

**Information Report: Countering Russian Influence Fund (AUD-MERO-23-09,
December 2022)**

SUMMARY OF REVIEW

The Consolidated Appropriations Act, 2017¹ specified that not less than \$100 million in existing foreign assistance funding be “made available to civil society organizations and other entities . . . for rule of law, media, cyber, and other programs that strengthen democratic institutions and processes, and counter Russian influence and aggression.” From FY 2017 through FY 2022, Congress designated \$1.5 billion within four foreign assistance appropriations accounts as the Countering Russian Influence Fund (CRIF). CRIF programs are designed to (1) achieve Countering America’s Adversaries Through Sanctions Act² (CAATSA) goals for countering malign Russian influence and (2) support the Department of State (Department) and U.S. Agency for International Development (USAID) Joint Strategic Plan and Joint Regional Strategy. The Office of the Coordinator of U.S. Assistance for Europe and Eurasia (ACE), in coordination with the Office of Foreign Assistance leads Department CAATSA and CRIF implementation. In addition, ACE oversees CRIF-designated foreign assistance allocations funded through two foreign assistance appropriations accounts: the Assistance for Europe, Eurasia and Central Asia (AEECA) account and the International Narcotics Control and Law Enforcement (INCLE) account.³

The Office of Inspector General (OIG) conducted this review to determine whether the Department complied with legislative requirements and Department guidance applicable to CRIF. These requirements include submitting annual reports on programs and activities implemented to achieve CAATSA goals,⁴ incorporating CAATSA goals into strategic planning efforts, and incorporating CRIF-designated foreign assistance funds into annual budget processes.

OIG found that the Department complied with legislative requirements and Department guidance applicable to CRIF. From FY 2018 through FY 2022,⁵ ACE complied with CAATSA-mandated annual reporting requirements, submitting reports to Congress that detailed the amount of foreign assistance funding for each CAATSA-related program or activity, the CAATSA goal to which each program or activity related, and an assessment of whether the

¹ Consolidated Appropriations Act, 2017, Public Law 115-31, § 7070(d)(1), May 5, 2017.

² Countering America’s Adversaries Through Sanctions Act, Public Law 115-44, § 254(b), August 2, 2017, codified at 22 U.S. Code § 9543(b).

³ In addition to AEECA and INCLE, CRIF designations also include Foreign Military Financing Programs (FMF) and International Military Education and Training (IMET) foreign assistance funds. However, according to the Foreign Affairs Manual (FAM), the Bureau of Political-Military Affairs is responsible for directing FMF and IMET security assistance programs, including policy development and review, budget formulation, and program oversight [1 FAM 416.2(b)].

⁴ Public Law 115-44, § 254(d)(3), page 131 Stat. 929, codified at 22 U.S. Code § 9543(d)(3).

⁵ CAATSA was enacted on August 2, 2017, and the first report to Congress was due by April 1, 2018. According to the FY 2017 report, FY 2017 funds had not yet been fully obligated, so this report only covered planned Department activities. OIG did not verify whether ACE and its implementing partners complied with these policies and procedures when reporting on FY 2017 CRIF funds. However, the Department included information for appropriated FY 2017 funds as part of the FY 2018 report.

goal was met. In addition, ACE's annual CAATSA-mandated reports included detailed program narratives and breakdowns of funds for each CAATSA goal by country. The reports also identified the amount of CRIF-designated and non-CRIF-designated foreign assistance funds associated with each program and activity.

With respect to Department strategic planning efforts, OIG found that CAATSA goals align with countering malign Russian influence goals and objectives within the Department and USAID's *Joint Strategic Plan FY 2018 – 2022*⁶ and *Joint Regional Strategy: State Bureau of European and Eurasian Affairs (EUR) and USAID Bureau for Europe and Eurasia (E&E)*.⁷ This alignment is in accordance with Department requirements, the Foreign Affairs Manual (FAM), and Program Design and Performance Management Toolkit guidance. Furthermore, with respect to annual Department budget processes, OIG found that budget formulation efforts, annual budget requests, and program allocations consider and incorporate CRIF-designated foreign assistance funds in accordance with the FAM. Although the Department does not specifically request CRIF-designated foreign assistance funds and does not address CRIF in its annual Congressional Budget Justification, ACE and the Office of Foreign Assistance consider and incorporate CRIF-designated funds when formulating foreign assistance funding requests.

OIG also found that ACE developed and implemented policies and procedures for directing CRIF-designated foreign assistance funds to achieve CAATSA goals. Specifically, ACE conducts annual budget reviews (ABR) to assess program performance and build annual budgets that support assistance strategies, including CRIF-attributed program planning. ACE also uses ABR results to inform final program allocation determinations, including CRIF-designated foreign assistance funding allocations, which the Office of Foreign Assistance approves prior to implementation.

ACE and the Office of Foreign Assistance were well positioned to comply with legislative requirements and Department guidance related to CRIF due, in part, to ACE efforts to address deficiencies identified and implement recommendations offered in OIG's 2020 audit of ACE efforts to monitor foreign assistance funds transferred to implementing partners.⁸ For example, ACE developed and implemented policies and procedures to help implementing partners identify and request CRIF-designated foreign assistance funding. Such procedures include using annual budget and project proposal templates and convening annual review panels to discuss and program CRIF-attributed proposals.

Although this report contained no recommendations and was solely intended as an information report, OIG provided a draft to the Bureau of European and Eurasian Affairs and the Office of Foreign Assistance and requested a formal response as part of OIG's standard practice. The Department elected not to provide a formal response or technical comments.

⁶ Department and USAID, *Joint Strategic Plan FY 2018 – 2022* (February 2018).

⁷ Department and USAID, *Joint Regional Strategy: State Bureau of European and Eurasian Affairs (EUR) and USAID Bureau for Europe and Eurasia (E&E)* (January 1, 2019).

⁸ OIG, *Audit of the Office of the Coordinator for Assistance to Europe and Eurasia's Oversight of Foreign Assistance Funds Transferred to Implementing Partners* (AUD-CGI-20-12, March 2020). See also Appendix A, "Purpose, Scope, and Methodology," of this report for details of the prior OIG audit as it relates to the purpose of this review.