

OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

U.S. African Development Foundation: Gaps in Policy and Guidance Hindered Strategic Partnerships and Grants Administration

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Evaluation



Office of Audits, Inspections, and Evaluations



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SUBJECT: U.S. African Development Foundation: Gaps in Policy and Guidance Hindered Strategic Partnerships and Grants Administration

This memorandum transmits the final report on our evaluation of USADF's implementation of policies and procedures for its strategic partnerships and grants administration for your review and comment. Our objectives were to determine the extent to which USADF established and implemented policies and procedures to (1) form, leverage, and manage strategic partnerships, (2) maintain accurate information on its strategic partnerships and receive pledged funding, and (3) administer grants through partnership and agency matching funds. In finalizing the report, we considered technical comments USADF provided after our exit conference. USADF's response to the draft is included in its entirety in Appendix B.

The report contains our findings and nine recommendations to strengthen USADF's strategic partnership and grants management processes. After reviewing the information USADF provided in response to the draft report, we consider the recommendations resolved but open pending the completion of planned activities and the continuation of USADF operations.

We appreciate the assistance you and your staff provided to us during this engagement.

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Report in Brief

Why We Did This Evaluation

The U.S. African Development Foundation (USADF) is an independent government agency established by Congress in 1980 to invest in African grassroots organizations and entrepreneurs. USADF provides direct grants of up to \$250,000 to eligible enterprises to support entrepreneurship and address challenges such as food insecurity, insufficient energy access, and unemployment. Although USADF receives an annual appropriation from Congress, it also leverages funds from partnerships with the private sector, other government agencies, and African governments. USADF reported that by the end of fiscal year (FY) 2023, it expected to collect over \$87 million in cumulative leveraged funds from partnerships to expand its grant portfolio.

We initiated this evaluation in response to a congressional request that USAID OIG examine, in part, USADF's use of strategic partnerships. Our objectives were to determine the extent to which USADF established and implemented policies and procedures to (1) form, leverage, and manage strategic partnerships, (2) maintain accurate information on its strategic partnerships and receive pledged funding, and (3) administer grants through partnership and agency matching funds.

What We Recommend

We made nine recommendations to USADF to strengthen its strategic partnership and grants management and administration processes. USADF agreed with each recommendation and identified planned corrective actions and target dates, but stated implementation was contingent on the Agency remaining operational.

What We Found

USADF lacked policies and procedures for managing its strategic partnerships, leading to gaps in due diligence and assessment.

While strategic partnerships became increasingly important to USADF to supplement its appropriated budget, it lacked formal policies and procedures to guide their execution. USADF drafted a strategic partnership policy in May 2022 but never finalized it. The draft addressed key areas of partnership management, but lacked guidance on others, including financing, matching requirements, and funds management.

USADF failed to fully account for information on its strategic partnerships and received only 25 percent of the maximum funding pledged.

We verified that USADF had 32 active strategic partnerships between FYs 2022 and 2024. Yet, USADF's documentation for these partnerships was incomplete, and there may have been more. These 32 partners pledged up to \$69 million between FYs 2022 and 2024. However, of these pledges, USADF only received \$17 million (25 percent). Additionally, USADF public reporting did not use clear and consistent terms regarding funding it received from strategic partners, which could mislead readers.

USADF lacked clear guidance and procedures for grants management and administration, leading to delayed grant activities and inconsistent implementation.

USADF did not meet grant disbursement and grantee reporting timelines. USADF guidance varied on a grant's effective date, which determined disbursement timelines. Other conflicts between USADF guidance and grant agreements contributed to delayed grantee reporting. Further, USADF lacked policies, procedures, and training for the use of its grants management database. As a result, USADF inconsistently administered several aspects of its grants and did not maintain complete documentation of required activities.

Introduction

The U.S. African Development Foundation (USADF) is an independent government agency established by Congress in 1980 to invest in African grassroots organizations and entrepreneurs. USADF reported in its 2023 annual report that between fiscal years (FYs) 2019 and 2023 it invested over \$141 million directly into more than 1,000 African-owned and led enterprises, impacting more than 2.6 million people. To do this, USADF provides direct grants of up to \$250,000 to eligible enterprises to support entrepreneurship and address challenges such as food insecurity, insufficient energy access, and unemployment. USADF reported that it awarded 242 grants in FY 2024, amounting to more than \$28 million. Although USADF receives an annual appropriation from Congress, it also leverages funds from partnerships with the private sector, other government agencies, and African governments. USADF reported securing \$45.6 million from partnerships in FY 2023, nearly matching its congressional allocation of \$46 million. USADF reported that by the end of FY 2023, it expected to collect over \$87 million in cumulative funds from partnerships to expand its grant portfolio.¹

We initiated this evaluation to examine how USADF receives and uses funding through partnerships to make grants in accordance with its established policies and procedures. We developed our objectives in response to a November 2023 congressional request that USAID OIG examine, in part, USADF's use of strategic partnerships. Our objectives were to determine the extent to which USADF established and implemented policies and procedures to (1) form, leverage, and manage strategic partnerships, (2) maintain accurate information on its strategic partnerships and receive pledged funding, and (3) administer grants through partnership and agency matching funds.

To address our objectives, we reviewed and analyzed USADF's policies and procedures for grant management and administration. We judgmentally selected a sample of 50 grants from the 232 grants associated with strategic partnerships that were active between FYs 2022 and 2024. For these 50 grants, we reviewed and analyzed documentation stored in USADF's grant management database. We reviewed partnership documentation and analyzed funding receipts for all verified strategic partnerships active during the same period. We interviewed USADF officials in Washington, DC, as well as representatives from selected African governments, private organizations, and other U.S. government agencies that had entered partnerships with USADF. We performed site visits to Cote d'Ivoire and Kenya to interview USADF officials and grantees, gain a thorough understanding of USADF's in-country operations, and observe activities for a selection of grants in our sample. We conducted our work from March 2024 to June 2025 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Appendix A provides more information on our scope and methodology.

During our evaluation, we discovered that USADF officials knew of suspected misuse of Foundation funds and equipment purchased from Foundation grants but failed to report this information to OIG as required. As a result, in August 2024, we issued a management advisory to USADF regarding the nonreporting and made three recommendations to address the

¹ According to a USADF official, as of April 2025, USADF had not finalized an annual report for FY 2024.

shortcomings.² Of the three recommendations, one has been closed and, as of June 5, 2025, two are resolved but open pending USADF's completion of planned activities.

The February 19, 2025, Executive Order 14217, *Commencing the Reduction of the Federal Bureaucracy*, required USADF to “reduce the performance of [its] statutory functions and associated personnel to the minimum presence and function required by law.” In the following months, the majority of USADF's grants were terminated and its staffing was significantly reduced. In July 2025, an order from the District Court of the District of Columbia prohibited further actions related to USADF.³ Since the order, nearly all staff have been reinstated, according to USADF officials.⁴ However, as of the date of this report's issuance, USADF remains under the pause on new foreign assistance disbursements.⁵

Background

In FY 2024, USADF had grants in 24 African countries. USADF also established a new partnership with the government of Cabo Verde but did not have active grants. According to USADF, its activities focus on frontier markets, with an emphasis on the Sahel, the Horn, and the Great Lakes regions of Africa. Figure I shows USADF's operations in Africa as of September 30, 2024.

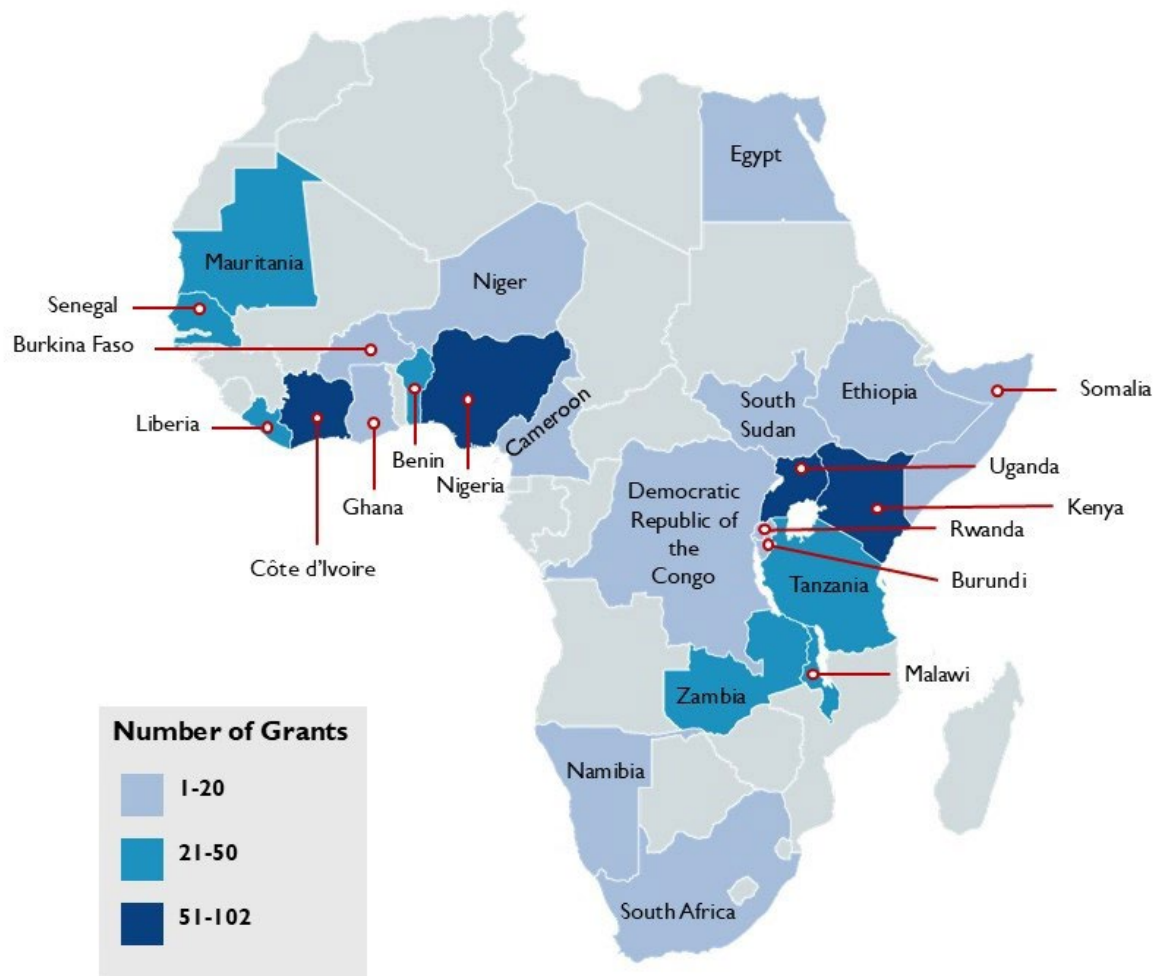
² USAID OIG, [Nonreporting of Suspected Misuse of USADF Grant Funds and Equipment](#) (E-ADF-24-001-A), August 2024.

³ Rural Development Innovations Limited v. Morocco, 1:25-cv-01631, ECF No. 27 (D.D.C. Jul 01, 2025).

⁴ A USADF official said that federal agencies providing human resources and contract oversight functions for the Foundation conducted legal reviews of the court order. Based on these reviews, the official stated that USADF staff and contractors were reinstated.

⁵ Executive Order 14169 implemented a 90-day pause on “new obligations and disbursements of development assistance funds to foreign countries and implementing non-governmental organizations, international organizations, and contractors pending reviews of such programs for programmatic efficiency and consistency with United States foreign policy.” This pause was extended and still in effect as of the date of this report.

Figure I: USADF Operations in Africa as of September 30, 2024



Source: OIG-generated map capturing USADF operational information.

USADF Structure

USADF headquarters in Washington, DC, includes the Office of the President/Chief Executive Officer, the Office of General Counsel, the Finance and Administration Division, External and Government Affairs, and the Program Division. Within the Program Division, regional portfolio managers and grants management specialists manage and oversee USADF's grant award and implementation processes, such as screening and approving grant applications, processing disbursements, and reviewing grantee reports. USADF also employs African country program coordinators to oversee its in-country operations and a network of African local partners to provide project management support to grantees and visit grantee sites.

USADF Strategic Partnerships

USADF established its first strategic partnership in 1997. USADF currently supports its grant-making by leveraging funding from three categories of strategic partners: African governments,

corporations and foundations, and other U.S. government agencies. As of September 2024, USADF had signed memorandums of understanding (MoUs) with at least 13 African governments or regional governments, 19 private companies and foundations, and 4 U.S. government agencies. These MoUs generally provided the framework for the partnership, typically by outlining the purpose and duration of the partnership, the planned undertakings of each party, and the governance of the partnership. Between FYs 2022 and 2024, USADF had active strategic partnership MoUs with various partners, including the following:

African governments: Republic of Benin, Republic of Cote d'Ivoire, and Republic of Uganda.

Private companies and foundations: The National Basketball Players Association Foundation, YouthBuild International, and the Citi Foundation.

Other U.S. government agencies: Department of State, Millenium Challenge Corporation, and U.S. Agency for International Development.

USADF Grants Management and Administration

USADF's 2012 Manual System outlines the regulations, policies, procedures, and guidelines that govern its operations, grant administration and oversight, and the roles and responsibilities of headquarters officials, in-country teams, and grantees. The Manual System details requirements and policies governing each phase of a grant, including project selection, project development, due diligence, grant authorization, initial implementation, project quality assurance and close out.

Additionally, grant agreements specify the grant amount and project completion timeline. Agreements can vary, but all include key elements such as the terms and conditions, the project description, budget, reporting requirements, and disbursement procedures.⁶

Since 2014, USADF has used the Grants Information System for Evaluation and Learning (GISEL) as its official system for grants management and documentation. Each grant has a file in GISEL where USADF staff upload and review documents throughout the grant's lifecycle. Additionally, USADF's in-country partner organizations use GISEL to submit site visit reports and upload required grantee documentation, such as application materials, grant reports, and disbursement requests. USADF headquarters officials also use GISEL to review and approve grant documentation such as disbursement requests and grant reports.

⁶ USADF describes its development model through three types of grants that it awards: enterprise expansion, enterprise linkage, and operational assistance. These three grant types focus on grantees' ability to grow capital and access new markets, access new and existing capital, and build capacity and strengthen management and governance, respectively.

USADF Lacked Policies and Procedures for Managing Its Partnerships, Leading to Gaps in Due Diligence and Assessment

Although USADF reported forming its first strategic partnership in 1997, we found it lacked official written policies and procedures to guide the execution of its strategic partnerships. Federal internal control standards state that management should document and implement policies that detail relevant responsibilities, control activities, implementation, and operating effectiveness.⁷ Additionally, standards of good practice for working with governments and multinational enterprises encourage the use of due diligence processes to identify, prevent, and mitigate actual and potential adverse impacts.⁸

Over time, strategic partnerships became an increasingly important avenue to supplement USADF's appropriated budget and increase grant making, according to USADF officials. In May 2022, USADF drafted a strategic partnership policy. This draft policy stated that USADF's strategic partnerships were intended to "mobilize additional capital, fund projects that would not have otherwise occurred, and share risks and returns with other actors."

This draft proposed policies and procedures on important areas of strategic partnership management, such as:

- Identification and selection, to include assessing the strategic partner's alignment with USADF's mission, moral responsibility, and impact track record.
- Due diligence.⁹
- USADF roles and responsibilities.
- Memorandums of understanding.
- Communication, monitoring and tracking, renewal, and termination.

However, USADF never finalized and implemented the draft policy. A senior USADF official stated the draft strategic partnership policy was intended to document informal processes that had governed USADF's partnership formation and administration for many years. Nevertheless, this official said that establishing partnerships was prioritized over finalizing the policy, and the draft was never circulated among USADF executives for final clearance.

Further, we determined the draft policy lacked guidance for other important areas, including partner financing, USADF matching requirements, and partner funds management. Specifically,

⁷ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), "Implement Control Activities," Principle 12, "Documentation of Responsibilities through Policies," September 2014.

⁸ An internationally recognized example is the Organisation for Economic Co-Operation and Development's Guidelines for Multinational Enterprises on Responsible Business Conduct. These guidelines have been shared by the State Department's Division for International Finance and Development.

⁹ The draft policy includes a checklist of 10 questions meant to assess the risks, advantages, disadvantages, and likelihood for success of potential partnerships.

the draft did not:

- Set expectations for strategic partner financial contributions.
- Outline requirements for how USADF contributed matching funds to a partnership, if at all.
- Provide guidance for determining the allocation of USADF funds and partnership funds in a grant disbursement.
- Describe how leftover funds should be handled upon the end of a partnership.

Additionally, despite the lack of a statutory requirement for financial contributions from prospective African government, other government agencies, or private partners, senior USADF officials said that the Foundation strongly encouraged a contribution to enter a partnership with USADF. One official said the encouraged contribution should be \$1 million. However, according to USADF, this donation threshold was a “strategic guideline.” However, a senior USADF official stated strongly encouraging a contribution may not align with USADF’s gift acceptance authority.¹⁰ As a result, USADF officials were hesitant to formalize it in policy.

The lack of a strategic partnership policy weakened USADF’s ability to form, leverage, and manage strategic partnerships and resulted in inconsistent execution of partnerships active between FYs 2022 and 2024. For example, USADF grant management officials we interviewed lacked clarity about how to allocate USADF and partnership funds in grant disbursements. Although equal cofunding between USADF and the partner was desired, the officials described various processes and challenges in doing so. In addition, it was unclear how leftover funds from a terminated partnership, which remained as part of USADF’s funds held outside of the Department of Treasury, could be used for other USADF projects. From FY 2022 through FY 2024, USADF formed and terminated two partnerships. For one, USADF returned leftover funds to the partner; in the other case, USADF kept the funds in an overseas bank account.

Without formal guidance in place during our evaluation period, USADF did not conduct any pre-partnership assessments of the strategic need and opportunity for prospective partnerships, the partner’s alignment with USADF’s mission, or the partner’s impact track record for similar programming. Instead, USADF directed a grantee to negotiate with prospective partners, but this grantee said that he did not perform any other responsibilities identified in USADF’s draft policy, such as assessing the potential or completing due diligence for the partnership. USADF also did not complete any due diligence on its prospective partners, limiting its ability to identify and mitigate potential risks associated with a strategic partnership such as its overall viability or likelihood to follow through on funding pledges. Further, several partnerships active during this period were ineffective, resulting in no funds received from the partner or grant activities.

¹⁰ Section 290h-4 of the African Development Foundation Act, “Powers of Foundation” states that USADF may accept tangible or intangible “gifts for donations of services or property” to further its mission.

USADF Failed to Fully Account for Information on Its Strategic Partnerships and Received Only 25 Percent of the Maximum Funding Pledged

Federal internal control standards stress the importance of effective documentation to execute internal controls and retain and communicate organizational knowledge.¹¹ We could not confirm the total number of partnerships active between FYs 2022 and 2024 because USADF's documentation was incomplete. According to our analysis of MoUs provided by USADF, we verified 32 partnerships were active in this period. According to these MoUs, each partnership was intended to last about 5 years, on average. Based on our reviews of USADF's website, partner funding receipts, and other public reporting, we determined that USADF may have had up to 17 additional active partnerships. For example, USADF's website identified a payment card company foundation, a clean energy investment company, and a development nonprofit as strategic partners. However, USADF could not provide MoUs or any other documentation to confirm the status of these partnerships.

The majority of MoUs included pledged funding from the partner to support USADF's grant-making. Of the 32 MoUs we reviewed, 19 (59 percent) identified annual contributions pledged by the partner. For instance, one MoU with a Nigerian state included a clause that it "intends to provide annual contributions ... which shall equal USADF's contribution of US \$1,000,000 per year." Another MoU with the government of Cote d'Ivoire states it intends to "provide each year for a period of five consecutive years, a financial contribution in an amount ... equivalent to one million US dollars." A third MoU with the Ministry of Rural Development of the Islamic Republic of Mauritania states that it intended to "contribute the equivalent of up to two million US dollars per year." The 13 remaining MoUs (41 percent) included a total figure for the partner's pledged contribution, or did not include a specific financial contribution from the partner.

Based on our review of the 32 MoUs, strategic partners cumulatively pledged a total of \$154 million to USADF over the duration of each partnership. Of this, USADF should have received up to \$69 million between FYs 2022 and 2024. However, according to our analysis of partner funding receipts, USADF only received approximately \$17 million (25 percent) over this time. Specifically:

- African governments provided about \$8.2 million of \$41 million (20 percent) pledged.
- Private entities, through grants and other MoUs, provided about \$6.4 of \$10.8 million (59 percent) pledged.
- Two of the three other U.S. government agencies provided 100 percent of their pledged funding, over \$2 million. USADF did not provide evidence that the fourth U.S. government agency, which intended to provide up to \$15 million in loans during the period, complied with its pledge.

¹¹ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), "Establish Structure, Responsibility, and Authority," Principle 3, "Documentation of the Internal Control System," September 2014.

Additionally, USADF public reporting did not use clear and consistent terms regarding funding it received from strategic partners, which could mislead readers. For example, in its 2023 Annual Report, USADF reported that “\$45.6 million in leveraged partner funds was secured in FY [20]23,” but it did not clearly distinguish between pledged funding and funds USADF received. USADF only received \$9 million in FY 2023. Similarly, in its FY 2024 Congressional Budget Justification, USADF reported that it anticipated leveraging more than \$15 million in external funding that year. Yet, by the end of FY 2024, USADF had received just \$2.5 million in partnership funding.

We determined multiple factors contributed to unfulfilled partner pledges and incomplete documentation. First, the MoUs that USADF used to establish strategic partnerships were not legally binding; and therefore, USADF did not have a means of enforcing partner pledges. Furthermore, USADF lacked guidance for evaluating prospective partnerships based on strategic need. Moreover, as previously noted, the Foundation did not conduct any pre-award assessments or due diligence on prospective partners. Finally, although USADF created a spreadsheet to begin tracking key details of partnerships in April 2024, it did not maintain a repository for storing partnership documentation, such as MoUs and required progress reports for each partnership.

Unclear and inconsistent reporting on its partnerships could mislead Congress, partners, grantees, and other stakeholders on USADF’s ability to receive the funding necessary to conduct planned activities. Without the full amount of pledged funding from its partners, USADF did not have the resources to implement the programs outlined in its MoUs. USADF acknowledged this limitation and stated that if partners did not follow through on pledged contributions, USADF “should plan for the possibility of program discontinuation.”

USADF Lacked Clear Guidance and Procedures for Grants Management and Administration, Leading to Delayed Grant Activities and Inconsistent Implementation

We found that USADF did not meet grant disbursement and grantee reporting timelines due to conflicting guidance. Additionally, USADF had not performed a comprehensive review or update of its Manual System (MS) since 2012 and did not always enforce its own guidance or follow its own procedures. We also found USADF lacked policies, procedures, and formal training for GISEL, its official grants management database, which resulted in inconsistent grant administration and incomplete documentation.

USADF Had Conflicting Guidance for Grant Disbursement and Grantee Reporting and Did Not Ensure Grantees Met Required Timelines

The MS outlines the policies and procedures for grant disbursement and grantee reporting. Additionally, grant agreements may include reporting requirements. Table I identifies guidance and timeline requirements for grant disbursements and grantee reporting.

Table 1: USADF Requirements for Grant Disbursement and Grantee Reporting Timelines

USADF Policy	Requirements for Grant Disbursement and Grantee Reporting
Grant Start-Up (MS 230)	Grants are effective upon the grantee's signature, and the first disbursement should occur within 45 days and the second within 135 days.
Grant Obligations (MS 325)	Grants are effective when both USADF and the grantee sign the grant agreement, and funds are obligated upon signing. The grant's effective date matches the date of the last signature.
Grant Compliance Review & Authorization (MS 212)	Grants are effective when the USADF President/CEO signs the agreement, and funds are obligated on the same date.
Grantee Reporting (MS 231)	Grantees submit quarterly reports starting the same quarter of the first disbursement. USADF's local partners ensure timely and accurate submission to USADF headquarters within 30 days.
Grant Agreements	Grant agreements include varied requirements for grantee quarterly and progress reporting. Some grants require a quarterly report at the end of the first quarter after the grant's effective date. Others require progress reports 6 months after grantees signed the agreement or upon milestone completion. Further, others require a report at the end of every quarter, starting one month after receiving the first disbursement.

Source: OIG analysis of USADF information.

To assess USADF's compliance with grant management requirements, procedures, and timelines we identified and reviewed applicable MS chapters and requirements. Additionally, we judgmentally selected a sample of 50 grants associated with partnerships active during FYs 2022 to 2024. We identified conflicts in USADF's guidance for when the first disbursement should have been issued to a grantee, and therefore when a grantee's first quarterly report was due.

Based on our review of MS chapters for grant disbursements, we identified conflicting guidance for when grant activities went into effect. Specifically, MS 230 stated that grant activities began with the grantee's signature of the agreement, contradicting MS 212, which made the grant effective upon the President's signature, and MS 325, which defined the effective date as the final signature by both parties. Therefore, we reviewed the 50 agreements from our sample and collected the signature dates of both the President and grantee to assess the timing of the first and second disbursement against both signatures.

We found that USADF did not meet the timelines outlined in its manual for grantees' first and second disbursements. We measured timeliness from both USADF's signature, as required in MS 212, and the grantee signature, as required in MS 230, and determined that USADF disbursements exceeded required timelines against both measurements.

- The first disbursement was late by an average of 35 days when measured against the USADF signature, and late by an average of 15 days when measured against the grantee signature.

- The second disbursement was late by an average of 53 days when measured against the USADF signature, and late by an average of 34 days when measured against grantee signature.

We also identified conflicting guidance for the timing of grantee quarterly report submissions. MS 231 and some individual grant agreements required grantees to submit quarterly reports after receiving the first disbursement. However, other grant agreements in our sample included different requirements. For example, some grant agreements required quarterly reporting after the first quarter from the award's effective date, others required it 6 months after the grantee signed the grant agreement, while others required a report at the end of every quarter, starting one month after receiving the first disbursement.

Given this conflicting guidance we measured the timeliness of grantee reporting based on both MS 231 requirements and the specific timelines outlined in each of the 50 grant agreements. We found that USADF received many grantees' first quarterly reports late. We analyzed the length of the delay for grantees with late quarterly report submissions.¹²

- For 36 of 50 grants in our sample (72 percent), USADF's local partners uploaded grantees' first quarterly report into GISEL on average 68 days after MS 231's required 30-day timeframe.
- For 35 of 50 grants (70 percent), USADF's local partners uploaded the grantees' first quarterly report into GISEL on average 72 days after it was required in the grant agreement.

We determined that multiple factors contributed to these delays. First, as noted above, USADF had conflicting guidance for when a grant went into effect, and therefore when disbursements and grantee reporting should have occurred. USADF stated that "seasoned grant management specialists, program officers, and financial analysts apply institutional knowledge to bridge policy gaps." However, USADF grants management specialists we interviewed had different understandings of when a grant became effective. One specialist told us a grant's effective date occurred when USADF formally received funding for the grant from the U.S. Department of Treasury. Another stated it was when the grant status in GISEL was changed to "award,"¹³ and a third stated it was when a grantee signed the agreement and it was uploaded into GISEL.

Additionally, USADF's training for grant start-up was revised in 2009 and did not align with MS 230 updated in 2012. USADF's training identified that the second disbursement should occur within 120 days, while MS 230 stated it should occur within 135 days. We also found USADF had not conducted a comprehensive review or update of the MS since 2012, significantly limiting opportunities to identify and address conflicting guidance. Federal standards for internal

¹² This analysis focused solely on grantees whose quarterly reports were uploaded into GISEL after the timelines outlined in either MS 231 or the specific grant agreement. The analysis excludes grantees that had timely quarterly report submissions, had not received disbursements, did not prepare a quarterly report, or had not yet completed milestones that would prompt reporting.

¹³ A USADF official said that for a grant to reach "award" status in GISEL, the grant agreement, signed by both USADF and the grantee, and all required documentation had to be uploaded to GISEL.

control state that management should periodically review policies and procedures to ensure they are relevant and effective in achieving the entity's objectives.¹⁴

Further, USADF did not always enforce its own guidance or follow its own procedures. For instance, a USADF official stated that they tried to be reasonable regarding the requirement for grantees to submit quarterly reports prior to receiving a disbursement; they also sometimes avoided penalizing grantees by delaying disbursements, because USADF staff had not reviewed a quarterly report yet. In addition, a Zambian grantee in our sample initially received a USADF grant in 2016 but did not receive any disbursements due to an "administrative oversight" from USADF. As a result, USADF re-awarded the grant in 2023.

USADF acknowledged that in some cases insufficient oversight and compliance with established procedures resulted in delays, and USADF grantees noted frustration with late disbursements as they delayed the implementation of grant activities. For example:

- According to a progress report from a South African grantee, the process of receiving funds was "draining and prolonged and frustrating."
- A Kenyan grantee progress report also emphasized the need for clear disbursement timelines to facilitate budgeting and project planning.
- Another grantee in Kenya reported that late disbursements caused them to cover salaries with personal funds.
- A grantee in Cote d'Ivoire stated delayed disbursements prevented the purchase of a vehicle needed to transport their product.

Delayed disbursements and quarterly reports prevented grantees from implementing planned activities and hindered USADF's ability to understand whether its grants were on track. USADF acknowledged the need to enhance its internal policies, strengthen oversight, and improve compliance with existing procedures. USADF committed to thoroughly reviewing and improving its grant-making policies and procedures.

USADF Lacked Policies and Procedures for Its Official Grants Management Database, Which Resulted in Inconsistent Grant Administration and Incomplete Documentation

The USADF MS defines expectations for grants management and administration, such as requirements for project development, grantee financial management training, USADF monitoring, and grantee reporting. Table 2 shows the MS chapter and applicable requirements. In addition, recipients of Federal grant funds are required to have a unique entity identifier (UEI) that is renewed annually through the U.S. General Services Administration's System for Award Management website (SAM.gov). If the UEI is not updated annually, then the grantee is ineligible to receive Federal funding.

¹⁴ GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), "Implement Control Activities," Principle 12, "Periodic Review of Control Activities," September 2014.

Table 2: Selected USADF Policy Requirements for Grants Management and Administration

USADF Policy Manual Chapter	Requirement
Project Development (MS 211)	USADF should complete technology, market, financial and environmental assessments before awarding a grant.
Grant Start-Up (MS 230)	Grantees must receive USADF bookkeeping training before receiving grant funds.
Grantee Reporting (MS 231)	Grantees must submit quarterly progress reports to USADF.
Project Quality Assurance (MS 232)	USADF's in-country partner is required to visit grantees three times during the first year of the grant and complete a site visit report for each visit.

Source: OIG analysis of USADF information.

To assess the completeness of required grant documentation, we reviewed the GISEL profiles for each of the 50 grants included in our judgmental sample to determine if documentation of required activities was uploaded. Based on our review, we found inconsistencies in USADF's grant administration and incomplete documentation of required grant activities. Table 3 shows the grant administration categories we reviewed and the status of documentation in GISEL.

Table 3: Grant Administration Categories and Documentation Status in GISEL

Grant Administration Category	Status of Documentation in GISEL
Project Development	20 of 50 grants (40 percent) had incomplete project development documentation.
UEI Number	34 of 50 grants (68 percent) had a missing or expired UEI Number.
USADF Training	20 of 50 grants (40 percent) did not have a record of required USADF bookkeeping training.
Site Visits	28 of 50 grants (56 percent) lacked one or more reports for site visits required in the grant's first year.
Grantee Reports	22 of 50 grants (44 percent) were missing one or more required grantee reports.

Source: OIG analysis of USADF information.

We determined these deficiencies occurred because USADF lacked a documented policy, procedures, and formal training for using GISEL. USADF had a training manual for GISEL developed by the vendor that provided instructions for certain actions, such as logging into the system, uploading documents, and closing out a grant. However, the vendor's manual did not explain how GISEL implemented USADF grant management procedures and requirements, such as documenting that site visits were completed or identifying which project development actions USADF officials had to perform.¹⁵ According to USADF, it was a "strategic decision" to defer developing a policy and procedures for GISEL because the Foundation planned to replace

¹⁵ USADF officials stated project development requirements varied depending on the size of the grant. For example, a grant of \$100,000 required a financial assessment, while a grant of \$50,000 or less did not. Further, according to USADF documentation, grants funded through strategic partnerships may have had additional project development requirements.

it with a new system within the next 3 years. However, GISEL was USADF's official grants management system for more than 10 years. As a result, the lack of a policy or formal training led to a culture where staff relied on informal guidance from colleagues and individual knowledge and experience to administer grants and store grant documentation in the system. For example:

- Three USADF officials stated that they developed their own informal guides for performing their responsibilities, and another official told us that staff would benefit from formal standard operating procedures.
- USADF reported that “a cadre of expert users” trained on the use of the system; however, officials we interviewed said that there was currently no one in charge of training and that training was provided on an ad hoc basis.
- USADF grants management officials stated that the requirement for grantees to have a current UEI number in GISEL was “more of an understanding than a policy,” and there was not a uniform way to confirm that a grantee’s UEI was up to date.¹⁶

In addition, USADF did not always enforce existing policy. For example, as noted in Table 3, USADF lacked evidence that it provided the required bookkeeping training to 20 of 50 grantees in our sample (40 percent). According to USADF, some bookkeeping training may have been completed but not properly documented in GISEL. A USADF official also acknowledged that sometimes grantees received disbursements before the training was held, because the disbursement was used to pay for training. However, this was an explicit requirement in MS 230. If grantees did not receive the required bookkeeping training or if it was not properly documented in GISEL, USADF lacked assurance that grantees had the required knowledge to properly manage funds and mitigate the risk of waste.

USADF also did not enforce requirements for its partner organizations to complete site visits to grantees. According to a USADF grants management official, partner organizations had to upload all site visit reports to GISEL. The official stated that if a site visit report was missing in GISEL, the site visit did not occur. This official also told us site visit reports should be reviewed within 15 business days, but this was a low priority. Additionally, the official stated USADF in-country partners often provided information through other means, such as email. However, site visit reports we reviewed identified problems related to grant implementation, such as a grantee using a USADF-funded vehicle for personal transportation and falsifying a signature on a purchase receipt. Incomplete documentation of site visits limited USADF’s ability to assess progress and ensure grantees used funds and resources appropriately.

Conclusion

USADF uses strategic partnerships to supplement its appropriated budget and expand its grantmaking to African grassroots organizations and entrepreneurs. However, USADF’s informal management of these efforts resulted in a lack of due diligence and assessment, and partners often did not follow through on funding pledges. Developing and implementing official

¹⁶ USADF reported that GISEL included an alert if a grantee’s UEI expired but acknowledged the alert would not prevent officials from disbursing funds to the grantee.

policies and procedures for its strategic partnership process will help ensure partnerships are viable, position USADF to reach more grantees, and enable more accurate reporting on results. Additionally, policy and training gaps in USADF's grant management and administration, including GISEL, contributed to delays, inconsistencies, and incomplete documentation. The foreign assistance pause, Executive Order 14217, and ongoing legal actions could affect USADF's future functions and operations. In the event USADF resumes its grantmaking and strategic partnerships, these issues, if left unaddressed, will risk ineffective strategic partnerships and the Foundation will lack assurance that required grants management activities are implemented on time or even at all.

Recommendations

To strengthen its strategic partnership process, we recommend that USADF:

1. Develop and implement an official policy and procedures for the management and implementation of the strategic partnership process.
2. Develop and implement a policy and procedures for storing, safeguarding, and reporting accurate partnership information such as memorandums of understanding and progress reports to comply with the partnership process.
3. Develop guidance for evaluating potential partnerships based on strategic need and opportunity.
4. Develop and implement a contingency planning process in the event that not all pledged funding from a partner is received.
5. Develop and provide training on the policy and procedures for the strategic partnership process.

To strengthen its policies and procedures over its grants management and administration processes, we recommend that USADF:

6. Update the USADF Manual System to clarify conflicting guidance for grant administration and grantee reporting and project development requirements for grants awarded under partnerships.
7. Develop a policy and procedures for the use of the Grants Information System for Evaluation and Learning that is aligned with USADF's Manual System, Federal requirements, and USADF's strategic partnership management.
8. Develop and provide recurring training to officials on the revised USADF Manual System and Grants Information System for Evaluation and Learning policy.
9. Develop a process for periodically reviewing and evaluating policies to ensure their relevance and effectiveness to current practices in USADF's grant administration.

OIG Response to Management Comments

We provided our draft evaluation report to USADF on June 16, 2025. On August 20, 2025, we received USADF's response, which is included in Appendix B of this report. USADF also provided technical comments following our exit conference, that we considered and incorporated as appropriate.

The report contains nine recommendations. USADF agreed with each recommendation and identified planned corrective actions and target dates, but stated implementation was contingent on the Agency remaining operational.

We agree with the management decision for each recommendation and consider them resolved but open pending the completion of planned activities subject to the continuation of USADF operations.

Appendix A. Scope and Methodology

We conducted our evaluation from March 2024 through June 2025 in accordance with the Council of the Inspectors General on Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. The scope of our evaluation was partnerships active between FYs 2022 and 2024 and grants that resulted from those partnerships.

Our objectives were to determine the extent to which USADF established and implemented policies and procedures to (1) form, leverage, and manage strategic partnerships, (2) maintain accurate information on its strategic partnerships and receive pledged funding, and (3) administer grants through partnership and agency matching funds.

To answer Objective 1, we reviewed the USADF Act to understand USADF's authority to establish strategic partnerships. We reviewed USADF's Manual System and a draft policy document to determine if USADF established policies and procedures over the administration of strategic partnerships. We interviewed USADF officials in Washington, DC, Cote d'Ivoire, and Kenya, and a grantee in Kenya with partnership management responsibilities to determine how USADF administered its strategic partnerships and reasons for the lack of implementation of policies and procedures. We also conducted interviews with representatives of the three types of strategic partnerships—African government, private foundations and organizations, and other U.S. government agencies—to understand how USADF establishes and administers strategic partnerships.

To answer Objective 2, we reviewed USADF-provided MoUs, USADF's website, strategic partnership funding receipts, and USADF's public reporting to determine the number of partnerships active between FY 2022 and FY 2024. We analyzed the MoUs for the 32 active strategic partnerships to determine the amount, if any, of funding pledged between FY 2022 and FY 2024. To determine the percentage of funding leveraged by USADF, we reviewed partner funding receipts and compared them to the amounts pledged. We reviewed USADF's public reporting to determine how USADF reported on the funding it leveraged from its strategic partnerships.

To answer Objective 3, we reviewed USADF's Manual System to understand the policies, procedures, and guidance that outline the Foundation's grant administration. We interviewed USADF officials in Washington, DC, Cote d'Ivoire, and Kenya, and partner organization staff in Cote d'Ivoire and Kenya to understand how USADF administers grants, including grant approval, funding, activity monitoring, and partnership alignment. We conducted site visits to grantees in Cote d'Ivoire and Kenya to better understand USADF's field-level grants management activities. We also reviewed operating manuals to obtain an understanding of USADF's grants management database, GISEL. To test USADF's implementation of its policies and procedures over grants administration, we judgmentally selected a sample of 50 grants from 232 grants associated with partnerships that were active between FY 2022 and FY 2024, represented USADF's three types of partnerships, and represented a range of grant types. We reviewed grant documentation maintained in GISEL against the requirements outlined in the Manual System for key aspects of grants administration, including eligibility requirements, due diligence, project development, disbursement requests, activity monitoring, and quarterly reporting.

In August 2024, we issued a management advisory to USADF regarding the nonreporting of suspected misuse of USADF Grant Funds and Equipment.¹⁷ This advisory included three recommendations. One of the recommendations—addressing the lack of a direct link to the USAID OIG website on the USADF homepage—has been closed. The remaining two recommendations—addressing gaps in USADF training on USAID OIG oversight authorities, procedures to disclosure fraud, waste, and abuse, and fraud awareness briefings—are resolved but open pending USADF's completion of planned activities.

¹⁷ USAID OIG, [*Nonreporting of Suspected Misuse of USADF Grant Funds and Equipment*](#) (E-ADF-24-001-A), August 2024.

Appendix B. Agency Comments



Management Response to IG Evaluation Draft Report

Subject: U.S. African Development Foundation: Gaps in Policy and Guidance Hindered Strategic Partnerships and Grants Administration

Draft Report No. E-ADF-25-004-M

Date: August 20, 2025

Executive Summary

USADF appreciates the work of the USAID Office of Inspector General in conducting this evaluation of our strategic partnerships and grants administration. We concur with the overall findings and recommendations and acknowledge the opportunities to strengthen our internal policies, procedures, and reporting practices.

Clarification on MOUs and Leveraged Funds

USADF wishes to emphasize that **Memoranda of Understanding (MOUs) represents non-binding pledges** of support. They serve as partnership frameworks but do not create enforceable financial obligations. As such, the level of funds ultimately received depends solely on the partner's internal decision-making, disbursement schedules, and budgetary processes. USADF has **no legal mechanism to compel fulfillment** of pledged contributions.

Clarification on Agreement Dates and Implementation

The report references MOU signature dates when discussing program execution. USADF clarifies that **the signature date is not equivalent to the implementation date**. Implementation

begins upon **receipt of funds** and satisfaction of required operational and compliance conditions. Accordingly, there may be a significant lag between the date of signature and when activities are launched.

Execution Plan (Conditional on the agency Continuation)

Should the agency remain in operation, USADF will implement the following corrective actions aligned with the nine recommendations of the IG:

- 1. Finalize and Implement Strategic Partnership Policy**
 - Action: Draft will be finalized, cleared by executive leadership, and formally issued.
 - Emphasis: Include guidance on due diligence, partner evaluation, financial contribution expectations, and contingency planning.
 - Timeline: Within 6 months of operational resumption.
 - 2. Create Centralized Partnership Repository**
 - Action: Establish a secure digital repository for all MOUs, amendments, and funding receipts.
 - Timeline: In Progress.
 - 3. Clarify Reporting of Pledges vs. Actuals**
 - Action: Revise public and congressional reports to differentiate between pledged funds and funds received clearly.
 - Timeline: Immediate, to apply for the next reporting cycle.
 - 4. Grants Management System Reforms**
 - Action: Update the Manual System to harmonize conflicting guidance on grant start dates, disbursement timelines, and grantee reporting.
 - Action: Implement interim standard operating procedures for the existing GISEL system, pending transition to a new platform.
 - Timeline: Policy revisions within 6 months; new system within 24 months.
 - 5. Training and Oversight**
 - Action: Deliver recurring training to all program and grants staff, both headquarters and field-based, on updated policies.
 - Action: Institute quarterly compliance reviews to verify implementation.
 - Timeline: Training rollout within 6 months; quarterly reviews ongoing thereafter.
 - 6. Policy Review Process**
 - Action: Establish a policy review cycle every three years to ensure alignment with best practices and evolving federal standards.
 - Timeline: Initiated within 12 months.
-

Recommendation-by-Recommendation Response Matrix

Rec. No.	Concurrence	Planned Action (If Operations Continue)	Target Completion
1	Concur	Finalize & implement strategic partnership policy	6 months
2	Concur	Develop procedures for partnership documentation & reporting	3 months
3	Concur	Establish criteria for evaluating prospective partners	6 months
4	Concur	Introduce contingency planning for unfulfilled pledges	6-9 months
5	Concur	Provide training on partnership management	6-9 months
6	Concur	Revise the Manual System to eliminate conflicting guidance	6 months
7	Concur	Develop SOPs for GISEL and align with the Manual System (if the agency continues to use GISEL as its primary database)	6 months
8	Concur	Provide recurring training on grants management policies	6-9 months
9	Concur	Create a 3-year review cycle for policies and procedures	12 months

Conclusion

USADF remains committed to addressing the IG's recommendations and enhancing accountability across its operations. We emphasize that **partnership MOUs are pledges without enforceable mechanisms** and that **implementation depends on fund receipt rather than signature dates**. If the agency remains in operation, USADF will carry out the corrective actions outlined in this execution plan to strengthen its management of partnerships and grants administration.



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