



**UNITED STATES
DEPARTMENT OF STATE**



USAID
FROM THE AMERICAN PEOPLE

FY 2014 JOINT SUMMARY OF PERFORMANCE AND FINANCIAL INFORMATION



Mission

Shape and sustain a peaceful, prosperous, just, and democratic world and foster conditions for stability and progress for the benefit of the American people and people everywhere.

ABOUT THE REPORT

This online report provides a summary of the Department of State and U.S. Agency for International Development's (USAID) performance and financial information for Fiscal Year (FY) 2014. It is prepared and presented in a brief, user-friendly format to promote greater accountability and accessibility to Congress, the American public, and other key constituencies. The Joint Summary of Performance

and Financial Information Report is one of three annual financial and performance reports that also include the Agency Financial Report (AFR) and the Annual Performance Report (APR). Additional performance information is detailed in the Diplomatic Engagement and Foreign Assistance Appendices of the FY 2016 Congressional Budget Justification (CBJ). To view the complete reports, please click on the respective report covers.

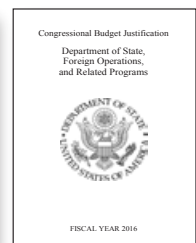
**STATE
FY 2014 AFR**



**USAID
FY 2014 AFR**



**FY 2016
CBJ**



DEPARTMENT OF STATE-USAID JOINT STRATEGIC GOAL FRAMEWORK

In FY 2014, the Department of State and USAID developed the FY 2014–2017 Joint Strategic Plan through a consultative process involving the senior leadership of the two agencies. Their deliberations, shaped by

Presidential directives and policies, previous strategic planning efforts, and the 2010 Quadrennial Diplomacy and Development Review (QDDR), produced the strategic goals and strategic objectives for the next four years.



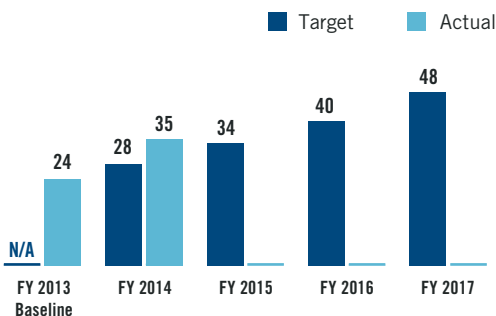
SELECTED ACHIEVEMENTS AND PERFORMANCE RESULTS

Complete performance information will be featured in the FY 2014 Annual Performance Report scheduled for release in March 2015.

STRENGTHEN AMERICA'S ECONOMIC REACH AND POSITIVE ECONOMIC IMPACT.

One Strategic Objective of this Strategic Goal is: Expand Access to Future Markets, Investment, and Trade. Strategies to achieve this goal include: advocacy efforts in high-level bilateral meetings through joint host-nation/Ambassador Direct Line calls; leveraging multi-lateral meetings to conduct high-level commercial advocacy; and developing a culture of advocacy within the Department, making it a standard component of high-level bilateral meetings. The Department of State measures success towards achieving this goal by tracking the number of State Department high-level commercial advocacy efforts to support U.S. export of goods and services. Below are actual results and projected targets for achieving this key indicator.

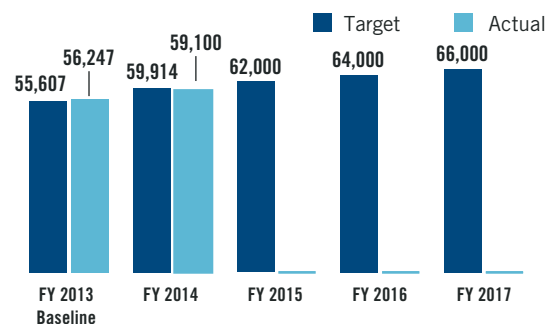
Illustrative Indicator for the Number of State Department High-level Commercial Advocacy Efforts to Support U.S. Export of Goods and Services



STRENGTHEN AMERICA'S FOREIGN POLICY IMPACT ON OUR STRATEGIC CHALLENGES

One Strategic Objective of this Strategic Goal is to: Overcome Global Security Challenges through Diplomatic Engagement and Development Cooperation. The Department of State has multiple indicators to track progress towards this objective, one of which is to achieve key milestones to promote arms control and nonproliferation by implementing the President's Prague Agenda of steps toward a world without nuclear weapons; impeding missile proliferation threats; and strengthening implementation and verification of international arms control agreements. The United States looks to increase U.S. and international security by negotiating and implementing arms control agreements and ensuring their verification; strengthening the global nuclear nonproliferation regime; securing WMD and destabilizing conventional weapons and disrupting their proliferation; defending against ballistic missiles; and preventing terrorist acquisition of WMD. One way the Department measures success towards achieving this Strategic Objective is by tracking the amount of chemical weapons convention prohibited schedule chemicals decreased around the globe (in metric tons).

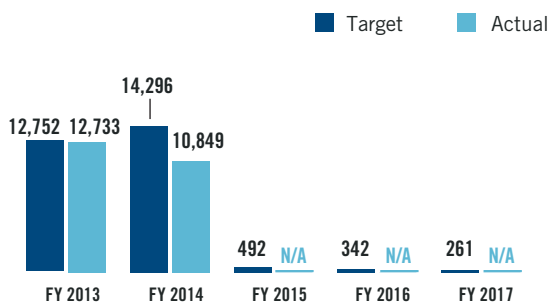
Illustrative Indicator for the Amount of Chemical Weapons Convention prohibited schedule chemicals decreased around the globe (in metric tons)



Another Strategic Objective of this Strategic Goal is to: Prevent and Respond to Crisis and Conflict, Tackle Sources of Fragility, and Provide Humanitarian Assistance to Those in Need. The Department of State and USAID have three performance goals to track progress towards this objective, one of which is *75 percent of the most fragile countries in the world that receive at least \$50 million in combined Peace and Security and Democracy and Governance Foreign Assistance funding (using the 2011-2013 period as a baseline) will see a reduction in their fragility is the number of New Groups or Initiatives Created through U.S. Government Funding with a Mission Related to Resolve the Conflict*. USAID has multiple indicators to track progress towards this performance goal, one of which is New Groups or Initiatives Created to Resolve Conflict or the Drivers of Conflict. The indicator registers the creation of a new group or entity, as well as the launch of a new initiative or movement by an existing entity that is dedicated to resolving conflict or the drivers of the conflict. To be counted in this indicator, U.S. funding must have been a necessary enabling factor leading to the creation of the group or initiative.

Successful programming included U.S. support for national and local-level stabilization and transition efforts in Kenya. These efforts targeted recovery by mitigating political and social volatility and reducing vulnerability to violence, which included: Kenya's military incursion into Somalia, a rising secessionist movement on the Coast, the March 2013 Kenyan elections, and the potential for devastating economic impact on the entire East African region due to violence disrupting the transportation sector. U.S.-supported programming around the March 2013 elections increased dramatically as various methods were used to spread messages of peace and build the capacity of communities to rapidly identify and respond to potential sources of conflict. Results were achieved through dialogue meetings, local peace forums, performing arts, photo exhibitions, documentary films, public service announcements, and radio messages.

Illustrative Indicator for the Number of New Groups or Initiatives Created through U.S. Government Funding with a Mission Related to Resolving the Conflict or the Drivers of the Conflict



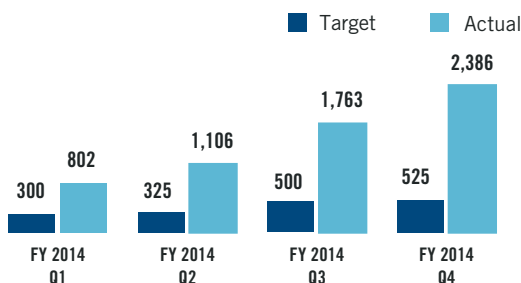
PROMOTE THE TRANSITION TO LOW-EMISSION, CLIMATE-RESILIENT WORLD WHILE EXPANDING ACCESS TO SUSTAINABLE ENERGY

One way the Department and USAID track progress towards this Strategic Goal is through the Performance Goal: *By the end of 2015, U.S. bilateral assistance under LEDS will reach at least 25 countries (from the previous baseline of 22 countries) and will result in the achievement of at least 45 major individual country milestones, each reflecting a significant, measureable improvement in that country's development or implementation of LEDS. Also by the end of 2015, at least 1,200 additional developing country government officials and practitioners (from a baseline of 0) will strengthen their LEDS capacity through participation in the LEDS Global Partnership and that capacity will be meaningfully applied to 25 countries (from a baseline of 0).*

Overall, the U.S. Government team met its targets for FY 2014 for this Agency Priority Goal (APG), and in fact exceeded a few of the targets. The U.S. Government team expanded the number of countries to which it provides technical assistance in low emission development strategies (LEDS) to 25 from a baseline of 22. The U.S. Government team is also on track to meet its final goal of achieving 45 major LEDS milestones by the end of FY 2015, achieving 15 milestones in FY 2014. Finally, the team exceeded the targets for cumulative number

of officials and practitioners with strengthened capacity through participation in the Low Emission Development Global Partnership in all four quarters of FY 2014, reaching a total of 2,386. The higher number of participants is largely due to a clustering of several major workshops, events, and webinars.

Illustrative Indicator for Global Climate Change APG for the Number of Officials and Practitioners



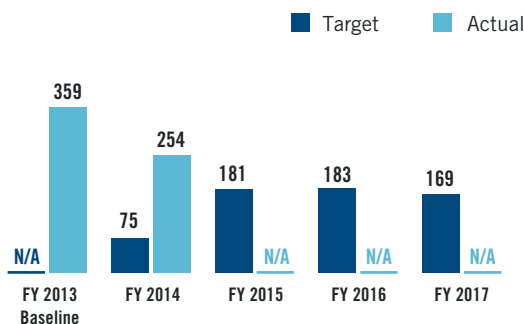
PROTECT CORE U.S. INTERESTS BY ADVANCING DEMOCRACY AND HUMAN RIGHTS AND STRENGTHENING CIVIL SOCIETY

The Department and USAID have multiple Strategic Objectives under this Strategic Goal, including Encourage Democratic Governance as a Force for Stability, Peace and Prosperity. One performance goal to track progress on this Strategic Objective, includes *Identify and pursue democratic institution-building priorities in 20-25 countries where democratic institutions are weak or missing.*

The promotion of human rights and democracy is one of the four pillars of the National Security Strategy (NSS) and a Department mandate, as set forth in the Foreign Assistance Act, the Advance Democratic Values, Address Nondemocratic Countries, and Enhance Democracy Act, and other laws. The U.S. Government partners with government institutions and officials working for democratic progress on behalf of their countries and civil society organizations that are doing the same. One way State and USAID measures success towards achieving this Performance Goal is by tracking the number of executive oversight actions taken by legislature receiving U.S. Government assistance.

Below are actual results and projected targets for achieving this key indicator.

Illustrative Indicator for the Number of Executive Oversight Actions Taken by Legislature Receiving U.S. Government Assistance



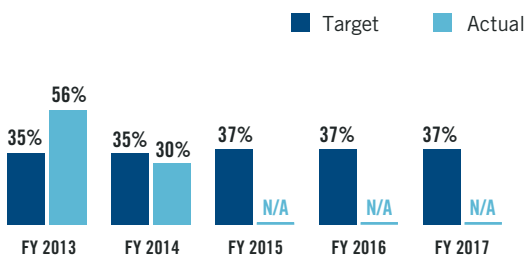
Another Strategic Objective under this Strategic Goal is Promote and Protect Human Rights through Constructive Bilateral and Multilateral Engagement and Targeted Assistance. The Department of State and USAID track progress against this Strategic Objective through multiple key performance goals one of which is: *[to] develop and implement strategies to prevent, mitigate, and redress atrocities; address gross human rights violations; and/ or combat human trafficking in 100 percent of the countries identified as priority countries.* A key indicator for this goal is the percent of NGO or other International Organizations projects that include dedicated activities to prevent and or respond to Gender-Based Violence (GBV).

USAID supports implementing partners to integrate the response to and prevention of GBV into their humanitarian operations. The risks for GBV increase for women and girls in the aftermath of disasters, making prevention and response to GBV a vital component of USAID’s humanitarian assistance. In FY 2013, USAID launched a joint initiative with State’s Bureau of Population, Refugees, and Migration called “Safe from the Start” to improve GBV prevention and response from the onset of emergencies. Under the Safe from the Start initiative, USAID is working with the State Department to advance evidence-

based dedicated programs for GBV prevention and response, improve protection mainstreaming in all humanitarian assistance programs, and enhance capacity and accountability within the international humanitarian system to address GBV.

Safe from the Start is a continuation of USAID’s work on GBV in previous years. Since the beginning of FY 2013, USAID has required all programs to incorporate protection mainstreaming into all sector interventions. This has resulted in USAID’s partners designing assistance activities in ways that reduce risks, as well as address the effects of harm, exploitation, and abuse, including GBV. In FY 2014, 30 percent of the Bureau of Population, Refugee, and Migration’s (PRM) non-governmental organizations (NGO) or other international organization (IO) projects included activities to prevent and respond to GBV. This is slightly below the FY 2014 target of 35 percent. The drop is attributed to a 56 percent increase in the total number of NGO or other IO projects funded by PRM globally in 2014 while the number of projects with GBV components remained steady. USAID also supported eight global programs to increase capacity for GBV prevention and response, and advance program innovations and learning for addressing GBV in emergencies.

Illustrative Indicator for the Percentage of NGO or Other International Organization Projects that include Dedicated Activities to Prevent and/or Respond to Gender-Based Violence

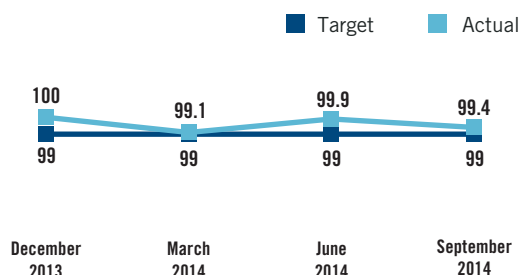


MODERNIZE THE WAY WE DO DIPLOMACY AND DEVELOPMENT

The Department identified Excellence in Consular Service Delivery as an Agency Priority Goal (APG) to track progress on this Strategic Goal. The Bureau of Consular Affairs (CA) monitors and reports quarterly on achievement of a target in these two key APG indicators:

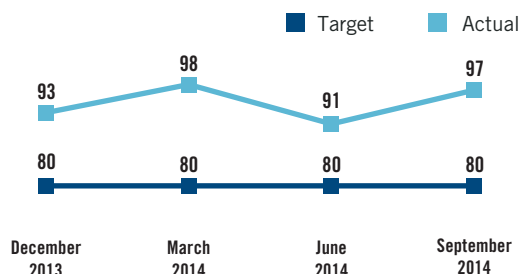
INDICATOR	TARGET
Percent of all passport applications processed within the targeted timeframe, as shown on the Department’s website.	Maintain a 99 percent rate of all passport applications processed within the targeted timeframe.

Illustrative Indicator for Consular Services APG for the Percent of Passport Processing Efficiency



INDICATOR	TARGET
Percent of all visa applicants interviewed worldwide within three weeks of the date of application.	Ensure 80 percent of non-immigrant visa applicants are interviewed within three weeks of the date of application.

Illustrative Indicator for Consular Services APG for the Percent of Visa Applicant Interview Wait Times



By implementing new efficiencies and process improvements, CA exceeded throughout FY 2014 the target of ensuring that 80 percent of nonimmigrant visa applicants are interviewed within three weeks of requesting an appointment. CA also met its goal of processing 99 percent of passports within the targeted timeframe in each quarter of FY 2014 by analyzing workload and ensuring that resources were fully employed.

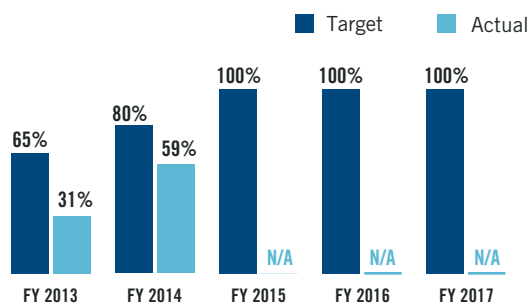
The Procurement Reform Agency Priority Goal (APG) supports USAID’s strategic objective to enable diplomats and development professionals to influence and operate more efficiently, effectively, and collaboratively.

USAID undertook an ambitious reform agenda called USAID Forward to streamline processes, provide tools and guidance that meet changing needs, achieve consistency, and support the flexible and creative environment necessary to accomplish its mission. The Agency engaged in continuously improving and strengthening Awards & Acquisition (A&A) pre and post-award processes to increase cost-efficiency and maximize the development impact of foreign assistance dollars. The Award Cost Efficiency Study (ACES) identified opportunities to increase the value-for-money with a review of 60 awards, selected from among Washington and mission awards with more than two years remaining and greater than \$10 million in total estimated cost. It further reviewed the Agency’s A&A processes, interviewed USAID and implementing partner staff, and analyzed the procurement processes of peer development agencies.

In line with ACES recommendations, USAID implemented a variety of process improvements designed to enhance award planning and management, strengthen and streamline A&A processes, and provide greater transparency and evaluation of costs. One of

the processes that was instituted was the A&A planning process tool. This tool was established to: (1) link the Agency A&A Plan to award and financial data; and (2) track priority actions, with a senior Agency leadership approval process, known as the Acquisition and Assistance Review and Approval Document (AARAD). In addition, the U.S. Government relies on contractor past performance assessment reports (CPARS) to make informed, timely business decisions when awarding government contracts and orders. Bringing performance reports current makes the vendor selection process more efficient, thus reducing the time to make an award. USAID increased its CPARS compliance rate significantly, jumping from 11 percent at the end of FY 2012 to 59 percent by the end of FY 2014. USAID attributes this success to an increased focus on past performance reporting in FY 2014. For example, USAID held CPARS workshops focused on writing contractor performance narratives, and provided “Focused Engagement Days”, with one-on-one technical support, for global staff to devote all their attention to bringing past performance reports current. In FY 2015, USAID is committed to both bringing overdue assessments up-to-date, and more fully integrating past performance reporting into its standard business practices, so that future assessments are kept current year-round.

Illustrative Indicator for the Percent of Contractor Performance Assessment Reports (CPARS) Completed in Past Performance Information Retrieval System (PPIRS)



FINANCIAL HIGHLIGHTS

The Agency Financial Reports (AFRs) of the Department of State and USAID are the cornerstone of our efforts to disclose our financial status, our stewardship of the assets entrusted to us, and our accountability to the American public. They reflect the complexity of our global mission and embody the immense financial work and dedication displayed every day by our financial personnel around the globe in support of our critical mission. Below are highlights of the financial information presented in each agencies' AFR posted online.

Department of State: The Department is steadfast in its commitment to the American people to sustain prudent fiscal and resource management while providing the administrative operating platform for more than 45 other U.S. Government entities overseas in support of our vital foreign affairs mission. The Department received an unmodified or "clean" opinion from the Independent Auditor for the FY 2014 and FY 2013 Financial Statements with no reported material weaknesses in internal controls over financial reporting.

USAID: USAID's independent auditor issued a disclaimer for USAID's FY 2014 financial statements and for USAID's re-stated FY 2013 financial statements, a change from the unmodified opinion issued in FY 2013.

In FY 2014, USAID initiated an expanded effort to comprehensively reconcile the general ledger (GL) with the subsidiary ledgers (SL) to fully address our Funds Balance with Treasury material weakness. Given the scope of the effort and our engagement with the Office of Inspector General, we are disappointed that this resulted in a disclaimed opinion for the FY 2014 Agency Financial Statements, as well as a reversal of

the unmodified opinion for the FY 2013 Statements. Throughout the process, we were confident that our fully documented methodology to reconcile the cash fund balance with Treasury (FBWT) was sound and set an appropriate direction to fully address the material weakness. The GL is the source for the financial statements and other external reports, while the SLs control obligational authority and spending. Also, fundamental accounting principles require reported GL balances to be supported by the underlying transactions recorded in the SL. The Agency believes that our reconciliation methodology satisfies this fundamental requirement.

The OIG stated in the disclaimer of opinion that "USAID was unable to provide sufficient support to validate the adjustments and we were not able to extend our audit procedures or perform alternative procedures to do so." The Agency provided workbooks that demonstrated the SL and GL comparisons and the subsequent GL adjustments. USAID also provided support for a subsample of adjustments as requested by the OIG.

The Agency's adjusted GL balances met Treasury's Government-wide Treasury Accounting Symbol Adjusted Trial Balance System (GTAS) reporting requirements. While the sample analysis provided insight and affirmed the direction taken, the items identified by the OIG as lacking sufficient documentation were events that occurred beyond its records retention threshold. As a result, the Agency understood from the OIG that they would augment the sample to include items within the records retention period. However, the Agency was not asked to provide additional samples to replace those with documentation beyond the retention period.

BALANCE SHEET SUMMARY

The following Condensed Balance Sheets present the assets, liabilities and net position of each agency.

Department of State: Total Assets increased \$2 billion or 2 percent over FY 2013 levels. Fund Balance with Treasury decreased marginally while Property and Equipment, Net increased \$1.4 billion due to continued emphasis on the construction of new embassies and necessary security upgrades at existing embassies. Investment balances in U.S. government securities for the Foreign Service Retirement and Disability Fund (FSRDF) increased by \$428 million during the year. Total Liabilities decreased \$1.3 billion in FY 2014, or 5 percent, compared to FY 2013. The After-Employment Benefit Liability (78 percent of total liabilities) decreased by \$977 million. This liability includes amounts owed for projected after-employment pension benefits for Foreign Service and Foreign Service National employees and retirees. The decrease is mainly due to the adoption of revised demographic assumptions for Foreign Service Officers identified in the 2013 FSRDF Actuarial Experience Study by our actuary.

USAID: USAID reported a less than 1 percent decrease to total assets in FY 2014 over the previous fiscal year. Fund Balance with Treasury (unspent appropriations) remained 90 percent of total assets similar to the previous fiscal year. The largest contributor to total

CONDENSED BALANCE SHEETS As of September 30, 2014 (\$ in millions)		
	State	USAID
Assets:		
Fund Balance with Treasury	\$47,497	\$30,862
Investments, Net	17,836	—
Property, Plant, and Equipment, Net	18,954	112
Accounts, Loans, and Interest Receivable, Net	390	2,318
Advances, Prepayments, Other Assets	2,111	1,040
Total Assets	\$86,788	\$34,332
Liabilities:		
After-Employment Benefit Liability	\$19,589	\$ —
Liability for Capital Transfers to the General Fund of the Treasury	—	2,541
Accounts Payable	2,360	1,775
Loan Guaranty Liability	—	2,351
International Organizations Liability	1,741	—
All Other Liabilities	1,393	1,512
Total Liabilities	25,083	8,179
Net Position:		
Unexpended Appropriations	38,428	25,596
Cumulative Results of Operations	23,277	557
Total Net Position	61,705	26,153
Total Liabilities and Net Position	\$86,788	\$34,332

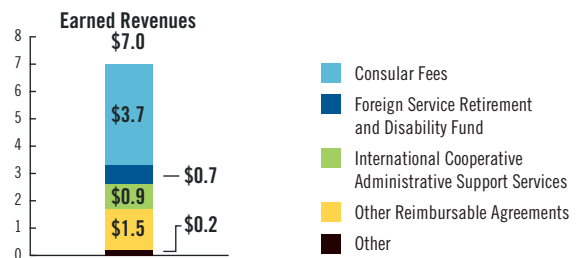
liabilities was Debt and Liabilities for Capital Transfers to the General Fund of the Treasury, at 31 percent. The debt was primarily related to USAID's Development Credit Programs that make loans and loan guarantees to sovereign and commercial lenders overseas.

NET COST OF OPERATIONS SUMMARY

The charts on the following page show each agency's net cost of operations consisting of gross (i.e., total) costs incurred less exchange (i.e., earned) revenue. Each agency's presentation of net cost is consistent with the State-USAID Joint Strategic Goal Framework; however, State's presentation is by major program while USAID's is by objective.

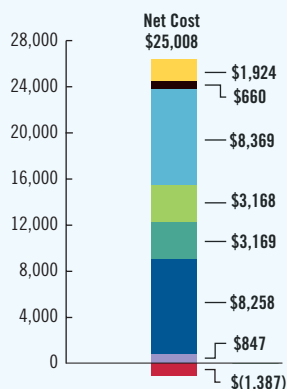
Department of State: This year State presents their Net Costs by major program instead of strategic goal thus

Department of State's Earned Revenues By Source 2014 (\$ in billions)



DEPARTMENT OF STATE'S NET COST OF OPERATIONS
For the Year Ended September 30, 2014 (\$ in millions)

Major Program	Net Cost	Percent of Total Net Cost
Peace and Security	\$ 1,924	7%
Democracy, Human Rights and Governance	660	3%
Health, Education and Social Services	8,369	33%
Humanitarian, Economic Development and Environment	3,168	13%
International Organizations and Commissions	3,169	13%
Diplomatic and Consular Programs	8,258	33%
Administration of Foreign Affairs	847	3%
Actuarial (Gain) on Pension Assumption Changes	(1,387)	-5%
Total Net Cost of Operations	\$25,008	100%



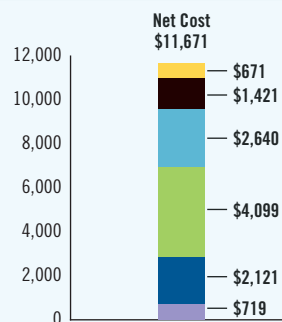
aligning more directly to the Congressional Budget submissions. The total net cost of operations in FY 2014 equaled \$25 billion, a decrease of \$59 million over FY 2013. This reduction of net cost was mainly due to actuarial gains for decreases in the FSRDF actuarial liability due to pension assumption changes. This was offset by increases in spending for global health programs, humanitarian efforts and security.

USAID: The results of operations are reported in the Consolidated Statement of Net Cost and the Consol-

idated Statement of Changes in Net Position. The Consolidated Statement of Net Cost represents the cost (net of earned revenues) of operating the Agency's six strategic objectives. These objectives are consistent with the Department of State-USAID Strategic Planning Framework in place during FY 2014. Three objectives—Economic Growth, Investing in People, and Humanitarian Assistance—represent the largest investment at 76 percent of the total Net Cost of Operations. The following table and chart shows the total net cost incurred to carry out each of the Agency's objectives.

USAID's NET COST OF OPERATIONS
For the Year Ended September 30, 2014 (\$ in millions)

Objective	Net Cost	Percent of Total Net Cost
Peace and Security	\$ 671	5.8%
Governing Justly and Democratically	1,421	12.2%
Investing in People	2,640	22.6%
Economic Growth	4,099	35.0%
Humanitarian Assistance	2,121	18.2%
Operating Unit Management	719	6.2%
Total Net Cost of Operations	\$11,671	100%

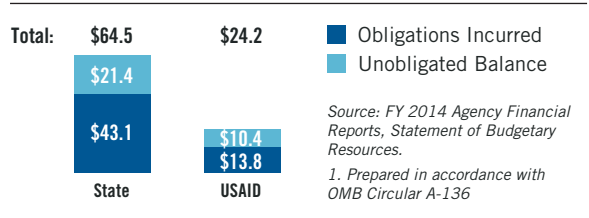


BUDGETARY RESOURCES SUMMARY

Department of State: The Department reported total budgetary resources of \$64.5 billion for the year ended September 30, 2014, an increase of 6 percent from the prior fiscal year. The increase resulted from a combination of increases in offsetting collections and beginning unobligated balances, net of decreases in appropriations and other resources.

USAID: USAID reported \$24.2 billion in total budgetary resources in FY 2014, of which it obligated \$13.8 billion. This resulted in a 2 percent increase in budgetary resources from the previous fiscal year; while obligations incurred increased by 13 percent.

State and USAID FY 2014 Status of Budgetary Resources¹ (\$ in billions)



SUMMARY OF SIGNIFICANT MANAGEMENT AND PERFORMANCE CHALLENGES IDENTIFIED BY OFFICE OF INSPECTOR GENERAL (OIG)

In the annual assessment, the Department's and USAID's Office of Inspector Generals (OIG) identified the most serious management and performance challenges for the agencies to be in the following areas:

State	USAID
1. Protection of People and Facilities	1. Work in Nonpermissive Environments
2. Managing Contracts, Acquisition, and Grants	2. Lack of Focus
3. Information Security and Management	3. Weak Management of Human Resources
4. Financial Management	4. Unreliable Performance Data
5. Managing Posts in Conflict Areas	5. Limited Sustainability
6. Rightsizing	6. Inadequate Risk Mitigation for Local Solutions
7. Foreign Assistance Coordination and Oversight	7. Cumbersome Design and Procurement Processes
8. Consular Operations	8. Uncertain Budget Environment
9. Leadership	9. Decentralized Management of Information Technology and Information Security
10. Public Diplomacy	10. Backlog of Audits of U.S.-Based, For-Profit Entities

OIG assessments for the Department and USAID can be found on [pages 118-125](#) and [133-146](#), respectively, of each agencies' FY 2014 Agency Financial Reports.

ACKNOWLEDGEMENTS

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The Joint Summary of Performance and Financial Information for FY 2014 Core Team is composed of Marie Alinsao, Antionette Cattledge, Sarah Kohari, Timothy Macdonald, Erin Means, Rob Sipe, Carly Smith, Colleen Stakem, and Erica Victoria.

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We Offer Our Special Thanks to The DesignPond team of Sheri Beauregard and Michael James for its outstanding contributions to the design of the report.

REFERENCES

FY 2014 Agency Financial Reports

<http://www.state.gov/documents/organization/234331.pdf>

http://www.usaid.gov/sites/default/files/documents/1868/USAID_FY2014AFR.pdf

FY 2016 Congressional Budget Justification (CBJ)

<http://www.state.gov/s/d/rm/rls/ebs/2016/index.htm>

CONTACT INFORMATION

We welcome your comments on this report. Please contact us by phone or e-mail as follows.

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Electronic versions are available at:

<http://www.state.gov/s/d/rm/rls/perfrpt/2014performancesummary/index.htm>

<http://www.usaid.gov/results-and-data/progress-data/summary>

S T A Y C O N N E C T E D B Y :

