider risk-management, measurement, and monitoring activities to ensure the Agency is responsive to the full spectrum of fraud-related risks and vulnerabilities.

With respect to staff training on fraud, in September and October of 2020, USAID's Bureau for Policy, Planning, and Learning's (PPL) Performance Team hosted two Fraud Awareness briefings led by the OIG. One session was held for implementing partners, and two sessions were held for USAID staff. During the briefings, the OIG provided tools and methodologies to mitigate fraud risks when implementing and managing activities.

Agency task forces coordinate the various streams of effort of USAID B/IOs in support of a crisis or challenge that requires broad Agency support, as determined by the USAID Administrator. The Agency has recently established the following task forces: on March 9, 2021, the COVID-19 Task Force (CTF) was activated to ensure a coordinated Agency response to the COVID-19 pandemic; on April 13, 2021, the Northern Triangle Task Force (NTTF) was created to ensure that USAID undertakes a coordinated and unified approach in supporting the U.S. government's response to irregular migration from El Salvador, Guatemala, and Honduras; on June 7, 2021, USAID announced its commitments to the U.S. Climate Finance Action Plan. Risk management is embedded in the core operations of the Agency's programming, including its task forces; and on June 29, 2021, the Agency announced the activation of an ACTF, which is in line with the Biden-Harris Administration's increased emphasis on the fight against corruption as a core national interest.

This entails developing a comprehensive, whole-of-government strategy to combat corruption in all its forms by the end of 2021. With the Agency's experience and presence around the world, USAID plays a central role in driving forward meaningful progress in the fight against corruption. The

objectives of the ACTF are to elevate, strengthen, and integrate USAID's anti-corruption efforts by drawing on expertise from inside and outside the Agency. Specifically, the ACTF will: (1) shape ambitious anti-corruption policy commitments and programmatic deliverables for announcement at the Summit for Democracy; (2) lead USAID's engagement in the development of a national anti-corruption strategy as required by the National Security Study Memorandum; (3) work closely with regional and pillar Bureaus and field Missions to launch new, multisectoral anti-corruption initiatives as opportunities and challenges emerge; (4) develop risk-based, tailored safeguards to address gaps in USAID's risk-management architecture; and (5) build long-term capacity at USAID to respond to the growing demand for anti-corruption interventions. On July 15, 2021, the Agency updated its guidance on standard operating procedures for task forces to reflect lessons learned and Agency experience with task forces since February 2020. The guidance incorporates improvements and tools identified during the implementation of the CTF and the After-Action Review. These actions include providing sufficient documentation of a task force's response and financial activities in coordination with the Agency's CFO to ensure proper financial management, funds control, and a sound financial audit trail.

On December 9, 2020, USAID commemorated International Anti-Corruption Day and reaffirmed its abiding commitment to combating corruption and promoting accountable, citizen-responsive governance around the world. USAID is aware that corruption fundamentally undermines its development investments and its mission of helping countries progress beyond assistance. These realities underscore the importance of USAID's mission-critical work in bolstering the capacity for and commitment to open, transparent governance. During Anti-Corruption Day 2020, the Agency urged every member of the Agency to seek ways to enhance government transparency and responsiveness to citizens and to empower citizens and the private sector to hold their governments accountable.

DETECTING FRAUD: USAID’s approach to ERM is outlined in the Agency’s RAS, which charges the Agency to adopt a holistic view of multiple categories of risks and manage the combined probability and impact of risk as an interrelated portfolio. In addition to the RAS, USAID’s ERM governance model equips USAID to take advantage of opportunities, while reducing or mitigating threats of fraud, waste, and abuse to maximize the Agency’s overall likelihood of achieving its mission and objectives. Specifically, the RAS details descriptive levels on categories of risk in support of U.S. foreign policy, national security, and humanitarian and disaster assistance objectives. An example of the impact of Agency risk management on fraud detection are risks associated with Global Health Supply Chain awards. In response, USAID developed a fraud risk model to identify, prioritize, mitigate, and monitor supply-chain risks. In addition, 31 USAID staff from 26 countries reviewed tools and best practices and developed guidelines to create a proactive collaborative approach inclusive of Supply-Chain Activity Manager(s) and Mission’s Risk Management Liaisons. This integrated approach ensures that the Agency can identify and mitigate supply-chain vulnerabilities and potential risks, including fraud, abuse and/or misuse, counterfeit, and the diversion of products and financial resources.

USAID is called on every day to make challenging cross-disciplinary, risk-informed decisions about how best to manage and deliver foreign assistance. USAID uses risk management as the evidence base to address emerging and inherent risks and adopts multiple risk-management techniques to ensure early and effective detection and response. The Agency has determined that the risk of inaction, or inadequate action, outweighs the risk of providing worldwide assistance. The DNP List serves as a data analytic tool used by federal departments to make payment-verification decisions and detect and prevent fraudulent and/or IPs to vendors, grantees, loan recipients, and beneficiaries. The Treasury operates this tool, which the Agency has used since FY 2014. Currently, the Treasury, upon receipt of USAID’s daily payment file, performs DNP searches from multiple data sources prior to disbursement of the Agency’s funds.

Upon detecting an improper or questionable transaction, 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. In addition, USAID effectively prevents, detects, and responds to the potential for fraud while conducting assessments of internal control in accordance with OMB Circular A-123.

On an annual basis, the Agency conducts assessments under OMB Circular A-123’s Appendix A (Internal Control over Reporting), Appendix B (Improving the Management of Government Charge-Card Programs), Appendix C (Payment Integrity), Appendix D (Compliance with FFMIA), and the FMFIA exercise. USAID uses the Uniform Risk and Internal Control Assessment (URICA) tool to conduct and report internal-control self-assessments from each Operating Unit. Annually, starting in FY 2020, USAID conducts Agency-wide risk assessments by using the URICA tool, mandatory fraud-assertion statements, and the GAO Green Book evaluation for internal control, which addresses fraud risk.

Assessment of risk of fraud is also an integral part of USAID’s ongoing transactional reviews of key business processes to include annual verification of controls and testing. The assessment for fraud is not just limited to financial and transactional reviews, but also non-financial reviews, such as information technology input controls and compliance requirements in accordance with FISMA. USAID also ensures validation of business and activity processes that are susceptible to fraud, waste, and abuse throughout the program lifecycle.

RESPONDING TO FRAUD: USAID has a firm suspension and debarment program, which addresses occurrences of fraud through exclusionary actions that are binding against individuals and entities. These exclusion actions apply across the U.S. government. Regulations and policies, coupled with fraud awareness training for USAID staff, allow staff and development partners to play their roles in the prevention and reduction of fraud.

The Agency conveys to its staff that they all have a responsibility to the public they serve and they should all be alert to the potential for fraud. The message is: “Your voice counts! Fraud costs all of us. Let’s work together to keep USAID safe from fraud.” USAID consistently reports any evidence of fraud to the OIG. The hotline receives complaints of fraud, waste, and abuse in USAID programs and operations via phone, mail, or e-mail. USAID’s programs and operations foster and encourage the integrity of the Agency’s employees, as well as contractors, grantees, and host-country counterparts. The protocol for fraud investigations involves

notification, review, consultation, and investigations by the OIG; then investigations by the implementing partners as appropriate, with targeted referrals to relevant internal USAID offices. The role of the OIG’s Office Investigations includes identifying cases of embezzlement, bribery, kickbacks, false claims, conflicts of interest, and other instances of program abuse. The OIG’s Special Agents have full law-enforcement authority and employ an array of investigative techniques, including interviews, surveillance, electronic monitoring, undercover operations, subpoenas, and the execution of arrest and search warrants.

GRANTS PROGRAMS

Pursuant to the Office of Management and Budget (OMB) Uniform Guidance in Section 200.343(b) of Part 2 of the Code of Federal Regulations (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 (Standard Form (SF)-425, *Federal Financial Reports*) with unadjusted balances, which complicates reconciliation;
- Delays by grantees in making adjustments in the U.S. Department of Health and Human Services (HHS) payments-management system that interfaces with Phoenix, U.S. Agency for International Development’s (USAID) 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.

USAID is committed to design and implement effective controls to address and reduce grant closeout delays.

The table reflects that USAID had a total of 862 grants/cooperative agreements with an undisbursed balance of \$65,625,086 for which the period of performance elapsed by two years or more prior to September 30, 2021. This is a decrease of 279 awards from the 1,141 grants/cooperative awards, and a reduction of \$12,671,399 from the \$76,296,485 reported in the Agency Financial Report in 2020.

The Agency is still reviewing unclosed awards and monitoring them for appropriate deobligation and/or closeout action. The Agency’s responsible officers continue to be proactive in ensuring that 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 FY 2018 – FY 2019	>3-5 Years FY 2017 – FY 2018	>5 Years Before FY 2016
Number of Grants/Cooperative Agreements with Zero Dollar Balances	2	1	5
Number of Grants/Cooperative Agreements with Undisbursed Balances	200	382	272
Total Amount of Undisbursed Balances	\$23,556,355	\$18,677,886	\$23,390,845

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APPENDIX





USAID
at 60

(Preceding page) USAID partnered with UNICEF and the Association of Intellectual Games to provide online games to educate 8,000 students about the impact of COVID-19 in Moldova. Students learned about the risks of the pandemic in an engaging and fun way through the online platform. Throughout the pandemic, USAID has recognized the students and teachers who are showing resilience and innovation to prioritize learning. PHOTO: USAID/MOLDOVA



<https://www.facebook.com/UNICEFMoldova/videos/310593587378232>

(Above) Students from Mulhana Primary in Nampula, Mozambique wait in line to wash their hands before entering their classrooms. In 2021, USAID is helping school systems in developing countries around the world implement a safe return to learning after the COVID-19 pandemic. This school is one of nearly 2,000 supported by USAID's bilingual early grade reading program, Vamos Ler!/Let's Read! The effort also helps school administrators build up skills in leadership, effective communication, school-community relations, and day-to-day school operations—all crucial to improving learning outcomes. PHOTO: ARLINDA BEIRAO/VAMOS LER



<https://usaid.link/la5>

APPENDIX A.

ABBREVIATIONS AND ACRONYMS

A

A&A	Acquisition and Assistance
AAFS	Agency Approach to Field Services
ACI	Andean Counterdrug Initiative
ACTF	Anti-Corruption Task Force
AD	Administratively Determined
ADA	Antideficiency Act
AEECA	Assistance for Europe, Eurasia, and Central Asia
ADP	Automatic Data Processing
ADS	Automated Directives System
AFR	Africa Bureau
AFR	Agency Financial Report
AI	Artificial Intelligence
AICPA	American Institute of Certified Public Accountants
AIDAR	USAID Acquisition Regulation
APG	Agency Priority Goal
APP	Annual Performance Plan
APR	Annual Performance Report
APT	Advanced Persistent Threat
ARP	American Rescue Plan
ART	Antiretroviral Therapy
ASIA	Asia Bureau
ATDA	Accountability of Tax Dollars Act
AU	Assessable Unit

B

B/IO	Bureau and Independent Office
BHA	Humanitarian Assistance Bureau
BIC	Best-in-Class
BRM	Office of Budget and Resource Management
BTC	Bureau Transaction Coordinator

C

CAE	Center for Audit Excellence
CAP	Cross-Agency Priority
CARES Act	Coronavirus Aid, Relief, and Economic Security Act
CAS	Cost Accounting Standards
CBJ	Congressional Budget Justification
CDC	U.S. Centers for Disease Control and Prevention
CDCS	Country Development Cooperation Strategy
CDM	Continuous Diagnostics and Mitigation
CEAR	Certificate of Excellence in Accountability Reporting
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CIF	Capital Investment Fund

CIO	Chief Information Officer	DEC	Development Experience Clearinghouse
CLA	Collaborating, Learning and Adapting	DEI	Diversity, Equity, and Inclusion
CM	Category Management	DEIA	Diversity, Equity, Inclusion, and Accessibility
CMIA	Cash Management Improvement Act	DFA	Development Fund for Africa
COOP	Continuity of Operations	DFC	Development Finance Corporation
COTS	Commercial Off-the-Shelf	DHS	U.S. Department of Homeland Security
COVAX	COVID-19 Vaccines Global Access Facility	DIS	Development Information Solution
COVID-19	Coronavirus Disease 2019	DMF	Death Master File
CPS	Conflict Prevention and Stabilization Bureau	DNP	Do Not Pay
CSO	Civil-Society Organization	DOL	U.S. Department of Labor
CSRA	Civil Service Retirement Act	DQA	Data-Quality Assessment
CSRS	Civil Service Retirement System	DR	Democracy, Human Rights, and Governance
CTF	COVID-19 Task Force	DRC	Democratic Republic of the Congo
CVE	Countering Violent Extremism	DRG	Democracy, Human Rights, and Governance
D		DUNS	Dun and Bradstreet's Data Universal Numbering System
DA	Development Assistance	E	
DATA	Data Administration and Technical Advisory	E&E	Europe and Eurasia Bureau
DATA Act	Digital Accountability and Transparency Act	EEI	Employee Engagement Index
DCAA	Defense Contract Audit Agency	EG	Economic Growth
DCIA	Debt Collection Improvement Act	EMCRIC	Executive Management Council on Risk and Internal Control
DDC	Development Data Commons	E.O.	Executive Order
DDI	Development, Democracy, and Innovation Bureau	EPPR	Effective Partnering and Procurement Reform
DDL	Development Data Library		

ERM	Enterprise Risk Management	FISMA	Federal Information Security Management Act
ERP	Enterprise Resource Planning	FISMA	Federal Information Security Modernization Act of 2014
ERR	Economic Rate of Return	FITARA	Federal Information Technology Acquisition Reform Act
ERW	Explosive Remnants of War	FMFIA	Federal Managers' Financial Integrity Act
ES	Education and Social Services	FR	Financial Report of the U.S. Government
ES	Office of the Executive Secretariat	FRDAA	Fraud Reduction and Data Analytics Act
ESF	Economic Support Fund	FSN	Foreign Service National
Evidence Act	Evidence-Based Policymaking Act	FSRDF	Federal Service Retirement and Disability Fund
F		FY	Fiscal Year
<hr/>			
F	Office of Foreign Assistance	G	
FA	Foreign Assistance Bureau	G2G	Government to Government
FA-DART	Foreign Assistance Data and Reporting Team	GAAP	Generally Accepted Accounting Principles
FAR	Federal Acquisition Regulation	GAO	Government Accountability Office
FARA	Federal Acquisition Reform Act	GAVI	Global Vaccine Alliance
FASAB	Federal Accounting Standards Advisory Board	GBV	Gender-Based Violence
FATAA	Foreign Aid Transparency and Accountability Act	GC	Office of the General Counsel
FBWT	Fund Balance with Treasury	GCCA	Government Corporation Control Act
FCRA	Federal Credit Reform Act	GFSS	Global Food Security Strategy
FECA	Federal Employees' Compensation Act	GH	Global Health Bureau
FEHBA	Federal Employees Health Benefits Act	GHSC-PSM	Global Health Supply Chain – Procurement and Supply Management
FERSA	Federal Employee Retirement System Act		
FEVS	Federal Employee Viewpoint Survey		
FFMIA	Federal Financial Management Improvement Act		

GLAAS	Global Acquisition and Assistance System	IFR4NPO	International Financial Reporting for Non-Profit Organizations
GMRA	Government Management Reform Act	IG	Inspector General
GPRA	Government Performance and Results Act	INTOSAI	International Organization of Supreme Audit Institutions
GPRAMA	Government Performance and Results Act Modernization Act	IO	Independent Office
GSA	U.S. General Services Administration	IP	Improper Payment
GTAS	Governmentwide Treasury Account Symbol	IPERA	Improper Payments Elimination and Recovery Act
		IPERIA	Improper Payments Elimination and Recovery Improvement Act
		IPIA	Improper Payments Information Act
		ISIS	Islamic State of Iraq and Syria
		IT	Information Technology
		ITN	Insecticide Treated Net
H			
HA	Humanitarian Assistance		
HCTM	Office of Human Capital and Talent Management		
HHS	U.S. Department of Health and Human Services		
HIV/AIDS	Human Immune Deficiency Virus/ Acquired Immune Deficiency Syndrome		
HL	Health		
HR	Human Resources		
I			
IAF	Inter-American Foundation		
IATI	International Aid Transparency Initiative		
ICT	Information and Communication Technology		
		J	
		JSP	Joint Strategic Plan
K			
		KEMSA	Kenya Medical Supplies Authority
L			
		LAC	Latin America and the Caribbean Bureau
		LPA	Legislative and Public Affairs Bureau

M

M	Bureau for Management
M&E	Monitoring and Evaluation
M/AA	Assistant Administrator
M/OCFO	Office of the Chief Financial Officer
MCC	Millennium Challenge Corporation
MCH	Maternal and Child Health
MD&A	Management's Discussion and Analysis
ME	Middle East Bureau
MENA	Middle East Northern Africa
MOU	Memorandum of Understanding
MW	Megawatts

N

N/A	Not Applicable
NARA	National Archives and Records Administration
NATO	North Atlantic Treaty Organization
NGO	Nongovernmental Organization
NIST	National Institute of Standards and Technology
NPI	New Partnerships Initiative
NSC	National Security Council
NSS	National Security Strategy
NTTF	Northern Triangle Task Force
NUP	New and Underutilized Partner
NUPAS	Non-U.S. Organization Pre-award Survey

O

OCFO	Office of the Chief Financial Officer
OCO	Overseas Contingency Operations
OCRD	Office of Civil Rights and Diversity
ODNI	Office of the Director of National Intelligence
OE	Operating Expense
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
OPS	Overseas Personnel System
OR	Organizational Resilience
OSDBU	Office of Small and Disadvantaged Business Utilization
OU	Operating Unit

P

PAR	Performance and Accountability Report
PASA	Participating Agency Service Agreements
PB	Performance Budgeting
PCV3	Pneumococcal Vaccine
PEPFAR	President's Emergency Plan for AIDS Relief
PII	Personally Identifiable Information
PIIA	Payment Integrity Information Act
PIO	Public International Organization

PIOET	Pandemic Influenza and Other Emerging Threats	S	
PIRS	Performance Indicator Reference Sheet	SAM	System for Award Management
P.L.	Public Law	SAT	Senior Assessment Team
PMI	President's Malaria Initiative	SBG	Sovereign Bond Guarantee
PMP	Performance Management Plan	SBR	Statement of Budgetary Resources
PO	Program Development and Oversight	SCI	Sensitive Compartmented Information
PP&E	Property, Plant and Equipment	SEA	Sexual Exploitation and Abuse
PPA	Prompt Payment Act	SEC	Office of Security
PPL	Policy, Planning, and Learning Bureau	SES	Senior Executive Service
PPR	Performance Plan and Report	SF	Standard Form
PS	Peace and Security	SFS	Senior Foreign Service
PSE	Private-Sector Engagement	SIGAR	Special Inspector General for Afghanistan Reconstruction
R		SPE	Senior Procurement Executive
RAS	Risk Appetite Statement	SPSD	Standardized Program Structure and Definition
REM	Religious and Ethnic Minority	SQS	Sharing Quality Service
RFS	Resilience and Food Security Bureau	SSP	System Security Plan
RMC	Risk Management Council	State	U.S. Department of State
RML	Risk Management Liaison	SUM	Spend Under Management
ROL	Rule of Law	SWFP	Strategic Workforce Plan
RPA	Robotic Process Automation		
RSI	Required Supplementary Information		

T

TB	Tuberculosis
Treasury	U.S. Department of the Treasury
TS	Technical Service
TW	Trusted Workforce

U

UEI	Unique Entity Identifier
UN	United Nations
UP	Unknown Payment
URICA	Uniform Risk and Internal Control Assessment
U.S.	United States
US\$	U.S. Dollar
USADF	U.S. African Development Foundation
USAID	U.S. Agency for International Development
U.S.C.	United States Code

USDA	U.S. Department of Agriculture
USDH	U.S. Direct-Hire
USPSC	U.S. Personal Services Contractor
USSGL	U.S. Standard General Ledger
UTRAMS	Unified Travel and Mission System

V

VDP	Vulnerability Disclosure Policy
VMMC	Voluntary Medical Male Circumcision

W

WASH	Water, Sanitation, and Hygiene
WHO	World Health Organization
WMD	Weapons of Mass Destruction

Z

ZTA	Zero Trust Architecture
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