

A report to congressional requesters.

For more information, contact: Latesha Love-Grayer at lovegrayerl@gao.gov.

What GAO Found

The U.S. African Development Foundation (USADF), as part of its overall internal controls, had some policies and procedures to mitigate fraud, waste, and abuse, but no strategic approach, from fiscal year 2020 through 2024. USADF did have conflict of interest rules, ethics training, and some financial controls; however, many of the related policies were outdated, not centrally located, and did not reflect actual practices. The President has indicated his intention to close USADF in his fiscal year 2026 budget request, and Congress has approved a partial rescission of USADF's fiscal year 2025 funding. However, no final decisions about the future of USADF have been made as of July 2025. If USADF continues to operate, an effective agency-wide internal control environment—where management uses processes to help an entity consistently and effectively achieve its objectives—could help USADF detect and mitigate potential fraud, waste, and abuse.

USADF has taken some steps but has implemented few leading practices for managing fraud risks. For example, USADF did not have a dedicated individual or entity to lead fraud risk management activities and had not followed leading practices to plan and conduct regular fraud risk assessments or to develop a strategy to mitigate them. Without strategically and systematically implementing leading practices for managing fraud risks, USADF is more vulnerable to fraud.

U.S. African Development Foundation Operates Throughout Africa



Source: United States African Development Foundation (logo); clockwise from top right: G7 Stock, VectorShop, G7 Stock, VectorShop, VectorShop, G7 Stock, Maya Palmer, G7 Stock, G7 Stock, G7 Stock/stock.adobe.com (flags). | GAO-25-107574

GAO also found that USADF had some policies and procedures to ensure award funds were used appropriately, but they were incomplete, and most were outdated. For example, many policies guiding the use of grants were outdated or undocumented, which opens the door for the misuse of funds. Further, GAO found that there were instances when USADF may have used an award type that did not align with legal requirements. Without adequate award policies and procedures and trained procurement staff, USADF could not ensure that it appropriately used funds to achieve its mission.

Why GAO Did This Study

Established in 1980 as a nonprofit government corporation, USADF has aimed to support African-led enterprises, while addressing challenges around food insecurity, insufficient energy access, and unemployment, particularly among women and youth. In fiscal year 2024, Congress appropriated \$45 million to USADF, which also received funds from other sources.

USADF has faced allegations of fraud, waste, and abuse, and the Office of Inspector General has an ongoing investigation into USADF. GAO was asked to review fraud risk management at USADF. This report examines the extent that USADF (1) had policies to systematically prevent, detect, and respond to the risk of fraud, waste and abuse, (2) followed leading practices for managing fraud risk, and (3) had policies to ensure funding for program and operational awards were used to achieve its mission.

GAO reviewed relevant laws and agency documents; interviewed USADF officials in Washington, DC, Zambia, and Nigeria; and conducted a site visit to USADF grantees in Zambia.

What GAO Recommends

GAO is making four recommendations for USADF or any entity assuming responsibility for its program. These include, implement policies for an effective internal control environment for managing fraud risks, waste, and abuse; and establish a strategic approach to managing fraud risks consistent with leading practices, such as developing a plan outlining how the program will respond to identified fraud. USADF concurred with our recommendations.