



Office of Inspector General United States Department of State

ISP-I-23-18

Office of Inspections

July 2023

(U) Review of Ukraine Foreign Assistance Coordination and Oversight

TARGETED REVIEW

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(U) Summary of Review

(U) Since Russia's full-scale invasion of Ukraine on February 24, 2022, Congress has appropriated a combined total of approximately \$45.4 billion to the Department of State (Department) and the U.S. Agency for International Development (USAID) to aid Ukraine. This funding supports Ukraine's military operations, provides humanitarian relief, and ensures the continuity of Ukrainian government operations. The Office of Inspector General's (OIG) objectives in this review were to determine whether the Department and Embassy Kyiv established a strategy for Ukraine to inform and guide foreign assistance programs and whether the Department and Embassy Kyiv exercised their foreign assistance coordination and oversight responsibilities. A companion classified report addresses Embassy Kyiv's operating status, focusing on staffing, facilities, and security issues.¹

(U) OIG found that Embassy Kyiv had not updated its Integrated Country Strategy (ICS) due to staffing limitations related to the embassy's closure and subsequent operations in wartime conditions. The ICS is a whole-of-government strategic planning document that establishes goals, objectives, and sub-objectives for an embassy. Without an updated ICS, Department bureaus and other agencies lacked guidance for designing programs and performance indicators aligned with common strategic goals. During OIG's review, the Department began to draft a Ukraine assistance strategy for 2023–2025 and the embassy began to update its ICS. OIG also found the Department and Embassy Kyiv prepared multiple Ukraine-related strategic planning documents to guide the allocation of foreign assistance. However, each of these planning documents lacked some or all of the required elements for strategy documents outlined in 18 Foreign Affairs Manual (FAM) 301.2-4(A) and in 18 FAM 301.2-4(B), including a hierarchy of goals and subordinate objectives with clear desired results and associated performance indicators.

(U) With respect to foreign assistance coordination, OIG found that the embassy and the Bureau of European and Eurasian Affairs' Office of the Coordinator of U.S. Assistance to Europe and Eurasia (EUR/ACE) carried out their coordination responsibilities in accordance with statutory requirements and Department standards. However, Department bureaus reported significant challenges in conducting monitoring and evaluation because of security restrictions and the limited number of staff at the embassy. Responding to the monitoring challenges, many program managers employed remote monitoring methods and developed other methods to verify that goods and services were used as intended, including one bureau that introduced an innovative smartphone application to securely document the delivery of equipment.

(U) OIG observed that challenges to the oversight of unprecedented levels of foreign assistance will continue until the circumstances stabilize. Staffing level increases at the embassy may enable more site visits and improved monitoring. Over the longer run, particularly as the Department plans to assist Ukraine's recovery and reconstruction,

¹ (U) See OIG, *Review of Embassy Kyiv's Operating Status* (ISP-S-23-18, report not yet released).

corruption in the Ukrainian government and private sector poses risks to the effectiveness of U.S. foreign assistance that requires robust oversight.

(U) This report contains one recommendation. In its comments on the draft report, Embassy Kyiv concurred with the recommendation. OIG considers the recommendation resolved. The embassy's response and OIG's reply can be found in the Recommendation section of this report. The embassy's formal written response is reprinted in its entirety in Appendix B.

(U) BACKGROUND

(U) On February 24, 2022, Russian military forces launched a full-scale invasion of Ukraine on multiple fronts in northern, eastern, and southern Ukraine, in what became the largest conventional military attack on a sovereign state in Europe since World War II. In response, many countries imposed sanctions on Russia and provided security and humanitarian assistance to Ukraine. The invasion also created Europe's largest refugee crisis since World War II. In June 2022, the U.S. Ambassador to Ukraine outlined five immediate goals for Embassy Kyiv:²

- (U) Help Ukraine defend itself.
- (U) Help ensure accountability and justice for war crimes and atrocities.
- (U) Help ensure that humanitarian assistance, especially U.S.-funded assistance, gets to targeted recipients, particularly in conflict zones.
- (U) Oversee U.S. assistance and provide the appropriate oversight from Kyiv.
- Rebuild the embassy platform including bringing back together all embassy staff.

(U) U.S. Foreign Assistance to Ukraine

(U) Congress has appropriated³ more than \$113.4 billion in four emergency supplemental appropriations bills⁴ for the U.S. government to respond to the crisis, including approximately \$45.4 billion for foreign assistance managed by the Department and USAID.⁵ As of April 2023,

² (U) Voice of America (VOA), "VOA Interview: US Ambassador to Ukraine Brink," June 18, 2022.

³ (U) An appropriation is an act of the United States Congress allowing U.S. federal agencies to incur obligations for specified purposes. An obligation is a binding agreement that will result in outlays, immediately or in the future. Obligations may include a range of transactions, such as contracts, grants, guarantees, assistance agreements, administrative costs, etc.

⁴ (U) Supplemental appropriations are a tool for Congress to address funding needs that arise after the fiscal year has begun.

⁵ (U) Consolidated Appropriations Act, 2022, Public Law 117-103, Division N – Ukraine Supplemental Appropriations Act, 2022, March 15, 2022; Additional Ukraine Supplemental Appropriations Act, 2022, Public Law 117-128, May 21, 2022; Continuing Appropriations and Ukraine Supplemental Appropriations Act, 2023, Public Law 117-180, Division B – Ukraine Supplemental Appropriations Act, 2023, September 30, 2022; and Consolidated Appropriations Act, 2023, Public Law 117-328, Division M – Additional Ukraine Supplemental Appropriations Act, 2023, December 29, 2022.

the Department had allocated⁶ \$31.0 billion in FY 2022 and FY 2023 for specific foreign assistance programs in support of Ukraine.⁷ This funding supports Ukraine’s military operations, provides humanitarian relief to millions of refugees and internally displaced persons, and ensures the continuity of Ukrainian government operations as Russia’s military invasion and attacks on its critical infrastructure continue. Table 1, below, shows the purposes for which foreign assistance funds were allocated by appropriations account.⁸

(U) Table 1: FY 2022 and FY 2023 Allocations for Department-Managed Foreign Assistance and Related Programs for Ukraine and Countries Affected by the War (in \$ millions)

Sector and Account	Allocated
Direct Budget Support	22,900.0
Assistance for Europe, Eurasia, and Central Asia	379.0
Economic Support Fund	22,521.0
Development/Economic/Health	3,854.3
Assistance for Europe, Eurasia, and Central Asia	621.8
Economic Support Fund	3,052.5
Global Health Programs – State	37.8
Global Health Programs – USAID	16.0
Transition Initiatives	126.2
Humanitarian	1,799.7
International Disaster Assistance	1,645.5
Migration and Refugee Assistance	154.2
Security	2,493.0
Foreign Military Financing	1,542.6
International Military Education and Training	0.4
International Narcotics Control and Law Enforcement	735.0
Non-Proliferation, Anti-Terrorism, Demining and Related Programs	215.0
Total	31,047.0

(U) Note: Table 1 reflects the Department’s allocations for Ukraine and other countries affected by the war. The data also include allocations from emergency supplemental appropriations for Ukraine in FY 2022 and FY 2023 through December 31, 2022. Values may not total due to rounding.

(U) Source: OIG generated information in Table 1 from EUR/ACE data, as of April 2023.

⁶ (U) An allocation is the amount of budgetary authority from one agency, bureau, or account (called the parent appropriation or fund) that is set aside to carry out the purposes of the parent appropriation or fund. Funds must be allocated before they can be obligated.

⁷ (U) In addition to supplemental funds, funds allocated by the Department for Ukraine also included funds from regular or “base” appropriations and funds reprogrammed or reallocated from prior fiscal years or other programs to Ukraine.

⁸ (U) See Appendix F for information on the Department’s efforts to track and report foreign assistance data, including for Ukraine.

(U) Roles and Responsibilities

(U) The Office of Foreign Assistance leads the coordination of U.S. foreign assistance.⁹ It coordinates with the Bureau of Budget and Planning in developing strategic planning processes, including for foreign assistance. Strategic planning processes are important management tools that assist officials in making informed decisions, prioritizing resources, ensuring alignment with key policies, and creating a framework for monitoring progress and measuring results of assistance programs. At the agency level, the Department of State and USAID Joint Strategic Plan outlines overarching goals and objectives. At the regional and functional bureau level, Joint Regional and Functional Bureau Strategies guide bureau and mission priority setting and resource allocation. At the mission level, the Integrated Country Strategy guides whole-of-government priorities within a given country with input from all members of a mission's country team. Additionally, the Office of Foreign Assistance coordinates policy, planning, and performance management efforts for Department and USAID foreign assistance.

(U) EUR/ACE has statutory responsibility¹⁰ for the coordination of bilateral foreign assistance programs and policy for countries in eastern Europe and Eurasia, including Ukraine.¹¹ EUR/ACE is charged with resolving policy and program disputes among United States government agencies that provide assistance and ensuring proper management, implementation, and oversight by agencies responsible for assistance programs. EUR/ACE is responsible for recommending allocations for countries, programs, and U.S. government implementers from a number of Department assistance accounts, including the Assistance to Europe, Eurasia, and Central Asia; Economic Support Fund; International Narcotics Control and Law Enforcement; and Global Health Programs accounts.

(U) Chiefs of mission are responsible for coordinating the activities of all U.S. executive branch staff to ensure alignment with foreign policy goals, staying informed of all activities of the U.S. government in their country of assignment, and managing all U.S. executive branch resources in that country, including foreign assistance resources.¹² Within Embassy Kyiv, the Assistance

⁹ (U) The Secretary of State has overall responsibility and authority for the direction and coordination of most U.S. foreign assistance, including all assistance authorized by the Foreign Assistance Act of 1961 and the Arms Export Control Act. The Secretary delegates authorities to the Deputy Secretary for Management and Resources and the Director of Foreign Assistance for the supervision and direction of foreign assistance under Department of State Delegation of Authority 293-2.

¹⁰ (U) In 1989 and 1992, Congress enacted legislation to target assistance to the then newly independent states of the former Soviet Union as well as to Poland and Hungary. In the legislation, Congress defined responsibilities for a coordinator for the assistance programs and tasked the President with designating program coordinators within the Department for both programs. See Support for East European Democracy (SEED) Act of 1989, Sec. 601, November 28, 1989, codified at 22 United States Code (U.S.C.) § 5461, and Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act of 1992, Public Law 102-511, Sec. 102, October 24, 1992, codified at 22 U.S.C. § 5812. In response, the Department created two coordinator positions, which it later merged into a single coordinator, to lead EUR/ACE in carrying out this mandate.

¹¹ (U) Department-wide authority for foreign assistance coordination rests with the Office of Foreign Assistance. This office is responsible for finalizing and approving allocations of assistance.

¹² (U) See chief of mission responsibilities in 2 FAM 113.1c(3) and (4). Additionally, 22 U.S.C. § 2382(c) sets forth the Secretary of State's responsibility for the supervision and general direction of assistance programs.

Coordinator (ACCOORD) team, consisting of a Senior Foreign Service officer and a locally employed staff member, helps manage strategic coordination of all foreign assistance to Ukraine.

(U) Finally, agencies, bureaus, and offices that manage programs in Ukraine are directly responsible for monitoring assistance activities, according to Department guidance¹³ and federal regulations.¹⁴

(U) OIG's review examined strategic planning, foreign assistance coordination, and foreign assistance oversight in Ukraine. In the area of foreign assistance coordination and oversight, OIG focused primarily on the foreign assistance programs funded through appropriation accounts for which EUR/ACE exercises oversight responsibility. OIG did not review oversight processes that apply to the Migration and Refugee Assistance and Foreign Military Financing accounts over which EUR/ACE exercises more limited oversight. This report is a companion to a classified report on Embassy Kyiv's operating status, which discusses the embassy's staffing, facilities, and security.¹⁵

¹³ (U) The Department's Federal Assistance Directive, Chapter 4, Part D notes that monitoring of all Department assistance awards is mandatory, and 18 FAM 301.4-3b requires all bureaus and independent offices to develop a monitoring plan for their programs or projects and incorporate its use into program and project management.

¹⁴ (U) 2 Code of Federal Regulation (C.F.R.) §200, Subpart D, Post Federal Award Requirements, describes monitoring requirements including performance measurement, financial management, and internal controls.

¹⁵ (U) See ISP-S-23-18, report not yet released.

(U) Figure 1: Strategic Planning and Foreign Assistance Coordination and Oversight Roles



(U) Note: See Appendices D and E for more information on the agencies, bureaus, and offices managing programs in Ukraine.

(U) Source: OIG generated from Department data.

(U) STRATEGIC PLANNING

(U) To determine whether the Department and Embassy Kyiv established a strategy for Ukraine foreign assistance, OIG reviewed documents, cables, and briefing materials; conducted interviews with Department and Embassy Kyiv staff; and reviewed OIG questionnaires completed by Embassy Kyiv staff.

(U) Embassy Lacked an Updated Integrated Country Strategy and Performance Indicators

(U) OIG found that Embassy Kyiv had not updated its Integrated Country Strategy since 2018, prior to the war. As described earlier in this report, the ICS is a whole-of-government strategic planning document that establishes goals, objectives, and sub-objectives for an embassy. Without an updated ICS, Department bureaus and other agencies lacked guidance for designing programs aligned with common strategic goals and performance indicators to measure progress.

(U) According to the Office of Foreign Assistance’s guidance in 2021, final ICS documents cleared by the chief of mission were due to the Department on March 21, 2022. Embassy Kyiv suspended work on its ICS in February 2022 due to staffing limitations related to the embassy’s closure and subsequent operations in wartime conditions.¹⁶ The Office of Foreign Assistance and Embassy Kyiv told OIG that Embassy Kyiv did not have the time or personnel required to update the ICS. Furthermore, Embassy Kyiv staff had not requested assistance from the Department in developing an interim ICS. Although Department staff told OIG that ICS guidance is designed to be flexible to take needs, capacity, and operating conditions into account, OIG determined that the ICS guidance itself did not outline any alternative procedures for overseas posts operating under crisis conditions. EUR/ACE did, however, work with Embassy Kyiv and EUR’s Office of East European Affairs in April 2022 to develop an “interim strategic framework” in conjunction with the FY 2024 Mission Resource Request process,¹⁷ which identified three new embassy goals and eight related objectives for a future ICS.

(U) Despite the lack of an updated ICS, OIG found the Department drafted several strategic planning documents throughout 2022 to guide Ukraine foreign assistance spending and future plans, including for recovery and reconstruction. For example, following the passage of the first supplemental funding bill for Ukraine,¹⁸ EUR/ACE in March 2022 developed a concept paper on assistance for Ukraine and neighboring countries, which was approved by the National Security Council. EUR/ACE also developed spending plans for the first and second supplemental appropriations bills that identified lines of effort and regional priorities and assigned funding levels to each area. Similarly, EUR/ACE drafted and updated in August 2022 a “Civilian Recovery Outline” paper that proposed a broad framework with lines of effort and guiding principles for the U.S. government’s role in Ukraine’s early recovery from 2022 through 2024. These documents, in addition to other policy documents approved by the National Security Council, outlined broad goals of U.S. support to Ukraine and stipulated conditions for assistance. However, OIG determined that each of these planning documents lacked some or all of the required elements for strategy documents outlined in 18 FAM 301.2-4(B), including a hierarchy of goals and subordinate objectives with clear desired results and associated performance indicators. They also did not set forth an overarching strategy for Ukraine or assign responsibility for achieving goals, both important functions of an ICS.

(U) During OIG’s review, EUR and USAID completed their Joint Regional Strategy, which guides priority setting and resource allocation at the regional level and which contained Ukraine-

¹⁶ (U) The embassy’s staffing limitations and crisis operating environment are discussed in the companion classified report. See ISP-S-23-18, report not yet released.

¹⁷ (U) According to 4 Foreign Affairs Handbook (FAH)-3 H-114.2-2b, the Mission Resource Request is the first step in the Department’s budget formulation process. Each overseas post will use the Mission Resource Request to describe the resources, including foreign assistance resources, required to make progress on its foreign policy, and where applicable, development and management objectives.

¹⁸ (U) Consolidated Appropriations Act, 2022, Public Law 117-103, Division N – Ukraine Supplemental Appropriations Act, 2022, March 15, 2022.

specific sub-objectives and indicators.¹⁹ Additionally, EUR/ACE in January 2023 drafted a Ukraine assistance strategy for 2023–2025 that included planning for recovery and reconstruction and which EUR/ACE used to guide the allocation of funds from the fourth supplemental appropriations bill. Appendix C lists selected Ukraine-related objectives from the Joint Regional Strategy and the draft Ukraine assistance strategy. As of February 2023, the Ukraine assistance strategy contained objectives, sub-objectives, and lines of effort, but did not include an implementation plan, outcome indicators, or a monitoring and evaluation plan.²⁰ EUR/ACE staff told OIG it intended to develop these in the coming months. The embassy in February 2023 also began the process to update its ICS.

(U) Although the embassy began to update its ICS, it had not been completed at the time of OIG’s review. The lack of an updated ICS meant the U.S. government did not bring all stakeholders together to agree on specific objectives and sub-objectives and assign responsibilities for those goals. OIG acknowledges that the Ambassador developed foreign assistance priorities for the embassy and that the Department prepared documents that provided general strategic direction for assistance priorities. However, without an updated ICS, Department bureaus and agencies cannot design programs linked to whole-of-government priorities and ensure alignment of policy, planning, resources, and program decision-making.

Recommendation 1: (U) Embassy Kyiv, in coordination with the Bureau of European and Eurasian Affairs, the Bureau of Budget and Planning, and the Office of Foreign Assistance, should update its Integrated Country Strategy. (Action: Embassy Kyiv, in coordination with EUR, BP, and F)

(U) FOREIGN ASSISTANCE COORDINATION AND OVERSIGHT

(U) To determine whether the Department and Embassy Kyiv exercised their foreign assistance coordination and oversight responsibilities, OIG reviewed documents, cables, and briefing materials; conducted interviews with Department and Embassy Kyiv staff; and reviewed OIG questionnaires completed by Embassy Kyiv staff.

¹⁹ (U) The Department’s Bureau of European and Eurasian Affairs and USAID’s Bureau of Europe and Eurasia’s Joint Regional Strategy was completed in November 2022, several months after the start of Russia’s war against Ukraine. During the war’s first year, other high-level strategies had not been updated to account for the changed circumstances in Ukraine or only broadly guided Ukraine assistance. The Department of State and USAID Joint Strategic Plan for FY 2022–2026 was published in March 2022. The administration did not publish a National Security Strategy until October 2022.

²⁰ (U) In past work, OIG has observed recurring deficiencies in the Department’s implementation of performance management principles in conflict or post-conflict environments, including failure to develop specific, measurable, achievable, relevant, and time-bound program objectives and performance indicators. See OIG, *Information Brief: Oversight Observations to Inform the Department of State Ukraine Response*, page 9 (OIG-23-01, December 2022).

(U) Foreign Assistance Coordination

(U) Office of the Coordinator of U.S. Assistance to Europe and Eurasia Coordinated Foreign Assistance in Accordance With Statutory Requirements

(U) OIG found that EUR/ACE carried out its coordination responsibilities for Ukraine in accordance with statutory and Department requirements.²¹ EUR/ACE and the ACOORD in Kyiv communicated daily, and both participated in Kyiv- and Washington-based coordination meetings that the other hosted. For example, EUR/ACE participated in monthly Assistance Cluster meetings with section and agency representatives at Embassy Kyiv held by the ACOORD, and the ACOORD participated in weekly budget meetings with EUR/ACE. EUR/ACE used regular meetings, targeted working groups, allocation processes, annual program budget reviews, and other forms of communication to coordinate foreign assistance to Ukraine among Department bureaus and other agencies. EUR/ACE told OIG that emergency humanitarian and security assistance were coordinated in other channels.²²

(U) EUR/ACE also organized interagency working groups that made recommendations for allocating the supplemental assistance funding provided to Ukraine. Furthermore, EUR/ACE worked with program bureaus and agencies to deconflict and prioritize assistance in the allocation process. For example, one program bureau reported that with EUR/ACE support and coordination, it was able to reallocate some of its unobligated funding to launch programs directly responsive to challenges caused or exacerbated by the war, replacing other programs that were less urgent or no longer relevant. In addition, EUR/ACE worked with multiple program entities involved in the documentation of war atrocities to minimize duplication of efforts. Finally, OIG found that EUR/ACE used its annual program budget reviews to ensure that assistance was not duplicative.

(U) Assistance Coordinator Led Coordination of Foreign Assistance at Embassy Kyiv Consistent With Department Requirements

(U) OIG determined that the ACOORD led coordination of foreign assistance at Embassy Kyiv on the Ambassador's behalf, consistent with 2 FAM 113.1c(2) requirements.²³ For example, the ACOORD led monthly Assistance Cluster coordination meetings with 16 sections and agencies and regularly coordinated and shared information with section and agency representatives through other formal and informal means, including in meetings of senior embassy leaders with the Ambassador and DCM. OIG found through interviews, surveys, and data calls that section

²¹ (U) See 1 FAM 143.1, "Office of the Coordinator of U.S. Assistance for Europe and Eurasia (EUR/ACE)."

²² (U) Humanitarian assistance is coordinated between the Department's Bureau of Population, Refugees and Migration, and USAID's Bureau of Humanitarian Assistance. Security assistance is coordinated by the Department's Bureau of Political-Military Affairs with the Department of Defense and the Bureau of European and Eurasian Affairs' Office of Policy and Regional Affairs.

²³ (U) Department standards in 2 FAM 113.1c(2) state that the chief of mission has "full responsibility for the direction, coordination, and supervision of all U.S. Government Executive Branch employees in that country." Additionally, as noted earlier, 22 U.S.C. § 2382(c) sets forth the Secretary of State's responsibility for the supervision and general direction of assistance programs.

and agency representatives had a positive view of assistance coordination in Kyiv, noting the regularity of Assistance Cluster coordination meetings and the increased frequency of cable reporting about assistance programs. Additionally, 65 percent of embassy personnel who responded to a targeted survey question agreed or strongly agreed that interagency foreign assistance coordination at Embassy Kyiv was “effective,” and some of the respondents added comments saying there was good communication and information sharing.

(U) Some employees told OIG that the formal establishment of additional sector-based or thematic working groups would enhance coordination, and OIG observed that such groups were starting to meet. For example, the embassy’s International Narcotics and Law Enforcement Affairs Section convened an interagency working group focused on government reform, which formally met in Kyiv for the first time in January 2023. In addition, in late 2022, the embassy reinstated an energy working group to respond to Ukraine’s immediate needs following missile and drone attacks on the country’s power infrastructure. The working group, which connected with efforts in Washington, helped coordinate and channel assistance from the Department, USAID, and the Departments of Energy and Defense. OIG notes that expanded use of such working groups also could relieve the workload demands on the two-person ACOORD team.

(U) Other Assistance Coordination Enhanced Office of the Coordinator of U.S. Assistance to Europe and Eurasia’s Coordination Function

(U) Coordination in other fora or around other efforts related to the Ukraine response enhanced EUR/ACE’s assistance coordination function. For example, Department and other agency officials highlighted to OIG the interagency coordination that took place to provide rapid energy security assistance to Ukraine in fall and early winter 2022. The National Security Council led regular interagency meetings to coordinate efforts, in which the Department, USAID, and the Department of Energy were major participants. In addition, the Department’s Assistant Secretary for Energy Resources led energy assistance coordination with other countries. This interagency and international coordination effort resulted in the rapid delivery of parts, equipment, and other materials to Ukraine. Building on these efforts, EUR/ACE established a working group on energy to recommend allocations from the fourth supplemental appropriation in January 2023, prioritizing needs and taking into account assistance being provided by other countries.

(U) Office of the Coordinator of U.S. Assistance to Europe and Eurasia Participated in Donor Coordination Efforts on Ukraine's Reconstruction

(U) OIG found that EUR/ACE participated in various donor²⁴ coordination efforts for Ukraine, consistent with its statutory responsibility²⁵ and broader statutes relating to assistance.²⁶ EUR/ACE representatives attended major donor coordination conferences focused on Ukraine's recovery and reconstruction. The first such conference was held in Lugano, Switzerland in July 2022, where the government of Ukraine shared its National Recovery Plan²⁷ with the international donor community. This was followed by a conference on resilience and reconstruction in Paris in December 2022. In addition, EUR/ACE joined G7²⁸ meetings and planning related to coordinating international donor assistance to Ukraine.

(U) Foreign Assistance Oversight

(U) As described earlier in this report, various entities in the Department and at overseas posts are responsible for overseeing and directing the implementation of foreign assistance programs to ensure a satisfactory outcome or performance. According to the Department's Federal Assistance Directive,²⁹ monitoring³⁰ of all Department assistance awards is mandatory. Bureaus and offices implementing assistance programs or their representatives at overseas posts conduct monitoring according to a monitoring plan³¹ to determine whether the recipient's programmatic performance and financial management are adequate, whether the intended activities, goals and objectives are being accomplished, and whether the recipient is in

²⁴ (U) In the context of discussing U.S. foreign assistance, a "donor" is a provider of foreign assistance, and the term usually refers to a country or multilateral institution (such as the World Bank). The term "donor community" refers to donor countries and multilateral institutions collectively.

²⁵ (U) 22 U.S.C. § 5812(a)(3) describes the responsibilities of the program coordinator for assistance to independent states of the former Soviet Union to include pursuing coordination with other countries and international organizations.

²⁶ (U) 22 U.S.C. § 2151-1(b)(11) notes the development assistance policy principle that "[a]ssistance efforts of the United States shall be planned and furnished to the maximum extent practicable in coordination and cooperation with assistance efforts of other countries, including the planning and implementation of programs and projects on a multilateral and multidonor basis."

²⁷ (U) Ukraine's National Recovery Plan, July 2022,

https://uploads-ssl.webflow.com/621f88db25fbf24758792dd8/62c166751fcf41105380a733_NRC%20Ukraine%27s%20Recovery%20Plan%20blueprint_ENG.pdf.

²⁸ (U) The Group of Seven Industrialized Countries, or G7, consists of the United States, Canada, France, Germany, Japan, Italy, and the United Kingdom.

²⁹ (U) The Department's Federal Assistance Directive establishes internal guidance, policies and procedures for all domestic and overseas grant-making bureaus, offices, and overseas posts administering federal financial assistance. See Federal Assistance Directive, Version 7.0, October 1, 2022.

³⁰ (U) As defined in 18 FAM 301.4-1(B), monitoring is an ongoing system of gathering information and tracking performance against key performance indicators or milestones to assess progress against established goals and objectives.

³¹ (U) The monitoring plan is developed in the pre-award phase.

compliance with the statutory authority,³² Department policy, and the award terms and conditions. Monitoring and oversight activities include reviewing financial reporting and performance progress reports, attending events or trainings funded under the award, and conducting an in-depth review of recipient operations through a site visit or a virtual desk audit. In conflict areas, third-party contractors hired by the program office may conduct site visits.

(U) However, as described below, the Department and Embassy Kyiv faced challenges meeting these requirements for overseeing and directing the implementation of foreign assistance programs in Ukraine. Specifically, although the Ambassador, with support from the ACOORD team, met requirements for chief of mission oversight, bureaus and offices operating in Ukraine faced significant challenges in monitoring programs because of wartime conditions. In response to these challenges, some bureaus and offices began to develop alternative monitoring methods to ensure foreign assistance was used as intended.

(U) Ambassador, With Assistance Coordinator Support, Met Department Requirements for Chief of Mission Oversight

(U) OIG found that the Ambassador, with support from the ACOORD team, carried out oversight of foreign assistance in Ukraine in accordance with chief of mission responsibilities in 2 FAM 113.1c(3) and (4).³³ Soon after arriving in Kyiv, the Ambassador announced five objectives for the embassy, which included ensuring oversight of foreign assistance as well as ensuring that humanitarian and other foreign assistance reached intended recipients. One program bureau representative told OIG that the Ambassador's prioritization of oversight and accountability spurred additional bureau efforts to innovate alternative approaches to monitor its programs.

(U) In addition to handling regular coordination and information-sharing as described earlier, the Assistance Coordinator, on the Ambassador's behalf, requested assistance program oversight reporting from agency, program bureau, and other embassy representatives. The reporting provided details of program monitoring requirements and described compliance with the requirements, as well as plans for third-party monitoring and mitigation plans for addressing monitoring challenges. Furthermore, the Ambassador chaired quarterly meetings with agencies and sections in the Assistance Cluster to review and discuss the status of monitoring compliance for foreign assistance programs in Ukraine, and the embassy sent cable reports summarizing the meetings. The embassy also published monthly reporting cables detailing how assistance was advancing the Ambassador's immediate priorities for Embassy Kyiv.³⁴ These cables provided a summary of the near-term impact of assistance programs ahead of planned formal evaluation studies on assistance programs noted below.

³² (U) 2 CFR §200, Subpart D – Post Federal Award Requirements.

³³ (U) Department standards in 2 FAM 113.1c(3) and 4 state that the chief of mission “perform[s] a wide range of functions” that include “[k]eeping fully and currently informed with respect to all activities and operations of the U.S. Government within that country” and “[m]anaging all U.S. Executive Branch resources . . . in country.” Additionally, as noted earlier in this report, 22 U.S.C. § 2382(c) sets forth the Secretary of State's responsibility for the supervision and general direction of assistance programs.

³⁴ (U) See the Context section of this report for a discussion of Embassy Kyiv's immediate priorities.

(U) Bureaus and Offices Operating in Ukraine Faced Significant Challenges in Monitoring Programs

(U) The FAM discusses the need for the incorporation of monitoring into program and project management to determine if programs are working as intended.³⁵ However, bureaus and offices operating in Ukraine faced significant challenges in monitoring programs because of wartime conditions. Specifically, security restrictions on in-country travel in Ukraine and the limited number of staff at Embassy Kyiv hampered the ability to conduct on-site monitoring and evaluation. For example, one program bureau that implemented more than \$20 million in border security assistance could not conduct in-person inventories or end-use monitoring³⁶ checks on equipment, such as personal protective equipment and night vision goggles, and its program director was unable to travel to Kyiv until a year after the start of Russia's full-scale invasion of Ukraine. An embassy official told OIG that due to embassy staffing cap limitations,³⁷ several programs operating in Ukraine that accounted for about \$350 million in assistance had no regular in-country staff presence to conduct program oversight and monitoring. These programs did not have third-party monitoring arrangements in place and thus were overseeing programs entirely remotely, limiting their ability to track performance or identify performance issues. Similarly, the Office of the Global AIDS Coordinator exempted the five agencies implementing the President's Emergency Plan for AIDS Relief programs in Ukraine, a \$29.6 million program in FY 2022, from monitoring steps that the office required for FY 2023, including site visits, expenditure reporting, and human resources inventory reporting.

(U) In Response to Challenges, Program Managers Employed Remote Monitoring Methods

(U) In response to these monitoring challenges, many program managers employed remote monitoring methods, some of which had been developed and deployed during the COVID-19 pandemic. Program managers also developed other methods to verify that goods and services were used as intended. These methods included greater use of locally employed staff or third-party contractors, and the use of video and photography to verify receipt of equipment. For example, the embassy's Public Diplomacy Section, which managed \$22 million in federal assistance,³⁸ was unable to monitor grants in-person due to war conditions but transferred

³⁵ (U) 18 FAM 301.4-3.

³⁶ (U) The Department requires certain property purchased with foreign assistance funds be monitored to ensure it is used for its intended purposes, known as "end-use monitoring." End-use monitoring fulfills the requirements of Section 484(b) of the Foreign Assistance Act of 1961, as amended, and Chapter 3A, Section 40A of the Arms Export Control Act, as amended. See 22 U.S.C. § 2291c(b) and 22 U.S.C. § 2785. OIG's review of end-use monitoring in Ukraine assesses this topic in greater detail; see OIG, *Review of End-Use Monitoring of Department of State Security Assistance to Ukraine* (ISP-I-23-17, report not yet issued).

³⁷ (U) On February 12, 2022, the Department ordered the departure of U.S. direct-hire employees at Embassy Kyiv. At the time of OIG's review, the Department was extending this status monthly, and the embassy's staffing level required the approval of the Under Secretary for Management. As defined in 3 FAM 3771, an ordered departure is an evacuation procedure by which the number of U.S. government employees, eligible family members, or both, at an overseas post is reduced. According to 3 FAM 3774a, official travel to an overseas post or country under ordered departure generally is prohibited without the approval of the Under Secretary for Management.

³⁸ (U) Federal assistance issued by the Department includes grants, cooperative agreements, awards to individuals, and property grants as well as grants or other funding agreements with foreign public entities.

most of its programming online and provided additional training on grants management and fraud indicators for its grants officers and grants officer representatives. Another program implementer began a third-party monitoring project with a U.S. nongovernmental organization to monitor and verify demining operations in Ukraine. The nongovernmental organization was responsible for confirming the accuracy of implementers' reports, verifying that the activities were advancing the objectives of the awards as intended, and verifying compliance with the terms and conditions of the award. A monitoring team conducted field visits at work sites as well as completed desk reviews and community surveys.

(U) Bureau of European and Eurasian Affairs Planned to Award Contract to Enhance Monitoring

(U) Additionally, in December 2022, consistent with its oversight responsibilities,³⁹ EUR/ACE released a request for proposals for a contract for third-party monitoring, evaluation, and audit services in Ukraine, called "MEASURE." According to EUR/ACE, the purpose of the contract is to ensure accountability and document outcomes of assistance in Ukraine. EUR/ACE expected the contract to be awarded in May 2023. According to the proposal's scope of work, the contractor will analyze the assistance provided under the lines of effort in the Ukraine supplemental appropriations and develop logic models⁴⁰ for related types of assistance. The contractor also will compile outcome indicators developed by each assistance partner, identify gaps, and provide technical support or training to address the gaps as needed. According to EUR/ACE, the contractor will have a team for output monitoring,⁴¹ including international staff who will work throughout Ukraine to conduct site visits and will employ remote monitoring methods. The contract calls for the contractor to ensure that all implementer data are reported, analyzed, synthesized, and consolidated, and then will draft quarterly reports to Congress on assistance outcomes. The compiled data also will provide the basis for conducting multi-party annual evaluations on the effectiveness of U.S. assistance programs in areas such as helping Ukraine to win the war, continuity of governance, and emergency energy sector support. However, EUR/ACE told OIG the contract is not intended to replace the monitoring responsibilities of each program implementer.

(U) Spotlight on Success: Secure Smartphone Application Documents Delivery of Equipment to Intended Recipients, Enabling Assistance Oversight

(U) The Bureau of Conflict and Stabilization Operations (CSO) employed a commercially available smartphone application to remotely and securely document the delivery of equipment and training provided to Ukrainian federal and local government and civil society

³⁹ (U) According to 1 FAM 143.1(7), the Office of the Coordinator of U.S. Assistance for Europe and Eurasia "[d]irects region-wide strategic planning, program policy development, program budget planning, performance monitoring, and reporting and evaluation of U.S. Government assistance."

⁴⁰ (U) A logic model is defined in 18 FAM 301.4-1(B) as a rigorous methodology used for program or project design that focuses on the causal linkages between project inputs, activities, outputs, short-term outcomes, and long-term outcomes. It is a visual representation that shows the sequence of related events connecting a planned program's or project's objectives with its desired outcomes.

⁴¹ (U) For the purposes of the MEASURE contract, EUR/ACE defines monitoring as determining the progress being made on meeting the objectives defined in project designs.

groups through its Ukraine Rapid Response Fund.⁴² The application allows recipients of the equipment⁴³ to photograph or make a video recording of an event or item upon delivery, even in areas without internet. The images with the accompanying metadata (e.g., time, date, location) are then encrypted and stored on a blockchain⁴⁴ on the device in a non-editable format. Once connectivity is established, the device uploads the content onto a server, which verifies the content using multiple artificial intelligence methods. These methods check for metadata manipulation, computer-generated images, and photos of photos. Once verified, the information is stored on the blockchain creating a digital custody chain that ensures the content cannot be manipulated. The application provides evidence that assistance is reaching intended recipients, even in locales too dangerous or difficult for program implementer staff to reach. CSO has been using the application since August 2022 and performing 1-month and 90-day checks at 100 sites across Ukraine, capturing more than 23,000 points of data as of February 2023.

(U) CONCLUDING OBSERVATIONS

(U) Overall, OIG assessed that while the Department and Embassy Kyiv prioritized foreign assistance oversight and accountability, the difficult circumstances of a non-permissive environment⁴⁵ and major staffing constraints created significant challenges to program oversight. Staffing level increases at the embassy may enable more site visits and improved monitoring of assistance. However, OIG observed that challenges to the oversight of unprecedented levels of foreign assistance will continue until the circumstances stabilize.

(U) As noted in the report, the embassy lacked an updated Integrated Country Strategy and performance indicators. Strategic planning will be critical to the Department's ability to prioritize resources, ensure alignment with key policies, monitor progress, and measure results in Ukraine. OIG determined that the Department should consider how it can better support overseas posts—most immediately Embassy Kyiv—operating in situations of war, conflict, and emergency to complete strategic plans. Also, beyond the immediate needs that U.S. foreign assistance has been addressing, Ukraine has extensive needs for its recovery and reconstruction. At the time of this review, reconstruction planning was in early stages and

⁴² (U) The Ukraine Rapid Response Fund is an assistance program administered by CSO and implemented by a grantee to help blunt the impacts of Russia's invasion of Ukraine. The fund provides grants to Ukrainian ministries and local organizations to address immediate needs, including the distribution of food or medical supplies, first aid training, transportation for vulnerable persons, and online education programs to mitigate school disruptions; to improve coordination between government and civil society organizations; to provide communications-related training and equipment; and to provide conflict-related guidance to Ukrainian citizens to combat Russian disinformation.

⁴³ (U) The equipment included items such as refrigerators and generators.

⁴⁴ (U) Blockchain is a collaborative, tamper-resistant digital ledger that maintains transactional records (data), grouped into blocks with unique identifiers based on the previous block's data. If data is changed in one block, its unique identifier changes and can be seen in every subsequent block, allowing all users within the blockchain to know if a previous block's data has been tampered with.

⁴⁵ (U) A non-permissive environment is one in which uncertainty, instability, inaccessibility or insecurity constrain the ability to operate safely and effectively.

characterized by a Department official as “a huge, multidimensional challenge.” Department officials told OIG that they were consulting with the private sector and think tanks, in recognition of the complexity and difficulty of the task. In addition, corruption in the Ukrainian government and private sector⁴⁶ poses risks to the effectiveness of U.S. foreign assistance over the longer run.⁴⁷ OIG is currently reviewing Department anti-corruption programs and activities in Ukraine and neighboring countries to determine whether they are being implemented and monitored in accordance with federal and Department requirements.

⁴⁶ (U) Transparency International ranks Ukraine 116 of 180 countries on its 2022 Corruption Perceptions Index, making Ukraine the second worst country in Europe after Russia. Additionally, numerous articles and studies document corruption in Ukraine and challenges from oligarchic influence on political processes and the economy. A July 2022 Organization for Economic Co-operation and Development report, “Public Governance in Ukraine: Implications of Russia’s War,” noted, “Tackling powerful private interests and uprooting entrenched corruption are a vital step that will empower Ukraine in its efforts to rebuild its economy and its democracy” and “[e]fforts to strengthen the independence of its anti-corruption institutions and fight corruption in the judiciary and prosecution service are key.”

⁴⁷ (U) The Department has recognized this concern and intends to develop a plan to address anti-corruption in connection with assistance to Ukraine, including for reconstruction.

(U) RECOMMENDATION

(U) OIG provided a draft of this report to Department stakeholders for their review and comment on the findings and recommendation. OIG issued the following recommendation to Embassy Kyiv. The embassy's complete response can be found in Appendix B. The Department also provided technical comments that were incorporated into the report, as appropriate.

Recommendation 1: (U) Embassy Kyiv, in coordination with the Bureau of European and Eurasian Affairs, the Bureau of Budget and Planning, and the Office of Foreign Assistance, should update its Integrated Country Strategy. (Action: Embassy Kyiv, in coordination with EUR, BP, and F)¹

Management Response: (U) In its June 2, 2023, response, Embassy Kyiv concurred with this recommendation. The embassy noted it will submit the updated version of the Integrated Country Strategy by the end of June 2023.

OIG Reply: (U) OIG considers the recommendation resolved. The recommendation can be closed when OIG receives and accepts documentation that Embassy Kyiv updated its Integrated Country Strategy.

¹ (U) OIG revised the recommendation in response to the Bureau of Budget and Planning's comments on the draft report.

(U) APPENDIX A: OBJECTIVES, SCOPE, AND METHODOLOGY

(U) This review was conducted from October 17, 2022, to March 2, 2023, in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2020 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspections Handbook, as issued by the Office of Inspector General (OIG) for the Department and the U.S. Agency for Global Media (USAGM).

(U) The Office of Inspections provides the Secretary of State, the Chief Executive Officer of USAGM, and Congress with systematic and independent evaluations of the operations of the Department and USAGM. Consistent with Section 209 of the Foreign Service Act of 1980, this review assessed the status of strategic planning for Ukraine and focused on the Department's and Embassy Kyiv's foreign assistance coordination and oversight responsibilities.

(U) OIG's specific objectives were to:

- (U) Determine the extent to which the Department and embassy established a strategy for Ukraine that informs and guides foreign assistance programs and planning for Ukraine's recovery and reconstruction, consistent with applicable Department standards.
- (U) Determine the extent to which the Department and embassy established coordination mechanisms for foreign assistance activities to ensure oversight and internal controls, consistent with applicable Department standards.
- (U) Describe the current operating status of Embassy Kyiv and remote operations that support the embassy, focusing on key challenges related to facilities, staffing, and security operations.

(U) OIG's findings resulting from the third objective is in the companion classified report.¹

(U) OIG used a risk-based approach to prepare for this review. OIG largely conducted the review remotely, relying on audio- and video-conferencing tools, but it also conducted some in-person interviews with Department, Embassy Kyiv, and other personnel. OIG also observed online meetings; reviewed pertinent records; circulated surveys and compiled the results; and reviewed the substance of this report and its findings and recommendations with offices, individuals, and organizations affected by the review. OIG used professional judgment, along with physical, documentary, testimonial, and analytical evidence collected or generated, to develop its findings, conclusions, and one actionable recommendation.

(U) Jill Derderian (Team Leader), Eleanor Nagy (Team Manager), Steve Begin, Ronald Deutch, Jill Esposito, Sergio Lagares, Shawn O'Reilly, Matt Ragnetti, and Lavon Sajona conducted this review. Other report contributors include Dolores Adams, Diana McCormick, and Rebecca Sawyer.

¹ (U) See OIG, *Review of Embassy Kyiv's Operating Status* (ISP-S-23-18, report not yet released).

(U) APPENDIX B: MANAGEMENT RESPONSE



Embassy of the United States of America

Stakeholder Response

June 2, 2023

UNCLASSIFIED

THRU: EUR – Acting Assistant Secretary for European and Eurasian Affairs Derek Hogan

TO: OIG – Arne Baker, Acting Assistant Inspector General for Inspections

FROM: Embassy Kyiv – Charge d’Affaires Chris Smith 

SUBJECT: Response to Draft OIG Report – Review of Ukraine Foreign Assistance Coordination and Oversight

Embassy Kyiv has reviewed the draft OIG inspection report. We provide the following comments in response to the recommendations provided by OIG:

(U) **OIG Recommendation 1:** Embassy Kyiv, in coordination with the Bureau of European and Eurasian Affairs and the Bureau of Budget and Planning, should update its Integrated Country Strategy. (Action: Embassy Kyiv, in coordination with EUR and BP)

(U) **Management Response:** Embassy Kyiv concurs with the recommendation. Post is revising its ICS and will submit the updated version by the end of June. Russia’s full-scale February 2022 invasion of Ukraine forced Embassy Kyiv to extend the length of time required for the development of its Integrated Country Strategy (ICS) due to the vast change in Ukraine’s strategic outlook caused by Russia’s invasion, the closure and subsequent reopening of the Embassy, and the ensuing disruption to the Embassy’s posture and staffing. To ensure a thorough, comprehensive, accurate ICS, Post undertook the review process when conditions and staffing stabilized. As a result of these circumstances, ICS planning took longer for Mission Ukraine than it would have for a non-wartime, fully staffed mission.

(U) APPENDIX C: SELECTED UKRAINE-RELATED STRATEGIC GOALS AND OBJECTIVES FROM U.S. GOVERNMENT STRATEGIES

(U) Table 1: Excerpts from Goals 1 and 4 of the Department’s Bureau of European and Eurasian Affairs and USAID’s Bureau of Europe and Eurasia’s FY 2022-2026 Joint Regional Strategy

<p>(U) Goal 1: Revitalize European Alliances and Partnerships in the Evolving Security Environment</p>
<p>(U) Objective 1.1: Strengthen U.S. and allied commitment to the [North Atlantic Treaty Organization (NATO)], including Article 5, to ensure that NATO’s deterrence and defense posture is fully resourced, with the burden equitably shared, in the wake of Russia’s war in Ukraine, and equip the Alliance to handle other contemporary and emerging threats, including to non-NATO countries’ sovereignty and independence.</p> <p>(SBU) Sub-Objective 1.1.1: (b) (5) [REDACTED]</p> <p>☞ (SBU) Milestone 1.1.1.1: (b) (5) [REDACTED]</p>
<p>(U) Objective 1.2: Raise the level of U.S.-[European Union (EU)] ambition to collaborate globally, use enlargement as a strategic tool, and impose costs on and hold Russia accountable for its unprovoked invasion of Ukraine in coordination with allies and partners to maintain transatlantic unity.</p> <p>(SBU) Sub-Objective 1.2.2: (b) (5) [REDACTED]</p> <p>☞ (SBU) Milestone 1.2.2.1: (b) (5) [REDACTED]</p>
<p>(U) Goal 4: Leverage Alliances and Partnerships to Ensure Russia’s Strategic Failure in its War in Ukraine and to Address Other Global and Regional Threats and Challenges.</p>
<p>(U) Objective 4.1: Support Ukrainian efforts to win the war and rebuild the country; ensure respect for national territorial integrity by securing Russia’s withdrawal from Ukraine; deter future aggressive acts; and seek peaceful resolution of Russia-backed territorial conflicts, including its influence on the Western Balkans and South Caucasus.</p> <p>(SBU) Sub-Objective 4.1.1: (b) (5) [REDACTED]</p> <p>☞ (SBU) Milestone 4.1.1.1: (b) (5) [REDACTED]</p> <p>☞ (SBU) Milestone 4.1.1.2: (b) (5) [REDACTED]</p> <p>(SBU) Sub-Objective 4.1.2: (b) (5) [REDACTED]</p>

<p>(SBU) Milestone 4.1.2.1: (b) (5) [Redacted]</p> <p>(SBU) Sub-Objective 4.1.3: (b) (5) [Redacted]</p> <p>(SBU) Milestone 4.1.3.1: (b) (5) [Redacted]</p>
<p>(U) Objective 4.2: Counter Russia’s claims and false narratives and steadfastly support Ukraine’s sovereignty and territorial integrity through the [Organization for Security and Co-operation in Europe (OSCE)].</p> <p>(SBU) Bureau Sub-objective 4.2.3: (b) (5) [Redacted]</p> <p>(SBU) Milestone 4.2.3.1: (b) (5) [Redacted]</p>
<p>(U) Objective 4.3: Support emergency humanitarian assistance to displaced persons, vulnerable populations, and refugees inside and outside of Ukraine, particularly those bordering Ukraine with the goal of creating the conditions to allow refugees and displaced persons to return.</p> <p>(SBU) Sub-Objective 4.3.1: (b) (5) [Redacted]</p> <p>(SBU) Performance Indicator 4.3.1.1: (b) (5) [Redacted]</p> <p>(SBU) Sub-Objective 4.3.2: (b) (5) [Redacted]</p> <p>(SBU) Performance Indicator 4.3.2.1: (b) (5) [Redacted]</p>

(U) Source: Joint Regional Strategy for the Department of State Bureau of European and Eurasian Affairs and the U.S. Agency for International Development Bureau of Europe and Eurasia, November 2022.

(U) Table 2: Excerpts from the Office of the Coordinator of U.S. Assistance to Europe and Eurasia’s Draft Ukraine Assistance Strategy

<p>(SBU) (b) (5)</p> <p>[Redacted]</p> <p>[Redacted]</p>
<p>(SBU) Objective 1: (b) (5)</p> <p>(U) Assistance Objectives:</p> <ul style="list-style-type: none">(SBU) 1.1 (b) (5)(SBU) 1.2 (b) (5)(SBU) 1.3 (b) (5)(SBU) 1.4 (b) (5)(SBU) 1.5 (b) (5)(SBU) 1.6 (b) (5)(SBU) 1.7 (b) (5)
<p>(SBU) Objective 2: (b) (5)</p> <p>(U) Assistance Objectives:</p> <ul style="list-style-type: none">(SBU) 2.1 (b) (5)(SBU) 2.2 (b) (5)(SBU) 2.3 (b) (5)(SBU) 2.4 (b) (5)(SBU) 2.5 (b) (5)(SBU) 2.6 (b) (5)

(U) Source: Office of the Coordinator of U.S. Assistance to Europe and Eurasia, Draft Ukraine Assistance Strategy, January 2023–December 2025.

(U) APPENDIX D: BUREAUS AND OFFICES MANAGING AND IMPLEMENTING UKRAINE ASSISTANCE

Bureau/Office	Main Program Areas
Bureau of Cyberspace and Digital Policy	<ul style="list-style-type: none">• Cybersecurity
Bureau of Conflict and Stabilization Operations	<ul style="list-style-type: none">• Government, civil society small grants• War crimes/atrocities documentation
Bureau of Democracy, Human Rights, and Labor	<ul style="list-style-type: none">• Human rights• Justice and accountability• Independent media/freedom of expression• Civil society• Labor
Bureau of Educational and Cultural Affairs	<ul style="list-style-type: none">• Countering disinformation• Cultural preservation• Higher education• Economic recovery
Bureau of European and Eurasian Affairs, Office of Press and Public Diplomacy	<ul style="list-style-type: none">• Public diplomacy• Exchanges• Support for media
Bureau of European and Eurasian Affairs, Office of the Coordinator of U.S. Assistance to Europe and Eurasia	<ul style="list-style-type: none">• Coordination of assistance• Monitoring and evaluation support• Support to border states
Bureau of International Narcotics and Law Enforcement Affairs	<ul style="list-style-type: none">• Civilian security assistance• Law enforcement/criminal justice• Rule of law• Anti-corruption
Bureau of International Security and Nonproliferation	<ul style="list-style-type: none">• Border security• Nonproliferation• Global sanctions compliance• Securing nuclear facilities
Bureau of Oceans and International Environmental and Scientific Affairs	<ul style="list-style-type: none">• Epidemiology training
Bureau of Political-Military Affairs	<ul style="list-style-type: none">• Conventional weapons destruction and demining• Approval/concurrence and end-use monitoring for sales and transfer of military equipment• Foreign military financing
Bureau of Population, Refugees, and Migration	<ul style="list-style-type: none">• Humanitarian aid to Ukrainian refugees outside Ukraine• International Committee of the Red Cross, International Organization for Migration, United Nations High Commissioner for Refugees support in Ukraine

Bureau/Office	Main Program Areas
Office of the U.S. Global AIDS Coordinator and Global Health Diplomacy	<ul style="list-style-type: none">• President's Emergency Plan for AIDS Relief coordination
Office of Global Criminal Justice	<ul style="list-style-type: none">• War crimes reporting and accountability
Office of Global Women's Issues	<ul style="list-style-type: none">• Support for survivors of gender-based violence

(U) Source: OIG generated from information obtained from the Department.

(U) APPENDIX E: FOREIGN ASSISTANCE COORDINATED BY EMBASSY KYIV—OTHER AGENCIES

Agency	Main Program Areas
Centers for Disease Control and Prevention	<ul style="list-style-type: none">• Public health• HIV prevention, treatment
U.S. Agency for International Development	<ul style="list-style-type: none">• Humanitarian assistance inside Ukraine• Direct budget support• Stabilization programs• Health, including HIV• War crimes accountability• Local/regional government functions• Anti-corruption• Supporting businesses and trade• Education• Energy security• Agriculture production• Independent media• Civil society• Support for vulnerable populations• Support for veterans/internally displaced persons• Food security
Department of Agriculture	<ul style="list-style-type: none">• Support for animal health, biosecurity, sanitary and phytosanitary capacity building• Wildfire, water, and deforestation management
Department of Commerce	<ul style="list-style-type: none">• Commercial law• Business development
Department of Defense	<ul style="list-style-type: none">• Security assistance• HIV prevention, treatment
Defense Threat Reduction Agency	<ul style="list-style-type: none">• Countering weapons of mass destruction
Department of Energy	<ul style="list-style-type: none">• Nuclear safety assistance• Energy security
Department of the Treasury	<ul style="list-style-type: none">• European Bank for Reconstruction and Development Crisis Response Fund• Technical assistance for Ukrainian financial institutions
Department of Health and Human Services	<ul style="list-style-type: none">• HIV prevention, treatment
Peace Corps	<ul style="list-style-type: none">• HIV prevention, treatment

(U) Source: OIG generated from information obtained from the Department.

(U) APPENDIX F: STATUS OF TRACKING AND REPORTING FOREIGN ASSISTANCE DATA

(U) Recent Oversight Reports on Foreign Assistance Data Collection and Tracking

(U) Financial and program data are key to managing and overseeing assistance. Historically, the Department of State (Department) did not have the ability to adequately track and report its foreign assistance data. Past OIG and Government Accountability Office (GAO) reviews found inadequacies in this area, including the Department's inability to retrieve timely and accurate data necessary to provide central oversight, meet statutory and regulatory reporting requirements, manage resources strategically, and assess program performance.¹ Following the passage of the Digital Accountability and Transparency Act (DATA) of 2014,² the Department began an initiative,³ the Foreign Assistance Data Review (FADR) to improve the quality and availability of foreign assistance data, including compliance with DATA Act requirements. Recent OIG and GAO reviews show that the Department has made progress but still faces challenges in tracking and reporting foreign assistance.⁴ In 2021, OIG found the Department was unable to certify its overseas DATA Act transactions and did not perform sufficient quality assurance of the data submitted.⁵ OIG also found in 2020 that the Department needed to better communicate with affected bureaus on changes to the tracking systems, assess resource implications, and provide training to implement the changes.⁶ In 2021, GAO found the monitoring and evaluation component of the Department's FADR plan was not well developed, particularly regarding linking performance indicators to desired results, and it did not indicate how the Department planned to periodically evaluate the data to assess the impact of the changes made.⁷

¹ (U) OIG, *Review of Department of State Foreign Assistance Tracking Capabilities*, page 5 (ISP-I-21-09, December 2020), and GAO, *Foreign Assistance: State Department Should Better Assess Results of Efforts to Improve Financial and Some Program Data*, page 2 (GAO-21-373, May 2021).

² (U) Digital Accountability and Transparency Act of 2014, Public Law 113-101, May 9, 2014. This law requires federal agencies to report financial and award data to the public in accordance with established government-wide financial data standards.

³ (U) The Foreign Assistance Data Review (FADR) started in October 2014 and ended in December 2020, with the goal of changing the existing, multiple, agency-wide data systems to facilitate tracking and reporting of foreign assistance data in the obligation and disbursement phases of the budget process. The plan did not address foreign assistance performance data.

⁴ (U) OIG, *Audit of the Department of State's Implementation of the Digital Accountability and Transparency Act of 2014*, (AUD-FM-22-08, November 2021); OIG, *Audit of the Department of State's FY 2019 Implementation of the Digital Accountability and Transparency Act of 2014* (AUD-FM-20-05, November 2019); ISP-I-21-09; GAO-21-373.

⁵ (U) AUD-FM-22-08.

⁶ (U) ISP-I-21-09.

⁷ (U) See GAO-21-373. Following the issuance of the GAO report, the Office of Foreign Assistance updated its monitoring plan and reviewed its performance targets. Office of Foreign Assistance staff told GAO that although progress had been made, the targets for the pre-FADR field implementation were not achieved.

(U) Challenges in Tracking and Reporting Ukraine Foreign Assistance Data

(U) Despite the Department’s progress in tracking and reporting foreign assistance described above, OIG identified ongoing challenges with foreign assistance data in its review of Ukraine foreign assistance coordination and oversight. As of April 2023, the Office of Foreign Assistance reported the Department and U.S. Agency for International Development (USAID) had obligated \$32.5 billion out of the \$45.4 billion in funds from the four Ukraine supplemental appropriations, representing 71 percent of these funds, as described in Table 1, below. At the time of OIG’s review, the Office of Foreign Assistance was updating obligation figures monthly through a data call to program offices in the Department and USAID. However, the office did not include in this monthly tabulation obligations for Ukraine from base appropriations, reprogrammed or reallocated funds from other programs, or funds transferred to other agencies for implementation (e.g., International Military Education and Training and Global Health Programs accounts). In addition, after Russia’s full-scale invasion of Ukraine, the Department’s Bureau of Budget and Planning created an accounting code (.UK) to track all Ukraine supplemental spending.⁸ Yet, the Department was not using this accounting code to track obligations from base appropriations and reprogrammed funds. Therefore, OIG relied on data from EUR/ACE, which captured information from both base and supplemental appropriation accounts, for the discussions of allocations in the report.

(U) Table 1: FY 2022–FY 2023 Ukraine Supplemental Appropriations Funding and Obligations (\$ in millions)

Sector and Account	Appropriated	Obligated	%
Direct Budget Support and Development/Economic	28,487.3	19,720.2	69
Assistance for Europe, Eurasia, and Central Asia	1,463.8	924.3	63
Economic Support Fund	26,853.5	18,679.2	70
Transition Initiatives	170.0	116.7	69
Humanitarian	11,220.9	8,460.0	75
International Disaster Assistance	7,935.9	6,802.5	86
Migration and Refugee Assistance	3,285.0	1,657.5	50
Security	5,746.2	4,276.6	74
Foreign Military Financing	4,730.0	3,776.0	80
International Narcotics Control and Law Enforcement	805.0	423.0	53
Non-Proliferation, Anti-Terrorism, Demining and Related Programs	211.2	77.6	37
Total	45,454.4	32,456.80	71

(U) Source: OIG generated from Office of Foreign Assistance information; data as of April 2023.

⁸ (U) Office of Foreign Assistance staff told OIG that some funds with the .UK accounting code would not be counted as funds for Ukraine because language in the supplemental appropriations bills also designated funds for populations affected by the war in Ukraine.



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