

UKRAINE

State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work



Report to Congressional Requesters

July 2024

GAO-24-106751

United States Government Accountability Office

Accessible Version

GAO Highlights

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Highlights of [GAO-24-106751](#), a report to congressional requesters

July 2024

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State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work

Why GAO Did This Study

Russia's invasion of Ukraine in February 2022 led to a significant humanitarian crisis. State and USAID have obligated at least \$5.2 billion to support selected non-security humanitarian, stabilization, and development assistance in Ukraine and neighboring countries. Implementing partners play a key role in executing this assistance. State and USAID aim to select high performing partners to help ensure they perform the work required.

GAO was asked to review the agencies' use of partners since the invasion. This report examines (1) key characteristics of these partners, (2) agency reviews of past performance when selecting implementing partners, (3) agency monitoring of implementing partners' screening of sub-partners' past performance, and (4) any challenges agencies and implementing partners had obtaining partners.

GAO analyzed data for all 197 State and USAID awards, and reviewed award and past performance documents for a nongeneralizable sample of 28 of these awards against agency policy and internal control standards. GAO also surveyed partner representatives, conducted field work in Poland; and interviewed officials.

What GAO Recommends

GAO is making five recommendations, including for State to screen all international organization partners for past performance, for State to improve its documentation of past performance reviews, and for State and USAID to monitor partners' screening of sub-partners for past performance. State and USAID concurred.

What GAO Found

From the start of Russia's invasion of Ukraine through September 30, 2023, the Department of State and the U.S. Agency for International Development (USAID) had 111 implementing partners carrying out 197 awards that GAO defined as for Ukraine non-security assistance. About 80 percent of these partners were nongovernmental organizations (NGO), with U.S. NGOs implementing the largest number of these awards. Almost 70 percent of their 2,400 sub-partners were Ukrainian organizations with 36 sub-partners having also been primary implementing partners for Ukraine non-security assistance since the invasion.

State and USAID Implementing Partners by Category of Organization



Non-governmental organizations

88



International organizations

17



Government

6

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data; from left to right, djvstock/stock.adobe.com, photosoup/stock.adobe.com, stripball/stock.adobe.com, GAO (icons). | GAO-24-106751

Accessible Data for State and USAID Implementing Partners by Category of Organization

Number of partners

Non-governmental organizations	International organizations	Government
88	17	6

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data; from left to right, djvstock/stock.adobe.com, photosoup/stock.adobe.com, stripball/stock.adobe.com, GAO (icons). | GAO-24-106751

For 26 of the 28 awards GAO reviewed in-depth, State and USAID reviewed potential partners' past performance. For the two awards GAO reviewed that were a certain type of agreement with international organizations, State did not screen for past performance. State policy does not require this screening. As a result, State has a higher risk of selecting partners for this type of agreement that may be excluded by the U.S. government from receiving an award or may not perform well in carrying out the needed assistance. For USAID's awards in the sample, USAID officials documented detailed information about applicants' past performance. In contrast, State did not record this level of detail because State does not require such detail to be documented. Detailed documentation could help other State officials understand the risks of using these partners to implement non-security assistance now and in the future.

While USAID routinely monitors its NGO implementing partners' screening of their sub-partners for past performance, it does not perform this monitoring for its international organization partners and State does not perform this monitoring for either type of partner. Without periodic monitoring of implementation, the agencies risk that partners may not have effectively screened sub-partners to help ensure they can implement assistance effectively.

Two USAID bureaus and many implementing partners reported challenges obtaining qualified partners to implement non-security assistance. According to the 106 respondents to GAO's survey of implementing partner representatives, challenges included obtaining sub-partners with human resource capacity and expertise in humanitarian assistance. Implementing partners experienced issues resulting from these challenges, such as a reduced ability to provide assistance in certain geographic areas. Survey respondents identified actions they have taken to address the challenges, such as building the capacity of sub-partners through training or guidance.

Contents

GAO Highlights	ii
Why GAO Did This Study	ii
What GAO Recommends	ii
What GAO Found	ii
<hr/>	
Letter	1
Background	3
State and USAID Partnered Largely with Organizations Based in the U.S. and in Ukraine to Implement Non-Security Assistance for Ukraine	9
State and USAID Followed Requirements for Considering Past Performance When Selecting Implementing Partners but State’s Requirements Have Weaknesses	15
State Does Not Monitor Partners’ Screening of Sub-partners for Past Performance Nor Does USAID for Public International Organization Partners	21
Two Bureaus and Many Implementing Partners Reported Challenges Obtaining Qualified Partners	23
Survey Results Revealed Many Implementing Partners Had Challenges Obtaining Qualified Sub-Partners	24
Conclusions	30
Recommendations for Executive Action	31
Agency Comments	32
<hr/>	
Appendix I	Objectives, Scope, and Methodology 33
Appendix II	Examples of Modifications to Awards Funded by Ukraine Supplemental Appropriations 39
Appendix III	Comments from the Department of State 41
Accessible Text for Appendix III	Comments from the Department of State 45
Appendix IV	Comments from the U.S. Agency for International Development 47
Accessible Text for Appendix IV	Comments from the U.S. Agency for International Development 50
Appendix V	GAO Contact and Staff Acknowledgments 53
GAO Contact	53
Staff Acknowledgments	53
<hr/>	
Tables	
Table 1: Selected Department of State and USAID Obligations for Ukraine Non-Security Assistance since Russia’s February 24, 2022, Invasion, as of September 30, 2023	7

Table 2: Range of Obligations Per Award to Department of State and USAID Implementing Partners for Selected Ukraine Non-Security Assistance Awards Active from February 24, 2022, as of September 30, 2023 11

Table 3: Department of State and USAID Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023 14

Table 4: Number of Organizations That Have Been Both Implementing Partners and Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023 15

Table 5: State and USAID Reviewed Past Performance of Potential Implementing Partner Nongovernmental Organizations for Selected Grants, Cooperative Agreements, and Contracts in Accordance with Federal and Agency Policies 16

Table 6: State and USAID Reviewed Past Performance Information for Potential Implementing Partners for Selected Agreements with Applicable International Organizations in Accordance with Agency Policies 17

Figures

State and USAID Implementing Partners by Category of Organization iii

Accessible Data for State and USAID Implementing Partners by Category of Organization iii

Figure 1: Department of State and USAID Implementing Partners Conduct Various Ukraine Non-Security Assistance Activities 5

Figure 2: State and USAID Implementing Partners for Selected Ukraine Non-Security Assistance since the Invasion, as of September 30, 2023 9

Accessible Data for Figure 2: State and USAID Implementing Partners for Selected Ukraine Non-Security Assistance since the Invasion, as of September 30, 2023 9

Figure 3: Selected State and USAID Ukraine Non-Security Awards and Funding since the Invasion, as of September 30, 2023, by Implementing Partner Country of Incorporation 10

Accessible Data for Figure 3: Selected State and USAID Ukraine Non-Security Awards and Funding since the Invasion, as of September 30, 2023, by Implementing Partner Country of Incorporation 10

Figure 4: State and USAID Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023 13

Accessible Data for Figure 4: State and USAID Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023 13

Figure 5: Types of Skills and Capacities 78 Survey Respondents Viewed as Challenging to Obtain in Sub-Partners, According to Ukraine Implementing Partner Survey Results 25

Accessible Data for Figure 5: Types of Skills and Capacities 78 Survey Respondents Viewed as Challenging to Obtain in Sub-Partners, According to Ukraine Implementing Partner Survey Results 25

Figure 6: Issues Resulting from Challenges Obtaining Sub-Partners, According to the 73 Respondents in the Ukraine Implementing Partner Survey Results 29

Accessible Data for Figure 6: Issues Resulting from Challenges Obtaining Sub-Partners, According to the 73 Respondents in the Ukraine Implementing Partner Survey Results 29

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Abbreviations

ADS	Automated Directives System
INL	Bureau of International Narcotics and Law Enforcement Affairs
NGO	nongovernmental organization
SAM	System for Award Management
USAID	U.S. Agency for International Development



July 31, 2024

The Honorable James E. Risch
Ranking Member
Committee on Foreign Relations
United States Senate
The Honorable Michael McCaul
Chairman
Committee on Foreign Affairs
House of Representatives

Russia’s full-scale invasion of Ukraine in February 2022 continues to threaten a democratic country’s sovereignty and create a humanitarian crisis in Europe. In response, Congress has appropriated more than \$174 billion under five Ukraine supplemental appropriations acts.¹ Of that amount, this report focuses on the approximately \$113 billion Congress appropriated in fiscal years 2022 and 2023 under four Ukraine supplemental appropriations acts (Ukraine acts).²

The Department of State and the U.S. Agency for International Development (USAID) have provided a portion of this funding through award agreements with partnering organizations to implement non-security assistance within Ukraine and in surrounding countries. Implementing partners may enter into a sub-award that provides funds to sub-partner organizations to carry out the work. As a result, implementing partners and sub-partners play an important role in the execution of non-security assistance in response to the invasion. The selection of high performing implementing partners and sub-partners is essential to ensure the required work will be performed as intended.

This report is part of a series of GAO reports that both describe and evaluate U.S. agencies’ use of the funds appropriated in response to Russia’s invasion of Ukraine. Among other topics, GAO has previously reported on the status of funding from the approximately \$113 billion provided under the first four Ukraine acts.³ We have also reported specifically on \$44.1 billion in foreign assistance that the Department of State, USAID, and other U.S. agencies had identified from those acts and other appropriations as having been allocated specifically in

¹Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, Div. N, 136 Stat. 776 (Mar. 15, 2022); Additional Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-128, 136 Stat. 1211 (May 21, 2022); Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-180, Div. B, 136 Stat. 2114 (Sept. 30, 2022); Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, Div. M, 136 Stat. 5189 (Dec. 29, 2022) and Ukraine Security Supplemental Appropriations Act, 2024, Pub. L. No. 118-50, Div. B, 138 Stat. 895 (Apr. 24, 2024). The more than \$174 billion appropriated does not include amounts authorized for the assistance provided through Presidential Drawdown Authority but does include the amounts appropriated for the Department of Defense to replace the weapons provided in those drawdowns.

²For the purpose of this report, we use the phrase “Ukraine acts” to refer to applicable divisions of the following public laws: Pub. L. No. 117-103, Div. N; Pub. L. No. 117-128; Pub. L. No. 117-180, Div. B; and Pub. L. No. 117-328, Div. M.

³See GAO, *Ukraine: Status and Use of Supplemental U.S. Funding, as of First Quarter, Fiscal Year 2024*, [GAO-24-107232](#) (Washington, D.C.: May 30, 2024).

response to the crisis in Ukraine.⁴ That foreign assistance funding supports U.S. national interests and responds to humanitarian crises, among other things.⁵

You asked us to review State's and USAID's use of implementing partners for non-security assistance in response to the invasion of Ukraine. This report examines (1) key characteristics of State's and USAID's implementing partners and sub-partners for selected non-security assistance provided in response to the war in Ukraine, (2) the extent to which the agencies considered past performance when selecting implementing partners for awards begun since February 24, 2022, (3) the extent to which the agencies monitored implementing partners' screening of sub-partners for past performance under awards begun since February 24, 2022, and (4) any challenges the agencies and their implementing partners have experienced obtaining partners to meet the needs of the work required.

To examine key characteristics of selected implementing partners and sub-partners, we analyzed agency and implementing partner data for the 197 active State and USAID non-security assistance awards within our scope. We included within our scope State and USAID awards for activities that provided solely non-security assistance related to humanitarian, development, and stabilization assistance within Ukraine and in neighboring countries in response to the war in Ukraine over this period.⁶

To identify the extent to which State and USAID worked with new implementing partners following the invasion, we compared State and USAID award data with information we obtained from the agencies about their implementing partners for non-security assistance between Russia's annexation of Crimea on February 20, 2014, and the February 2022 invasion. We reviewed documentation and information and interviewed knowledgeable State and USAID officials in Washington, D.C., and at the USAID mission in Ukraine to assess the reliability of the agencies' data. We determined that the data from State, USAID, and implementing partners were sufficiently reliable for reporting on key characteristics of implementing partners and sub-partners.

To examine the extent to which State and USAID considered implementing partners' past performance as well as the extent to which these agencies monitored implementing partners' screening of sub-partners for past performance, we reviewed agency documentation of past performance information that the agencies' award officials reviewed when approving potential implementing partners for awards.

In addition, we reviewed agency documentation of award officials' monitoring of implementing partners' screening of their sub-partners for past performance. We selected and reviewed documentation for a nongeneralizable sample of 28 awards. We scoped our selection to State and USAID non-security assistance awards exceeding \$500,000 in total funding awarded between the invasion on February 24, 2022, and May 31,

⁴See GAO, *Ukraine: Status of Foreign Assistance*, [GAO-24-106884](#) (Washington D.C.: Mar. 28, 2024). For funds control purposes, an allocation is a further subdivision of an apportionment. In addition to State and USAID, the Department of the Treasury and the Department of Agriculture have allocated foreign assistance funding in response to the crisis in Ukraine.

⁵For more information on GAO and all other OIGs collective oversight of Ukraine assistance, please see our joint oversight website at <https://www.ukraineoversight.gov/>.

⁶The awards within our scope funded non-security assistance within six categories of foreign assistance, including humanitarian assistance, and assistance supporting: economic growth; democracy, human rights, and governance; peace and security (focusing solely on conflict mitigation and stabilization); health; and education and social services.

2023, and to ensure a mix of implementing partner categories and locations of incorporation.⁷ In addition, we interviewed State and USAID officials to understand the agencies' related requirements and processes.

To identify any challenges the agencies and implementing partners experienced obtaining partners to implement non-security assistance in response to the invasion of Ukraine, we interviewed agency officials and surveyed implementing partners about challenges experienced obtaining partners with necessary skills and capacities. We surveyed 121 representatives of implementing partners for all 148 State and USAID Ukraine non-security assistance awards that were active from the start of the invasion on February 24, 2022, through May 31, 2023.⁸ We received responses from 106 of the 121 representatives for an overall response rate of 87.6 percent.⁹ For more information about our scope and methodology, see appendix I.

We conducted this performance audit from March 2023 to July 2024 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.

Background

Funding for State and USAID Ukraine Non-security Assistance

In Ukraine and its neighboring countries, State and USAID obligated approximately \$5.2 billion from supplementals and other appropriations for non-security foreign assistance activities included in our scope as of September 30, 2023, under the following six categories (dollar amounts are approximate).¹⁰ These are also illustrated through examples of activities shown in figure 1.

- **Humanitarian assistance (\$2.8 billion).** Assistance to save lives, alleviate suffering, and minimize the economic costs of conflict and displacement, including assistance for refugees, internally displaced persons, and other victims of the Russian invasion.¹¹

⁷For more information on our sample methodology, including the mix of implementing partner categories and locations of incorporation, see Appendix I.

⁸Twelve representatives responded to our survey on behalf of multiple Ukraine non-security assistance awards implemented under their organizations.

⁹Of the 106 respondents, 78 noted they had issued sub-awards and proceeded to the survey questions on challenges obtaining sub-partners with necessary skills and capacities. The survey automatically skipped to the end for the 28 respondents who did not report sub-awards.

¹⁰An obligation generally is a definite commitment that creates a legal liability of the government for the payment of goods and services ordered or received. For further information about the status of foreign assistance funds from the Departments of State, Treasury, Agriculture and USAID allocated in response to the crisis in Ukraine, see [GAO-24-106884](#). For the purposes of our analysis, we did not include certain foreign assistance funding that did not relate to non-security assistance within Ukraine and neighboring countries.

¹¹Our scope included only awards that funded humanitarian assistance within Ukraine and neighboring countries. Therefore, we did not include funding allocated in response to the Ukraine crisis to countries outside of Europe, such as assistance provided in response to resulting global food insecurity in other areas of the world.

- **Economic growth (\$1.1 billion).** Assistance to improve the Ukrainian private sector's ability to compete in domestic and international markets; support for Ukraine's financial sector and agricultural sector; and assistance to improve energy services and promote investments in energy.¹²
- **Democracy, human rights, and governance (\$827 million).** Assistance to strengthen public management and support for democratic institutions, processes, and values, including participatory and accountable governance, rule of law, political competition, civil society, human rights, and the free flow of information.
- **Peace and security (\$332 million).** Assistance to reduce the threat or impact of the Ukraine conflict and promote peace, mitigate violence, establish a framework for peace and reconciliation, and provide for Ukraine's transition from a conflict to post-conflict environment.¹³
- **Health (\$124 million).** Assistance to strengthen Ukraine's national health system; address public health threats posed by infectious diseases; and improve the health of people, especially women, children, and other vulnerable populations through the expansion of basic health services.
- **Education and social services (\$6.7 million).** Assistance to special populations that may be vulnerable or at-risk on a temporary or chronic basis whose needs are not addressed under emergency humanitarian assistance or other programs, including people affected by the war.

¹²This amount excludes the approximately \$22.9 billion obligated for direct budget support to Ukraine. GAO has an ongoing audit reviewing the approximately \$20.2 billion of this funding that was provided to Ukraine through the World Bank's Public Expenditures for Administrative Capacity Endurance Project.

¹³Within the peace and security foreign assistance category, we included only awards that funded conflict mitigation and stabilization assistance. We did not include awards that funded security assistance, including assistance related to counterterrorism, combating weapons of mass destruction, counter-narcotics, transnational threats and crime, conventional weapons security and explosive remnants of war, strengthening military partnerships and capabilities, and citizen security and law enforcement.

Figure 1: Department of State and USAID Implementing Partners Conduct Various Ukraine Non-Security Assistance Activities

Non-security activities include training first responders and hospital clinicians on the use of protective suits during chemical hazard events (top left), deployment of a mobile pharmacy (top right), and training for anti-corruption detectives on how to gather intelligence from items discarded by suspects (bottom).



Source: U.S. Agency for International Development (USAID), Department of State (photos). | GAO-24-106751

State and USAID Bureaus Providing Ukraine Non-Security Assistance

State has provided non-security assistance in response to the invasion within Ukraine and its neighboring countries primarily through four bureaus.¹⁴ Specifically,

- **Bureau of Population, Refugees, and Migration.** This bureau supports efforts to protect and assist refugees and vulnerable migrants. Through international humanitarian organizations, the bureau supports the provision of emergency shelter and household items; cash assistance; livelihoods

¹⁴The four State bureaus accounted for the vast majority of State's obligations, as of September 30, 2023, for non-security assistance that had been provided within Ukraine and neighboring countries since the February 24, 2022, invasion, according to State officials. Officials noted that other State bureaus and offices also managed non-security assistance within Ukraine and neighboring countries that officials were unable to identify.

interventions; rehabilitation of essential infrastructure; and assistance for legal protections, community mobilization, and social cohesion.

- **The Bureau of Democracy, Human Rights, and Labor.** This bureau provides assistance to support democratic institutions, confront democratic backsliding, promote accountability, uphold internationally-recognized labor standards, and advance the rights and equity of members of marginalized persons.
- **Bureau of International Narcotics and Law Enforcement Affairs (INL).** INL provides assistance to help partner governments assess, build, reform, and sustain competent and legitimate criminal justice systems.
- **The Bureau of Conflict Stabilization Operations.** This bureau provides conflict prevention and stabilization assistance to reduce fragility, strengthen democratic institutions, and increase social cohesion with and within partner countries.

In addition to the bureaus providing non-security assistance, State's Bureau of Administration, Office of the Procurement Executive is responsible for providing management direction and leadership over agencywide acquisition and federal assistance policies.

USAID has provided non-security assistance in response to the invasion of Ukraine primarily through one regional bureau and its USAID mission in Ukraine and two other functional bureaus.¹⁵ Specifically,

- **The Bureau for Europe and Eurasia and its USAID/Ukraine mission.** The bureau and its USAID/Ukraine mission provide primarily longer-term development assistance in Ukraine, including support for private sector development and economic growth, energy and other infrastructure, democracy and governance, and health and other social services.
- **The Bureau for Humanitarian Assistance.** This bureau provides life-saving humanitarian assistance, including food, water, shelter, emergency healthcare, sanitation and hygiene, and critical nutrition services to vulnerable and hard-to-reach people. The bureau activated a response team to lead the U.S. government humanitarian response to the crisis in Ukraine.
- **The Bureau for Conflict Prevention and Stabilization.** This bureau leads and coordinates USAID assistance to promote peacebuilding, and address state fragility, stability, conflict and violence prevention, and political transition. Its Office of Transition Initiatives supports U.S. foreign policy objectives by helping local partners advance peace and democracy through assistance targeted at key political transition and stabilization needs.

In addition to the bureaus providing non-security assistance, USAID's Office of the General Counsel serves as the agency's principal advisor to the Administrator on agencywide policy matters, and the Bureau for Planning, Learning, and Resource Management is responsible for the development of guidance for policy implementation.

¹⁵USAID's Bureau for Global Health and Bureau for Inclusive Growth, Partnerships, and Innovation also provided limited non-security assistance in response to the invasion of Ukraine. The Bureau for Global Health provides assistance to strengthen health systems and innovation focused on preventing child and maternal deaths and combating infectious disease. The Bureau for Inclusive Growth, Partnerships, and Innovation provides assistance to catalyze inclusive growth—including pursuing gender equality and inclusive development, expand private sector partnerships, and generate innovative solutions to complex development challenges.

Table 1 shows State and USAID’s obligations for Ukraine non-security assistance included in our scope, since the invasion of Ukraine by agency and bureau, as of September 30, 2023.

Table 1: Selected Department of State and USAID Obligations for Ukraine Non-Security Assistance since Russia’s February 24, 2022, Invasion, as of September 30, 2023

In dollars

Agency	Bureau	Obligations
Department of State	Bureau of Population, Refugees, and Migration	857,288,230
Department of State	Bureau of Democracy, Human Rights, and Labor	58,448,980
Department of State	Bureau of International Narcotics and Law Enforcement Affairs	58,211,746
Department of State	Bureau of Conflict and Stabilization Operations	42,147,509
Department of State	State Subtotal	1,016,096,465
USAID	Bureau for Europe and Eurasia and USAID/Ukraine mission	2,087,315,127
USAID	Bureau for Humanitarian Assistance	1,917,041,673
USAID	Bureau for Conflict Prevention and Stabilization, Office of Transition Initiatives	163,465,105
USAID	Bureau for Global Health	1,500,000
USAID	Bureau for Inclusive Growth, Partnerships, and Innovation	810,000
USAID	USAID Subtotal	4,159,529,287
USAID	Total	5,186,228,368

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data. | GAO-24-106751

Notes: Totals may not sum due to rounding.

For the purposes of our analysis, we included obligations for awards that provided solely non-security assistance related to humanitarian, development, and stabilization assistance within Ukraine and neighboring countries since the February 24, 2022, invasion, as of September 30, 2023. We did not include funding related to categories of security assistance related to counterterrorism, combating weapons of mass destruction, counter-narcotics, transnational threats and crime, conventional weapons security and explosive remnants of war, strengthening military partnerships and capabilities, and citizen security and law enforcement. In addition, we included only awards that funded humanitarian assistance within Ukraine and neighboring countries. Therefore, we did not include obligations from funding allocated in response to the Ukraine crisis to countries outside Europe, such as assistance provided in response to resulting global food insecurity in other areas of the world. In addition, we did not include \$22.9 billion obligated for direct budget support.

For this report, obligations data provided by USAID consisted of definite commitments to implementing partners made through contracts, grants, or other types of agreements. USAID refers to these commitments, which are made inside bilateral agreements USAID has with countries to deliver assistance, as “subobligations.”

Foreign Assistance Role of Partner Organizations

To help carry out non-security assistance in response to Russia’s invasion of Ukraine, State, and USAID have awarded funding to organizations known as “implementing partners” to provide assistance within Ukraine and in surrounding countries. Implementing partners can receive more than one award to carry out the agency’s program activities.

Implementing partners may enter into agreements called sub-awards with eligible sub-partner organizations to carry out this work. Implementing partners and sub-partners may be nongovernmental organizations (NGO),¹⁶ government entities, or international organizations, which are typically composed of multiple member states.¹⁷ These partners collectively are responsible for delivering humanitarian assistance to address the urgent needs of the Ukrainian people affected by the crisis by providing stabilization assistance to reduce the vulnerability of internally displaced persons and reintegrating them into their communities. They also provide development assistance to aid Ukraine in its longer-term economic recovery and reconstruction from the war's impact.

Significance of Incorporating Local Partners in Implementing Foreign, Non-Security Assistance

To improve the effectiveness and sustainability of foreign assistance, USAID has a goal to increasingly work directly with local partners to implement assistance. Reasons U.S. agencies or their implementing partners may prioritize working with local partners within the country receiving U.S. non-security assistance can include: (1) local partners can more readily understand the priorities, needs, and related solutions for their communities; (2) local partners may develop connections with other local organizations that may continue working together past the end of U.S. government-funded activities; (3) local private sector partners can drive economic activity through their innovation, networks, and resources; (4) local partners often have existing connections with community leaders and smaller (sometimes informal) organizations; and (5) local partners' relationships with local decision-makers can help them work more efficiently and effectively.¹⁸

Therefore, USAID has sought to channel a larger portion of funding directly to local partners. In November 2021, the USAID Administrator announced two targets to promote the agency's investment in local partners.

- First, local partners would directly receive at least a quarter of USAID's development funds within the following four years.
- Second, local communities would lead the planning, implementation, or evaluation for half of the agency's programming by the end of the decade.

¹⁶For the purposes of this report, nongovernmental organizations include nonprofit organizations in which people organize themselves to pursue shared objectives and ideals without significant government-controlled participation or representation and private enterprises that include for-profit businesses.

¹⁷USAID's policy designates certain international organizations as "public international organizations". According to USAID officials, this designation applied to all the USAID partner international organizations in our sample. Accordingly, we use USAID's terminology when referring to those awards. By contrast, State's policy uses "foreign public entity" and "public international organization" terminology as defined by 2 C.F.R. § 200.1. For the purposes of this report, we say "international organizations" when we refer to international organizations in State's sample as well as when we refer to State and USAID collectively.

¹⁸State officials noted that their implementing partners often work with local sub-partners for reasons such as these.

State and USAID Partnered Largely with Organizations Based in the U.S. and in Ukraine to Implement Non-Security Assistance for Ukraine

State and USAID Had 111 Implementing Partners, Most of which Were U.S.-Based NGOs

From the beginning of Russia’s invasion of Ukraine to September 30, 2023, the largest number of implementing partners for the Ukraine non-security assistance within our scope were NGOs with headquarters based in the United States. Specifically, U.S.-based NGOs comprised 36 percent of State’s and USAID’s 111 implementing partners for selected Ukraine non-security assistance since the invasion.¹⁹ NGOs based in Ukraine and NGOs based in other countries comprised 23 percent and 21 percent of implementing partners, respectively. The remaining implementing partners were U.S. government agencies or international organizations. Figure 2 shows the numbers of implementing partners for Ukraine non-security assistance by category and country of incorporation.

Figure 2: State and USAID Implementing Partners for Selected Ukraine Non-Security Assistance since the Invasion, as of September 30, 2023



Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data; from left to right, smile3377/stock.adobe.com, djvstock/stock.adobe.com, photosoup/stock.adobe.com, GAO (icons). | GAO-24-106751

Accessible Data for Figure 2: State and USAID Implementing Partners for Selected Ukraine Non-Security Assistance since the Invasion, as of September 30, 2023

Number of partners

Category	United States	Ukraine	Other countries	International organizations
Government	6			
Non-governmental Organizations	40	25	23	
International Organizations				17
Total	46	25	23	17

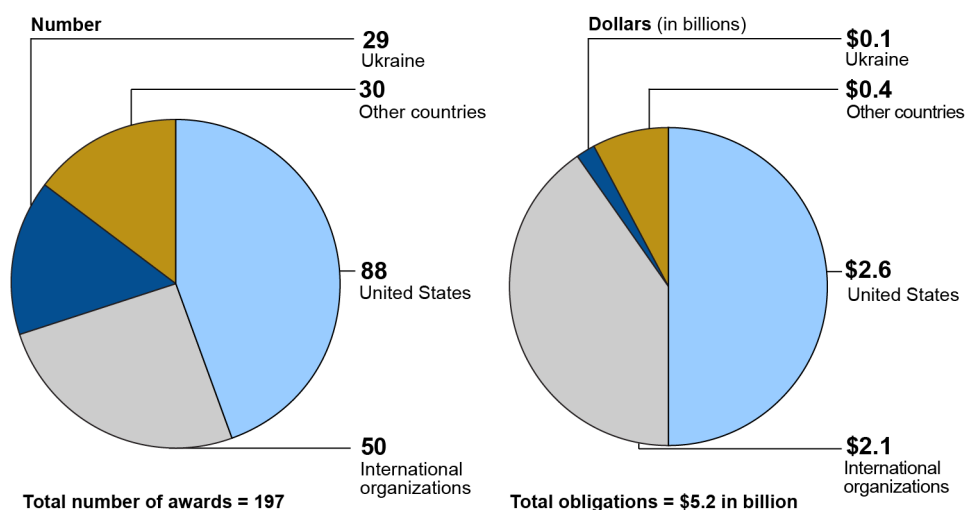
¹⁹Some of State’s and USAID’s 111 implementing partners carried out multiple awards. The total of 111 represents the number of distinct implementing partner organizations that carried out awards for Ukraine non-security assistance from the beginning of Russia’s invasion on February 22, 2024, through September 30, 2023.

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data; from left to right, smile3377/stock.adobe.com, djvstock/stock.adobe.com, photosoup/stock.adobe.com, GAO (icons). | GAO-24-106751

For the purposes of this report, nongovernmental organizations include nonprofit organizations in which people organize themselves to pursue shared objectives and ideals without significant government-controlled participation or representation; and private entities that include for-profit businesses.

U.S.-based implementing partners, including U.S. government agencies and NGOs, also received the largest share of funding for Ukraine non-security assistance. Figure 3 shows the distribution of awards and the funding by categories.

Figure 3: Selected State and USAID Ukraine Non-Security Awards and Funding since the Invasion, as of September 30, 2023, by Implementing Partner Country of Incorporation



Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data. | GAO-24-106751

Accessible Data for Figure 3: Selected State and USAID Ukraine Non-Security Awards and Funding since the Invasion, as of September 30, 2023, by Implementing Partner Country of Incorporation

Foreign assistance	Total number of awards	Total obligation in billions of dollars
United States	88	2.6
International organizations	50	2.1
Ukraine	29	0.1
Other countries	30	0.4
Total	197	5.2

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data. | GAO-24-106751

To carry out non-security activities in Ukraine and its neighboring countries, State and USAID both provided their assistance through awards with a wide range of funding levels. In addition, our analysis showed that 10 implementing partners received awards from both State and USAID. Table 2 shows the number of implementing partners, number of awards, and the average total obligation amounts per award by agency, as of September 30, 2023.

Table 2: Range of Obligations Per Award to Department of State and USAID Implementing Partners for Selected Ukraine Non-Security Assistance Awards Active from February 24, 2022, as of September 30, 2023

Agency	Number of implementing partners	Number of awards	Average total obligations per award
State	47	63	\$10,776,776
USAID	54	91	\$39,834,085
Botha	10	43	\$20,520,691
Total	111	197	\$26,326,032

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data. | GAO-24-106751

Note: Because some of State’s and USAID’s 111 implementing partners carried out multiple awards, this total represents the number of distinct implementing partner organizations that carried out awards for Ukraine non-security assistance since Russia’s invasion on February 24, 2022, through September 30, 2023.

Our analysis shows that State had a higher percentage of Ukrainian-based NGO implementing partners than USAID and Ukrainian-based NGOs received smaller amounts of funding for each award, on average, than U.S.-based NGOs and international organizations. Specifically, Ukrainian-based NGOs made up 28 percent of State’s implementing partners and 16 percent of USAID’s implementing partners. In addition, the average amount that State and USAID awarded to Ukrainian-based NGOs was about \$3.3 million, while the average amounts that State and USAID awarded to U.S.-based NGOs and international organizations were about \$32.4 million and about \$41.3 million, respectively.

State and USAID Provided Funding to Both Ongoing and New Implementing Partners to Address Needs Following the Invasion

We found that the number of implementing partners increased by over 160 percent between the invasion on February 24, 2022, and September 30, 2023. All but one of the 43 implementing partners that had carried out non-security assistance for State or USAID in Ukraine between Russia’s annexation of Crimea on February 20, 2014, and the invasion on February 24, 2022, also served as State or USAID implementing partners between February 24, 2022, and September 30, 2023. In addition, 69 new implementing partners began working with the agencies to provide Ukraine non-security assistance after the invasion, for a total of 111 implementing partners, as of September 30, 2023.

In terms of types of implementing partners used, we found that international organizations represented a larger share of implementing partners after the 2022 invasion of Ukraine. Specifically, of the 42 implementing partners that provided Ukraine non-security assistance before the invasion, over 90 percent were NGOs, and 5 percent were international organizations. However, for the 69 implementing partners new to working with the agencies since the invasion, the percentage of NGOs declined to 72 percent and the percentage of international organizations increased to 22 percent.

In other words, State and USAID worked with many of the same implementing partners after the invasion as they had before Russia’s invasion. One factor that led to this was that many of the awards that had started prior to the war received additional obligations from the Ukraine acts following the February 24, 2022, invasion. The agencies also obligated funding from the Ukraine acts to new awards that started after the invasion. New awards went to both existing implementing partners and those new to working with the agencies since the invasion.

Specifically, of the \$4 billion that State and USAID obligated from Ukraine acts to non-security assistance awards within our scope, the agencies obligated \$2.1 billion, or 54 percent, to 59 awards that began before the invasion—in other words, ongoing awards. These agencies obligated the remainder to 71 new awards that started after the invasion.²⁰

The scope of State and USAID activities for ongoing awards funded with appropriations from the Ukraine acts were often modified to address needs that emerged after Russia's 2022 invasion. Based on our analysis of State and USAID award modifications, we found that 49 of the 59 ongoing awards funded by supplemental appropriations received revisions to their statement of work or program description.²¹ These revisions to the statement of work or program description often cited critical needs heightened by the war or expanded the scope of work to include new target audiences or areas.

We found that out of the 59 ongoing awards funded with appropriations from the Ukraine acts, 10 did not receive revisions to their statement of work or program description. These awards that did not receive revisions were largely focused on supporting democratic governance, humanitarian, and health services. State and USAID officials said that revisions to the statements of work or program descriptions for some awards were not necessary because they were designed with broad scopes, and thus were adaptable to post-invasion conditions. See Appendix II for more details about the modifications of the awards in our scope funded by the Ukraine acts.

State's and USAID's Sub-Partners Were Mostly Ukrainian-based NGOs

State's and USAID's implementing partners used more than 2,400 sub-partners to provide Ukraine non-security assistance from the time of Russia's invasion of Ukraine to September 30, 2023.²² Of State and USAID's 111 implementing partners, 64 that had sub-partners had a least one and up to 375 sub-partners per award. Most of these sub-partners were NGOs (92 percent), followed by government agencies (7 percent) and international organizations (less than one percent) (see fig. 4). The remaining 47 State and USAID implementing partners did not have any sub-partners.

²⁰The 67 other awards within our scope that are not discussed within this section were not funded with appropriations from the Ukraine supplemental appropriations acts.

²¹Specifically, 14 awards had revisions to objectives; 27 awards had revisions to expected results; and 41 awards had revisions to activities, among other things. Statements of work or program descriptions typically list high-level objectives first, followed by corresponding results or activities.

²²Some of the 2,443 sub-partner organizations were sub-partners to multiple implementing partners. We approximated the total number of sub-partners through a comparison of sub-partner names that allowed us to identify, and not double count, any duplicates.

Figure 4: State and USAID Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023



Source: GAO analysis of Department of State, U.S. Agency for International Development (USAID), and implementing partner data; from left to right, djvstock/stock.adobe.com, stripball/stock.adobe.com, photosoup/stock.adobe.com, GAO (icons). | GAO-24-106751

Accessible Data for Figure 4: State and USAID Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023

Number of sub partners

Non-governmental organizations	Government	International organizations
2,256	167	20

Source: GAO analysis of Department of State, U.S. Agency for International Development (USAID), and implementing partner data; from left to right, djvstock/stock.adobe.com, stripball/stock.adobe.com, photosoup/stock.adobe.com, GAO (icons). | GAO-24-106751

Note: Because some of the 2,443 sub-partners were sub-partners to multiple implementing partners, this total represents the number of distinct sub-partner organizations to State’s and USAID’s implementing partners that we identified through a comparison of sub-partner names that allowed us to identify, and not double count, any duplicates.

Overall, most sub-partners, about 69 percent, were Ukrainian-based organizations. About 26 percent of the sub-partners were based in countries other than Ukraine or the United States. About 4 percent of the sub-partners were U.S.-based organizations. International organizations made up less than 1 percent of total sub-partners.

USAID’s implementing partners had more sub-partners on average than State’s implementing partners. Specifically, USAID’s implementing partners had more than 1,700 sub-partners collectively, with an average of 21 sub-partners per award, while State’s implementing partners had more than 600 sub-partners collectively, with an average of 11 sub-partners per award. Most State sub-partners were under the Bureau of Population, Refugees, and Migration awards for refugee assistance, most of which were with UN organizations. Ninety-three organizations were sub-partners to both State and USAID implementing partners. Table 3 shows the numbers of sub-partners to State and USAID implementing partners and the percent of the total sub-partners for Ukraine non-security assistance since the February 2022 invasion, by agency unit, as of September 30, 2023.

Table 3: Department of State and USAID Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023

Agency or unit	Number of Sub-partners	Percent of Total
State Subtotal	614	25.1
State: Bureau of Population, Refugees, and Migration	496	20.3
State: Bureau of Democracy, Human Rights and Labor	28	1.1
State: Bureau of International Narcotics and Law Enforcement Affairs	14	0.6
State: Bureau of Conflict and Stabilization Operations	73	3.0
State: Multiple ^a	3	0.1
USAID Subtotal	1,738	71.1
USAID: Bureau of Europe and Eurasia and Ukraine mission	1,291	52.8
USAID: Bureau for Humanitarian Assistance	92	3.8
USAID: Bureau for Conflict, Prevention and Stabilization/Office of Transition Initiatives	289	11.8
USAID: Multiple ^a	66	2.7
Both agencies ^b	91	3.7
Total	2, 443	

Source: GAO analysis of Department of State, U.S. Agency for International Development (USAID), and implementing partner data. | GAO-24-106751

Note: Because some of the 2,443 sub-partners were sub-partners to multiple implementing partners, this table shows a breakdown of the approximate number of distinct sub-partner organizations to State’s and USAID’s implementing partners that we identified through a comparison of sub-partner names that allowed us to identify, and not double count, any duplicates.

^aDenotes sub-partners that carried out sub-awards for implementing partners of multiple agency units.

^bDenotes sub-partners that had carried out sub-awards for both State and USAID implementing partners. These sub-partners are not represented in the State and USAID subtotals.

Some State or USAID implementing partners also served as sub-partners to other State or USAID implementing partners, and therefore were receiving funding in both roles.²³ We found that 36 sub-partners to State and USAID implementing partners included in our scope had also been implementing partners for Ukraine assistance since the invasion. Of these sub-partners, 33 were NGOs and the other three were international organizations. Table 4 shows the number of the sub-partners that had also been implementing partners for Ukraine non-security assistance since the invasion by agency.

²³In general, State and USAID’s procurement policies do not prohibit organizations from concurrently serving as primary implementing partners on awards while also serving as sub-partners on other awards.

Table 4: Number of Organizations That Have Been Both Implementing Partners and Sub-Partners for Selected Ukraine Non-Security Assistance since Russia’s Invasion in February 2022–September 30, 2023

Agency	Number of organizations
State	15
USAID	18
Both agencies ^a	3
Total	36

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data. | GAO-24-106751

^aDenotes sub-partners that had also been implementing partners for both State and USAID awards providing Ukraine non-security assistance since the invasion. These sub-partners are not represented in the State and USAID subtotals.

State and USAID Followed Requirements for Considering Past Performance When Selecting Implementing Partners but State’s Requirements Have Weaknesses

USAID Screened All and State Screened Most Potential Partners for Past Performance

For the Ukraine non-security assistance awards we reviewed, we found that USAID screened all and State screened most of their potential implementing partners for past performance when approving them for these awards, with both agencies following standard agencywide processes. State’s and USAID’s standard processes for screening potential implementing partners were not specific to awards for Ukraine non-security assistance but were agencywide processes that applied to the selection of implementing partners across the agencies’ awards.

The particular steps that award officials were required to take for screening implementing partners for past performance during the selection process varied for different types of awards. Types of awards since Russia’s invasion that State and USAID issued to implementing partners that we reviewed included grants, cooperative agreements, and contracts as well as cost-type agreements with international organizations, voluntary contributions to international organizations, and letters of agreement with international organizations.

The requirements for award officials to follow for screening implementing partners also varied depending on the type of partner. For example, USAID award officials’ past performance reviews of NGO implementing partners occur at the time the agencies select the implementing partners for awards and these reviews consider performance information from required and available audits conducted on the organization and from specific U.S. government databases. This includes the Federal Awardee Performance and Integrity Information System and the Contractor Performance Assessment Reporting System.

In contrast to reviews conducted before each award for other partners, USAID officials’ organizational capacity reviews of designated public international organizations are required before an initial agreement with the public international organization and then every five years. For these reviews, officials are required to conduct periodic assessments of the public international organizations’ overall policies and capacity at least every five years to determine whether they are organizationally capable of adequately safeguarding the agency’s resources. Officials are also required to highlight any significant concerns or risks that should be taken into account in working with the public international organizations.

We found that State and USAID award officials conducted reviews of past performance information when approving the implementing partners for 26 of the 28 awards we selected and reviewed. Specifically, we found that State and USAID award officials conducted reviews of past performance information as required by the agencies’ policies when approving potential NGO implementing partners for the 20 selected grants, cooperative agreements, and contracts we reviewed (see table 5).²⁴

Table 5: State and USAID Reviewed Past Performance of Potential Implementing Partner Nongovernmental Organizations for Selected Grants, Cooperative Agreements, and Contracts in Accordance with Federal and Agency Policies

Type of Award	Number of awards reviewed	Reviews of active exclusions in the System for Award Management ^a	Reviews of the organization’s history of performance on prior federal awards	Sources of performance information ^b
Grants	12	Yes ^c	Yes	<ul style="list-style-type: none"> Performance and integrity information on the Federal Awardee Performance and Integrity Information System^d Review of any available audits
Cooperative agreements	4	Yes	Yes	<ul style="list-style-type: none"> Performance and integrity information on the Federal Awardee Performance and Integrity Information System^d Review of any available audits
Contracts	4	Yes	Yes	<ul style="list-style-type: none"> Review of the organization’s history of performance on the Federal Awardee Performance and Integrity Information System^d and the Contractor Performance Assessment Reporting System^e

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data and information. | GAO-24-106751

^aThe System for Award Management (SAM) is the primary U.S. government repository for prospective federal awardee and federal awardee information. An active exclusion identifies an entity as ineligible to receive federal awards, among other things.

^bIn addition to reviewing sources of performance information on SAM, in the Federal Awardee Performance and Integrity Information System, in the Contractor Performance Assessment Reporting System, and in any available audits, award officials can avail themselves of other databases. For example, USAID officials can review past performance information on the Agency Secure Image and Storage Tracking System, USAID’s official electronic repository for all acquisition and assistance award documentation.

^cThe implementing partner for one selected award in our sample received an exemption from the requirements of registering in SAM and therefore officials did not verify that the implementing partner was not excluded from receiving U.S. government funding on SAM for this selected award. Agencies have authority to exempt an entity from an applicable requirement to register in SAM if the agency determines that it must protect information about the entity from disclosure if it is in the national security or foreign policy interests of the United States or to avoid jeopardizing the personal safety of the applicant or recipient’s staff or clients. USAID approved the exemption because of the high-risk conflict environment in Ukraine, where disclosure of information about an organization’s link to U.S. government funding poses a threat to staff safety.

^dThe Federal Awardee Performance and Integrity Information System, which migrated to SAM.gov as “Responsibility/Qualification” information contains information on entity exclusions and civil, criminal, and administrative proceedings at the federal or state level in connection with performance of applicable federal awards that resulted in a conviction or civil finding of fault and liability as well as terminations for default, administrative agreements and nonresponsibility determinations.

^eThe Contractor Performance Assessment Reporting System is a government-wide information system for collecting and processing contractor performance information. In this reporting system, contractors are generally evaluated on six areas: (1) technical (quality of product or service), (2) cost control, (3) schedule/timeliness, (4) management or business relations, (5) small business subcontracting, and (6) other (as applicable). For each of these areas, contracting officials enter a performance rating—exceptional, very good, satisfactory, marginal, or unsatisfactory—and provide a supporting written narrative.

²⁴The other six awards for which past performance information was reviewed were to international organizations and is discussed in table 6.

In addition, we found that State and USAID award officials conducted reviews of past performance information of potential international organization implementing partners in accordance with agency policies when approving them for the six selected voluntary contributions and cost-type agreements with international organizations (see table 6).

Table 6: State and USAID Reviewed Past Performance Information for Potential Implementing Partners for Selected Agreements with Applicable International Organizations in Accordance with Agency Policies

Type of Award	Number of awards reviewed	Reviews of active exclusions in the System for Award Management ^a	Reviews of performance information
Voluntary contributions to international organizations ^b	5	Yes	<ul style="list-style-type: none"> Performance information in the international organization’s annual reports to donors to assess the extent to which the organization met its own institutional goals globally
Cost-type agreements with public international organizations ^b	1	Yes	<ul style="list-style-type: none"> Confirmation of an approved organizational capacity review^c

Source: GAO analysis of Department of State and U.S. Agency for International Development (USAID) data and information. | GAO-24-106751

Notes: The five voluntary contributions we reviewed were State awards. A voluntary contribution is discretionary financial assistance provided pursuant to specific statutory authorization. It provides funds to applicable organizations, such as foreign public entities to directly support the activities of the organization or sustain the general budget and operations of the organization. While these funds may advance specific activities and goals of the U.S. government, the central purpose of the award is to enable the organization to carry out its activities.

The cost-type agreement with a public international organization that we reviewed was a USAID award. Under a cost-type agreement with a public international organization, USAID reimburses or advances funds for specific, or categories, of costs of goods and services to achieve an agreement purpose.

^aThe System for Award Management is the primary U.S. government repository for prospective federal awardee and federal awardee information. An active exclusion identifies an entity as ineligible to receive federal awards, among other things.

^bUSAID’s policy designates certain international organizations as “public international organizations.” According to USAID officials, this designation applied to all the USAID partner international organizations in our sample. Accordingly, we use USAID’s terminology when referring to those awards. By contrast, State’s policy uses “foreign public entity” and “public international organization” terminology as defined by 2 C.F.R. § 200.1. For the purposes of this report, we say “international organizations” when we refer to international organizations in State’s sample as well as when we refer to State and USAID collectively.

^cAn organizational capacity review is a USAID requirement to review a public international organization’s policy and organizational framework and operational and managerial capacity prior to entering into an agreement and at least every 5 years thereafter. The purpose of this review is to conduct a high-level assessment of whether a public international organization is organizationally capable of adequately safeguarding USAID resources, and to highlight any significant concerns, considerations, or risks that should be taken into account in working with the organization. According to USAID’s operational policy, when conducting this type of review, officials should evaluate the quality of the public international organization’s past performance with respect to U.S. government and other donor-funded projects; and internal and external audits, reviews, evaluations, and assessments of a public international organization’s U.S. government-funded programs; among other things.

State Did Not Screen International Organizations Under Letters of Agreement

We found that State did not conduct such screening for the two letters of agreement with international organizations included in the 28 awards we reviewed. We determined that this was because State’s policies do not require past performance screening for Circular-175 letters of agreement with international organizations. A Circular-175 letter of agreement is a unique type of award that creates obligations that are binding under international law between the U.S. government and a foreign government or an international organization.²⁵

²⁵When agreements create obligations that are binding under international law between the U.S. Government and a foreign government or a multilateral organization, they require State’s Circular-175 authority to negotiate and conclude. Treaty-based letters of agreement are considered binding international agreements and not federal assistance. For the purpose of this report, “letters of agreement” refers specifically to Circular-175 letters of agreement.

For State's two letters of agreement with international organizations included in our review, we found that officials did not verify on the System for Award Management (SAM) that these particular implementing partners were not excluded from receiving U.S. government funding because they may be debarred, suspended, or declared ineligible for the award by a federal agency. State officials said that they follow award requirements in State's Federal Assistance Directive when selecting international organizations for letters of agreement.²⁶ However, State's Federal Assistance Directive does not require officials to verify on SAM that the implementing partner is not excluded from receiving U.S. government funding or specify requirements for screening the international organization for past performance prior to entering into the letter of agreement.

In addition, State officials told us that they did not consider any other past performance information from any other sources when selecting the implementing partner for both letters of agreement. For example, State officials did not review any past performance information in the international organizations' annual reports when selecting the implementing partners for the agreements.

Standards for Internal Control in the Federal Government call for management to document in policies or procedures the activities needed to achieve objectives and respond to risks, including how those activities should be implemented.²⁷

Without screening international organizations for past performance or for U.S. federal suspensions and debarments when selecting them for letters of agreement, State has a higher risk of selecting implementing partners that may be excluded from receiving federal awards or may not perform well in carrying out the needed assistance under the agreements.

USAID Documented Detailed Past Performance Information, but State Did Not

USAID documented more detailed information about the sources officials reviewed and their assessments of the past performance of implementing partners approved for awards than State. A detailed record on potential implementing partners' histories can help inform State's award officials and program officials about the level and types of risks posed. Having a detailed record can thereby enhance State officials' decisions about selection and award implementation now and in the future.

USAID Documented Detailed Past Performance Information for Decision-making

In award memoranda used to record the due diligence conducted on potential implementing partners, we found that USAID award officials documented detailed information about the specific sources they reviewed to assess the potential implementing partners' past performance and their assessments of the information. For example, USAID award officials documented detailed information about the specific audit reports that they reviewed and explanations of any audit findings. Specifically, USAID award officials documented whether the audit report identified any significant deficiencies or material weaknesses in internal control and, if so, documented the nature of them and any corrective actions the potential implementing partner had taken or had planned to address them.

²⁶See Department of State, Bureau of Administration, Office of the Procurement Executive and Office of Acquisitions Policy, Federal Assistance Division, *Federal Assistance Directive* (October 2022).

²⁷GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

For five USAID grants and cooperative agreements we reviewed, award officials documented that audits of the potential implementing partners did not reveal any significant deficiencies or material weaknesses in internal control. In addition, USAID award officials documented a significant deficiency from an audit of another potential implementing partner. The audit noted that the potential implementing partner did not register its sub-awards in the Federal Funding Accountability and Transparency Act Sub-Award Reporting System, as required by federal regulations. Award officials documented that in response to the audit the potential implementing partner would update its policies and procedures to ensure that its sub-awards were registered in this system in an accurate and timely manner.

In addition, award officials documented descriptions of the implementing partners' history of performance for prior USAID awards. USAID award officials documented assessments from USAID officials familiar with the performance of the potential implementing partner on prior awards, including descriptions of the extent to which the partner successfully managed prior awards and the nature and extent of any challenges the partner experienced in implementing the award's requirements.

For example, USAID documentation showed that one potential implementing partner performed satisfactorily in implementing assistance in six countries but had experienced project delays in nine countries due to the COVID-19 pandemic, insecurity, and other circumstances generally outside of its control. In a different example, USAID award officials documented that the potential implementing partner had experienced significant delays and obstacles to implementing assistance in one country, largely due to impediments imposed by local authorities. However, USAID award officials noted that this implementing partner regularly and proactively communicated updates on these issues to USAID officials.

USAID officials told us that documenting such information is helpful to other award officials involved in the selection process. They said that such information can help inform decisions about the selection of the implementing partner and to other officials involved in managing the awards of the selected implementing partner, moving forward. These officials noted that other officials may use such information to identify particular areas of concern with the implementing partner to monitor during award implementation.

State Did Not Document Detailed Information Supporting Its Decisions in Past Performance Assessments

In contrast, we found that State officials did not document detailed information about the sources they reviewed on the past performance of potential implementing partners nor their assessments of past performance. The standardized pre-award risk assessment form is a checklist that State officials used to record that they completed the required due diligence steps to assess potential NGO implementing partners' past performance. For example, State award officials documented on the form whether the potential implementing partner had met program objectives specified in past awards, had previously submitted program and financial reports in a timely and accurate manner, or had undergone a required audit or had any audit findings. State award files had no further documentation of the results of its past performance reviews of potential implementing partners beyond the pre-award risk assessment form.

State officials maintained audit reports on potential NGO implementing partners, but award officials' assessments of the audit findings were not documented for other officials in the award file. To review audit findings for potential implementing partners of our selected awards, we had to separately request the audit reports from State officials. Of the audit reports we reviewed, one audit conducted on an implementing partner found that the organization did not obtain pre-approval from State award officials for a sub-award as required

by the award agreement. This was due to the organization's lack of awareness of the award's requirements. In response to the audit's findings, the implementing partner requested approval of the sub-award from State award officials and planned training for its staff on prior approval requirements for sub-awards, according to the audit report.

State officials told us that the purpose of the pre-award risk assessment form is to record their assessment of the risks posed by the potential implementing partner based on its history of past performance to inform the selection decision. However, although there was room on the form to elaborate on or provide additional information in support of the past performance assessment, award officials generally did not document detailed information to describe the specific sources they reviewed or explain their conclusions. State officials told us they did not document this information because the pre-award risk assessment form does not require the information to be recorded.

In addition, State does not require award officials to complete the pre-award risk assessment form for voluntary contributions to international organizations and letters of agreement with international organizations. We found that State did not document detailed past performance information for potential international organization implementing partners for the awards we reviewed. State officials told us that State's policy does not require detailed past performance documentation in the award files for international organizations.

State officials are required to maintain the pre-award risk assessment form in the award file to provide the information to other award officials needing to assess the risks posed by the implementing partner during the selection process. Program officials may also review the information on the form to understand the risks posed by the selected implementing partner and inform their decisions about how to mitigate those risks during award implementation. For example, information on the form could be used to inform their development of monitoring plans, according to officials. However, the form does not provide context that could help officials understand the risks of working with certain organizations and inform State's future monitoring and funding decisions.

Standards for Internal Control in the Federal Government call for managers to maintain sufficient documentation to retain organizational knowledge and to mitigate the risk of having that knowledge limited to a few personnel.²⁸ Without documenting detailed information about the sources State officials reviewed and their assessments of the past performance of implementing partners, little information is available about the results of the due diligence officials conducted when approving implementing partners for awards. As a result, State officials do not have a detailed record in the award file with which to share information with other officials about any past performance issues or any risks posed by the implementing partner. A detailed record could assist other State award officials and program officials in understanding the risks posed by the potential implementing partner in meeting the intended purpose of their awards when making decisions about selection and award implementation.

²⁸See [GAO-14-704G](#).

State Does Not Monitor Partners' Screening of Sub-partners for Past Performance Nor Does USAID for Public International Organization Partners

State officials did not periodically monitor how NGO implementing partners have implemented their procedures to screen their sub-partners for past performance, and neither agency's officials periodically monitored how international organizations have implemented such procedures.²⁹ Implementing partners are responsible for conducting this screening when selecting sub-partners for sub-awards, according to federal acquisition and assistance regulations.³⁰ However, according to Standards for Internal Control in the Federal Government, agencies' management retain responsibility for the performance of processes assigned to service organizations. Under this standard, agencies should ensure that implementing partners are meeting requirements to screen sub-partners for past performance.³¹ State and USAID could then better ensure that the implementing partners have effectively conducted this screening when selecting their sub-partners for sub-awards.

For the 11 USAID grants, cooperative agreements, and contracts we reviewed, we found that NGO implementing partners provided USAID officials information about the procedures they conduct to screen sub-partners for past performance when selecting them for sub-awards. For these awards, USAID award officials obtained confirmation from the implementing partners that they conducted a risk assessment for the proposed sub-partners when approving NGO implementing partners' sub-awards. The pre-award risk assessment is based on the sub-partner organization's history of performance, among other factors.

The NGO implementing partners also confirmed that they verified on SAM that the sub-partners were not excluded from receiving U.S. government funding. Additionally, for one contract we reviewed, USAID required approval to subcontract because the implementing partner had not proposed any sub-partners at the time award officials approved the award. The implementing partner provided written confirmation to award officials in the USAID/Ukraine mission that its proposed sub-partner had adequately performed similar work. For this contract, USAID also had documentation from the implementing partner in which it confirmed to USAID/Ukraine award officials that they verified on SAM that the sub-partner was not excluded from receiving U.S. government funding.

Further, we found that USAID award officials conducted reviews of certain specific past performance information on proposed sub-partners of NGO implementing partners. Specifically, USAID award officials

²⁹For the purposes of this report, in the context of monitoring sub-award screening, "monitoring" means requesting and reviewing applicable sub-award documentation from implementing partners.

³⁰Under 2 C.F.R. § 200.332, the implementing partner must evaluate each subrecipient's risk of noncompliance with federal statutes, regulations, and the terms and conditions of the sub-award for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as the subrecipient's prior experience with the same or similar sub-awards; the results of previous audits, whether the subrecipient has new personnel or new or substantially changed systems; and the extent and results of federal awarding agency monitoring (e.g., if the subrecipient also receives federal awards directly from a federal awarding agency). According to Federal Acquisition Regulation 9.104-4 (a), generally, prospective prime contractors are responsible for determining the responsibility of their prospective subcontractors. A prospective contractor may be required to provide written evidence of a proposed subcontractor's responsibility.

³¹See [GAO-14-704G](#).

conducted their own verification on SAM that the sub-partners were not excluded from receiving U.S. government funding. In addition, as part of its standard processes, USAID's award officials in the Bureau of Conflict Prevention and Stabilization, Office of Transition Initiatives received documentation from implementing partners showing the list of databases that the implementing partners searched to screen proposed sub-partners and the implementing partners' search results.

For the nine State grants and cooperative agreements we reviewed, State award officials said that they reviewed documentation from NGO implementing partners describing the procedures they use to screen sub-partners for past performance, including implementing partners' sub-award policies and sub-award selection methodologies that implementing partners are required by State policy to provide. State officials took no further steps, beyond these required by State policy, to obtain confirmation from the implementing partners included in our sample that they followed their own screening policies for their Ukraine sub-awards.

For the eight awards with international organizations that we reviewed, State and USAID award officials said that they reviewed the governance framework that the implementing partners use for sub-awards, including the processes the international organization uses for the selection of its sub-partners.³² Doing so helped State and USAID award officials to understand the steps that international organizations are required to take to screen their proposed sub-partners and ensure that they have sufficient screening processes in place, according to officials.

Further, through U.S. representation as a member state of international organizations, State and USAID officials noted that they participate directly in the organizations' governing bodies, allowing them to advocate for oversight and internal control improvements within these organizations' policies. In addition, officials told us that they directly engage with senior staff of international organizations on operational and administrative policies and procedures, including existing processes for the selection and management of sub-partners.

However, for USAID's cost-type agreements with public international organizations and State's voluntary contributions to international organizations and letters of agreement with international organizations we reviewed, State and USAID award officials said that they did not review any documentation showing how the international organization implemented its specific processes to screen their individual sub-partners for past performance.

State officials did not periodically monitor NGO partners' implementation of their screening procedures and officials of neither agency periodically monitored how international organizations implemented their screening procedures because the agencies' policies did not require them to do so. Officials told us that federal regulations and agency policies establish the implementing partner as responsible for their sub-partners.

³²USAID award officials must confirm that an organizational capacity review of a public international organization has been completed prior to entering into an agreement with a public international organization. USAID must conduct these reviews of the public international organizations it funds at least every five years to assess whether the organizations are capable of adequately safeguarding USAID resources and to highlight any significant concerns, considerations, or risks that should be taken into account in working with the organizations. Through this review, USAID officials should also evaluate the public international organization's applicable policies and procedures regarding risk management, internal controls, and procurement, among other things. In September 2018, the USAID Office of Inspector General reported that USAID did not always complete rigorous determinations of public international organizations' performance or update such determinations with new information before making awards. See USAID Office of Inspector General, *Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk*, [8-000-18-003-P](#) (Washington, D.C.: Sept. 25, 2018).

Implementing partners are responsible for maintaining documentation showing how they selected the sub-partner. State and USAID officials told us that when they have concerns about the sub-partner or the implementing partner's screening procedures, they may request documentation from the implementing partner on how it screened a proposed sub-partner's past performance on a case-by-case basis.

Because State award officials do not periodically monitor NGO partners' implementation of their screening procedures and State and USAID award officials do not periodically monitor international organizations' implementation of their procedures to screen sub-partners for past performance, the agencies have a higher risk that implementing partners may not have screened their sub-partners comprehensively. Implementing partners' comprehensive screening of sub-partners would help ensure that sub-partners will be effective at fulfilling all the requirements and obligations of their sub-awards. In the absence of comprehensive past performance monitoring, there is a greater risk of performance issues in sub-awards.

Two Bureaus and Many Implementing Partners Reported Challenges Obtaining Qualified Partners

Two USAID bureaus identified challenges identifying implementing partners with the skills and capacities needed to implement Ukraine non-security assistance, according to our interviews with agency officials. Through our survey of implementing partner representatives, we also found that most implementing partners reported challenges obtaining sub-partners with the skills and capacities to implement Ukraine non-security assistance.

Two USAID Bureaus Identified Challenges Obtaining Qualified Implementing Partners

Officials we interviewed from USAID's Bureau for Humanitarian Assistance and the USAID/Ukraine mission within USAID's Europe and Eurasia bureau identified challenges obtaining implementing partners with needed skills and capacities:

- **USAID Bureau for Humanitarian Assistance** officials told us that it was difficult to obtain implementing partners with access to affected groups in frontline areas with significant active conflict. However, they noted that partners had good access in Ukraine-controlled areas, to the extent that security conditions allowed, and that the bureau did not conduct significant interventions in Russian-occupied areas.
- **USAID/Ukraine** mission officials said that it was difficult to engage organizations that were not already present in Ukraine during the first year after the February 2022 invasion given wartime conditions and the displacement of millions of people. Therefore, the USAID/Ukraine mission largely relied on modifying awards with existing implementing partners to meet immediate needs following the invasion, according to USAID/Ukraine mission officials.³³

³³See Appendix II for our analysis of modifications to Ukraine non-security assistance awards that preceded the invasion.

Officials from the five other bureaus within State and USAID providing Ukraine non-security assistance said that they did not experience challenges obtaining qualified implementing partners.³⁴ Some of these officials told us that they had experience working with implementing partners for Ukraine assistance since 2014, and that these organizations were largely able to adapt their activities to the full-scale invasion in 2022.

Survey Results Revealed Many Implementing Partners Had Challenges Obtaining Qualified Sub-Partners

Based on our survey of representatives of implementing partners for Ukraine non-security assistance, henceforth referred to as respondents, 78 of the 106 respondents reported that they issued sub-awards, and the majority of these 78 respondents identified challenges obtaining sub-partners with needed skills and capacities since February 2022. Respondents who noted challenges obtaining sub-partners with skilled staff or organizational capacity identified actions that they took to address them.

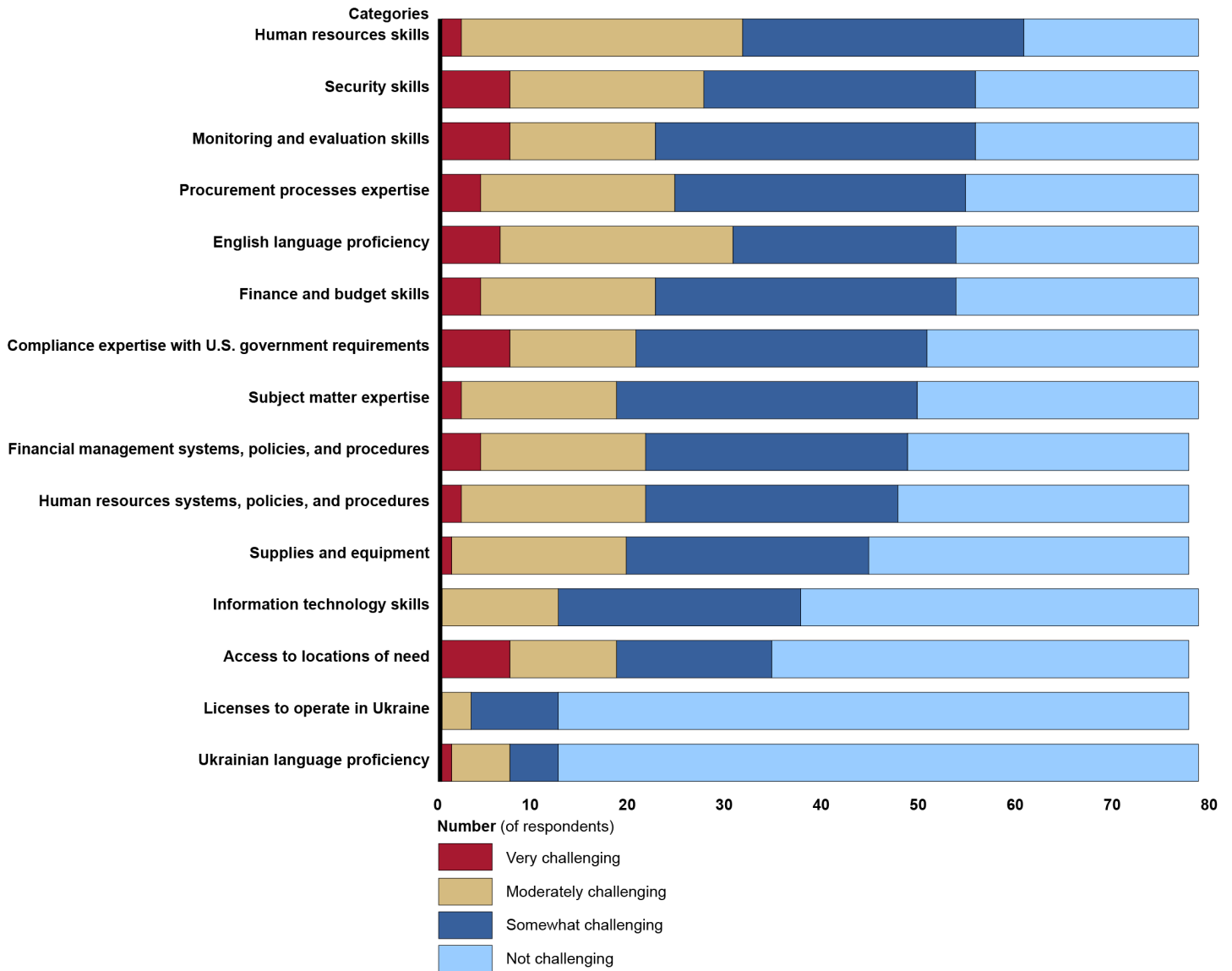
Challenges Obtaining Sub-Partners with Needed Skills and Capacities

Out of the 78 respondents with sub-awards that we surveyed, 63 viewed obtaining sub-partners with at least one type of staff skill or organizational capacity as moderately or very challenging since February 2022. As shown in Figure 5, the majority of respondents found 11 of 15 types of needed skills and capacities to be at least somewhat challenging to obtain in sub-partners.³⁵

³⁴The five agency bureaus that did not report challenges were the Department of State's Bureaus of Population, Refugees, and Migration; Democracy, Human Rights and Labor; International Narcotics and Law Enforcement; and Conflict and Stabilization Operations; and USAID's Bureau for Conflict Prevention and Stabilization.

³⁵We identified 15 types of staff skills and organizational capacities that were necessary to meet the needs of Ukraine assistance by interviewing agency officials and implementing partners, developing an initial list, and then adjusting the list based on additional input from implementing partners.

Figure 5: Types of Skills and Capacities 78 Survey Respondents Viewed as Challenging to Obtain in Sub-Partners, According to Ukraine Implementing Partner Survey Results



Source: GAO survey of Department of State and U.S. Agency for International Development (USAID) implementing partner representatives. | GAO-24-106751

Accessible Data for Figure 5: Types of Skills and Capacities 78 Survey Respondents Viewed as Challenging to Obtain in Sub-Partners, According to Ukraine Implementing Partner Survey Results

na	Number (of respondents)	Number (of respondents)	Number (of respondents)	Number (of respondents)
Categories	Very challenging	Moderately challenging	Somewhat challenging	Not challenging
Human resources skills	2	29	29	18
Security skills	7	20	28	23

na Categories	Number (of respondents)		Number (of respondents)	
	Very challenging	Moderately challenging	Somewhat challenging	Not challenging
Monitoring and evaluation skills	7	15	33	23
Procurement processes expertise	4	20	30	24
English language proficiency	6	24	23	25
Finance and budget skills	4	18	31	25
Compliance expertise with U.S. government requirements	7	13	30	28
Subject matter expertise	2	16	31	29
Financial management systems, policies, and procedures	4	17	27	29
Human resources systems, policies, and procedures	2	19	26	30
Supplies and equipment	1	18	25	33
Information technology skills	0	12	25	41
Access to locations of need	7	11	16	43
Licenses to operate in Ukraine	0	3	9	65
Ukrainian language proficiency	1	6	5	66

Source: GAO survey of Department of State and U.S. Agency for International Development (USAID) implementing partner representatives. | GAO-24-106751

Note: Our survey asked the 78 respondents who reported subawards to rate how challenging it was to obtain sub-partners with needed skills and capacities. One respondent's response on challenges with organizational capacities was excluded at their request because the respondent considered the question as not applicable, thus the total number of responses for our survey question on challenges related to organizational capacities was 77 instead of 78.

Examples of Respondents' Comments about Challenges Obtaining Sub-Partners with Skilled Staff

"Some local partners struggled to recruit new employees who had the administrative or legal experience necessary for the work context in 2022 and 2023."

"Well-known and experienced organizations are implementing a large number of activities and are at capacity, whereas smaller organizations do not have sufficient operational and technical expertise to apply and execute activities on a professional level."

"We have not been able to recruit and hire a [Monitoring, Evaluation, and Learning] Specialist for over a year. Candidates either do not want to switch jobs during this unstable time, have left the country, or are not looking for employment due to personal circumstances."

Source: GAO survey of Department of State and USAID implementing partner representatives. | GAO-24-106751

Based on our analysis of survey results, the three types of staff skills that respondents reported to be most challenging to obtain in sub-partners were in the areas of (1) human resources, (2) security, and (3) monitoring

and evaluation. Over 70 percent of respondents viewed obtaining sub-partners with staff skilled in these areas as at least somewhat challenging.

Over 50 percent of respondents viewed obtaining sub-partners with capacity in human resources and financial management systems, policies, and procedures, and supplies and equipment, as at least somewhat challenging. For example, two respondents noted that many Ukrainian civil society organizations, particularly smaller ones, lack robust human resources systems, and that the war further exacerbated their operational capacities. Three respondents indicated that Ukrainian civil society organizations may lack the experience, staff, and systems to manage accounting and grants.

Examples of Respondents' Comments about Challenges Obtaining Sub-Partners with Humanitarian Assistance Expertise and Necessary Equipment

"Although Ukraine has a thriving network of civil society organizations, many organizations had never provided emergency and humanitarian aid prior to February 2022. Many organizations also had little experience receiving grants [from international] NGOs or international donors and therefore were unfamiliar with rules, regulations, and common processes."

"Some partners lacked subject matter expertise such as protection in humanitarian response."

"Many Ukrainian vendors do not have equipment in stock and there are delays with importing certain equipment due to disruptions in supply chain[s] and logistics of getting equipment delivered to Ukraine."

Source: GAO survey of Department of State and USAID implementing partner representatives. | GAO-24-10675

In addition, six respondents noted an overall lack of expertise in humanitarian assistance, including areas such as large-scale food assistance, international humanitarian law; protection; safeguarding; water, sanitation, and hygiene; non-food item distribution; and shelter and settlements. Five respondents noted that sub-partners faced shortages in supplies and equipment, such as communication devices, generators, medical supplies, personal protection equipment, and fuel.

Issues Resulting from Challenges Obtaining Sub-Partners

Examples of Respondents' Comments about Challenges Obtaining Sub-Partners with Capacity in Human Resources and Financial Management

"Many Ukrainian [civil society organizations], particularly smaller ones, lack dedicated [human resources] staff or sufficient [human resources] financial resources to establish robust [human resources] systems."

"[M]any organizations have very little experience developing detailed line-item budgets, with little understanding of what costs would be considered 'reasonable' and 'justifiable' for the delivery of the project. That delayed the development of partner budgets as several rounds of feedback and edits to budgets and partners[] procurement policies were required to ensure they were compliant with donor regulations."

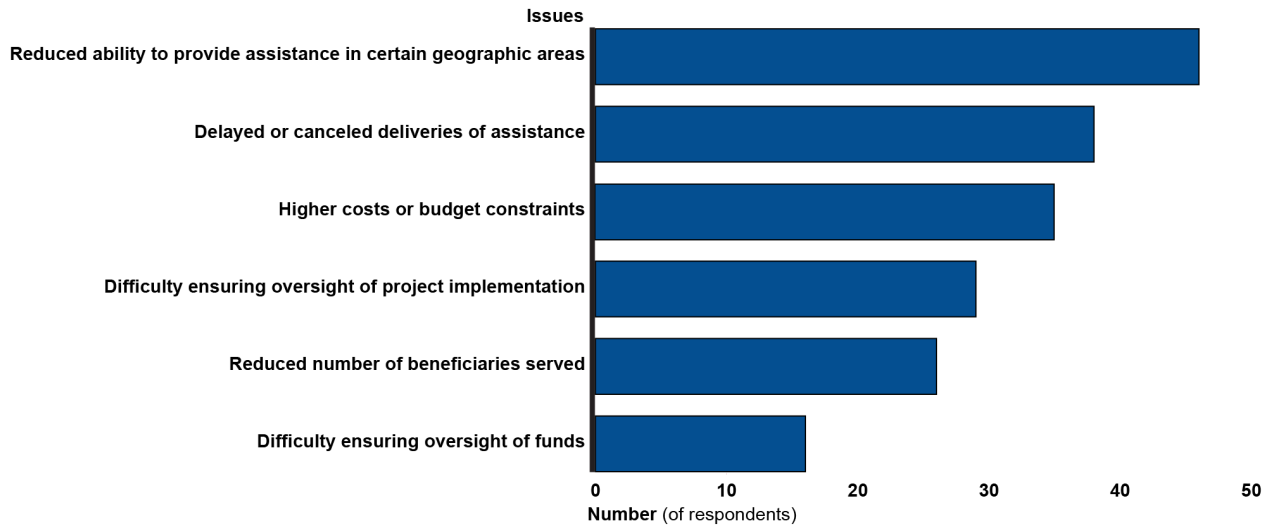
"Grassroots, community-based organizations have very strong connections to the communities they serve. But they lack the experience and systems to manage grants, including tracking, reporting, and compliance."

Source: GAO survey of Department of State and USAID implementing partner representatives. | GAO-24-106751

Of the 73 respondents who noted challenges obtaining sub-partners with skilled staff or organizational capacity, 67 identified at least one issue resulting from these challenges. As Figure 6 shows, the three most common issues were a reduced ability to provide assistance in certain geographic areas, delayed or cancelled deliveries of assistance, and higher costs or budget constraints. Three respondents commented that they had a reduced ability to provide assistance to frontline or war-affected areas.

One of these respondents stated: "Operating in war-affected areas exposes personnel to significant security risks, limiting the ability of sub-partners to reach certain communities and deliver essential services. Damaged infrastructure and transportation disruptions create logistical challenges for sub-partners, hindering their ability to distribute aid and access remote locations."

Figure 6: Issues Resulting from Challenges Obtaining Sub-Partners, According to the 73 Respondents in the Ukraine Implementing Partner Survey Results



Source: GAO survey of Department of State and United States Agency for International Development (USAID) implementing partner representatives. | GAO-24-106751

Accessible Data for Figure 6: Issues Resulting from Challenges Obtaining Sub-Partners, According to the 73 Respondents in the Ukraine Implementing Partner Survey Results

Issues	Number (of respondents)
Reduced ability to provide assistance in certain geographic areas	46
Delayed or canceled deliveries of assistance	38
Higher costs or budget constraints	35
Difficulty ensuring oversight of project implementation	29
Reduced number of beneficiaries served	26
Difficulty ensuring oversight of funds	16

Source: GAO survey of Department of State and United States Agency for International Development (USAID) implementing partner representatives. | GAO-24-106751

Note: Our survey asked the 73 respondents who reported challenges obtaining sub-partners with needed skills and capacities to indicate whether they had experienced the types of issues above as a result of the challenges they experienced.

Implementing Partner Actions to Address Challenges Obtaining Sub-Partners

Respondents who noted challenges obtaining sub-partners with skilled staff or organizational capacity identified actions implementing partners took to address them. The most common action was building the capacity of sub-partners through training or guidance. For example, one respondent indicated that their organization provided sub-partners with procurement training and guidelines, helped them draft their budgets and scopes, and convened a two-day training on U.S. government regulations in Kyiv, Ukraine. Another noted that their organization dedicated more internal resources towards monitoring and evaluation, reporting, and technical trainings for sub-partners.

Addressing challenges obtaining sub-partners with skilled staff. Of the 62 respondents who reported taking action to address these types of challenges,

- 53 reported building the capacity of sub-partners through training;
- 43 reported utilizing more staff from their own organizations, and
- 32 reported using short-term consultants.

Addressing challenges obtaining sub-partners with organizational capacity. Of the 61 respondents who reported taking action to address these types of challenges,

- 42 reported building the capacity of sub-partners through training or guidance;
- 30 reported re-issuing solicitations to identify other potential sub-partners; and
- 22 reported using fewer sub-partners than planned.

State and USAID Support to Implementing Partners

Respondents who noted challenges obtaining sub-partners with skilled staff or organizational capacity also identified actions State and USAID took to help their organizations address these challenges. The most common action was providing connections with or advice from other implementing partners experiencing similar challenges.

Of the 73 respondents who noted challenges obtaining sub-partners with skilled staff or organizational capacity, 37 reported that agencies provided connections with or advice from other implementing partners experiencing similar challenges; and 27 reported that agencies helped build capacity of local Ukrainian organizations through training. The majority of respondents who noted challenges obtaining sub-partners did not identify additional agency actions that they would consider helpful to further support implementing partners in addressing these challenges.

However, nine respondents reported that State and USAID could further support implementing partners in addressing these challenges through information sharing among implementing partners or through providing capacity-building to sub-partner organizations. Specifically:

- Three respondents noted that agencies could further support implementing partners by sharing partner information, such as a list of all partners in Ukraine, their work focus, and their geographical area.
- Another three respondents noted that agencies could coordinate the sharing of good practices, lessons learned, and program synergies among implementing partners, such as by creating a group or workshop.
- One of the above respondents, and three others, noted that agency provision of training and guidance to sub-partners, such as on security risks and U.S. government financial requirements, would be useful.

Conclusions

Since Russia's full-scale invasion of Ukraine, State and USAID have obligated billions of dollars in foreign assistance to respond to the immediate needs of the Ukrainian people affected by the war and to support

Ukraine in its longer-term recovery. More than 100 State and USAID implementing partners and their more than 2,000 sub-partners play a pivotal role in the delivery of this vital assistance.

Given the important role implementing partners and their sub-partners play in delivering assistance to a war-torn environment, it is imperative that State and USAID award officials select high-performing implementing partners and that these implementing partners, in turn, select sub-partners with the skills and capacities to deliver the assistance required. While State and USAID award officials conducted the steps required to screen implementing partners for past performance when selecting them for the non-security assistance awards we reviewed, limitations exist in the agencies' screening of implementing partners and their oversight of implementing partners' screening of sub-partners.

Because State's policies did not require past performance screening of potential implementing partners when selecting them for letters of agreement with international organizations, State award officials may not identify past performance issues that could indicate potential risks in awarding funding to international organizations under these types of agreements. In addition, State policy does not require award officials to record detailed information of their assessments of potential implementing partners' past performance. Doing so could help other State officials to understand the risks of using these partners to implement non-security assistance now and in the future.

Although implementing partners are responsible for screening their sub-partners for past performance, State does not have a process in place to periodically monitor how State's NGO implementing partners implement the NGO's processes for screening potential sub-partners for past performance. Furthermore, neither State nor USAID has a process in place to periodically monitor how international organizations implement their sub-partner screening procedures. However, periodic monitoring of the implementation of implementing partners' screening procedures would provide State and USAID officials greater assurance of the effectiveness of implementing partners' screening to better ensure that sub-partners are able to deliver the intended assistance.

Recommendations for Executive Action

We are making the following five recommendations, four to State and one to USAID.

The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to conduct a verification search in the System for Award Management and screen international organizations for past performance and exclusions when selecting them for Circular-175 letters of agreement. (Recommendation 1)

The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive require award officials to include in the award file detailed documentation of the sources and assessments of past performance information that inform officials' decisions prior to approving implementing partners for awards. (Recommendation 2)

The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to periodically monitor the implementation of non-governmental organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards. (Recommendation 3)

The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to periodically monitor the implementation of international organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards. (Recommendation 4)

The Administrator of USAID should ensure that the Office of the General Counsel and the Bureau for Planning, Learning, and Resource Management establish a requirement in USAID's operational policy for USAID award officials to periodically monitor the implementation of public international organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards. (Recommendation 5)

Agency Comments

We provided a draft of this report to State and USAID for comment. In their written comments, reproduced in appendixes III and IV, State and USAID concurred with our recommendations. USAID also provided technical comments, which we incorporated as appropriate. In its technical comments, USAID noted that recommendation 5 should be addressed to the Office of the General Counsel and the Bureau for Planning, Learning, and Resource Management. The Office of the General Counsel serves as the agency's principal advisor to the Administrator on agencywide policy matters, and the bureau is responsible for the development of guidance for policy implementation. We revised recommendation 5 accordingly.

We are sending copies of this report to the appropriate congressional committees, the Secretary of State, the Administrator of USAID, and other interested parties. In addition, the report is available at no charge on the GAO website at <https://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4409 or lovegrayerl@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.



Latesha Love-Grayer
Director, International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

This report examines (1) key characteristics of the Department of State and the U.S. Agency for International Development's (USAID) implementing partners and sub-partners for selected non-security assistance provided in response to the war in Ukraine, (2) the extent to which the agencies considered past performance when selecting implementing partners for awards begun since February 24, 2022, (3) the extent to which the agencies monitored implementing partners' screening of sub-partners for past performance under awards begun since February 24, 2022, and (4) any challenges the agencies and their implementing partners experienced obtaining partners to meet the needs of the work required.

To determine key characteristics of selected implementing partners and sub-partners, we analyzed agency and implementing partner data for all 197 State and USAID non-security assistance awards active between the February 24, 2022, Russian invasion of Ukraine and September 30, 2023, that were within our scope. Because State and USAID implementing partners provided non-security assistance to respond to the effects of the invasion in countries other than Ukraine, we obtained data on awards that provided non-security assistance within Ukraine and in neighboring countries.

We focused on awards that provided only non-security assistance and did not include certain awards that did not relate to non-security assistance within Ukraine and neighboring countries.¹ Specifically, we did not include awards that funded certain categories of security assistance.² The war in Ukraine indirectly affected other humanitarian crises around the world, such as international commodity markets and prices. We did not include awards that funded humanitarian assistance indirectly affected by the Ukraine crisis, such as by providing assistance to countries outside Europe. In addition, because we focused on assistance provided through implementing partners, we did not include in our analysis the \$22.9 billion obligated for direct budget support to the Ukrainian government, as of September 30, 2023.

We obtained the award data from each of the agencies' units that had funded non-security assistance in response to the war in Ukraine since the invasion. Specifically, we obtained State award data from the Bureaus of Conflict and Stabilization Operations; Democracy, Human Rights, and Labor; International Narcotics and Law Enforcement Affairs (INL);³ and Population, Refugees, and Migration.

We obtained USAID award data from the Bureaus for Humanitarian Assistance; Conflict Prevention and Stabilization; Europe and Eurasia; Global Health; and Inclusive Growth, Partnerships, and Innovation; and the USAID/Ukraine mission. The award data we obtained from each of these operating units included

¹The awards within our scope funded non-security assistance within six categories of foreign assistance, including humanitarian assistance, and assistance supporting economic growth; democracy, human rights, and governance; peace and security, focusing solely on conflict mitigation and stabilization; health; and education and social services.

²We did not include security assistance related to counter-terrorism, combating weapons of mass destruction, counter-narcotics, transnational threats and crime, conventional weapons security and explosive remnants of war, strengthening military partnerships and capabilities, and citizen security and law enforcement.

³For the purposes of our analysis, we included award data for INL's non-security assistance related to the bureau's programming in the area of democracy, human rights, and governance assistance. We excluded award data for INL's programming for citizen security and law enforcement and other security-related assistance. In addition, we excluded data for commodities contracts and contracts for services such as translations, rentals, and trainings.

implementing partner names, implementing partner categories,⁴ implementing partner country of incorporation or headquarters, foreign assistance categories,⁵ activity names, award numbers, activity start and end dates, total obligation amounts, and total obligation amounts from any of the Ukraine supplemental appropriation acts as of September 30, 2023.⁶

In addition, we obtained from the agencies' operating units data on the non-security assistance awards each unit funded in response to the Ukraine crisis since the start of the Ukraine conflict on February 20, 2014, until Russia's invasion of Ukraine on February 24, 2022. For such awards, we obtained from agency officials the implementing partner name, award number, activity name, and activity start and end dates.

We assessed the reliability of the data that the agencies reported for these awards. To do so, we requested and reviewed information and interviewed knowledgeable agency officials in Washington, D.C. and at the USAID/Ukraine mission regarding the underlying data systems and checks and reviews used to generate the data and ensure its accuracy and reliability. We also conducted logical checks and analysis to confirm the accuracy of the data. When we found potential duplicate data and discrepancies, we contacted relevant agency officials and obtained information from them necessary to address and resolve these data issues.

In addition, we compared State and USAID's award data to data and information available in related initial agreements and award modifications we reviewed for awards that the agencies funded from Ukraine supplemental appropriations and that began before the invasion. Specifically, we compared data elements of the agencies' award data, including the agency unit that managed the award, implementing partner name, implementing partner country of incorporation or headquarters, activity start date, and total obligation amount to corresponding data and information in available related initial agreements and award modifications for 45 of the 197 awards in our scope. We determined that the agencies' information and data were sufficiently reliable for reporting on key characteristics of implementing partners of selected active non-security assistance awards in response to the war in Ukraine since the invasion, as of September 30, 2023.

We analyzed the agencies' award data to identify the numbers of implementing partners, in total, and by agency, foreign assistance category, and implementing partner country of incorporation or headquarters. We

⁴State and USAID's award data categorized implementing partners according to the definitions of ForeignAssistance.gov—the U.S. government's website that makes U.S. foreign assistance data available to the public. These categories included government, nongovernmental organizations, private enterprises, and multilateral organizations. According to these definitions, government entities include a central state, or local government department, ministry, or agency in any country; nongovernmental organizations include nonprofit entities in which people organize themselves to pursue shared objectives and ideals without significant government-controlled participation or representation; private entities include for-profit business; and multilateral organizations, which we refer to as international organizations in this report, include international institutions with governmental membership. For the purposes of this report, we combined the private enterprises category into the nongovernmental organization category.

⁵We define foreign assistance categories according to State's Standardized Program Structure and Definitions. These foreign assistance categories include peace and security; democracy, human rights, and governance; health; education and social services; economic growth; and humanitarian assistance. Because our review focused on non-security assistance, we excluded awards that provided peace and security assistance, except for awards that provided conflict mitigation and stabilization assistance. Conflict mitigation and stabilization assistance aims to reduce the threat or impact of violent conflict and promote the peaceful resolution of differences, mitigate violence if it has already broken out, establish a framework for peace and reconciliation, and provide for the transition from conflict to post-conflict environments.

⁶See Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, Div. N, 136 Stat. 776 (Mar. 15, 2022); Additional Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-128, 136 Stat. 1211 (May 21, 2022); Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-180, Div. B, 136 Stat. 2114 (Sept. 30, 2022); and Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, Div. M, 136 Stat. 5189 (Dec. 29, 2022).

also analyzed these data to identify the total amounts obligated by category of implementing partner and by foreign assistance category, as of September 30, 2023.

We also analyzed State and USAID's information on the implementing partners that the agencies funded for non-security assistance awards in response to the Ukraine crisis since the start of the Ukraine conflict on February 20, 2014, until Russia's invasion of Ukraine on February 24, 2022. To identify the extent to which new or existing implementing partners were used after the invasion, we compared this information to the agencies' award data for all active awards for Ukraine non-security assistance between the February 24, 2022, invasion and September 30, 2023.

In addition, we analyzed the amounts obligated from Ukraine supplemental appropriations for each active Ukraine non-security assistance award since the February 24, 2022, invasion, as of September 30, 2023, to identify the total amounts obligated from the Ukraine supplemental appropriations for awards that began before the invasion and for awards that began after the invasion. For the awards that State and USAID funded from Ukraine supplemental appropriations and that began before the invasion, we reviewed the initial agreement and documentation of any award modifications to examine the extent to which the agencies revised the statements of work or program descriptions and the nature of any such revisions.

To identify sub-partners of all active State and USAID awards that provided Ukraine non-security assistance between February 24, 2022, invasion and September 30, 2023, we analyzed sub-award information obtained from State and USAID agency units and implementing partners. We obtained the sub-award information from the State and USAID units that had collected data on implementing partners' sub-awards, including State's Democracy, Human Rights, and Labor and Conflict and Stabilization Operations bureaus and USAID's Bureaus for Humanitarian Assistance and Conflict Prevention and Stabilization.

For State's Population Refugees and Migration and INL bureaus and the USAID/Ukraine mission that had not collected sub-award data, we requested and obtained sub-award information directly from representatives of the implementing partners of awards within our scope. The sub-award information we collected from the agencies' bureaus and implementing partners included the sub-partner name, category, and country of incorporation or headquarters.

To assess the reliability of the data the agencies reported for these sub-awards, we compared the numbers of sub-partners reported in the sub-award data obtained from the State and USAID agency units with the numbers reported by implementing partners that responded to our survey on the challenges the agencies and their implementing partners experienced obtaining partners to meet the needs of the work required. We determined that the agencies' information and data were sufficiently reliable for reporting on key characteristics of sub-partners of active non-security assistance awards in response to the war in Ukraine since the invasion, as of September 30, 2023.

We analyzed this information to identify the numbers of sub-partners, in total, and by category, including the country of incorporation or headquarters.⁷ In addition, we compared the sub-award information with State and USAID data on the selected Ukraine non-security assistance awards active between the February 24, 2022

⁷Because some sub-partners served as sub-partners to multiple implementing partners, we identified the number of distinct sub-partner organizations to State's and USAID's implementing partners for Ukraine non-security assistance awards since the February 24, 2022, invasion through September 30, 2023. To do so, we translated sub-partner organization names that were not in English and compared these with the English names to identify those sub-partners that had served multiple implementing partners.

invasion and September 30, 2023, to identify the number and categories of sub-partners that had also been implementing partners for Ukraine non-security assistance since the invasion.

To examine the extent to which State and USAID considered past performance when selecting implementing partners for selected awards begun since February 24, 2022, we reviewed agency documentation of past performance information that the agencies' award officials used when approving implementing partners for a non-generalizable sample of 28 selected awards for non-security assistance provided in response to the war in Ukraine. Our sample included State and USAID awards that provided solely non-security assistance and began between the February 24, 2022, invasion and May 31, 2023.

We scoped our selection to include awards managed by the State and USAID agency units that provided non-security assistance for which total State and USAID funding exceeded \$500,000. For those agency units that had more than five awards exceeding \$500,000, we selected the five awards with the highest total funding for the unit. For those agency units that had fewer than five awards meeting our selection threshold criteria, we selected all unit awards that had total funding exceeding \$500,000. We augmented this selection with two additional awards that allowed us to ensure a mix of awards with different implementing partner categories and locations of incorporation.

For each selected award, we obtained from State and USAID bureaus and the USAID/Ukraine mission documentation of the information sources and assessments award officials used to evaluate the selected implementing partner's history of performance when approving them for the selected awards. We reviewed agency documentation of past performance information for the selected awards in comparison to agency requirements for screening potential implementing partners for past performance for different types of awards, including grants, cooperative agreements, contracts, and agreements with international organizations. To do so, we reviewed relevant agency policies for the screening of implementing partners for past performance, including State's Federal Assistance Directive and relevant chapters of USAID's Automated Directives System (ADS).⁸ In addition, we reviewed federal acquisition and assistance regulations for related requirements.⁹ We also compared the agencies' processes for considering past performance to Standards for Internal Control in the Federal Government related to the control environment and control activities.¹⁰ We interviewed State and USAID officials to understand the agencies' requirements and processes for assessing the past performance of implementing partners when selecting them for awards.

To examine the extent to which the agencies monitored implementing partners' screening of sub-partners for past performance under awards begun since February 24, 2022, we reviewed documentation of bureau and mission officials' monitoring of the implementing partners' screening of their sub-partners for past performance. We reviewed such documentation for the implementing partners of the 28 selected awards for non-security assistance provided in response to the war in Ukraine.

⁸See ADS Chapter 302, *USAID Direct Contracting*, ADS Chapter 303, *Grants and Cooperative Agreements with Nongovernmental Organizations*; ADS Chapter 308, *Agreements with Public International Organizations*; and Department of State, Bureau of Administration, Office of the Procurement Executive and Office of Acquisitions Policy, Federal Assistance Division, *Federal Assistance Directive* (October 2022).

⁹See 2 C.F.R Part 200 and 48 C.F.R. Parts 9 and 15.

¹⁰GAO, *Standards for Internal Control in the Federal Government*, [GAO-14-704G](#) (Washington, D.C.: September 2014).

In addition, we reviewed relevant agency policies related to the oversight of implementing partners' sub-awards, including State's Federal Assistance Directive and relevant chapters of USAID's ADS. We also interviewed State and USAID officials to understand the extent to which agency officials conducted any monitoring to ensure implementing partners have screened potential sub-partners for past performance. We compared the agencies' processes for monitoring implementing partners' screening of sub-partners to Standards for Internal Control in the Federal Government related to monitoring.¹¹

To describe challenges the agencies and implementing partners had obtaining partners to implement non-security assistance in response to the Ukraine invasion, we interviewed agency officials and surveyed implementing partners on challenges obtaining partners with necessary skills and capacities. The survey included closed-ended questions asking respondents to rate whether they viewed obtaining sub-partners with specific types of staff skills and organizational capacities as "not," "somewhat," "moderately", or "very" challenging. We did not provide a definition for these categories. The survey also included open-ended questions designed to capture additional context and examples of such challenges for illustrative purposes. In addition, the survey asked respondents about issues resulting from these challenges, and efforts undertaken to address them.

We sent the web-based survey to 121 representatives of implementing partners for all 148 State and USAID Ukraine non-security assistance awards that were active between the start of the invasion on February 24, 2022, through May 31, 2023.¹² We received responses from 106 representatives, for an overall response rate of 87.6 percent. Of the 106 respondents, 78 noted they had issued sub-awards and were asked a series of survey questions about challenges experienced obtaining sub-partners with necessary skills and capacities. The 28 respondents who did not report the use of sub-awards automatically skipped to the end of the survey since questions related to their sub-partners were not applicable.

To develop the survey, we interviewed agency officials and implementing partners and prepared an initial set of questions. We then pretested the draft survey with 3 implementing partners to ensure that the questions were relevant, clearly stated, and easy to understand. Based on the collective feedback from pretests as well as an independent peer review of the survey by another specialist, we modified the survey accordingly. We sent the survey to implementing partner representatives on November 20, 2023, and data collection continued through January 11, 2024. In analyzing the survey, we reviewed all open-ended responses to identify illustrative examples as additional context for the closed-ended responses.

To support our work on all four objectives, we conducted fieldwork in Poland. During this fieldwork, we interviewed USAID officials about the challenges the agency experienced in obtaining implementing partners with the skills and capacities to implement the required work. In addition, we interviewed representatives of USAID implementing partners of Ukraine non-security assistance activities about their processes for screening sub-partners for past performance and any challenges they experienced obtaining sub-partners with necessary skills and capacities. We analyzed the information obtained from these interviews with implementing partner representatives to inform our initial set of survey questions about the challenges implementing partners may have experienced in obtaining sub-partners.

¹¹See [GAO-14-704G](#).

¹²12 representatives responded to our survey on behalf of multiple Ukraine non-security assistance awards implemented under their organizations.

We conducted this performance audit from March 2023 to July 2024 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.

Appendix II: Examples of Modifications to Awards Funded by Ukraine Supplemental Appropriations

Of the \$4 billion that State and USAID obligated from the 2022-2023 Ukraine supplemental appropriations acts to non-security assistance awards within our scope, we found that the agencies obligated \$2.1 billion, or 54 percent, to 59 awards that preceded the invasion—in other words, ongoing awards.¹ These agencies obligated the remainder to 71 new awards started after the invasion.

Based on our analysis of State and USAID award modifications, we found that 49 of the 59 ongoing awards funded by supplemental appropriations received revisions to their statement of work or program description. Revisions to the statement of work or program description often cited critical needs heightened by the war or expanded the scope of work to include new target audiences or areas. Examples of such revisions include the following programs:

- **Counter-trafficking in persons.** A modification to an award for a USAID counter-trafficking in persons program expanded the scope of work to include assistance to other vulnerable groups, such as survivors of gender-based violence, international migrants, and internally displaced children, in response to critical needs emerging from Russia's invasion.
- **Health services.** A modification to an award for a USAID tuberculosis control program added an objective to restore essential health services in priority areas to mitigate emerging war-related conditions. Illustrative activities added under this new objective included targeting vulnerable populations with information and outreach services, supporting facilities to address health workforce shortages and other operational or material constraints, and ensuring access to essential immunizations. Another modification expanded the area that additional activities would cover to the entire territory controlled by the Government of Ukraine, including several new oblasts in western Ukraine where most internally displaced persons fled.
- **Economic resilience.** A modification to an award for a USAID economic resilience program expanded its activities in response to the war, to include working directly with businesses and universities displaced from eastern and southern Ukraine, extending economic support to internally displaced persons and vulnerable populations, and conducting reconstruction efforts.
- **Youth development.** A modification to an award for a USAID youth development program added an objective on improving youth access to education, citing the war's damage to over 3,000 educational institutions and the need to provide safe spaces to learn. Illustrative activities added under this new objective included the repair and rehabilitation of educational institutions, establishment of additional transitional learning centers, and provision of equipment and furniture.
- **Democratic governance.** A modification to an award for a USAID democratic governance program aimed to increase efforts to provide essential services to citizens and support nonviolent civic action and resilience in new frontline communities in light of the war. Additional expected results under

¹These obligations were from appropriations under applicable divisions of the following public laws: Consolidated Appropriations Act, 2022, Pub. L. No. 117-103, Div. N, 136 Stat. 776 (Mar. 15, 2022); Additional Ukraine Supplemental Appropriations Act, 2022, Pub. L. No. 117-128, 136 Stat. 1211 (May 21, 2022); Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Pub. L. No. 117-180, Div. B, 136 Stat. 2114 (Sept. 30, 2022); and Consolidated Appropriations Act, 2023, Pub. L. No. 117-328, Div. M, 136 Stat. 5189 (Dec. 29, 2022).

the modification included the institutionalization of democratic norms for local government entities and citizens from eastern and southern Ukraine, and the inclusion of citizens in rebuilding Ukraine.

- **Human rights.** A modification to an award for a State human rights protection program revised an objective on improving human rights monitoring by expanding the target area to regions directly affected by armed conflict.

We found that out of the 59 ongoing awards funded with Ukraine supplemental appropriations within our scope, 10 did not receive revisions to their statement of work or program description. State and USAID officials said that revisions to the statements of work or program descriptions for some awards were not necessary because they were designed with broad scopes, and thus were adaptable to post-invasion conditions.

We found that these awards that did not receive revisions to the statement of work or program description were largely focused on areas such as democracy, health, and humanitarian assistance. Six of the ten awards were USAID awards: two supported democracy in Ukraine and neighboring countries; three supported health or humanitarian assistance; and one supported foreign policy priorities in Europe. The other four awards were State awards: three were voluntary contributions to public international organizations in support of their activities and one supported Ukrainian human rights.

Appendix III: Comments from the Department of State



United States Department of State
Comptroller
Washington, DC 20520

July 16, 2024

Kimberly Gianopoulos
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Gianopoulos:

We appreciate the opportunity to review your draft report, "UKRAINE: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work." GAO Job Code 106751.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

Sincerely,

A handwritten signature in blue ink, appearing to read "William B. Davisson".

William B. Davisson, Acting

Enclosure:

As stated

cc: GAO – Latesha Love-Grayer
OIG - Norman Brown

Department of State Comments on GAO Draft Report

**UKRAINE: State and USAID Should Improve Processes for Ensuring Partners
Can Perform Required Work**
(GAO-24-106751)

Thank you for the opportunity to comment on the GAO draft report
“UKRAINE: *State and USAID Should Improve Processes for Ensuring Partners
Can Perform Required Work.*”

Recommendation 1: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to conduct a verification search in the System for Award Management and screen international organizations for past performance and exclusions when selecting them for Circular-175 letters of agreement.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with the intent of this recommendation. The requirement to perform due diligence for all awards categorized as federal assistance already exists. The Bureau of Administration, Office of the Procurement Executive recognizes the need for additional clarity and will draft language for that purpose in the Federal Assistance Directive.

Recommendation 2: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive require award officials to include in the award file detailed documentation of the sources and assessments of past performance information that inform officials’ decisions prior to approving implementing partners for awards.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with this recommendation, and will add language to its mandatory risk assessment (required for all awards categorized as federal assistance) to document sources and assessments of past performance information.

Recommendation 3: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to periodically monitor the implementation of non-governmental organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with the intent of this recommendation. While the Department's legal relationship is with the recipient (the implementing partner) and not the subrecipient (the sub-partner), we recognize the need for additional clarity and will add language to the Federal Assistance Directive emphasizing the need to confirm that recipients are following their own procedures when screening subrecipients for awards categorized as federal assistance.

Recommendation 4: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to periodically monitor the implementation of international organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with the intent of this recommendation. However, it should be noted that Department federal assistance awards to foreign public entities (public international organizations) do not fall under the regulations in 2 CFR §200 Subparts A through F and that as a general matter, foreign public entities are not expected to subject their books and records to inspection by officials of each country making an award to the entity. Our established policy requires a risk assessment and monitoring plan for federal assistance awards to public international organizations. The risk assessment includes an evaluation of organizational capacity. If

concerns around subrecipient selection or management are identified, the monitoring plan may include additional oversight of the recipient's procedures. We will add language to the Federal Assistance Directive to clarify that when such risks are identified on awards categorized as federal assistance, awarding offices may request additional information from the international organization regarding its subrecipient management practices.

Accessible Text for Appendix III: Comments from the Department of State

July 16, 2024

Kimberly Gianopoulos
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Gianopoulos:

We appreciate the opportunity to review your draft report, "UKRAINE: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work." GAO Job Code 106751.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

Sincerely,

William B. Davisson, Acting

Enclosure:
As stated

cc: GAO - Latesha Love-Grayer
OIG - Norman Brown

Department of State Comments on GAO Draft Report

UKRAINE: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work (GAO-24-106751)

Thank you for the opportunity to comment on the GAO draft report "UKRAINE: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work."

Recommendation 1: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to conduct a verification search in the System for Award Management and screen international organizations for past performance and exclusions when selecting them for Circular-175 letters of agreement.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with the intent of this recommendation. The requirement to perform due diligence for all awards categorized as federal assistance already exists. The Bureau of Administration, Office of the Procurement Executive recognizes the need for additional clarity and will draft language for that purpose in the Federal Assistance Directive.

Recommendation 2: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive require award officials to include in the award file detailed documentation of the sources and assessments of past performance information that inform officials' decisions prior to approving implementing partners for awards.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with this recommendation, and will add language to its mandatory risk assessment (required for all awards categorized as federal assistance) to document sources and assessments of past performance information.

Recommendation 3: The Secretary of State should ensure that the Bureau of Administration, Office of the Procurement Executive establish a requirement in the Federal Assistance Directive for State award officials to periodically monitor the implementation of non-governmental organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards.

Department Response: The Bureau of Administration, Office of the Procurement Executive concurs with the intent of this recommendation. While the Department's legal relationship is with the recipient (the implementing partner) and not the subrecipient (the sub-partner), we recognize the need for additional clarity and will add language to the Federal Assistance Directive emphasizing the need to confirm that recipients are following their own procedures when screening subrecipients for awards categorized as federal assistance.

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Appendix IV: Comments from the U.S. Agency for International Development



Latesha Love-Grayer
Director
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

July 18, 2024

Re: Ukraine: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work (GAO-24-106751)

Dear Ms. Love-Grayer:

I am pleased to provide the formal response of the U.S. Agency for International Development (USAID) to the draft report produced by the U.S. Government Accountability Office (GAO) titled, *Ukraine: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work* (GAO-24-106751).

USAID welcomes all independent assessments and is committed to improving its monitoring and oversight of processes for screening implementing partners for past performance. Implementing partners play a key role in executing programs and activities, and local organizations play a critical role in delivering development and humanitarian assistance, and ensuring sustainability in the efforts and investments that USAID has made in Ukraine on behalf of the American people. As the report noted, 70 percent of sub-partners for our assistance to Ukraine were Ukrainian organizations. USAID will continue and enhance efforts to monitor and periodically review implementing Public International Organization (PIO) partners' policies for screening sub-partners for past performance, in line with ADS 308.

I am transmitting this letter from USAID for inclusion in the GAO's final report. The enclosed comments address one recommendation included in the report. Thank you for the opportunity to respond to the draft report, and for the courtesies extended by your staff while conducting this engagement. We appreciate the opportunity to participate in the complete and thorough evaluation of our programs with partners in Ukraine.

Sincerely,

Colleen Allen

Colleen R. Allen
Assistant Administrator
Bureau for Management

Enclosure: a/s

COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT ON THE DRAFT REPORT PRODUCED BY THE U.S. GOVERNMENT ACCOUNTABILITY OFFICE (GAO) TITLED, UKRAINE: STATE AND USAID SHOULD IMPROVE PROCESSES FOR ENSURING PARTNERS CAN PERFORM REQUIRED WORK (GAO-24-106751)

The U.S. Agency for International Development (USAID) would like to thank the U.S. Government Accountability Office (GAO) for the opportunity to respond to this draft report. We appreciate the extensive work of the GAO engagement team, and the specific findings that will help USAID achieve greater effectiveness in our oversight of Public International Organization (PIO) partners in ensuring that sub-partners are capable of delivering assistance.

USAID would like to offer some additional insights, context and suggestions to this report to the recommendation for action on the Agency's behalf:

Recommendation: The Administrator of USAID should ensure that the Bureau for Management, Office of Management Policy, Budget and Performance establish a requirement in USAID's operational policy for USAID award officials to periodically monitor the implementation of public international organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards.

USAID Response: USAID concurs with the recommendation to monitor and periodically review public international organization (PIO) policies pertaining to sub-awardees' past performance. USAID employs robust Organizational Capacity Review (OCR) processes for its PIO implementing partners. OCRs, which are updated every five years, provide a thorough review of the PIO's procurement policies, including the quality of PIO's policies for evaluating past performance, in accordance with USAID's Automated Directives System (ADS) 308.3.2.1 to assess whether the PIO is organizationally capable of adequately safeguarding USAID resources. Among other things, OCRs consider information about PIO performance shared within USAID pursuant to ADS 308.3.1.3, such as information about PIO issues that might adversely affect USAID resources or objectives. Upon completion of the OCR, these organizations are entrusted with the responsibility of managing their sub-awardees effectively. This approach respects the expertise of public international organizations while allowing USAID to focus its resources on broader strategic objectives.

Per ADS 308.3.1.2, Category 1 PIOs are major International Agricultural Research Centers, global PIOs, and certain regional PIOs with which USAID works closely and frequently. In response to GAO's recommendation, USAID will begin to include in all Category 1 OCRs drafted in FY25 and beyond, a review of the transparency and quality of PIO partners' publicly available policies pertaining to sub-awardees, including consideration of any relevant information regarding PIO performance and adherence to such policies that might be shared pursuant to ADS 308.3.1.3. This review will be a component of the overall review of procurement policies in all Category 1 OCRs.

Per ADS 308.3.1.2, Category 2 PIOs are generally smaller, regional PIOs, and other international organizations that do not receive USAID funding with the same frequency and magnitude as Category 1 PIOs. In response to GAO's recommendation, USAID will include in the Category 2 OCR template a requirement to include a brief discussion of the transparency and quality of PIO partners' publicly available policies pertaining to sub-awardees, including consideration of any relevant information regarding PIO performance and adherence to such policies that might be shared pursuant to ADS 308.3.1.3. The Category 2 OCR template is shared with the Agreement Officers (AOs) responsible for drafting the OCR, per ADS 308.3.2.1.

As the OCRs come up for review every five years, USAID will follow up on the transparency and quality of the PIOs' publicly available policies pertaining to sub-awardees, consider any relevant information regarding PIO performance, and update the OCRs accordingly. Per ADS 308, The Bureau for Planning Learning and Resource Management (PLR) will have this responsibility for Category 1 PIOs, and AOs will have this responsibility for Category 2 PIOs.

In addition to these updates to internal processes, the United States Government, as a member state of public international organizations, participates directly in the organizations' governing bodies. This involvement provides the State Department and USAID with influence when advocating for changes and enhancements to oversight mechanisms, and strengthening internal controls within these organizations and their policies. USAID will continue to work with the State Department to advocate for increased transparency and improved risk management standards from our PIO partners.

Accessible Text for Appendix IV: Comments from the U.S. Agency for International Development

July 18, 2024

Latesha Love-Grayer
Director
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20226

Re: Ukraine: State and USAID Should Improve Processes for Ensuring Partners Can Perform Required Work (GAO-24-106751)

Dear Ms. Love-Grayer:

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USAID welcomes all independent assessments and is committed to improving its monitoring and oversight of processes for screening implementing partners for past performance. Implementing partners play a key role in executing programs and activities, and local organizations play a critical role in delivering development and humanitarian assistance, and ensuring sustainability in the efforts and investments that USAID has made in Ukraine on behalf of the American people. As the report noted, 70 percent of sub-partners for our assistance to Ukraine were Ukrainian organizations. USAID will continue and enhance efforts to monitor and periodically review implementing Public International Organization (PIO) partners' policies for screening sub-partners for past performance, in line with ADS 308.

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Sincerely,

Colleen R. Allen
Assistant Administrator
Bureau for Management

Enclosure: a/s

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Recommendation: The Administrator of USAID should ensure that the Bureau for Management, Office of Management Policy, Budget and Performance establish a requirement in USAID's operational policy for USAID award officials to periodically monitor the implementation of public international organization implementing partners' procedures for screening sub-partners for past performance when selecting them for sub-awards.

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Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact

Latesha Love-Grayer, Director, (202) 512-4409 or lovegrayerl@gao.gov

Staff Acknowledgments

In addition to the contact named above, Heather Latta (Assistant Director), Bradley Hunt (Analyst-in-Charge), Samuel Huang, Eddie Uyekawa, Donna Morgan, Bahareh Etemadian, Miranda Riemer, Terry Richardson, and Joyce Harvey made key contributions to this report.

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