



Information Brief

USAID Due Diligence Practices for Working With United Nations Agencies and Other Public International Organizations

USAID reports that approximately one-quarter of its funding goes to multilateral organizations, including United Nations (UN) agencies and the World Bank. Called **public international organizations (PIOs)** by USAID, these organizations often possess comparative advantages in delivering development and humanitarian assistance. For example, PIOs frequently have access to conflict zones and established networks that enable the U.S. government to expedite delivery of aid in complex, emergency situations. Because PIOs are not generally subject to U.S. laws or business standards, USAID policy outlines due diligence practices to ensure proper oversight and use of taxpayer funds. USAID OIG is conducting an evaluation that focuses on USAID’s due diligence practices over PIOs from fiscal year (FY) 2019-2022 that will expand on this information brief.

USAID Considers PIOs Important Partners

To benefit from a PIO’s unique advantages, USAID permits working with PIOs whenever it is in the best interest of the Agency.

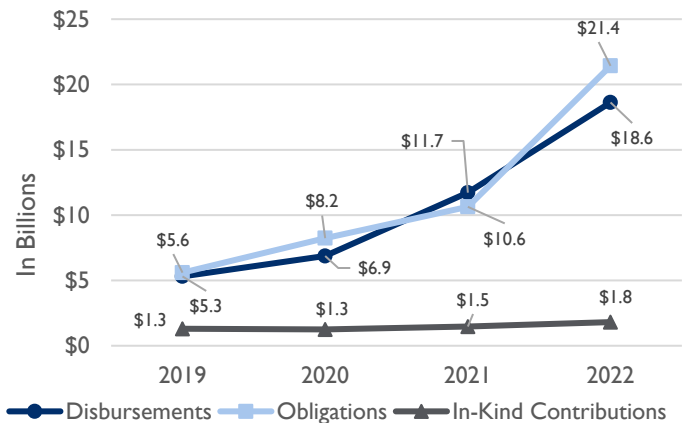
Nearly 200 organizations have been designated as PIOs by USAID, including the following:

- World Food Programme
- The World Bank
- The Global Fund
- GAVI, the Vaccine Alliance
- UNICEF
- Pan American Health Organization
- International Union for Conservation of Nature

USAID’s internal policy, the Automated Directives System (ADS), Chapter 308 outlines the Agency’s processes for designating organizations as PIOs and maintaining the official “List of Public International Organizations.” For USAID’s purposes, PIO designation determines which mandatory policies and required procedures apply. It also provides the USAID Administrator special authority to enter into agreements with PIOs under Section 635(b) of the Foreign Assistance Act of 1961, as amended.

USAID’s obligations, disbursements, and in-kind contributions to PIOs have increased in recent years. In FY 2022, USAID obligated \$21.4 billion to PIOs, up from \$5.6 billion in FY 2019 (+282 percent). Additional in-kind contributions to PIOs included food and supplies.

USAID’s Obligations, Disbursements, and In-Kind Contributions to PIOs (FY 2019-2022)



USAID Works With PIOs to Provide Assistance in Humanitarian Contexts

USAID’s responses in Ukraine and Afghanistan from FY 2019-2022 illustrate how USAID works with PIOs to help achieve broader U.S. government objectives in humanitarian contexts.

USAID’s Work With PIOs In Ukraine and Afghanistan (Obligations, FY 2019-2022)

Ukraine

USAID PIO Funding: \$9.1 billion

USAID PIO partners provided:

- Food
- Water, sanitation, and hygiene
- Essential health services
- Humanitarian support
- Direct budget support to government

USAID PIO partners included:

- International Organization for Migration
- UNICEF
- The World Bank
- World Food Programme
- World Health Organization

Afghanistan

USAID PIO Funding: \$2.0 billion

USAID PIO partners provided:

- Food
- Essential health services
- Access to education
- Improved food security and livelihoods

USAID PIO partners included:

- UN Food and Agriculture Organization
- UNICEF
- World Food Programme
- World Health Organization

Source: Map created by USAID OIG. The depiction and use of boundaries and geographic names used on this map do not imply official endorsement or acceptance by the U.S. government.

USAID's Due Diligence Practices Depend on PIO Category and Agreement Type

PIO Category: USAID divides PIOs into two categories depending on funding level and prior experience. Category 1 PIOs are major UN agencies, international financial institutions, international agricultural research centers, and other international organizations that frequently partner with USAID. Category 2 PIOs are typically organizations that partner with USAID on a lesser scale. From FY 2019-2022, nearly all (99 percent, or \$45.6 billion) of USAID's PIO funding went to Category 1 PIOs.

Agreement Type: USAID establishes different types of agreements with PIOs to achieve objectives. According to USAID, the most common approach is a cost-type agreement, where USAID makes payments to a PIO by reimbursement, advance of funds, or letter of credit for specific costs.

Due Diligence: PIOs are subject to the policies and procedures for procurement, monitoring, and reporting outlined in ADS Chapter 308. In addition to USAID standard preaward processes, USAID must perform organizational capacity reviews (OCRs) before entering into an agreement with a PIO for assurance that Federal funds will be appropriately managed. After entering into an agreement with a PIO, USAID may apply additional due diligence practices that vary by agreement type. The following table lists the different forms of due diligence USAID may apply.

Pre-Award Due Diligence Mandatory for all PIO agreements	Organizational Capacity Reviews (OCRs) <ul style="list-style-type: none"> • Desk reviews that highlight PIO-specific concerns and risks that USAID should consider. • Informs USAID of the PIO's ability to manage Federal funds. • Must be in place before establishing an agreement with a PIO. • Should be updated at least every 5 years. • For Category 1 PIOs, OCRs are centrally managed out of USAID headquarters and on a more robust scale. • For Category 2 PIOs, OCRs are performed by individual agreement officers and on a smaller scale.
Post-Award Due Diligence Optional and specific to PIO agreements	Spot Checks <ul style="list-style-type: none"> • USAID and the PIO agree on procedures to access and check financial information related to USAID-funded activities. • USAID may access the project sites and/or PIO headquarters. • According to USAID, spot checks may include verification of assistance under post-distribution and/or third-party monitoring. • Does not constitute a financial, compliance, or other audit. Reviews/Evaluations <ul style="list-style-type: none"> • USAID and the PIO agree on the scope and procedures. • Performed at any time up until the end of the agreement. • Does not constitute a financial, compliance, or other audit. Audits <ul style="list-style-type: none"> • Per agreement terms, USAID may perform audits on behalf of the PIO, conduct financial reviews, and ensure fund accountability. • The Government Accountability Office (GAO) and OIG have audit rights only when USAID is the sole contributor to a trust fund where the PIO is the trustee and USAID retains title in the funds (i.e., not applicable to typical single-donor or multi-donor trust funds like those USAID is using to provide Direct Budget Support to the Government of Ukraine through the World Bank).

PIO Agreement Types and Applicable Due Diligence Practices	OCRs	Spot Checks	Reviews/Evaluations	Audits
In-Kind Contributions: Goods, commodities, or services instead of money.	✓			
Trust Funds: Financing arrangement where one or more donors contribute.	✓			✓
Cost-Type Agreements: Payments by reimbursement, advance of funds, or letter of credit.	✓	✓		
Project Contribution: Contribution to a PIO's program, project, or activity.	✓		✓	
General Contribution: Contribution provided to a PIO for its overall operation and support based on an express statutory authority.	✓			
Regional Development Objective Agreement: Range of support from a regional bureau or mission to a regional PIO over a sustained period.	✓			✓
Fixed Amount Agreements: Set level of support based on milestones.	✓			
Simplified Agreement: Instruments to fund quick or simple activities.	✓	✓		

Learn More About USAID OIG's Related Oversight

USAID OIG provides timely, independent oversight of USAID funding to UN agencies and other PIOs through audits, evaluations, investigations, and other outreach, including:

- Memorandums of understanding with oversight counterparts, described in our May 2023 [fact sheet](#) and [trip report](#).
- An [information brief](#) and [evaluation](#) on USAID's Direct Budget Support to the Government of Ukraine administered through World Bank trust funds, issued January 2023.
- An [audit](#) that found insufficient oversight of PIOs puts U.S. foreign assistance programs at risk, issued September 2018.