

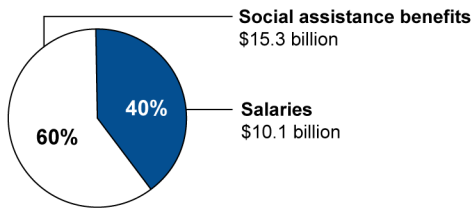
A report to congressional requesters.

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What GAO Found

The World Bank oversees the Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project that has provided direct budget support (DBS) to Ukraine, while the U.S. Agency for International Development (USAID) helped oversee U.S. funding to PEACE until this responsibility was transferred to State in July 2025. DBS reimburses Ukraine’s government for eligible salaries and social assistance benefits (see figure). From July 2022 to June 2025, USAID hired contractors to oversee DBS funding and used information from contractors’ reports to enhance this oversight. For example, USAID asked one contractor to review more healthcare worker salaries after they found discrepancies. USAID canceled one of its oversight contracts in February 2025 and State officials said they took over the other in July 2025 as part of the reorganization of foreign assistance. These changes reduced U.S. oversight of DBS funding.

U.S. Funding Provided to Ukraine through the PEACE Project, as of November 2024



Source: GAO analysis of Deloitte tracking of Public Expenditures for Administrative Capacity Endurance in Ukraine (PEACE) project funding, June 2022 to November 2024. | GAO-25-107057

USAID did not regularly verify or use all available data to inform DBS oversight. While USAID reviewed aggregated expenditure data, it did not review the detailed data it received. We analyzed a subset of this data and identified 161 unusual increases out of 5,121 expenditure changes. Finding the cause for these increases would inform any continuing oversight of U.S. DBS funding. Further, information USAID reported to Congress on Ukraine’s use of this funding may be incomplete because USAID did not update this reporting once new data became available. USAID also did not submit one required report to Congress. Ensuring accurate and complete reports would provide Congress with greater transparency about how U.S. DBS funding was used.

USAID and World Bank contractors identified weaknesses in Ukraine’s internal controls for managing PEACE project funding, such as decentralized processes. In response, USAID’s contractor developed 56 recommendations to strengthen related controls. Ukrainian officials GAO met with in Kyiv generally agreed with the recommendations, but said they would take time to implement. USAID did not assess the weaknesses to determine which present the highest risk to managing DBS funding. Taking steps to assess these weaknesses would help Ukraine prioritize its efforts on addressing the highest risks to managing DBS. A World Bank contractor also identified weaknesses in Ukraine’s internal controls for managing DBS. According to the World Bank, although these weaknesses pose risks, they are mitigated by the project’s multi-layered oversight. However, USAID did not consistently request updates on Ukraine’s actions to address the weaknesses which could help focus U.S. oversight priorities on areas more vulnerable to waste, fraud, or abuse.

Why GAO Did This Study

The United States has provided over \$45 billion in DBS to Ukraine since Russia’s February 2022 invasion. This DBS supports Ukraine’s critical government functions. USAID managed \$30.2 billion in appropriated funds, with most provided through the World Bank’s PEACE project. As of December 2024, all of this funding had been disbursed to Ukraine. Treasury also disbursed \$20 billion to the World Bank for economic aid to Ukraine, including at least \$15 billion for DBS, using revenues earned from immobilized Russian assets. As of July 2025, the World Bank had disbursed \$4.64 billion of this funding to Ukraine through the PEACE project.

GAO was asked to evaluate the oversight of U.S. DBS funding provided to Ukraine through the PEACE project. This report examines (1) how USAID’s oversight for U.S. DBS funding changed over time, (2) the extent to which USAID ensured it had quality data to inform its oversight activities and congressional reporting; and (3) weaknesses identified in Ukraine’s processes for managing DBS funding and the extent to which USAID ensured those weaknesses were addressed.

GAO reviewed documents from USAID and the World Bank, their contractors, and the Ukrainian government; met with officials in Washington, D.C.; conducted a site visit to Ukraine; and analyzed PEACE project-related data.

What GAO Recommends

GAO is making five recommendations to State to enhance oversight of DBS funding and improve reporting to Congress on the use of DBS funds. State neither agreed nor disagreed with the recommendations.