USAID
FROM THE AMERICAN PEOPLE

AGENCY FINANCIAL REPORT

FISCAL YEAR 2019

PROMOTING A PATH TO SELF-RELIANCE AND RESILIENCE

(Preceding page) **Meet Shova Khatri, a farmer from the village of Charkune in Nepal. This entrepreneurial mom gained skills through a USAID program that allowed her to triple the profit on her crops, send her daughters to school, and mentor other women on agricultural best practices.**

PHOTO: MORGANA WINGARD FOR USAID

https://www.youtube.com/watch?v=G-gRO1OD19w

https://stories.usaid.gov/shovas-journey/#page-1

ABOUT THIS REPORT

The U.S. Agency for International Development (USAID) *Agency Financial Report* (AFR) for Fiscal Year (FY) 2019 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 [Amended] – 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 better 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 government-wide consolidated financial statements;
- Federal Financial Management Improvement Act (FFMIA) of 1996 – requires an assessment of a department or agency's financial management systems for adherence to 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) Modernization Act (GPRAMA) of 2010 – requires quarterly performance reviews of Federal policy and management priorities;
- Improper Payments Information Act (IPIA) of 2002, as amended by the Improper Payments Elimination and Recovery Act (IPERA) of 2010 and the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 – requires departments and agencies to improve efforts to reduce and recover improper payments and requires Federal departments and agencies to expand their efforts to identify, recover, and prevent improper payments; and
- Fraud Reduction and Data Analytics Act of 2015 – requires departments and agencies to submit to Congress as part of their annual financial reports a report on their progress in improving their compliance with Federal financial and administrative controls and procedures to assess and mitigate fraud risks, and to improve their development and use of data analytics to identify, prevent, and respond 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 2019 APR to OMB in March 2020. Both reports will be available at *https://www.usaid.gov/results-and-data/performance-reporting*.

Shova's Journey

Every morning Shova Khatri takes the same journey, starting at the top of the hill and making her way to the markets where she sells her produce.

PHOTO: MORGANA WINGARD FOR USAID

https://www.youtube.com/watch?v=G-gRO1OD19w

https://stories.usaid.gov/shovas-journey/#page-1

> "The purpose of foreign aid is to end the need for its existence."
>
> — Mark A. Green
> *USAID Administrator*

USAID AT A GLANCE

USAID

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

MISSION STATEMENT

On behalf of the American people, 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.

WHERE USAID WORKS

Operating in more than 100* countries around the world, the investments USAID makes in developing countries have long-term benefits for the United States.

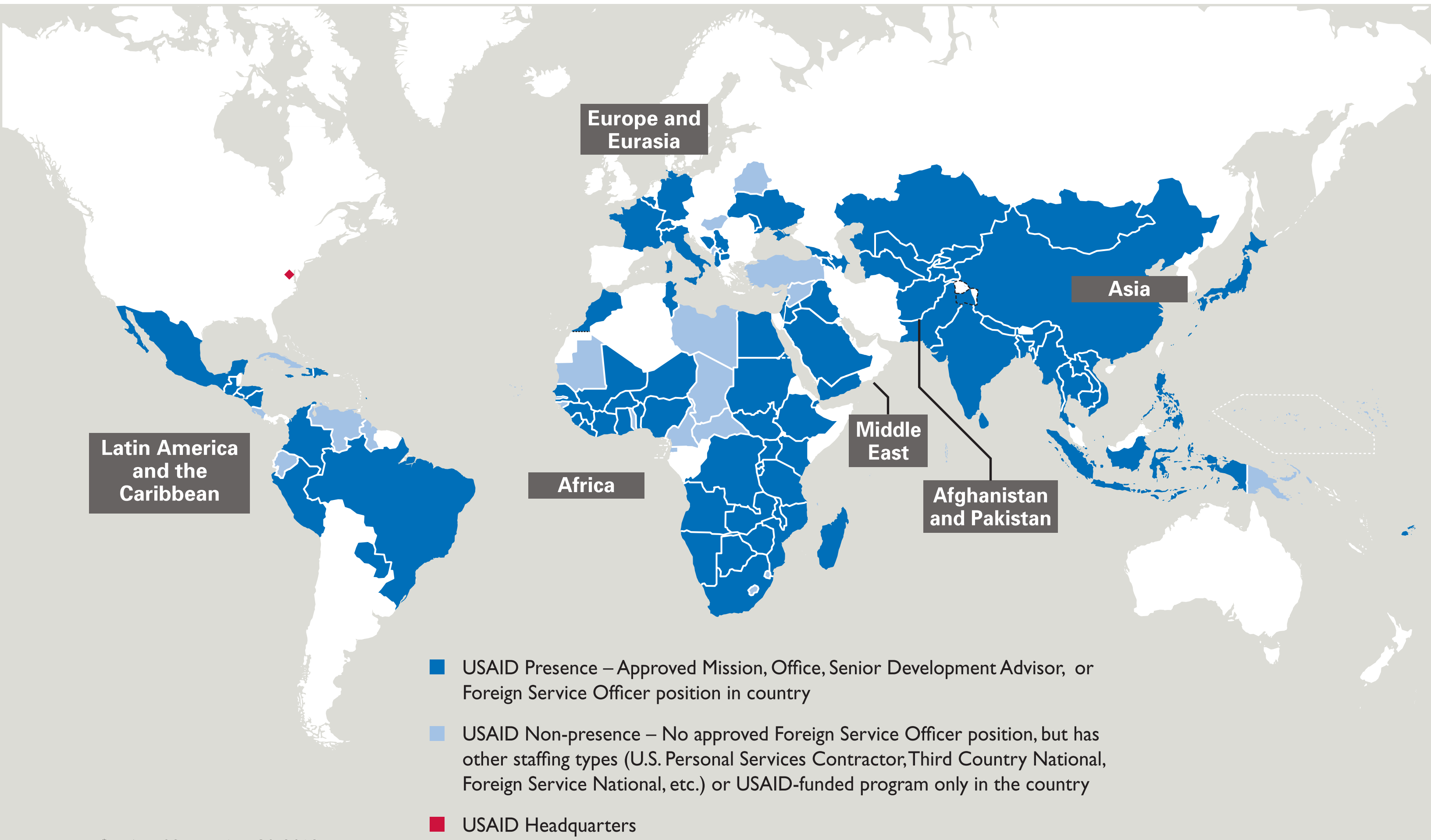
To explore where, and with whom, USAID spends its foreign-assistance dollars, visit *https://www.usaid.gov/where-we-work*.

WHY USAID MATTERS

ADVANCING U.S. SECURITY AND PROSPERITY

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

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



* As of September 30, 2019

SUPPORTING PRIVATE ENTERPRISE

USAID builds dynamic, mutually beneficial partnerships with the private sector to foster economic growth and improve business outcomes in the United States and in the countries where the Agency works. At USAID, working with the private sector is a necessity. In the past 15 years, USAID has built more than 1,600 partnerships with the private sector that involve more than 3,500 unique organizations and leverage $16 billion in public and private funds not from the U.S. Government.

WHAT USAID DOES

USAID saves lives, reduces poverty, strengthens democratic governance, and helps people progress beyond assistance. Through the Agency's work, and that of its partner organizations, development assistance from the United States transforms lives, communities, and economies around the world by doing the following:

Promoting Global Health

Through activities that save lives and protect Americans at home and abroad.

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

Increasing Global Stability

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

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

Providing Humanitarian Assistance

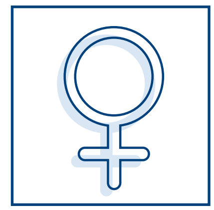
With relief that is timely and effective in response to disasters and life-saving assistance amid complex crises.

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

Catalyzing Innovation and Partnership

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

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



Empowering Women and Girls

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

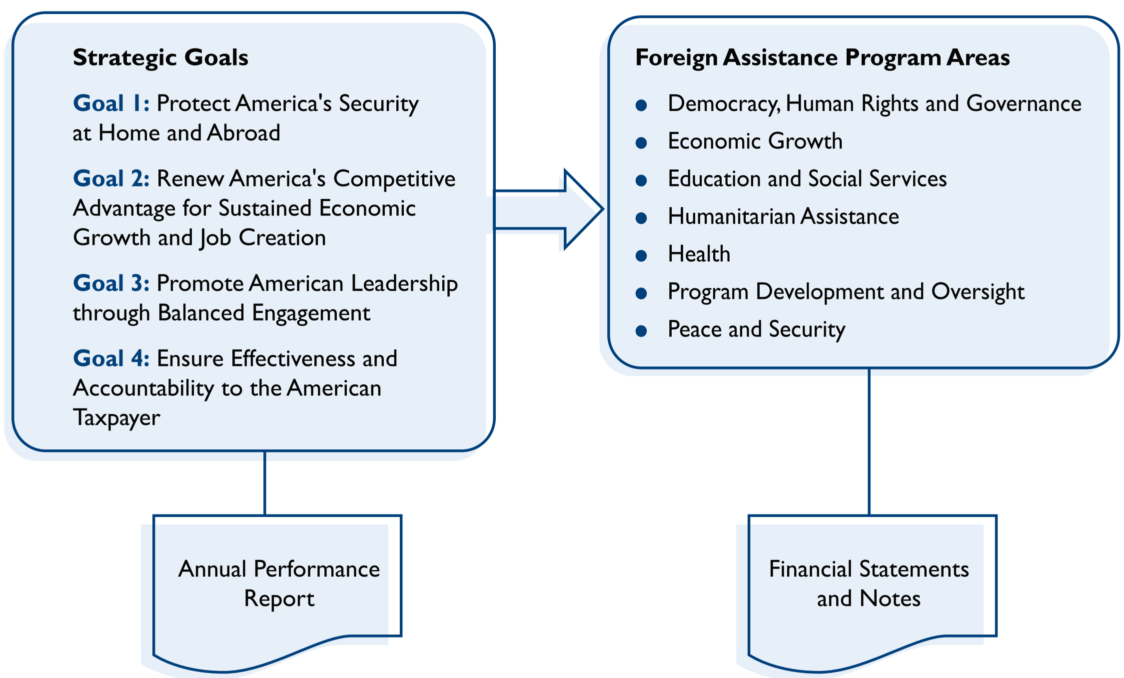
https://www.usaid.gov/empowering-women-and-girls

HOW USAID IS ACCOUNTABLE

ACCOUNTABILITY FOUNDATION FOR PROGRAM AND FINANCIAL RESULTS

USAID is committed to using evidence-based programming to achieve the most-critical U.S. foreign-policy outcomes and strengthen accountability to the American people. The Program Cycle, codified in Chapter 201 of USAID's Automated Directives System (ADS) (*https://www.usaid.gov/ads/policy/200/201*), is USAID's strategic-planning and program-management process. 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. 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.usaid.gov/results-and-data/progress-data/annual-performance-report*).



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

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

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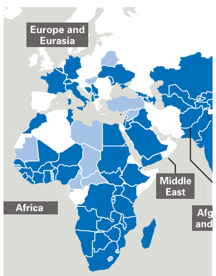

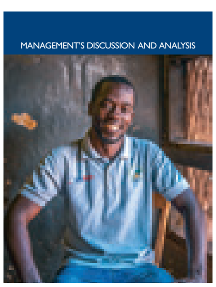

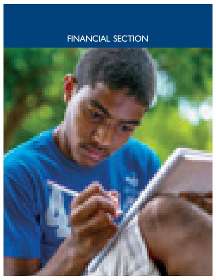

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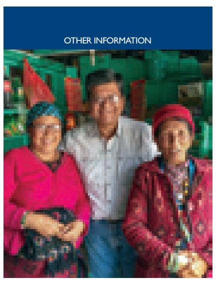

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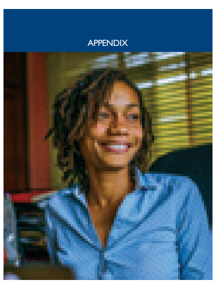

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This report is available at: *https://www.usaid.gov/results-and-data/progress-data/agency-financial-report.*

A MESSAGE FROM THE ADMINISTRATOR

Mark A. Green

Since becoming USAID Administrator more than two years ago, my top priority has been to bring all our programming under the philosophical umbrella of what we call the *Journey to Self-Reliance*. It is a belief that everything we do as an agency must help our governments, civil society, and the private sector in our partner countries develop the ability to plan, finance, and implement their own unique agendas for economic growth, social stability, and citizen-responsive governance.

Under this approach, the best measure of success of our investments is each country's self-sustainability—that is, the ability to survive the end of our direct funding and management, and continue or even expand operations with local leadership, financing, and support.

Because every country is in a different place on that Journey to Self-Reliance and must set its own pace, at USAID we prioritize developing tools and reforms that help build local capacity to take on unique challenges in their own ways. Many years of experience have taught us that this process is an irreplaceable foundation for the kind of pride and dignity to which nations, communities, and individuals naturally aspire.

That's why we want to end the need for foreign assistance: not because we want to walk away from our fellow global citizens, but because we believe in them and their potential.

Of course it is part of our DNA as Americans that we always stand with the victims of disasters, whether natural or regime-driven. As the world's largest provider of humanitarian assistance, we call on other nations to do their part as well. And to serve as responsible stewards of taxpayer dollars, USAID will always insist that our implementing partners operate as efficiently and effectively as possible to address immediate needs and help increase resilience against future shocks and crises.

Like any dynamic organization, USAID must constantly seek to improve through monitoring and evaluation. We are already seeing the fruits of some of the structural reforms of our Agency's Transformation, though some elements still await Congressional concurrence. This process will help us become more responsive and innovative in managing the risks inherent in development and stabilization work, and Transformation's many policy and procedural changes will broaden our base of partners, streamline procurement, and help our workforce—in Washington, D.C., as well as our field Missions—reach its potential.

The goals and actions described in this *Agency Financial Report* (AFR) are critical to these efforts. We have worked closely with the Office of Inspector General to ensure these financial and summary performance data are complete, reliable, and accurate. A highlight is that this year we eliminated our long-standing material-weakness finding related to our Fund Balance with the U.S. Department of the Treasury.

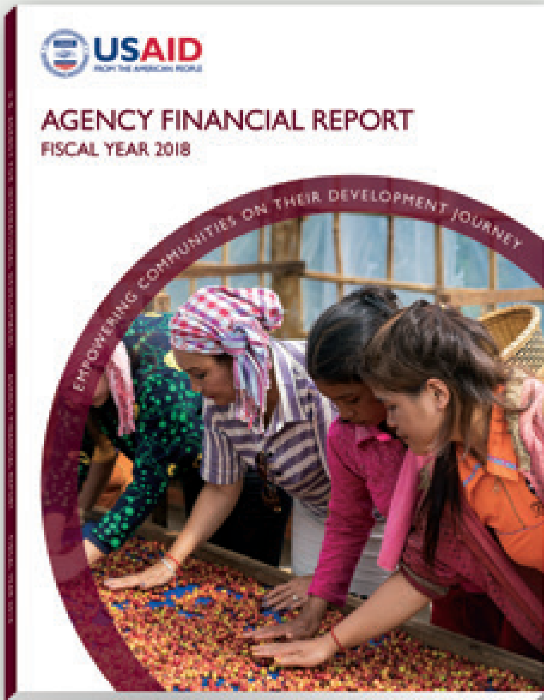
The Independent Auditor's Report, including reports on internal control and compliance with laws and regulations, appears in the Financial Section of this document. The section on Management's Discussion and Analysis reviews our assessments of internal controls, risks, and other issues.

We believe this year's AFR demonstrates significant progress toward our goals of making USAID a more effective and efficient organization, improving our responsiveness to interagency and implementing partners, and better serving the beneficiaries of our programs. This document details our efforts both to strengthen capacities in partner countries and become more outcome-driven ourselves. And it outlines our efforts to strengthen monitoring and evaluation to facilitate oversight and improve accountability.

All of this hard work amounts to much more than good management practice. We designed it with a complementary but higher purpose in mind: to help our global partners escape dependency and achieve their own bright futures.

Mark A. Green
Administrator
November 19, 2019

2018 Certificate of Excellence Awards



AGA®

Certificate of Excellence in Accountability Reporting®

presented to the

U.S. Agency for International Development

in recognition of outstanding effort in preparing the Agency Financial Report for fiscal year 2018

Corporate Seal 1951 District of Columbia AGA Association of Government Accountants

Diane L. Dudley, CGFM, CPA
Chair, CEAR Board

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

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BEST-IN-CLASS AWARD

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in recognition of

robust Inspector General's description of management and performance challenges

in the Agency Financial Report for fiscal year 2018

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MANAGEMENT'S DISCUSSION AND ANALYSIS

(Preceding page) **Engaging youth in their own development journey is critical to ensure they have the education and skills they need to reach their full potential. In Uganda, USAID works through a project called SafePlan to support young people to find their own solutions to development challenges in their communities.**

PHOTO: OLIVIA GRAZIANO FOR USAID

https://medium.com/usaid-2030/youth-in-uganda-find-a-sweet-solution-b6edd8292ee5

(Above) **Judge Afërdita Bytyqi is the president of the Basic Court of Pristina in Kosovo. With USAID support, she has worked to increase the efficiency and transparency of the court. Under her leadership, judges have cut the backlog of cases by 30 percent, and are now resolving more cases than the court receives.**

PHOTO: SEBASTIAN LINDSTROM FOR USAID

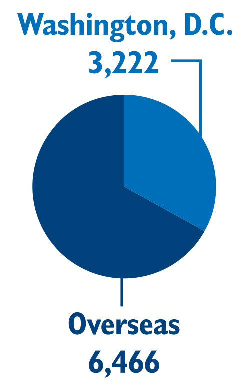
https://medium.com/usaid-2030/in-the-fight-against-corruption-this-judge-sets-the-example-1c3bfac23f0b

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."

Employee Locations



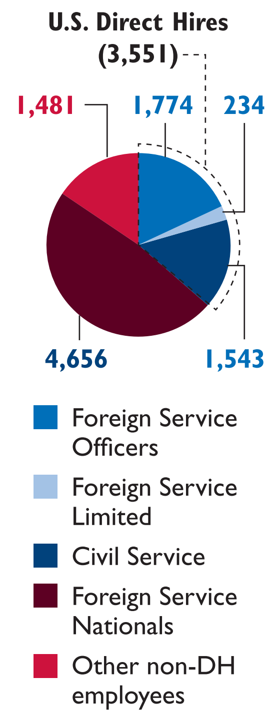
USAID has been working toward these goals for more than 50 years. Resilient societies must have healthy, educated, and well-nourished citizens, as well as a vibrant economy and inclusive, legitimate, and responsive institutions. All of USAID's work—including efforts to increase food security, improve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

ORGANIZATIONAL STRUCTURE

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

USAID staff work around the world, motivated by the same overarching goals outlined more than 50 years ago—furthering U.S. foreign-policy interests in expanding democracy and free markets, while also extending a helping hand to people who are struggling to make a better life, recovering from a disaster, or striving to live free in a democracy. In 2019, the Agency delivered on its mission with the support of 3,551 U.S. Direct-Hire (USDH) employees, of whom 1,774 are Foreign Service Officers, 234 are Foreign Service Limited, and 1,543 are in the Civil Service. Additional support came from 4,656 Foreign Service Nationals and 1,481 other Non-Direct-Hire (NDH) employees (not counting institutional support contractors). Of these employees, 3,222 work in Washington, D.C., and 6,466 are assigned overseas. These totals include employees from the USAID Office of Inspector General (OIG).[1]

Employees



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 2019 APR to the Office of Management and Budget in March 2020..

[1] Workforce figures are taken from the National Finance Center of the U.S. Department of Agriculture pay period 19 and WebPASS as of September 30, 2019, as well as the U.S. Personal Services Contractor (USPSC) surge roster maintained by the Bureau for Democracy, Conflict, and Humanitarian Assistance. Figures for the Foreign Service, Civil Service, and Foreign Service Nationals include OIG's.

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 geographic, functional, 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 geographic Bureaus are Africa (AFR), Asia (ASIA), Middle East (ME), Latin America and the Caribbean (LAC), and Europe and Eurasia (E&E), along with the Office of Afghanistan and Pakistan Affairs (OAPA).

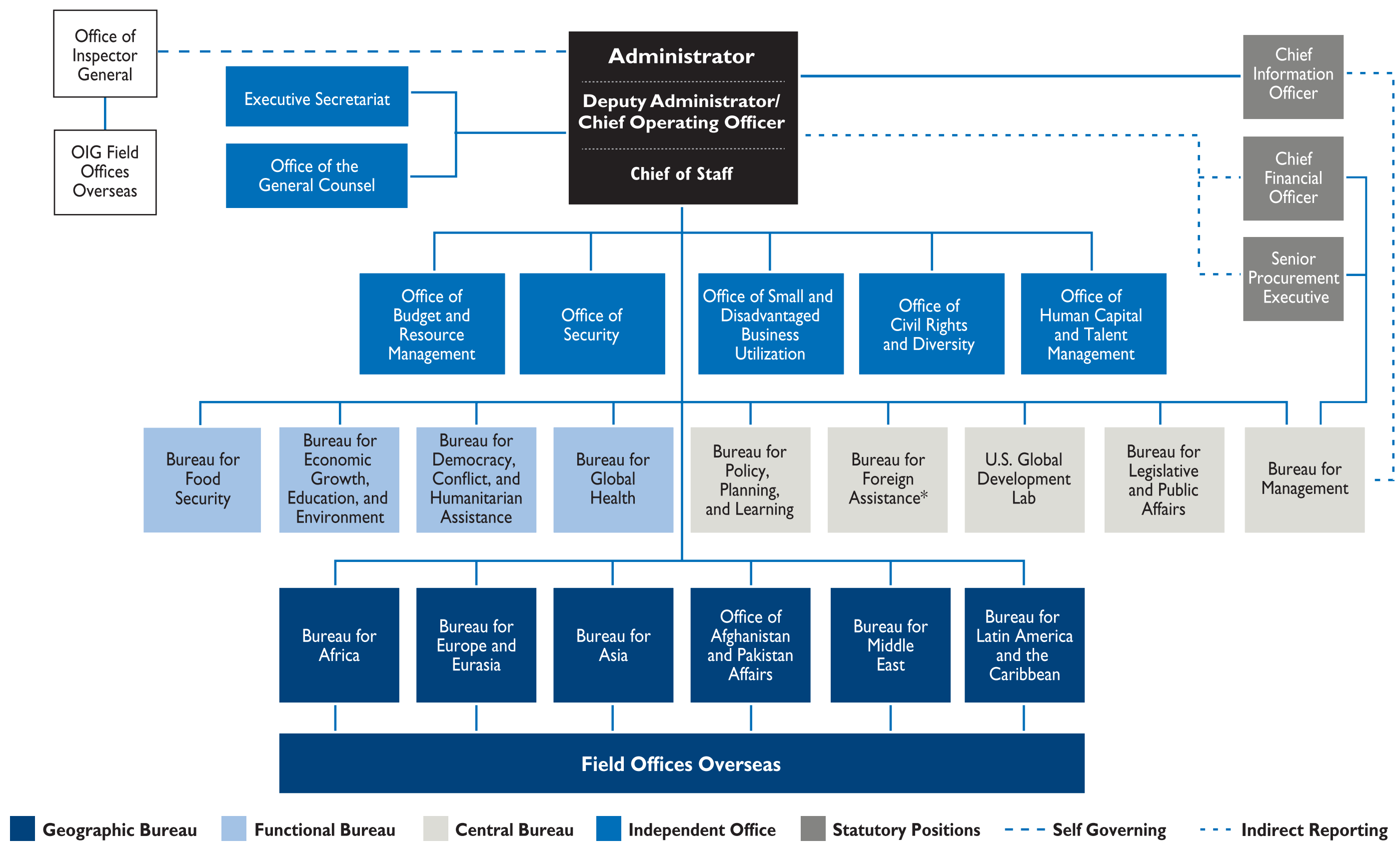
Four functional Bureaus support the geographic Bureaus and offices:

- The Bureau for Food Security (BFS), which provides expertise in agricultural productivity and addressing hunger and malnutrition;
- The Bureau for Economic Growth, Education, and the Environment (E3), which provides expertise in technical leadership and research for worldwide activities in economic growth and trade, infrastructure and engineering, education, environment and global climate adaptation, water, and equality between women and men and women's empowerment;
- The Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), which provides expertise in democracy and governance, the management and mitigation of conflict, and humanitarian assistance; 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 health-systems strengthening.

USAID's Central Bureaus and offices are the following:

- The Bureau for Policy, Planning, and Learning (PPL), which helps shape USAID's development policy, builds the Agency's capacity to plan and implement evidence-based programming, and fosters a culture of learning and evaluation to advance and support the Journeys to Self-Reliance;
- The Bureau for Foreign Assistance (FA), which is part of State's Office of U.S. Foreign Assistance Resources (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 U.S. Global Development Lab (Lab), which provides expertise in the application of science, technology, innovation, and partnerships to accelerate the Agency's development impact in helping governments, civil society, and the private sector in partner countries on their Journeys to Self-Reliance;

U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



As of September 30, 2019

** Staff in the Bureau for Foreign Assistance work under the auspices of the Office of the Director of U.S. Foreign Assistance at the U.S. Department of State.*

- The Bureau for Legislative and Public Affairs (LPA), which manages the Agency's legislative engagements, strategic communications, and outreach to promote understanding of USAID's mission and programs; and
- The Bureau for Management (M), which administers centralized procurement, financial, information technology, policy, USAID's operational budget, performance, and administrative-management 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, 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 Bureau for Management (M/AA). The Federal Acquisition Reform Act (FARA) of 1996 mandated the establishment of this position.

Finally, the Chief Information Officer (CIO) reports directly to the Administrator, in accordance with requirements established in the Clinger-Cohen Act, the Federal Information Technology Reform Act (FITARA), the E-Government Act of 2002, and OMB Circular A130, while the M Bureau houses the Office of the CIO. To elevate the role of the Chief Financial Officer (CFO) under the Agency's Transformation, as stated in the approved Congressional Notification for the Office of the Administrator (A/AID), upon Administrator approval of the reorganization package for A/AID the CFO will also report to the Administrator, while the M Bureau houses the Office of the CFO.

ORGANIZATIONAL STRUCTURE OVERSEAS

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

Missions conduct and oversee USAID's diverse programs worldwide. Each Mission Director manages a team of contracting, legal, and project-design officers; contracting and grant-making professionals; and technical officers. Bilateral and regional Missions work with host governments, NGOs, and other implementers to promote sustainable economic growth, meet basic human needs, improve health, mitigate conflict, and enhance food security. All Missions provide assistance based on integrated development strategies that include clearly defined programmatic objectives and measurable performance targets.

FOREIGN-ASSISTANCE PROGRAM AREAS

USAID uses the 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) – support the establishment, consolidation, and protection of democratic institutions, processes, and values in countries to advance freedom;
- Economic Growth (EG) – strive to generate rapid, sustained, and broad-based economic growth;
- Education and Social Services (ES) – aid 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) – provide 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) – contribute to improvements in the health of people, especially women, children, and other vulnerable populations in countries globally;
- Program Development and Oversight (PO) – provide program management, accounting, and tracking for costs to assist U.S. foreign-assistance objectives; and
- Peace and Security (PS) – help countries establish the conditions and capacity to achieve peace, security, and stability, and respond to arising threats to national or international security and stability.

OVERVIEW OF PROGRAMMATIC PERFORMANCE

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

THE JOURNEY TO SELF-RELIANCE

USAID is reorienting its strategies, partnership models, and programmatic practices to achieve greater development outcomes and work toward a time when foreign assistance is no longer necessary. Through the Journey to Self-Reliance, the Agency empowers host-country governments, civil society, the private sector, and other partners to achieve locally sustained results, helps countries mobilize public and private revenues, strengthens local capacity and commitment, and accelerates enterprise-driven development. This approach fosters stable, resilient, and prosperous countries that are more self-reliant, and prioritizes enduring partnerships. It is an approach that is good for partner countries worldwide, U.S. national security, and the U.S. taxpayer.

USAID's new Policy Framework articulates how the Agency's approach to the Journey to Self-Reliance contributes directly to the U.S. National Security Strategy (NSS) and the *Department of State and USAID Joint Strategic Plan* (JSP). Under the Policy Framework, USAID fosters capacity and commitment in partner countries across all levels—individuals, communities, and governing institutions—so they can eventually solve development challenges without USAID's assistance. This approach is grounded in three principles: USAID will (1) prioritize countrywide progress toward self-reliance, by (2) making strategic investments to achieve the greatest impact, through (3) programs and partnerships that sustain results over the long term.

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

Examples of USAID's investments in evidence-based programs are the following:

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

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

DISCIPLINE OF DEVELOPMENT

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

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

The Program Cycle translates the vision of the Journey to Self-Reliance into action, starting with the process of creating Country Development Cooperation Strategies (CDCSs), and continuing with the design and implementation of projects and activities; monitoring; evaluation; and Collaborating, Learning and Adapting (CLA). USAID set the goal of integrating self-reliance into all CDCSs by December 2020. Building on work started in fiscal year (FY) 2018, in FY 2019 six Missions piloted the integration of self-reliance approaches and associated Country Roadmap metrics into their CDCSs. Of these, four Missions now have approved CDCSs. Pakistan and Afghanistan, which completed their CDCSs outside of the official pilot process, also have approved CDCSs (the Pakistan strategy is anchored in the Journey to Self-Reliance). This brings the total to six approved CDCSs. In addition, in FY 2019, a second group of 21 Missions launched the CDCS development process. By the end of calendar year 2019, all Missions will have had at least one formal dialogue with Washington, D.C., on country-specific ways to strengthen host-country capacity to further self-reliance. CDCS development work will continue in FY 2020, until all CDCSs address specific ways to strengthen host-country capacity to further self-reliance.

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

QUALITY OF MONITORING AND EVALUATION

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

The Evaluation Policy Task Force of the American Evaluation Association has called USAID's Evaluation Policy a "model for other federal agencies." In September 2016, USAID updated its Program Cycle Operational Policy (Automated Directives System [ADS] Chapter 201) to integrate monitoring, evaluation, and learning guidance and best practices throughout the Program Cycle. This includes basing strategic planning for, and the design of, projects and activities on the best available evidence, and ensuring ongoing accountability, learning, and adaptation during strategy and implementation. In FY 2018, USAID's OUs completed 189 external evaluations, which brings the total number of evaluations completed since the issuance of the Agency's Evaluation Policy in 2011 to more than 1,000. In 2016, USAID published *Evaluation Utilization at USAID*, which found that at several stages during the USAID Program Cycle, the use of evaluation was evident, strong, and compared well to that at other U.S. Government departments and agencies. At the country level, 59 percent of approved strategies referred to USAID evaluations, and 71 percent of respondents reported using evaluations to design or modify a USAID-funded project or activity. The study also found the most common changes were actions that refocus ongoing activities to better achieve intended results. 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*.

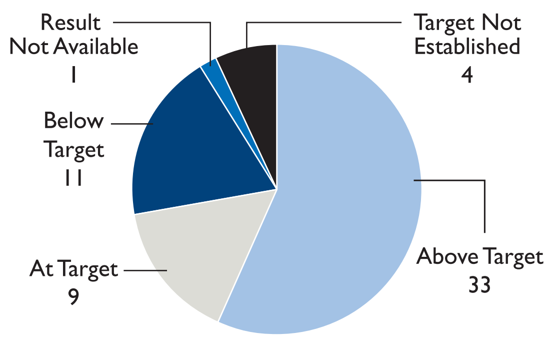
USAID is also building the capacity of its staff and partners to generate and use high-quality evidence for decision-making and improve programmatic effectiveness. USAID's capacity-building approach focuses on four main areas of work: delivering classroom and online training courses, creating tools and 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 that range from introductory to more-advanced content, and targeted to specific staff roles to build capacity in the Program Cycle's processes. Courses include Introduction to the Program Cycle; Project Design; Activity Design and Implementation; Performance-Monitoring and Evaluation Essentials; Applied Performance-Monitoring and Evaluation; and Better Development through CLA.
- USAID has trained more than 3,000 staff in evaluating and monitoring programs since 2011.
- USAID provides templates, checklists, guidance documents, and other tools that support its staff to plan, design, manage, and learn from monitoring and evaluation. USAID has published its toolkits for good practice in evaluation (*https://usaidlearninglab.org/evaluation), monitoring (https://usaidlearninglab.org/content/monitoring-toolkit*), and learning (*https://usaidlearninglab.org/cla-toolkit*) on USAID's Learning Lab website (*https://usaidlearninglab.org/*).

PERFORMANCE INDICATORS AND TRENDS

FY 2018 PERFORMANCE MEASURE SUMMARY



Total Results: 58

Performance indicators are the basis for observing progress and measuring actual results compared to expected one. Hence, they are an indispensable management tool for making evidence-based decisions about the design of programs and activities. While several factors contribute to the overall success of foreign-assistance programs, the analysis and use of performance data are critical to ensuring USAID achieves intended results. OUs within USAID and the U.S. Department of State (State) do not report the results of their foreign-assistance programs for FY 2019 until December 2019, after the required publication date of USAID's Agency Financial Report (AFR). Accordingly, the most-recent performance data contained in this report are for FY 2018[2], with baseline

[2] 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 2018 were set in the PPR of FY 2016.

and trend data included when available. Despite a variety of obstacles, most USAID programs met or exceeded their targets in FY 2018.

QUALITY OF DATA

Data are only useful for decision-making if they are of high quality and provide the groundwork for informed decisions. As indicated in USAID's ADS Chapter 201, USAID Missions and OUs must adhere to rigorous processes to ensure the quality of the data produced by programs they fund. A Performance Indicator Reference Sheet (PIRS), the primary way USAID documents the quality and consistency of data for each performance indicator. Each PIRS: (1) defines the indicator's meaning, use, and the method of data-collection; and (2) specifies where the data are sourced and identifies their limitations. A Data-Quality Assessment (DQA) is the process by which USAID assesses the validity, integrity, precision, reliability, and timeliness of performance-indicator data; a PIRS records the results of each DQA. All performance-indicator data reported externally by USAID must go through the DQA process every three years. USAID obtains performance data from three sources: (1) primary (data collected by USAID or USAID's implementing partners with USAID funds); (2) secondary (data compiled by USAID or USAID's implementing partners, but collected from other sources); and (3) third-party (data typically widely available and provided by other U.S. Government departments and agencies or international organizations, such as the World Bank or the United Nations [UN]).

STRATEGIC GOALS AND RESULTS

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

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

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

USAID and State's joint strategic goals support the U.S. Government's overall efforts to promote and demonstrate democratic values abroad and advance a free, peaceful, and prosperous world. These goals foster conditions for stability and progress that benefit Americans and the rest of the world. USAID and State have reiterated their commitment to joint planning to implement foreign-policy initiatives and invest effectively in foreign-assistance programs under the NSS.

The Government Performance and Results Act (GPRA) of 2003 requires Federal departments and agencies to develop strategic plans. Since 2004, USAID and State have created joint strategic goals and objectives, Agency Priority Goals (APGs), and performance goals that reflect State's and USAID's global reach and impact.

Also according to the GPRA Modernization Act, USAID and State publicly report, on a quarterly basis, the progress of their APGs (*https://www.performance.gov/state/state.html*). The seven APGs for FY 2018–FY 2019 are in the following areas: Food Security and Resilience (USAID), Maternal and Child Health (USAID), Effective Partnering and Procurement Reform (EPPR) (USAID), Category-Management (CM) (USAID and State), HIV/AIDS (USAID and State), Information Technology (IT) Modernization (State), and Visa Security (State). Results for all USAID and Joint APGs appear in the applicable sections in this report and provide updates on the Strategic Goals and indicators, as well as on performance.gov.

STATE-USAID JOINT STRATEGIC GOAL FRAMEWORK

Strategic Goal	Strategic Objective	Program Categories*
Strategic Goal 1: Protect America's Security at Home and Abroad	Strategic Objective 1.1 – Counter the Proliferation of Weapons of Mass Destruction (WMD) and their Delivery Systems 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 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 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 Strategic Objective 1.5 – Strengthen U.S. border security and protect U.S. citizens abroad	Peace and Security Democracy, Human Rights and Governance
Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation	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 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 Strategic Objective 2.3 – Advance U.S. economic security by ensuring energy security, combating corruption, and promoting market-oriented economic and governance reforms	Health Education and Social Services Economic Growth Democracy, Human Rights and Governance
Strategic Goal 3: Promote American Leadership through Balanced Engagement	Strategic Objective 3.1 – Transition nations from assistance recipients to enduring diplomatic, economic, and security partners Strategic Objective 3.2 – Engage international fora to further American values and foreign-policy goals while seeking more equitable burden sharing Strategic Objective 3.3 – Increase partnerships with the private sector and civil-society organizations to mobilize support and resources and shape foreign public opinion Strategic Objective 3.4 – Project American values and leadership by preventing the spread of disease and providing humanitarian relief	Health Humanitarian Assistance Democracy, Human Rights and Governance Peace and Security Economic Growth
Strategic Goal 4: Ensure Effectiveness and Accountability to the American Taxpayer	Strategic Objective 4.1 – Strengthen the effectiveness and sustainability of our diplomacy and development investments Strategic Objective 4.2 – Provide modern and secure infrastructure and operational capabilities to support effective diplomacy and development Strategic Objective 4.3 – Enhance workforce performance, leadership, engagement, and accountability to execute our mission efficiently and effectively Strategic Objective 4.4 – Strengthen security and safety of workforce and physical assets	Program Development and Oversight

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

PERFORMANCE GOAL ACCOMPLISHMENT HIGHLIGHTS

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

STRATEGIC GOAL 1

Protect America's Security at Home and Abroad

PUBLIC BENEFIT

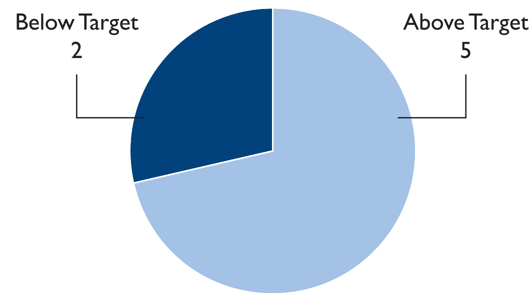
Effective, resilient, and democratic countries can be key partners to the United States as it supports U.S. prosperity and security, as well as stability around the globe. However, violence and instability currently affect half the world's population, which imposes a staggering toll on human development,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

LINKING ACTIVITIES TO OUTCOMES

Many Theories of Change posit that increased grassroots support for peace processes improves the potential for durable peace. This indicator registers the number of U.S. Government-funded activities—such as trainings and community reconciliation events—that build popular support for peace or cohesion among the general population. Building public support for peace or reconciliation is a critical approach for resolving conflict and identifying and addressing underlying issues that contribute to fragility and instability. Through support for more-inclusive processes, State and USAID can improve the prospects for durable peace and build resilience in fragile countries to future shocks and challenges.

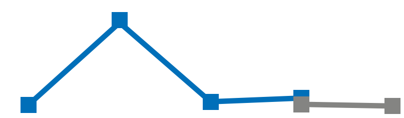
In FY 2018, State and USAID supported 7,460 events, trainings, and activities to increase broad public support for peace and reconciliation in more than 12 countries. This figure is 31-percent greater than the target of 5,135, primarily for two main reasons. First, programmatic successes—in countries such as the Republic of Guinea, the Kingdom of Thailand, and others supported by programs funded by State's Bureau for Democracy, Human Rights, and Labor (DRL) —increased demand for more activities and trainings than originally planned. Second, many new start-up activities, such as in the Republic of Sénégal, were not originally counted when the FY 2018 targets were set. Those countries that contributed the greatest number of events, trainings, or other activities were Mali (830), Sénégal (1,025), and the West Bank and Gaza (4,300). The FY 2019 target is decreasing from the targets set for prior years because activities in some OUs are concluding.

FY 2018 STRATEGIC GOAL 1 PERFORMANCE MEASURE SUMMARY



Total Results: 7

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



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target	N/A	N/A	N/A	5,135	4,512
Result	4,982	35,386[1]	6,103	7,460	N/A

Source: *FY 2020 Annual Performance Plan/FY 2018 Annual Performance Report.*

[1] *The FY 2016 result is high because of new projects starting in one Operating Unit.*

WOMEN'S TRAINING IN TWO BURKINABE VILLAGES HELP COUNTER EXTREMISM

During the past two years, violent extremist organizations (VEOs) have steadily gained ground in the Nord and Sahel regions of Burkina Faso. In October 2018, USAID/Office of Transition Initiatives' Burkina Faso Regional Program (BFRP) opened an office in Nord's Ouahigouya town to strengthen community resilience against VEO influence. A local non-governmental organization, Association Femme Solidaire, organized a training in two communities—Thiou and Tangaye—near the Mali border in Nord to provide 24 female community representatives with negotiation and persuasion skills to curb recruitment efforts, in addition to learning how to identify individuals vulnerable to VEO recruitment.

"All of us are afraid to talk about VEOs because we do not know who is who. But the sensitization we received with our sisters showed us how to convey messages to our loved ones."

"All of us are afraid to talk about VEOs because we do not know who is who. But the sensitization we received with our sisters showed us how to convey messages to our loved ones. [When we know] how to better manage family, understand, and give advice to our children through discussing VEOs' negative effects, we can prevent our children from joining these groups. That's why I'm going to do everything to support my family because it's my role as a mother. That way peace can be in our country. I am thankful for this awareness session," said a participant from Tangaye.

Participants reported that they are now better able to:

- Talk with their children, parents, and friends about peaceful coexistence, family dynamics, and mutual respect;
- Develop strategies to help their children avoid VEO recruitment;
- Identify suspicious individuals and report them to the authorities; and
- Build awareness within their communities.

Following the training, the participants returned home to share the skills they learned to an additional 134 women across eight villages.

Woman trainer teaches a class of community representatives.

PHOTO: USAID

STRATEGIC GOAL 2

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

PUBLIC BENEFIT

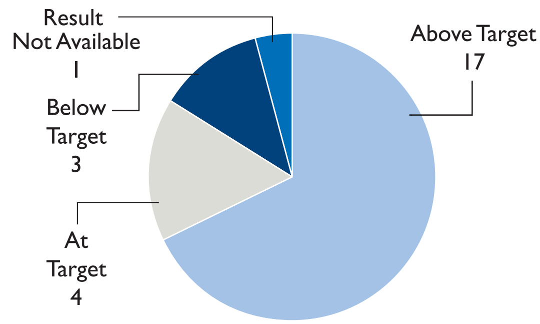
Growth and economic security among U.S. allies and partners builds markets for U.S. goods and services and strengthens the ability to confront global challenges together. USAID's economic diplomacy and development assistance are key tools in projecting U.S. leadership to enhance security and prosperity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

LINKING ACTIVITIES TO OUTCOMES

Led by USAID, Feed the Future draws on the agricultural, trade, investment, development, and policy resources and expertise of several U.S. Government departments and agencies. USAID continues to promote agriculture-led growth through the implementation of the *Global Food Security Strategy* (GFSS) and the Feed the Future initiative, which bring together a host of partners in pursuit of a common goal: to end global hunger, poverty, and malnutrition. Feed the Future helps transform food systems in developing countries to boost growth and opportunity; in essence, to replace hunger with hope. Feed the Future places a special focus on reaching some of the world's poorest and hungriest people, including women, who are at the center of this transformation. When families have the tools they need to lift themselves out of poverty and hunger, everybody benefits. Feed the Future enables them to buy nutritious foods, send their children to school, get the medical care they need, and save for the future—all of which builds more-resilient communities that can lead their own development.

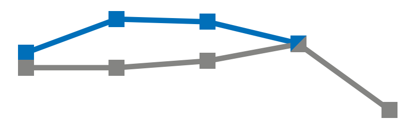
The Food-Security APG reports progress made in implementing the GFSS. During FY 2018, USAID and interagency country teams developed 12 interagency country plans that outline a high-level, integrated, and interagency approach in each country to achieve the goals and objectives of GFSS that build on, and support, each country's food-security priorities. During FY 2019 second quarter,

FY 2018 STRATEGIC GOAL 2 PERFORMANCE MEASURE SUMMARY



Total Results: 25

PERFORMANCE INDICATOR: *Number of farmers who have applied new technologies and management practices (including risk-management technologies and practices) as a result of U.S. assistance (in Millions)* **APG** ☆



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target	8M	8M	8.5M	9.75M	4.875M[3]
Result	9.1M[1]	11.6M[1]	11.4M	9.79M[2]	N/A

Source: *FY 2020 Annual Performance Plan/FY 2018 Annual Performance Report.*

[1] *USAID has updated the FY 2015 and 2016 Result values to reflect the Feed the Future Snapshot: A Decade of Progress.*

[2] *USAID has updated the FY 2018 Result to reflect the 2019 Feed the Future Progress Snapshot.*

[3] *The FY 2019 target reflects the level in the President's Budget Request for FY 2019 for USAID's food-security programs. Out-year targets also could reflect the end of existing activities and the transition to new activities that have not yet started and thus have not set targets yet.*

THE VANILLA CONNECTION

An Indonesian farmer connects to the U.S. market

The delicate procedure must be performed at the precise moment a flower blooms.

In Indonesia, vanilla farmer Agustinus Daka uses a toothpick to pollinate by hand each orchid on his farm. About nine months later, he returns to pick the vanilla beans that have matured on the vine. No insect here naturally pollinates the flower, which originates from Central America.

Each morning, the 61-year-old farmer sharpens his machete to prepare for the day. He uses the blade to prune trees that provide shade to his flowering vanilla vines.

Agustinus, who goes by Agus, leads a small group of vanilla bean farmers in his village in Papua, an isolated province with Indonesia's highest poverty rate. Here, most farmers only grow crops for their families to eat.

"I want my village to move beyond subsistence," Agus said.

With USAID support, Cooperative Business International (CBI) established a global supply market for Indonesia's vanilla and helped farmers rehabilitate abandoned vanilla farms and establish new ones.

Agus's income doubled in two years.

Agus works with his 20-year-old son, Wilson, to plant vanilla bean cuttings to expand his farm. After Agus harvests the beans, he sells them to a cooperative, where they are dried, the first step in a supply chain that sends his crop to the United States and around the world.

"I am proud that my product is being exported to America," he said.

The beans are transported to a spice factory in Klaten—a city on another Indonesian island about 1,900 miles away. Here in the spice factory in Klaten, Sam Filiaci, CBI's senior vice president for Southeast Asia, monitors operations with Eko Rahayu Sutanti, factory manager, and Uning Imbi Purnaning Dewandari, deputy factory manager.

The factory uses equipment imported from New York, Pennsylvania, Kentucky, Ohio, Indiana, and Kansas. Meanwhile, Agus's vanilla ends up in U.S. grocery stores and is used in McCormick's vanilla extract and Costco's vanilla ice cream.

"Even though we talk about the 700 people working in this facility, the employment that it creates in the United States or the destination market is even greater," Sam said.

Sam is from upstate New York and has worked overseas for more than 40 years. He is passionate about helping Indonesians improve their lives.

Partnerships connect Indonesian farmers to international markets and help them farm high-value crops—such as vanilla—more sustainably. PHOTO: THOMAS CRISTOFOLETTI FOR USAID

"Vanilla and these other high-value crops that we grow and produce are a tool," Sam said. "They're a tool to helping farmers educate their children, build their houses, get health care."

With the income Agus earns from selling vanilla, he can afford better health care for his family—his 4-year-old granddaughter Juanita suffered a bout of malaria, and his wife Juliana, 50, has diabetes.

"Now, I have hope for a better life for my family," he said.

About This Story

Through CBI, USAID supports more than 5,000 Indonesian small farmers who grow spices such as vanilla, pepper, cloves, and nutmeg—and directly connects them with major global businesses, like Maryland-based McCormick & Company.

Farmers earn higher wages as a result of the partnership, and the spices contribute to McCormick's growth and expansion.

In 1984, USAID and the National Cooperative Business Association (NCBA) established CBI Global, an industry leader that connects coffee and spice farmers to more than 160 companies in over 40 countries. USAID continues its partnership with McCormick and CBI as part of the Sustainable Cooperative Agribusiness Alliance, which started in 2017 and ends in 2020.

CBI's Indonesia affiliate, PT AgriSpice Indonesia, is the region's major spice processor and exporter and the global sourcing partner of McCormick in Indonesia. CBI partner Nimboran Kencana Coop works directly with spice farmers like Agus in Papua.

This program contributes to the U.S. Government's Feed the Future initiative to combat global hunger.

USAID launched four knowledge-sharing events, and USAID hosted five knowledge-sharing events during FY 2019 third quarter.

The indicator "number of farmers who have applied new technologies and management practices (including risk-management technologies and practices) as a result of U.S. assistance" measures the total number of direct beneficiary farmers, ranchers, and other primary-sector producers (of food and non-food crops, livestock products, wild fisheries, aquaculture, agro-forestry, and natural-resource-based products), as well as individual processors (not firms), rural entrepreneurs, traders, natural-resource managers, *etc.*, who applied improved technologies anywhere within the food-and-fiber system as a result of U.S. Government assistance during the reporting year. This includes innovations in efficiency; value-addition; post-harvest management; marketing; sustainable management of land, forests, and water managerial practices; and the delivery of input supplies; as well as risk-management practices, such as the use of drought and flood-resistant varieties, irrigation methods, and conservation agriculture. Technological change and its adoption by different actors in the agricultural value-chain will be critical to increasing agricultural productivity. In the Feed the Future results framework, this indicator falls under Intermediate Result 1: Strengthened inclusive agriculture systems that are productive and profitable.

STRATEGIC GOAL 3

Promote American Leadership through Balanced Engagement

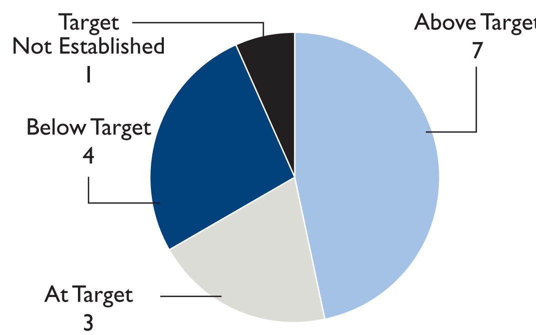
PUBLIC BENEFIT

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

LINKING ACTIVITIES TO OUTCOMES

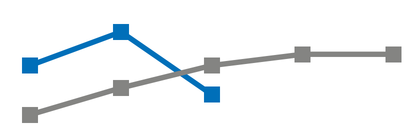
The overall goal of USAID's maternal and child health program is to decrease maternal and child mortality, as reflected in the Maternal and Child Health APG. USAID employs cost-effective, high-impact interventions, including procuring and delivering essential, safe health commodities and improving access to high-quality health care for the

FY 2018 STRATEGIC GOAL 3 PERFORMANCE MEASURE SUMMARY



Total Results: 15

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



	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019
Target	50M	62M	72M	77M	80M
Result	72M	87M	59M	123M[1]	N/A

Source: *FY 2020 Annual Performance Plan/FY 2018 Annual Performance Report.*

[1] *USAID has corrected the FY 2020 Annual Performance Plan/FY 2018 Annual Performance Report reported estimate of 126 million to 123 million. The corrected estimate aligns with the number of ITNs distributed published in the President's Malaria Initiative (PMI) 2019 Annual Report.*

RESILIENCE IN THE FACE OF HIV: A REVITALIZATION OF HOPE

Resilient and grateful is how Shole, a mother of two in the Arusha region of Tanzania, describes herself. She is also HIV-positive.

"I discovered I was positive in 2012 while pregnant with my third child," she explained. "I was devastated to receive my results. I shared the news with my husband who didn't take it very well. He decided to leave me and my children without any support. However, I delivered the [third] child safely. Sadly, after six months, my baby died."

Shole spiraled into depression. She says that as her health deteriorated, she turned to alcohol as her refuge.

"I was living a very hard life," Shole said. "I had no help since the father of my children had abandoned us. My income couldn't sustain us. I couldn't pay rent or afford basic needs."

Shole thought she had reached the end of the road, but her life changed for the better when a local community case worker visited her.

The case worker explained to Shole that being HIV positive does not mean her life is over. "She told me about herself and her story was very inspiring. She offered me support and promised to walk with me through this journey. She told me that I was too young to give up on life. She advised and educated me. I didn't have any love in my heart, but she made me feel loved."

The case worker continued to visit Shole on a regular basis and convinced her to take her antiretroviral (ARV) medication regularly. Shole said her case worker became like a second mother—someone in whom she could confide and get the support she needed.

Shole is one of the one million people in Tanzania who have been tested for HIV through USAID's Community Health and Social Welfare Systems Strengthening Program (CHSSP). Ninety percent of those who tested positive have started treatment. CHSSP has contributed to these impressive results by training more than 15,000 community case workers, like the one who visited Shole, to identify, track, and manage HIV cases in communities around the country. All of these efforts by the case workers ultimately contribute to the global UNAIDS 90-90-90 goals, which are: 90 percent of all people living with HIV are tested; 90 percent of all people tested are diagnosed and provided with treatment; and 90 percent of all people receiving treatment achieve a suppressed HIV viral load, which makes them less likely to become ill or transmit HIV to others.

Training case workers is just one part of CHSSP's approach to strengthen Tanzania's community-level health and social-welfare systems. CHSSP has also trained other community groups to ensure that vulnerable citizens can access social services. The program has built the capacity of these groups to better execute their roles and responsibilities within the country's community-level HIV response. To date, CHSSP has strengthened or established more than 600 AIDS committees at the district and ward levels, more than 50 local groups for people living with HIV, and more than 50 protection committees for violence against women and children.

Shole (left) shares her progress with her local community case worker (right) during a routine home follow-up visit.

PHOTO: ERICK GIBSON FOR JSI RESEARCH & TRAINING INSTITUTE, INC.

So far, the community case workers and other community-level groups have identified and linked approximately 800,000 orphans and vulnerable children and more than one million adults to critical health and social-welfare services, including HIV testing.

Shole's perspective on life has changed. "The implications of not taking ARVs are great. I have been a victim and have witnessed a lot of avoidable death. The medication strengthens and protects HIV positive people and also protects them from infecting others. I advise other people living with HIV to keep taking their medication so they can live a normal life and carry out their responsibilities just like any other person."

Shole now lives a healthy life, and her two sons are excelling in secondary school. Shole calls herself an ambassador for others in her community—providing them with the help and support they need, just as the community case worker helped her.

*Note: The name "Shole" is an alias of the beneficiary. The real name has been removed for her protection.

most vulnerable and underserved populations, down to the community level. Through efforts in voluntary family planning, maternal and child health, malaria, and nutrition, USAID works to prevent child and maternal deaths.

Malaria remains a major cause of mortality among young children—one child still dies from malaria every two minutes, and without sustained efforts, prior progress could be quickly reversed. USAID works with host-country governments, civil society, and private partners to reduce malaria deaths further and substantially decrease morbidity from malaria by helping partner institutions adapt to changing epidemiology and incorporate new tools, improving local capacity to collect and use information, mitigating the risk of a resurgence of malaria, and building capacity and health systems. Since morbidity from malaria also adversely affects school attendance and workplace productivity, a healthier population also contributes to improved education and a more-robust economy.

Children under five years of age are one of the most-vulnerable groups affected by malaria. As a result of USAID's funding for malaria programs and coordination with other major donors, including the Global Fund, the World Bank, and the UN Children's Fund (UNICEF), all of the 19 President's Malaria Initiative (PMI) focus countries in Africa with paired nationwide surveys show significant declines in all-cause mortality rates among children less than five years of age, which ranged from 18 percent to 67 percent (excluding the five new PMI countries announced in 2017). In FY 2018, USAID's malaria projects continued to advance the scale-up of insecticide treated nets (ITNs); indoor residual spraying (IRS); appropriate malaria-case management, including parasitological diagnosis and treatment with artemisinin-based combination therapies (ACTs); and the intermittent preventive treatment of malaria in pregnancy (IPTp). PMI includes 24 focus countries in sub-Saharan Africa and three programs in the Greater Mekong Subregion of Southeast Asia. PMI coordinates its procurement and distribution of ITNs with other major donors, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria; the World Bank; and UNICEF. PMI's efforts in FY 2018, protected 123 million people against malaria with ITNs, which surpassing the program's goal by 46 million people. PMI exceeded the projected target because of large mass campaigns successfully implemented in the Federal Republic of Nigeria, the Federal Democratic Republic of Ethiopia, and the Republic of Madagascar. In the last year, in collaboration with the Government of Madagascar and other partners, USAID distributed 6.7 million long-lasting ITNs, which protect more than 12 million people from malaria while providing 50,000 community members with seasonal employment.

If used properly, ITNs are one of the best ways to prevent mosquitoes from biting individuals and infecting them with malaria. Measuring the number of people protected against malaria with an ITN distributed with PMI funds is a key indicator as to whether U.S. assistance succeeds in extending prevention measures that are necessary to reduce the number of malaria deaths in PMI countries. USAID sets the targets for this indicator by estimating the number of ITNs PMI funds will distribute based on Malaria Operational Plans for the PMI focus countries. Funding levels and the addition of countries are also considered.

STRATEGIC GOAL 4

Ensure Effectiveness and Accountability to the American Taxpayer

PUBLIC BENEFIT

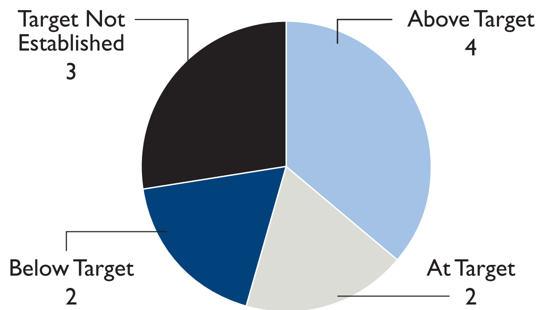
As part of the President's Management Agenda, the Administration set goals in areas that are critical to improving the Federal Government's effectiveness, efficiency, cybersecurity, and accountability. Concurrently, USAID seeks to maximize taxpayers' return on investment and improve operational efficiency.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

LINKING ACTIVITIES TO OUTCOMES

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

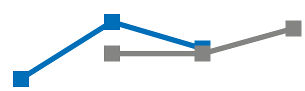
A challenge for USAID is balancing the implementation of CM objectives and goals with those of JSP Performance Goal 4.1.3 and the APG on "Effective Partnering and Procurement Reform" (EPPR). EPPR is designed to expand the number of and diversify USAID's partners, including local organizations overseas, while CM is designed to increase efficiency through awarding large contracts to pre-selected partners. However, the Agency exceeded its BIC target during three of the four quarters in FY 2018.

FY 2018 STRATEGIC GOAL 4 PERFORMANCE MEASURE SUMMARY



Total Results: 11

PERFORMANCE INDICATOR: *Percentage of addressable contract dollars awarded to Best in Class vehicles (USAID)* **APG**



	FY 2015	FY 2016[1]	FY 2017[1]	FY 2018	FY 2019
Target	N/A	N/A	35%	35%	40%
Result	N/A	30%	41.3%	36%	N/A

Source: *FY 2020 Annual Performance Plan/FY 2018 Annual Performance Report.*

[1] *The data source for FY 2016 and FY 2017 is the Federal Procurement Data System – Next Generation. USAID has not reported the historical percentages previously as part of the APG.*

For FY 2019, USAID worked with OMB to establish new targets, which aim to increase the use of BIC solutions to at least 40 percent the Agency's of addressable spend. USAID will achieve this target through outreach, such as the worldwide Contracting Officer Conference held in the first quarter of FY 2019; the ongoing performance monitoring of Agency-wide progress against established targets; and dedicated training in BIC solutions. The Agency is on track to meet its goal for FY 2019.

The USAID Annex at 500 D Street SW is the Agency's first-ever annex building, which houses approximately 1,800 Washington staff. PHOTO: USAID

WASHINGTON REAL ESTATE STRATEGY: REDUCING THE FOOTPRINT WHILE IMPROVING TENANT SATISFACTION

USAID continues to demonstrate strong performance in the management of its real-property portfolio, in accordance with the "Reduce-the-Footprint" policy outlined in OMB Management Procedures Memo No. 2015-01. The USAID Washington Real Estate Strategy (WRES) is the most significant real estate program the Agency has undertaken in the last 20 years, and represents the Agency's ongoing commitment to maximize space efficiency in accordance with government mandates and increase tenant satisfaction. The WRES is a multi-year, dual-track program that consolidates headquarters workspace in two locations and modernizes all of the Agency's headquarters workspace to meet 21st century needs, achieve efficiencies, and reduce costs. The two tracks are: (1) modernizing each USAID floor in the Ronald Reagan Building (RRB); and (2) consolidating three USAID short-term leases at State Annex 44 (SA-44), 2 Potomac Yard (2PY), and Crystal Plaza 3 (CP3) into a long-term lease. In collaboration with the U.S. General Services Administration (GSA), USAID secured a 20-year lease to consolidate its offices by early 2020.

The Agency is consolidating the three leases into a lease at the USAID Annex (UA), a new 12-floor building at 500 D St. SW in the District of Columbia, Washington, D.C. The UA will provide all USAID staff with access to a significant amount of conference space through a state-of-the-art conference center on the ground floor. Every floor of the building will have a range of small, medium, and large meeting rooms outfitted with modern audiovisual and video-teleconferencing capabilities. The UA's modern technology and conference and collaboration spaces will enhance Washington's connection with and ability to support USAID staff, Missions, and beneficiaries worldwide and reinforce the field focus of USAID's transformation. Approximately 1,800 staff from the Agency's two largest Bureaus, the Bureaus for Management and Global Health, are on track to begin moving to the UA in winter 2019, with move completion scheduled for January 2020.

The Agency's real estate plan allows the Agency to reduce its FY 2017 footprint from 180.33 square feet per person to 169.26 square feet per person in FY 2018 supporting 4,913 headquarters personnel. This utilization rate is well below the government average of 254.13 square feet per person. While USAID is a relatively small agency, it has one of the best space-utilization rates (lowest square feet per person) among the 23 departments and agencies covered by the Chief Financial Officers (CFO) Act, which demonstrates USAID's commitment to getting the best return for the U.S. taxpayer on its real property investments.

USAID KEY INDICATORS AND PERFORMANCE TRENDS*

Strategic Goal 1: Protect America's Security at Home and Abroad						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
Number of Countering Violent Extremism (CVE) programs directly related to U.S. Government CVE objectives implemented in country by civil society and partner governments	N/A	96	237	200	96[1]	120
Number of U.S. Government-funded events, trainings, or activities designed to build support for peace or reconciliation on a mass scale	4,982	35,386[2]	6,103	5,135	7,460[3]	4,512[4]
Number of people participating in U.S. Government-supported events, trainings, or activities designed to build mass support for peace and reconciliation	1,557,002	339,467	324,546	127,937	369,766[5]	469,695
Number of local women participating in a substantive role or position in a peacebuilding process supported with U.S. Government assistance	41,762	49,395	37,150	13,185	5,852[6]	4,200[6]
Number of individuals receiving voter education through U.S. Government-assisted programs	N/A	1,448,778	2,734,067	3,207,041	64,220,603[7]	7,832,400[8]
Number of individuals receiving civic education through U.S. Government-assisted programs	N/A	169,982	4,462,613	6,638,345	11,762,001	7,943,525
Number of judicial personnel trained with U.S. Government assistance	10,230	28,774	34,039	26,289	46,294[9]	26,452[9]

Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
The World Bank's Doing Business Trading Across Borders score for partner countries with USAID trade facilitation programming	65.9	67	71.4	70	72.8	70
Number of private sector firms that have improved management practices or technologies as a result of U.S. Government assistance	N/A	N/A	2,119	1,574[10]	1,443[11]	989[11]
Value of incremental sales generated with U.S. Government assistance **APG** ☆	$829 million	$906 million	$1.122 billion	$850 million[12]	$1.6 billion[13]	$425 million[12]
Number of farmers who have applied new technologies and management practices (including risk-management technologies and practices) as a result of U.S. assistance **APG** ☆	9.1 million[14]	11.6 million[14]	11.4 million	9.75 million[12]	9.79 million[13]	4.875 million[12]

See end of table starting on page 25 for footnotes.

(continued on next page)

FY 2018 RESULTS LEGEND

Above Target	More than 100 percent of the target set for FY 2018 was met
At Target	90 to 100 percent of the target for FY 2018 was met
Below Target	Below 90 percent of the target set for FY 2018 was met
Result Not Available	Result data not available at time of publication
Target Not Established	Target not established for FY 2018

USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation *(continued)*						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
Value of new private sector investment in the agriculture sector leveraged by Feed the Future implementation **APG** ☆	$154 million	$230 million[14]	$243.2 million	$220 million[12]	$234 million[13]	$110 million[12]
Number of children reached by nutrition interventions[15] **APG** ☆	18 million	27.7 million	22.6 million	18 million[12]	28.4 million[13]	9 million[12]
Number of USAID Feed the Future evaluations[53] **APG** ☆	N/A	N/A	N/A	Q1: 2 Q2: 2 Q3: 2 Q4: 2[12]	Q1: 4 Q2: 5 Q3: 5 Q4: 6	Q1: 2 Q2: 2 Q3: 2 Q4: 2[12]
Percentage of female participants in U.S. Government-assisted programs designed to increase access to productive economic resources (assets, credit, income or employment)	41.02%	53.55%	52.61%	55.42%	50.39%[16]	55.99%
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	N/A	N/A	41.75%	54.72%	51.89%[17]	48.8%[17]
Number of people reached by a U.S. Government-funded intervention providing gender-based violence (GBV) services (e.g., health, legal, psycho-social counseling, shelters, hotlines, other)	11,837,166	3,146,925	4,338,089	843,156[18]	5,050,870[18]	2,058,131[18]
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	30	2	47[19]	61[20]	56[20]	86
Number of countries with improved learning in primary grades	N/A	N/A	N/A	2	N/A[21]	4
Number of learners in primary schools or equivalent non-school-based settings reached with U.S. Government education assistance	7,569,082	20,004,643	25,259,173	23,389,069	35,095,910[22]	30,651,536[22]
Number of firms that receive U.S. Government-funded technical assistance to improve business performance	N/A	1,614	71,347[23]	14,471[23]	99,546[23]	98,959[23]
Full-time equivalent employment of firms that receive U.S. Government assistance	N/A	21,259	25,002	7,483[24]	19,345[24]	18,764
Number of people who gained access to safely managed drinking water services as a result of U.S. Government assistance	N/A	188,168	391,394	1,955,501	1,071,386[25]	469,054[25]
Number of people who gained access to a basic sanitation service as a result of U.S. Government assistance	2,431,211	2,964,497	1,554,451	7,333,314	7,439,323	8,506,634

See end of table starting on page 25 for footnotes. Full description of legend can be found on page 21. *(continued on next page)*

Legend: Above Target · At Target · Below Target · Result Not Available · Target Not Established

USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

Strategic Goal 2: Renew America's Competitive Advantage for Sustained Economic Growth and Job Creation *(continued)*						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
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	824,958	1,429,079	363,863	544,522[26]	585,555	883,988
Number of people who receive livelihood co-benefits (monetary or non-monetary) associated with the implementation of U.S. Government sustainable landscapes activities	1,152	13,870	59,493	24,800[27]	174,410[27]	100,315[27]
Number of beneficiaries with improved energy services due to State and USAID assistance	4,694,294	11,189,631	9,210,497[28]	8,689,284[28]	9,500,500[28]	2,929,988[28]
Amount of investment mobilized (in US$) for energy projects (including clean energy) as supported by U.S. Government assistance	$9,793,480,831	$9,175,299,861	$7,634,319,593	$7,613,218,763	$5,999,249,920[29]	$5,749,918,073[29]
Energy generation capacity (MW) supported by U.S. Government assistance that has achieved financial closure	1,079	3,642	5,094	13,812	7,895[30]	8,325
Number of energy sector laws, policies, regulations, or standards formally proposed, adopted, or implemented as supported by U.S. Government assistance	278	474	427	167	235[31]	213
Number of people affiliated with non-governmental organizations that receive U.S. Government-supported anti-corruption training	7,339	4,689	15,127	13,814	15,875[32]	12,125[32]
Number of target countries with new Fiscal Transparency Innovation Fund projects	10	12	12	7	15[33]	7[33]

Strategic Goal 3: Promote American Leadership through Balanced Engagement						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
Percentage of USAID Country Development Cooperation Strategies that include a Development Objective, Intermediate Result, Sub-Intermediate Result, or transition section that addresses ways to strengthen host-country capacity to further its self-reliance	N/A	N/A	N/A	N/A	3.17%	15.87%
Amount of resource commitments by non-U.S. Government public and private entities in support of U.S. foreign-policy goals	$7.131 billion	$28.416 billion	$25.3 billion[34]	$28.9 billion	$0.005 billion[34]	$28.9 billion
Absolute change in all-cause under-five mortality (U5MR) **APG** ☆	-1.7	-2.2	-2.3	-2	-2.1	-2
Absolute change in total percentage of children who received at least three doses of pneumococcal vaccine by 12 months of age **APG** ☆	+1.6	+1.6	N/A[35]	+5[36]	+1.65[36]	+2

See end of table starting on page 25 for footnotes. Full description of legend can be found on page 21.

(continued on next page)

Legend: Above Target | At Target | Below Target | Result Not Available | Target Not Established

USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

Strategic Goal 3: Promote American Leadership through Balanced Engagement *(continued)*						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
Absolute change in total percentage of births delivered in a health facility **APG** ☆	N/A	+0.4	N/A[35]	+1	+1.05	+1
Absolute change in modern contraceptive prevalence rate (mCPR) **APG** ☆	+1.2	+1.4	+1	+1	+1.1	+1
Annual total number of people protected against malaria with insecticide treated nets (ITN) **APG** ☆	72 million	87 million	59 million	77 million	123 million[37]	80 million[37]
Percent of shipments of contraceptive commodities that are on time[38] **APG** ☆	N/A	N/A	N/A[21]	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 75% Q2: 81% Q3: 84% Q4: 91%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%
Percent of shipments of contraceptive commodities that are on time and in full[38] **APG** ☆	N/A	N/A	N/A	Q1: 80% Q2: 80% Q3: 80% Q4: 80%	Q1: 57% Q2: 74% Q3: 63% Q4: 85%	Q1: 80% Q2: 80% Q3: 80% Q4: 80%
Number of adults and children who currently receive antiretroviral therapy (ART) **APG** ☆	N/A	11,404,117[39]	13,206,682	15,878,510	14,730,437[40]	Q1: 15,612,172 Q2: 16,493,908 Q3: 17,375,643 Q4: 18,257,378[40]
Number of adults and children newly enrolled on antiretroviral therapy (ART) **APG** ☆	N/A	2,158,632[39]	2,774,524	4,021,968	Q1: 573,936 Q2: 650,010 Q3: 643,889 Q4: 810,729[41]	Q1: 833,079 Q2: 833,079 Q3: 833,079 Q4: 833,079[41]
Number of males circumcised as part of the voluntary medical male circumcision (VMMC) for HIV prevention program within the reporting period **APG** ☆	N/A	2,290,141[39]	3,382,541	Q1: 970,744 Q2: 970,745 Q3: 970,744 Q4: 970,745	Q1: 714,338 Q2: 839,088 Q3: 1,086,402 Q4: 1,094,386[42]	3,823,495[42]
Protection mainstreaming in NGO proposals[43]	N/A	N/A	N/A	95%	100%	95%[44]
Percent of disaster declarations responded to within 72 hours	88%	100%	100%[45]	95%	89%[45]	95%
Percent of targeted implementing partners with completed benchmark plans	N/A	N/A	N/A	50%	87%[46]	80%[46]

Strategic Goal 4: Ensure Effectiveness and Accountability to the American Taxpayer						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
Percentage of completed evaluations used to inform management and decision-making[47]	USAID: N/A	USAID: N/A	USAID: N/A	USAID: 95%	USAID: 99.4%[47]	USAID: 95%
Percent of completed Foreign Assistance evaluations with a local expert as a member of the evaluation team	N/A	49%	59%	50%	64.8%	65%
Percentage of Awards using co-creation **APG** ☆	N/A	N/A	N/A	Baseline	18%	Q1: 20% Q2: 22% Q3: 24% Q4: 28%

See end of table starting on page 25 for footnotes. Full description of legend can be found on page 21.

(continued on next page)

Legend: ■ **Above Target** ■ **At Target** ■ **Below Target** ■ **Result Not Available** ■ **Target Not Established**

USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

Strategic Goal 4: Ensure Effectiveness and Accountability to the American Taxpayer *(continued)*						
Indicator Title	**FY 2015 Results**	**FY 2016 Results**	**FY 2017 Results**	**FY 2018 Target**	**FY 2018 Results**	**FY 2019 Target**
Percentage of Obligations using co-creation **APG** ☆	N/A	N/A	N/A	Baseline	21%	Q1: 23% Q2: 25% Q3: 27% Q4: 31%
Number of New Partners **APG** ☆	N/A	N/A	N/A	Baseline	226	Q1: 22 Q2: 31 Q3: 51 Q4: 145[48]
Percentage of addressable contract dollars awarded to Best in Class vehicles (USAID) **APG** ☆	N/A	30%[49]	41.3%[50]	Q1: 10% Q2: 20% Q3: 25% Q4: 35%	Q1: 0% Q2: 29% Q3: 30% Q4: 36%	Q1: 10% Q2: 20% Q3: 30% Q4: 40%
Percentage of contract dollars awarded to contract vehicles designated as Spend Under Management (USAID) **APG** ☆	N/A	N/A	N/A	Q1: 45% Q2: 56% Q3: 65% Q4: 70%	Q1: 77% Q2: 56% Q3: 59% Q4: 74%	Q1: 56% Q2: 66% Q3: 70% Q4: 75%
Number of Operating Units Adopting DIS	N/A	N/A	N/A	7	0[51]	6
Overall Score on Human Capital Function of GSA's Customer Satisfaction Survey (or USAID's equivalent survey)	USAID: 2.99	USAID: 4.16	USAID: 4.16	USAID: 4.32	USAID: 3.91[52]	USAID: 4.3
Percentage of USAID Global Health and Management Bureau staff moved to newly leased facility	N/A	N/A	N/A	0%	0%	0%
Percent completion of Phases 3 and 4 of the Ronald Reagan Building Renovation	N/A	N/A	N/A	0%	0%	33%

* *Indicators and data represent all indicators with USAID equity included in the FY 2018 Annual Performance Report (APR)/FY 2020 Annual Performance Plan (APP), available at https://www.usaid.gov/sites/default/files/documents/1870/FY_20_APP_FY_18_APR_FINAL_5-20-2019_508-Compliance_1.pdf. While this report includes some explanations as footnotes here, the APP/APR includes additional analysis of the results as compared to the targets.* ***Indicators reported as part of USAID's Agency Priority Goals (APGs) are noted in the table with the star symbol*** ☆. *USAID introduced some performance indicators in FY 2017, as part of the first year of reporting on progress toward the USAID-State FY 2018–FY 2022 JSP, and thus did not collect data on them in previous years. Where appropriate, the table indicates N/A (not applicable).*

1 *Results and targets for this indicator reflect joint data for USAID and the Department of State (State). Note that USAID's FY 2018 target was 35 and the Agency's result for FY 2018 was 45. USAID's FY 2019 target is 45.*

2 *The FY 2016 result is high because of new projects that started in one Operating Unit (OU).*

3 *This figure is 31 percent greater than the target. There are two main reasons for this positive deviation. First, programmatic successes—in such countries as Guinea, Thailand, and those supported by the Bureau for Democracy, Human Rights, and Labor (DRL) program—increased demand for more activities and trainings than originally planned. Secondly, many new start-up activities, such as in Sénégal, were not originally counted when USAID set the FY 2018 targets.*

4 *The FY 2019 target is decreasing from the targets set for prior years because activities in some OUs are concluding.*

5 *This figure is 54 percent greater than the target. There are two main reasons for this positive deviation. First, programmatic successes—in such countries as Bosnia and Herzegovina, Georgia, the Philippines, Somalia, and South Sudan—increased demand for more activities and trainings than originally planned, which thereby increased the number of participants in activities. Secondly, in such countries as Sénégal and Georgia, demand for activities was greater than expected, which thereby increased the number of activities beyond original expectations. Furthermore, given the emergent and time-sensitive nature of this result, achievement of attendance at events designed to build mass support can be variable and difficult to predict.*

6 *Security concerns, civilian displacement, the slow progress of several peace processes, and procurement delays contributed to a lower-than-expected performance for this indicator in FY 2018. USAID has revised the out-year targets to reflect more-realistic expectations given operational and other constraints that are facing the contributing OUs.*

See end of table starting on page 25 for footnotes. Full description of legend can be found on page 21. *(continued on next page)*

Legend: **Above Target** **At Target** **Below Target** **Result Not Available** **Target Not Established**

USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

[7] *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. Tunisia also surpassed its target of 500 by seven million because of the introduction of a more-accessible media campaign.*

[8] *Because of the nature of this indicator, results can depend on the scheduling of elections and the accessibility of messages in target communities. This can lead to inconsistent trends in this indicator from year-to-year. Along with the short-term nature of this support, it can make targets difficult to set. Additionally, out-year targets reflect only the small subset of programming actually planned, and does not account for "'rapid response" interventions designed to address unforeseen needs globally. As such, the targets could underestimate the anticipated number of people to reach through elections-related programming in subsequent years. In spite of these constraints, USAID has updated the target for FY 2019 based on best estimates of increased support for voter education, updated information about opportunities for this support, and scheduled elections in outgoing years.*

[9] *The FY 2018 result was significantly higher than expected, in part because some countries recently began tracking the indicator, and also because a number of programs received strong buy-in from host countries. As a result of the positive reception and effective use of program dollars, USAID's partners offered more trainings, and more people received the skills necessary to do their jobs more effectively. The out-year targets reflect that several OUs have activities that are transitioning or concluding.*

[10] *The FY 2018 target was lower than the FY 2017 result because a major program in the Philippines concluded in FY 2017.*

[11] *The FY 2018 result is slightly lower than the target because, while most OUs exceeded their targets slightly, a significant program in Serbia identified overly ambitious targets for FY 2018. This activity's targets for FY 2019 and FY 2020 are more realistic. Similarly, another OU reduced its FY 2019 target relative to this year to be more realistic. Because a major program in Mongolia concluded and another large program in the Republic of Albania scaled down relevant activities in FY 2018, USAID reduced the aggregate target for FY 2019.*

[12] *The Agency adjusted the FY 2018 and FY 2019 out-year targets to reflect the FY 2018 and FY 2019 President's Budget Requests for USAID's food-security programs. Out-year targets could also reflect the ending of existing activities and the transition to new activities that have not yet started and thus have not set targets yet.*

[13] *USAID does not report annual food-security data until late into the following calendar year. USAID has updated the FY 2018 Result to reflect the 2019 Feed the Future Progress Snapshot.*

[14] *USAID has updated these values to reflect the Feed the Future Snapshot: A Decade of Progress, available at https://www.usaid.gov/documents/1867/feed-future-snapshot-decade-progress. The revised results reflect additional information provided after publication for previous years.*

[15] *Starting in FY 2017, this revised indicator captures nutrition-specific interventions only. The previous version of this indicator captured both nutrition-specific and nutrition-sensitive efforts.*

[16] *USAID did not meet the FY 2018 target for this indicator, as the actual result fell approximately five percent short of the target. It is difficult to identify precisely why this was the case. Forty-nine OUs reported against this indicator and, for many OUs, their reported results reflect a combination of results across multiple projects or activities. Given the breadth of this reporting, the lack of detail in the narratives and the large number of individual country results that either fell short of or exceeded their targets on this indicator, the Agency cannot identify the exact reason for the shortfall. Nevertheless, the FY 2019 target suggests that on average, OUs expect to achieve better results in the future.*

[17] *USAID did not meet the target for FY 2018 for this indicator by a very small margin. This was largely because of substantial gaps between the target for FY 2018 and obtained results for a few OUs. For the most part, these OUs have articulated clear plans to determine what accounted for their lackluster results, to incorporate lessons-learned from more successful programs, and to strengthen interventions. If successful, these efforts should yield more positive results. An FY 2020 target of 60.26 percent reflects this optimism.*

[18] *USAID set the FY 2018 target lower than the FY 2017 results for a number of reasons, including that major programming was concluding for three OUs in FY 2018. Note that USAID updated the FY 2018 target from the FY 2018 Agency Financial Report (AFR) to present data updates. The FY 2018 actual results substantially exceed the FY 2018 target because of the extreme variability in year-to-year needs, especially in the humanitarian-assistance sector where activities to address gender-based violence (GBV) in emergency situations serve large numbers of beneficiaries. Given the variability in year-to-year needs, out-year targets rely on a conservative analysis of historical trends.*

[19] *The increase in FY 2017 from FY 2016 results is because of a large uptick in results reported from programming in the Republic of Colombia, which includes 37 measures implemented at both the sub-national and national levels.*

[20] *FY 2018 data aggregates targets and actual results reported by seven OUs, which reflects an increase from FY 2017 when five OUs reported on this indicator. Note that USAID updated the FY 2018 target from the FY 2018 AFR to present data updates. The number of legal instruments reported have also increased from 47 in FY 2017 to 56 in FY 2018. However, the FY 2018 actual results have not met the FY 2018 target. A reason for this shortfall is that the OU that reports the largest number of legal instruments last year met only 65 percent of its FY 2018 target because of changes in the design and implementation of activities.*

[21] *Governments in USAID's partner countries measure and report on national-level learning outcomes every 2-4 years. In 2018, Ministries of Education in USAID's partner countries did not report any new learning outcomes data to the United Nations (UN) Educational, Scientific and Cultural Organization (UNESCO) Institute for Statistics (UIS), which makes it impossible to report on this indicator for the 2018 period. The next update to UNESCO/UIS reporting, in September 2019, is expected to allow for an update to this indicator for FY 2019 reporting.*

[22] *USAID exceeded the FY 2018 target because of higher-than-anticipated enrollment or Government buy-in in certain countries, and improved overall reporting. For instance, in the Republic of Ghana, where the OU exceeded its target by over one million students, the number of students enrolled was significantly higher than anticipated. In other instances, such as in the Republic of Uganda, where the FY 2018 result was nearly 2.3 million students higher, the OU missed including targets for two contributing activities, which the Agency has rectified for future years. Out-year targets reflect the ending of existing activities and the transition to new activities that have not yet started, and thus have not set targets yet.*

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USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

[23] *The large number of firms that received technical assistance in FY 2017 and FY 2018 primarily reflects short-term assistance provided to microenterprises through local government partners with effective outreach in the Philippines. USAID has increased the target for FY 2019 significantly to reflect the improved accuracy of multiple OUs in monitoring and projecting targets for existing activities, as well as for new activities.*

[24] *The actual results for FY 2018 are much higher than the target because two OUs did not indicate targets but reported significant results.*

[25] *FY 2018 results show accelerated progress on achieving results toward this indicator from previous years, but were lower than the target numbers because of delays in implementation. The Agency expects that future years of programming will make up for these results. USAID has adjusted out-year targets based on new information from Mission-level programming in this area. However, targets for some of these programs are missing, so these should increase.*

[26] *USAID has updated the FY 2018 target to reflect finalized data.*

[27] *In FY 2018, seven OUs reported on this indicator, five of which supported over 20,000 individuals each. Measurement of this indicator can be a challenge, as much of USAID and State's work in Sustainable Landscapes happens at the national or policy level, and methodologies for counting individual beneficiaries can be unclear. However, several programs, especially those with a payment for the ecosystem-services component, have been able to report strong results in FY 2018, as nearly all OUs (86 percent) exceeded their targets. In the Republic of Zambia (83,227), through alternative-livelihood activities and anticipated carbon offsets from avoided deforestation, the Community Forest Program helped people receive benefits through beekeeping, access to clean drinking water, and access to refurbished schools and health centers, which meant the investment exceeded its original target. In the Republic of Malawi (25,269), a significant number of people benefitted from access to new markets as a result of a program to teach smallholders to cultivate Moringa trees funded via a grant to Moringa Miracles, Limited. Protecting Ecosystems and Restoring Forests in Malawi (PERFORM) has exceeded its expected life-of-project target, but will add new activities in out-years. In the Republic of Indonesia (20,159), USAID's LESTARI activity exceeded expected results because of its success in scaling up business models for the sustainable use of natural resources.*

[28] *The FY 2017 result is lower than the FY 2016 result because of changes to three projects in Afghanistan. Forecasting the number of beneficiaries is difficult because of security concerns in high-security-threat countries and unpredictable weather conditions, which has resulted in common construction delays on large-scale projects. Projections are also difficult because of the nature of the credit markets and economic conditions that foster greater access to electricity. Projected beneficiaries are based on an internal Mission analysis of the current progress of infrastructure construction and market conditions. For example, in Afghanistan the Arghandi-Ghazni transmission line and substations were completed and energized unexpectedly early, on October 26, 2017, which increased connections. The utility, Da Afghanistan Breshna Sherkat (DABS), confirms that security concerns and procurement delays determined the FY 2018 target. However, when the transmission line and substations were energized, demand for electricity surpassed the target. DABS increased the number of connections to meet this unexpected demand. The FY 2019 target reflects that FY 2018 is the final year of operation for some activities.*

[29] *Actual results in FY 2018 were lower than expected because of the early closure of the Private Financing Advisory Network (PFAN)-Asia, a reduction in clean-energy activities in Mexico, and discounted projected success rates of activities funded by USAID's Clean Energy Finance Facility for Central America and the Caribbean (CEFF-CCA). Out-year targets are lower than FY 2018 results because of the closure or completion of existing awards.*

[30] *In FY 2018, 13 OUs reported on this indicator; seven OUs reported over 100 megawatts (MW) each. There was a significant difference, both positive and negative, between the target and actual values for most OUs, which reflects the uncertain nature of large power transactions because of the complex nature of regulatory approvals and funding decisions involving multiple stakeholders. For example, the West Bank and Gaza (230 MW) OU missed its target of 9,280 MW as a result of the cancellation of the main activities, responsible for over 80 percent of the annual target, in the final stages of negotiation. Additionally, the Memorandum of Understanding (MOU) for two planned renewable-energy projects were signed, but implementation has been postponed to FY 2019. Unexpected technical issues that required in-depth assessment, constant coordination with project stakeholders, and delays in approvals by related authorities, extended the time frame for the planning and design of the project. USAID and State provide ongoing support to developers and financers to address any obstacles and achieve successful outcomes.*

[31] *In FY 2018, 21 OUs reported on this indicator; seven OUs achieved results of 10 or more. In FY 2018, State and USAID exceeded their target, which reflected strong global interest in U.S. expertise in building enabling economic environments for clean and advanced energy and improved regulatory frameworks for energy development. For example, USAID's Africa Regional Mission (19) exceeded its target of eight. As a result of the Power Africa 2.0 approach, implementing partners have increased their focus on improving the enabling environment within the energy sector to include policy reforms. This shift significantly increased the number of policy reforms adopted and implemented in FY 2018. USAID adjusted the out-year targets to reflect the anticipated impact of Power Africa 2.0 priorities.*

[32] *The FY 2018 result and out-year targets reflect reporting from 14 OUs. Out-year targets reflect the ending of existing activities and the transition to new activities that have not yet started, and thus have not set targets yet. The FY 2018 results demonstrate that USAID and State's programs continue to strengthen the capacity of non-governmental organizations (NGOs) (including civil society and the media) to hold governments to account, provide monitoring of government services, report on corruption, and implement social-accountability mechanisms.*

[33] *The FY 2018 results list those projects obligated by September 30, 2017 (which correlates to projects funded with FY 2017 funds). The out-year indicator target is the same FY 2018, adjusted to reflect a change in the Fiscal Transparency Innovation Fund's (FTIF) strategy. As the FTIF program has matured, project-selection panels have focused more on strategic and sustainable projects, rather than the overall number of projects.*

[34] *For purposes of this reporting cycle, USAID is contributing data for FY 2017 and plans to report FY 2018 data during the next reporting cycle. State and USAID, respectively, conduct an annual data-collection process on the total amount of external resources leveraged by the Department and the Agency through public-private partnerships for a given fiscal year. Data-collection for FY 2017 marked the first year USAID gathered these data via a new module. As a result of this transition to a new data-collection system and associated delays and system errors expected with the deployment of a new module, USAID was unable to report FY 2017 data last year, and is doing so now. While the level of external resources leveraged remains strong, resources leverage for FY 2017 represent a decline from FY 2016. Similar to the time lag in reporting this data, a significant factor in the decline of reported external leverage is the transition to the new reporting platform. There were identifiable gaps in data reported in FY 2017. For example, in the full set of USAID public-private partnerships data reported for FY 2017, 85 reported partnerships did not contain any of the associated resource-contribution data expected. Additionally, across the FY 2017 dataset, 234 individual resource partners reported in the system did not contain expected data on associated contributions. While USAID and State conduct significant cleaning and validation of the data following the data-collection period and will continue to do so during future data-collection, user compliance is necessary if they are data in full. The FY 2018 result only includes data from State. USAID will report FY 2018 data in the FY 2019 APR/FY 2021 APP.*

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USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

[35] *FY 2017 actuals are not available because of a pause in APG reporting.*

[36] *USAID used projections that relied on net changes in coverage between 2011 and 2016 to set the FY 2018 target of five percent. However, during this early period of the introduction of pneumococcal vaccine (PCV3), the coverage jumped from zero percent to above 50 percent in many countries, which caused a projection derived from this period to suggest a higher net increase than could be sustained in subsequent years, since many countries have already achieved relatively high coverage. In fact, this rapid increase in coverage has since tapered off, now that most countries have introduced PCV3 and the coverage increase from calendar year 2016 to calendar year 2017 was smaller than the estimated target. Coverage of PCV3 vaccine increased from 37.79 percent in 2016 to 39.44 percent in 2017 in the 25 USAID Maternal and Child Health priority countries, for a net increase of 1.65 percent for FY 2018. USAID collects data for PCV3 by calendar year, which overlaps with the Federal fiscal year. For this reason, USAID reported the difference in calendar year 2016 and 2017 data for FY 2018.*

[37] *USAID has corrected the FY 2018 APR reported estimate of 126 million to 123 million. The corrected estimate aligns with the number of ITNs distributed published in the President's Malaria Initiative (PMI) 2019 Annual Report. The PMI coordinates its procurement and distribution of ITNs with other major donors, including the Global Fund to Fight AIDS, Tuberculosis, and Malaria; the World Bank; and UNICEF. In FY 2018, PMI protected 123 million people against malaria with ITNs. PMI exceeded the projected target because of large mass campaigns successfully implemented in Nigeria, Ethiopia, and Madagascar. PMI sets targets for this indicator by estimating the number of ITNs distributed with PMI funds based on Malaria Operational Plans for the PMI focus countries. Funding levels and the addition of countries are also considered.*

[38] *USAID measures two different quarterly indicators for the Maternal and Child Health APG: "on time" (OTD) and "on time, in full" (OTIF). OTD measures the number of line items with an agreed delivery date during the reporting period delivered on-time, divided by the total number of line items promised during the reporting period. OTIF measures the number of line items delivered both on time and in the agreed-upon quantity during the reporting period, divided by the total number of line items delivered during the reporting period. In FY 2018, USAID delivered $54.5 million worth of contraceptive commodities to USAID-supported countries. In spite of underperformance in First Quarter, on-time performance for FY 2018 exceeded the target value of 80 percent for the remainder of the year because of improvements in global supply-chain operations. USAID has worked proactively with the Global Health Supply Chain - Procurement and Supply Management (GHSC-PSM) Project to identify bottlenecks in the system that contributed to delays and aggressively implement an action plan to improve procurement and delivery times, and mitigate the impact of delayed shipments. These approaches include (1) enhancing visibility into the commodity needs of field programs; (2) expanding collaboration and information-sharing through coordinated supply-planning processes; and (3) streamlining the procurement-planning and order-fulfillment processes.*

[39] *Data source: FY 2018 Second Quarter APG Progress Update, available at https://www.performance.gov/state/APG_joint_2.html.*

[40] *At the end of FY 2018, the President's Emergency Fund for AIDS Relief (PEPFAR) was supporting more than 14.6 million men, women, and children on life-saving antiretroviral therapy (ART). To continue to scale up, PEPFAR is supporting policies and practices that will allow for more people to receive treatment in the most cost-effective manner possible.*

[41] *In FY 2018, PEPFAR initiated more than 2.68 million men, women, and children on life-saving ART. To continue to scale up, PEPFAR is supporting policies and practices that will allow for more people to receive treatment in the most cost-effective manner possible. For example, PEPFAR is supporting Test-and-Start policies whereby all people living with HIV are eligible for treatment immediately, regardless of how far their disease has progressed. The reduction in FY 2019 targets for "new on treatment" is a result of countries' approaching epidemic control. There are fewer people living with HIV to identify and initiate on treatment because of the incredible impact PEPFAR has made over the last fifteen years.*

[42] *In FY 2018, PEPFAR supported voluntary medical male circumcision (VMMC) for more than 3.73 million men and boys to prevent infection with HIV, an increase of 350,000 from FY 2017. To continue to scale up, PEPFAR is supporting policies and practices that will allow for more men to receive VMMC in the most cost-effective manner possible.*

[43] *One of the ways in which USAID prevents GBV in emergencies is by ensuring each proposal received from an NGO mainstreams protection principles and practices. "Protection mainstreaming" is the process of incorporating protection principles and promoting meaningful access, safety, and dignity in humanitarian aid. The numerator for this indicator is the number of NGO proposals received by the USAID Office of U.S. Foreign Disaster Assistance (OFDA) within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) that include protection-mainstreaming; the denominator is the total number of NGO proposals received by USAID/DCHA/OFDA.*

[44] *USAID/DCHA/OFDA finances GBV programming from International Disaster Assistance (IDA) funds, a contingency account used to respond to emergency needs, and therefore USAID/DCHA/OFDA's targets are estimates for future years because the scale, scope, and location of needs vary from year to year.*

[45] *USAID has updated the FY 2017 result to 100 percent to reflect finalized data. Two of the three delayed response cables in FY 2018 were Sensitive But Unclassified (SBU), related to a politically sensitive complex emergency of high interest to the interagency. The sensitive political nature of these U.S. Government responses necessitated exceptional levels of intra-agency and interagency coordination, which created a lag in USAID/DCHA/OFDA's normal response time frame. Had these delays not occurred, USAID/DCHA/OFDA's rate of response within 72 hours would have been 96 percent for FY 2018.*

[46] *The U.S. Government's Humanitarian Policy Working Group (HPWG)—which includes State, USAID, and the U.S. Mission to the UN—identified eight departments and agencies for the development of the internal tracking documents, or benchmark plans. By the end of FY 2018, the HPWG developed seven of the eight plans, and will create the final plan in FY 2019.*

[47] *USAID and State previously reported this indicator as "Percentage of completed foreign assistance (FA) and diplomatic engagement (DE) evaluations used to inform management and decision-making." For FY 2018, 158 of 159 evaluations met intended use—preliminary results. USAID and State will include final results in the FY 2019 APR/FY 2021 APP.*

[48] *The FY 2019 annual target is 249 new total partners, equivalent to a 10-percent increase over the FY 2018 baseline.*

[49] *The data source for FY 2016 and FY 2017 is the Federal Procurement Data System – Next Generation (FPDS – NG). USAID has not previously reported the historical percentages as part of the APG.*

[50] *The data source for FY 2017 is the FPDS – NG. USAID has not previously reported the historical percentages as part of the APG. In FY 2017, USAID exceeded the 35-percent target, with a 41.3 percent BIC spend, because of actions such as the increased review of acquisition and assistance by senior management and the tracking of adoption by BIC across the Agency; dedicated training on BIC; and an emphasis on the benefits, process, and implementation of using such a solution.*

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USAID KEY INDICATORS AND PERFORMANCE TRENDS* *(continued)*

[51] The Development Information Solution (DIS) data model is continuously evolving under the Agile methodology. Data-migration and the speed of deployment are both factors that affect the number of OUs that adopt the DIS. USAID encountered unforeseen challenges beyond its control that resulted in delays in the deployment of the DIS. A five-month delay in getting the deployment provider on contract, and an additional delay of more than two months for getting contractor personnel through the security-clearance process, are two examples. USAID revised the indicator of the number of users that are adopting DIS target as a result of the delays. The revised targets reflect the number of OUs that are using AIDTracker+ actively.

[52] USAID is down from 4.16 in FY 2017 to 3.91 in FY 2018. USAID attributes the downward movement to the hiring freeze of 2017; the organizations' response to Executive Order 13781, Comprehensive Plan for Reorganizing the Executive Branch; and vacancies in leadership positions. To reverse the downward trend, USAID is taking steps to normalize hiring, fill leadership positions, and implement the structural pieces of Transformation.

[53] Replaces the "Number of formal knowledge-sharing events" indicator from the FY 2018 AFR.

LOOKING FORWARD

Ruth Buckley

AGENCY IMPACT

USAID supports our worldwide partner countries, U.S. national security, and the American taxpayer by engaging in effective development; reducing the reach of conflict; preventing the spread of pandemic disease; and counteracting the drivers of violence, instability, transnational crime, and other security threats. USAID's objective is to help partners become self-reliant, capable of, and committed to leading their own development journeys. We call this the Journey to Self-Reliance.

IDENTIFYING CHALLENGES

We are executing our mission in a new development landscape. In 1961, when USAID was founded, about 80 percent of the funds that flowed from the United States to developing countries was official development assistance (*i.e.*, Federal Government funding) relative to other sources (*i.e.*, remittances, non-governmental organizations [NGOs], *etc.*). That number has dropped to less than 10 percent. In response, we must change the way we do business. We need to mobilize private-sector investments, leverage new partnerships, and amplify the efforts of foundations and non-profits, while working with our partner countries to ensure they are empowered and accountable.

USAID outlines this new approach in our first ever Acquisition and Assistance (A&A) Strategy. This strategy builds on previous and current reform efforts and outlines the shifts we will make to embrace a self-reliance model and diversify our partner base to support the Journey to Self-Reliance.

DIVERSIFYING THE PARTNER BASE

ENGAGING NEW AND UNDERUTILIZED PARTNERS

USAID's direct funding has historically, and increasingly, gone to a small number of large organizations, yet the development community has exploded with new and capable partners around the world. To engage promising new partners, as well as current partners that the Agency has underutilized, we are implementing new initiatives and scaling proven, targeted, and innovative approaches. We are committed to finding partners with good ideas and innovative approaches to promote the Journey to Self-Reliance.

To operationalize these ideas, USAID launched the New Partnerships Initiative (NPI). As part of NPI, USAID's Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) issued an NPI Annual Program Statement, which invites partners with minimal or no current USAID funding or recent experience working with USAID to partner with us—to identify challenges in partner country communities and co-define the development problem, co-identify the opportunities for development interventions, and co-design the program to achieve impact. Additionally, the Bureau for Global Health issued a separate NPI solicitation that encompasses Community Health Networks and Expanding Health Partnerships. We envision that other USAID Missions and Operating Units will replicate these initial NPI efforts.

WORKING WITH LOCAL AND LOCALLY ESTABLISHED PARTNERS

A key driver of self-reliance is a partner country's capacity to manage and finance its own development. USAID will shift its top-down approach to engage local organizations in equal partnerships to be more consistent and holistic in building local capacity. This means engaging with a broader range of local partners earlier in the planning process as co-designers, co-implementers, and co-owners of development objectives. Our partner countries are in different stages of their Journeys to Self-Reliance, so USAID Missions will apply collaborative and adaptive approaches based on country context in their plans to strengthen the capacity of local actors to achieve and sustain results.

Working with local and locally established partners means finding new ways to empower communities as they plan, finance, and implement solutions to solve their own development challenges. To meet this need, USAID is piloting NPI and learning from programs like Local Works, a unique program designed to advance locally led development and enhance the Agency's ability to empower local actors to take the lead in addressing their own development challenges. Identifying and sharing lessons learned from Local Works informs and improves locally owned, sustainable development efforts across the Agency.

INCENTIVIZING AND STRENGTHENING OUR ENGAGEMENT WITH THE PRIVATE SECTOR

Private-sector engagement (PSE) and enterprise-driven development are fundamental to the Journey to Self-Reliance. We will tap into creative thinking in the private sector to increase sustainable-development outcomes and identify alignment opportunities and more effective programming models for market-based, enterprise-driven solutions. By building strong, open markets around the world, we will benefit our partner countries while improving the U.S. economy.

USAID published its PSE Policy to outline how we will engage the private sector. Over the next year, all Missions, Bureaus, and Independent Offices (M/B/IO) will develop country or sector-specific plans to put this policy into practice, including to promote U.S. economic interests. M/B/IOs will also develop country-specific plans for diversifying and changing how we partner, and will annually report on progress to advance learning throughout the Agency.

LOOKING TO THE FUTURE

These principles and plans support the Journey to Self-Reliance by changing the way USAID does business to align with the new development landscape. We are committed to learning and making evidence-based decisions to course correct along the way. As the development world continues to evolve, so will USAID.

We look forward to the day when foreign assistance is no longer necessary. By supporting our partner countries on the Journey to Self-Reliance, we will work concretely toward that goal.

Ruth Buckley

Ruth Buckley
Acting Performance Improvement Officer

ANALYSIS OF FINANCIAL STATEMENTS

The financial statements of USAID reflect and evaluate the Agency's execution of its mission to advance economic growth, democracy, and human progress in developing countries. This analysis presents a summary of the Agency's financial position 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.

CHANGES IN FINANCIAL POSITION IN FY 2019
(In Thousands)

Net Financial Condition	2019	2018	% Change in Financial Position
Fund Balance with Treasury	$ 35,971,075	$ 35,482,587	1%
Direct Loans and Loan Guarantees, Net	628,535	936,618	-33%
Accounts Receivable, Net	120,301	109,265	10%
Cash and Other Monetary Assets, Advances and Other Assets	1,307,941	1,055,843	24%
PP&E, Net and Inventory, Net	106,034	107,954	-2%
Total Assets	$ 38,133,886	$ 37,692,267	1%
Debt and Liability for Capital Transfers to the General Fund of the Treasury	1,712,808	1,193,693	43%
Accounts Payable	2,392,587	2,489,484	-4%
Loan Guarantee Liability	2,837,519	3,726,199	-24%
Other Liabilities and Federal Employees and Veteran's Benefits	1,224,982	1,208,581	1%
Total Liabilities	$ 8,167,896	$ 8,617,957	-5%
Unexpended Appropriations	29,430,913	28,803,928	2%
Cumulative Results of Operations	535,077	270,382	98%
Total Net Position	29,965,990	29,074,310	3%
Net Cost of Operations	$ 12,033,651	$ 13,019,818	-8%
Budgetary Resources	$ 30,874,359	$ 30,702,538	1%

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 maintains a rigorous system of internal controls to safeguard its widely dispersed assets against loss from unauthorized acquisition, use, or disposition. As USAID broadens its global relevance and impact, the Agency will continue to promote local partnership through delivering assistance through host-government systems and faith-based and community organizations.

A summary of USAID's major financial activities in FY 2019 and FY 2018 appears in the Changes in Financial Position in FY 2019 table. This table represents the resources available, assets on hand to pay liabilities, and the corresponding net position. The net cost of operations is the cost of operating USAID's lines of business, less earned revenue. Budgetary resources are funds available to the Agency to incur obligations and fund operations. This summary section also includes an explanation of significant fluctuations on each of USAID's financial statements.

BALANCE SHEET SUMMARY

ASSETS – WHAT WE OWN AND MANAGE

Total assets were $38.1 billion as of September 30, 2019. This represents an increase of $441.6 million over the FY 2018 total assets of $37.7 billion. The most-significant asset is the Fund Balance with Treasury, which represents 94 percent of USAID's total assets, as of September 30, 2019. The Fund Balance with Treasury consists of cash appropriated to USAID by Congress or transferred from other Federal Departments and Agencies and held in accounts of the U.S. Department of the Treasury (Treasury) accessible by the Agency to pay incurred obligations. During the year, the Direct Loan and Loan Guarantees, Net balance decreased by $308.1 million or 33 percent due to borrower repayments on the pre-1992 and post-1991 Direct and Urban and Environment (UE) loan programs. These loan program balances will continue to decrease as payments are made and since no new loans are expected to be established against these programs. The $252.1 million or 24 percent increase related to the Cash and Other Monetary Assets, and Other Assets balances are attributed to increases in advances during FY 2019, for instance, $150 million in grants were disbursed under the Economic Support category to support various program areas, including Good Governance, Education, Conflict Mitigation and Stabilization within the Office of Afghanistan and Pakistan Affairs (OAPA) Bureau.

LIABILITIES – WHAT WE OWE

The Consolidated Balance Sheet reflects total liabilities of $8.2 billion, which is a decrease of $450.1 million or 5 percent over the FY 2018 total liabilities of $8.6 billion. The Debt, Liability for Capital Transfer to the General Fund of the Treasury, Accounts Payable, and Loan Guarantee Liability accounts totaled $6.9 billion or 85 percent of the total liabilities. During FY 2019, the Debt and Liability for Capital Transfer to the General Fund of the Treasury accounts increased by $519.1 million or 43 percent primarily due to reestimates of loan guarantees and capital transfers. Several loan guarantees were fully repaid in FY 2019, reducing USAID's risk exposure by $2.5 billion which resulted in approximately $804 million in higher downward reestimates; these funds are anticipated to be returned to Treasury in the next fiscal year. This was offset by the capital transfer to Treasury of $277 million in unobligated balances from borrower collections under the pre-1992 loan program portfolio during FY 2019. The Loan Guarantee Liability account represents 35 percent of the total liabilities; this account consists of funds borrowed from Treasury to carry out the Agency's Federal Credit Reform program activities and net liquidating account equity. In FY 2019, due to the reduction in the guarantee risk, as discussed previously, the Loan Guarantee Liability account decreased by $888.7 million or 24 percent over FY 2018.

ENDING NET POSITION – WHAT WE HAVE DONE OVER TIME

Net Position represents the Agency's equity, which includes the cumulative net earnings and unexpended authority granted by Congress. USAID's Net Position appears on the Consolidated Balance Sheet and the Consolidated Statement of Changes in Net Position. The reported Net Position balance as of September 30, 2019, was $30.0 billion, which is an increase of $891.7 million or 3 percent over the $29.1 billion reported for FY 2018. One of the primary contributing factors to this change is the higher downward reestimates computed in FY 2019 as discussed under the previous "Liabilities – What We Owe" section.

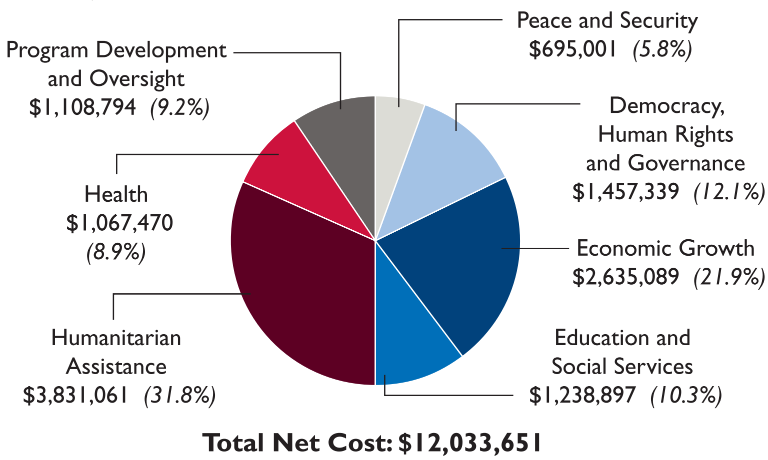
RESULTS (NET COST) OF OPERATIONS

NET COSTS

The results of operations are reported in the Consolidated Statement of Net Cost and the Consolidated Statement of Changes in Net Position. The Consolidated Statement of Net Cost represents the cost (net of earned revenues) of operating the Agency's foreign-assistance programs. The U.S. Department of State (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;

FY 2019 NET COST OF OPERATIONS BY CATEGORIES

(In Thousands)



Education and Social Services; Humanitarian Assistance; Health; Program Development and Oversight; and Peace and Security. Refer to the Mission and Organization Section in this report for specific details on each of the foreign-assistance programs.

The FY 2019 Net Cost of Operations by Categories chart shows the total net cost incurred to carry out each of these Agency's program categories.

The USAID's net cost of operations totaled $12.0 billion and $13.0 billion for FY 2019 and FY 2018, respectively. This was a decrease of $986.2 million or 7.6 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. There were three categories with significant net cost decreases. The lead contributor was the Economic Growth category which indicated a decrease of $799.3 million or 23.3 percent of the overall net cost of operations, with the majority of this decrease resulting from a total cost decrease of $760.7 million for the Macroeconomic Foundation for Growth program of the Middle East (ME) and the Economic Growth, Education & Environment (E3) Bureaus. The Democracy, Human Rights and Governance category withstood a decrease of $234.5 million for the Good Governance program of the OAPA Bureau. Lastly, the Health category incurred an overall decrease in net costs of $183.3 million or 14.7 percent mainly due to reduced costs of $213.4 million in the HIV/AIDS program of the Bureau of Global Health; this was offset by predominantly increased costs within the Malaria, Nutrition and Tuberculosis program areas. On the other hand, the prevailing increase in net cost of operations was within the Peace and Security category showing an increase of $104.5 million or 17.7 percent, which is primarily attributed to cost increases of $177.3 million in the Conflict Mitigation and Stabilization countered by a $75.1 million decrease in the Combating Weapons of Mass Destruction program areas. The Major Categories of Net Cost Comparison chart presents the major elements of net cost broken out by category for FY 2019 and FY 2018.

NET COSTS BY PROGRAM AREAS

In addition to reporting net costs by overall categories, USAID further calculates nets costs by category and program areas for financial reporting. In FY 2019, USAID incurred costs within 47 of the 48 program areas within the seven foreign assistance categories, as shown in the FY 2019

MAJOR CATEGORIES OF NET COST COMPARISON FOR FY 2019 AND FY 2018

(In Thousands)

CATEGORIES	Democracy, Human Rights and Governance	Economic Growth	Education and Social Services	Humanitarian Assistance	Health	Program Development and Oversight	Peace and Security
FY 2019	$ 1,457,339	$ 2,635,089	$ 1,238,897	$ 3,831,061	$ 1,067,470	$ 1,108,794	$ 695,001
FY 2018	$ 1,694,146	$ 3,434,399	$ 1,178,850	$ 3,800,368	$ 1,250,754	$ 1,070,809	$ 590,492

FY 2019 NET COST BY PROGRAM AREAS
(In Thousands)

Categories	Program Areas*	Total
Democracy, Human Rights and Governance	Good Governance	$ 678,967
	Civil Society	289,307
	Political Competition and Consensus-Building	206,322
	Rule of Law (ROL)	180,321
	Human Rights	59,065
	Independent Media and Free Flow of Information	43,357
Democracy, Human Rights and Governance Total		1,457,339
Economic Growth	Agriculture	803,639
	Environment	577,665
	Private Sector Productivity	423,883
	Modern Energy Services	286,389
	Transport Services	118,220
	Trade and Investment	106,402
	Macroeconomic Foundation for Growth	105,440
	Financial Sector	97,951
	Workforce Development	60,883
	Climate Change – Sustainable Landscapes	45,550
	Information and Communications Technology Services	4,357
	Climate Change – Clean Energy	2,408
	Climate Change – Adaptation	2,302
Economic Growth Total		2,635,089
Education and Social Services	Basic Education	1,062,586
	Social Services	69,122
	Higher Education	61,405
	Social Assistance	34,347
	Social Policies, Regulations, and Systems	11,437
Education and Social Services Total		1,238,897
Humanitarian Assistance	Protection, Assistance and Solutions	3,650,406
	Disaster Readiness	168,393
	Migration Management	12,262
Humanitarian Assistance Total		3,831,061
Health	HIV/AIDS	446,300
	Water Supply and Sanitation	219,566
	Maternal and Child Health	157,136
	Malaria	79,002
	Family Planning and Reproductive Health	77,163
	Other Public Health Threats	25,055
	Nutrition	24,008
	Tuberculosis	23,218
	Pandemic Influenza and Other Emerging Threats (PIOET)	16,022
Health Total		1,067,470
Program Development and Oversight	Administration and Oversight	638,956
	Program Design and Learning	448,589
	Evaluation	21,249
Program Development and Oversight Total		1,108,794
Peace and Security	Conflict Mitigation and Stabilization	508,067
	Counternarcotics	102,563
	Counterterrorism	60,003
	Trafficking in Persons	20,938
	Transnational Threats and Crime	1,959
	Conventional Weapons Security and Explosive Remnants of War (ERW)	1,064
	Citizen Security and Law Enforcement	378
	Strengthening Military Partnerships and Capabilities	29
	Combating Weapons of Mass Destruction (WMD)	–
Peace and Security Total		695,001
Total Net Cost of Operations		**$12,033,651**

* *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.*

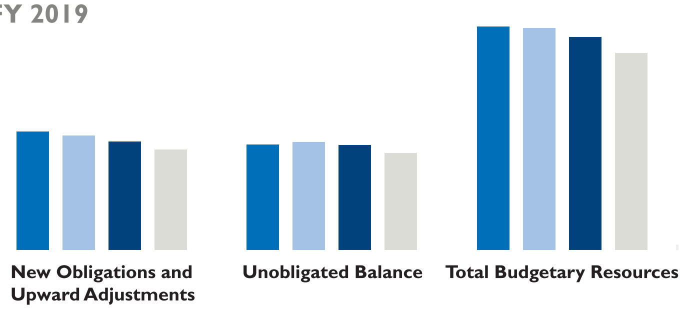
Net Cost by Program Areas table on the previous page. Each program area is an important element of the Agency's framework for effectively leveraging scarce resources to impact development priorities, and allows USAID's management to evaluate the overall major mission or program activity efficiently and effectively. For a further breakout of net costs by responsibility segments and program areas refer to Note 16, *Suborganization Program Costs/ Program Costs by Program Area*. The responsibility segments include the six geographic Bureaus and four technical Bureaus.

BUDGETARY RESOURCES

OUR FUNDS

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

STATUS OF BUDGETARY RESOURCES
FY 2016 – FY 2019
(In Thousands)



	New Obligations and Upward Adjustments	Unobligated Balance	Total Budgetary Resources
FY 2019	$ 16,332,093	$ 14,542,266	$ 30,874,359
FY 2018	$ 15,784,051	$ 14,918,487	$ 30,702,538
FY 2017	$ 14,994,990	$ 14,468,085	$ 29,463,075
FY 2016	$ 13,837,261	$ 13,393,581	$ 27,230,842

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 2016 through FY 2019. The Agency received $30.9 billion in cumulative budgetary resources in FY 2019, of which it has obligated $16.3 billion.

OBLIGATIONS AND OUTLAYS

The Status of Budgetary Resources chart shows the overall Total Budgetary Resources received and whether new obligations and upward adjustments were incurred or the funding remained unobligated at year-end for FY 2016 through FY 2019. As shown in the chart, USAID's Total Budgetary Resources for FY 2019 was $30.9 billion, which is an increase of $0.2 billion, or a 1 percent increase, over the FY 2018 Total Budgetary Resources of $30.7 billion. This increase in resources is primarily due to unexpended appropriations from prior fiscal years in the International Disaster Assistance fund. Obligations and Outlays between FY 2019 and FY 2018 are relatively unchanged showing only a 3 percent and 5 percent increase, respectively.

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 Agency's internal control policy is comprehensive and requires all USAID managers to establish cost-effective systems of internal control to ensure U.S. Government activities are managed effectively, efficiently, economically, and with integrity. All levels of management are responsible to ensure adequate controls over USAID operations.

The Federal Managers' Financial Integrity Act (FMFIA) requires departments and agencies to establish 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.

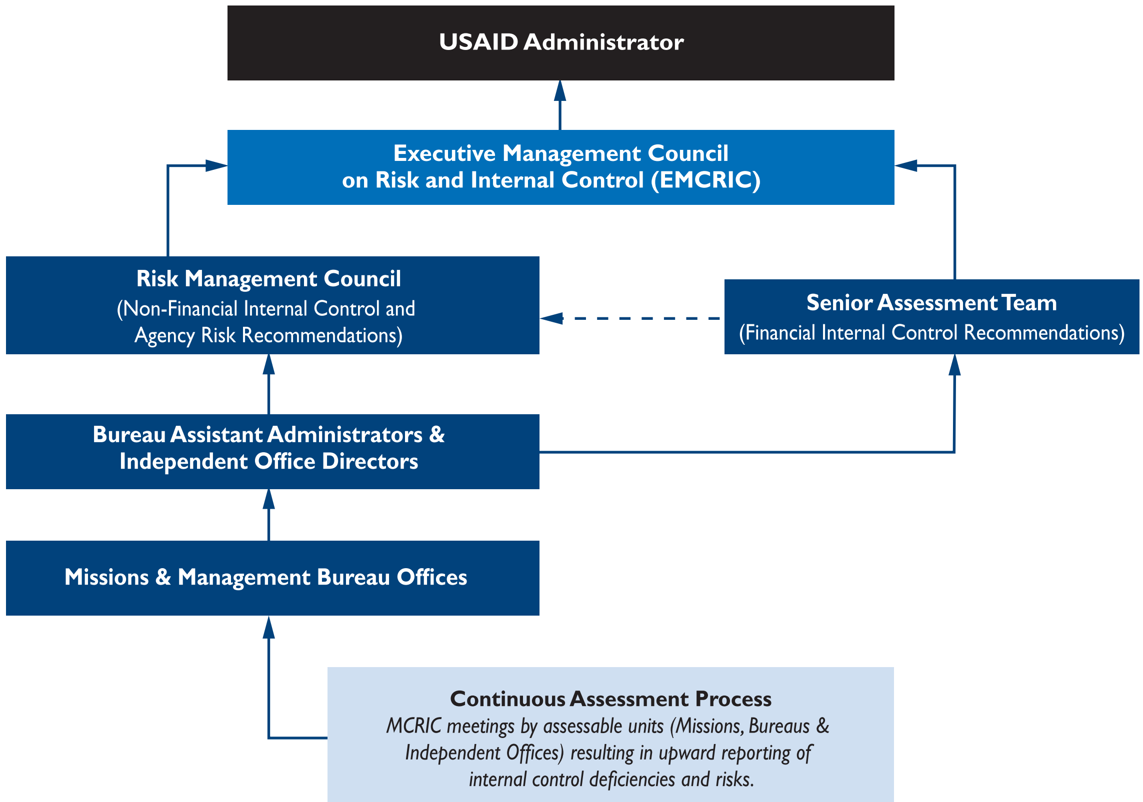
The Administrator of USAID is required to provide an annual Statement of Assurance (see below) on whether the Agency has met this requirement. Office of Management and Budget (OMB) Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*, implements the FMFIA, 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 and the provisions of the Federal Financial Management Improvement Act. The Agency conducted its assessments of risk and internal control over financial reporting in accordance with OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Based on the results, the Agency can provide reasonable assurance that its internal controls over operations, reporting, and compliance were effective as of September 30, 2019.

Mark A. Green
Administrator
November 19, 2019

GOVERNANCE STRUCTURE FOR ERM AND INTERNAL CONTROL SYSTEMS



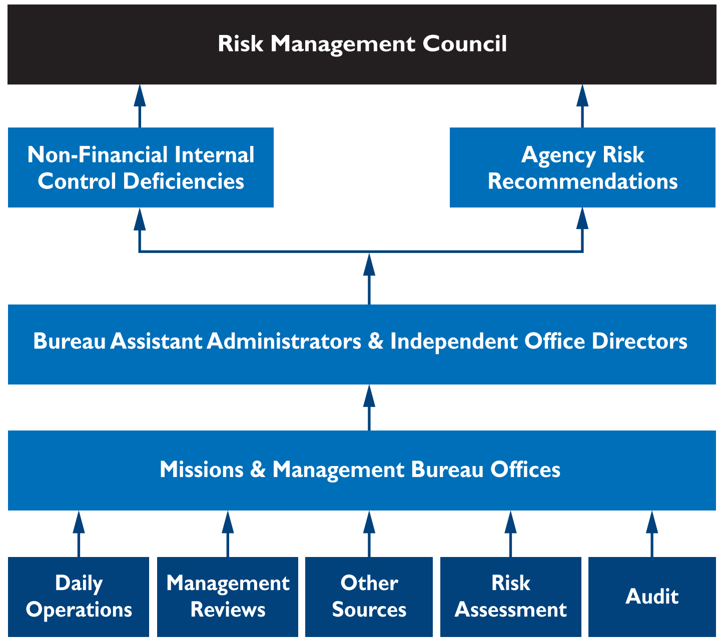
Read more in the CFO's message on how these initiatives advance, promote, and contribute to USAID's achievements *(see page 62).*

The Executive Management Council on Risk and Internal Control (EMCRIC) integrates Enterprise Risk Management (ERM) with USAID's internal control structure. The ERM Secretariat provides administrative and logistical support to the USAID governance structure. USAID's Bureaus, Independent Offices (IOs), and assessable units have appointed Risk Management Liaisons to facilitate efficient and effective identification, reporting, and treatment of risks. The Deputy Administrator chairs the EMCRIC, which comprises the Agency's senior leadership, including the heads of Bureaus and IOs; the Chief of Staff; the Chief Risk Officer; the Chief Financial Officer; the Chief Information Officer; the Chief Acquisition Officer; the Chief Human Capital Officer; and the Director of the Office of Management Policy, Budget, and Performance within the Bureau for Management. Certifications from heads of Operating Units (OUs) worldwide serve as the basis for the assurance statement issued by the USAID Administrator, informed by 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. In addition, management considers external reviews, audits, inspections, and investigations.

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

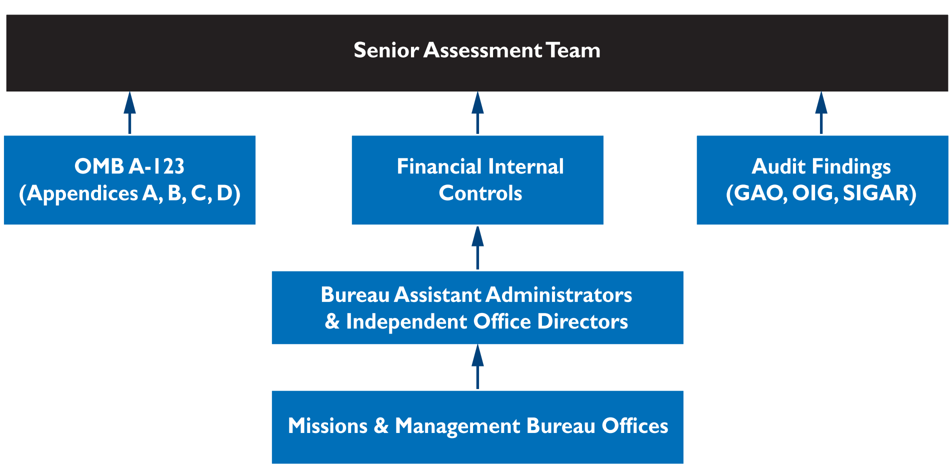
The Senior Assessment Team (SAT), chaired by the Agency's Chief Financial Officer, is responsible for evaluating deficiencies in financial internal controls, as identified through the FMFIA-certification process, audits, and other reviews, as well as assessing, monitoring, and proposing appropriate corrective measures. The SAT reports financial internal control deficiencies to the EMCRIC for consideration to include in the annual FMFIA assurance statement. The SAT comprises senior executives with significant responsibilities over financial processes. The Agency's Internal Control Team employs an integrated process to perform the work necessary to meet the requirements of the various appendices of OMB Circular A-123, including compliance with Internal Control over Reporting, Management of Government Charge Cards, Payment Integrity, and the Federal Financial Management Improvement Act (FFMIA).

RISK MANAGEMENT COUNCIL FRAMEWORK



During FY 2019 the Agency used the Uniform Risk and Internal Control Assessment (URICA) tool to conduct internal control assessments of all the Agency's units in support of the FMFIA. USAID OUs self-assessed and reported that the 17 Government Accountability Office (GAO) principles of internal control were effective. To fully integrate ERM, OUs leveraged the existing internal control assessment process, identifying 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 2019 include improvements to tools and guidance for OUs; continuing the ERM training program; and external publishing of the Agency's Risk-Appetite Statement, which articulates USAID's risk tolerance related to seven categories of risk: fiduciary, human capital, information technology (IT), legal, programmatic, reputational, and security.

SENIOR ASSESSMENT TEAM FRAMEWORK



Read more in the CFO's message on how these initiatives advance, promote, and contribute to USAID's achievements (see page 62).

ASSESSMENT OF COMPLIANCE WITH THE FFMIA

As required by Section 803(a) of the FFMIA, the Agency determined that its financial management systems substantially comply with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Standard General Ledger at the transaction level (USSGL) for FY 2019.

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

GOALS AND SUPPORTING FINANCIAL SYSTEM STRATEGIES

USAID's operational efficiency in financial management enables the Agency to focus its resources where they achieve the most impact in direct support of the Administration's focus. The Agency's emphasis is not only on the dollars spent, but on the results achieved.

USAID strives to maximize development impact to deliver more sustainable results by promoting resilient, democratic societies, while advancing U.S. security and prosperity. To do so, USAID needs a financial management system that is efficient for staff, both reliable and useful for management, and compliant with Federal requirements. For 19 years, USAID has met this requirement through Phoenix, a single, worldwide IT system that enables the Agency to account effectively for the billions of dollars recorded for activities in the more than 100 countries where USAID operates.

This year, USAID continued implementation of a project to modernize its Operating Expense (OE) budget. To streamline the Agency's processes to develop and execute its OE budget, USAID implemented Performance Budgeting (PB), a commercial-off-the-shelf (COTS) product fully integrated with Phoenix. USAID is using PB to create and score its Operating Year Budget and Spend Plans, track planned versus actual OE resources, simplify OE fund transfers, and track both projected and actual salary and benefits expenses across the Agency. USAID hopes to expand its use of PB to help the Agency track, manage, and measure results more effectively from the formulation of the OE budget to its execution.

The Bureau for Management, Office of the Chief Financial Officer (M/CFO) continues to explore ways to use technology to streamline its financial business processes. Previous enhancements to the Automated Deobligation Application continued to improve deobligation processing by allowing for automated deobligations of small purchase awards in the Global Acquisition and Assistance System (GLAAS) as well as travel orders, credit card obligations, and Phoenix obligations. In FY 2019, the application allowed the Agency to deobligate more than 21,000 accounting lines, which freed up almost $44 million for potential reuse. The Upward Adjustment Request tool continued to help the Agency automate its process for tracking and executing upward adjustments, and logged over 2,500 actions from more than 140 users this fiscal year.

USAID uses data from Phoenix to guide decision-making and provide an accurate picture of the Agency's activities worldwide. In 2017, the U.S. Department of the Treasury (Treasury) recognized USAID as a lead agency in the implementation of the Digital Accountability and Transparency Act of 2014 (DATA Act), which requires Federal departments and agencies to report on procurement and financial-assistance spending in a standardized manner. USAID successfully submitted certified DATA Act files to Treasury on time and on budget each quarter, which provided increased transparency into the Agency's finances and procurement activity. Detailed budget and spending data from Phoenix are also a vital input into the public Foreign Assistance Dashboard (*https://www.foreignassistance.gov/*), a tool that shows stakeholders how U.S. taxpayer funds achieve international development results, and explains how the U.S. Government invests in countries around the world.

The Chief Financial Officer is committed to ensuring that USAID complies with evolving Federal requirements. USAID continued to use Phoenix's Project Cost Accounting System (PCAS) to improve the Agency's ability to track reimbursable agreements and address a long-standing deficiency cited by the Office of Inspector General (OIG). PCAS helps USAID track the status of agreements and recognizes both revenue and receivables against specific agreements. USAID also worked with the U.S. Department of Health and Human Services (HHS) to improve the accuracy of the Agency's Letter of Credit (LoC) grant accounting and reporting, serviced by HHS. USAID and HHS upgraded their systems and processes to allow the tracking of LoC expenditures in greater detail, improving the accuracy of grant-reporting data and reducing the need for manual adjustments. This change will also help provide the detailed data necessary to allow Agency staff to perform the real-time adjustments in programming required by the President's Emergency Plan for AIDS Relief (PEPFAR), of which USAID is a major implementer.

USAID also implemented the VMware Site Recovery Manager (SRM) tool at the Phoenix Disaster Recovery (DR) site hosted at the U.S. Department of State's Enterprise Server Operation Center (ESOC) West facility located in Denver, CO. This tool provides automation for fail-over and disaster recovery. SRM will allow the Phoenix system to minimize downtime in case of disasters and conduct non-disruptive testing of DR plans.

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 2019, 2,800 Phoenix users processed more than one million transactions, including $21 billion in obligations and $21.3 billion in disbursements.

Phoenix interfaces with other Agency systems and tools to align financial management with other business processes. Phoenix is fully integrated with USAID's GLAAS system, which produced a real-time interface between USAID's financial and procurement systems that helps streamline business processes and simplify unified reporting. In FY 2019 USAID introduced Single Sign On between GLAAS and Phoenix, which further streamlined integration and ease of use between the two systems. Phoenix is also integrated with E2, USAID's E-Government travel service, which permits unified tracking of the Agency's travel budgets and spending.

USAID makes incremental investments to automate and streamline financial management processes to reflect standard business processes, meet user and Federal requirements, and follow guidance from OMB and Treasury to strengthen practices in the management of both finances and IT. In FY 2019, USAID continued the upgrade of Phoenix to a more current version of the COTS software, which will allow USAID to implement Treasury's Invoice Processing Platform (IPP), improve USAID's accruals process, update Phoenix's many interfaces with other systems, and roll out a new user interface that will improve Phoenix's usability for its employees. USAID will also use the upgrade to implement a suite of automated tools to increase the efficiency and accuracy of testing of the upgrade to Phoenix and other changes going forward.

OTHER MANAGEMENT INFORMATION, INITIATIVES, AND ISSUES

Through a series of interconnected reforms and initiatives, USAID has continued to transform the Agency's structure, workforce, policies, programs, and processes in FY 2019 to advance national security and support its partners on their Journeys to Self-Reliance. As part of its contributions to the Administration's efforts to modernize the Federal Government for the 21st century, USAID organized this section around key areas of the President's Management Agenda (*https://www.performance.gov/PMA/Presidents_Management_Agenda.pdf*): modern information technology (IT); data, accountability, and transparency; managing acquisition and assistance; and workforce for the 21st century.

MODERN INFORMATION TECHNOLOGY

In FY 2019, USAID continued to build and maintain more modern, secure, and resilient IT to enhance the delivery and productivity of its programs. USAID derived value by increasing the efficiency and effectiveness of the Agency's IT by improving transparency, leveraging new and innovative practices, focusing on cybersecurity risk management, improving data management, leveraging cloud solutions, and utilizing shared services.

IMPROVING OUTCOMES THROUGH GREATER TRANSPARENCY IN IT SPENDING

The Agency's spending priorities center around modernizing and optimizing its IT portfolio, through designing and developing data-management initiatives that provide evidence-based support for the Agency's development outcomes; continuing to build the Development Information Solution (DIS) portfolio-management platform; exploring the possibilities offered by emerging technologies like blockchain and artificial intelligence (AI); and investing in IT security and compliance to protect and defend the Agency's network and systems from intrusion. USAID will direct an increased proportion of its capital investments and operating expenses to these areas in the coming years. Additionally, the Federal IT Acquisition Reform Act (FITARA) enhanced the authority of Federal agency Chief Information Officers (CIOs) to manage IT spending, and the Technology Business Management (TBM) framework will provide CIOs with a more accurate and detailed understanding of their agency IT costs. To further improve transparency and oversight of IT spending and budget data, the Agency engaged in a pilot TBM exercise with three of its Operating Units (OUs), including the Office of Security; the Bureau for Democracy, Conflict, and Humanitarian Assistance's Office of Foreign Disaster Assistance (DCHA/OFDA); and the Bureau for Global Health (GH) for the FY 2020 IT budget build. In FY 2019, the Agency expanded the OUs that participate in the TBM exercise for the FY 2021 IT budget build to include the Bureau for Latin America and the Caribbean (LAC); the Bureau for Africa (AFR); the Bureau for Economic Growth, Education, and Environment (E3); and the Bureau for Management's Office of Management Services. USAID continues to work on how best to implement TBM, which the Office of Management and Budget (OMB) has mandated for adoption by FY 2022.

IT MODERNIZATION

Cybersecurity is a critical Agency priority due to the wide array of cyber threats USAID faces across a vast attack surface, including a multitude of potential entry points for internal and external adversaries; operations in more than 100 countries around the clock; and over 12,000 users that have access to the

Agency's network, including hundreds of foreign nationals and 35,000 devices connected to the USAID global network. The Agency detects and mitigates more than 200,000 malware and intrusion events each month. Through its cybersecurity program, USAID has laid an important foundation for working closely with OMB, the U.S. Department of Homeland Security (DHS), the Federal CIO Council, and other Federal organizations to protect its networks, systems, and information to ensure successful mission delivery. USAID is also strengthening its overall cybersecurity posture by implementing DHS' Continuous Diagnostics and Mitigation (CDM) program to improve and mature the Agency's data-driven risk-management decisions. Beyond CDM, the Agency deploys complementary cybersecurity tools to detect and prevent malicious malware attacks, phishing emails, and unauthorized data ex-filtration, including threats to personally identifiable information (PII) and Advanced Persistent Threat (APT). USAID has successfully integrated Domain-based Message Authentication Reporting and Conformance (DMARC) across the enterprise to detect and protect the Agency against email spoofing.

In addition, USAID received the highest possible overall cybersecurity risk-management rating of "Managing Risk" from the OMB and DHS. This designation signifies that the Agency has instituted required information-security policies, procedures, and tools, and can manage its cybersecurity risk effectively. This assessment of the Agency's cybersecurity program used the National Institute of Standards and Technology Cybersecurity Framework (CSF), and was a requirement of Presidential Executive Order 13800, Strengthening the Cybersecurity of Federal Networks and Critical Infrastructure (*https://www.whitehouse.gov/presidential-actions/presidential-executive-order-strengthening-cybersecurity-federal-networks-critical-infrastructure/*), issued in May 2017. For the second consecutive year, USAID met or exceeded all ten cybersecurity Cross Agency Priority (CAP) goal targets.

The Federal Cybersecurity Workforce Assessment Act of 2015 requires the Office of Personnel Management (OPM) to establish procedures to

implement the National Initiative for Cybersecurity Education (NICE) coding structure and to identify all Federal civilian positions that perform IT, cybersecurity, or other cyber-related functions. OPM published this guidance in January 2017, which provided dates and milestones to complete the coding and identification of the workforce. USAID is on track to meet all the milestones and tasks outlined in the legislation and OMB guidance. USAID has categorized and recorded the cyber codes for all of its IT staff, as well as completed the analysis and gap report. USAID met the April 2019 milestone that required departments and agencies to submit a report to OPM to indicate the roles and substantiate the designations of critical need. OPM is currently developing guidance for departments and agencies to use in determining work roles of critical need and reporting this information.

DEVELOPMENT INFORMATION SOLUTION (DIS)

USAID is in the pilot process for the DIS, which manages USAID's portfolio data to capture one cohesive development story—from strategy to results—for internal and external stakeholders. DIS comprises a suite of IT tools organized into five functional areas: (1) Performance Management, (2) Budget Planning and Monitoring, (3) Project Design and Acquisition and Assistance Planning, (4) a Portfolio Viewer, and (5) the Development Data Library (DDL). When completed, the DIS will be the corporate-level system that USAID uses to manage portfolios and results Agency-wide. Every Mission, Bureau, and Independent Office in the Agency will use it to improve business and operational efficiencies and facilitate evidence-based decision-making.

The major goals for DIS include: (1) accelerate implementation of policies, including compliance with FITARA and the Federal Information Security Modernization Act; (2) facilitate better analysis of data and management of resources; and (3) streamline standard reporting and portfolio-management tasks. The current proliferation of monitoring and evaluation (M&E) systems and lack of data integration place a high management burden on USAID staff, which prevents the optimal oversight of taxpayer resources. DIS provides a solution to this problem by supporting the integration of multiple streams of data across different systems to manage functions of the Program Cycle (Automated Directives System [ADS] Chapter 201 (https://www.usaid.gov/sites/default/files/documents/1870/201.pdf)), which include strategic planning, project design, planning for budget and procurement, and performance management. DIS will also continue to position the DDL as the central digital repository for detailed, high-value datasets generated with USAID funding. Agency staff, and in some cases the general public, will use these datasets to cross-check evaluation findings, re-confirm development hypotheses, and conduct research.

USAID first deployed the pilot phase of DIS to a small group of Initial Production Release (IPR) overseas Missions and their users, in addition to the Acquisition and Assistance Plan (A&A) functionality and its users. DIS governance committees in Washington, D.C., comprising regional, functional, and pillar Bureau leadership will then finalize a global deployment plan to leverage lessons learned and best practices from the pilot phase. Once the Agency approves the global deployment plan, the DIS Team will coordinate directly with Missions and Washington staff to confirm deployment-timing considerations such as scheduling conflicts and resource implications.

ENTERPRISE DATA CENTER

USAID completed the migration of its sole data center to a hybrid cloud solution with full disaster-recovery capability. The new Enterprise Data Center/Disaster Recovery (EDC/DR) solution provides government Infrastructure as a Service (IaaS) as a standardized, highly automated infrastructure offering, as well as redundancy for the Agency network and its business-critical systems. The end result is a fully scalable and virtual data center, with dynamic policy-driven services, improved performance for end users, and 30 percent lower cost for operations and maintenance. The Cloud Service Providers (CSPs) give USAID the ability to leverage a cloud environment that consists of multiple data centers hosting systems, services, applications, and storage without reliance on any particular geographic location. This is critical, given that USAID leads U.S. Government international development and disaster assistance around the globe. USAID also gained the ability to capitalize on more modern technology, such as scalable, on-demand resources; no restrictions for memory, vCPU, and storage; and the ability to restore data in several hours versus days/weeks. The new infrastructure also assures compliance with the General Services Administration's FedRAMP program for cloud infrastructure services. Finally the use of "tagging" in the cloud environments enhances USAID's ability to comply with FITARA and TBM reporting requirements. By moving completely to the cloud, USAID will continue to pioneer state-of-the-art data-center solutions for the Federal Government.

SHARING HIGH-QUALITY SERVICES

The Agency is invested in shared services, and continues to explore opportunities to expand their use to promote efficiency and effectiveness. For instance, the Agency funds a centralized help desk for human resources, IT, and management-support services, which provides staff with a single point of entry to resolve their questions and problems. In addition, in FY 2019, USAID completed its readiness assessment for sharing high-quality services. Furthermore, USAID is working through the U.S. Department of

Agriculture National Finance Center for payroll, and is increasing Federal electronic payments through implementation of the Invoice Processing Platform (IPP), a web-based system that, once functional, will allow for e-invoicing. Consistent with OMB guidance, USAID also uses commercial off-the-shelf solutions where possible. In addition, to meet Sharing Quality Service's key indicator on improving efficiency and effectiveness of management-support services across government, USAID increased its satisfaction scores for management-support services in its annual customer service survey. USAID scored above the government-wide median for satisfaction on both the contracting and financial management functions, and matched the government-wide median score on satisfaction with the IT function.

DATA, ACCOUNTABILITY, AND TRANSPARENCY

USAID is committed to the principles of transparency, accountability, and data-driven decision-making. In FY 2019, the Agency continued and expanded its efforts to leverage data to improve development outcomes, promote data transparency, and utilize AI. USAID appointed an Agency Evaluation Officer and Agency Statistical Official and formalized the appointment of the Chief Data Officer.

LEVERAGING DATA AS A STRATEGIC ASSET

In keeping with the Foundations for Evidence-Based Policymaking Act of 2018 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 back the Agency's effort to design and implement programs based on solid evidence that advance a country's Journey to Self-Reliance (*https://selfreliance.usaid.gov/*). Sharing data in the highly decentralized, international environment in which USAID operates reduces duplicative data collection efforts while increasing the ability of the Agency to learn from previous work.

During FY 2019, USAID launched the new Development Data Library (DDL) (*https://data.usaid.gov/*), an interactive platform that enhances the accessibility and usability of the Agency's data. USAID partners now exercise more autonomy in the submission of USAID-funded data. Using the platform, partners can provide additional context about their data. USAID staff performs more efficient queries of existing data assets to reduce duplicative collection efforts and their associated costs. USAID continues to curate datasets in its repository to ensure they are preserved, accessible, and usable over the long term in accordance with the Agency's Development Data Policy (*https://www.usaid.gov/ads/policy/500/579*).

USAID remains committed to enhancing the accessibility and value of submissions of data, while protecting the privacy and security of all individuals, including participants in USAID programs. This commitment prompted the Agency to stand up the USAID Data Services Team in March 2018, charged with providing and coordinating a comprehensive portfolio of data-related services across the Agency. These services include economic analyses of countries and programs, data science, digital curation, academic research, data visualization and reporting, change-management, data-literacy training, data risk management, data policy advice, and information on AI. The team also has statisticians and data-privacy experts to help the Agency balance the inherent risk of sharing data with the immense potential it holds for improving development outcomes.

The Data Services Team has a portal called AIDSCAPE (*https://aidscape.usaid.gov/*), which outlines many of these resources. It also provides access to continuously updated development data with interactive tools and analysis on the International Data and Economics Analysis (IDEA) (*https://idea.usaid.gov/*) website, and visualizations of women's economic, social, and political empowerment on Women's Economic Empowerment and Equality Dashboard (*https://idea.usaid.gov/women-e3*). The public may view trade capacity-building (TCB) activities implemented by the U.S. Government worldwide on the TCB Dashboard (*https://tcb.usaid.gov/*), Microenterprise Results Reporting (MRR) on the MRR Dashboard, and explore and visualize data from development organizations by countries on the Development Cooperation Landscape (*https://explorer.usaid.gov/donor*).

TRANSPARENCY

In the realm of foreign assistance, transparency is essential to promote accountability to both recipients abroad and U.S. taxpayers at home. USAID leads the effort to ensure greater transparency of U.S. Government foreign assistance through fulfilling various international and Congressional reporting requirements. Specifically, USAID accomplishes this through the Agency's Foreign Aid Explorer website (*https://explorer.usaid.gov/*) and underlying database, which includes all U.S. foreign-assistance funding for more than 70 U.S. Government departments, agencies, and offices. The Foreign Aid Explorer website allows stakeholders, both internal and external, to search and visualize expanded, timely information about what, where, how, and with whom USAID spends development dollars. In FY 2019, USAID launched the Development Cooperation Landscape tool within Foreign Aid Explorer, which presents an overview of contributions by non-U.S. donors, and users can break down the data by sector. Through the landscape tool, the Agency aligns its priorities and spending with that of other donors. USAID has also begun publishing humanitarian-assistance spending data on a monthly basis. As a reflection of these and other efforts, in Publish What You Fund's 2018 Aid Transparency Index (*https://www.publishwhatyoufund.org/the-index/2018/*), released during calendar year 2019, USAID showed the biggest improvement among U.S. departments and agencies, as it placed securely in the "Good" category.

USAID is also committed to publishing timely financial and descriptive data to the International Aid Transparency Initiative (IATI) (*https://iatistandard.org/en/*), through which more than a thousand development actors provide data in a common international standard. Each quarter, the Agency transmits transaction-level information for IATI to publish. In turn, partner-country governments can pull these data into their systems, which helps governments oversee the coordination and management of incoming foreign aid, and serves as an effective tool in standardizing and centralizing information about flows of external assistance. By streamlining reporting to these partner-country systems, USAID promotes efficiency in the collection of data; improves the quality of those data; reduces the time needed to publish updated information; and provides timely information to partner countries to inform analysis, future decisions, and policy-making.

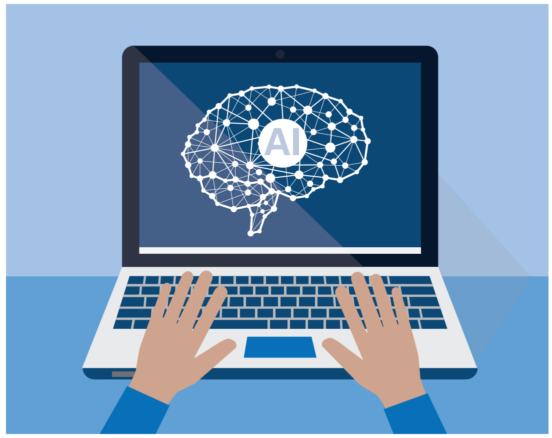
In FY 2019, USAID developed internal resources to improve the quality of the data reported to IATI, such as increasing the number of Missions that report geo-coded locations data, as well as including additional fields, such as qualitative indicator results, so the data are more useful for decision-making and analysis. Additionally, in FY 2019, USAID consolidated its data to reduce the "noise" and added greater clarity on total spending. Also in FY 2019, USAID published quantitative results data for one USAID Mission to the IATI standard and continues to work to increase the amount of published results information. These detailed project, subnational, location, and results data enhance development coordination and support more strategic host-country government development.

USAID continues to update the Dollars to Results (D2R) (*https://results.usaid.gov/results*) website on a yearly basis with new results information. In FY 2019, USAID updated D2R, which features spending and illustrative results data aligned by fiscal year, with FY 2018 data. The website supports USAID internal transparency efforts, as well as the President's Management Agenda. D2R now links to the Self-Reliance roadmaps, which reinforces USAID's commitment to the Journey to Self-Reliance across all of its websites. USAID stakeholders and staff can use the website to provide a more granular look into the Agency's work on the Journey to Self-Reliance.

To further strengthen the Agency's evidence base, USAID policy (ADS Chapter 540) requires that unstructured, qualitative data be made available through the Development Experience Clearinghouse (DEC) (*https://dec.usaid.gov*) within three months of completion. The DEC provides an accessible record of aid-related work conducted or sponsored by the Agency and contains over 300,000 USAID-funded technical and programmatic documents that span more than 50 years of U.S. foreign assistance. More than 12,000 documents in the DEC are evaluations that cross multiple sectors, countries, and regions. USAID uses materials in the DEC to identify opportunities for improvement to current and future projects. In addition, future partners use the DEC to identify how the Agency has invested in foreign assistance to prepare new and innovative ideas to improve the work conducted by the Agency and its partners. In FY 2019 USAID completed testing for, and started a bulk upload of, approximately 15,000 metadata records of USAID-funded and USAID-affiliated peer-reviewed publications. This project is in compliance with the Agency Public Access Plan and guidance from the Office of Science and Technology Policy (OSTP) contained in the memo, Increasing Access to the Results of Federally Funded Scientific Research (*https://www.epa.gov/sites/production/files/2015-01/documents/ostp_memo_increasing_public_access.pdf*). Also in FY 2019, the DEC completed a bulk upload of approximately 400 PDFs and metadata as a supplement to the ClimateLinks website (*https://www.climatelinks.org/*).

ARTIFICIAL INTELLIGENCE

Pursuant to the White House Executive Order on Maintaining American Leadership in Artificial Intelligence (*https://www.whitehouse.gov/presidential-actions/executive-order-maintaining-american-leadership-artificial-intelligence/*) of February 11, 2019, the Agency launched the development of an Artificial Intelligence Strategy to enable and foster greater use of AI tools to improve the efficiency and effectiveness of its program and operations. The strategy will identify areas that need attention to support greater use of AI and will lay out an action plan to do so. Initial drafts identify data model maturation, IT infrastructure enhancement, development and prototyping of AI applications, innovative procurement and



partnership, building an AI literate workforce, and attention to ethics and risk management as areas for action. A series of internal consultations for the identification of existing and potential use cases is under way and will inform further development of the strategy and action plan.

Additionally, in April 2019, USAID's Center for Innovation and Impact (*https://www.usaid.gov/cii*) and the Rockefeller Foundation, in close coordination with the Bill and Melinda Gates Foundation, produced a report called Artificial Intelligence in Global Health: Defining a Collective Path Forward (*https://www.usaid.gov/sites/default/files/documents/1864/AI-in-Global-Health_webFinal_508.pdf*), which identifies opportunities for investors, governments, donors, and the private sector to accelerate and explore the development and use of cost-effective AI interventions at scale in Global Health. In the field, USAID supports a number of development interventions that use AI and Machine Learning, particularly in the health and agriculture sectors. In the health sector, USAID supports interventions that rely on AI to monitor Zika and Ebola, which improve health outcomes by gathering data to identify high-risk individuals, locations, or vector-carriers for the disease. The U.S. Government's Feed the Future program, which uses AI and machine learning to provide accurate and reliable information to farmers on harvesting techniques, diagnosis of crop diseases, weather information, and more, currently supports ten agriculture interventions.

MANAGING ACQUISITION AND ASSISTANCE (A&A)

The management of A&A is critical to the Agency's core development and humanitarian work. USAID works in more than 100 countries with a variety of different types of organizations to achieve its mission and awards the majority of its funds competitively through A&A instruments. (See ADS Chapter 300, *https://www.usaid.gov/sites/default/files/documents/1868/300.pdf*). In FY 2019, the Agency focused on achieving its goals for category-management (CM) advancing accountability and results for grants, and improving the management of major acquisitions.

CATEGORY-MANAGEMENT

Through CM solutions, USAID ensures the efficient and effective use of taxpayer dollars. USAID continues to consider U.S. Government-wide contracts for goods and services, and the Agency applies principles from CM and the associated Best in Class (BIC) solutions (which meet specific OMB criteria and are available to multiple Federal departments and agencies). As part of this effort and to meet the joint USAID/Department of State Agency Priority Goal on CM (*https://www.performance.gov/state/APG_joint_1.html*), the Agency identifies, assesses, and reports on its portfolio of acquisition contracts. USAID assessed how its contracts were applicable to the Federal-wide CM "tiered" system (*https://www.gsa.gov/cdnstatic/BIC_%26_SUM_One-pager_252018.pdf*), and determined which contracts met the requirements for BIC solutions. In FY 2019, USAID had a target of 75 percent of its acquisition dollars as Spend Under Management (SUM), which means that percentage met defined criteria for management maturity and data-sharing.

USAID has had great success as it engaged and trained its staff during FY 2019 on the benefits and proper application of CM. Throughout FY 2019, USAID has worked to attain its CM goals through a multi-phased process that focuses systematically to address the key attributes, which has included steps to increase awareness, provide education and training, manage advocacy, improve stakeholder-engagement, increase the application and further development of SUM principles, measure and track results, and evaluate and adapt to improve SUM. USAID anticipates additional efforts under consideration for adoption of other CM and BIC solutions in FY 2020 and beyond.

RESULTS-ORIENTED ACCOUNTABILITY FOR GRANTS

USAID obligates the majority of funding via assistance mechanisms (grants and cooperative agreements), which makes it important to structure solicitations and awards to focus on results. This is a key principle of the Agency's *A&A Strategy* (*https://www.usaid.gov/work-usaid/how-to-work-with-usaid/acquisition-and-assistance-strategy*) issued in the first quarter of FY 2019. After months of extensive consultations with partners and gathering feedback from USAID staff, the Agency produced the Strategy to provide a framework for an extensive, actionable set of recommendations. The Strategy and associated recommendations will enable the Agency to promote its partners' self-reliance through core A&A work. Partnering and procurement are integral to how USAID delivers foreign assistance, and the completion of the *A&A Strategy* marks a significant milestone in the Agency's Transformation.

In FY 2019, USAID implemented a new approach to track, document, and review implementer the performance of USAID's assistance awards. The Agency created a new performance template in the Agency Secure Image and Storage Tracking System (ASIST), and the Agency has implemented policy changes to ADS Chapter 302 USAID, Direct Contracting (*https://www.usaid.gov/sites/default/files/documents/1868/302_2.pdf*), and ADS Chapter 303, Grants and Cooperative Agreements to NGOs (*https://www.usaid.gov/sites/default/files/documents/1868/303.pdf*), to improve the monitoring of the performance of awards. Agreement Officers' Representatives will use a new template to document performance at the end of the award period.

Agreement Officers will review and sign the Assistance Performance Review and file the completed document in the ASIST main file for assistance awards. Before awarding to an organization, Agreement Officers will search ASIST for the Assistance Performance Reviews to check the applicant's history of performance as part of a risk assessment when making an assistance award.

To be "results-oriented," USAID's assistance solicitations clearly define the problem/objective of the funding opportunity and the award's expected results. In turn, the Agency expects to receive a "results-oriented" program description from applicants to later incorporate as the work plan for an award. To facilitate more results-oriented assistance awards, USAID developed guidance and suggested tools and methods, and shares best practices within the Agency, including considering the use of an adaptive-assistance mechanism, sharing public strategy documents, and disseminating information about anticipated activities and soliciting feedback. USAID also established the New Partnerships Initiative (NPI) (*https://www.usaid.gov/NPI*), a flexible and adaptive series of solicitations that will help diversify the Agency's partner base by making it easier for the Agency to work with new and underutilized partners in crisis areas, global-health programs, and elsewhere.

IMPROVE THE AWARD MANAGEMENT OF MAJOR ACQUISITIONS

USAID continues to pursue relentless improvement in the management of major acquisitions to meet taxpayers' expectations and performance goals on key transformational projects, and to enhance flexibility and create more-responsive procurement approaches to support the Journeys to Self-Reliance. To this end, USAID uses its A&A Lab to advance the Agency's mission through workforce-development and the testing and scaling of innovations in A&A. USAID has established regional A&A labs for Central and South Asia, Southeast Asia, Africa, Middle East/Europe and Eurasia, and an A&A Lab in Washington. In FY 2019, the Agency launched its sixth regional A&A lab for the Latin American and Caribbean region. In addition, in FY 2019, the A&A Lab played a critical role in the Agency's Transformation, specifically the Effective Partnering and Procurement Reform (EPPR) initiative, which helped identify reforms to policies and processes to improve how the Agency does business, particularly surrounding the co-creation of awards and the use of new partners.

To advance A&A performance in alignment with the Program Management Improvement Accountability Act of 2016 (PMIAA), in FY 2019 USAID designated the role of the Program Management Improvement Officer (PMIO) and developed a five-year PMIAA Implementation Plan. USAID's PMIAA Implementation Plan is structured around talent-management, governance, and portfolio reviews. In FY 2019, USAID conducted data-driven reviews of its two largest procurements—the Global Health Supply Chain – Procurement and Supply Management (GHSC-PSM) (*https://www.ghsupplychain.org/*) and the Support Which Implements Fast Transitions (SWIFT) (*https://govtribe.com/award/federal-vehicle/support-which-implements-fast-transitions-iv-swift-iv*) projects. In addition, the plan emphasizes enhanced support for Contracting Officer Representatives/Agreement Officer Representatives (CORs/AORs) across the Agency. This focus aligns with USAID's *A&A Strategy* and EPPR recommendations.

USAID's *A&A Strategy* and EPPR recommendations improve the Agency's acquisition success by encouraging co-creation at the design/pre-solicitation phase for awards. Co-creation is a new and unique approach for USAID meant to foster collaboration, partnership, and innovation. The purpose of co-creation is for USAID to engage in robust conversations with experts in the field around the request for information (RFI) and funding opportunities, and to gain industry insight regarding information, opinions, and recommendations related to potential design and implementation of a specific development program. For example, in FY 2019, USAID held a co-creation workshop on an activity to promote women's economic empowerment and leadership. The Agency issued a RFI and a draft Statement of Objectives (SOO) for interested organizations and individuals. Participants were expected to engage in conversations, challenge themselves and their peers, and think critically around the RFI. During the workshop, interested parties provided feedback to USAID by addressing any three of eight technical questions and two cost-related questions related to the draft SOO. For instance, participants provided input to questions such as: (1) Do you have additional ideas in a particular area?; (2) Is this activity actionable and feasible?; Why or why not?; (3) Are there challenges? What constitutes failure?; and (4) What would make this activity successful? Throughout the workshop, participants also discussed approaches to effective and meaningful coordination with, and among, USAID partners and donors to improve the management and implementation of awards. Having the input of experts in the field early on in the acquisition process allows the Agency to improve the design of programs.

In addition, over the past five years, the Agency's most senior leadership has reviewed major A&A awards to ensure that they fulfill specific requirements. Last year, USAID announced the Senior Obligation Alignment Review (SOAR) process, which ensures the Agency increases the use of co-creation; integrates the principles of self-reliance into its grants, contracts, and other transactions; leverages new resources; and broadens USAID's partner base. The continuing use of the SOAR process ensures senior leaders in Bureaus and cross-cutting functional OUs examine high-dollar-value A&A proposals prior to solicitation to encourage creativity and innovation. In FY 2019, the Administrator has approved 60 SOARS, and the Assistant Administrators have approved 102. This review process continues to be a valuable tool for focusing attention on the scope of awards, their impact, and their value for the money invested.

To improve the management of awards even further, USAID has made technological improvements specifically for A&A. For instance, the Agency centralized electronic record-keeping for all awards in ASIST, which is a vital component of USAID's ability to manage programs efficiently, especially as staff change posts or positions, and as the Agency implements its reorganization in Washington. To this end, USAID created a common Agency goal in workplans to hold all senior executives accountable for effective oversight. In addition, USAID uses a web-based A&A Plan to capture all planned actions from 147 OUs. The A&A system also provides a variety of dashboards and reports, customized to its users, through which USAID manages its awards effectively. Since the launch of the A&A Plan in FY 2015, users have entered more than 13,700 planned actions into the system, including 3,942 actions in FY 2018 and 4,117 actions in FY 2019. The Agency established a "live feed" of its Business Forecast (*https://www.usaid.gov/business-forecast*), by pulling the forecast directly from the Agency's A&A Plan every 24 hours, which provides more accurate and timely information to partners. This feature enables potential partners to plan and organize before the Agency posts a solicitation on Grants.gov or FBO.gov. This timely forecast can help improve Procurement Action Lead Time (PALT) when the Agency receives better proposals or applications from partners.

WORKFORCE OF THE FUTURE

Improving the way USAID supports its human resources (HR) and talent-management is central to advancing the Agency's mission. The Agency 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 2019, the Agency undertook a number of initiatives to develop and implement innovative human-capital programs consistent with USAID's Transformation and the Agency's HR Strategy and Action Plan (*http://pdf.usaid.gov/pdf_docs/PBAAE486.pdf*).

SHIFTING FROM LOW-VALUE TO HIGH-VALUE WORK

Consistent with the President's Management Agenda, USAID examines every opportunity to shift time, effort, and funding from burdensome requirements to higher-value work. In total, through initiatives led by six different offices across the management platform, the Agency has shifted 81,031 full-time-equivalent (FTE) hours (39 person years) to higher-value work; saved 60,237 process days; and achieved a total cost-avoidance of $200,000. Furthermore, in the first six months of FY 2019, USAID shifted more than 34,000 FTE hours (16.5 person years) to higher-value work, which allowed its staff to spend more of their time on mission-critical activities.

For example, USAID is leveraging the ServiceNow platform to streamline and automate the process for employees to request help with IT, among other service requests. ServiceNow is a cloud-computing-based application through which the Agency manages and automates workflows to deliver a variety of IT services. The ServiceNow capabilities completely automate the process for IT requests, which result in a significant time savings from the point a customer submits an IT-service request to when it is implemented and operational. USAID completed this initiative in February 2019, and estimates that the Agency will redirect an additional 440 FTE hours to higher-value work over the rest of FY 2019.

In addition, USAID has reformed the Agency's travel-authorization (TA) process by decentralizing TA approvals and transferring them to Bureaus and IOs, a practice consistent with the increasingly user-direct reservation and ticketing practices of the U.S. Government. The Agency established a process to route all TAs through a third-party contractor for thorough vetting before approval by B/IOs, which improved the efficiency of the process so staff can spend more time on mission-critical functions to meet the Agency's humanitarian and development objectives.

Other initiatives that USAID undertook in FY 2019 to reduce costs and shift to higher-value work include eliminating a contract for the shipping of Foreign Service Officers' household effects by moving to a shared-services platform with the U.S. Department of State (State) and deploying a time-saving tool to automate the process for low-value deobligations and unliquidated obligations under the micro-purchase threshold.

To support higher-value, mission-critical work, USAID is dedicated to promoting engagement with customers and the public. The Agency's rulemaking process is an integral part of that effort. As required, USAID notifies the public when it considers a specific regulatory change that could alter the rights and interests of outside parties. Once USAID publishes a proposed rule in the Federal Register, the public can comment on it and provide feedback to the Agency, which is critical to improving and informing USAID's final rules. In FY 2019, USAID continued its commitment to transparency for mission-critical work with partners/stakeholders via the rulemaking process and engagement. USAID currently has 12 regulatory actions identified in the fall 2019 Unified Semi-Annual Agenda of Regulations (*https://www.reginfo.gov/public/do/eAgendaMain*), two of which are deregulatory actions. In compliance with the regulatory-reform principles and requirements of Executive Order 13771, Reducing Regulations and Controlling Regulatory Costs (*https://www.whitehouse.gov/presidential-actions/presidential-executive-order-reducing-regulation-controlling-regulatory-costs/*), USAID issued a deregulatory action (*https://www.federalregister.gov/documents/2019/07/31/2019-15685/streamlining-the-registration-process-for-private-voluntary-organizations*) in FY 2019 that streamlined the Agency's process for registering Private Voluntary Organizations, which achieved an estimated $779,000 in cost-savings for the Agency and an estimated $2 to $11 million in cost-savings for the public. USAID will continue to take every opportunity to propose the elimination and streamlining of regulations to reduce staff time spent on compliance activities and focus efforts on higher-value, mission-critical work.

LAUNCHPAD: NEW AND INNOVATIVE EMPLOYEE PORTAL FOR SERVICES

USAID re-engineered the delivery of HR services, which previously relied on emails and telephone calls, to create a centralized, online employee portal and mobile phone application, called LaunchPad. Built on ServiceNow, LaunchPad enables the Agency's workforce to access their personnel data, submit HR requests, and check the status of these requests all in one location. Through LaunchPad, HR specialists and managers can provide timely, consistent customer service; learn from customer feedback and track performance data, such as services-level metrics; and compile performance reports.

In addition, LaunchPad allows employees to make requests for assistance and corrections to employee data in a secure online environment. HCTM received more than 35,000 HR cases through LaunchPad between May 2018 and July 2019, and its average monthly metrics for customer timeliness and resolution from survey scores increased from 4.0 to 4.4 (out of five). In addition, through the use of LaunchPad, monthly average overall customer satisfaction improved from 4.2 to 4.6 (out of five). Overall, based on the Agency-wide annual Customer Service Survey, scores for HCTM increased ten percent from last year to this year.

DEPLOYING TALENT: NEW PLATFORM FOR FOREIGN-SERVICE ASSIGNMENTS

In August 2018, USAID implemented the first release of a new Interactive Bidding and Assignment Platform, which received a warm reception by the Agency's Foreign Service cadre, particularly the over 600 Foreign Service Officers (FSOs) who bid on new assignments each year. By transitioning the process to LaunchPad, HCTM provides an enhanced user experience and has integrated actions within the bidding and assignment process with other HCTM processes. In FY 2019, HCTM launched several follow-on improvements, such as the Getting to Post (G2P) tool for reassignments and a position-validation component of the Interactive Bidding and Assignment Platform. It replaced a legacy system, with limited user functionality and transparency, with a user-friendly, online platform that is easily accessible for the mobile workforce, and resourced with information necessary for informed decision-making by FSO bidders and selecting officials. The G2P tool has reduced the time it takes to issue an assignment cable from three months to 21 days, which has significantly improved the transitions of the FSOs and their families who relocate regularly.

The new platform also offers the Agency's management a vastly improved ability to maintain centralized records, monitor workflow and workload, and track staffing levels and metrics. As with all major HR initiatives over the past two years, the Agency relied on the collaborative approach of communities of stakeholders and subject-matter experts to assess and streamline the requirements for new online tools, which often replaced manual or paper processes. As with the broader LaunchPad services, the Agency will continue to develop the processes and platforms for assignments and bidding, including the G2P tool. Further improvements will reflect customer feedback and enhance the interface and dashboard for customers, HCTM, and management officials throughout the Agency.

PERFORMANCE, ACCOUNTABILITY, AND FEEDBACK

USAID has been advancing the Agency's employee performance-management systems, starting with the Foreign Service. In April 2018, the Agency rolled out the new Foreign Service Performance Management Redesign, which emphasizes ongoing, regular feedback that supervisors give to staff on a quarterly basis. The new process includes an online ePerformance tool accessed through LaunchPad, which saves significant time, and calls for quality feedback and performance discussions between employees and rating officials. March 2019 marked the successful conclusion of the first-year rollout. Throughout FY 2019, USAID made improvements to both the process and the online ePerformance tool.

At the executive level, in FY 2019, USAID implemented shared Agency goals for all its executive-level personnel—Senior Foreign Service, Senior Executive Service (SES), and Administratively Determined (AD) employees—for the second year in a row. The shared goals focused on the Administration's priorities and cross-Agency initiatives, such as EPPR, the Agency's Transformation, and the management of grants and awards. Also at the executive level, USAID is developing an ePerfomance system for SES and AD executive staff.

To further maximize employee performance, USAID implemented a change in the Civil Service (CS) performance-management cycle to align with the Foreign Service cycle, which allows for the majority of USAID staff to be evaluated on the same cycle and more closely aligns the end of the CS performance cycle with the awarding of performance bonuses. These efforts complement USAID's plan to maximize the performance and accountability of its employees, consistent with Executive Order 13781, *Comprehensive Plan for Reorganizing the Executive Branch* (*https://www.govinfo.gov/content/pkg/FR-2017-03-16/pdf/2017-05399.pdf*).

ENHANCING EMPLOYEE WELLNESS AND RESILIENCE THROUGH STAFF CARE

USAID's Staff Care is an innovative, integrated program specifically designed to improve the wellness and resilience of the USAID workforce, both in Washington and overseas. Services include work-life assistance, wellness programs, support for new and expecting parents, employee assistance counseling, liaison services for FSOs, individual resilience training, and organizational resilience services. Organizational resilience helps teams across the world build strong and dynamic working environments and relationships that can navigate change effectively.

In FY 2019 (between October 2018 and August 2019), Staff Care received 44 requests for engagement from 31 USAID Missions around the world (30 completed), and 28 requests for engagements from 16 teams in Washington (15 completed). Of these engagements, 88 percent of staff expected increased team cohesion, 82 percent expected increased team performance and productivity, and 79 percent reported increased morale. Staff Care provided assistance to more than 10,000 employees through these engagements and a variety of other Staff Care services. For example, 473 Agency employees participated in resilience education and training. Of these, 90 percent reported learning skills for improved effectiveness at work, 92 percent reported strengthened resilience and well-being, and 93 percent reported an increased feeling that USAID appreciates its employees. During the past 11 months, 452 staff received work-life services and referrals, and 533 staff received counseling support on employee resilience, which saved the Agency an estimated 1,139 work days and $372,365. In addition, 89 percent of counseling clients reported increased life satisfaction and well-being. Looking forward, Staff Care will continue to provide support for the Agency's Transformation, particularly the structural reorganization under way.

EMPLOYEE ENGAGEMENT

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

In 2018, USAID achieved a score of 71 on the FEVS' Employee Engagement Index (EEI) score, which ranked 13 out of 27 mid-size agencies in the Partnership for Public Service's list of "Best Places to Work in the Federal Government." USAID enhanced its internal FEVS Dashboard in 2018 to improve the access of all staff to data from the survey. In FY 2019, HCTM further increased the functionality of the FEVS Dashboard and its ease of use for users to generate detailed and specialized reports by OU and to assess trends over time. In addition, to address findings from the 2018 FEVS results and to support the change-management requirements of USAID's Transformation, USAID identified all organizational components that scored in the bottom 20 percent of the 2018 FEVS EEI results and required that they submit action plans to target a 20-percent improvement in their scores by the end of 2020.

STRATEGIC RECRUITMENT THROUGH DIRECT-HIRE AUTHORITY

In FY 2019, USAID conducted recruitment events to expedite the strategic employment of diverse talent for Mission-Critical Occupations (MCOs), including IT security (INFO SEC) and acquisition/contracting professionals by using Direct-Hire Authority (DHA). The use of DHA allowed the Agency to expedite the hiring of talent for these critical positions by eliminating competitive rating and ranking, veteran's preference, and the rule of three procedures. The Agency conducted events in the Washington metropolitan area (the District of Columbia and Virginia), Massachusetts, and Texas to target diverse candidate pools for the DHA opportunities, whereby USAID assessed candidate qualifications, conducted interviews, and extended tentative job offers on the spot. Through the DHA initiative, USAID

effectively and efficiently increased the personnel levels needed to fill the Agency's authorized vacancies for these MCOs by 19 for INFO SEC and by 23 for acquisition/contracting.

FEDERAL REAL-PROPERTY INITIATIVE

USAID holds leasehold and freehold interest in real-property assets overseas and domestically. For overseas assets, the Agency works with State's Bureau of Overseas Building Operations (OBO) to lease and manage real property. Domestically, USAID's primary partner is the General Services Administration (GSA). As of December 31, 2018, the latest reporting period for the Federal Real Property Profile (FRPP), the Agency manages 1,512 overseas assets,[3] including 98 owned assets, of which 33 have reversionary interests as trust-funded properties. The plant-replacement value for USAID's owned assets is $598 million.[4] The Agency has 1,433 leases overseas, with annual rent payments that totaled $61 million in calendar year 2018, including for facilities such as office buildings, warehouses, housing units, guard booths, and secure parking areas. The Overseas Management Division in the Office of Management Services within the Management Bureau (M/MS) oversees the portfolio, with oversight from USAID's Senior Real-Property Officer, and in collaboration with OBO.

In the United States, as of December 31, 2018, USAID maintains nine occupancy agreements with GSA, and one direct lease with a private landlord. The baseline measurements required by OMB for the Reduce the Footprint initiative include domestic office and warehouse space. Under the baseline requirements, USAID reports on usable square feet for office and warehouse space in the Washington area. The administration of occupancy agreements and leases, as well as the management of facilities and building operations, is the responsibility of the Headquarters Management Division within M/MS, under the oversight of the Senior Real-Property Officer, and in coordination with GSA.

USAID manages its real-property portfolio in accordance with a series of legislative mandates, regulatory guidance, policies, and Executive Orders. These include, but are not limited to, the Foreign Assistance Act, as amended; Title 41 of the Code of Federal Regulation; the *Foreign Affairs Manual*; USAID's ADS; and Executive Order 13327, *Federal Real Property Asset Management*. According to the requirements of Executive Order 13327, the Agency reports through the FRPP database all owned, leased, and otherwise managed Federal real-property assets within and outside the United States, including improvements on Federal land, in coordination with GSA and OMB.

USAID actively supports Federal energy and sustainability goals, such as those outlined in Executive Order 13834, *Regarding Efficient Federal Operations*; the Energy Independence and Security Act of 2007; the Energy Policy Act of 2005; and the Telework Enhancement Act of 2010. The Agency highlights these goals in its implementation of the Reduce the Footprint initiative and integrate them into the planning for the renovations of workplace space in the Ronald Reagan Building and the Agency's ongoing lease-consolidation project by following LEED® requirements to design spaces that promote healthy, safe, and high-quality work areas. In addition to LEED®, USAID conforms to other industry-endorsed standards around the world.

USAID consistently demonstrates a strong commitment to the Federal Real Property Initiative. The Agency's leadership actively participates in the Federal Real Property Council, and works closely with counterparts at State, GSA, and OMB to plan and administer USAID's real-property portfolio effectively. The management of USAID's global real-property faces rapidly evolving challenges to keep personnel safe and secure, while supporting expanded development and diplomatic missions and mandates. USAID continues to meet these challenges in an uncertain budget environment, and administers its real-property portfolio in a cost effective and operationally efficient manner.

[3] This figure includes land parcels.

[4] This figure does not include real-property leases, and is not used for financial-reporting purposes.

AUDIT FOLLOW-UP

BACKGROUND

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

AUDIT FOLLOW-UP RESULTS FOR FY 2019

OIG

USAID's managers are mindful of the statutory requirements included in the Inspector General Act, as amended; OMB Circular A-50, *Audit Follow-up*; and OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control*. Management has a responsibility to complete action, in a timely manner, on audit recommendations on which USAID has reached agreement with the OIG. Management must make a decision regarding audit recommendations within a six-month period after the issuance of the audit report, and implement a management decision[5] within one year, to the extent practicable.

On October 1, 2018, the Agency had a beginning balance of 488 audit recommendations. During FY 2019, the OIG issued a total of 473 audit recommendations. During FY 2019, the Agency closed 592 recommendations, which left 369 recommendations open at the end of the fiscal year. Of the number closed, 411 were procedural or non-monetary; 181 were questioned costs, which represented $7.6 million in disallowed costs USAID recovered; and none had management efficiencies.[6] As of September 30, 2019, USAID had no recommendations over six months old without a management decision, and 94 recommendations had a management decision more than a year old, and USAID submitted 8 recommendations to the OIG for closure.

The tables on the following page show that USAID made management decisions to act on 169 audit recommendations with management efficiencies and planned recoveries[7] that totaled more than $10.6 million. In addition, the Agency completed final action for 183 monetary audit recommendations that represented $7.6 million in cost-savings.

ERM

URICA

PFMRAF

Read more in the CFO's message on how these initiatives advance, promote, and contribute to USAID's achievements (see page 62).

[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, 2018	1	$ 16
Management Decisions During the Fiscal Year	–	–
Total Management Decisions Made	1	16
Final actions:		
Recommendations Implemented (Prior-period Adjustment)[8]	1	16
Recommendations not Implemented	–	–
Total Final Actions	1	16
Ending Balance on September 30, 2019[9]	–	$ –

MANAGEMENT ACTION ON AUDIT RECOMMENDATIONS WITH DISALLOWED COSTS

	Recommendations	Dollar Value ($000)
Management Decisions:		
Beginning Balance October 1, 2018	198	$ 220,126
Management Decisions During the Fiscal Year	169	10,686
Total Management Decisions Made	367	230,812
Final actions:		
Collections/Offsets	–	5,462
Other Recovery	–	112
Non-Efficiency	–	346
Write-Offs	–	1,655
Total Final Actions[10]	183	7,575
Ending Balance September 30, 2019[9]	184	$ 223,237

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

GAO

In FY 2019, the number of open recommendations issued to USAID by the GAO declined from 24 to ten, which represents a 58-percent decrease from FY 2018. The Agency closed 19 recommendations, down from 35 the previous year. The GAO is currently reviewing 35 USAID programs worldwide.

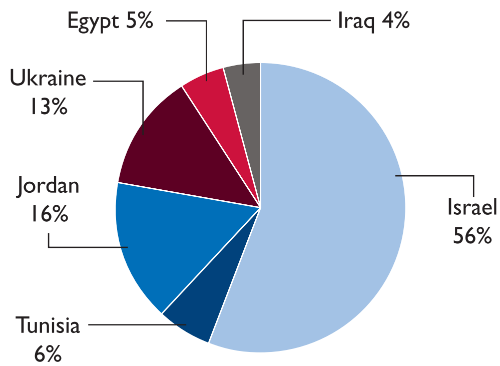
8 USAID made a prior adjustment to account for the Beginning Balance Management efficiencies that was closed in March 2016.

9 "Ending Balance September 30, 2019" equals "Total management decisions made" minus "Total final actions."

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

SOVEREIGN BOND GUARANTEES (SBG)

Since 1993, the U.S. Government has provided 20 guarantees of sovereign bonds issued by foreign governments in the international capital markets (by the 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 SBG expanded in response to political shocks in the Middle East and Eastern Europe to ten additional issuances between 2012 and 2017. USAID currently reports the guarantees on its financial statements. The total current exposure of USAID's SBG portfolio is $17.3 billion, of which $14.7 billion represents outstanding principal following Egypt's full repayment of its bond in 2015 and the full repayment of three bonds in 2019 (Tunisia, Jordan, and Ukraine) as well as the continuing amortization of one of Israel's sovereign bonds. See Note 6, *Direct Loans and Loan Guarantees, Net* in the Financial Section for additional information on loan guarantees for Israel; Ukraine; and Tunisia, Jordan, and Iraq (Middle East Northern Africa—MENA).

PORTFOLIO OF SOVEREIGN BOND GUARANTEE *(Dollars in Millions)*

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

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FINANCIAL SECTION

(Preceding page) **Literacy builds an educational foundation that can set kids up for a lifetime of success. USAID and the Major League Baseball Players Association are partnering to ensure young people in the Dominican Republic like Erison Frías get their shot at the big leagues—not on a field of dreams, but in their chosen career fields.**

PHOTO: THOMAS CRISTOFOLETTI FOR USAID

https://stories.usaid.gov/game-plan-life/

https://www.youtube.com/watch?v=zhFGkZRkAv0

(Above) **As in the United States, finding affordable health care in Tanzania can be a challenge. USAID is helping with a solution. A health insurance product supported by the Agency is helping moms like Salome Michael Nyoni ensure her children get the care they need. She and more than 6,400 other Tanzanians are now enrolled in Jamii, and can access doctors in the network whenever they need them, without worrying about how much it will cost.**

PHOTO: RIAZ JAHANPOUR FOR USAID

https://usaidpubs.exposure.co/ensuring-a-healthy-family

A MESSAGE FROM THE CHIEF FINANCIAL OFFICER

Reginald W. Mitchell

I am pleased to join the Administrator in issuing the U.S. Agency for International Development (USAID) Agency Financial Report (AFR) for Fiscal Year (FY) 2019. The AFR illustrates our Agency's strong financial performance and reinforces our commitment to transparency and accountability for the funds entrusted to us by the American people. For FY 2019, USAID received an unmodified audit opinion on our financial statements and made an unmodified Statement of Assurance under the Federal Managers' Financial Integrity Act (FMFIA) on our internal controls and conformance with the requirements for Federal financial management system. Moreover, our independent, external auditors found no reportable instances of noncompliance with laws and regulations during FY 2019. Of note this fiscal year, through diligence, persistence, and in consultation with the Office of Management and Budget (OMB) and the U.S. Department of the Treasury (Treasury), USAID eliminated its long-standing material weakness finding related to its Fund Balance with Treasury. Much of the credit goes to our dedicated financial professionals worldwide whose unrelenting work helped strengthen our processes and reconciliation efforts over the past several years.

Sound financial management continues to be a corporate priority for the Agency. Our strong and sustainable internal control posture has provided for process improvements in financial-management activities related to reimbursable agreements, intragovernmental transfers, and financial reporting. This included implementing a central accounting subsystem to address our compliance with the Federal Financial Management Improvement Act (FFMIA) associated with reimbursable agreements, decreasing our outstanding balance with our intragovernmental trading partners over the past four years, extending our reconciliation efforts, and identifying additional root causes of the differences. USAID reduced its Intragovernmental Transactions Unreconciled (IGT) differences and established an assurance program to achieve significant progress for reporting on Property, Plant and Equipment (PP&E). Regarding new challenges, we are updating our policies and procedures to ensure long outstanding reconciling items are researched and cleared timely and all Suspense Account items are researched and resolved within Treasury guidelines. We are also refining procedures for de-obligating unliquidated obligations timely, calculating and recording accounts payable and accrued expenses, and strengthening our financial systems access controls.

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

I am also honored to announce that, for the fourth consecutive year, USAID is the recipient of the prestigious *Certificate of Excellence in Accountability Reporting (CEAR) Award*, which recognizes the Agency's integration of performance and financial reporting. I sincerely thank all of USAID's staff for their dedication and diligence in compiling this report, which presents the Agency's use of resources, operating performance, financial stewardship, and assessment of risks in a clear and effective manner.

We continue to strengthen financial operations to ensure our work combats fraud, waste, and abuse. As the Chief Financial Officer (CFO), I served as a member of the Agency delegation assigned by USAID leadership to engage with multiple major public international organizations (PIOs), including United Nations (UN) agencies and the World Bank, to negotiate award agreements that ensure the effective oversight of U.S. foreign assistance programs. During FY 2019, the Agency was successful in renegotiating award agreements in three areas with UN organizations—(1) audit and records; (2) fraud, corruption, and other prohibited conduct; and, (3) monitoring, review, and evaluation. My office significantly contributed to the new provision on audit and records, which allows USAID to conduct financial checks and strengthened fraud-notification provisions.

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

In addition to the notable financial milestones, my staff and I sought opportunities to advance, promote, and contribute to the Agency's achievements:

- The Office of the CFO (OCFO) within the Bureau for Management (M) continued to serve as the Secretariat for the Agency's Enterprise Risk Management (ERM) program, and helped to lead the integration of our ERM governance into our systems for internal control, as required by OMB Circular A-123, *Management's Responsibility for Enterprise Risk and Internal Control*. Working with a cross-functional Agency working group, we conducted an ERM After-Action Review (AAR) at the beginning of FY 2019. The AAR recommendations were critical to guiding the approach to Agency communications and change-management efforts. For instance, we streamlined the ERM and FMFIA processes to show how these two operations complement one another. We customized guidance, tools, and curricula for classroom training, as well as offered online training webinars for senior executives and staff, which enabled the Agency's Operating Units (OUs) worldwide to better conduct risk assessments and leverage them as a strategic management tool. USAID continues to emerge as a leader among Federal departments and agencies in implementing ERM.
- To better aid in assessing internal controls, we optimized our risk-based analytical tool known as Uniform Risk Internal Control Assessment (URICA); and implemented it Agency-wide to assist financial and program staff to understand and analyze our internal controls.
- To prevent and detect fraud when assessing risks, we enhanced our risk-based analytical process known as the Public Financial Management Risk-Assessment Framework (PFMRAF) to assist financial and program staff in our OUs to address risks associated with programs managed with partner-country governments.
- Under USAID's Transformation initiative, the OCFO worked cross-functionally with other OUs to implement the Agency's refined process to resolve and execute outstanding audit recommendations rapidly.
- To ensure the Top Management Challenges report of the Office of Inspector General accurately reflects the Agency's progress and commitment, the OCFO facilitated coordination between the OIG and USAID's Bureaus and Independent Offices (IOs).

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 creatively and strategically achieve its overall mission and objectives. In FY 2020, I look forward to advancing our efforts to advance Administrator Green's vision of the Journey to Self-Reliance, which those of us at USAID share. We will 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 19, 2019

FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

(Preceding page) **Selma Sbissi, 48, lives in southern Tunisia, in a rural village outside Tataouine, with her family. Her municipality doesn't provide water service to her home; she wants that to change. Around her neck is a small water cooler bearing the image of a woman pointing to an ID card and Arabic script that says: "Register to vote." Selma was empowered to vote in 2018 in the country's first free municipal elections after meeting a USAID-supported civic education ambassador.**

PHOTO: NESSIM STEVENSON FOR USAID

(Above) **When Asiah Samila's husband died, she was left with their five children, their house, and farmland in remote Tanzania. Her husband, however, did not leave a title deed to their farm. Without documentation to prove her land rights, Asiah and her children were nearly displaced. That is until USAID helped conduct a proper land survey of her community. It was exactly what Asiah needed to receive a land certificate and prove ownership.**

PHOTO: RIAZ JAHANPOUR FOR USAID

https://usaidpubs.exposure.co/her-land-rights

MEMORANDUM

DATE: November 19, 2019

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 2019 and 2018 (0-000-20-006-C)

Enclosed is the final audit report on the audit of USAID's financial statements for fiscal years 2019 and 2018. The Office of Inspector General (OIG) contracted with the independent certified public accounting firm of GKA P.C. to conduct the audit. The contract required the audit firm to perform the audit in accordance with generally accepted government auditing standards and Office of Management and Budget Bulletin 19-03, "Audit Requirements for Federal Financial Statements."

In carrying out its oversight responsibilities, OIG reviewed the audit firm's report and related audit documentation and inquired of its representatives. Our review, which was different from an audit performed in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on USAID's financial statements. The audit firm is responsible for the enclosed auditor's report and the conclusions expressed in it. We found no instances in which 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, 2019, were presented fairly, in all material respects; (2) evaluate USAID's internal control; and (3) determine whether USAID complied with applicable laws and regulations. The purpose was not to provide an opinion on the effectiveness of the entity's internal control or compliance with provisions of applicable laws, regulations, contracts, and grant agreements. To answer the audit objectives, GKA assessed risk, considered internal control, and designed audit procedures relevant to USAID's presentation of its 2019 financial statements.

The audit concluded that USAID's financial statements as of and for fiscal year ended September 30, 2019, are presented fairly, in all material respects, and in conformity with accounting principles generally accepted in the United States. The audit also found no instances

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

of noncompliance with provisions of laws, regulations, contracts, and grant agreements. The financial statements as of and for September 30, 2018, were audited by USAID OIG auditors whose report dated December 17, 2018, expressed an unmodified opinion on those statements. The audit reported five significant deficiencies related to USAID's internal control processes for:

- Reconciling suspense accounts,
- Deobligating unliquidated obligations,
- Recording accrued expenses,
- Managing accounts, and
- Improving information technology general (access) controls over USAID's financial systems.

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

Recommendation 1. Enforce its written policies and procedures which require that long outstanding Fund Balance with Treasury unreconciled items be researched and cleared within 3 months of the date of the transaction.

Recommendation 2. Enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within 60 days, as mandated by the Department of the Treasury (Treasury).

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

Recommendation 4. Adjust the financial statements for the $32 million error posted to the general ledger.

Recommendation 5. Provide training on the accrual calculation process for the obligation officers/program managers (i.e., COR/AOR).

Recommendation 6. Require secondary reviews and approval of entries and adjustment vouchers, including accrual entries into the accounting system.

Recommendation 7. Update the System access control policies and procedures to ensure that the password settings are consistent with ADS Chapter 545, "Information Systems Security."

Recommendation 8. Update password settings to ensure that they comply with the Agency's requirements.

Recommendation 9. Update password settings for the databases supporting the System to ensure that they comply with the Agency's requirements.

Recommendation 10. Ensure that risk acceptances are properly documented within the System Security Plan if operational need necessitates that password settings cannot be configured in accordance with the Agency's policy.

Recommendation 11. Manage access to the databases supporting the System, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts, and removing access permissions.

Recommendation 12. Require that Information System Security Officers formally approve access to the System via the System Access Signature Form.

Recommendation 13. Ensure that users are only assigned roles approved on their System Access Signature Forms.

Recommendation 14. Review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

Recommendation 15. Conduct quarterly review of System user access via the Bureau Transition Coordinators' Roles and User ID Report.

Recommendation 16. Ensure that the triennial System access recertification includes all users, and that any access permissions not explicitly requested and approved during the recertification are disabled/removed.

Recommendation 17. Ensure that System administrators are notified promptly when accounts are not needed due to contractor or employee termination, and that such accounts are promptly disabled.

Recommendation 18. Ensure that access is disabled after 90 days of inactivity in accordance with the Agency's policy.

Recommendation 19. Update the system roles documents to include all roles and identifying all segregation of duty conflicts.

In finalizing the report, the audit firm evaluated USAID's responses to the recommendations. After reviewing that evaluation, we consider all recommendations open and resolved. For recommendations 1 through 19, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance extended to our staff and GKA employees during the engagement.

gka,p.c.
Certified Public Accountants
& Consultants

Member of the American Institute of Certified Public Accountants

November 12, 2019

Inspector General
U.S. Agency for International Development
Washington, D.C.

RE: Audit of USAID's Financial Statements for Fiscal Year 2019

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

GKA has issued an unmodified opinion on USAID's principal financial statements for fiscal year 2019. The financial statements of USAID as of September 30, 2018, were audited by the Office of the Inspector General (OIG) whose report dated December 17, 2018, expressed an unmodified opinion on those statements.

With respect to internal control, we identified five deficiencies that we consider significant deficiencies. The significant deficiencies pertain to USAID's processes for (1) reconciling of suspense accounts, (2) deobligating unliquidated obligations, (3) recording accrued expenses, (4) implementation of requirements pertaining to passwords; and (5) account management.

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

The report contains six recommendations to improve USAID's internal control. After reviewing information you provided in response to the draft report, we consider the recommendations resolved but open pending completion of planned activities. For these recommendations please provide evidence of final action to the Audit Performance and Compliance Division.

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

GKA, P.C.

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

Inspector General
U.S. Agency for International Development
Washington, D.C.

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of USAID as of and for fiscal year ended September 30, 2019, and in conformity with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of USAID as of September 30, 2018, were audited by the Office of the Inspector General, whose report dated December 17, 2018, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

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

Other Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued reports dated November 12, 2019, on our consideration of USAID's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of these reports is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. Those reports are an integral part of an audit performed in accordance with *Government Auditing Standards* in considering USAID's internal control over financial reporting and compliance.

GKA, P.C.

Washington, DC
November 12, 2019

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Inspector General
U.S. Agency for International Development
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of U.S. Agency for International Development (USAID), which comprise the consolidated balance sheet as of September 30, 2019 and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements") and have issued our report thereon dated November 12, 2019.

Internal Control Over Financial Reporting

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

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

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

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

- Reconciliation of Suspense Accounts
- De-obligating Unliquidated Obligations
- Recording accrued expenses
- Enforcement of requirements pertaining to passwords; and
- Account management.

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

Significant Deficiencies

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

1. During our review of the third quarter Fund Balance With Treasury (FBWT) reconciliation, we reviewed the Treasury GL Reconciliation (TyGR) Analysis performed outside the Electronic Cash Reconciliation Tool (eCART), to determine whether the process was effective. The TyGR process provides a monthly and quarterly summary and detail listing of all outstanding reconciling items by appropriation. Based on our review of the June 2019 TyGR report, we noted several reconciling items that were outstanding for more than three months. The table below illustrates the age, count and amount of the outstanding items at June 30, 2019;

Table 1:

Month	Year	Age	Count	Amount	Absolute Amount
June	2019	> 1 year	690	$ (1,555,399.02)	$ 30,288,586.60
		6-12 Months	1,058	$(26,918,123.49)	$ 900,092,477.01
		4-6 months	436	$ 25,528,710.94	$ 47,328,500.72
		91-120 days	321	$ 1,171,725.12	$ 27,677,142.72
TOTAL			**2,505**	**$ (1,773,086.45)**	**$ 1,005,386,707.05**

2. During our review of the FBWT Suspense Account for the end of the second and third quarters of FY2019, we noted that a significant number of suspense account items had not been resolved within the 60-day timeframe mandated by Treasury. The Table below illustrates the age, number of outstanding suspense account transactions (count) and the amounts at the end of the second and third quarters of FY2019.

Table 2:

END OF THIRD QUARTER					
Month	**Year**	**Age**	**Count**	**Amount**	**Absolute Amount**
June	2019	2-3 Months	545	$ (5,450,572.84)	$ 10,165,560.66
		4-12 Months	302	$ (1,190,198.05)	$ 2,822,120.07
		> One Year	1,553	$ 5,045,011.69	$ 17,706,836.61
TOTAL			**2,400**	**$ (1,595,759.20)**	**$ 30,694,517.34**

Table 3:

END OF SECOND QUARTER					
Month	**Year**	**Age**	**Count**	**Amount**	**Absolute Amount**
March	2019	2-3 Months	187	$ 264,373.93	$ 1,335,937.59
		4-12 Months	100	$ (1,165,898.72)	$ 1,579,820.36
		> One Year	1,578	$ 5,326,344.20	$ 17,423,862.46
TOTAL			**1,865**	**$ 4,424,819.41**	**$ 20,339,620.41**

FBWT Reconciliation Procedures, a Supplement to the Treasury Financial Manual, Volume I, part 2-5100, states that federal agencies should not permit prior-month differences to remain outstanding for more than 3 months.

Treasury Financial Manual, Bulletin No. 2017-10 requires that transactions in suspense accounts be cleared within 60 business days of the date of the transaction.

USAID staff did not perform timely research and clearing of long outstanding FBWT reconciling items. Additionally, USAID did not have sufficient controls in place - or the controls in place were insufficient - to ensure that suspense account transactions are resolved within the 60-day timeframe mandated by Treasury.

Long outstanding reconciling items represent an area of uncertainty that increases the risk of misstatements in the financial statements. In addition, the longer they remain in suspense, the less likely they are to be resolved.

Recommendation 1
We recommend that the Office of the Chief Financial Officer enforce its written policies and procedures which require that long outstanding FBWT unreconciled items be researched and cleared within three months of the date of the transaction. A report (monthly or quarterly) should be generated of these items, identifying those which were cleared during the period. Explanations should be provided regarding those items which were not cleared during the period. The report should be signed by a responsible official as evidence of the work done. Senior management should give special attention to any uncleared items older than ninety days and determine next steps.

Recommendation 2
We recommend that the Office of the Chief Financial Officer enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within sixty days, as mandated by Treasury. A report (monthly or quarterly) should be generated of these items, identifying those which were cleared during the period. Explanations should be provided with respect to those items which were not cleared during the period. The report should be signed by a responsible official as evidence of the work done. Senior management should give special attention to any uncleared items older than sixty days and determine next steps.

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

USAID does not consistently review its ULOs to determine whether those without activity for 3 years or more are still required - or should be de-obligated. Although USAID and its Missions review ULOs annually, neither the Agency nor its Missions consistently de-obligate ULOs identified as excess or unneeded funds. When funds are de-obligated, they may be made available in the Phoenix accounting system for reprogramming. During our audit, we analyzed USAID's ULOs and determined that, as of September 30, 2019, USAID had approximately $31.6 million in unliquidated obligations with no disbursements for more than three years. These may be available for de-obligation. Of the $31.6 million obligations noted below, we determined that approximately $2.1 million have had no disbursements since they were established.

ULOs by (a) the fiscal years the obligation was created and (b) by last disbursement age:

Table 4:

Fiscal Year Established	Obligation Amount – No Activity since Establishment ($)	Unliquidated Amount – No Activity in Three Years ($)	Total Unliquidated Obligation Amount ($)
2008 and Prior	$ -	$ 404,386	$ 404,386
2009	-	114,472	114,472
2010	740	509,383	510,123
2011	9,654	2,635,691	2,645,345

Fiscal Year Established	Obligation Amount – No Activity since Establishment ($)	Unliquidated Amount – No Activity in Three Years ($)	Total Unliquidated Obligation Amount ($)
2012	49,782	3,982,144	4,031,926
2013	168,343	4,379,439	4,547,782
2014	248,230	11,514,347	11,762,577
2015	1,250,074	5,510,753	6,760,827
2016	338,468	453,366	791,834
TOTAL	**$ 2,065,291**	**$ 29,503,981**	**$ 31,569,272**

Under the provisions of US Code, Title 31 Section 1554: Audit, Control, and Reporting, after "*the close of each fiscal year, the head of each Agency shall submit to the President and the Secretary of the Treasury a report regarding the unliquidated obligations, unobligated balances, canceled balances, and adjustments made to appropriation accounts of that Agency during the completed fiscal year… Each report required by this subsection shall… contain a certification by the head of the Agency that the obligated balances in each appropriation account of the Agency reflect proper existing obligations and that expenditures from the account since the preceding review were supported by a proper obligation of funds and otherwise were proper.*" Additionally, the regulation requires that the *"head of each Agency shall establish internal controls to assure that an adequate review of obligated balances is performed."*

In addition, USAID's Automated Directives System (ADS) Chapter 621, "Obligations," requires USAID and its Missions to initiate and coordinate reviews of all ULOs, at least annually, to determine whether their balances should be retained or de-obligated.

These deficiencies occurred because obligation managers did not consistently monitor the performance of the contracts and grants that were assigned to them. Furthermore, the Agency does not require Contracting Officers to include the period of performance dates in the Global Acquisition and Assistance System (GLAAS) so that they can be recorded in the Phoenix accounting system.

There is an increased risk of losing program and operating expense funds that may expire before they are de-obligated. Failure to maintain an effective ULO control environment in which invalid open obligations are identified and de-obligated timely may result in difficulties in managing funds, improper payments, inaccurate budgetary reports, and possible violations of Federal regulations.

Recommendation 3

We recommend that the Office of the Chief Financial Officer continue to review, monitor, and coordinate with the Office of Acquisition and Assistance (OAA) and the Executive Office (EXO) to determine whether obligations deemed to be no longer needed, and without disbursement for three years, should be de-obligated and the funds put to better use, or returned to Treasury. A separate report (monthly or quarterly) of these obligations should be provided to senior management for this purpose. The report should be signed by the person responsible for the review.

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

USAID's methodology for estimating and recording accounts payable and accrued expenses, based on Contracting Officer Representative (COR) reviews of the information contained in the Accrual Reporting System, needs improvement. The system generates estimated accruals, which CORs must modify and approve before they are recorded in USAID's general ledger. From a sample of 25 estimated accruals judgmentally selected and reviewed, we noted that two were erroneously recorded in the general ledger, resulting in an overstatement of expenditures by approximately $93 million. Of that amount, $61 million was expended on behalf of another Federal agency and was not included in USAID's financial statements. However, $32 million was included in the financial statements in error.

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

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

Recommendation 4
We recommend that the Office of the Chief Financial Officer:

- Adjust the financial statements for the $32 million included therein in error;
- Provide training to the Obligation Officers/Program Managers (i.e. COR/AOR) on the process of accrual calculation; and
- Perform periodic reviews (by someone independent of the process) of postings of adjustment vouchers (AVs), including accrual entries, into Phoenix (PHX).

Password controls should be strengthened.

We noted the following weaknesses in the password controls for one system application and its production and reporting databases:

- The access control (AC) policy and procedures password requirements for the system were not consistent with the password requirements documented in ADS Chapter 545, *Information Systems Security*. Specifically, we noted the following differences:

- The maximum password expiration is 90 days in the system's AC policy and procedures, and 60 days in the Agency's security policy; and
- The account lockout duration is 20 minutes in the system's AC policy and procedures, and 30 minutes in the Agency's security policy.

- In the password and account lockout configurations we noted that:
  - Password expiration was configured for 90 days instead of 60 days;
  - Password reuse was configured for 6 passwords instead of 24;
  - The account lockout counter was reset after 20 minutes instead of 30 minutes; and
  - The account lockout threshold was set for 20 minutes instead of 30 minutes.
- In the password configurations for the production database supporting the system application, we noted that:
  - Password expiration was configured to 200 days for one profile and 70 days for two other profiles, instead of 60 days; and
    - Password reuse was not configured for one profile to prevent the reuse of a password for 24 generations;
- In the password configurations for the reporting database supporting the system application, we noted that:
  - Password expiration for one database was set to unlimited for two profiles, instead of 60 days. Additionally, password expiration was configured to 90 days, with an unlimited grace time for one profile and 372 days for another, instead of 60 days;
  - Three profiles for one database was not configured to prevent the reuse of a password for 24 generations;
  - Account lockout threshold for one database was configured to 5 and 10 attempts for two profiles respectively, instead of 3 attempts. Additionally, the account lockout threshold for one profile was set to unlimited instead of 3 failed attempts; and
  - Account lockout duration for one database was configured to one minute for one profile and 14.8 minutes for another, instead of 30 minutes, or until released by an administrator.

ADS Chapter 545, *Information Systems Security*, states that, "*SOs must conform to the minimum requirements described below; however, SOs must determine whether higher level restrictions and conditions beyond these minimum requirements should be established in light of the risks involved with respect to the particular system. SOs must assure that the final restrictions and conditions are documented in the SSP"*

"SOs must ensure the information system does the following regarding passphrases and password-based authentication:

1) *Enforces minimum password complexity of at least 12 characters, mix of at least one character from each of three of the following four-character types: upper-case letters, lower-case letters, numbers, and special characters;*
2) *Enforces at least the following number of changed characters when new passwords are*

created: four characters must be changed;

3) *Stores and transmits only encrypted passwords;*
4) *Enforces password minimum and maximum lifetime restrictions, with no minimum lifetime and a maximum lifetime of 60 days;*
5) *Prohibits password reuse for 24 generations;*
6) *Allows the use of a temporary password for system logons only with an immediate change upon first-time logon to a new password; and*
7) *Prevents embedding passwords in scripts or source code.*

System access controls policies and procedures, states that:

- *The Information System Security Officer (ISSO) must configure information systems to automatically lock a user's account upon 3 consecutive failed logon attempts during a 24-hour time period;*
- *The automatic lockout period for accounts locked due to failed login attempts must be a minimum of 20 minutes;*
- *The ISSO must establish a process for manually unlocking accounts prior to the expiration of the automatic lockout period after sufficient user identification; and*
- *The ISSO must record and periodically review all failed logon attempts in an audit log.*

The following policy statements apply to passwords:

- *Systems will comply with M/CIO/IA guidance on password construction;*
- *passwords to expire every 90 days; and*
- *Passwords to change every 90 days.*

USAID has not updated the access control policies and procedures to align with the ADS 545 requirements. Additionally, one system and its supporting databases have not been configured to meet ADS 545 password and account lockout requirements. Management informed us that they are in the process of testing the system configuration changes designed to update the settings to comply with ADS 545 requirements. Additionally, we were informed that in instances where operational need necessitates that the settings do not comply with ADS 545, then a risk acceptance will be documented within the System Security Plan.

Weaknesses in password controls increases the risk that unauthorized access to the system and its supporting databases may be compromised, thus putting the system and data at risk of unauthorized disclosure, modification or destruction - possibly without detection.

Recommendation 5

We recommend that the Office of the Chief Financial Officer:

- Update the system access control policies and procedures to ensure that the password settings are consistent with ADS Chapter 545, *Information Systems Security*;
- Update password settings to ensure they are compliant with the Agency's requirements;
- Update password settings for the databases supporting the system to ensure they are

compliant with the Agency's requirements; and

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

Account management controls should be strengthened.

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

- Documented policies and procedures were not in place for managing access to the system's supporting databases, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts and removing access permissions;
- There was one new user added as of October 1, 2018. However, the user's system access signature form was not signed as approved by the ISSO. In addition, the user was granted the INQUIRY permission. This too was not signed as approved on the access form; and
- Our review of the process for periodically reviewing access to the system and its supporting databases revealed that:

    - Database access permissions for the system's production and reporting databases were not recertified on a quarterly basis as stated in the system security plan; and
    - Evidence was not available to validate that Bureau Transition Coordinators (BTC) and Mission Controllers generate and review the system's user access on a quarterly basis via the BTC Roles and User Id Report.
    - We tested 3 Missions and determined that the Triennial recertification was not effective for all 3 Missions. Specifically, we noted that:

        - There were 3 individuals at the Haiti Mission that were assigned roles that were not recertified on their system user access request list form;
        - There was one individual in the Haiti Mission who was listed as departed, but retained active access and roles;
        - The Haiti Mission recertification did not include 18 out of the 25 users assigned access to the Mission;
        - There were 17 individuals at the Ghana Mission that were assigned roles that were not recertified on their system user access request list form;
        - The Ghana Mission recertification did not include 41 out of the 65 users assigned access to the Mission;
        - There were 19 individuals at the Afghanistan Mission that were assigned roles that were not recertified on their system user access request list form; and
        - The Afghanistan Mission recertification did not include 44 out of the 65 users assigned access to the Mission.

- Our review of the Segregation of Duties controls revealed that:

    - The document used to define roles and identify segregation of duties conflicts was not

complete. We identified 4 roles that were granted to users in the system that were not included in the document (FSNBATCH, MSGOFDAY, RPTPILOT, and ADMIN); and
  - We noted that the Table Administrator (TBLADMIN) privilege - which is a security/system administrator role that allows users to maintain all reference tables - did not have any segregation of duties conflicts identified, even though it is a role that should not be assigned with other financial processing roles.

- Our review of the process for disabling inactive accounts and removing accounts for terminated employees revealed that:

  - There were 4 terminated employees identified that retained active accounts on the system as of July 10, 2019 when the list was generated;
  - There were 5 individuals identified who had not logged onto the system for 90 days from the date the list was generated (July 10, 2019). However, they retained active accounts at July 10, 2019;
  - There were 49 accounts that had never logged on to the system and whose start dates were more than 90 days from the date the access list was generated (July 10, 2019). However, their accounts were not deactivated due to inactivity. These accounts were inactive between 316 and 1,539 days; and
  - There was no process in place for disabling access to the system reporting database after 90 days of inactivity, in accordance with USAID's policy.

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

- *Approvals by system ISSOs and SOs/SO designees are required for requests to create information system accounts and authorize access to the information system; and*
- *SOs must separate critical information system functions among different individuals or groups; document separation of duties of individuals; and define information system access authorizations to support separation of duties.*

Access controls policies and procedures, states that:

- *All users who need access to the system must have a BTC or Mission Controller complete and submit a User Role Request form on their behalf;*
- *BTCs and Mission Controllers are responsible for running the system Roles and User Id Report for the users for whom they are responsible on a quarterly basis;*
- *BTCs and Mission Controllers are also required to notify the ISSO to revoke user access privileges within 2 days of the user's departure or the determination that a user no longer requires access to the system;*
- *ISSOs will conduct monthly reviews of user access to verify that no conflicting roles are assigned, and that all user access is properly authorized. They will also disable user accounts which are inactive for at least 90 days by using an automated script daily. No exceptions will be made; and*
- *ISSOs will manage a triennial re-benchmark of all user roles. In the first-year, missions*

will be required to review and resubmit role request forms for all their users. In year two Washington bureaus will do the same. Year three will be an off year.

The System Security Plan requires that accounts be disabled within 24 business hours of receiving notification that it should be done.

USAID currently does not retain evidence that quarterly reviews of system user access forms by Bureau Transition Coordinators and Mission Controllers have occurred, or that the Information System Security Officer documented his/her final approval. In addition, the triennial access review did not always include all users, or verify that access was removed for roles that were not recertified. Also, security personnel and system administrators were not notified upon user termination - to ensure that system access permissions were removed. Additionally, the script used to deactivate inactive accounts was not designed to deactivate accounts where users had never logged on to the application.

Segregation of duties conflicts were not identified and documented for some roles because they are assigned to the system team and are not intended for average system users. However, because of this, there is no assurance that users, supervisors, BTCs, Mission Controllers and others involved in the access approval process are aware of possible conflicting roles.

Also, according to management, due to the limited number of individuals with access to the databases supporting the system, procedures were not documented for account management, and controls were not implemented for the reporting database to deactivate inactive accounts.

Weaknesses in account management controls increase the risk that individuals may have unauthorized access to the system and data, thus putting the system and data at risk of unauthorized disclosure, modification or destruction of data; possibly without detection.

Recommendation 6
We recommend that the Office of the Chief Financial Officer enforce its policies and procedures with respect to:

- Managing access to the databases supporting the system, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts and removing access permissions;
- Requiring that ISSOs formally approve access to the system via the system access signature form;
- Ensuring that users are only assigned roles approved on their system one access signature forms;
- Ensuring that BTCs and Mission Controllers generate and periodically review and recertify access to the system production and reporting databases in accordance with the frequency established in the Agency's system security plan;
- Ensuring the quarterly review of system user access via the BTC Roles and User ID Report;
- Ensuring that the triennial system access recertification includes all users, and that any

access permission not explicitly requested and approved during the recertification are disabled/removed;

- Ensuring that system administrators are notified promptly when accounts are not needed due to contractor or employee termination; and that such accounts are promptly disabled;
- Ensuring that access is disabled after 90 days of inactivity in accordance with the Agency's policy; and
- Updating the system roles documents to include all roles and identifying all segregation of duty conflicts.

The Agency's Response to Audit Findings

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

Purpose of this Report

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

GKA, P.C.

Washington, DC
November 12, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH APPLICABLE PROVISIONS OF LAWS, REGULATIONS, CONTRACTS, AND GRANT AGREEMENTS

Inspector General
U.S. Agency for International Development
Washington, D.C.

We have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable provisions of Office of Management and Budget (OMB) Bulletin No. 19-03, *Audit Requirements for Federal Financial Statements*, the financial statements of the U.S. Agency for International Development (USAID), which comprise the consolidated balance sheet as of September 30, 2019 and the related consolidated statement of net cost, consolidated statement of changes in net position, and combined statement of budgetary resources for the year then ended, and the related notes to the financial statements (hereinafter referred to as the "consolidated financial statements") and have issued our report thereon dated November 12, 2019.

Compliance and Other Matters

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

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

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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.

Purpose of this Report

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

GKA, P.C.

Washington, DC
November 12, 2019

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);

- 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, 2019. We caution that noncompliance may occur and may not be detected by these tests, and that such testing may not be sufficient for other purposes.

We conducted our audit from April 2019 through November 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

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

APPENDIX B. THE AGENCY'S RESPONSE TO AUDIT FINDINGS

USAID
FROM THE AMERICAN PEOPLE

Chief Financial Officer

November 16, 2019

MEMORANDUM

TO: Deputy Assistant Inspector General for Audit, Alvin Brown

FROM: Reginald W. Mitchell /s/

SUBJECT: Management Response to Draft Independent Auditor's Report on USAID's Financial Statements for FYs 2019 and 2018 (0-000-20- 00X-C)

Thank you for your official draft audit report on the *Audit of USAID's Financial Statements for Fiscal Year (FY) 2019 and 2018* and for the professionalism exhibited by the external auditors and your staff throughout this process. We are pleased that the USAID Office of Inspector General (OIG) will issue an unmodified opinion on the Agency's principal financial statements.

The following are Management's comments regarding the OIG's 19 recommendations associated with the 5 significant deficiency audit findings and their associated target completion dates when closure requests will be submitted to the OIG.

Office of Inspector General Recommendations

Recommendation 1: Enforce its written policies and procedures which require that long outstanding Fund Balance with Treasury (FBWT) unreconciled items be researched and cleared within 3 months of the date of the transaction.

Management Comments: Management agrees with this recommendation.

M/CFO is committed to clearing all unreconciled items within three months from the date of transactions and will further enforce its reconciliation policy by increasing communications to the operating units on the requirements for timely reconciliation.

Management believes applying these internal control measures will help ensure accuracy and timeliness of the cash reconciliation process to clear unreconciled items within three months of the date of the transaction.

In addition, M/CFO recently implemented procedures governing the timely research and clearing of open reconciling items. These efforts enhanced the Agency's ability to reconcile items in a timely manner including its world-wide operations. As a result, the overall count of total open aged items was reduced by 71% from 2,505 in FY 2019 3rd quarter to 724 at the end of the FY 2019 4th quarter. This represents a 97% reduction in absolute amount (from $1,005.4 million as indicated in the finding to $30.3 million at the end of 4th quarter). The Agency received and processed over one million transactions (average 84,000 per month) with net disbursement amount of $19.1 billion during FY 2019; the number of aged open items represents 0.01% of the total count and 0.2% of the net disbursement transactions processed in FY 2019.

Target Completion Date: July 31, 2020

Recommendation 2: Enforce its written policies and procedures designed to ensure that suspense account transactions are researched and resolved within 60 days, as mandated by the Department of the Treasury (Treasury).

Management Comments: Management agrees with this recommendation.

M/CFO is committed to resolving suspense account transactions within 60-business days by researching and clearing items, as mandated by Treasury Financial Manual (TFM), Bulletin No. 2017-10, and will further enforce its policy by increasing communications to the operating units on the requirements for timely resolution.

Target Completion Date: July 31, 2020

Recommendation 3: Continue to review, monitor, and coordinate with the Office of Acquisition and Assistance (OAA) and the Executive Office (EXO) to determine whether obligations identified as excessive and without disbursement for three years, should be deobligated and the funds put to better use, or returned to Treasury.

Management Comments: Management agrees with this recommendation.

M/CFO will coordinate with M/OAA management to ensure obligation managers actively monitor the performance of contracts and grants to ensure controls remain effective. Funds determined to be excessive by the obligation managers will be deobligated and put to better use appropriate or return to Treasury. Notwithstanding, the Agency's ULOs over three years old ($32 million) at the end of FY 2019 represents less than 0.2% overall unliquidated balances management will continue to make reducing this number a priority.

Target Completion Date: September 30, 2020

Recommendation 4: Adjust the financial statements for the $32 million error posted to the general ledger.

Management Comments: Management disagrees with this recommendation.

M/CFO will address the $32 million in the Schedule of Uncorrected Errors rather than adjust the financial statements.

Target Completion Date: November 19, 2019

Recommendation 5: Provide training on the Accrual calculation process for the Obligation Officers/Program Managers i.e. COR/AOR.

Management Comments: Management agrees with this recommendation.

The Agency has mandatory on-line training in place for Contract Officer Representatives (CORs) and Agreement Officer Representatives (AORs). The Agency is in the process of updating this training.

Target Completion Date: July 31, 2020

Recommendation 6: Require secondary reviews and approval of entries and adjustment vouchers (AVs) including accrual entries into the accounting System.

Management Comments: Management agrees with this recommendation.

M/CFO will review a sample of the quarterly accrual entries for reasonableness; conduct an OMB Circular A-123 internal control assessment; and report the results to the senior assessment team.

Target Completion Date: November 15, 2020

Recommendation 7: Update the System access control policies and procedures to ensure that the password settings are consistent with the Automated Directives System (ADS) Chapter 545, Information Systems Security.

Management Comments: Management agrees with the recommendation.

M/CFO will update its System Access Control Policies and Procedures to be consistent with ADS 545.

Target Completion Date: June 30, 2020

Recommendation 8: Update password settings to ensure they are compliant with the Agency's requirements.

Management Comments: Management agrees with this recommendation.

M/CFO updated the System password settings to comply with ADS 545. The Agency completed corrective actions and will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 9: Update password settings for the databases supporting the System to ensure they are compliant with the Agency's requirements.

Management Comments: Management agrees with this recommendation.

M/CFO updated the password settings for the database supporting System and has documented any other deviations in the System Security Plan per Recommendation 10. The Agency completed corrective actions and we will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 10. Ensure that risk acceptances are properly documented within the System Security Plan (SSP) if operational need necessitates that password settings cannot be configured in accordance with the Agency's policy.

Management Comments: Management agrees with this recommendation.

M/CFO documented deviations from Agency policy for password setting configuration based on operational needs. The Agency completed corrective actions and will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 11: Manage access to the databases supporting the System, including processes for granting, modifying, periodically reviewing/recertifying access permissions, disabling inactive accounts and removing access permissions.

Management Comments: Management agrees with this recommendation.

M/CFO will manage the access to the databases supporting the System based on the requirements in ADS 545 and the System Security Plan.

Target Completion Date: September 30, 2020

Recommendation 12: Require that ISSOs formally approve access to the System via the System Access Signature Form.

Management Comments: Management agrees with this recommendation.

M/CFO will approve access to the System based on the ADS 545 and the System Access Control Policies and Procedures.

Target Completion Date: September 30, 2020

Recommendation 13: Ensure that users are only assigned roles approved on their System One Access Signature Forms.

Management Comments: Management agrees with this recommendation.

M/CFO will ensure only approved roles are assigned and will ensure that the System Access Control Policies and Procedures, as well as the user role request forms, document what roles are given to all users.

Target Completion Date: June 30, 2020

Recommendation 14: Review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

Management Comments: Management agrees with this recommendation.

M/CFO will review and recertify access to the System production and reporting databases in accordance with the frequency established in the Agency's System Security Plan.

Target Completion Date: July 31, 2020

Recommendation 15: Conduct quarterly review of System user access via the Bureau Transition Coordinators' Roles and User ID Report.

Management Comments: Management agrees this recommendation.

M/CFO will update the System access review process quarterly to conform with ADS 545.

Target Completion Date: April 30, 2020

Recommendation 16: Ensure that the triennial System access recertification includes all users, and that any access permission not explicitly requested and approved during the recertification are disabled/removed.

Management Comments: Management agrees with this recommendation.

M/CFO will recertify all System users via the System recertification process and disabled and/or removed accordingly.

Target Completion Date: September 30, 2020

Recommendation 17: Ensure that System administrators are notified promptly when accounts are not needed due to contractor or employee termination; and that such accounts are promptly disabled.

Management Comments: Management agrees with this recommendation.

M/CFO will notify System administrators when its contractors or employees no longer need System access and will promptly disable the related accounts in compliance with ADS 545.

Target Completion Date: June 30, 2020

Recommendation 18: Ensure that access is disabled after 90 days of inactivity in accordance with the Agency's policy.

Management Comments: Management agrees with this recommendation.

M/CFO updated the script used to disable access after 90 days of inactivity. The Agency completed corrective actions and will submit its request for closure of the recommendation to the OIG.

Target Completion Date: November 29, 2019

Recommendation 19: Update the System roles documents to include all roles and identifying all segregation of duty conflicts.

Management Comments: Management agrees with this recommendation.

M/CFO will document the additional roles only available to the application support team, as well as roles provided to all users. Management will also identify all segregation of duty conflicts and work with operating units to eliminate segregation of duty conflicts.

Target Completion Date: June 30, 2020

Clearances:
M/DCFO:KKuyumjian (clear) Date: 11/15/2019 M/DCFO:KBody
(clear) Date: 11/15/2019

Drafted by:M/CFO/CAR:JGuliwala/M/CFO/FS:NMausolf:11/15/2019

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 2018 Findings and Recommendations

Condition:
Material Weakness: USAID Did Not Reconcile Its Fund Balance with Treasury Account with the Department of the Treasury and Resolve Unreconciled Items in a Timely Manner (Repeat Finding)

Recommendation:
No additional recommendation was provided for this material weakness because a similar finding was reported in previous audits and USAID's efforts to address the problem was acknowledged. In FY 2018, USAID management consulted with Treasury and the Office of Management and Budget (OMB) to resolve the unexplained difference and submitted a plan to them for their approval.

Status:
The finding is considered closed as of November 12, 2019.

Condition:
Significant Deficiency: Intragovernmental Transactions Remain Unreconciled (Repeat Finding)

Recommendation 1:
Establish an Agency working group comprising personnel of the Office of the Chief Financial Officer and the bureaus to research and address the $455 million differences between USAID and its trading partners that were reported in the fiscal year 2018 Agency Financial Report.

Status:
The finding is considered closed as of November 12, 2019.

Condition:
Significant Deficiency: USAID Did Not Maintain Adequate Records of Property, Plant and Equipment (Repeat Finding)

Recommendation:
No additional recommendation was provided for this significant deficiency because a similar finding was reported in previous audits and USAID's efforts to address the problem was acknowledged. USAID management implemented a Quality Assurance Program (QAP) during the fourth quarter of FY 2018. The QAP was anticipated to fully address the issues.

Status:
The finding is considered closed as of November 12, 2019.

Condition:
Significant Deficiency: USAID Did Not Comply with Federal Standards in Accounting for Reimbursable Agreements (Repeat Finding)

Recommendation 2. Review and revise, if necessary, the business process to account for reimbursable agreements so that all transactions are recorded in accordance with U.S. generally accepted accounting principles and the U.S. Standard General Ledger.

Status:
The finding is considered closed as of November 12, 2019.

Status of 2017 Findings and Recommendations

Recommendation 1. The Office of the Chief Financial Officer continue to investigate the $83 million differences between the Agency's Fund Balance with Treasury Account and Treasury fund balance to identify the root cause and, if appropriate, modify its business process to mitigate future occurrences.

Status: Closed as of November 12, 2019.

Recommendation 2. The Office of the Chief Financial Officer enhance its policies and procedures to ensure the subsidiary and general ledgers are completely reconciled and the causes of the differences are corrected.

Status: Closed as of November 12, 2019.

Recommendation 3. The Office of the Chief Financial Officer implement a quality assurance program to validate the quarterly information that missions submit, and ensure that there are no differences between vehicle management information system and the Chief Financial Officer's records.

Status: Closed as of November 12, 2019.

Status of 2016 Findings and Recommendations

Recommendation 1. We recommend that the Office of the Chief Financial Officer resolve all unexplained differences between USAID's Fund Balance with Treasury account and the Department of the Treasury by December 31, 201 and institutionalize the monthly reconciliation of the Fund Balance With Treasury account.

Status: Closed as of November 12, 2019.

Status of 2014 Findings and Recommendations

Recommendation 2. We recommend that USAID's Office of the Chief Financial Officer consult with the U.S. Treasury to obtain advice and approval for resolving unreconciled funds.

Status: Closed as of November 12, 2019.

Status of 2012 Findings and Recommendations

Recommendation 1. We recommend that the Chief Financial Officer verify that all differences between USAID and the Department of the Treasury are researched and resolved in a timely manner in accordance with Treasury financial manual reconciliation procedures.

Status: Closed as of November 12, 2019.

FINANCIAL SECTION

FINANCIAL STATEMENTS AND NOTES

(Preceding page) **Arcadie Fosnea, the owner of Mircesti Winery in Moldova, flies a drone across his vineyard to check for the presence of Flavescence dorée, a highly contagious and fast-spreading disease that could wipe out his livelihood. In partnership with the Moldovan Government, USAID created a pilot program using aerial drones to survey the country's vines and detect the disease before it spreads.**

PHOTO: COLBY GOTTERT FOR USAID

https://usaidpubs.exposure.co/diseasedetecting-drones

(Above) **Aberu Mamo, 33, is a farmer in South Tigray, Ethiopia, a region that is vulnerable to drought. With support from USAID and Feed the Future, Aberu and her husband are learning how to strengthen their resilience to future droughts. They have gained financial literacy and business skills, learning the importance of saving and using loans to invest in new ways of making money.**

PHOTO: THOMAS CRISTOFOLETTI FOR USAID

https://stories.usaid.gov/aberus-savings-plan

https://www.youtube.com/user/USaidVideo

INTRODUCTION TO PRINCIPAL FINANCIAL STATEMENTS

The U.S. Agency for International Development (USAID) has prepared the **Principal Financial Statements** for Fiscal Year (FY) 2019 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 2018. USAID's Principal Financial Statements, footnotes, and other information for FY 2019 and FY 2018 consist of the following:

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

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

The **Consolidated Statement of Changes in Net Position** presents the change in USAID's net position that result from the net cost of the Agency's operations, budgetary financing sources other than exchange revenues, and other financing sources for the years ended September 30, 2019 and 2018. 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, 2019 and 2018. USAID reports the information in this statement on the budgetary basis of accounting.

The **Notes to Principal Financial Statements** are an integral part of the Principal Financial Statements. They provide explanatory information or additional details to help readers understand, interpret, and use the data presented, and includes comparative notes on data from FY 2018.

HISTORY OF USAID'S FINANCIAL STATEMENTS

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

In FY 2001, the OIG expressed qualified opinions on three of the then five Principal Financial Statements of the Agency, while continuing to issue a disclaimer of opinion on the remaining two statements. In FY 2002, the OIG expressed unqualified opinions on four of the then five Principal Financial Statements and a qualified opinion on the fifth. This marked the first time since the enactment of the GMRA that USAID received an opinion on all of its Principal Financial Statements. The Agency continued to receive unqualified opinions on its Principal Financial Statements until FY 2012, when an accounting error resulted in the first qualified opinion in nine years. USAID successfully executed corrective measures thereafter, and regained an unmodified audit opinion on both the FY 2013 and FY 2012 Principal Financial Statements. The OIG did not express an opinion on the FY 2014 Principal Financial Statements, but rendered an unmodified opinion on the comparative FY 2015 and FY 2014 (Restated) Principal Financial Statements.

USAID is proud the Agency received an unmodified opinion on its FY 2018 and FY 2017 Principal Financial Statements. The OIG rendered an unmodified opinion on the FY 2019 Principal Financial Statements. Administrator Green 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, 2019 and 2018
(In Thousands)

	2019	2018
ASSETS:		
Intragovernmental:		
Fund Balance with Treasury (Note 2)	$ 35,971,075	$ 35,482,587
Accounts Receivable (Note 3)	17,504	6,855
Other Assets (Note 4)	43,814	15,862
Total Intragovernmental	36,032,393	35,505,304
Cash and Other Monetary Assets (Note 5)	233,113	210,917
Accounts Receivable, Net (Note 3)	102,797	102,410
Direct Loans and Loan Guarantees, Net (Note 6)	628,535	936,618
Inventory and Related Property, Net (Note 7)	27,193	26,584
General Property, Plant, and Equipment, Net (Note 8)	78,841	81,370
Other Assets (Note 4)	1,031,014	829,064
Total Assets	**$ 38,133,886**	**$ 37,692,267**
LIABILITIES:		
Intragovernmental:		
Accounts Payable	$ 104,685	$ 81,531
Debt (Note 11)	7,565	36,686
Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	1,705,243	1,157,007
Other Liabilities (Notes 10 and 12)	730,536	751,593
Total Intragovernmental	2,548,029	2,026,817
Accounts Payable	2,287,902	2,407,953
Loan Guarantee Liability (Note 6)	2,837,519	3,726,199
Federal Employee and Veteran's Benefits (Note 13)	21,807	23,469
Other Liabilities (Notes 10 and 12)	472,639	433,519
Total Liabilities	**8,167,896**	**8,617,957**
Commitments and Contingencies (Note 14)	–	–
NET POSITION:		
Unexpended Appropriations	29,430,913	28,803,928
Cumulative Results of Operations	535,077	270,382
Total Net Position	**29,965,990**	**29,074,310**
Total Liabilities and Net Position	**$ 38,133,886**	**$ 37,692,267**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF NET COST

For the Years Ended September 30, 2019 and 2018
(In Thousands)

Categories	2019	2018
DR–Democracy, Human Rights and Governance		
Gross Costs	$ 1,466,950	$ 1,701,494
Less: Earned Revenue	(9,611)	(7,348)
Net Program Costs	1,457,339	1,694,146
EG–Economic Growth		
Gross Costs	2,827,344	3,588,058
Less: Earned Revenue	(192,255)	(153,659)
Net Program Costs	2,635,089	3,434,399
ES–Education and Social Services		
Gross Costs	1,252,617	1,186,630
Less: Earned Revenue	(13,720)	(7,780)
Net Program Costs	1,238,897	1,178,850
HA–Humanitarian Assistance		
Gross Costs	3,847,122	3,808,222
Less: Earned Revenue	(16,061)	(7,854)
Net Program Costs	3,831,061	3,800,368
HL–Health		
Gross Costs	1,704,271	1,875,981
Less: Earned Revenue	(636,801)	(625,227)
Net Program Costs	1,067,470	1,250,754
PO–Program Development and Oversight		
Gross Costs	1,125,668	1,078,908
Less: Earned Revenue	(16,874)	(8,099)
Net Program Costs	1,108,794	1,070,809
PS–Peace and Security		
Gross Costs	699,339	592,571
Less: Earned Revenue	(4,338)	(2,079)
Net Program Costs	695,001	590,492
Net Cost of Operations (Notes 15 and 16)	**$ 12,033,651**	**$ 13,019,818**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CHANGES IN NET POSITION

For the Years Ended September 30, 2019 and 2018

(In Thousands)

	2019	2018
Unexpended Appropriations:		
Beginning Balance	$ 28,803,928	$ 28,126,624
Budgetary Financing Sources:		
Appropriations Received	13,880,992	14,110,845
Appropriations Transferred-in/out	(58,918)	(112,966)
Other Adjustments	(101,384)	(164,588)
Appropriations Used	(13,093,705)	(13,155,987)
Total Budgetary Financing Sources	626,985	677,304
Total Unexpended Appropriations	29,430,913	28,803,928
Cumulative Results of Operations:		
Beginning Balance	$ 270,382	$ 205,099
Budgetary Financing Sources:		
Appropriations Used	13,093,705	13,155,987
Nonexchange Revenue	(175)	(30)
Donations and Forfeitures of Cash and Cash Equivalents	196,184	109,539
Other Financing Sources (Non-Exchange):		
Donations and Forfeitures of Property	16,133	20,829
Imputed Financing	34,311	36,541
Other	(1,041,812)	(237,765)
Total Financing Sources	12,298,346	13,085,101
Net Cost of Operations (Notes 15 and 16)	(12,033,651)	(13,019,818)
Net Change	264,695	65,283
Cumulative Results of Operations	535,077	270,382
Net Position	**$ 29,965,990**	**$ 29,074,310**

The accompanying notes are an integral part of these statements.

COMBINED STATEMENT OF BUDGETARY RESOURCES

For the Years Ended September 30, 2019 and 2018

(In Thousands)

	2019		2018	
	Budgetary	**Non-Budgetary Credit Reform Financing Accounts**	**Budgetary**	**Non-Budgetary Credit Reform Financing Accounts**
Budgetary Resources:				
Unobligated Balance from Prior Year Budget Authority, Net	$ 11,889,046	$ 3,731,579	$ 11,654,602	$ 3,489,262
Appropriations (Discretionary and Mandatory)	13,811,384	68	13,918,947	4
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	6,955	–	40
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	1,009,612	425,715	1,079,850	559,833
Total Budgetary Resources	**$ 26,710,042**	**$ 4,164,317**	**$ 26,653,399**	**$ 4,049,139**
Status of Budgetary Resources:				
New Obligations and Upward Adjustments (Total) (Note 17)	$ 16,055,975	$ 276,118	$ 15,501,459	$ 282,592
Unobligated Balance, End of Year:				
Apportioned, Unexpired Accounts (Note 2)	10,034,077	333,264	5,903,112	262,199
Exempt from Apportionment, Unexpired Accounts (Note 2)	(1)	–	(4)	–
Unapportioned, Unexpired Accounts (Note 2)	489,585	3,554,935	4,996,796	3,504,348
Unexpired Unobligated Balance, End of Year	**10,523,661**	**3,888,199**	**10,899,904**	**3,766,547**
Expired Unobligated Balance, End of Year	130,406	–	252,036	–
Total Unobligated Balance, End of Year	10,654,067	3,888,199	11,151,940	3,766,547
Total Budgetary Resources	**$ 26,710,042**	**$ 4,164,317**	**$ 26,653,399**	**$ 4,049,139**
Outlays, Net:				
Outlays, Net (Total) (Discretionary and Mandatory)	$ 13,192,061	$ (155,573)	$ 12,703,861	$ (279,039)
Distributed Offsetting Receipts (-)	(462,118)	–	(396,088)	–
Agency Outlays, Net (Discretionary and Mandatory)	**$ 12,729,943**	**$ (155,573)**	**$ 12,307,773**	**$ (279,039)**

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. 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 the 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.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

B. REPORTING ENTITY

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

PROGRAMS

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

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

Direct and Guaranteed Loans

- *Direct Loan Program*

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

- *Urban and Environmental Program*

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

- *Micro and Small Enterprise Development Program*

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

- *Development Credit Authority*

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

- *Israel Loan Guarantee Program*

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

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

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

- *Ukraine Loan Guarantee Program*

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

FUND TYPES

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

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

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

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

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

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

C. BASIS OF ACCOUNTING

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

D. BUDGETS AND BUDGETARY ACCOUNTING

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

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

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

E. REVENUES AND OTHER FINANCING SOURCES

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

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

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

F. FUND BALANCE WITH THE U.S. TREASURY

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

G. FOREIGN CURRENCY

The Direct Loan Program maintains foreign currency funds, which are used to disburse loans in certain countries. Those balances are reported at the U.S. dollar equivalents using the exchange rates prescribed by the U.S. Treasury. A gain or loss on currency conversion is recognized for any change in valuation of foreign currencies at year-end. Additionally, some USAID host countries contribute funds for the overhead operation of the host mission and the execution of USAID programs. These funds are held in trust and reported in U.S. dollar equivalents on the Balance Sheet and Statement of Net 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. DIRECT LOANS AND LOAN GUARANTEES

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

The Federal Credit Reform Act of 1990 (FCRA) prescribes an alternative method of accounting for direct loans and guarantees obligated on or after October 1, 1991 (post-1991); the loans receivable are reduced by an allowance equal to the net present value of the cost to the United States 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 reestimated when necessary and changes reflected in the operating statement.

Subsidy cost associated with direct loans and guarantees, is required by the FCRA to be recognized as an expense in the year in which the direct loan or guarantee is disbursed. Subsidy cost is calculated by agency program offices prior to obligation using a model prescribed by OMB. Subsidy relating to existing loans and guarantees is generally required to be reestimated on an annual basis to adjust for changes in risk and interest rate assumptions.

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

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

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

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

J. ADVANCES

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

K. INVENTORY AND RELATED PROPERTY

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

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

L. PROPERTY, PLANT AND EQUIPMENT

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

M. LIABILITIES

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

N. LIABILITIES FOR LOAN GUARANTEES

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

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

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

O. ANNUAL, SICK, AND OTHER LEAVE

Annual leave is accrued as it is earned and the accrual is reduced as leave is taken. Each year, the balance in the accrued annual leave account is adjusted to reflect current pay rates. To the extent that current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of leave are expensed as taken.

P. RETIREMENT PLANS AND POST EMPLOYMENT BENEFITS

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

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

Q. COMMITMENTS AND CONTINGENCIES

A contingency is an existing condition, situation or set of circumstances involving uncertainty as to possible gain or loss to USAID. The uncertainty will ultimately be resolved when one or more future events occur or fail to occur. For pending, threatened or potential litigation, a liability is recognized when a past transaction or event has occurred, a future outflow or other sacrifice of resources is likely, and the related future outflow or sacrifice of resources is measurable. For other litigations, a contingent liability is recognized when similar events occur except that the future outflow or other sacrifice of resources is more likely than not.

R. NET POSITION

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

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

S. NON-ENTITY ASSETS

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

T. AGENCY COSTS

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

U. PARENT/CHILD REPORTING

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

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

USAID receives allocation transfers as the child from:

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

NOTE 2. FUND BALANCE WITH TREASURY

Fund Balance with Treasury as of September 30, 2019 and 2018 consisted of the following *(in thousands)*:

Status of Fund Balance with Treasury	2019	2018
Unobligated Balance		
Available	$ 10,367,340	$ 6,165,307
Unavailable	4,174,926	8,753,181
Obligated and Other Balances Not Yet Disbursed (Net)	21,428,809	20,564,099
Total	$ 35,971,075	$ 35,482,587

Fund Balance with Treasury (FBWT) is the aggregate amount 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.

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

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

NOTE 3. ACCOUNTS RECEIVABLE, NET

The primary components of USAID's Accounts Receivable, Net as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	Receivable Gross	Allowance Accounts	Receivable Net 2019	Receivable Net 2018
Intragovernmental				
Accounts Receivable from Federal Agencies	$ 1,071,503	N/A	$ 1,071,503	$ 443,649
Less: Intra-Agency Receivables	(1,053,999)	N/A	(1,053,999)	(436,794)
Total Intragovernmental Accounts Receivable	17,504	N/A	17,504	6,855
Accounts Receivable from the Public	117,083	(14,286)	102,797	102,410
Total Receivables	$ 134,587	$ (14,286)	$ 120,301	$ 109,265

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

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

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

NOTE 4. OTHER ASSETS

Other Assets as of September 30, 2019 and 2018 consisted of Advances, as follows *(in thousands)*:

	2019	2018
Intragovernmental		
Advances to Federal Agencies	$ 43,814	$ 15,862
Total Intragovernmental	43,814	15,862
With the Public		
Advances to Contractors/Grantees	622,601	624,676
Advances to Host Country Governments and Institutions	652,181	496,098
Advances, Other	(243,768)	(291,710)
Total with the Public	1,031,014	829,064
Total Other Assets	$ 1,074,828	$ 844,926

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

Advances to Contractors/Grantees are amounts that USAID pays to cover immediate cash needs related to program implementation until Contractors/Grantees submit expense reports to USAID and USAID records those expenses. Advances to Host Country Governments and Institutions represent amounts advanced by USAID Missions to host-country governments and other in-country organizations, such as educational institutions and volunteer organizations. Advances, Other consist primarily of amounts advanced for living quarters, travel, and home service. Advances, Other is negative due to the liquidating of advances at the Missions. The advances were issued under Advances, Contractors and were liquidated under Advances, Other.

NOTE 5. CASH AND OTHER MONETARY ASSETS

Cash and Other Monetary Assets as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019	2018
Other Cash	$ (577)	$ (672)
Foreign Currencies	233,690	211,589
Total Cash and Other Monetary Assets	$ 233,113	$ 210,917

Foreign Currencies is the value of the Foreign Currency Trust Funds which totaled $234 million in FY 2019 and $212 million in FY 2018, as disclosed in Note 12. USAID does not have any non-entity cash or other monetary assets. The funds are restricted to Host Countries programs.

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

NOTE 6. DIRECT LOANS AND LOAN GUARANTEES, NET

USAID operates the following loan and/or loan guarantee programs:

- Direct Loan Program (Direct Loan)
- Urban and Environmental Program (UE)
- Micro and Small Enterprise Development Program (MSED)
- Israel Loan Guarantee Program (Israel Loan)
- Development Credit Authority Program (DCA)
- Middle East North 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 loans receivable, loan guarantees, liability for loan guarantees, and the nature and amounts of the subsidy costs associated with the loans and loan guarantees are provided in the following sections.

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

Summary of Loans Receivables, Net as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019	2018
Net Direct Loans Obligated Prior to FY 1992 (Allowance for Loss Method)	$ 595,606	$ 836,456
Net Direct Loans Obligated After FY 1991 (Present Value Method)	(146,317)	(83,913)
Defaulted Guaranteed Loans from Pre-1992 (Allowance for Loss Method)	57,776	71,920
Defaulted Guaranteed Loans Post-1991 (Present Value Method)	121,470	112,155
Total Loans Receivable, Net as reported on the Balance Sheet	$ 628,535	$ 936,618

DIRECT LOANS

Direct Loan amounts for loans obligated prior to 1992 and after 1991 as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Loan Losses	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2019:				
Direct Loans	$ 807,094	$ 371,158	$ (582,646)	$ 595,606
MSED	29	5	(34)	–
Total	$ 807,123	$ 371,163	$ (582,680)	$ 595,606
Direct Loans Obligated Prior to 1992 (Allowance for Loss Method) as of September 30, 2018:				
Direct Loans	$ 1,047,908	$ 354,864	$ (566,316)	$ 836,456
MSED	29	5	(34)	–
Total	$ 1,047,937	$ 354,869	$ (566,350)	$ 836,456

Loan Programs	Loans Receivable Gross	Interest Receivable	Allowance for Subsidy Cost	Value of Assets Related to Direct Loans, Net
Direct Loans Obligated After 1991 (Present Value) as of September 30, 2019:				
Direct Loans	$ 672,756	$ 6,176	$ (825,249)	$ (146,317)
Total	$ 672,756	$ 6,176	$ (825,249)	$ (146,317)
Direct Loans Obligated After 1991 (Present Value) as of September 30, 2018:				
Direct Loans	$ 708,928	$ 6,526	$ (799,367)	$ (83,913)
Total	$ 708,928	$ 6,526	$ (799,367)	$ (83,913)

Total Amount of Direct Loans Disbursed as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Direct Loan Programs	2019	2018
Direct Loans	$ 1,479,850	$ 1,756,836
MSED	29	29
Total	$ 1,479,879	$ 1,756,865

Schedule for Reconciling Subsidy Cost Allowance Balances (Post-1991 Direct Loans) as of September 30, 2019 and 2018 are as follows *(in thousands)*:

	2019			2018		
	Direct Loan	UE (Subrogated Claims)	Total	Direct Loan	UE (Subrogated Claims)	Total
Beginning Balance of the Subsidy Cost Allowance	$ 799,367	$ –	$ 799,367	$ 777,037	$ (1,896)	$ 775,141
Add: Subsidy Expense for Direct Loans Disbursed During the Reporting Years by Component:						
(A) Interest Rate Differential Costs	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	–	–	–	–	–	–
(C) Fees and Other Collections	–	–	–	–	–	–
(D) Other Subsidy Costs	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	–	–	–	–	–	–
Adjustments:						
(A) Loan Modifications	–	–	–	–	–	–
(B) Fees Received	–	–	–	–	–	–
(C) Foreclosed Property Acquired	–	–	–	–	–	–
(D) Loans Written Off	–	–	–	–	–	–
(E) Subsidy Allowance Amortization	18,800	–	18,800	19,843	–	19,843
(F) Other	7,082	–	7,082	2,487	1,896	4,383
Ending Balance of the Subsidy Cost Allowance Before Reestimates	$ 825,249	$ –	$ 825,249	$ 799,367	$ –	$ 799,367
Add or Subtract Subsidy Reestimates by Component:						
(A) Interest Rate Reestimate	–	–	–	–	–	–
(B) Technical/Default Reestimate	–	–	–	–	–	–
Total of the Above Reestimate Components	–	–	–	–	–	–
Ending Balance of the Subsidy Cost Allowance	$ 825,249	$ –	$ 825,249	$ 799,367	$ –	$ 799,367

DEFAULTED GUARANTEED LOANS FROM PRE-1992 GUARANTEES

Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method) as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2019				
UE	$ 92,111	$ 9,640	$ (43,975)	$ 57,776
Total	$ 92,111	$ 9,640	$ (43,975)	$ 57,776
Defaulted Guaranteed Loans from Pre-1992 Guarantees (Allowance for Loss Method): 2018				
UE	$ 108,457	$ 7,737	$ (44,274)	$ 71,920
Total	$ 108,457	$ 7,737	$ (44,274)	$ 71,920

DEFAULTED GUARANTEED LOANS FROM POST-1991 GUARANTEES

Defaulted Guaranteed Loans from Post-1991 as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Defaulted Guaranteed Loans Receivable, Gross	Interest Receivable	Allowance For Loan Losses	Value of Assets Related to Defaulted Guaranteed Loans Receivable, Net
Defaulted Guaranteed Loans from Post-1991 Guarantees (2019):				
UE (Subrogated Claims)	$ 73,084	$ 48,386	$ –	$ 121,470
Total	$ 73,084	$ 48,386	$ –	$ 121,470
Defaulted Guaranteed Loans from Post-1991 Guarantees (2018):				
UE (Subrogated Claims)	$ 68,586	$ 43,569	$ –	$ 112,155
Total	$ 68,586	$ 43,569	$ –	$ 112,155

GUARANTEED LOANS OUTSTANDING

Guaranteed Loans Outstanding as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Outstanding Principal, Guaranteed Loans, Face Value	Amount of Outstanding Principal Guaranteed
Guaranteed Loans Outstanding (2019):		
DCA	$ 600,594	$ 300,297
Israel	7,947,226	7,947,226
UE	257,257	257,257
Ukraine	2,000,000	2,000,000
MENA	4,750,000	4,750,000
Total	$ 15,555,077	$ 15,254,780
Guaranteed Loans Outstanding (2018):		
DCA	$ 607,468	$ 303,734
Israel	8,366,966	8,366,966
UE	332,068	332,068
Ukraine	3,000,000	3,000,000
MENA	6,235,000	6,235,000
Total	$ 18,541,502	$ 18,237,768
New Guaranteed Loans Disbursed (2019):		
DCA	$ 126,782	$ 63,391
Total	$ 126,782	$ 63,391
New Guaranteed Loans Disbursed (2018):		
DCA	$ 262,506	$ 131,253
Total	$ 262,506	$ 131,253

Liability for Loan Guarantees as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Liabilities for Losses on Pre-1992 Guarantees, Estimated Future Default Claims	Liabilities for Post-1991 Guarantees	Loan Guarantee Liabilities
Liability for Loan Guarantees as of September 30, 2019:			
UE	$ 176	$ 159,464	$ 159,640
MSED	–	–	–
Israel	–	1,021,532	1,021,532
DCA	–	94,733	94,733
Ukraine	–	517,135	517,135
MENA	–	1,044,479	1,044,479
Total	$ 176	$ 2,837,343	$ 2,837,519
Liability for Loan Guarantees as of September 30, 2018:			
UE	$ 176	$ 155,072	$ 155,248
MSED	–	1	1
Israel	–	1,101,548	1,101,548
DCA	–	92,209	92,209
Ukraine	–	1,182,907	1,182,907
MENA	–	1,194,286	1,194,286
Total	$ 176	$ 3,726,023	$ 3,726,199

SUBSIDY EXPENSE FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

Subsidy Expense for Loan Guarantees by Program and Component as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	Interest Supplements	Defaults	Fees and Other Collections	Other	Total
Subsidy Expense for New Loan Guarantees (2019):					
DCA	$ –	$ 12,390	$ (1,664)	$ –	$ 10,726
Total	$ –	$ 12,390	$ (1,664)	$ –	$ 10,726
Subsidy Expense for New Loan Guarantees (2018):					
DCA	$ –	$ 9,953	$ (1,670)	$ –	$ 8,283
Total	$ –	$ 9,953	$ (1,670)	$ –	$ 8,283

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Loan Guarantee Programs	Total Modifications	Interest Rate Reestimates	Technical Reestimates	Total Reestimates
Modifications and Reestimates (2019):				
UE	$ –	$ –	$ (4,926)	$ (4,926)
Israel	–	–	(156,799)	(156,799)
DCA	68	–	(6,977)	(6,909)
Ukraine	–	–	(694,933)	(694,933)
MENA	–	–	(175,367)	(175,367)
Total	$ 68	$ –	$ (1,039,002)	$ (1,038,934)
Modifications and Reestimates (2018):				
UE	$ –	$ –	$ (8,876)	$ (8,876)
Israel	–	–	(151,948)	(151,948)
DCA	4	–	(1,227)	(1,223)
Ukraine	–	–	33,740	33,740
MENA	–	–	89,681	89,681
Total	$ 4	$ –	$ (38,630)	$ (38,626)

Total Loan Guarantee Subsidy Expense as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	2019	2018
UE	$ (4,926)	$ (8,876)
Israel	(156,799)	(151,948)
DCA	3,817	7,060
Ukraine	(694,933)	33,740
MENA	(175,367)	89,681
Total	$ (1,028,208)	$ (30,343)

SUBSIDY RATES FOR LOAN GUARANTEES BY PROGRAM AND COMPONENT

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

Loan Guarantee Programs	Interest Supplements (%)	Defaults (%)	Fees and Other Collections (%)	Other (%)	Total (%)
DCA	–	9.54%	-2.81%	–	6.73%

Schedule for Reconciling Loan Guarantee Liability Balances (Post-1991 Loan Guarantees) as of September 30, 2019 and 2018 are as follows *(in thousands)*:

2019: Post-1991 Loan Guarantees

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

2018: Post-1991 Loan Guarantees

	DCA	MSED	UE	Israel	Ukraine	MENA	Total
Beginning Balance of the Loan Guarantee Liability	$ 81,357	$ 1	$ 156,953	$ 1,173,872	$1,121,642	$ 1,086,038	$ 3,619,863
Add: Subsidy Expense for Guaranteed Loans Disbursed							
During the Reporting Years by Component:							
(A) Interest Supplement Costs	–	–	–	–	–	–	–
(B) Default Costs (Net of Recoveries)	9,953	–	–	–	–	–	9,953
(C) Fees and Other Collections	1,670	–	–	–	–	–	1,670
(D) Other Subsidy Costs	–	–	–	–	–	–	–
Total of the Above Subsidy Expense Components	$ 11,623	$ –	$ –	$ –	$ –	$ –	$ 11,623
Adjustments:							
(A) Loan Guarantee Modifications	–	–	–	–	–	–	–
(B) Fees Received	2,730	–	711	–	–	–	3,441
(C) Interest Supplements Paid	–	–	–	–	–	–	–
(D) Foreclosed Property and Loans Acquired	–	–	–	–	–	–	–
(E) Claim Payments to Lenders	(5,390)	–	–	–	–	–	(5,390)
(F) Interest Accumulation on the Liability Balance	3,116	–	3,225	79,624	27,525	18,567	132,057
(G) Other	–	–	3,059	–	–	–	3,059
Ending Balance of the Loan Guarantee Liability Before Reestimates	$ 93,436	$ 1	$ 163,948	$ 1,253,496	$1,149,167	$ 1,104,605	$ 3,764,653
Add or Subtract Subsidy Reestimates by Component:							
(A) Interest Rate Reestimate	–	–	–	–	–	–	–
(B) Technical/Default Reestimate	(1,227)	–	(8,876)	(151,948)	33,740	89,681	(38,630)
Total of the Above Reestimate Components	(1,227)	–	(8,876)	(151,948)	33,740	89,681	(38,630)
Ending Balance of the Loan Guarantee Liability	$ 92,209	$ 1	$ 155,072	$ 1,101,548	$1,182,907	$ 1,194,286	$ 3,726,023

Administrative Expense as of September 30, 2019 and 2018 are as follows *(in thousands)*:

Loan Guarantee Programs	2019	2018
DCA	$ 9,851	$ 9,408
Total	$ 9,851	$ 9,408

OTHER INFORMATION

1. Allowance for loss for pre-1992 receivables have been calculated in accordance with OMB guidance using an allowance for loss method which assigns risk ratings to receivables based upon the country of debtor. No country is in violation of Section 620q of the Foreign Assistance Act, that is more than six months delinquent. Six countries are in violation of the Brooke-Alexander Amendment to the Foreign Operations Export Financing and Related Programs Appropriations Act, owing $542.1 million that is more than one year delinquent.

2. Reestimate amounts calculated during the year are subject to approval by OMB, and any adjustments, if necessary, will be made in FY 2020. Several loan guarantees matured and were fully repaid in 2019, reducing USAID's risk exposure by approximately $2.5 billion, as a result, the amount of downward reestimates calculated in the current fiscal year increased by approximately $804 million.

3. In 2019, a DCA guarantee was modified to allow for maximum utilization of disbursements, extend the coverage expiration date of the agreement and increase utilization fees. Subsequently this resulted in a $68 thousand adjustment in the subsidy cost for this guarantee.

4. 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.

5. New guaranteed loans disbursed under the DCA guarantee program are maintained within USAID's Central Management System.

6. The $(146) million asset reported for post-1991 direct loans is attributed to the increase in the allowance for subsidy over the years. Financing account interest is calculated at the end of each fiscal year per Treasury and OMB guidelines. This accumulated interest income and expense has gradually created an abnormal balance for the direct loan financing account since the offset of the cash receipts/disbursements on the interest is in the allowance for subsidy account. There have been no new direct loans in recent years and these historical loans continue to draw down as borrowers repay. The abnormal balance will clear when USAID returns the funds to Treasury.

7. On October 5, 2018, the *Better Utilization of Investments Leading to Development (BUILD) Act* was signed into law. In accordance with this legislation, USAID will transfer a portion of its loan credit portfolio to the newly established agency, U.S. International Development Finance Corporation (DFC), in FY 2020. As of FY 2019, the loan portfolio made up approximately 13 percent of USAID's overall budgetary resources, consequently, a significant change is anticipated to the agency's upcoming fiscal year financial statements.

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, 2019 and 2018 are as follows *(in thousands)*:

	2019	2018
Items Held for Use		
Office Supplies	$ 2,095	$ 4,006
Items Held in Reserve for Future Use		
Disaster Assistance Materials and Supplies	8,925	8,560
Birth Control Supplies	16,172	14,018
Total Inventory and Related Property	$ 27,193	$ 26,584

Operating Materials and Supplies are considered tangible properties that are consumed in the normal course of business and not held for sale. The valuations are based on historical acquisition costs. There are no obsolete or unserviceable items, and no restrictions on their use. Items costing less than $25,000 are expensed as incurred.

NOTE 8. GENERAL PROPERTY, PLANT AND EQUIPMENT, NET

The components of Property, Plant and Equipment (PP&E), Net as of September 30, 2019 and 2018 are as follows *(in thousands)*:

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

2018	Useful Life	Cost	Accumulated Depreciation/ Amortization	Net Book Value
Classes of Fixed Assets:				
Equipment	3 to 5 years	$ 58,862	$ (48,829)	$ 10,033
Buildings, Improvements, and Renovations	5 to 20 years	111,757	(54,818)	56,939
Land and Land Rights	N/A	7,203	N/A	7,203
Construction in Progress	N/A	3	–	3
Internal Use Software	3 to 5 years	128,717	(121,525)	7,192
Total PP&E		$ 306,542	$ (225,172)	$ 81,370

(continued on next page)

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, 2019, Future Lease Payments consisted of the following *(in thousands)*:

Operating Leases:

Future Payments Due: **Fiscal Year**	**2019** **Future Costs**
2020	$ 119,140
2021	44,325
2022	40,587
2023	38,740
2024	29,963
2025 and Beyond	30,119
Total Future Lease Payments	$ 302,874

Future operating lease payments total $303 million in future lease payments, of which $148 million is for the USAID headquarters in Washington, D.C., and the remainder is for the Missions. The current lease agreements are for approximately 893,888 sq. feet for the headquarters. The expiration dates for headquarters leases are from FY 2020 through FY 2025 and the expiration dates for the Missions' leases are from FY 2020 through FY 2028. All the leases are non-cancelable and the lessor for headquarters is General Services Administration (GSA), which charges commercial rates for USAID's occupancy.

NOTE 10. LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

As of September 30, 2019 and 2018 Liabilities Not Covered by Budgetary Resources were as follows *(in thousands)*:

	2019	2018
Liabilities Not Covered by Budgetary Resources:		
Intragovernmental:		
Unfunded FECA Liability (Note 13)	$ 7,013	$ 5,164
Other Unfunded Employment Related Liability	–	55
Other Liabilities (Note 12)	5,176	2,302
Total Intragovernmental	$ 12,189	$ 7,521
Accrued Annual Leave	55,115	54,215
Future Workers' Compensation Benefits (Note 13)	21,807	23,469
Debt – Contingent Liabilities for Loan Guarantees (Note 6)	176	176
Total Liabilities Not Covered by Budgetary Resources	89,287	85,381
Total Liabilities Covered by Budgetary Resources	8,078,609	8,532,576
Total Liabilities	$ 8,167,896	$ 8,617,957

USAID records liabilities for amounts that are likely to be paid as the direct result of events that have already occurred. USAID considers the Intragovernmental accounts payable as liabilities covered under budgetary resources. These accounts payable are those payable to other Federal Agencies and consist mainly of unliquidated obligation balances related to interagency agreements between USAID and other Federal Agencies. The accounts payable with the public represent liabilities to non-Federal entities.

Liabilities not covered by budgetary resources include accrued unfunded annual leave and separation pay. Although future appropriations to fund these liabilities are probable and anticipated, Congressional action is needed before budgetary resources can be provided. Accrued unfunded annual leave, workers' compensation benefits, and separation pay represent future liabilities not currently funded by budgetary resources, but will be funded as it becomes due with future resources. The Contingent Liabilities for Loan Guarantees is in the pre-Credit Reform Urban and Environmental (UE) Housing Loan Guarantee liquidating fund. As such, it represents the estimated liability to lenders for future loan guarantee defaults in that program.

NOTE 11. INTRAGOVERNMENTAL DEBT

USAID Intragovernmental Debt as of September 30, 2019 and 2018 consisted of the following borrowings from Treasury for post-1991 loan programs, which is classified as other debt *(in thousands)*:

Debt Due to Treasury	2018 Beginning Balance	Net Borrowing	2018 Ending Balance	Net Borrowing	2019 Ending Balance
Direct Loans	$ 36,076	$ –	$ 36,076	$ (36,076)	$ –
DCA	628	(18)	610	6,955	7,565
Total Treasury Debt	$ 36,704	$ (18)	$ 36,686	$ (29,121)	$ 7,565

Pursuant to the Federal Credit Reform Act of 1990, Agencies with credit programs have permanent indefinite authority to borrow funds from the Treasury. These funds are used to fund the unsubsidized portion of direct loans and, in certain situations, to cover credit program costs.

The above disclosed debt is principal payable to Treasury, which represents Financing account borrowings from Treasury. Sufficient cash was received to repay the full amount of the $36 million Direct Loan debt in FY 2019. On the other hand, as a result of four new guarantees established, there was a need to borrow $6.96 million for the DCA program. The overall interest paid to Treasury's Bureau of the Fiscal Service on the outstanding debt in the current fiscal year was $1.1 million.

The Balance Sheet components of the $1.7 billion *Liability for Capital Transfers to the General Fund of the Treasury* consists of: $663 million of pre-1992 loan equity in the liquidating accounts and $1 billion in downward reestimates that is anticipated to be paid to Treasury next fiscal year. All debt shown is intragovernmental debt.

NOTE 12. OTHER LIABILITIES

As of September 30, 2019 and 2018 Other Current Liabilities consisted of the following *(in thousands)*:

	2019	2018
Intragovernmental		
IPAC Suspense	$ 6,321	$ 4,770
Unfunded FECA Liability (Note 13)	7,013	5,164
Custodial Liability	3,214	7,575
Employer Contributions & Payroll Taxes Payable	3,033	7,144
Other Unfunded Employment Related Liability	–	55
Liability for Advances and Prepayments	705,779	724,583
Other Liabilities	5,176	2,302
Total Intragovernmental	$ 730,536	$ 751,593
With the Public		
Accrued Funded Payroll and Leave	36,156	9,656
Accrued Unfunded Annual Leave and Separation Pay (Note 10)	55,115	54,215
Advances From Others	35,861	51,600
Foreign Currency Trust Fund	233,690	211,589
Other Liabilities	111,817	106,459
Total Liabilities With the Public	$ 472,639	$ 433,519
Total Other Liabilities	$ 1,203,175	$ 1,185,112

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, 2019 and 2018 are indicated in the table below *(in thousands)*:

Unfunded Workers' Compensation Benefits	2019	2018
Liabilities Not Covered by Budgetary Resources		
Future Workers' Compensation Benefits	$ 21,807	$ 23,469
Accrued Unfunded FECA Liability	7,013	5,164
Total Unfunded Workers' Compensation Benefits	$ 28,820	$ 28,633

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 2019, USAID's total FECA liability was $28.8 million, comprised of unpaid FECA billings for $7 million and estimated future FECA costs of $21.8 million.

The actuarial estimate for the FECA unfunded liability is determined by the DOL using a method which uses historical benefit payment patterns. The projected annual benefit payments are discounted to present value using economic assumption for 10-year Treasury notes and bonds and the amount is further adjusted for inflation.

NOTE 14. COMMITMENTS AND CONTINGENCIES

USAID is involved in certain claims, suits, and complaints that have been filed or are pending. These matters are in the ordinary course of the Agency's operations and are not expected to have a material adverse effect on the Agency's financial operations.

As of September 30, 2019, there were three pending cases.

The schedule below details the accrued liabilities and estimated range of loss for pending legal cases as of September 30, 2019 and 2018 *(in thousands)*:

	2019		2018	
	Estimated Range of Loss		Estimated Range of Loss	
	Lower End	Upper End	Lower End	Upper End
Legal Contingencies:				
Probable	$ –	$ –	$ –	$ –
Reasonably Possible	100	12,573	–	1,973
Total Accrued Liabilities and Estimated Range of Loss	$ 100	$ 12,573	$ –	$ 1,973

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. SCHEDULE OF COSTS AND EARNED REVENUE

The Consolidated Statement of Net Cost reports the Agency's gross costs less earned revenues to arrive at net cost of operations by Program Categories and Responsibility Segments, as of September 30, 2019. These categories are consistent with the new State-USAID Standardized Program Structure and Definition (SPSD).

The format of the Consolidated Statement of Net Cost is also consistent with OMB Circular A-136 guidance.

Note 15 shows the value of exchange transactions between USAID and other Federal entities as well as non-Federal entities. These are also categorized within the Agency by Program Categories, Responsibility Segments, and Program Areas are defined in Note 16.

Intragovernmental Costs and Earned Revenue sources relate to transactions between USAID and other Federal entities. Public costs and earned revenues on the other hand relate to transactions between USAID and non-Federal entities. Program Costs and Earned Revenue by Responsibility Segment for the years ended September 30, 2019 and 2018 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
DR–Democracy, Human Rights and Governance												
Intragovernmental Costs	$ 7,861	$ 8,671	$ 2,613	$ –	$ 16,595	$ –	$ –	$ 20,372	$ 5,221	$ 5,679	$ 67,012	$ 89,815
Public Costs	192,447	147,497	30,781	22,755	213,462	–	–	339,398	142,911	310,687	1,399,938	1,611,679
Total Program Costs	200,308	156,168	33,394	22,755	230,057	–	–	359,770	148,132	316,366	1,466,950	1,701,494
Intragovernmental Earned Revenue	(814)	(948)	(266)	–	(1,687)	–	–	(2,184)	(572)	(548)	(7,019)	(6,876)
Public Earned Revenue	(301)	(350)	(98)	–	(623)	–	–	(806)	(211)	(203)	(2,592)	(472)
Total Earned Revenue	(1,115)	(1,298)	(364)	–	(2,310)	–	–	(2,990)	(783)	(751)	(9,611)	(7,348)
Net Program Costs	**199,193**	**154,870**	**33,030**	**22,755**	**227,747**	**–**	**–**	**356,780**	**147,349**	**315,615**	**1,457,339**	**1,694,146**
EG–Economic Growth												
Intragovernmental Costs	55,236	27,521	125	76,635	13,870	–	21,685	23,699	57,630	25,799	302,200	283,514
Public Costs	594,563	293,597	4,556	606,584	141,066	–	92,817	238,641	218,247	335,073	2,525,144	3,304,544
Total Program Costs	649,799	321,118	4,681	683,219	154,936	–	114,502	262,340	275,877	360,872	2,827,344	3,588,058
Intragovernmental Earned Revenue	(2,594)	(2,030)	(14)	(149,006)	(1,200)	–	(2,361)	(1,584)	(6,076)	(17,215)	(182,080)	(151,156)
Public Earned Revenue	(962)	(749)	(5)	(3,538)	(443)	–	(872)	(584)	(2,244)	(778)	(10,175)	(2,503)
Total Earned Revenue	(3,556)	(2,779)	(19)	(152,544)	(1,643)	–	(3,233)	(2,168)	(8,320)	(17,993)	(192,255)	(153,659)
Net Program Costs	**646,243**	**318,339**	**4,662**	**530,675**	**153,293**	**–**	**111,269**	**260,172**	**267,557**	**342,879**	**2,635,089**	**3,434,399**
ES–Education and Social Services												
Intragovernmental Costs	13,693	7,644	1,466	18,605	67	10	1,131	6,001	10,729	12,171	71,517	70,757
Public Costs	366,499	89,806	31,437	158,173	1,279	24	18,773	99,850	203,803	211,456	1,181,100	1,115,873
Total Program Costs	380,192	97,450	32,903	176,778	1,346	34	19,904	105,851	214,532	223,627	1,252,617	1,186,630
Intragovernmental Earned Revenue	(1,448)	(578)	(163)	(5,347)	(301)	(1)	(126)	(639)	(916)	(1,352)	(10,871)	(7,606)
Public Earned Revenue	(534)	(213)	(60)	(763)	(3)	–	(46)	(236)	(338)	(656)	(2,849)	(174)
Total Earned Revenue	(1,982)	(791)	(223)	(6,110)	(304)	(1)	(172)	(875)	(1,254)	(2,008)	(13,720)	(7,780)
Net Program Costs	**378,210**	**96,659**	**32,680**	**170,668**	**1,042**	**33**	**19,732**	**104,976**	**213,278**	**221,619**	**1,238,897**	**1,178,850**
HA–Humanitarian Assistance												
Intragovernmental Costs	–	378	134,258	–	6	99	–	692	741	38	136,212	135,000
Public Costs	2	5,644	3,663,853	–	44	8,696	–	16,014	15,822	835	3,710,910	3,673,222
Total Program Costs	2	6,022	3,798,111	–	50	8,795	–	16,706	16,563	873	3,847,122	3,808,222
Intragovernmental Earned Revenue	–	(42)	(11,549)	–	(1)	(10)	–	(77)	(82)	(4)	(11,765)	(7,552)
Public Earned Revenue	–	(16)	(4,204)	–	–	(4)	–	(40)	(30)	(2)	(4,296)	(302)
Total Earned Revenue	–	(58)	(15,753)	–	(1)	(14)	–	(117)	(112)	(6)	(16,061)	(7,854)
Net Program Costs	**2**	**5,964**	**3,782,358**	**–**	**49**	**8,781**	**–**	**16,589**	**16,451**	**867**	**3,831,061**	**3,800,368**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
HL–Health												
Intragovernmental Costs	116,677	22,322	92	–	918	41,955	418	6,798	11,103	11,288	211,571	234,641
Public Costs	416,813	75,112	3,922	15,322	2,726	620,116	1,741	31,432	159,901	165,615	1,492,700	1,641,340
Total Program Costs	533,490	97,434	4,014	15,322	3,644	662,071	2,159	38,230	171,004	176,903	1,704,271	1,875,981
Intragovernmental Earned Revenue	(12,901)	(2,477)	(10)	–	(99)	(591,975)	(46)	(755)	(687)	(1,245)	(610,195)	(622,000)
Public Earned Revenue	(4,805)	(915)	(4)	–	(37)	(19,820)	(17)	(279)	(254)	(475)	(26,606)	(3,227)
Total Earned Revenue	(17,706)	(3,392)	(14)	–	(136)	(611,795)	(63)	(1,034)	(941)	(1,720)	(636,801)	(625,227)
Net Program Costs	**515,784**	**94,042**	**4,000**	**15,322**	**3,508**	**50,276**	**2,096**	**37,196**	**170,063**	**175,183**	**1,067,470**	**1,250,754**
PO–Program Development and Oversight												
Intragovernmental Costs	41,330	14,458	39,103	76,314	6,426	–	30,976	16,213	6,884	26,860	258,564	260,125
Public Costs	167,455	59,423	153,729	181,881	25,793	–	91,955	74,058	45,422	67,388	867,104	818,783
Total Program Costs	208,785	73,881	192,832	258,195	32,219	–	122,931	90,271	52,306	94,248	1,125,668	1,078,908
Intragovernmental Earned Revenue	(1,274)	(612)	(583)	(5,001)	(233)	–	(3,402)	(590)	(212)	(417)	(12,324)	(7,789)
Public Earned Revenue	(470)	(226)	(215)	(1,847)	(86)	–	(1,256)	(218)	(78)	(154)	(4,550)	(310)
Total Earned Revenue	(1,744)	(838)	(798)	(6,848)	(319)	–	(4,658)	(808)	(290)	(571)	(16,874)	(8,099)
Net Program Costs	**207,041**	**73,043**	**192,034**	**251,347**	**31,900**	**–**	**118,273**	**89,463**	**52,016**	**93,677**	**1,108,794**	**1,070,809**
PS–Peace and Security												
Intragovernmental Costs	2,640	3,294	4,413	–	1,058	–	–	7,276	12,273	5,597	36,551	29,265
Public Costs	71,786	48,538	149,658	–	14,899	–	–	95,978	177,831	104,098	662,788	563,306
Total Program Costs	74,426	51,832	154,071	–	15,957	–	–	103,254	190,104	109,695	699,339	592,571
Intragovernmental Earned Revenue	(292)	(343)	(489)	–	(118)	–	–	(635)	(731)	(502)	(3,110)	(1,999)
Public Earned Revenue	(108)	(207)	(181)	–	(43)	–	–	(234)	(270)	(185)	(1,228)	(80)
Total Earned Revenue	(400)	(550)	(670)	–	(161)	–	–	(869)	(1,001)	(687)	(4,338)	(2,079)
Net Program Costs	**74,026**	**51,282**	**153,401**	**–**	**15,796**	**–**	**–**	**102,385**	**189,103**	**109,008**	**695,001**	**590,492**
Net Cost of Operations	**$2,020,499**	**$ 794,199**	**$ 4,202,165**	**$ 990,767**	**$ 433,335**	**$ 59,090**	**$ 251,370**	**$ 967,561**	**$ 1,055,817**	**$1,258,848**	**$ 12,033,651**	**$ 13,019,818**

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

The Schedule of Costs by Responsibility Segment categorizes costs and revenues by Program Categories, Program Areas, which is consistent with the new State-USAID SPSD, and Responsibility Segment.

A responsibility segment is the component that carries out a mission or major line of activity, and whose managers report directly to top management. The geographic and technical bureaus of USAID (on the pages following) meet the criteria for responsibility segments. These bureaus directly support the Agency goals while the remaining bureaus and offices support the operations of these bureaus. To report the full cost of program outputs, the cost of support bureaus and offices are allocated to the outputs of the geographic and technical bureaus. Intra-agency eliminations are allocated to Program Areas to reflect total costs.

In the FY 2019 Consolidated Statement of Net Cost, major responsibility segments are (i) the Geographic Bureaus and (ii) the Technical Bureaus. The six Geographic Bureaus are: Africa; Asia; Europe and Eurasia; Latin America and the Caribbean; the Middle East; and the Office of Afghanistan and Pakistan Affairs (OAPA). The four Technical Bureaus are: Democracy, Conflict and Humanitarian Assistance (DCHA); Economic Growth, Education and the Environment (E3); Global Health; and Innovation and Development Alliances (IDEA) & U.S. Global Development Lab (LAB). Note that receiving organizations IDEA and LAB have been merged as IDEA & LAB for Statement of Net Cost reporting purposes.

Schedule of Costs by SPSD for the years ended September 30, 2019 and 2018 are indicated in the table on the following pages *(in thousands)*:

Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
DR–Democracy, Human Rights and Governance												
DR.1–Rule of Law (ROL)												
Gross Costs	$ 20,282	$ 24,022	$ 1,895	$ 6,826	$ 28,650	$ –	$ –	$ 77,390	$ 11,529	$ 11,208	$ 181,802	$ 200,900
Less: Earned Revenue	(104)	(210)	(38)	–	(313)	–	–	(675)	(53)	(88)	(1,481)	(913)
Net Program Costs	**20,178**	**23,812**	**1,857**	**6,826**	**28,337**	**–**	**–**	**76,715**	**11,476**	**11,120**	**180,321**	**199,987**
DR.2–Good Governance												
Gross Costs	64,781	46,073	15,311	4,770	74,493	–	–	172,002	80,334	224,713	682,477	1,058,705
Less: Earned Revenue	(368)	(397)	(54)	–	(656)	–	–	(1,455)	(464)	(116)	(3,510)	(4,355)
Net Program Costs	**64,413**	**45,676**	**15,257**	**4,770**	**73,837**	**–**	**–**	**170,547**	**79,870**	**224,597**	**678,967**	**1,054,350**
DR.3–Political Competition and Consensus-Building												
Gross Costs	49,880	19,223	5,365	12	34,165	–	–	16,016	21,514	61,695	207,870	136,314
Less: Earned Revenue	(287)	(158)	(139)	–	(339)	–	–	(119)	(97)	(409)	(1,548)	(684)
Net Program Costs	**49,593**	**19,065**	**5,226**	**12**	**33,826**	**–**	**–**	**15,897**	**21,417**	**61,286**	**206,322**	**135,630**
DR.4–Civil Society												
Gross Costs	56,944	54,032	8,945	8,076	58,221	–	–	57,220	32,407	15,633	291,478	241,877
Less: Earned Revenue	(315)	(433)	(98)	–	(634)	–	–	(421)	(157)	(113)	(2,171)	(1,120)
Net Program Costs	**56,629**	**53,599**	**8,847**	**8,076**	**57,587**	**–**	**–**	**56,799**	**32,250**	**15,520**	**289,307**	**240,757**
DR.5–Independent Media and Free Flow of Information												
Gross Costs	2,230	4,725	5	–	32,313	–	–	4,499	–	–	43,772	12,561
Less: Earned Revenue	(10)	(38)	–	–	(334)	–	–	(33)	–	–	(415)	(42)
Net Program Costs	**2,220**	**4,687**	**5**	**–**	**31,979**	**–**	**–**	**4,466**	**–**	**–**	**43,357**	**12,519**
DR.6–Human Rights												
Gross Costs	6,191	8,093	1,874	3,071	2,214	–	–	32,643	2,348	3,117	59,551	51,137
Less: Earned Revenue	(31)	(62)	(36)	–	(33)	–	–	(287)	(12)	(25)	(486)	(234)
Net Program Costs	**6,160**	**8,031**	**1,838**	**3,071**	**2,181**	**–**	**–**	**32,356**	**2,336**	**3,092**	**59,065**	**50,903**
Total Democracy, Human Rights and Governance	**199,193**	**154,870**	**33,030**	**22,755**	**227,747**	**–**	**–**	**356,780**	**147,349**	**315,615**	**1,457,339**	**1,694,146**
EG–Economic Growth												
EG.1–Macroeconomic Foundation for Growth												
Gross Costs	3,403	1,138	–	126,376	463	–	–	10,374	49,081	4,072	194,907	778,619
Less: Earned Revenue	(2)	(3)	–	(66,692)	(1)	–	–	(81)	(7,211)	(15,477)	(89,467)	(58,678)
Net Program Costs	**3,401**	**1,135**	**–**	**59,684**	**462**	**–**	**–**	**10,293**	**41,870**	**(11,405)**	**105,440**	**719,941**
EG.2–Trade and Investment												
Gross Costs	17,103	24,326	–	11,968	13,905	–	–	13,862	5,777	20,335	107,276	110,133
Less: Earned Revenue	(99)	(228)	–	(95)	(135)	–	–	(118)	(30)	(169)	(874)	(810)
Net Program Costs	**17,004**	**24,098**	**–**	**11,873**	**13,770**	**–**	**–**	**13,744**	**5,747**	**20,166**	**106,402**	**109,323**
EG.3–Agriculture												
Gross Costs	375,047	87,837	–	201,711	3,649	–	1,673	43,290	12,063	82,410	807,680	925,132
Less: Earned Revenue	(2,047)	(743)	–	–	(42)	–	(73)	(412)	(66)	(658)	(4,041)	(2,751)
Net Program Costs	**373,000**	**87,094**	**–**	**201,711**	**3,607**	**–**	**1,600**	**42,878**	**11,997**	**81,752**	**803,639**	**922,381**
EG.4–Financial Sector												
Gross Costs	563	1,929	–	78,865	7,885	–	–	4,170	77,559	4,210	175,181	229,897
Less: Earned Revenue	(2)	(9)	–	(76,782)	(67)	–	–	(31)	(297)	(42)	(77,230)	(80,425)
Net Program Costs	**561**	**1,920**	**–**	**2,083**	**7,818**	**–**	**–**	**4,139**	**77,262**	**4,168**	**97,951**	**149,472**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
EG.5–Private Sector Productivity												
Gross Costs	12,645	34,893	–	17,165	76,227	–	108,101	53,621	99,797	27,167	429,616	524,833
Less: Earned Revenue	(90)	(312)	–	(167)	(810)	–	(3,128)	(461)	(536)	(229)	(5,733)	(5,090)
Net Program Costs	**12,555**	**34,581**	**–**	**16,998**	**75,417**	**–**	**104,973**	**53,160**	**99,261**	**26,938**	**423,883**	**519,743**
EG.6–Workforce Development												
Gross Costs	1,520	9,666	–	–	8,578	–	1,457	13,423	21,234	5,457	61,335	62,698
Less: Earned Revenue	(7)	(74)	–	–	(88)	–	(15)	(112)	(110)	(46)	(452)	(266)
Net Program Costs	**1,513**	**9,592**	**–**	**–**	**8,490**	**–**	**1,442**	**13,311**	**21,124**	**5,411**	**60,883**	**62,432**
EG.7–Modern Energy Services												
Gross Costs	84,995	17,363	–	5,389	27,483	–	2,126	4,663	5,678	140,721	288,418	228,460
Less: Earned Revenue	(437)	(127)	–	(186)	(296)	–	(12)	(39)	(38)	(894)	(2,029)	(880)
Net Program Costs	**84,558**	**17,236**	**–**	**5,203**	**27,187**	**–**	**2,114**	**4,624**	**5,640**	**139,827**	**286,389**	**227,580**
EG.8–Information and Communications Technology Services												
Gross Costs	976	88	–	261	255	–	39	75	105	2,588	4,387	3,961
Less: Earned Revenue	(5)	(1)	–	(3)	(3)	–	–	(1)	(1)	(16)	(30)	(15)
Net Program Costs	**971**	**87**	**–**	**258**	**252**	**–**	**39**	**74**	**104**	**2,572**	**4,357**	**3,946**
EG.9–Transport Services												
Gross Costs	27,497	2,475	–	2,806	7,187	–	1,107	2,105	2,957	72,939	119,073	111,728
Less: Earned Revenue	(149)	(20)	–	(97)	(89)	–	(6)	(18)	(21)	(453)	(853)	(443)
Net Program Costs	**27,348**	**2,455**	**–**	**2,709**	**7,098**	**–**	**1,101**	**2,087**	**2,936**	**72,486**	**118,220**	**111,285**
EG.10–Environment												
Gross Costs	118,994	121,997	4,681	228,000	9,305	–	–	103,365	1,626	974	588,942	598,373
Less: Earned Revenue	(675)	(1,121)	(19)	(8,520)	(113)	–	–	(809)	(10)	(10)	(11,277)	(4,280)
Net Program Costs	**118,319**	**120,876**	**4,662**	**219,480**	**9,192**	**–**	**–**	**102,556**	**1,616**	**964**	**577,665**	**594,093**
EG.11-Climate Change - Adaptation												
Gross Costs	–	–	–	1,591	–	–	–	720	–	–	2,311	922
Less: Earned Revenue	–	–	–		–	–	–	(9)	–	–	(9)	(1)
Net Program Costs	**–**	**–**	**–**	**1,591**	**–**	**–**	**–**	**711**	**–**	**–**	**2,302**	**921**
EG.12-Climate Change - Clean Energy												
Gross Costs	–	–	–	2,126	–	–	–	285	–	–	2,411	717
Less: Earned Revenue	–	–	–		–	–	–	(3)	–	–	(3)	(2)
Net Program Costs	**–**	**–**	**–**	**2,126**	**–**	**–**	**–**	**282**	**–**	**–**	**2,408**	**715**
EG.13-Climate Change - Sustainable Landscapes												
Gross Costs	7,056	19,405	–	6,959	–	–	–	12,387	–	–	45,807	12,585
Less: Earned Revenue	(43)	(140)	–		–	–	–	(74)	–	–	(257)	(18)
Net Program Costs	**7,013**	**19,265**	**–**	**6,959**	**–**	**–**	**–**	**12,313**	**–**	**–**	**45,550**	**12,567**
Total Economic Growth	**646,243**	**318,339**	**4,662**	**530,675**	**153,293**	**–**	**111,269**	**260,172**	**267,557**	**342,879**	**2,635,089**	**3,434,399**
ES–Education and Social Services												
ES.1–Basic Education												
Gross Costs	365,093	68,807	6,662	170,553	178	–	6,617	56,196	187,276	210,352	1,071,734	1,025,624
Less: Earned Revenue	(1,923)	(551)	(32)	(2,829)	(288)	–	(63)	(451)	(1,100)	(1,911)	(9,148)	(7,168)
Net Program Costs	**363,170**	**68,256**	**6,630**	**167,724**	**(110)**	**–**	**6,554**	**55,745**	**186,176**	**208,441**	**1,062,586**	**1,018,456**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
ES.2–Higher Education												
Gross Costs	11,898	11,970	941	603	1,167	–	13,288	7,352	5,855	8,732	61,806	9,412
Less: Earned Revenue	(44)	(97)	(3)	–	(15)	–	(110)	(67)	(23)	(42)	(401)	(17)
Net Program Costs	**11,854**	**11,873**	**938**	**603**	**1,152**	**–**	**13,178**	**7,285**	**5,832**	**8,690**	**61,405**	**9,395**
ES.3–Social Policies, Regulations, and Systems												
Gross Costs	245	431	1,010	252	–	–	–	7,643	1,818	432	11,831	13,539
Less: Earned Revenue	(1)	(4)	(10)	(312)	–	–	–	(50)	(12)	(5)	(394)	(55)
Net Program Costs	**244**	**427**	**1,000**	**(60)**	**–**	**–**	**–**	**7,593**	**1,806**	**427**	**11,437**	**13,484**
ES.4–Social Services												
Gross Costs	1,444	13,579	18,052	3,813	–	34	–	23,945	8,359	1,441	70,667	54,446
Less: Earned Revenue	(6)	(113)	(116)	(1,041)	–	(1)	–	(201)	(50)	(17)	(1,545)	(200)
Net Program Costs	**1,438**	**13,466**	**17,936**	**2,772**	**–**	**33**	**–**	**23,744**	**8,309**	**1,424**	**69,122**	**54,246**
ES.5–Social Assistance												
Gross Costs	1,511	2,663	6,238	1,556	–		–	10,716	11,226	2,669	36,579	83,609
Less: Earned Revenue	(7)	(26)	(62)	(1,927)	–		–	(107)	(71)	(32)	(2,232)	(340)
Net Program Costs	**1,504**	**2,637**	**6,176**	**(371)**	**–**	**–**	**–**	**10,609**	**11,155**	**2,637**	**34,347**	**83,269**
Total Education and Social Service	**378,210**	**96,659**	**32,680**	**170,668**	**1,042**	**33**	**19,732**	**104,976**	**213,278**	**221,619**	**1,238,897**	**1,178,850**
HA–Humanitarian Assistance												
HA.1–Protection, Assistance and Solutions												
Gross Costs	–	327	3,634,868	–	50	8,796	–	4,332	16,562	741	3,665,676	3,784,932
Less: Earned Revenue	–	–	(15,082)	–	(1)	(15)	–	(55)	(111)	(6)	(15,270)	(7,537)
Net Program Costs	**–**	**327**	**3,619,786**	**–**	**49**	**8,781**	**–**	**4,277**	**16,451**	**735**	**3,650,406**	**3,777,395**
HA.2–Disaster Readiness												
Gross Costs	2	5,694	163,243	–	–	–	–	184	–	–	169,123	23,182
Less: Earned Revenue	–	(57)	(671)		–	–	–	(2)	–	–	(730)	(317)
Net Program Costs	**2**	**5,637**	**162,572**	**–**	**–**	**–**	**–**	**182**	**–**	**–**	**168,393**	**22,865**
HA.3–Migration Management												
Gross Costs	–	–	–	–	–	–	–	12,190	–	133	12,323	108
Less: Earned Revenue	–	–	–	–	–	–	–	(60)	–	(1)	(61)	–
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**12,130**	**–**	**132**	**12,262**	**108**
Total Humanitarian Assistance	**2**	**5,964**	**3,782,358**	**–**	**49**	**8,781**	**–**	**16,589**	**16,451**	**867**	**3,831,061**	**3,800,368**
HL–Health												
HL.1–HIV/AIDS												
Gross Costs	256,334	22,998	1,133	2,820	2,902	629,272	1,016	17,596	65,553	69,006	1,068,630	1,277,629
Less: Earned Revenue	(9,663)	(879)	(4)	–	(112)	(609,994)	(30)	(509)	(372)	(767)	(622,330)	(617,909)
Net Program Costs	**246,671**	**22,119**	**1,129**	**2,820**	**2,790**	**19,278**	**986**	**17,087**	**65,181**	**68,239**	**446,300**	**659,720**
HL.2–Tuberculosis												
Gross Costs	8,428	11,372	9	21	212	951	8	71	494	2,597	24,163	9,330
Less: Earned Revenue	(353)	(490)	–	–	(9)	(45)	–	(1)	(3)	(44)	(945)	(187)
Net Program Costs	**8,075**	**10,882**	**9**	**21**	**203**	**906**	**8**	**70**	**491**	**2,553**	**23,218**	**9,143**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
HL.3–Malaria												
Gross Costs	70,776	4,053	41	102	19	1,215	37	1,236	2,367	2,491	82,337	44,969
Less: Earned Revenue	(3,006)	(171)	–	–	–	(72)	(1)	(44)	(13)	(28)	(3,335)	(909)
Net Program Costs	**67,770**	**3,882**	**41**	**102**	**19**	**1,143**	**36**	**1,192**	**2,354**	**2,463**	**79,002**	**44,060**
HL.4–Pandemic Influenza and Other Emerging Threats (PIOET)												
Gross Costs	4,318	790	60	148	27	3,456	53	496	3,441	3,622	16,411	26,971
Less: Earned Revenue	(113)	(28)	–	–	(1)	(178)	(2)	(8)	(19)	(40)	(389)	(314)
Net Program Costs	**4,205**	**762**	**60**	**148**	**26**	**3,278**	**51**	**488**	**3,422**	**3,582**	**16,022**	**26,657**
HL.5–Other Public Health Threats												
Gross Costs	6,407	1,512	1,804	218	40	3,637	177	732	5,680	5,347	25,554	39,986
Less: Earned Revenue	(168)	(42)	(7)	–	(1)	(174)	(6)	(12)	(30)	(59)	(499)	(441)
Net Program Costs	**6,239**	**1,470**	**1,797**	**218**	**39**	**3,463**	**171**	**720**	**5,650**	**5,288**	**25,055**	**39,545**
HL.6–Maternal and Child Health												
Gross Costs	51,133	17,003	311	774	142	20,706	327	7,071	21,390	42,494	161,351	157,772
Less: Earned Revenue	(1,822)	(703)	(1)	–	(4)	(1,045)	(10)	(237)	(117)	(276)	(4,215)	(2,061)
Net Program Costs	**49,311**	**16,300**	**310**	**774**	**138**	**19,661**	**317**	**6,834**	**21,273**	**42,218**	**157,136**	**155,711**
HL.7–Family Planning and Reproductive Health												
Gross Costs	28,733	13,743	139	346	64	1,675	79	3,231	20,198	11,107	79,315	69,153
Less: Earned Revenue	(1,068)	(580)	–	–	(2)	(140)	(2)	(109)	(110)	(141)	(2,152)	(870)
Net Program Costs	**27,665**	**13,163**	**139**	**346**	**62**	**1,535**	**77**	**3,122**	**20,088**	**10,966**	**77,163**	**68,283**
HL.8–Water Supply and Sanitation												
Gross Costs	99,821	20,999	498	10,846	228	866	446	7,091	50,784	30,334	221,913	239,129
Less: Earned Revenue	(1,211)	(294)	(2)	–	(6)	(125)	(13)	(87)	(272)	(337)	(2,347)	(2,371)
Net Program Costs	**98,610**	**20,705**	**496**	**10,846**	**222**	**741**	**433**	**7,004**	**50,512**	**29,997**	**219,566**	**236,758**
HL.9–Nutrition												
Gross Costs	7,540	4,964	19	47	9	293	17	705	1,098	9,905	24,597	11,042
Less: Earned Revenue	(302)	(205)	–	–	–	(22)	–	(26)	(6)	(28)	(589)	(165)
Net Program Costs	**7,238**	**4,759**	**19**	**47**	**9**	**271**	**17**	**679**	**1,092**	**9,877**	**24,008**	**10,877**
Total Health	**515,784**	**94,042**	**4,000**	**15,322**	**3,508**	**50,276**	**2,096**	**37,196**	**170,063**	**175,183**	**1,067,470**	**1,250,754**
PO–Program Development and Oversight												
PO.1–Program Design and Learning												
Gross Costs	76,015	15,026	25,461	142,481	6,525	–	122,420	25,454	21,368	24,564	459,314	456,394
Less: Earned Revenue	(606)	(185)	(89)	(4,562)	(58)	–	(4,655)	(240)	(118)	(212)	(10,725)	(5,883)
Net Program Costs	**75,409**	**14,841**	**25,372**	**137,919**	**6,467**	**–**	**117,765**	**25,214**	**21,250**	**24,352**	**448,589**	**450,511**
PO.2–Administration and Oversight												
Gross Costs	127,065	55,886	167,361	114,776	24,295	–	–	57,455	28,442	69,684	644,964	617,537
Less: Earned Revenue	(1,101)	(622)	(709)	(2,286)	(248)	–	–	(524)	(159)	(359)	(6,008)	(2,204)
Net Program Costs	**125,964**	**55,264**	**166,652**	**112,490**	**24,047**	**–**	**–**	**56,931**	**28,283**	**69,325**	**638,956**	**615,333**
PO.3–Evaluation												
Gross Costs	5,705	2,969	10	938	1,399	–	512	7,361	2,496	–	21,390	4,977
Less: Earned Revenue	(37)	(31)	–	–	(13)	–	(4)	(43)	(13)	–	(141)	(12)
Net Program Costs	**5,668**	**2,938**	**10**	**938**	**1,386**	**–**	**508**	**7,318**	**2,483**	**–**	**21,249**	**4,965**
Total Program Development and Oversight	**207,041**	**73,043**	**192,034**	**251,347**	**31,900**	**–**	**118,273**	**89,463**	**52,016**	**93,677**	**1,108,794**	**1,070,809**

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Categories	Africa	Asia	DCHA	E3	Europe & Eurasia	Global Health	IDEA & LAB	Latin America & Caribbean	Middle East	OAPA	2019 Consolidated Total	2018 Consolidated Total
PS–Peace and Security												
PS.1–Counterterrorism												
Gross Costs	27,607	22,438	5,201	–	1,561	–	–	–	3,604	–	60,411	53,397
Less: Earned Revenue	(159)	(196)	(16)	–	(18)	–	–	–	(19)	–	(408)	(141)
Net Program Costs	**27,448**	**22,242**	**5,185**	**–**	**1,543**	**–**	**–**	**–**	**3,585**	**–**	**60,003**	**53,256**
PS.2–Combating Weapons of Mass Destruction (WMD)												
Gross Costs	–	–	–	–	–	–	–	–	–	–	–	75,471
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	(336)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**75,135**
PS.3–Counternarcotics												
Gross Costs	–	–	–	–	–	–	–	83,195	–	20,200	103,395	103,350
Less: Earned Revenue	–	–	–	–	–	–	–	(662)	–	(170)	(832)	(519)
Net Program Costs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**82,533**	**–**	**20,030**	**102,563**	**102,831**
PS.4-Transnational Threats and Crime												
Gross Costs	–	–	–	–	1,980	–	–	–	–	–	1,980	1,011
Less: Earned Revenue	–	–	–	–	(21)	–	–	–	–	–	(21)	(2)
Net Program Costs	**–**	**–**	**–**	**–**	**1,959**	**–**	**–**	**–**	**–**	**–**	**1,959**	**1,009**
PS.5–Trafficking in Persons												
Gross Costs	440	14,050	947	–	1,387	–	–	1,036	–	3,351	21,211	26,590
Less: Earned Revenue	(2)	(214)	(3)	–	(14)	–	–	(6)	–	(34)	(273)	(143)
Net Program Costs	**438**	**13,836**	**944**	**–**	**1,373**	**–**	**–**	**1,030**	**–**	**3,317**	**20,938**	**26,447**
PS.6–Conflict Mitigation and Stabilization												
Gross Costs	46,379	15,339	147,922	–	9,831	–	–	18,745	186,500	86,144	510,860	331,695
Less: Earned Revenue	(239)	(140)	(650)	–	(98)	–	–	(201)	(982)	(483)	(2,793)	(935)
Net Program Costs	**46,140**	**15,199**	**147,272**	**–**	**9,733**	**–**	**–**	**18,544**	**185,518**	**85,661**	**508,067**	**330,760**
PS.7–Conventional Weapons Security and Explosive Remnants of War (ERW)												
Gross Costs	–	1	–	–	1,073	–	–	–	–	–	1,074	198
Less: Earned Revenue	–	–	–	–	(10)	–	–	–	–	–	(10)	(1)
Net Program Costs	**–**	**1**	**–**	**–**	**1,063**	**–**	**–**	**–**	**–**	**–**	**1,064**	**197**
PS.8–Strengthening Military Partnerships and Capabilities												
Gross Costs	–	1	–	–	28	–	–	–	–	–	29	124
Less: Earned Revenue	–	–	–	–	–	–	–	–	–	–	–	–
Net Program Costs	**–**	**1**	**–**	**–**	**28**	**–**	**–**	**–**	**–**	**–**	**29**	**124**
PS.9–Citizen Security and Law Enforcement												
Gross Costs	–	3	–	–	98	–	–	278	–	–	379	735
Less: Earned Revenue	–	–	–	–	(1)	–	–	–	–	–	(1)	(2)
Net Program Costs	**–**	**3**	**–**	**–**	**97**	**–**	**–**	**278**	**–**	**–**	**378**	**733**
Total Peace and Security	**74,026**	**51,282**	**153,401**	**–**	**15,796**	**–**	**–**	**102,385**	**189,103**	**109,008**	**695,001**	**590,492**
Net Cost of Operations	**$2,020,499**	**$ 794,199**	**$4,202,165**	**$ 990,767**	**$ 433,335**	**$ 59,090**	**$251,370**	**$ 967,561**	**$ 1,055,817**	**$1,258,848**	**$ 12,033,651**	**$ 13,019,818**

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, 2019 and 2018. USAID's total budgetary resources were $30.9 billion and $30.7 billion as of September 30, 2019 and 2018, 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)*:

	2019	2018
Category A, Direct	$ 1,579,716	$ 1,538,392
Category B, Direct	14,155,954	13,490,282
Category A, Reimbursable	55,901	52,107
Category B, Reimbursable	540,522	703,270
Total	$ 16,332,093	$ 15,784,051

B. BORROWING AUTHORITY, END OF PERIOD AND TERMS OF BORROWING AUTHORITY USED:

The Agency had $7 million and $40 thousand in borrowing authority in FY 2019 and FY 2018, respectively. Borrowing authority is indefinite and authorized under the Federal Credit Reform Act of 1990 (Title XIII, Subtitle B, Pub. L. No. 101-508), and is used to finance obligations during the current year, as needed.

C. PERMANENT INDEFINITE APPROPRIATIONS:

USAID has permanent indefinite appropriations relating to specific Federal Credit Reform Program and Liquidating appropriations. USAID is authorized permanent indefinite authority for Federal Credit Reform Program appropriations for subsidy reestimates and Federal Credit Reform Act of 1990. At year-end FY 2019, there is $3.9 billion in availability related to Federal Credit Reform Program and Liquidating appropriations.

D. LEGAL ARRANGEMENTS AFFECTING THE USE OF UNOBLIGATED BALANCES:

The "Consolidated Appropriations Act" signed into law as Pub. L. No. 112-74 provides to USAID extended authority to obligate funds. USAID's appropriations have consistently provided essentially similar authority, known as "7011" authority. Under this authority funds shall remain available for obligation for an extended period if such funds are obligated within their initial period of availability. Any subsequent recoveries (deobligations) of these funds become unobligated balances that are available for reprogramming by USAID (subject to OMB approval through the apportionment process).

E. UNDELIVERED ORDERS AT THE END OF THE YEAR:

Budgetary Resources obligated for Undelivered Orders as of September 30, 2019 and 2018, were $20 billion and $19 billion, respectively.

	2019	2018
Federal		
Obligations Paid	$ 34,322	$ 27,700
Obligations Unpaid	773,272	824,059
Total Federal	807,594	851,759
Non-Federal		
Obligations Paid	1,032,876	800,663
Obligations Unpaid	18,248,570	17,362,979
Total Non-Federal	19,281,446	18,163,642
Total Undelivered Orders at End of Year	$ 20,089,040	$ 19,015,401

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, 2018 because submission of the Budget for FY 2020, which presents the execution of the FY 2019 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 2020.

Differences between the SBR and Budget of the U.S. Government are caused mainly by the fact that certain funds are reported in the SBR but not included in the USAID section of the "Department of State and Other International Programs" Appendix of the Budget of the U.S. Government. This is largely reflected in the Economic Support Fund, which is approximately $9.9 billion. This fact is corroborated by the State Department Budget Office, which confirms the aforementioned funds being warranted/allocated to State, and included in State's section of the President's budget as a transfer of funds to USAID.

The amounts in the line "Other Differences" in the table below cannot be further defined because appropriation level detail is not provided in the Budget of the U.S. Government.

2018	Budgetary Resources	New Obligations & Upward Adjustments (Total)	Distributed Offsetting Receipts	Net Outlays
Combined Statement of Budgetary Resources	$ 30,702,538	$ 15,784,051	$ (396,088)	$ 12,424,822
Funds Reported in SBR, Not Attributed to USAID in the President's Budget	(9,869,000)	(5,453,000)	–	(4,911,000)
Other Differences	555,462	709,949	396,088	479,178
Budget of the U.S. Government	$ 21,389,000	$ 11,041,000	$ –	$ 7,993,000

NOTE 18. RECONCILIATION OF NET OPERATING COST AND NET BUDGETARY OUTLAYS CROSSWALK GUIDANCE

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 and 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.

Schedule of Reconciliation of Net Cost of Operations to Net Costs of Budgetary Outlays the year ended September 30, 2019 is indicated in the table below *(in thousands)*:

	Intragovernmental	With the Public	Total FY 2019
Net Cost	$ 245,692	$ 11,787,959	$ 12,033,651
Components of Net Cost That Are Not Part of Net Outlays:			
Property, Plant, and Equipment Depreciation	–	(27,497)	(27,497)
Property, Plant, and Equipment Disposal and Revaluation	–	(1,082)	(1,082)
Unrealized Valuation Loss/Gain on Investments	(12,235)	(48)	(12,283)
Other	–	(1,228,840)	(1,228,840)
Increase/(Decrease) in Assets			
Accounts Receivable	627,853	388	628,241
Loans Receivable	–	(308,083)	(308,083)
Other Assets	27,988	202,011	229,999
(Increase)/Decrease in Liabilities			
Accounts Payable	(4,767)	150,242	145,475
Salaries and Benefits	4,111	(26,499)	(22,388)
Insurance and Guarantee Program Liabilities		888,679	888,679
Other Liabilities (Unfunded Leave, Unfunded FECA, Actuarial FECA)	(1,337,644)	(5,867)	(1,343,511)
Other Financing Sources:			
Federal Employee Retirement Benefit Costs Paid by OPM and Imputed to the Agency	(34,311)	–	(34,311)
Total Components of Net Operating Cost That Are Not Part of Net Outlays	**$ (729,004)**	**$ (356,596)**	**$ (1,085,600)**
Components of Net Outlays That Are Not Part of Net Cost:			
Other	1,289,565	210,043	1,499,608
Unreconciled Difference	–	126,712	126,712
Total Components of Net Outlays That Are Not Part of Net Cost	**$ 1,289,565**	**$ 336,755**	**$ 1,626,320**
NET OUTLAYS	**$ 806,253**	**$ 11,768,118**	**$ 12,574,371**

NOTE 19. RECLASSIFICATION OF BALANCE SHEET, STATEMENT OF NET COST, AND STATEMENT OF CHANGES IN NET POSITION

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.

Reclassification of the Balance Sheet, Statement of Net Cost, and Statement of Changes in Net Position for the year ended September 30, 2019 are presented in the following tables *(in thousands)*:

FY 2019 USAID Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
ASSETS:			**ASSETS:**
Intragovernmental Assets:			Intragovernmental Assets:
Fund Balance with Treasury (Note 2)	$ 35,971,075	$ 35,971,075	Fund Balance with Treasury (Note 2)
Accounts Receivable (Note 3)	17,504	17,504	Accounts Receivable
Total Accounts Receivable	17,504	17,504	*Total Reclassified Accounts Receivable*
Other Assets (Note 4)	43,816	43,816	Advances to Others and Prepayments
Total Other		43,816	*Total Reclassified Other*
Total Intragovernmental	**36,032,395**	**36,032,395**	**Total Intragovernmental**
Cash and Other Monetary Assets (Note 5)	233,113	233,113	Cash and Other Monetary Assets (Note 5)
Accounts Receivable, Net (Note 3)	102,797	102,797	Accounts and Taxes Receivable, Net
Direct Loans and Loan Guarantees, Net (Note 6)	628,535	628,535	Loans Receivable, Net
Inventory and Related Property, Net (Note 7)	27,193	27,193	Inventory and Related Property, Net
General Property, Plant, and Equipment, Net (Note 8)	78,841	78,841	Property, Plant, and Equipment, Net
Other Assets (Note 4)	1,031,014	1,031,014	Other Assets
Total Assets	**$ 38,133,888**	**$ 38,133,888**	**Total Assets**
LIABILITIES:			**LIABILITIES:**
Intragovernmental Liabilities			**Intragovernmental Liabilities**
Accounts Payable	$ 104,685	$ 104,685	Accounts Payable
Total Accounts Payable	$ 104,685	$ 104,685	*Total Reclassified Accounts Payable*
Debt (Note 11)	7,565	$7,565	Loan Payable
Total Debt	7,565	7,565	*Total Reclassified Debt*
Other Liability for Capital Transfers to the General Fund of the Treasury (Note 11)	1,705,243	1,705,243	Liability to the General Fund of the U.S. Government for Custodial and Other Non-Entity Assets
Other- Miscellaneous Liabilities	730,536	730,536	Other Liabilities
Total Other – Miscellaneous Liabilities	2,435,779	2,435,779	*Total Reclassified Other – Miscellaneous Liabilities*
Total Intragovernmental liability	**2,548,029**	**2,548,029**	**Total Intragovernmental liability**

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FY 2019 USAID Balance Sheet		Line Items Used to Prepare FY 2019 Government-wide Balance Sheet	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Accounts Payable	2,287,904	2,287,904	Accounts Payable
Loan Guarantee Liability (Note 6)	2,837,519	2,837,519	Loan Guarantee Liabilities
Federal Employees and Veteran's Benefits (Note 13)	21,807	21,807	Federal Employees and Veteran's Benefits Payable
Miscellaneous Liabilities	472,639	472,639	Other Liabilities
Total Miscellaneous Liabilities	5,619,869	5,619,869	*Total Reclassified Miscellaneous Liabilities*
Total Liabilities	**8,167,898**	**8,167,898**	**Total Liabilities**
NET POSITION:			**NET POSITION:**
Total Net Position	**29,965,990**	**29,965,990**	**Total Net Position**
Total Liabilities and Net Position	**$ 38,133,888**	**$ 38,133,888**	**Total Liabilities and Net Position**

FY 2019 USAID Statement of Net Cost		Line Items Used to Prepare FY 2019 Government-wide Statement of Net Cost	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
Gross Cost			**Gross Cost**
Gross Cost	$ 12,923,311	$ 11,840,257	*Non-Federal Gross Cost*
		11,840,257	***Total Non-Federal Gross Cost***
			Intragovernmental Costs
		116,613	Benefit Gross Costs
		34,311	Imputed Costs
		931,026	Buy/Sell Cost
		1,104	Borrowing and Other Interest Expense
		1,083,054	***Total Intragovernmental Cost***
Total Gross Cost	12,923,311	12,923,311	*Total Reclassified Gross Cost*
Earned Revenue	(899,660)	(52,298)	Non-Federal Earned Revenue
			Intragovernmental Revenue
		(691,667)	Buy/Sell Revenue (Exchange)
		(145,695)	Borrowing and Other Interest Revenue (Exchange)
Earned Revenue	(889,660)	(837,362)	***Total Intragovernmental Earned Revenue***
Total Earned Revenue	(889,660)	(899,660)	*Total Reclassified Earned Revenue*
Net Cost	**$ 12,033,651**	**$ 12,033,651**	**Net Cost**

FY 2019 USAID Statement of Changes in Net Position		Line Items Used to Prepare FY 2019 Government-wide Statement of Changes in Net Position	
Financial Statement Line	**Amounts**	**Amounts**	**Reclassified Financial Statement Line**
UNEXPENDED APPROPRIATIONS			
Unexpended Appropriations, Beginning Balance	$ 28,803,928	$ 28,803,928	Net Position, Beginning of Year
Appropriations Received	13,880,992	13,779,608	Appropriations Received as Adjusted
Other Adjustments	(101,384)	–	Other Adjustments
		7,425,575	Non-Expenditure Transfer-In of Unexpended Appropriations and Financing Sources
Appropriations Transferred In/Out	(58,918)	(7,484,493)	Non-Expenditure Transfer-Out of Unexpended Appropriations and Financing Sources
Total Appropriations Transferred In/Out	(58,918)	(58,918)	*Total Reclassified Appropriations Transferred In/Out*
Appropriations Used	(13,093,705)	(13,093,705)	Appropriations Used (Federal)
Total Unexpended Appropriations	**29,430,913**	**29,430,913**	**Total Unexpended Appropriations**
CUMULATIVE RESULTS OF OPERATIONS			
Cumulative Results, Beginning Balance	270,382	270,382	Net Position, Beginning of Year
Non-Exchange Revenues	(175)	(175)	Non-Federal Non-Exchange Revenues
		(175)	Total Non-Federal Non-Exchange Revenue
Total Non-Exchange Revenue	(175)	(175)	*Total Reclassified Non-Exchange Revenue*
Appropriations Expended	13,093,705	13,093,705	Appropriations Expended
Donations and Forfeitures of Property	196,184	196,184	Other Taxes and Receipts (Non-Federal)
		276,876	Non-Expenditure Transfers-In of Unexpected Appropriations and Financing Sources
		(276,876)	Non-Expenditure Transfers-Out of Unexpected Appropriations and Financing Sources
		146,637	Expenditure Transfer-In of Financing Sources
		(146,637)	Expenditure Transfer-Out of Financing Sources
		1,041,812	Transfers-In Without Reimbursement
		(1,041,812)	Transfers-Out Without Reimbursement
Transfers-In/Out Without Reimbursement – Budgetary	$ 13,289,714	$ 13,289,714	*Total Reclassified Transfers In/Out Without Reimbursement – Budgetary (Federal)*
Total Transfers In/Out Without Reimbursement – Budgetary	$ 13,289,714	$ 13,289,714	*Total Reclassified Transfers In/Out Without Reimbursement – Budgetary*
Other	(1,041,812)	–	**Non-Federal Other**
			Intragovernmental Other
		(1,041,812)	Offset to Non-Entity Collections – Statement of Changes in Net
		(1,041,812)	**Total Intragovernmental Other**
Total Other	(1,041,812)	(1,041,812)	*Total Reclassified Other*
Donations and Forfeitures of Cash and Cash Equivalents	16,133	16,133	Other Taxes and Receipts (Non-Federal)
Imputed Financing	34,311	34,311	Imputed Financing Sources (Federal)
Total Financing Sources	**12,298,346**	**12,298,346**	**Total Financing Sources**
Net Cost of Operations	**(12,033,651)**	**(12,033,651)**	**Net Cost of Operations**
Ending Balance – Cumulative Results of Operations	**535,077**	**535,077**	**Ending Balance – Cumulative Results of Operations**
Total Net Position	**$ 29,965,990**	**$ 29,965,990**	**Total Net Position**

FINANCIAL SECTION

REQUIRED SUPPLEMENTARY INFORMATION

(Preceding page) **In 2019, the U.S. Government released its latest Children in Adversity strategy. It envisions a world where all children thrive within protective, loving families, free from deprivation, violence, and danger. USAID; the U.S. Departments of Health and Human Services, Labor and State; and the Peace Corps are committed to ensuring that investments for the most-vulnerable children and families are comprehensive, coordinated, and effective in helping place partner countries on a journey to self-reliance.**

PHOTO: AYPHALLA TE

https://medium.com/usaid-2030/prioritizing-family-46517257f958

(Above) **The Peruvian Digital Inclusion in the Peruvian Amazon was one of five winners of USAID's second-annual Digital Development Awards. The project helped Willian Ojanama take his ceramics business and training school global. He and other artisans, farmers, and entrepreneurs from across the region learned to navigate the Internet, establish social media accounts to promote their businesses, create an online presence, and manage finances. For Willian, that means he can sell his pottery online and ship to anywhere in the world.**

PHOTO: JACK GORDON FOR USAID

https://usaidpubs.exposure.co/preserving-peruvian-culture

STATEMENT OF BUDGETARY RESOURCES

REQUIRED SUPPLEMENTARY INFORMATION: COMBINING SCHEDULE OF BUDGETARY RESOURCES

For the Year Ended September 30, 2019

(in thousands)

	Operating	Civilian Stabilization Initiative	Assistance for Europe, Eurasia and Central Asia	Assistance for Eastern Europe	Development Assistance	International Disaster Assistance	Economic Support Fund	Assistance for the Independent States of the former Soviet Union	Global Health and Child Survival	Credit Financing	Other	Parent Fund	Combined Total
	1000	**0305**	**0306**	**1010**	**1021**	**1035**	**1037**	**1093**	**1095**				
Budgetary Resources:													
Unobligated Balance from Prior Year Budget Authority, Net (Discretionary and Mandatory)	$ 298,378	$ 1,387	$ 551,475	$ 3,735	$ 3,278,966	$ 2,021,583	$ 3,916,804	$ 6,160	$ 42,544	$ 3,731,579	$ 746,677	$1,021,337	$ 15,620,625
Appropriations (Discretionary and Mandatory)	1,372,874	–	760,334	–	3,000,000	4,385,312	3,717,861	–	–	68	575,003	–	13,811,452
Borrowing Authority (Discretionary and Mandatory) (Note 11)	–	–	–	–	–	–	–	–	–	6,955	–	–	6,955
Spending Authority from Offsetting Collections (Discretionary and Mandatory)	52,623	–	(65,744)	–	528	19,144	115,597	–	3	425,715	790,011	97,450	1,435,327
Total Budgetary Resources	**$1,723,875**	**$ 1,387**	**$1,246,065**	**$ 3,735**	**$ 6,279,494**	**$ 6,426,039**	**$ 7,750,262**	**$ 6,160**	**$ 42,547**	**$4,164,317**	**$2,111,691**	**$1,118,787**	**$ 30,874,359**
Status of Budgetary Resources:													
New Obligations and Upward Adjustments (Total):	1,553,133	409	528,987	319	3,155,425	4,694,725	3,668,219	–	4,362	276,118	1,531,030	919,366	16,332,093
Unobligated Balance, End of Year:													
Apportioned, Unexpired Accounts	93,518	999	714,252	3,416	2,994,195	1,730,257	4,168,459	6,038	28,486	333,264	163,263	131,194	10,367,341
Exempt from Apportionment, Unexpired Accounts	–	–	–	–	–	–	(1)	–	–	–	–	–	(1)
Unapportioned, Unexpired Accounts	29,060	(21)	1,718	–	119,592	1,057	(115,379)	122	9,699	3,554,935	396,490	47,247	4,044,520
Unexpired Unobligated Balance, End of Year	**122,578**	**978**	**715,970**	**3,416**	**3,113,787**	**1,731,314**	**4,053,079**	**6,160**	**38,185**	**3,888,199**	**559,753**	**178,441**	**14,411,860**
Expired Unobligated Balance, End of Year	48,164	–	1,108	–	10,282	–	28,964	–	–	–	20,908	20,980	130,406
Total Unobligated Balance, End of Year	**170,742**	**978**	**717,078**	**3,416**	**3,124,069**	**1,731,314**	**4,082,043**	**6,160**	**38,185**	**3,888,199**	**580,661**	**199,421**	**14,542,266**
Total Budgetary Resources	**$1,723,875**	**$ 1,387**	**$1,246,065**	**$ 3,735**	**$ 6,279,494**	**$ 6,426,039**	**$ 7,750,262**	**$ 6,160**	**$ 42,547**	**$4,164,317**	**$2,111,691**	**$1,118,787**	**$ 30,874,359**
Outlays, Net:	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ –
Outlays, Net (Total) (Discretionary and Mandatory)	1,473,308	430	377,120	94	2,417,850	3,678,316	3,988,466	509	(2,376)	(155,573)	628,148	630,196	13,036,488
Distributed Offsetting Receipts (-)	–	–	–	–	–	–	–	–	–	–	(462,118)	–	(462,118)
Agency Outlays, Net (Discretionary and Mandatory)	**$1,473,308**	**$ 430**	**$ 377,120**	**$ 94**	**$ 2,417,850**	**$ 3,678,316**	**$ 3,988,466**	**$ 509**	**$ (2,376)**	**$ (155,573)**	**$ 166,030**	**$ 630,196**	**$12,574,370**

MAJOR FUNDS

Operating Funds

1000 Operating Expenses of USAID

Program Funds

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

CREDIT FINANCING FUNDS

4119 Israel Guarantee Financing Account
4137 Direct Loan Financing Fund
4266 DCA Financing Fund
4343 MSED Guarantee Financing Fund
4344 UE Financing Fund
4345 Ukraine Guarantees Financing Fund
4493 Loan Guarantees to Middle East Northern Africa (MENA) – Financing Account

CREDIT PROGRAM FUNDS

0301 Israel Program Fund
0400 MSED Program Fund
0401 UE Program Fund
0402 Ukraine Program Fund
0409 Loan Guarantees to Middle East Northern Africa (MENA) – Program Account
1264 DCA Program Fund
5318 Israel Program Fund – Administrative Expense

CREDIT LIQUIDATING FUNDS

4103 Economic Assistance Loans – Liquidating Fund
4340 UE Guarantee Liquidating Fund
4341 MSED Direct Loan Liquidating Fund

OTHER FUNDS

Operating Funds

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

OTHER FUNDS *(continued)*

Program Funds

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

Trust Funds

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

Revolving Funds

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

ALLOCATIONS TO OTHER AGENCIES

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

ALLOCATIONS FROM OTHER AGENCIES

0113 Diplomatic and Consular Programs, State
1030 Global HIV/AIDS Initiative
1031 Global Health/Child Survival and HIV/AIDS
1121 Democracy Fund
1154 Andean Counterdrug Initiative (ACI)
2278 Commodity Credit Corporation
2750 Millennium Challenge Corporation
4336 Commodity Credit Corporation

OTHER INFORMATION

(Preceding page) **Luis Felipe Duchicela, USAID's Senior Advisor for Indigenous Peoples' Issues, meets with Tamang indigenous women in Nepal. Luis draws inspiration from his roots to promote the rights of indigenous people globally. Luis's father was born in an impoverished indigenous community in central Andean highlands of Ecuador.**

PHOTO: COURTESY OF LUIS FELIPE DUCHICELA

https://medium.com/usaid-2030/advancing-the-rights-of-the-worlds-indigenous-peoples-4e7bdb0716ba

(Above) **Shamir Delgado was raised in a small gold mining town in the Madre de Dios region of Peru. There, miners used mercury to extract gold from river sediment, not realizing the environmental and public health dangers of mercury exposure. Now, Shamir works as part of a team of scientists at the USAID-supported Center for Amazonian Scientific Innovation doing cutting-edge research on environmental mercury. He is committed to spreading the message about the dangers of mining with mercury to his community.**

PHOTO: JASON HOUSTON FOR USAID

https://usaidpubs.exposure.co/a-golden-fate

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

According to USAID's Inspector General, the top management challenges the Agency faces are in the following four areas:

- Managing Risks Inherent to Providing Humanitarian and Stabilization Assistance
- Strengthening Local Capacity and Improving Planning and Monitoring to Promote Sustainability of U.S.-Funded Development
- Reconciling Interagency Priorities and Functions To Efficiently and Effectively Advance U.S. Foreign Assistance
- Addressing Vulnerabilities and Implementing Needed Controls in the Agency Core Management Functions.

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

The following pages that address the top management challenges for USAID are from the entire Top Management Challenges report from Fiscal Year 2020, which is available on the website of the USAID OIG (oig.usaid.gov) at *https://oig.usaid.gov/our-work/major-management-challenges*

Message From the Inspector General

Ann Calvaresi Barr
Inspector General

USAID's foreign assistance programs provide humanitarian aid to people in countries recovering from natural disasters and periods of armed conflict, as well as assistance in combatting the spread of disease and addressing food insecurity, child and maternal mortality, illiteracy, and gender inequality. USAID manages approximately $31 billion in budgetary resources annually to advance economic growth, create markets and trade partners for the United States, and promote stable and free societies. In addition to promoting good will abroad, these investments can help strengthen U.S. national security interests.

To help ensure the U.S. Government achieves maximum return on these investments, the Office of Inspector General (OIG) provides independent oversight of USAID.[1] As part of our far-reaching oversight role, the Reports Consolidation Act of 2000 (Public Law 106–531) requires USAID to include in its performance and accountability report a statement by the Inspector General summarizing the most daunting challenges and the progress made in managing them.

We identified four top management challenges for USAID for fiscal year 2020. These challenges are based on our recent audits, investigations, and other oversight work:

- ***Managing Risks Inherent to Providing Humanitarian and Stabilization Assistance.*** The flow of billions in assistance dollars in crisis environments creates prime opportunities for fraud and diversions of U.S.-funded goods to the black market or, in some cases, to terrorist groups. USAID continues to adapt its approach to managing these risks and address the complexities when short-term humanitarian responses evolve into a protracted presence. Notably, USAID has taken action to better ensure that implementer-, criminal-, and terrorist-related risks are identified, evaluated, and addressed in Agency response plans. USAID has also taken action to close gaps in responding to emerging health crises and protecting beneficiaries from exploitation and abuse. However, continued diligence, training, and monitoring will be critical to implementing a risk management

[1] OIG provides oversight of the U.S. Agency for International Development (USAID), Millennium Challenge Corporation (MCC), U.S. African Development Foundation (USADF), Inter-American Foundation (IAF), Overseas Private Investment Corporation (OPIC), and overseas contingency operations as part of lead inspector general initiatives (described in section 8L of the Inspector General Act, as amended).

culture—especially as USAID responds to emerging crises such as the economic and political turmoil in Venezuela and the latest Ebola outbreak in parts of Africa. Any operational deficiencies will continue to expose USAID programs to significant risk from those who seek to exploit USAID's vulnerabilities—particularly in the nonpermissive environments the Agency often works in.[2]

- ***Strengthening Local Capacity and Improving Planning and Monitoring To Promote Sustainability of U.S.-Funded Development.*** The long-term success of U.S. foreign development depends on host country commitment to growth. However, countries often lack the capacity to build local skills and ensure public- or private-sector participation and backing to continue development activities and services after U.S. involvement ends. This has been the case with USAID's $9.5 billion Global Health Supply Chain-Procurement and Supply Management project. Since 2016, our investigations and joint operations with local authorities have revealed that host governments have been unable or unwilling to strengthen warehousing, security, and commodity distribution systems—allowing bad actors to steal lifesaving medicines and medical supplies. Weaknesses with planning and monitoring have also undermined the outcomes of Power Africa, Haiti reconstruction, and other USAID development projects. While USAID continues to take action to assess and mitigate risk and build accountability, significant sustainability risks remain.

- ***Reconciling Interagency Priorities and Functions To Efficiently and Effectively Advance U.S. Foreign Assistance.*** U.S. foreign assistance frequently involves multiple Government agencies, donors, and host governments, each having its own authorities, priorities, and strategies for advancing shared interests. We have seen how operating without clearly defined policies and procedures at the start has impeded multi-agency efforts like Power Africa and the U.S. Ebola response. While USAID actions have the potential to improve interagency coordination, the Agency will continue to be challenged to plan for and adapt to agencies' shifting priorities, budgets, and staffing to further U.S. foreign policy and national security objectives.

- ***Addressing Vulnerabilities and Implementing Needed Controls in Agency Core Management Functions.*** USAID's ability to carry out its mission and safeguard Federal funds depends on the integrity and reliability of its core business practices and systems. Without them, other safeguards—no matter how well they are designed and implemented—will not work effectively. While USAID has taken noteworthy actions to strengthen its controls over core management functions and bring its financial and information systems into compliance with strict Federal requirements, the Agency continues to work to instill rigor in its awards, financial, information, and human capital management.

In addition to meeting the requirements of the Reports Consolidation Act, this document informs our work and frames our dialogues with Congress and the Administration to pursue stakeholder priorities for effective stewardship of U.S. funds dedicated to foreign aid and development.

My office remains committed to conducting thorough and timely audits and investigations of USAID programs and management and, when appropriate, recommending actions to help address the challenges we identify.

If you would like to discuss or have any questions about USAID's top management challenges for fiscal year 2020, please contact me at 202-712-1150.

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[2] USAID describes a nonpermissive environment as a context, at the national or subnational level, in which uncertainty, instability, inaccessibility, or insecurity constrain USAID's ability to operate safely and effectively.

The U.S. Government airlifts humanitarian aid to Colombia for eventual distribution by relief organizations on the ground for Venezuelans impacted by the crisis in the country. Photo: U.S. Air Force Tech. Sgt. Gregory Brook (February 16, 2019)

Chapter 1.

Managing Risks Inherent to Providing Humanitarian and Stabilization Assistance

Identifying and mitigating risks is essential to ensure that people in need—not corrupt actors—receive U.S. foreign assistance. Without this risk awareness, USAID cannot effectively mitigate the threats that are inherent to many of the environments it works in. USAID continues to adapt its traditional approach to humanitarian assistance and stabilization efforts and improve its policies and procedures to manage this longstanding challenge.

According to the U.N. Office for the Coordination of Humanitarian Affairs, one person in 70 worldwide is caught up in a crisis and in need of humanitarian and stabilization assistance. Displacement, which largely stems from conflict, has been on the rise, with the most recent U.N. estimates identifying 62.8 million persons displaced within and across national borders, the highest figure on record. Public health crises and extremist group activities exacerbate the needs of these and other populations confronting threats to their survival. In December 2018, the United Nations estimated that $21.9 billion would be needed in 2019 to provide food, shelter, healthcare, and other emergency assistance to nearly 132 million people in 42 countries affected by natural disaster and conflict. The United States provides a significant portion of this funding. USAID alone reported expending approximately $4.1 billion in fiscal year 2018 on humanitarian and stabilization assistance.[3]

Crisis environments are by their very nature unstable and insecure, which creates substantial uncertainty and inaccessibility. Heightened security threats coupled with the flow of large amounts of money create prime opportunities for unscrupulous individuals to commit fraud and divert goods to the black market, advance other criminal schemes, or provide material support to terrorist entities. USAID has had difficulty managing these challenges, especially when short-term humanitarian responses evolve into a protracted presence, as demonstrated through our assessments of USAID's implementation and oversight of its programs.

- ***Overseeing Public International Organizations (PIOs).***[4] To navigate the complexities of operating in the nonpermissive environments USAID frequently works in, USAID relies on PIOs to help implement programs, coordinate international responses to crises, and collect data on the needs of beneficiaries. As of August 2019, USAID had $4.2 billion available to expend under existing agreements with PIOs. However, PIOs present unique risks for USAID, in part because they are subject to fewer Federal restrictions than other types of implementers. Despite these risks, USAID lacked sufficient policies for identifying, assessing, and managing PIO risks, relying instead on PIOs to take on this oversight role. In addition, USAID did not align its PIO policies with Federal internal control standards or develop clear documented standards for properly vetting, managing, and overseeing PIOs. USAID acknowledged the high stakes and has taken action to redefine its accountability over PIOs through revised policies released in August 2018 and August 2019. Yet implementing our other recommendations remains on the horizon. Notably, USAID is working to establish before March 2020 a dedicated, centralized entity with the authority and resources to assess and address (1) PIO performance, (2) PIO internal oversight effectiveness, (3) other crosscutting PIO oversight methods, and (4) oversight units operating across multiple organizations, using information from across the Agency. USAID also continues to negotiate requirements for PIOs to report serious criminal misconduct, both suspected and identified, in USAID-funded activities—a requirement that will better position USAID and OIG to safeguard taxpayer funds.

- ***Responding to Public Health Crises.*** On July 17, 2019, the Ebola outbreak in the Democratic Republic of the Congo (DRC) was declared a public health emergency of international concern. By July, USAID had obligated $127.8 million for responding to the DRC outbreak and $8.6 million for preparedness activities in neighboring countries[5]—making it the largest bilateral donor in the response effort, which involves multiple governments and agencies. Leading joint responses to a continually evolving crisis in insecure settings where communities distrust outsiders is rife with complications. USAID has confronted similar public health emergencies before—most recently from 2014 to 2016, when it led the U.S. Government response to the Ebola outbreak in West Africa, to which the U.S. Government appropriated $5.4 billion. However, as we reported in January 2018, while USAID's 2014 strategy provided the flexibility needed to adapt to changing circumstances, the Agency's response was characterized by delays and problems identifying needed resources. Programmatic inefficiencies and waste were largely due to a lack of policies to guide USAID's interaction with other U.S. responders. Ultimately, USAID purchased $4.6 million in unneeded medical supplies, and most USAID-funded treatment centers and care units opened after the

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[3] USAID's "Fiscal Year 2018 Agency Financial Report," funding for humanitarian assistance, and conflict mitigation and stabilization.

[4] PIOs include U.N. organizations and international finance organizations.

[5] Burundi, Rwanda, South Sudan, and Uganda.

majority of Ebola cases had already occurred and progression of the outbreak was on the decline. As a result, some centers and care units never opened or treated patients.

USAID has made progress implementing our January 2018 recommendations, which aim to better position the Agency to respond effectively and efficiently to public health emergencies. However, some recommendations remain open, including those designed to enhance coordination and improve capabilities to adapt response efforts to changes on the ground. As we reported in our September 2019 advisory, heightened management attention to closing all of our recommendations is critical to rapidly and efficiently mobilizing staff, expertise, and supplies and avoiding the performance shortfalls we identified in USAID's last major Ebola response effort.

- ***Protecting Beneficiaries From Sexual Exploitation and Abuse (SEA).*** No misconduct is more egregious than exploitation and abuse of the very beneficiaries USAID aims to assist. While SEA can occur in all forms of programming, recent reporting indicates that it is more prevalent in humanitarian assistance and stabilization settings. In early 2018, it came to our attention that gaps in USAID's award requirements for reporting allegations of implementer staff sexually exploiting and abusing beneficiaries led to a number of allegations going unaddressed. The USAID Administrator confirmed that, at the time, implementers were not required to report all forms of alleged SEA to USAID. Certain sexual misconduct reporting requirements were limited to allegations that implementers deemed credible—a threshold that delayed independent assessments and responses by USAID and OIG. To help address SEA, the USAID Administrator established the Action Alliance for Preventing Sexual Misconduct, joined by a liaison from OIG to keep up-to-date on USAID's SEA policy decisions and communicate OIG's independent response on this issue to the Action Alliance and other key stakeholders. The Agency also clarified standard award provisions for SEA reporting, developed related performance management standards for its staff, and awarded a contract to increase its investigative capabilities for internal misconduct cases. In addition, the Agency issued guidance that SEA allegations should be immediately reported to both OIG and USAID. While SEA reporting appears to have increased—the OIG Hotline received 48 SEA-related disclosures in fiscal year 2019 compared to 9 in fiscal year 2017—USAID continues to finalize its new and revised SEA policies and procedures. Sustained management attention will be critical to ensuring active implementation in the field and an effective Agency response to SEA disclosures. Protecting beneficiaries from exploitation and abuse remains a high priority for our office, and we recently initiated an audit to assess USAID's actions to prevent and detect SEA and to promptly respond to SEA allegations.

Another high priority for our office is the risk of USAID-funded products being diverted to terrorist organizations and other armed groups in conflict settings. This risk is intensified by insufficient planning, monitoring, and risk mitigation in humanitarian assistance and stabilization settings. The fraud schemes that our agents pursue—some of which have involved diversions of USAID-funded commodities to terrorists—demonstrate the challenges in managing this risk.

- ***Diverting USAID-Funded Supplies to Terrorists.*** For years armed groups in northwestern Syria have profited from diversions of USAID-funded supplies. In one case, USAID's third-party monitoring team discovered a fraud scheme, and OIG's investigation confirmed that an implementer's employees submitted falsified beneficiary lists and diverted thousands of USAID-funded food kits worth millions of dollars to nonbeneficiaries, including fighters from Hay'at Tahrir al-Sham, a designated terrorist group. USAID temporarily suspended programming—a calculated cost avoidance of $87.9 million—

and the implementer terminated multiple employees.[6] In addition, our August 2018 referral prompted USAID to implement several major changes to its assistance programs in the region, including vetting of humanitarian assistance implementers in northwestern Syria and increasing the focus of third-party monitoring in high-risk areas. USAID resumed the humanitarian assistance programming in northwestern Syria in November 2018 after the issuance of a license from the U.S. Treasury Department's Office of Foreign Asset Control.

- ***Profiteering Off Aid for Displaced Syrians.*** Weaknesses in implementer procurement, logistics, and fraud reporting systems make USAID-funded commodities intended for displaced Syrians susceptible to individuals seeking to exploit these vulnerabilities for profit. In one case, a USAID implementer steered procurements to vendors that offered bribes and kickbacks, shortchanged deliveries, and substituted products in USAID-funded supply kits with items of lesser quality. In 2015, we learned that Turkish vendors and procurement staff from nongovernmental organizations were similarly involved as early as 2012 in bid rigging, collusion, bribery, and kickback schemes to deprive internally displaced Syrians of vital USAID-funded commodities. Results to date from our past investigation include the suspension of $239 million in program funds, the indictment of a ringleader in the scheme, and the debarment of 18 individuals and companies. Additionally, multiple employees were either terminated or resigned. OIG continues to work closely with the Department of Justice on False Claims Act and criminal proceedings and is conducting a related ongoing audit.

USAID Actions To Better Manage the Risks Inherent to Providing Humanitarian and Stabilization Assistance

USAID continues to adapt its approach to managing complex and protracted crises. Notably, the Agency has taken steps to better identify and mitigate risks unique to these challenging settings.

- USAID updated its Agency Risk Profile to include both the risks that arise from PIO grants and the risk of diversions to criminals or terrorists. Including both risks helps ensure that USAID develops a risk response plan that articulates responsibility for project activities and that USAID senior leaders routinely discuss and evaluate risks and response plans. However, in a progress assessment, USAID identified challenges to institutionalizing risk management, including a perception voiced by some staff that the process is largely a compliance exercise required by the Office of Management and Budget (OMB).[7] To counter this belief, USAID developed guidance on the importance of enterprise risk management and how to integrate it across programmatic and operational frameworks—but executing change and implementing a culture of risk management will require continued diligence, training, and monitoring.

- USAID revised its general policy guidance on PIO agreements to clarify authorities and processes for identifying, managing, and responding to risks associated with PIOs.[8] USAID's Office of U.S. Foreign Disaster Assistance and Office of Food for Peace also revised and distributed updates to

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[6] Cost avoidance refers to Federal funds that were obligated and subsequently set aside and made available for other uses as a result of an OIG investigation. This includes instances in which the awarding agency made substantial changes to the implementation of the project based upon an OIG referral. The key factor in classifying these instances as cost avoidance is that the funds were not deobligated.

[7] OMB Circular A-123, as updated in 2016, requires that Federal agencies integrate enterprise risk management into strategic planning and internal control processes to ensure Federal managers are effectively managing the unique risks an agency faces toward achieving its strategic objectives.

[8] USAID Automated Directives System (ADS) chapter 308, "Agreements with Public International Organizations," August 24, 2018, and August 15, 2019, partial revision; and mandatory reference for ADS chapter 308 (308mam), "Template for USAID-World Bank (IBRD/IDA) Cost-Type Agreements (Single-Donor Trust Fund Contributions)," July 2, 2019.

the guidance and processes for making awards to PIOs, and developed an internal control policy framework to oversee and hold PIOs accountable for proper stewardship of Government resources. Yet actions to close other recommendations we made to improve the Agency's policies and processes for PIOs remain in progress.

- To improve its internal capacity to respond to international public health emergencies, USAID outlined steps that missions and bureaus can take in emerging health crises and established tools for implementing these steps. USAID also issued guidance for designing awards to be more adaptable and flexible and for expediting procedures for making awards, so that procurements during these emergencies can better meet the dynamic and exigent requirements of the response effort. In addition, USAID provided plans to develop an inventory of country-specific implementers and local actors that could be called on in an international health emergency response, and established handover policies and procedures for disaster response teams to promote continuity of operations.
- USAID continues to drive home its zero tolerance for SEA. In July 2019, USAID's Action Alliance for Preventing Sexual Misconduct released a draft policy articulating the Agency's approach and commitments to preventing and responding to the sexual exploitation and abuse of the populations USAID serves. In addition, the Action Alliance participated in OIG's July 2019 annual oversight roundtable, which focused on preventing SEA in developing countries and the importance of reporting. More than 200 people attended, including participants from USAID and representatives from over 100 nongovernmental organizations.
- USAID has begun reorganizing its operations to better align functions and create a more field-oriented structure.[9] According to USAID, its newly authorized Bureau for Humanitarian Assistance, which will merge the Offices of U.S. Foreign Disaster Assistance and Food for Peace, will streamline USAID's ability to deliver food and nonfood humanitarian assistance, better serving both U.S. foreign policy interests and people in need. In April 2019, USAID received congressional authorization to establish a new Bureau for Conflict Prevention and Stabilization to strengthen USAID's capacity to prevent conflict and respond to global crises in a more strategic, integrated way. USAID also received authorization to establish a new Bureau for Resilience and Food Security to strengthen the link between resilience, food, water and sanitation, and USAID's humanitarian assistance and stabilization efforts. According to USAID, all three new bureaus are expected to be established and operational by the spring of 2020.

USAID and OIG have continued their collaborative outreach to USAID staff and implementers. For example, in March 2019, the Assistant Inspector General for Investigations participated in meetings with senior officials from USAID's Office of Food for Peace, the United States Mission to the U.N. Agencies in Rome, and the U.N. World Food Programme to discuss oversight and fraud reporting related to USAID-funded activities. During these engagements, OIG reinforced the importance of information sharing and aggressive followup on fraud allegations in Yemen. Implementers, USAID employees, and PIOs also participated in OIG fraud awareness briefings on common fraud schemes and safeguards—reaching 3,721 individuals through 110 briefings around the world in the first half of fiscal year 2019 alone, including locations in Jordan, Iraq, and Washington, DC.

We will continue to monitor USAID's approach to humanitarian assistance and stabilization activities through our investigations and audits, including work that assesses USAID's response to the crises in Venezuela and the Lake Chad Basin complex emergency, efforts to remedy internal control weaknesses for a USAID implementer operating in Syria, and USAID's assistance to Iraq.

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[9] Congress approved this undertaking in January 2019.

Related OIG Products

- "USAID's Response to the Ebola Virus Disease Outbreak in the Democratic Republic of the Congo" Advisory Notice, September 4, 2019.
- "Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk" (8-000-18-003-P), September 25, 2018.
- "Vulnerabilities in Reporting of Allegations of Sexual Exploitation and Abuse by USAID Implementers" Referral Memorandum, March 15, 2018.
- "Lessons from USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework" (9-000-18-001-P), January 24, 2018.
- "Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response" (9-000-18-002-P), January 24, 2018.

A peer educator trained under the USAID-funded Sauti Project discusses reproductive health and risky sexual behaviors with adolescent girls and young women during a home visit in Dar es Salaam, Tanzania. Photo: Zacharia Mlacha, Photoshare (May 17, 2018)

Chapter 2.

Strengthening Local Capacity and Improving Planning and Monitoring To Promote Sustainability of U.S.-Funded Development

Strong planning and monitoring are essential to advance host country self-reliance and safeguard the U.S. Government's foreign investments. Building appropriate risk mitigation strategies and accountability measures into USAID programs at the start is also necessary to curtail corruption and exploitation and better ensure that programs save lives and improve citizens' well-being as intended. USAID recognizes the importance of addressing this challenge and continues to improve its approach to planning, monitoring, and risk mitigation.

Foreign assistance aimed at developing and strengthening countries' welfare, security, and basic infrastructure systems promotes stability and economic growth. While USAID policy calls for careful planning, monitoring, and rigorous risk assessments to achieve these goals, the policy's implementation too often falls short, presenting challenges for sustaining development efforts after U.S. Government assistance ends. Our audits and investigations have repeatedly shown the consequences of operating without hitting these marks—especially when programs rely on local entities with underdeveloped financial systems, internal controls, and competencies.

For example:

- ***The American University in Afghanistan (AUAF).*** A July 2018 joint investigative referral from OIG and the Special Inspector General for Afghanistan Reconstruction (SIGAR) raised serious doubts that AUAF had the control and accountability systems needed to safeguard U.S. Government investments, which total more than $100 million since 2005, to support American-model education programs for Afghan students in Kabul. The problems OIG and SIGAR identified ranged from failing to comply with accounting, timekeeping, and recordkeeping standards to issues with board governance, key personnel, and conflicts of interest. In response to the joint referral, USAID imposed stringent controls on AUAF, including putting in place a comprehensive administrative agreement with robust monitoring and internal control obligations. A material breach of the terms of the agreement would constitute a cause for AUAF's immediate suspension or debarment. While USAID responded strongly, the AUAF case illustrates the importance of thorough and timely risk mitigation and monitoring to ensure compliance with USAID award terms and responsible stewardship of U.S. funds and to proactively address problems at an early stage.

- ***Power Africa.*** The short supply of electricity is one of Africa's greatest development challenges. Led by USAID, the interagency initiative aims to add 30,000 megawatts of cleaner, more efficient electricity-generating capacity and expand access to 60 million new households and businesses in sub-Saharan Africa. However, inconsistent data collection and verification practices, along with changing methodologies for measuring progress, led to an overstatement of Power Africa's impact. For example, Power Africa included in one progress report the number of megawatts anticipated when deals were made—not the power actually generated—as well as projects envisioned but never built. Further, Power Africa included small-capacity solar lanterns and solar panels (enough to power a light and a phone charger) in the number of new connections reported, suggesting greater access to electricity sources than Power Africa envisioned for sustainable development. Notably, of the 10.6 million new connections Power Africa reported in 2017, 8.3 million (78 percent) were from solar lanterns that provided a single light. Based on our recommendations, Power Africa clarified impact reporting and agreed that the initiative would benefit from a systematic approach to data collection and quality assurance, but has yet to implement such an approach.

- ***Global Health Supply Chain–Procurement and Supply Management (GHSC–PSM).*** Lax warehousing, security, and commodity distribution systems have allowed bad actors to steal lifesaving medicines and medical supplies funded under USAID's $9.5 billion GHSC-PSM project. Since 2016, our investigations and joint operations with local authorities have revealed that host governments' inability or unwillingness to put in place appropriate controls have created the potential for large-scale, illicit resale of USAID-funded commodities to private businesses and public markets. In one case, our agents purchased diverted or stolen malaria medication on the DRC black market—enough to treat 63,000 patients—leading to the March 2019 indictment of two DRC nationals charged with conspiracy and theft of Government property. Safeguarding bed nets, antiretroviral treatment, family planning tools, and other commodities intended to save lives and improve the health of the most vulnerable populations will continue to be a challenge for USAID until additional precautions are put in place—such as procuring a third-party monitor, conducting financial audits, and improving longer-term efforts to improve commodity tracking. In the meantime, USAID noted it hired an expert to assess global health supply chain risks and is working to address recommendations from the August 2019 assessment. Securing USAID's global health supply chain remains a priority for our Office of Investigations, and our Office of Audit is evaluating USAID's procurement and management of its GHSC-PSM contract as well as how the Agency mitigates the root causes of in-country supply chain weaknesses.

- ***Haiti Reconstruction.*** USAID/Haiti was unequipped to properly plan or monitor the Agency's project to expand modern and sustainable electricity services in northern Haiti—a reconstruction priority following the country's 7.0 magnitude earthquake in 2010. USAID built a power plant for the Haitian Government and expected to hand over responsibility for running it by May 2016; however, the project did not progress as planned after the Haitian Government delayed reforms that were considered key to sustainability goals. When new efforts to transition the project to the private sector also stalled, USAID extended contracts and increased budgets to keep the lights on for Haitian households and an industrial park that provided thousands of jobs to neighboring communities. In response to our November 2018 report on delays and other impediments, the mission developed a contingency exit plan and extended the contract again to implement it. To address the broader staffing issues we reported, USAID adjusted its long-term staffing plan in Haiti to better align with the mission's needs and took action—reducing the French language requirement and providing financial incentives for tour extensions—to help attract Foreign Service Officers, positions that remain hard to fill due to difficult living conditions and security concerns.

As we reported in prior years, maintaining and reporting reliable data and providing effective guidance for tracking and verifying efforts—key to maximizing sustainability outcomes—continue to be a challenge for USAID and MCC.

- ***Identifying Millennium Challenge Corporation Sustainability Risks.*** Our audit of selected past MCC road infrastructure compacts that were initiated between 2006 and 2010 found that MCC identified risks to the sustainability of its road projects, but its efforts to mitigate or track the risks were inadequate in some cases. At the time MCC designed the four compacts we reviewed, it did not have comprehensive guidance for staff on how to develop, implement, and track risk mitigation measures to ensure sustainability of road projects, and post-compact visual road inspections revealed that some sections were in poor condition. In addition, MCC has not fully developed a standard set of guidelines for economic analysis of transportation sector projects—a lesson learned from its review of prior projects. MCC updated its guidance and tools to address risks to sustainability and require validating and tracking of data, but the guidance was still in draft. MCC also has yet to complete economic analysis guidelines for the transportation sector. As a result, MCC staff will continue to face challenges in collecting quality information across all road projects and promoting the sustainability of road investments, project goals, and economic growth in the partner countries.

- ***Developing Guidance on Strengthening Health Systems.*** Limited information on the progress of USAID's health systems strengthening activities affected the Office of Health Systems' ability to assess where additional guidance and support was needed across the Agency. Further, USAID had no centralized mechanism for tracking the progress of these activities at the country level or across missions. While our audit found that selected missions had aligned activities with USAID's vision for strengthening health systems, additional guidance and tracking would bolster the Agency's efforts. USAID agreed to disseminate guidelines to help missions determine an appropriate balance between health systems strengthening activities and direct health interventions, implement a mechanism to identify and track health systems strengthening activities across missions, and establish a set of indicators to track health systems strengthening progress at the country level.

- ***Gauging Afghanistan Development Progress.*** Under the U.S. Government's $800 million New Development Partnership with the Afghan Government, USAID was responsible for verifying progress toward achieving established performance indicators that would help Afghanistan become self-reliant. For each indicator achieved, the U.S. Government agreed to pay the Afghan Government $20 million from the multidonor Afghanistan Reconstruction Trust Fund. However, USAID did not adopt agency best practices for gauging achievement, leading to some ambiguous measures and outcomes related to the $380 million it had paid Afghanistan under the partnership. USAID recognized the challenges and ended the initiative early in order to hold the Afghan Government accountable for its self-reliance reform agenda. In its response to our audit, USAID reported it is applying lessons and best practices prior to disbursing any additional funding through the Afghanistan Reconstruction Trust Fund Incentive Program.

USAID Actions To Promote Sustainability of U.S.-Funded Development

In addition to its actions to address program-specific weaknesses, USAID has made crosscutting efforts to improve risk mitigation, local capacity development, planning, and monitoring. For example:

- In December 2018, USAID launched a new private sector engagement policy to promote sustainable, enterprise-driven development, and in April 2019, introduced the Financing Self-Reliance Framework to support engagement between the public and private sectors by targeting domestic revenue mobilization, enabling environments for private investment, and other factors for financing. We have an ongoing audit looking at USAID's use of private sector engagement and the metrics the Agency employs to evaluate performance—a challenge that USAID officials identified, which we noted in our May 2019 report on our bird's-eye view of selected U.S. Government agencies' use of private capital.

- In April 2019, USAID issued an updated policy framework that articulates the Agency's mission and vision to end the need for foreign assistance through country-led progress and sustained results. To achieve this vision, USAID's program cycle calls for careful planning, delivery, monitoring, and adaptation—and a clear understanding of the risks USAID can mitigate or is willing to accept to achieve desired outcomes.

- In June 2019, USAID updated its program cycle operational guidance—which it first issued in September 2016 to strengthen strategic planning, project design and implementation, and monitoring, evaluation, and learning—to include key considerations for nonhumanitarian programming in politically sensitive countries. The updated guidance states that Agency staff must assess such programming against a set of key considerations to ensure that the unique risks inherent to these contexts are appropriately managed.

- In June 2019, USAID required missions to transmit completed risk assessment tools for local partners—namely the Public Financial Management Risk Assessment Framework and Non-U.S. Organization Pre-Award Survey—to a central repository of record. This requirement complements USAID's stepped-up efforts to identify and mitigate risks through its enterprise risk management program. In July 2017, the USAID Administrator approved USAID's first Agency Risk Profile, which identified sustainability as a risk facing USAID programs. Subsequent profiles included risks with program cycle implementation. USAID's first Risk-Appetite Statement was internally released in July 2018 to help the Agency calculate risks and develop appropriate responses, emphasizing the importance of continually weighing costs and benefits. Senior leaders review risks identified in the Agency Risk Profile through a regular, established process that includes monitoring mitigating actions and updating them as necessary.

- In June 2019, Congress approved USAID's request to establish a Bureau for Development, Democracy, and Innovation. According to USAID, this new bureau—which stems from the 2017 joint USAID-State Department reform effort—will be a one-stop shop for field support and crosscutting areas that support country self-reliance. USAID anticipates that having a bureau dedicated to this agenda will lead to improved program design, access to technical services, and accountability.

Underpinning these actions is USAID's Journey to Self-Reliance—the Agency's approach to providing foreign assistance that emphasizes promoting capacity and commitment in host countries across all levels, from individuals to governing institutions and the private sector. In conjunction with its April 2019 Policy Framework, USAID issued Agency-wide guidance for operationalizing the Journey to Self-Reliance and developed training for staff on the new policies and procedures. These policies and procedures include several new requirements and tools for implementing the initiative and monitoring and tracking progress. For example, missions are required to use country roadmaps—tools developed centrally by USAID to illustrate the overall level of self-reliance for 136 low- and middle-income countries, based on 17 individual, publicly available, third-party metrics—as the starting point for determining each country's unique path to self-reliance. Each mission is also encouraged to develop a country development cooperation strategy by December 2020 to make the self-reliance agenda tangible.

However, the revamped approach may bear some of the same characteristics of USAID's Local Solutions, a now-retired initiative adopted under the USAID Forward reform agenda that ran from 2010 to 2016. Our related March 2019 audit found that, while USAID officials perceived positive impacts of Local Solutions efforts, the Agency lacked a viable means of measuring progress and could not substantiate this perception. Further, the Agency did not consistently apply tools that would ensure that local implementers follow risk mitigation procedures. As the Agency moves forward with its refocused attention on using and developing local entities' capacity, sustained management attention will be needed to ensure that the impact of its work is effectively collected, measured, and shared, and that risks are adequately identified and managed—particularly with regard to USAID's data-driven country roadmaps. We recently began an audit to assess USAID's new self-reliance metrics and the challenges USAID faces implementing activities as envisioned under the Journey to Self-Reliance.

We continue to monitor sustainability risks and efforts to mitigate them through our investigative work and audits, which include examining USAID's monitoring and evaluation activities in Afghanistan and education programs in Pakistan. We will also evaluate the effectiveness of MCC's Threshold Program and the reliability of MCC's economic and beneficiary data analyses, which drive programmatic decisions.

Related OIG Products

- "MCC Has Opportunities To Enhance Guidance and Tools for Sustaining Results of Road Infrastructure Compacts" (M-MCC-20-001-P), October 29, 2019.
- "More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts" (4-936-20-001-P), October 21, 2019.
- "USAID Had Challenges Verifying Achievements Under Afghanistan's New Development Partnership" (8-306-19-001-P), July 24, 2019.
- "Select U.S. Agencies' Use of Private Capital in Advancing International Development" (9-000-19-004-P), May 3, 2019.
- "Despite Optimism About Engaging Local Organizations, USAID Had Challenges Determining Impact and Mitigating Risks" (5-000-19-001-P), March 21, 2019.
- "Misjudged Demand, Stalled Reforms, and Deficient Oversight Impeded USAID/Haiti's Sustainable Electricity Goals" (9-521-19-001-P), November 13, 2018.
- "Advisory Update on Global Health Supply Chain-Procurement and Supply Management Project," October 11, 2018.

USAID coordinates with the Ethiopian Government to distribute treated bed nets by camel to the Afar people in one of the most remote and disadvantaged regions in Ethiopia. Photo: David Getachew, Photoshare (February 14, 2018)

Chapter 3.

Reconciling Interagency Priorities and Functions To Efficiently and Effectively Advance U.S. Foreign Assistance

Implementing U.S. foreign assistance frequently involves multiple Government agencies, donors, and local actors, each having its own authorities, priorities, and strategies for advancing shared interests. Clearly defining and reconciling conflicting roles, responsibilities, policies, and processes—and being ready to make adjustments—is critical to coordinating multistakeholder aid and development efforts, and to furthering the U.S. Government's foreign policy and national security objectives. This remains a challenge for USAID in part because the ability to act often extends beyond USAID's immediate control and authority.

Balancing development and humanitarian goals with broader U.S. priorities and foreign policy and national security objectives remains a challenge for USAID in project planning, oversight, and execution. Divergent approaches and agency-specific strategic interests complicate interagency relationships and challenge USAID's ability to respond nimbly to changing priorities, manage associated risks, and advance complementary yet distinct missions. Extending this balancing act to an international stage that involves other governments, donors, and PIOs adds to the challenge. Ultimately, USAID cannot fully succeed without effective engagement with other U.S. Government entities and international stakeholders.

The fluid budget and operating environment of recent years exemplifies the challenge for USAID's program planning and oversight. When appropriations lapsed in December 2018, for example, USAID furloughed employees and suspended activities during the 34-day partial U.S. Government shutdown. The August 2019 reapportionment of unobligated balances similarly required USAID responses and unexpected adjustments in managing ongoing and planned programs. A possible rescission of up to $4 billion of foreign aid—though not ultimately carried out—also contributed to USAID's end-of-fiscal year backdrop. The following examples further demonstrate challenges associated with complex interagency priorities and functions.

- ***Interagency Staffing Decisions.*** In 2018 and 2019, some of USAID's major assistance programs—including those in Afghanistan, Central America, Iraq, Syria, and West Bank and Gaza—faced staffing and funding changes as a result of decisions made outside of the Agency. In Iraq, for example, USAID's team of direct-hire employees dropped from 26 to 5 due to the unstable security situation and extended ordered departure of Embassy personnel. While final decisions in some cases were pending as of September 30, 2019, these developments nevertheless present challenges for USAID in staffing key positions and offices, administering programs, managing related risks, and monitoring and sustaining ongoing activities. We regularly report on the impact of these types of changes in Afghanistan, Iraq, and Syria as part of our overseas contingency operations oversight. We also have ongoing and planned audits related to USAID staffing, including examining security in El Salvador and assessing USAID's efforts to manage risks associated with staffing changes and redirected priorities in Afghanistan.

- ***The U.S. President's Emergency Plan for AIDS Relief (PEPFAR).*** The U.S. Global AIDS Coordinator in the State Department tasked U.S. agencies involved in PEPFAR with channeling at least 40 percent of their PEPFAR funding to host country governments or local organizations by the end of 2019, and 70 percent by the end of 2020. PEPFAR's official fiscal year 2019 operational plan guidance incorporated this goal for each agency. While the directive aligns with USAID's Journey to Self-Reliance agenda, USAID reports that over the last three fiscal years, less than 35 percent of its funding (excluding supply chain commodity purchases) went to local partners. Scaling up work with local partners to meet the ambitious benchmarks while maintaining appropriate safeguards and quality standards will be a challenge for USAID given the complexities, uncertain capabilities, inexperience, and increased risks that come with working with local organizations. We plan to audit USAID's PEPFAR activities to identify risks in the local partner participation initiatives and opportunities to help USAID implement them more effectively.

While USAID is taking action to shore up its internal systems against diversions, fully protecting the integrity of Agency programs requires interagency cooperation. For example, informed by our work on diversions to Hay'at Tahrir al-Sham in northwest Syria, USAID engaged in discussions at the National Security Council on the U.S. Government's risk tolerance for diversions as well as interagency action that could be taken to mitigate these risks. USAID also worked with Treasury's Office of Foreign Asset Control to obtain a license to continue providing humanitarian assistance in northwest Syria. Since the issuance of the license, which requires prompt reporting of new diversions, our office has received a number of timely reports of new diversions that appear to have been mitigated quickly by USAID's implementers.

Managing PIOs in high-risk locations also requires interagency coordination. For example, USAID worked closely with the State Department to address a concern we raised about the independence and capacity of the oversight body of a PIO that received funding from both agencies. In Yemen, USAID coordinates extensively with the World Food Programme to assess the risk of diversions and proposed mitigation strategies. In Uganda, the Agency also coordinated with the World Food Programme, as well as the State Department, the Ugandan Government, the Office of the U.N. High Commissioner for Refugees, multiple international donors, and our office to address widespread beneficiary registration issues. To address coordination requirements and promote effective information sharing in complex environments, OIG participated in interagency work groups and signed memorandums of understanding with other donor countries and the oversight bodies of numerous PIOs.

However, a lack of comprehensive policies and procedures to drive interagency coordination has resulted in USAID spending valuable time coordinating roles during crises—as was the case with its response to the 2014 Ebola outbreak in West Africa—as well as challenges implementing complex programs like Power Africa. Establishing intragovernmental roles and responsibilities beforehand would allow USAID and other U.S. agencies to mitigate risks and execute their response plans sooner.

- ***Ebola.*** While USAID had previously responded to public health crises of international concern, it operated without a policy framework to launch a rapid and coordinated response to the 2014 Ebola outbreak in West Africa, leaving responders to re-create processes for controlling the virus. Further, differing approaches and delayed coordination between USAID and the U.S. Centers for Disease Control and Prevention (CDC) complicated the U.S. response. To improve interagency coordination, we identified a need for USAID to work with other U.S. agencies to clearly identify and regularly test roles, capabilities, and responsibilities for use in a major outbreak. While USAID has begun to address our recommendation related to this concern—including implementing a memorandum of understanding with CDC for international disaster assistance collaboration, which was used to delineate roles and responsibilities for CDC participation in the USAID-led Disaster Assistance Response Team (DART)—USAID had not worked out operational details surrounding temporary duty assignments and training prior to the recent DRC outbreak. According to USAID staff, this led to administrative complications to get CDC staff on DART.[10] In addition, USAID has not developed procedures for regularly testing roles and capabilities, which would enhance USAID's capability to coordinate a whole-of-Government response.

- ***Power Africa.*** Despite the complexity of the USAID-led, sub-Saharan Africa energy initiative—which involves the efforts of 12 U.S. Government agencies[11]—the Agency's Coordinator Office did not fully implement a portfolio-wide risk management program. Instead, Power Africa relied on participating agencies to follow their own policies and processes, which led to risk management gaps. For example, MCC's $257 million effort to promote power sector reform and rehabilitate a hydropower plant was delayed by 9 months due to the Ebola outbreak in Liberia, while political uncertainty in Tanzania led MCC to suspend its planned $473 million energy compact. While nearly all of the U.S. Government staff we interviewed held a favorable view of the Coordinator Office and credited it with spearheading interagency collaboration, operating without a portfolio-wide risk management program heightened Power Africa's exposure to political and economic risks indicative of the fragile environments in which it operates. USAID is working to implement our March 2019 recommendation to establish a portfolio-wide risk management program to ensure that risks are regularly identified, analyzed, monitored, and mitigated. However, until the program is fully implemented, Power Africa's risk awareness will be incomplete.

Other major changes outside USAID's sole purview have impacted the Agency's operations. Notably, the Better Utilization of Investments Leading to Development Act of 2018 (BUILD Act) consolidated

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10 A CDC representative currently serves on the DRC DART as deputy and health technical lead.

11 Four of the participating agencies fall under USAID OIG's purview: USAID, MCC, OPIC, and USADF. The other participating agencies are the Export-Import Bank, U.S. Army Corps of Engineers, U.S. Trade and Development Agency, and the U.S. Departments of Agriculture, Commerce, Energy, State, and Treasury.

USAID's Development Credit Authority and OPIC into a new agency: the U.S. International Development Finance Corporation (DFC).[12] The BUILD Act and DFC's reorganization plan indicate the need for strong linkages among DFC, the State Department, USAID, MCC, and other agencies to maximize development impact. Based on our audits, we shared our perspectives on some challenges DFC's new chairperson should consider as the new entity starts up. For example:

- Weaknesses in OPIC's project management could carry forward to DFC if they are not given special attention. Specifically, OPIC did not have a process for considering how its projects aligned with U.S. foreign policy goals, a formal mechanism to pursue opportunities for collaboration, or a rigorous process for identifying and mitigating project risks. In addition, OPIC's performance management framework did not include processes to align potential projects with its strategic goals or explain how project success would be defined and measured.

- Widespread problems in OPIC's internal control system and a lack of attention to process raise additional concerns as it transitions to DFC. Notably, OPIC did not comply with six of seven appropriations requirements we tested. For example, OPIC did not submit quarterly financial unobligated balance reports or its annual budgeted operating plan, or post these reports on its website, as required. In another instance, OPIC lacked basic documentation on travel and purchase cards, rendering it unfeasible to identify active cards or cardholders or review expenses from past years.

- While coordination across institutional lines will be key for this new entity, several interagency decisions remained unresolved leading into the transition. For example, DFC's path to establishing a new Enterprise Fund and coordinating responsibility with respect to a five-country, $21 billion sovereign loan guarantee portfolio is unclear.

- Questions also remain regarding the Chief Development Officer position, which will be responsible for ensuring collaboration, development impact, and monitoring projects codesigned with USAID. As DFC begins operations, it will be vital that the position has the resources, authority, and staff needed to carry out these responsibilities.

USAID Actions To Reconcile Interagency Priorities and Functions and Advance U.S. Foreign Assistance

While interagency coordination remains a challenge, USAID continues to take action within its authority. For example:

- To implement our recommendations to have a communication and coordination strategy for external engagement in an international public health emergency, USAID provided the National Security Council with information for a "Playbook for Early Response to High-Consequence Emerging Infectious Disease Threats and Biological Incidents," which includes strategies for engagement with the international community and coordination systems. In an October 2018 Agency Notice, USAID outlined the roles and responsibilities of its staff preparing for and responding to infectious disease outbreaks and provided four response scenarios that establish expectations for external coordination and response actions. USAID reiterated the notice in July 2019 when the World Health Organization elevated the DRC Ebola outbreak to a public health emergency of international concern.

[12] The BUILD Act of 2018, S.2463–115th Congress (2017-2018), signed into law October 5, 2018.

- To complement the President's National Security Strategy, USAID announced in December 2018 the Clear Choice Framework, which aims to ensure that efforts to encourage a host country's overall self-reliance include strengthening the country's capacity to make informed decisions in selecting among increasingly competitive development partners.[13] According to USAID, this internal document will be reflected externally in regional strategies and will bolster USAID's role in accomplishing U.S. foreign policy goals. USAID recognizes that putting this framework into practice will require (1) clear and consistent messaging on U.S. strategic development priorities, tailored to regional, country, and other contextual nuances; (2) strategic shifts in programming, informed by timely data; and (3) mobilizing proactive alliances with donor partners who share views and are willing to work to implement the Clear Choice agenda.

- According to USAID, the Agency included the risk of working in nonpermissive environments in its first Agency Risk Profile, approved in July 2017, and updated the risk in December 2018. This acknowledgment gives the risk visibility in USAID's enterprise risk management activity and led USAID to create a work group to explore options to more effectively communicate with other U.S. Government actors in fragile and conflict-affected countries.

- In August 2018, USAID requested authorization from Congress to establish a new Bureau for Policy, Resources, and Performance. This new bureau—created by restructuring its Bureau of Policy, Planning, and Learning and Office of Budget and Resource Management—is intended to provide a unified Agency voice and improve coordination with the State Department, OMB, Congress, and other external stakeholders. However, the Congressional Notification to make this change was still on hold as of September 30, 2019.

- According to USAID, the Agency continues to work to implement recommendations from the Stabilization Assistance Review. Launched in May 2018 by USAID and the State Department, the review provides guidelines and best practices to optimize foreign assistance and advance stabilization in conflict-affected areas. USAID reported establishing a work group with the State Department and a donor country to share lessons and operating practices on stabilization. Further, USAID reported that its soon-to-be established Bureau for Conflict Prevention and Stabilization—approved by Congress in March 2019—will establish a clear Agency lead of stabilization programming as directed in the review.

- USAID reported that it has taken other steps to improve coordination. For example, as coleaders of the Humanitarian Assistance Steering Council, USAID and the State Department are working together to align U.S. humanitarian assistance with U.S. foreign policy. As collaborators on the Strategic Prevention Project, USAID and the State Department evaluated assistance to prevent conflict in fragile countries and identified ways to align foreign assistance with principles for preventing conflict before violence erupts—with the goal of better serving U.S. interests over the long term.

These actions have the potential to improve interagency coordination. However, USAID will continue to be challenged to plan for and adapt to changing interagency priorities that affect its operations, particularly in areas where the authority to act is outside its purview. We continue to monitor and assess USAID's efforts to improve interagency coordination, including an ongoing audit to assess USAID and State Department coordination on democracy, human rights, and governance programs, and an audit we

[13] As directed by the President's National Security Strategy and the U.S. Department of State-USAID Joint Strategic Plan, the Clear Choice Framework proposes that economic diplomacy and development assistance are key tools in projecting U.S. leadership and enhancing U.S. national security and prosperity.

are planning to initiate on USAID's compliance with the Senator Paul Simon Water for the World Act of 2014, which calls upon the efforts of USAID and other agencies.

Related OIG Products

- "Handover Advisory for the U.S. International Development Finance Corporation," October 9, 2019.
- "Operation Inherent Resolve" Lead Inspector General Report to the U.S. Congress for the Period from April 1, 2019, to June 20, 2019.
- "Operation Freedom's Sentinel" Lead Inspector General Report to the U.S. Congress for the Period from April 1, 2019, to June 30, 2019.
- "Operation Inherent Resolve" Lead Inspector General Report to the U.S. Congress for the Period from January 1, 2019, to March 31, 2019.
- "Power Africa Coalesced Energy Efforts but Lacked Portfolio-Wide Risk Management and Consistent Measures of Progress" (4-698-19-001-P), March 7, 2019.
- "OPIC Investments Increased Chile's Energy Capacity, but Weak Processes and Internal Controls Diminish OPIC's Ability To Gauge Project Effects and Risks" (9-OPC-19-002-P), February 1, 2019.
- "Lessons from USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework" (9-000-18-001-P), January 24, 2018.

Village women in India use a laptop computer to search for information on reproductive health and family planning. Photo: Pranab Basak, Photoshare (January 1, 2017)

Chapter 4.

Addressing Vulnerabilities and Implementing Needed Controls in Agency Core Management Functions

Award, financial, information technology security, and human capital management are top management challenges reported Governmentwide. Without these core business practices and systems properly functioning, Federal agencies, including USAID and the other entities we oversee, cannot effectively and efficiently execute their missions. Efforts to address these management gaps are ongoing.

A Federal agency's ability to carry out its mission and ensure effective stewardship of Federal funds depends on the integrity and reliability of its core business practices and systems. Other safeguards—no matter how well they are designed and implemented—will not work effectively without them. Over the past few years, USAID has made notable progress in strengthening its controls over core management functions. However, the Agency has more work to do to meet strict and frequently complex requirements for managing awards, financial and information technology (IT) systems, and human capital. Bad actors continue to exploit these vulnerabilities to personally profit off U.S. foreign assistance programs and projects.

Award Management

Since 2008, USAID has expended approximately $17.8 billion annually on acquisition and assistance awards like contracts and cooperative agreements to implement its programs around the world. These awards are central to USAID's business model—without them, USAID would not have the staff, expertise, or capability to achieve its foreign assistance mandate, particularly in nonpermissive environments where USAID employees may have limited access. In managing these awards, USAID is responsible for overseeing implementers to ensure that they comply with Federal regulations and meet agreed-upon terms.

Over the past decade, we have made thousands of recommendations that point to a range of award management weaknesses—including implementer underperformance and insufficient award documentation—and questioned costs totaling $1.2 billion.[14] Our recent work continues to identify concerns related to USAID's management of its awards. For example:

- Approximately 43 percent of USAID's awards ending in fiscal years 2014, 2015, and 2016 failed to achieve on average half of the expectations outlined in the initial awards.[15] These shortfalls were largely due to a lack of rigor in the execution of USAID's award management process. Notably, USAID staff did not always adhere to Agency requirements for considering implementer performance before making an award, documenting implementer performance on award completion, and establishing or following award monitoring plans. According to staff responsible for managing USAID's awards, there was insufficient time to carry out their oversight roles, and in some cases their independence had been compromised—putting them in the position of making award decisions with undue influence. Poor recordkeeping practices, including incomplete records in USAID's official electronic filing system, further undermine USAID's award management. USAID's processes for terminating awards early—terminations for convenience when U.S. Government priorities change, or for cause, when implementers fail to meet the terms of their awards—are another critical element of award management that we are currently auditing.

- USAID lacks a requirement for prospective contractors to certify that they (1) have not provided within the past 10 years material support to individuals or entities that commit, advocate for, or facilitate terrorist acts and (2) will not provide support to such entities after receiving a USAID award. The current requirement applies only to prospective recipients of USAID's grants and cooperative agreements—not to prospective contractors. After we informed USAID of this gap in June 2018, USAID raised the concern before the full Federal Acquisition Regulation (FAR) principals and the Civilian Agency Acquisition Council for consideration of Governmentwide application. As of September 30, 2019, the FAR decision was still pending. While USAID has committed to consider adding such a certification to its contracts if the FAR does not adopt it and has begun assessing options, the gap remains. We also formally advised MCC leadership that absence of such a certification in its contracts precluded awareness of a contractor's potential ties to terrorist groups. MCC acknowledged the importance of the issue and committed to incorporating such certification into its award requirements but has not yet completed planned actions.

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[14] Questioned costs are either costs that are ineligible according to the terms of the award or costs that are unsupported by appropriate documentation.

[15] This estimate, based on our OIG-developed award-score analysis, can be generalized with an 85 percent confidence interval, allowing for a 5 percent margin of error.

Our investigations continue to expose bad actors intent on exploiting vulnerabilities in USAID's management of its awards to bilk the United States out of millions of dollars—illustrating the challenges USAID continues to encounter managing its awards. In uncovering abuse and complex fraud schemes around the world, our agents laid the groundwork for law enforcement and prosecutors to bring criminals to justice, as well as provided USAID the justification to retrieve ill-gotten funds and impose other punitive actions. For example:

- A joint OIG investigation with the State Department found that a grantee failed to maintain records for expenses, disregarded award requirements, and fabricated records of expenditures associated with the project. In July 2019, the Justice Department executed a False Claims Act settlement with the organization. The U.S. Government will recover $4.2 million, of which approximately $1.6 million will be paid to USAID in restitution.

- USAID withheld $7 million in payments to a subcontractor of Da Afghanistan Breshna Sherkat—Afghanistan's nationally owned power utility supported by USAID—after OIG agents determined that more than 800 invoices totaling approximately $900,000 had been falsified. USAID also committed to provide specialized ethics training and requested OIG-led workshops on how to detect fraudulent vouchers. In the first quarter of 2019, OIG held two workshops for USAID technical, financial, and procurement staff: one for USAID/Afghanistan staff and one for implementers.

- An ongoing joint investigation by OIG and the Federal Bureau of Investigation found that a USAID subcontractor failed to report foreign contacts of employees with access to national security information, as required. The joint investigation resulted in the termination of the $1.4 million subcontract in January 2019 and prevented approximately $970,000 of U.S. taxpayer dollars from going to the subcontractor.

- In January 2019, USAID terminated an award in Haiti, preventing approximately $350,000 from flowing to a contractor that, along with another USAID-funded grantee, double-billed USAID for activities that the two conducted jointly. OIG also confirmed that the grantee conducted noncompetitive procurements, like renting office space from a relative of the organization's managing partner.

- In January 2019, an implementer in Pakistan notified OIG that it had terminated its chief of party following our investigation that uncovered numerous bribery and fraud schemes. Conflict of interest was also apparent, as the individual approved a grant he had written while working for the recipient organization, awarded a grant to an implementer that provided him with an international all-expenses-paid trip, approved a grant to his previous employer where his brother was also employed, and directed his organization to hire one of his relatives.

- In December 2018, following an OIG investigation, USAID debarred a finance manager of a USAID-funded program in Latin America for a conviction stemming from embezzlement of $140,000. The former finance manager pleaded guilty to forging checks and cashing them for personal use, and was sentenced to 6 months' jail time, 6 months' house arrest, and full financial restitution.

- In November 2018, Malawian police arrested five individuals involved in a scheme to embezzle funds from a USAID-funded program. OIG's ongoing investigation in Malawi identified four implementer accounting personnel who embezzled over $60,000 from the program by submitting duplicate and fraudulent invoices and transferring the embezzled funds to a personal bank account.

In addition to actions taken against specific contractors and grantees, USAID has taken steps to improve award management, many in response to our recommendations. For example, in December 2018 USAID issued its first Acquisition and Assistance Strategy, which is intended to streamline the procurement process, promote innovation, and support the Agency's Journey to Self-Reliance agenda. The strategy stems from USAID's Effective Partnering and Procurement Reform project that also identified ways to improve accountability and award management responsibilities of contracting and agreement officer's representatives (CORs/AORs), those typically charged with day-to-day award oversight. In March 2019, USAID issued an Agency-wide notice reminding all staff of Federal requirements for rating contractor performance and offered related training and resources. In August 2019, USAID issued partial revisions to Agency guidance for acquisition and assistance—emphasizing the use of the Agency Secure Image and Storage Tracking System (ASIST), which now incorporates filing checklists standardized across USAID, requires appropriate staff to file supporting documents before approving voucher payments, and provides system reports to help staff identify missing documents.[16] These promising actions will need to be fully implemented and monitored to realize concrete improvements in USAID's management of its awards.

Financial Management

USAID's financial statements reflect the Agency's execution of its mission. USAID receives most of its funding from general Government funds administered by the Treasury Department and appropriated by Congress. For fiscal year 2018, USAID reported total budgetary resources of approximately $31 billion. While USAID has tightened its controls in recent years, it continues to work to reconcile accounts.

- ***Fund Balance With Treasury (FBWT).*** For more than 10 consecutive years, USAID's FBWT reconciliation account had been identified in the Agency's financial statement audits as a material weakness—indicating that a material misstatement of the Agency's financial statements may not be prevented, or detected and corrected, on a timely basis.[17] In the past, USAID did not reconcile its account with Treasury's fund balance each month, or promptly research and resolve any identified differences. Instead, USAID adjusted its account to agree with Treasury's fund balance. As of September 30, 2018, these differences totaled approximately $232.5 million. Of this amount, $101.5 million was due to explained outstanding items, but the remaining $131 million could not be explained. According to USAID, the Agency worked closely with Treasury and OMB and this year processed a backdated adjustment, which resolved the Agency's historical $131 million difference. As of September 30, 2019, the Agency said the remaining $44.3 million difference was fully explained by outstanding items.

- ***Intragovernmental Transactions.*** As of September 30, 2018, USAID had $468 million in unreconciled intragovernmental transactions. Of that amount, USAID was required to reconcile, resolve, and confirm $455 million, but did not resolve the differences. These differences can occur when Federal agencies transact with each other but use different accounting periods or methodologies for classifying and reporting the transactions, or make accounting errors. USAID has worked diligently to resolve unreconciled differences and has notably reduced differences from $3.6 billion in September 2014 to $353.5 million as of July 2019. Despite this decrease, the remaining differences make USAID the 19th major contributor (out of 142) to the Government's unreconciled differences, according to the Treasury's scorecard for tracking and ranking each agency's progress. USAID noted it has actively communicated with trading partners that represent the majority of the

[16] USAID ADS chapter 302, "USAID Direct Contracting" and ADS chapter 303, "Grants and Cooperative Agreements to Non-Governmental Organizations," August 1, 2019.

[17] The Government Management Reform Act of 1994, Public Law 103-356, requires USAID to submit audited financial statements to OMB annually.

Agency's differences; however, the corrective action plans that USAID developed in fiscal year 2015 have yet to be fully implemented.

We are following up on these issues in USAID's financial statement audit for fiscal years 2019 and 2018. We will also continue to provide oversight through mandatory annual financial statement audits as required for MCC, IAF, and USADF.

Information Management

Reliable and secure IT systems are essential for USAID and the other agencies we oversee to perform their mission-critical functions. The Federal Information Technology Acquisition Reform Act (FITARA)—enacted in December 2014 to streamline the U.S. Government's IT acquisitions—includes a provision for strengthening chief information officers' (CIO) accountability for their agencies' IT costs, schedules, performance, and security. However, USAID has not fully met this and other FITARA provisions. In November 2018 we reported that USAID met only 7 of 23 applicable baseline FITARA requirements and lacked a comprehensive framework to implement them.

USAID has taken steps to close some of our recommendations to strengthen IT management. Specifically, in May 2019 the USAID Administrator approved new policies related to the management and oversight of the Agency's IT resources, including elevating the CIO position to comply with FITARA's mandate.[18] Yet additional work is needed to enforce competency requirements for IT staff and improve inventory management. Moreover, USAID's actions to strengthen the CIO position may not achieve the intent of FITARA: USAID took corrective action to respond to our recommendation to give the CIO the roles, responsibilities, and authorities to oversee all annual and multiyear planning, programming, budget execution decisions, and reports related to IT resources, as required by FITARA, and the CIO now reports directly to the Administrator. However, the Assistant Administrator for Management oversees the CIO's day-to-day work, which could diminish the effectiveness and independence of the CIO's role in the Agency.

Capturing and processing meaningful data to inform decisions, adapt Agency programs, and proactively identify areas of risk also remains a challenge. According to USAID, numerous systems have proliferated throughout the Agency, and none of these systems provide a comprehensive picture of the activities USAID is carrying out in any specific geographic region. While the systems may serve their individual purposes, the Agency found that their continued propagation poses significant risks in terms of information security and data quality.

Our audits speak to these weaknesses in USAID's data infrastructure and information management. For example, USAID data on construction activities under its cooperative agreements and grants—which USAID estimates amounted to $1.4 billion between 2011 and 2013—are incomplete, unreliable, and difficult to access. Useful data on award performance and the construction type, location, cost, and source of engineering design are critical to inform decisions and mission efforts to advance country-specific goals. Without these data, the Agency misses opportunities to mitigate risks and identify and leverage best practices to effectively deploy technical expertise, including staff engineers. The Agency agreed to draw on current systems to implement our February 2019 recommendation for making comprehensive and reliable construction data readily available to missions and bureaus, and to implement broader action to further improve construction data and oversight.

[18] ADS chapter 509, "Management and Oversight of Agency Information Technology Resources," May 23, 2019.

Starting in late 2014, USAID began investing in the Development Information Solution to build one overarching application to meet USAID's information management needs. According to USAID, this system will enable the strategic planning, design, budgeting, procurement, implementation, monitoring, and evaluation of USAID's portfolio of projects, activities, and supporting management functions through one application. For example, USAID pointed to the system as its solution for tracking program awards and implementers involved in public health emergencies to address one of our January 2018 recommendations on the Ebola response. USAID estimated in March 2018 that this complex system would cost approximately $57 million to implement and will lead to cost savings of over $90 million, in part from the decommissioning of existing systems. However, some key milestones in implementing the system have been missed. We recently initiated an audit to assess elements of the Development Information Solution and included the system in the scope of our annual audit for USAID under the Federal Information Security Modernization Act of 2014. In our ongoing audit, we are reviewing the maturity of five functions associated with USAID's information security program.

To provide additional insight into USAID's information management, we are auditing the Agency's controls to protect information available in G Suite applications when accessed through personal devices.[19]

Human Capital Management

In the last 10 years, nearly one-third of our performance audits identified staffing or training as a cause or factor that contributed to reported shortcomings—shortcomings that affect USAID's ability to carry out its development and humanitarian assistance mission. For example, we reported in September 2019 that USAID's CORs and AORs devoted little time to the critical oversight roles delegated to them. Many respondents to our questionnaire considered their COR/AOR role to be a collateral duty. In Haiti, we reported that USAID had difficulty attracting and retaining qualified staff, and lacked contracting officers, monitoring specialists, and engineering support staff to plan and manage its electricity project that ultimately did not meet objectives to expand reliable and sustainable electricity in the country.

Despite USAID's actions to address our recommendations and improve human capital management, it remains a challenge. Notably, our March 2018 point-in-time review of USAID's redesign efforts identified human capital planning as a cornerstone for USAID's future programming. At the time, USAID submitted three workforce-related plans to OMB, but we found the plans were largely based on work from a prior project, and staff identified challenges with human resources and staffing data. The U.S. Government Accountability Office (GAO) recently reported that gaps in USAID's strategic workforce planning remain.[20] Specifically, GAO reported that USAID has yet to develop the tools needed to identify and meet staffing needs arising from the reforms in order to fully assess its workforce. Without a finalized plan and associated tools, USAID may not be positioned to ensure that it has the workforce needed to meet existing and emergent program demands—like implementing its substantial bureau restructuring efforts and the new Journey to Self-Reliance agenda. We have an audit underway that evaluates USAID's collection and use of information in human capital decisions.

Our investigative work also points to weaknesses in detecting USAID employee integrity violations. For example, a USAID senior medical adviser and activity manager for a Voluntary Medical Male Circumcision Program in Africa misused his official position to direct USAID program funds to a subawardee with whom he had a personal relationship. He resigned in October 2018, and in November 2018 the primary program implementer canceled the $300,000 subaward and withheld $15,000 in payment. In Ghana, a

[19] G Suite is a set of cloud computing, productivity, and collaboration tools, software, and products developed by Google.

[20] "USAID Reform: Efforts Address Most Key Practices but Could Improve in Performance Assessment and Strategic Workforce Planning" (GAO-19-609), September 11, 2019.

locally hired engineer restricted competition without appropriate USAID approvals and in violation of Ghanaian procurement law; the employee was terminated following our investigation. In South Sudan, locally hired employees were caught participating in bribery schemes and consequently lost their security clearances to work for the U.S. Government; one employee resigned after admitting to soliciting bribes from multiple vendors. Additional investigations involving USAID employee integrity concerns are ongoing, and USAID and OIG continue to monitor and strengthen oversight of these concerns through fraud awareness briefings, oversight roundtable meetings, and interagency work groups, including the Action Alliance for Preventing Sexual Misconduct.

Related OIG Products

- "USAID's Award Oversight Is Insufficient To Hold Implementers Accountable for Achieving Results" (9-000-19-006-P), September 25, 2019.
- "USAID Lacks Data To Inform Decisions About Construction Under Cooperative Agreements and Grants" (9-000-19-003-P), February 11, 2019.
- "Audit of USAID's Financial Statements for Fiscal Years 2018 and 2017" (0-000-19-001-C), December 17, 2018.
- "Misjudged Demand, Stalled Reforms, and Deficient Oversight Impeded USAID/Haiti's Sustainable Electricity Goals" (9-521-19-001-P), November 13, 2018.
- "USAID Has Gaps in Conforming With The Federal Information Technology Acquisition Reform Act" (A-000-19-004-C), November 9, 2018.
- "USAID's Redesign Efforts Have Shifted Over Time" (9-000-18-003-P), March 8, 2018.
- "Lessons from USAID's Ebola Response Highlight the Need for a Public Health Emergency Policy Framework" (9-000-18-001-P), January 24, 2018.

SUMMARY OF FINANCIAL STATEMENT AUDIT AND MANAGEMENT ASSURANCES

The Office of Management and Budget (OMB) requires all Federal departments and agencies to prepare Table 1 (Summary of Financial Statement Audit) and Table 2 (Summary of Management Assurances). Table 1 shows that the independent auditor for the U.S. Agency for International Development (USAID) gave the Agency an unmodified opinion on the financial statements with no material weaknesses. Table 2 indicates that the Agency has an unmodified Assurance Statement under the Federal Managers' Financial Integrity Act (FMFIA) with no material weaknesses. These tables correspond with the information presented in the Management's Discussion and Analysis (MD&A) 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
USAID does not reconcile its Fund Balance with Treasury Account with the U.S. Department of the Treasury, and resolve unreconciled items in a timely manner	1	0	1	0	0
Total Material Weaknesses	1	0	1	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
USAID did not reconcile its Fund Balance with Treasury account with the U.S. Department of the Treasury, and resolve unreconciled items in a timely manner	1	0	1	0	0	0
Total Material Weaknesses	1	0	1	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-Compliances	Beginning Balance	New	Resolved	Consolidated	Reassessed	Ending Balance
Accounting for reimbursable agreements	0	0	0	0	0	0
Total Non-Compliances	**0**	**0**	**0**	**0**	**0**	**0**

Compliance with Section 803(a) of the Federal Financial Management Improvement Act (FFMIA)

	Agency	Auditor
1. Federal Financial Management System Requirements	No Lack of Compliance Noted	No Lack of Compliance Noted
2. Applicable Federal Accounting Standards	No Lack of Compliance Noted	No Lack of Compliance Noted
3. USSGL at Transaction Level	No Lack of Compliance Noted	No Lack of Compliance Noted

DEFINITION OF TERMS

Beginning Balance: The beginning balance must agree with the ending balance from the prior year.

New: The total number of material weaknesses/non-conformances identified during the current year.

Resolved: The total number of material weaknesses/non-conformances that dropped below the level of materiality in the current year.

Consolidated: The combining of two or more findings.

Reassessed: The removal of any finding not attributable to corrective actions (*e.g.*, management has re-evaluated and determined that a finding does not meet the criteria for materiality or is redefined as more correctly classified under another heading).

Ending Balance: The year-end balance that will be the beginning balance next year.

PAYMENT INTEGRITY

The Improper Payments Information Act (IPIA) of 2002, (Public Law [P.L] 107-300), as amended, requires Federal departments and agencies to review their programs annually to identify those susceptible to significant improper payments, as well as to conduct payment-recapture programs. On July 22, 2010, President Obama signed into law the Improper Payments Elimination and Recovery Act (IPERA, P.L. 111-204), which amended the IPIA and repealed the Recovery Auditing Act (Section 831 of the 2002 Defense Authorization Act, P.L. 107-107). In January 2013, the Improper Payments Elimination and Recovery Improvement Act (IPERIA) of 2012 (P.L. 112-248), further amended the IPIA. All remaining references in this disclosure to the term "IPIA" will mean the IPIA as amended by the IPERA and IPERIA. Most significantly, IPERIA expanded the term "payment" to refer to all payments except intragovernmental transactions. It also codified the ongoing efforts of the Office of Management and Budget (OMB) to develop and enhance the U.S. Government's Do Not Pay Initiative (DNP), which included the creation of a centralized DNP list for Federal departments and agencies to check prior to disbursing payments. USAID defines its programs and activities in alignment with the manner of funding received through appropriations, as further subdivided into funding for global operations.

USAID is dedicated to reducing fraud, waste, and abuse by reviewing and reporting programs susceptible to improper payments under the IPIA and OMB Circular A-123, Appendix C, *Requirements for Payment Integrity Improvement*. USAID has taken significant steps to reduce or eliminate the Agency's improper payments through comprehensive annual reviews of internal control and the substantive testing of payments. Each year, USAID delivers basic and advanced training courses on voucher-examination to staff. These courses include sessions about the characteristics of improper payments and process controls to preclude them. As a result, staff exercise the highest degree of quality-control in the payment process, and the Agency holds them accountable for improper payments.

Appendix C requires all Federal departments and agencies to determine if the risk of improper payments is significant, and to provide statistically valid annual estimates of improper payments if the amount in any program exceeds OMB-established thresholds. An "improper payment" is defined as any payment that a department or agency should not have made, or that a department or agency made in an incorrect amount under statutory, contractual, administrative, or other legally applicable requirements. "Incorrect amounts" are overpayments or underpayments made to eligible recipients that include inappropriate denials of payment or service, any payment that does not account for credit for applicable discounts, and duplicate payments. An improper payment also includes any payment made to an ineligible recipient, for an ineligible good or service, or payments for goods or services not received, except for such payments authorized by law.

Each year USAID responds to a data call from OMB regarding improper payments. Further detail about improper payments is available at *https://paymentaccuracy.gov/*. USAID's reporting on improper payment for FY 2003 and after appears in Agency Financial Reports available at *https://www.usaid.gov/results-and-data/progress-data/agency-financial-report*. The results of the FY 2018 audit of USAID's compliance with the IPERA appear at *https://oig.usaid.gov*.

I. ASSESSING RISK

USAID assessed the risk of improper payments in all program areas in FY 2018 and FY 2019, and is in the second year of a three-year risk-assessment cycle. USAID did not identify a significant change in legislation or a significant increase in funding levels during the FY 2019 reporting period. Therefore, the Agency was not required to estimate program risks or provide further reporting in FY 2019. The next scheduled risk assessment is planned for FY 2021.

II. USAID MANAGEMENT FRAMEWORK FOR PAYMENT INTEGRITY

USAID conducts operations in more than 100 countries and maintains an accounting and payment system that allows for payments in both U.S. dollars and foreign currencies. Trained, authorized officers certify all the Agency's payments, whether processed by USAID or the U.S. Department of State on behalf of USAID. USAID minimizes improper payments by integrating its internal control system with the payment business process. The Agency's management of improper payments builds on the concepts of prevention, detection, and response. The framework is a continually 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 system and procedural controls. USAID's policy requires a pre-payment review of work performed, whenever feasible, and a post-payment review for all other payments. For example, in Washington, D.C., and at overseas Missions, staff review invoices first for potential duplicate submissions. They then record proper invoices in a secure online system for storing and imaging documents to establish an approval workflow that ensures review, approval, and routing in the financial system. Controls built into the routing process enable contracting representatives to disallow all or part of a payment, as appropriate. Administratively approved invoices flow automatically to a voucher examiner for review. In accordance with USAID's policy, examiners determine whether a valid obligation exists, verify the payee's details, confirm the mathematical accuracy of the vendor invoice, and confirm that the payment is in accordance with applicable laws and regulations.

Payments approved by the voucher-examination section receive a final review by a certifying officer, held personally accountable for the propriety of payments. USAID's extensive process for pre-payment control minimize the likelihood of improper payments, and have reduced improper payments worldwide, both in the number of incidents and in the total dollar amount. In the 12-month period that ended on June 30, 2019, USAID-funded payments were $12.97 billion, with $4.93 million in improper payments, an improper-payment rate of 0.00038, or 0.038 percent.

III. RECAPTURE OF OVERPAYMENTS

To complement its extensive pre-payment controls, USAID has implemented a series of post-payment activities to satisfy audit requirements for recapturing payments. USAID has determined that it is not cost-effective to engage a contracted audit firm for recapture-testing; rather, the Agency's internal control activities supplement testing for improper payment by focusing further scrutiny on grants and contracts, which make up a significant portion of USAID's expenditures.

In FY 2019, USAID conducted semi-annual data calls, in which Washington and 47 accounting field Missions reviewed the integrity of a randomly selected sample of payments under contracts, grants, and cooperative agreements. Concurrent self-reported data calls by 49 field Missions also captured improper payments identified outside of the formal transaction-testing process. In FY 2018, USAID set a recapture-target rate of 25 percent for FY 2019 and achieved an actual overall rate of 16.38 percent. The quantification of payroll overpayments at the end of the annual testing cycle significantly affected the overall rate, and, thus, collection efforts for those transactions are in the

TABLE 1 – IMPROPER PAYMENTS RECAPTURED WITH INTERNAL CONTROLS AND WITHOUT AUDIT PROGRAMS AS OF JUNE 30, 2019

(Dollars in Millions)

Activity	Amount Identified	Amount Recaptured	Percent Recaptured
Grants	$ 0.025	$ 0.005	18.05%
Contracts	0.599	0.575	96.03%
Travel	0.023	0.023	99.08%
Payroll	4.283	0.205	4.79%
Total	**$ 4.930**	**$ 0.808**	**16.38%**

TABLE 2 – AGING SCHEDULE OF OVERPAYMENTS FOR RECAPTURE AS OF JUNE 30, 2019

(Dollars in Millions)

Age Range	Amount	Percent of Total
Zero to Six Months	$ 4.07	98.75%
Six Months to One Year	0.05	1.25%
Total to Recapture	**$ 4.12**	**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.

early stages. USAID has set its target collection rate for FY 2020 at 20 percent. Overpayments and amounts recaptured by USAID in FY 2019 appear in Table 1 above.

Table 2, shown above, depicts the amount of uncollected payments identified for recapture, 98.75 percent of which USAID ascertained during the period January 1, 2019, to June 30, 2019.

USAID deems all outstanding overpayments identified in Table 2 to be collectible.

The Agency also leverages the results of audits by the Office of Inspector General (OIG), audits under OMB Circular A-133, and contract and grant close-outs to identify payment anomalies and target areas for improvement. The applicable financial offices at the Agency promptly initiate corrective actions for duplicate and overpayments caused by administrative errors.

USAID applies recaptured payments in accordance with Appendix C of OMB Circular A-123 by crediting the unexpired funds to the account from which they Agency made them. USAID uses expired-fund accounts for the original purpose of the funds, or returns the funds to the U.S. Department of the Treasury (Treasury) as miscellaneous receipts. The Agency also deposits recaptured cancelled resources in the Treasury as miscellaneous receipts.

If USAID's Operating Units are unable to collect funds owed from an implementing partner, contractor, or grantee, the Agency will refer the collection to 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 Treasury, and the claims-litigation process at the U.S. Department of Justice.

IV. REDUCTION OF IMPROPER PAYMENTS WITH THE DNP INITIATIVE

IPERIA requires OMB to submit to Congress an annual report, "which may be included as part of another report submitted to Congress by the Director, regarding the operation of the DNP Initiative, which shall: (A) include an evaluation of whether the DNP Initiative has reduced improper payments or improper awards; and (B) provide the frequency of corrections or identification of incorrect information."

- The Office of the Chief Financial Officer in the USAID Bureau for Management (M/CFO) has incorporated searches of the IPERIA-listed DNP databases into the existing processes for tracking improper payments and recapturing them. Starting in FY 2018, Treasury began sending a monthly DNP adjudication report that listed possible DNP database matches to M/CFO, 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, M/CFO would determine if the vendor was correctly identified, and/or if the payment was proper.

  USAID is currently using the following databases:

  - The Death Master File (DMF) of the Social Security Administration;
  - The General Services Administration's System for Award Management (SAM); and
  - The Debt Check Database for Treasury (Debt Check).

- For reporting purposes, the data in question include the following:

  - *Payments reviewed for improper payments*, which includes all payments screened by the DNP Initiative or other USAID internal databases managed by M/CFO as appropriate, and disbursed by, or on behalf of, USAID;
  - *Payments stopped*, which includes payments intercepted or not disbursed because of the DNP Initiative; and
  - *Improper payments reviewed and not stopped*, which includes payments reviewed by the DNP databases, disbursed, and later identified as improper.

M/CFO plans to continue to use the portal to adjudicate any DNP matches. USAID would like to note, however, 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, by using the DNP Initiative, has reviewed 250,421 payments that totaled $26.4 billion, with no confirmed improper payments. From October 1, 2018, through July 31, 2019, the DNP Initiative reviewed 51,968 payments by USAID that totaled $6.2 billion, and found no confirmed improper payments. Based on USAID's experience to date, the DNP Initiative is not likely to provide the Agency with a large frequency of corrections, or identify significant instances of incorrect information.

REDUCING FRAUD

The U.S. Agency for International Development (USAID) recognizes the complex nature and risk, both fiduciary and non-fiduciary, of transactions that occur in an international environment. As a result, the Agency expends considerable energy and resources to prevent, detect, and respond to fraud through the employment of Enterprise Risk Management (ERM), strong internal controls, management oversight, and employee awareness and training. A collaborative team of stakeholders at USAID works together to leverage these activities into an effective system that monitors and manages the Agency's fiduciary and non-fiduciary risks, and, in turn, mitigates the risk of fraud.

BACKGROUND

The Fraud Reduction and Data Analytics Act of 2015 (Public Law [P.L.] 114-186) requires the Office of Management and Budget (OMB) to establish guidelines for Federal departments and agencies to employ the use of the Framework for Managing Fraud Risks in Federal Programs of the Government Accountability Office's (GAO). The GAO Framework implements control activities related to the management of fraud risk.[11] Together, P.L. 114-186 and the GAO Framework provide a mandate and methods to strengthen USAID's efforts to prevent, detect, and respond to fraudulent activities.

The GAO Framework consists of three categories of general control activities: prevention, detection, and response. The Agency's fraud-reduction efforts include conformance with existing regulations, including the revised Standards for Internal Control in the Federal Government [2016] (the GAO Green Book), the Improper Payments Information Act of 2002 (IPIA; P.L. 107-300), and updated OMB Circular A-123, *Management's Responsibility for Enterprise Risk Management and Internal Control.*

USAID'S OPERATIONS ARE WORLDWIDE

As described earlier in this report, USAID operates in more than 100 countries, and more-detailed information is available at USAID's foreign-assistance data portal (*http://foreignassistance.gov*). USAID plans its spending through Country Development Cooperation Strategies (CDCSs), and invests in specific development objectives and related operating expenses. In support of the Paris Declaration (2005), the Accra Agenda (2008), and the Busan Partnership (2011), USAID has given priority to increasing the Agency's direct investment in partner governments and local organizations. Individual development projects work with governmental and non-governmental organizations (NGOs), including civil-society and private-sector entities, to help societies progress beyond assistance. Because the Agency is increasing the number of its implementing partners, both primary and sub-recipients, increased vigilance is necessary to prevent, detect, and respond to fraudulent activities.

MANAGING THE RISK OF FRAUD

USAID is subject to the universe of laws, regulations, and Agency policies that collectively address methods to manage the risk of fraud, as set forth in the Code of Federal Regulations (CFR), the Federal Acquisition Regulation (FAR), USAID's Acquisition Regulation (AIDAR), the Federal Managers Financial Integrity Act (FMFIA) of 1982, the Federal Information Technology Acquisition Reform Act (FITARA), the Government Management Reform Act of 1994 (GMRA), the Federal Information Security Management Act (FISMA), the Federal Financial Management Improvement Act (FFMIA), and internal operational policies and procedures that are codified in USAID's Automated Directives

[11] U.S. GAO "A Framework for Managing Fraud Risks in Federal Programs." U.S. Government Accountability Office (U.S. GAO), July 28, 2015. Web. July 25, 2017. *http://www.gao.gov/products/GAO-15-593SP.*

System (ADS). The ADS comprehensively covers the Agency's policies for organization management and authorities, development programming, acquisition and assistance (A&A), human resources, management services, and budget and finance. These regulations and policies, coupled with training for staff, form a robust framework to prevent and reduce fraud. In one example, in March 2019, USAID partnered with the Kosovo National Audit Office (KNAO), a key partner in fighting corruption in public procurement and uncovering instances of fraud, waste, and abuse. The Agency has helped KNAO to develop its fraud-detection capacity and expand its team of auditors, and also funded the establishment of the Anti-Fraud Unit.

Furthermore, the Agency has developed and implemented a multi-layered mechanism to manage the risk of fraud as follows:

PREVENTION

USAID works with various international implementing partners, host governments, NGOs, and other external stakeholders in a diverse environment. As part of its fiduciary duty to U.S. taxpayers, and because of USAID's zero-tolerance commitment to fraud, the Agency deploys a number of controls to assess fraud and corruption, as well as transactional supervisory reviews and quality-assurance controls conducted worldwide to detect and prevent fraudulent activities and transactions.

The Public Financial Management Risk Assessment Framework (PFMRAF) is the Agency's risk-based methodology, which works to identify, evaluate, and respond to the fiduciary risk of fraud, waste, and other forms of corruption. The PFMRAF's Stage 2 Risk Assessment specifically addresses fraud through a detailed questionnaire and transactional testing of the public financial management system, which allows system managers in partner governments to remedy discrepancies in record-keeping and other issues fully and transparently upon discovery. This process is vital to the prevention, detection, and response to the risk of fraud among public financial institutions. USAID also ensures the conduct of pre-award surveys, reviews, and audits of contracts and grants through a partnership with the Defense Contract Audit Agency (DCAA) within the U.S. Department of Defense. In addition, the Agency has a built-in system to prevent, detect, and respond to allegations of fraud, as well as identify deficiencies, in its Program Cycle for Design, Monitoring, and Evaluation. Furthermore, all employees receive annual mandatory ethics and fraud-awareness training.

DETECTION

USAID's approach to ERM appears in the "Management Assurances" section of the Management's Discussion and Analysis in this report, as well as in the Agency's Risk-Appetite Statement, issued publicly in Fiscal Year (FY) 2018. The Risk-Appetite Statement addresses a full spectrum of risks and manages their combined impact as an interrelated risk portfolio, rather than examining risks in silos, which can sometimes provide distorted or misleading views with respect to their ultimate impact. USAID understands that all aspects of its identified risks and its programs are susceptible to fraud, waste, and abuse. The Agency aims not to control or avoid all risks, but rather 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 Risk-Appetite Statement details seven standard categories of risk and establishes risk-tolerance levels within each of these categories: *https://www.usaid.gov/policy/risk-appetite-statement*.

Achieving effective ERM is particularly important at USAID. The Agency's core mission and role in support of U.S. foreign-policy and national-security objectives requires that it works in a wide variety of high-threat environments, in which risks range from state failure and armed conflict in the most "fragile" contexts, to corruption, natural disaster, and macroeconomic instability in more "traditional" contexts. As a result, there is rarely a single path to achieving development results, and USAID staff is

ERM

URICA

PFMRAF

Read more in the CFO's message on how these initiatives advance, promote, and contribute to USAID's achievements (see page 62).

called upon every day to make cross-disciplinary, risk-informed decisions about how best to deliver foreign assistance. Despite these inherent risks, USAID rises to this challenge by using a variety of risk-management techniques. The Agency has determined that the risk of inaction, or inadequate action, outweighs the risk of providing worldwide assistance.

The Do Not Pay (DNP) List helps Federal departments and agencies detect and prevent fraudulent and/or improper payments made to vendor, grantees, loan recipients, and beneficiaries. The U.S. Department of the Treasury (Treasury) operates this tool, which the Agency has used since FY 2014. Currently, Treasury, upon receipt of USAID's daily payment file, performs DNP searches prior to disbursement of the Agency's funds. Upon detecting an improper or questionable transaction, Treasury alerts USAID, and the Agency further reviews and adjudicates the transaction to verify vendor eligibility to receive Federal payment and/or determine if the transaction is proper before Treasury disburses the funds.

ERM

URICA

PFMRAF

Read more in the CFO's message on how these initiatives advance, promote, and contribute to USAID's achievements *(see page 62).*

In addition, USAID effectively prevents, detects, and responds to the potential for fraud while conducting assessments of internal control in accordance with OMB Circular A-123. On an annual basis, the Agency conducts assessments under Appendix A (Internal Control over Reporting), Appendix B (Improving the Management of Government Charge-Card Programs), Appendix C (Payment Integrity), Appendix D (Compliance with FFMIA), and the FMFIA exercise. USAID uses the Uniform Risk Internal Control Assessment (URICA) tool to conduct and report internal control self-assessments from each Operating Unit. In FY 2019, USAID conducted Agency-wide risk assessments by using the URICA tool, mandatory fraud-assertion statements, and the GAO Green Book evaluation for internal control, which addresses fraud-risk principles. Fraud-risk assessment is also part of USAID's performing transactional reviews for key business processes within the scope for annual reviews 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 performs other assessments as required on business processes that are susceptible to fraud, waste, and abuse.

RESPONSE

USAID requires the reporting of any evidence of fraud to the Office of Inspector General (OIG) immediately. The Agency has multiple channels for reporting suspected fraud, including a hotline, website, and email. The OIG's Office of Investigations (IG/I) conducts worldwide investigations into allegations of criminal, civil, and administrative violations. The investigative priority is to prevent fraud, waste, and abuse within USAID's programs and operations and foster and encourage the integrity of the Agency's employees, as well as contractors, grantees, and 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 the Agency's management, including the Compliance Division and the Office of Acquisition and Assistance within the Management Bureau, where USAID Contract and Agreement Officers reside. The IG/I's role 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.

REDUCE THE FOOTPRINT

The U.S. Agency for International Development (USAID), as an entity covered by the Chief Financial Officer (CFO) Act, sets annual targets to reduce its total square footage of domestic office and warehouse inventory compared to the FY 2015 baseline, consistent with Section 3 of Office of Management and Budget (OMB) Memorandum M-12-12, *Promoting Efficient Spending to Support Agency Operations*, and OMB Management Procedures Memorandum 2013-02, the implementing guidance for the "Reduce the Footprint (RTF)" Policy. The OMB guidance also requires that Federal departments and agencies develop an annual Real Property Efficiency Plan (RPEP), as well as establish internal policies, processes, and controls to ensure compliance with the RTF's mandate.

USAID's initiative to consolidate and modernize its headquarters leases is designed to meet the objectives of the RTF Policy, while providing a safe, healthy, and efficient workplace for employees. USAID is working with the General Services Administration (GSA) on the next phase of renovations at the Ronald Reagan Building (RRB). GSA has secured a new, 20-year office lease for USAID.[12] The new building achieved a LEED® (Leadership in Energy and Environmental Design) Gold standard, a globally recognized symbol of sustainability achievement in construction. GSA and USAID are furnishing the building to achieve a LEED® Gold certification in commercial interiors as well, to ensure that the building will include a range of sustainability features, including improved efficiency in the use of water and energy, green power, carbon offsets, waste-management, and indoor environmental quality.

A Government-wide performance metric for the efficient use of office space is the utilization rate (UR), or the usable square feet (SF) of office space divided by the total personnel who occupy the office space. USAID has set an overall target UR of 160 SF per person through the modernization and consolidation of its office space. During FY 2018, USAID continued to improve its UR and achieved 169.26 SF/person, which is well below the Government-wide average of 254.13 SF/person for GSA office-occupancy agreements. USAID is one of the most-efficient agencies in the Federal Government in the utilization of office space. Overall, these office consolidations and modernizations help USAID achieve improved URs, while creating a more modern and sustainable work environment that supports the goals of the RTF Policy.

USAID maintains nine occupancy agreements with GSA, and one direct lease, as of December 31, 2018. These occupancy agreements include general office space, swing space for renovations, warehouse space, and a stand-alone training center. All GSA-owned space appears in USAID's RTF baseline measurements, as does the space leased directly by the Agency. USAID is committed to implementing the goals outlined in its annual RPEP, which establishes a target reduction in total square footage through the consolidation of leases and the RRB renovations. Initial reductions in footprint will occur as the Agency consolidates its leases, while additional reductions in the footprint are contingent on progress with RRB renovations.

The tables shown on the following page contain the comparison of the FY 2015 baseline under the RTF to net changes in square footage through FY 2018,

[12] See Washington Real Estate Strategy discussed in the Overview of Programmatic Performance section of this report on page 20.

and the data on operations and maintenance costs for direct leases. These figures do not include overseas properties, which the RTF Policy excludes. The data on direct lease are current as of December 31, 2018, the latest reporting period for the Federal Real Property Profile. The data on occupancy agreements with GSA are current as of September 30, 2018, as provided by GSA.

REDUCE THE FOOTPRINT BASELINE COMPARISON
(Square Footage in Millions)

	FY 2015 Baseline	FY 2018 (CY-1)	Change (FY 2015 Baseline - FY 2018)
Office Totals	0.895017	0.877417	0.0176
Warehouse Totals	0.13984	0.013984	0.0000
Total	0.909001	0.891401	0.0176

REPORTING OF OPERATION AND MAINTENANCE COSTS*
(Dollars in Millions)

	FY 2015 Reported Cost	FY 2018 (CY-1)	Change (FY 2015 Baseline - FY 2018)
Owned and Direct Lease Buildings	$0.152	$0.074	($0.078)

* USAID's Continuity of Operations (COOP) Center is located in a directly leased building. All of USAID's other offices in Washington are in buildings leased by GSA and subject to occupancy agreements between the Agency and GSA.

APPENDIX

(Preceding page) **Five years ago, Affiong Williams started her own business, ReelFruit. With passion and drive, she's grown it into one of the leading dried fruit and nut companies in Nigeria today. Through USAID, Feed the Future is helping Affiong reach her goals by providing investment consulting, investor support, and business analysis.**

PHOTO: BOBBY NEPTUNE FOR USAID

https://stories.usaid.gov/affiongs-secret-sauce/

https://www.youtube.com/watch?v=3x6_qh8VqXQ

(Above) **Zainab, 18, was displaced from Anbar Province, Iraq, and now lives in the Harsham camp for Internally Displaced Persons in Erbil. She voted for the first time in May 2018. Through the Iraq Elections Support Program, part of the larger USAID Governance and Performance Accountability Program, the Agency provided voter education outreach and encouraged participation from internally displaced persons and minorities.**

PHOTO: JIM HUYLEBROEK FOR CREATIVE ASSOCIATES INTERNATIONAL

https://medium.com/usaid-2030/8-ways-usaid-is-advancing-fundamental-freedoms-promoting-democracy-and-strengthening-human-4a649fb5dfef

APPENDIX A.
ABBREVIATIONS AND ACRONYMS

A

A&A	Acquisition and Assistance
A/AID	Office of the Administrator
AAR	After-Action Review
ACI	Andean Counterdrug Initiative
ACT	Artemisinin-Based Combination Therapies
AD	Administratively Determined
AEECA	Assistance for Europe, Eurasia, and Central Asia
ADP	Automatic Data Processing
ADS	Automated Directives System
AFR	Agency Financial Report
AFR	Africa Bureau
AI	Artificial Intelligence
AICPA	American Institute of Certified Public Accountants
AIDAR	USAID Acquisition Regulation
AOR	Agreement Officer Representative
APG	Agency Priority Goal
APP	Annual Performance Plan
APR	Annual Performance Report
APT	Advanced Persistent Threat
ART	Antiretroviral Therapy
ARV	Antiretroviral
ASIA	Asia Bureau
ASIST	Agency Secure Image and Storage Tracking System
ATDA	Accountability of Tax Dollars Act
AUAF	American University in Afghanistan
AV	Adjustment Vouchers

B

BFRP	Burkina Faso Regional Program
BFS	Bureau for Food Security
BIC	Best in Class
BRM	Office of Budget and Resource Management
BUILD Act	Better Utilization of Investments Leading to Development Act

C

CAP	Cross Agency Priority
CBI	Cooperative Business International
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
CEFF-CCA	Clean Energy Finance Facility for Central America and the Caribbean
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CHSSP	Community Health and Social Welfare Systems Strengthening Program
CIF	Capital Investment Fund
CIO	Chief Information Officer
CLA	Collaborating, Learning and Adapting
CM	Category-Management
COOP	Continuity of Operations
COR	Contracting Officer Representative
COTS	Commercial-Off-The-Shelf
CS	Civil Service
CSF	Cybersecurity Framework
CSP	Cloud Service Provider
CVE	Countering Violent Extremism
CY	Current Year

D

D2R	Dollars to Results
DA	Development Assistance
DABS	Da Afghanistan Breshna Sherkat
DART	Disaster Assistance Response Team
DATA Act	Digital Accountability and Transparency Act
DCA	Development Credit Authority
DCAA	Defense Contract Audit Agency
DCHA	Democracy, Conflict, and Humanitarian Assistance Bureau
DDL	Development Data Library
DE	Diplomatic Engagement
DEC	Development Experience Clearinghouse
DFA	Development Fund for Africa
DFC	Development Finance Corporation
DHA	Direct-Hire Authority
DHS	U.S. Department of Homeland Security
DIS	Development Information Solution
DMARC	Domain-based Message Authentication, Reporting and Conformance
DMF	Death Master File
DNP	Do Not Pay
DOL	U.S. Department of Labor
DQA	Data-Quality Assessment
DR	Democracy, Human Rights and Governance

DR	Disaster Recovery
DRC	Democratic Republic of Congo
DRL	Democracy, Human Rights, and Labor

E

E&E	Europe and Eurasia Bureau
E3	Economic Growth, Education, and Environment Bureau
EDC	Enterprise Data Center
EEI	Employee Engagement Index
EG	Economic Growth
EMCRIC	Executive Management Council on Risk and Internal Control
EPPR	Effective Partnering and Procurement Reform
ERM	Enterprise Risk Management
ERW	Explosive Remnants of War
ES	Education and Social Services
ES	Office of the Executive Secretariat
ESF	Economic Support Fund
ESOC	Enterprise Server Operation Center
EXO	Executive Office

F

F	Office of U.S. Foreign Assistance Resources
FA	Foreign Assistance
FA	Foreign Assistance Bureau
FAR	Federal Acquisition Regulation
FARA	Federal Acquisition Reform Act
FASAB	Federal Accounting Standards Advisory Board
FATAA	Foreign Aid Transparency and Accountability Act
FBWT	Fund Balance with Treasury
FCRA	Federal Credit Reform Act
FECA	Federal Employees' Compensation Act
FEVS	Federal Employee Viewpoint Survey
FFMIA	Federal Financial Management Improvement Act
FISMA	Federal Information Security Management Act
FITARA	Federal Information Technology Reform Act
FMFIA	Federal Managers' Financial Integrity Act
FPDS – NG	Federal Procurement Data System – Next Generation
FR	Financial Report of the U.S. Government
FRPP	Federal Real Property Profile
FTE	Full-Time Equivalent
FSO	Foreign Service Officer
FSRDF	Federal Service Retirement and Disability Fund
FTIF	Fiscal Transparency Innovation Fund
FY	Fiscal Year

G

G2P	Getting to Post
GAAP	Generally Accepted Accounting Principles
GAO	Government Accountability Office
GBV	Gender-Based Violence
GC	Office of the General Counsel
GFSS	Global Food Security Strategy
GH	Global Health Bureau
GHSC-PSM	Global Health Supply Chain – Procurement and Supply Management
GLAAS	Global Acquisition and Assistance System
GMRA	Government Management Reform Act
GPRA	Government Performance and Results Act
GPRAMA	Government Performance and Results Act Modernization Act
GSA	U.S. General Services Administration
GTAS	Governmentwide Treasury Account Symbol

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
HPWG	Humanitarian Policy Working Group
HR	Human Resources

I

IaaS	Infrastructure as a Service
IAF	Inter-American Foundation
IATI	International Aid Transparency Initiative
IDA	International Disaster Assistance
IDEA	International Data and Economics Analysis
IDEA	Office of Innovation and Development Alliances
IG/I	OIG's Office of Investigations
IGT	Intragovernmental Transactions Unreconciled
IO	Independent Office
IPERA	Improper Payments Elimination and Recovery Act
IPERIA	Improper Payments Elimination and Recovery Improvement Act
IPIA	Improper Payments Information Act
IPP	Invoice Processing Platform
IPR	Initial Production Release
IPTp	Intermittent Preventive Treatment of Malaria in Pregnancy
IRS	Indoor Residual Spraying
ISIS	Islamic State of Iraq and Syria
IT	Information Technology
ITN	Insecticide Treated Nets

J

JSP	Joint Strategic Plan

K

KNAO	Kosovo National Audit Office

L

LAB	U.S. Global Development Lab
LAC	Latin America and the Caribbean Bureau
LEED	Leadership in Energy and Environmental Design
LoC	Letter of Credit
LPA	Legislative and Public Affairs Bureau

M

M	Bureau for Management
M&E	Monitoring and Evaluation
M/AA	Assistant Administrator
M/B/IO	Missions, Bureaus, and Independent Offices
M/CFO	Office of the Chief Financial Officer
M/MS	Office of Management Services
MCC	Millennium Challenge Corporation
MCO	Mission-Critical Occupation
mCPR	Modern Contraceptive Prevalence Rate
MD&A	Management's Discussion and Analysis
ME	Middle East Bureau
MENA	Middle East Northern Africa
MOU	Memorandum of Understanding
MOV	Maintenance of Value
MRR	Microenterprise Results Reporting
MSED	Micro and Small Enterprise Development
MW	Megawatts

N

N/A	Not Applicable
NCBA	National Cooperative Business Association
NDH	Non-Direct-Hire
NGO	Non-Governmental Organization
NICE	National Initiative for Cybersecurity Education
NPI	New Partnerships Initiative
NSS	National Security Strategy

O

OAA	Office of Acquisition and Assistance
OAPA	Office of Afghanistan and Pakistan Affairs
OBO	Overseas Building Operations Bureau (State)
OCFO	Office of the Chief Financial Officer
OCRD	Office of Civil Rights and Diversity
OE	Operating Expense
OFDA	Office of U.S. Foreign Disaster Assistance
OIG	Office of Inspector General

OMB	Office of Management and Budget
OPIC	Overseas Private Investment Corporation
OPM	Office of Personnel Management
OSDBU	Office of Small and Disadvantaged Business Utilization
OSTP	Office of Science and Technology Policy
OTD	"On Time"
OTIF	On Time, in Full
OU	Operating Unit

P

P.L.	Public Law
PALT	Procurement Action Lead Time
PAR	Performance and Accountability Report
PB	Performance Budgeting
PCAS	Project Cost Accounting System
PCV3	Pneumococcal Vaccine
PEPFAR	President's Emergency Plan for AIDS Relief
PERFORM	Protecting Ecosystems and Restoring Forests in Malawi
PFAN	Private Financing Advisory Network
PFMRAF	Public Financial Management Risk Assessment Framework
PHX	Phoenix
PII	Personally Identifiable Information
PIO	Public International Organization
PIOET	Pandemic Influenza and Other Emerging Threats
PIRS	Performance Indicator Reference Sheet
PMI	President's Malaria Initiative
PMIAA	Program Management Improvement Accountability Act
PMIO	Program Management Improvement Officer
PMP	Performance Management Plan
PO	Program Development and Oversight
PP&E	Property, Plant and Equipment
PPL	Policy, Planning, and Learning Bureau
PPR	Performance Plan and Report
PS	Peace and Security
PSE	Private-Sector Engagement
Pub. L.	Public Law

R

RFI	Request for Information
RMC	Risk Management Council
ROL	Rule of Law
RPEP	Real Property Efficiency Plan
RRB	Ronald Reagan Building
RSI	Required Supplementary Information
RTF	Reduce the Footprint

S

SAM	System for Award Management
SAR	Stabilization Assistance Review
SAT	Senior Assessment Team
SBG	Sovereign Bond Guarantee

SBR	Statement of Budgetary Resources
SBU	Sensitive But Unclassified
SEA	Sexual Exploitation and Abuse
SEC	Office of Security
SES	Senior Executive Service
SF	Square Feet
SIGAR	Special Inspector General for Afghanistan Reconstruction
SOAR	Senior Obligation Alignment Review
SOO	Statement of Objectives
SPE	Senior Procurement Executive
SPSD	Standardized Program Structure and Definition
SRM	Site Recovery Manager
State	U.S. Department of State
SUM	Spend Under Management
SWIFT	Support Which Implements Fast Transitions

T

TA	Travel Authorization
TBM	Technology Business Management
TCB	Trade Capacity-Building
Treasury	U.S. Department of the Treasury

U

U.S.	United States
U.S.C.	United States Code
U5MR	Under-Five Mortality Rate
UA	USAID Annex
UE	Urban and Environmental
UIS	UNESCO Institute for Statistics
ULO	Unliquidated Obligations
UN	United Nations
UNESCO	UN Educational, Scientific and Cultural Organization
UNICEF	UN Children's Fund
UR	Utilization Rate
URICA	Uniform Risk and Internal Control Assessment
US$	U.S. Dollar
USAID	U.S. Agency for International Development
USADF	U.S. African Development Foundation
USDA	U.S. Department of Agriculture
USDH	U.S. Direct-Hire
USPSC	U.S. Personal Services Contractor
USSGL	U.S. Standard General Ledger

V

VEO	Violent Extremist Organization
VMMC	Voluntary Medical Male Circumcision

W

WRES	Washington Real Estate Strategy
WMD	Weapons of Mass Destruction

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We welcome your comments on how we can improve this report. Please provide comments to:

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