

WORKING CAPITAL FUND

The Agency's Working Capital Fund (WCF) is authorized by Section 635(m) of the Foreign Assistance Act of 1961, as amended. The fund finances, on a reimbursable basis, the costs associated with providing administrative support to other agencies under the International Cooperative Administrative Support Services (ICASS) program overseas. Under ICASS, each agency pays a proportionate share of the cost of those services they have agreed to receive. Working through inter-agency councils at post, all agencies have a say in determining which services the USAID mission will provide, defining service standards, reviewing costs, and determining funding levels. The WCF is a no-year fund that permits unobligated monies to be carried over from one year to the next, an advantage that provides fiscal flexibility and increases opportunities to establish multi-year planning. It also enables managers to make long-term decisions without the constraints of the annual fiscal year cycle.

Services provided by USAID include building operations, information management, administrative supplies, non-expendable property management, travel services and customs clearance. In FY 2002 and FY 2003 USAID expanded WCF authority to five new missions, Kosovo, Montenegro, Bolivia, Jamaica, and Peru. Added to three original pilot missions in Bosnia, El Salvador and Rwanda, USAID now has eight missions employing the use of WCF to offer administrative services. One of the original pilot missions, Honduras, ceased being a service provider during FY 2002 as customer agencies left the country following the conclusion of Hurricane Mitch operations.

Gross receipts into the WCF during FY 2002 totaled approximately \$2 million. While virtually all funds were required to cover the actual cost of providing service, over time it is anticipated that modest surpluses will accumulate through charging customers for depreciation and proceeds from the sale of assets. Missions will invest these surpluses in infrastructure improvements to further increase the effectiveness and efficiency with which services are delivered.

The WCF receives a portion of its income from deposits of rebates from the use of Federal credit cards. Receipts from rebates in FY 2002 totaled \$115,000. These funds are dedicated to management oversight of existing working capital fund missions, to provide training, and to assist missions that are ready to provide ICASS services with start-up costs. During FY 2002, assessment teams reviewed operations in Bosnia and Kosovo. The team members interviewed customers from all agencies and received useful feedback that was shared with mission directors at these posts.