OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

Rohingya Crisis: Ongoing Challenges Limit USAID's Ability to Move From Humanitarian to Development Assistance

Audit Report 5-000-24-001-P
January 19, 2024

Audit

OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

DATE: January 19, 2024

TO: USAID/Bureau for Humanitarian Assistance, Assistant to the Administrator, Sarah Charles

USAID/Bureau for Asia, Assistant Administrator, Michael Schiffer

USAID/Bangladesh, Mission Director, Reed Aeschliman

USAID/Burma, Mission Director, John Groarke

FROM: Deputy Assistant Inspector General for Audit, Christine M. Byrne /s/

SUBJECT: Rohingya Crisis: Ongoing Challenges Limit USAID's Ability to Move From Humanitarian to Development Assistance

This memorandum transmits our final audit report. Our audit objectives were to determine the extent to which USAID (1) was positioned to transition from providing humanitarian assistance to development assistance in response to the protracted Rohingya crisis in Burma and Bangladesh, (2) has developed a strategy for managing the crisis, and (3) has used local implementers in response to the crisis. In finalizing the report, we considered your comments on the draft report and included them in their entirety in Appendix C.

The report contains six recommendations to improve USAID's response to the Rohingya crisis. After reviewing the information you provided in response to the draft report, we consider all six recommendations resolved but open pending completion of planned activities.

For Recommendations 1 through 6, please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance you and your staff provided to us during this audit.

Contents

Report in Brief

Why We Did This Audit

The Rohingya people—a Muslim minority in Burma who differ from the country's dominant Buddhist population ethnically, linguistically, and religiously—have faced discrimination, targeted violence, and human rights violations for many years, forcing hundreds of thousands to flee their homes.

In 2017, a Burmese military operation against the Rohingya was described as "ethnic cleansing" by humanitarian organizations and forced more than 740,000 Rohingya to seek refuge in Bangladesh's Cox's Bazar, one of the largest refugee settlements in the world. The estimated 600,000 Rohingya who remain in Burma have been confined to camps and villages without freedom of movement and have had limited access to adequate food, healthcare, education, and livelihoods.

From August 2017 to September 2022, the U.S. government provided nearly $1.9 billion in humanitarian assistance in Burma and Bangladesh for the crisis and has primarily used public international organizations and international nongovernmental organizations to carry out this assistance. With the growing recognition that local partners may enhance the impact of its efforts, USAID has focused over the past decade on strengthening local capacity and increasing the sustainability of outcomes.

OIG conducted this audit to determine the extent to which USAID (1) was positioned to transition from providing humanitarian assistance to development assistance in response to the protracted Rohingya crisis in Burma and Bangladesh, (2) has developed a strategy for managing the crisis, and (3) has used local implementers in response to the crisis.

What We Recommend

We made six recommendations to improve USAID's humanitarian and development assistance efforts in response to the Rohingya crisis. USAID agreed with four recommendations and partially agreed with two recommendations.

What We Found

Ongoing challenges have impeded USAID's ability to transition from providing humanitarian assistance to development assistance for the Rohingya crisis. While USAID has targeted the most pressing short-term humanitarian needs, host country challenges and USAID's limited role in this protracted crisis have severely restricted the Agency's ability to provide long-term development assistance to the Rohingya in both Burma and Bangladesh.

USAID did not have an overall strategy for the Rohingya crisis primarily due to the volatile situation in Burma and instead used a variety of individual governing documents to guide the Agency's efforts. These documents shaped each operating unit's siloed response to the crisis but lacked specific terms, measurable outcomes, and clear roles and responsibilities.

USAID has utilized a small percentage of local organizations with direct funding due to local organizational capacity and USAID staffing issues. Specifically, USAID allocated only 1 percent of its total funding for the Rohingya crisis directly to local NGOs in Bangladesh and Burma.

Rohingya Population in Bangladesh and Burma's Rakhine State, August 2022
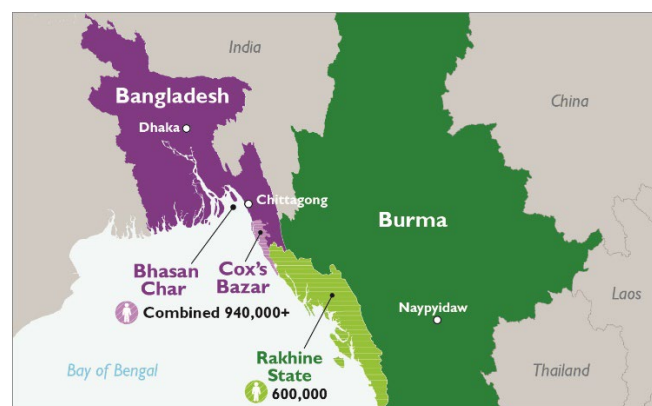
Source: OIG map based on information from UNHCR.

Introduction

The Rohingya people—a Muslim minority in Burma who differ from the country's dominant Buddhist population ethnically, linguistically, and religiously—have faced discrimination, targeted violence, and human rights violations for many years, forcing hundreds of thousands to flee their homes.[1] The United Nations (UN) has described the Rohingya as "the most persecuted minority" and "one of, if not the, most discriminated people" in the world.[2] In 2017, a Burmese military operation against the Rohingya described as "ethnic cleansing" by humanitarian organizations forced more than 740,000 Rohingya to seek refuge in Bangladesh's Cox's Bazar, one of the largest refugee settlements in the world. The estimated 600,000 Rohingya who remain in Burma have been confined to camps and villages without freedom of movement and have had limited access to adequate food, healthcare, education, and livelihoods.

More than 5 years into the protracted crisis response,[3] Rohingya refugees in Bangladesh remain vulnerable even though they had access to their basic needs such as food and healthcare. They largely rely on humanitarian assistance and live in temporary shelters in congested camps, exposed to natural and human-made disasters such as cyclones, floods, landslides, and fires, with no access to formal education or jobs.

The United States is the largest donor of humanitarian assistance to Rohingya refugees, host communities in Bangladesh,[4] and internally displaced persons (IDPs) affected by violence in several Burmese states.[5] From August 2017 to September 2022, the U.S. government provided nearly $1.9 billion in humanitarian assistance in Burma and Bangladesh for the crisis and has primarily used public international organizations (PIOs), such as UN agencies, and international nongovernmental organizations (NGOs) to carry out this assistance.

With a growing recognition that local partners may enhance the impact of its efforts, USAID has focused over the past decade on strengthening local capacity and increasing the sustainability of outcomes. This has been reflected in various initiatives, including USAID's Journey to Self-Reliance framework used from 2017 to 2020, the Agency's 2018 risk appetite

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[1] Burma and Myanmar are often used interchangeably; the U.S. government formally refers to the country as Burma.

[2] World Food Programme, "Seven of the Largest Refugee Crises Around the World and Their Effects on Hunger," accessed on June 29, 2023; Secretary-General of the United Nations Antonio Guterres, "Opening remarks at press encounter with President of the World Bank, Jim Yong Kim," July 2, 2018.

[3] The United Nations defines "protracted" refugee situations as those in which "at least 25,000 refugees from the same country have been living in exile for more than [5] consecutive years. Refugees in these situations often find themselves trapped in a state of limbo. … [W]hile it is not safe for them to return home, they have not been granted permanent residence to stay in another country either."

[4] USAID refers to the two subdistricts of Cox's Bazar (Ukhiya and Teknaf) as "host communities." Additionally, other communities outside of these two subdistricts that have been affected by the Rohingya crisis for socio-economic, environmental, and political reasons are referred to as "impacted communities." For this report, we are using "host communities" to refer to both host communities and impacted communities.

[5] The United Nations defines IDPs as "persons or groups of persons who have been forced or obliged to flee or to leave their homes or places of habitual residence, in particular as a result of or in order to avoid the effects of armed conflict, situations of generalized violence, violations of human rights or natural or human-made disasters, and who have not crossed an internationally recognized [s]tate border."

statement, and its 2022 localization policy,[6] which emphasized more direct engagement and funding with local organizations to improve the overall effectiveness and efficiency of humanitarian and development assistance.

As USAID Deputy Administrator Isobel Coleman emphasized in a high-level meeting with Bangladesh's Prime Minister Sheikh Hasina in September 2022:

> Given the protracted nature of the crisis, I discussed with the Government of Bangladesh and our partners how best to transition our collective approach to meet not only the humanitarian, but also the development needs of both refugees and host communities. To do so requires using more effective, efficient, and locally led interventions.[7]

As noted, the protracted nature of this crisis calls for a need to look at USAID's transition to long-term development assistance, its strategic plan to do so, and its use of local organizations to help sustain results.[8] OIG conducted this audit to determine the extent to which USAID (1) was positioned to transition from providing humanitarian assistance to development assistance in response to the protracted Rohingya crisis in Burma and Bangladesh, (2) has developed a strategy for managing the crisis, and (3) has used local implementers in response to the crisis.

Our audit scope covered three USAID operating units—USAID's Bureau for Humanitarian Assistance (BHA), responsible for providing humanitarian assistance to Rohingya refugees and host communities in Bangladesh and to IDPs in Burma; USAID/Bangladesh, responsible for providing development assistance to the host communities in Bangladesh; and USAID/Burma, responsible for providing development assistance to the vulnerable and affected populations including Rohingya in Burma. The audit scope covered the period from August 2017 to December 2021, during which USAID assistance in response to the Rohingya crisis totaled approximately $767 million across 85 awards.[9]

To answer our audit objectives, we reviewed USAID's policies and documents related to the Rohingya crisis and interviewed relevant stakeholders working for USAID, NGOs, and PIOs as well as host country officials. We judgmentally selected 12 of the 85 awards based on factors such as total estimated award costs and location and reviewed relevant award documents. We also conducted site visits to Bangladesh to observe USAID activities in the refugee camps and host communities and interviewed relevant stakeholders knowledgeable of those activities. These procedures allowed us to identify overarching risks and challenges affecting the transition from humanitarian assistance to development assistance, determine whether USAID has developed a strategy for managing the crisis, and determine the extent to which the Agency has

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[6] USAID, Localization at USAID: The Vision and Approach, August 2022.

[7] USAID, "USAID Deputy Administrator Isobel Coleman At The High-Level Side Event On The Rohingya Crisis," September 23, 2022.

[8] Humanitarian assistance refers to short-term assistance focused on saving lives and alleviating suffering during and in the aftermath of emergencies, while development assistance refers to long-term assistance designed to build capacity to ensure resilience and sustainability.

[9] We considered USAID's response to the Rohingya crisis to include activities assisting Rohingya refugees in Bangladesh and internally displaced Rohingya in Burma. We also looked at USAID awards that provided support to host communities in Bangladesh directly affected by the Rohingya refugee influx.
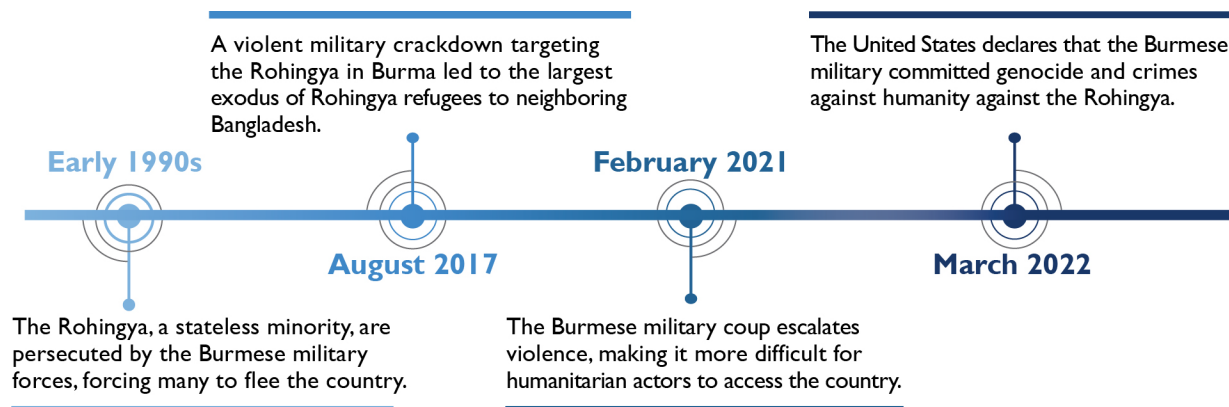
used local implementers in response to the crisis. In addition, we conducted an online survey of stakeholders managing and implementing the entire population of 85 awards to validate identified risks and challenges in both countries, the need for a strategy, and the use of local implementers.[10] The audit team was unable to perform site visits in Burma due to security concerns in the country.

We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology.

Background

Burma's past governments and their current military leaders do not recognize the Rohingya as legitimate citizens and have denied their rights to citizenship, freedom of movement, and public services, making them the world's largest stateless population.[11] Figure 1 shows a timeline of events in Burma that led the U.S. Secretary of State to announce on March 21, 2022, that members of the Burmese military had committed genocide and crimes against humanity against the Rohingya.

Figure 1. Rohingya Crisis Timeline

A violent military crackdown targeting the Rohingya in Burma led to the largest exodus of Rohingya refugees to neighboring Bangladesh.

The United States declares that the Burmese military committed genocide and crimes against humanity against the Rohingya.

Early 1990s

February 2021

August 2017

March 2022

The Rohingya, a stateless minority, are persecuted by the Burmese military forces, forcing many to flee the country.

The Burmese military coup escalates violence, making it more difficult for humanitarian actors to access the country.

Source: OIG figure based on information from USAID, U.S. Department of State, and the United Nations.

Living Conditions

Burma

Since August 2017, violence in Burma has continued to escalate, prompting additional displacement and increasing humanitarian needs in the country. As of August 2022, the United Nations High Commissioner for Refugees (UNHCR) reported that, of the 600,000 Rohingya in

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[10] The survey was administered to 62 respondents identified by USAID as primarily managing or implementing the 85 awards. We received 54 responses—26 respondents with experience in Bangladesh, 20 respondents with experience in Burma, and 8 respondents with experience in both countries. The number of valid responses for each question varied depending on the question's focus (e.g., Bangladesh and/or Burma) and the number of respondents who had a basis to judge each question. Appendix B lists the survey questions referenced in this report in their full form.

[11] United Nations High Commissioner for Refugees (UNHCR), "Rohingya Refugee Crisis Explained," accessed February 27, 2023.

Burma, over 153,000 were displaced, where they were mostly confined to overcrowded camps and lived in squalid conditions. The remaining 447,000 Rohingya in the country lived in villages with little freedom of movement or access to healthcare, education, and livelihoods.[12]

Bangladesh

As of August 2022, UNHCR reported that more than 940,000 Rohingya sought refuge in Bangladesh, sheltering in Cox's Bazar's camps and Bhasan Char Island.[13] As shown in Figure 2, a majority of the Rohingya refugee camps in Bangladesh consisted of makeshift shelters made of tarpaulin and bamboo sticks that need to be replaced annually and are closely bunched together.

Figure 2. Rohingya Refugee Camp Shelters in Bangladesh

OIG audit team members pass through an alley at Camp 20 (one of the refugee camp sites) where they observed makeshift shelters made of bamboo and tarpaulin. Photo credits: OIG (August 16, 2022)

The Rohingya in Bangladesh have largely relied on humanitarian assistance to meet basic, short-term needs, including food; shelter; and water, sanitation, and hygiene services. Growing tension between the refugees and host community members has become a major issue as they compete for already-limited resources and opportunities. Rising insecurity and harassment within the camps may also have contributed to increasing numbers of Rohingya refugees seeking

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[12] UNHCR, "Stateless Rohingya continue to struggle for survival in Myanmar," accessed March 8, 2023.
[13] Bhasan Char is a remote island in the Bay of Bengal 37 miles from the mainland where the Government of Bangladesh (GOB) has relocated around 26,000 refugees from Cox's Bazar as of August 2022. The GOB planned to relocate a total of 100,000 refugees to Bhasan Char on the grounds that it would help relieve overcrowding in Cox's Bazar camps; UNHCR, "Joint Government of Bangladesh - UNHCR Population Factsheet," August 31, 2022.

safety in other neighboring countries. In addition, the Government of Bangladesh's (GOB) plan to move more refugees to Bhasan Char Island has raised new concerns from humanitarian actors about the island's vulnerability to flooding and cyclones, refugees' freedom of movement, and access to potable water.

Figure 3 shows the Rohingya refugee population in Bangladesh as well as the Rohingya population concentrated in Burma's Rakhine State.

Figure 3. Rohingya Population in Bangladesh and Burma's Rakhine State as of August 2022
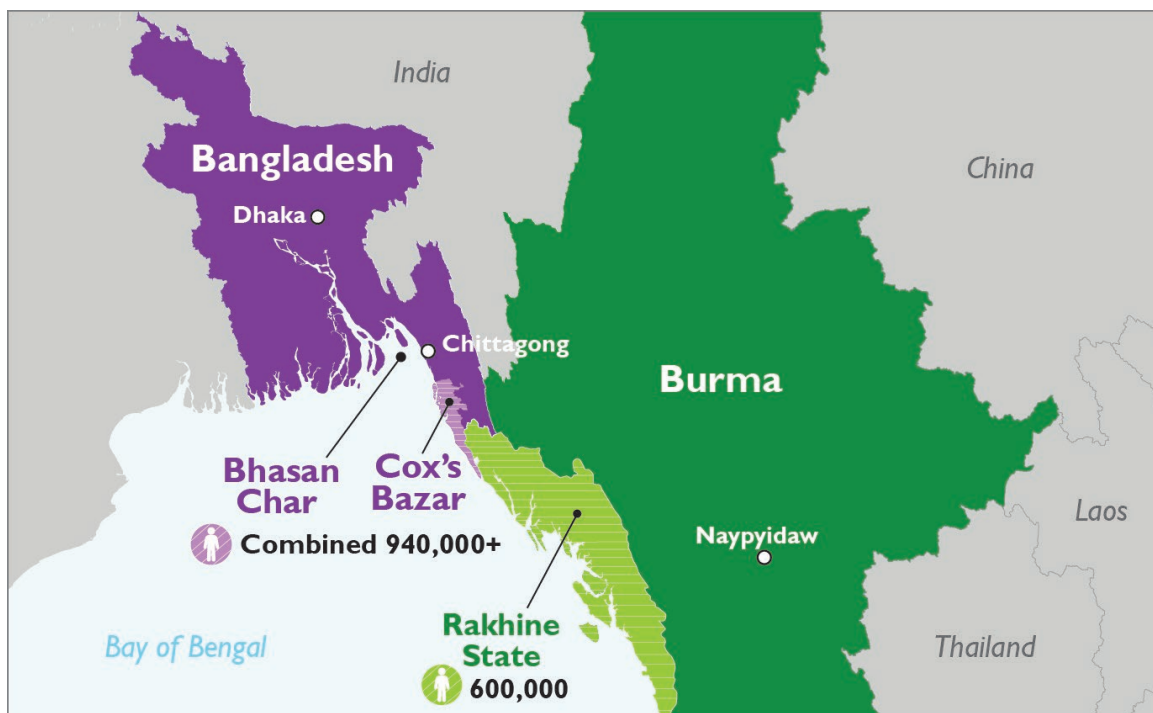
Note: The depiction and use of boundaries and geographic names on this map do not imply official endorsement or acceptance by the U.S. government.
Source: OIG map based on information from UNHCR.

USAID and Department of State Roles

USAID (through BHA) and the State Department (through the Bureau of Population, Refugees, and Migration [PRM]) are the U.S. government's primary agencies for responding to international humanitarian crises, such as the Rohingya crisis. USAID and State Department general roles and responsibilities for humanitarian assistance are shown in Table 1.[14]

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[14] Volume 2 of the Foreign Affairs Manual (FAM), Section 061.1, October 2022.

Table 1. USAID and State Department General Roles and Responsibilities for Humanitarian Assistance

Agency/Bureau	General Roles and Responsibilities
USAID/BHA	Responsible for providing humanitarian assistance in response to natural and human-made disasters for IDPs; emergency food assistance to refugees and displaced populations; and assistance to predict, prepare for, and reduce the impact of natural and human-made disasters.[a] Coordinates closely with USAID relevant bureaus and central offices to facilitate the maintenance of, or expeditious return to, sustainable development in crisis-affected countries.
State/PRM	Responsible for providing protection and humanitarian assistance for refugees and stateless persons, and where political circumstances make possible, durable solutions for refugees.[b]
USAID/BHA and State/PRM	Have a shared responsibility in representing the U.S. government and speak with one humanitarian voice to ensure that interactions with other governments, UN agencies and missions, and the international humanitarian system reflect U.S. government humanitarian policy. Coordination between USAID/BHA and State/PRM is critical to an effective and efficient U.S. humanitarian response.

[a] 2 FAM 061.1(a) defines a disaster as "an intentional or unintentional human action (such as violence, conflict, civil strife, or explosion), which is, or threatens to be, of sufficient severity and magnitude to overwhelm the ability of the host nation to respond" or "an act of nature (such as a flood, drought, tsunami, hurricane, earthquake, volcanic eruption, or epidemic)." Humanitarian assistance may be in the form of relief commodities, food assistance, services, or cash and voucher assistance.
[b] State/PRM defines durable solutions as refugees' voluntary return in safety and dignity, local integration, and resettlement to another location or country.
Source: OIG analysis based on 2 FAM 060, October 2022; memorandum of understanding between USAID/BHA and State/PRM, January 2020; and USAID's Automated Directives System (ADS), Chapter 251, July 2020.

In addition to USAID/BHA's involvement in the Rohingya crisis, USAID's Bangladesh and Burma missions have been responsible for the design and management of development programs in their respective host countries. USAID/Bangladesh's country strategy included a focus on addressing the needs of host communities impacted by the Rohingya influx, while USAID/Burma's top priority focused on supporting peace and democracy across the country.

Table 2 below summarizes the three USAID operating units' respective roles in responding to the crisis during the audited period, from August 2017 to December 2021.

Table 2. USAID Operating Units' Roles in the Rohingya Crisis

Operating Units	Location of Activities	Types of Activities	Target Population
USAID/BHA	Both Bangladesh and Burma	Humanitarian assistance (primarily food and nutrition)	Refugees (Cox's Bazar camps and Bhasan Char) and host communities in Bangladesh; IDPs in Burma[a]
USAID/Bangladesh	Bangladesh	Development assistance	Host communities in Bangladesh

Operating Units	Location of Activities	Types of Activities	Target Population
USAID/Burma	Burma	Development assistance	Vulnerable and conflict-affected populations in Burma

Ongoing Challenges Have Impeded USAID's Ability to Transition From Providing Humanitarian Assistance to Development Assistance for the Rohingya Crisis

Agency policy requires USAID to facilitate the maintenance of, or expeditious return to, sustainable development in crisis-affected or threatened countries.[15] Since the escalation of the crisis in 2017, USAID/BHA has provided humanitarian assistance, particularly emergency food and nutrition assistance, to vulnerable populations in Bangladesh and Burma. However, as the crisis has protracted, USAID's ability to transition from providing short-term humanitarian to long-term development assistance to the Rohingya has been limited for multiple reasons. First, host country challenges—such as GOB policies restricting activities that suggest permanence of the Rohingya, facilities and infrastructures within the refugee camps in Bangladesh, and access and security issues in Burma—have impeded USAID's ability to provide development assistance. Second, USAID's role has confined the Agency to providing mostly food and nutrition assistance to refugees in Bangladesh despite its expertise in development assistance. Third, USAID's response has been challenged by the growing social tension between Rohingya refugees and host community members in Bangladesh. Finally, USAID's short-term funding arrangements for humanitarian assistance has affected its reach.

While USAID Has Targeted the Most Pressing Humanitarian Needs, Host Country Challenges Have Severely Limited the Agency's Ability to Transition to Providing Development Assistance for the Rohingya

Since August 2017, USAID/BHA has supported the United Nations in providing emergency food and nutrition assistance—including cash transfers for food, food vouchers, and in-kind food assistance—to vulnerable populations in Bangladesh and Burma. For example, USAID has funded 21 UN-managed electronic-voucher (e-voucher) food outlets for refugees that served 33 camps and approximately 900,000 people in Cox's Bazar, Bangladesh. Through the e-vouchers, families received a monthly allowance that they could spend at an outlet.

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[15] ADS, Chapter 251, July 21, 2020, and May 12, 2022.

Figure 4. Food Assistance to Rohingya in the Refugee Camps in Cox's Bazar, Bangladesh

The OIG audit team observes the e-voucher food outlet at Camp 20 in Cox's Bazar, Bangladesh, which offers a diverse range of food options, including dry foods, fresh produce, and fish. Photo credits: OIG (August 16, 2022)

According to Agency data, from August 2017 to December 2021, USAID/BHA's assistance amounted to $709 million, or 93 percent of the total USAID funding for the crisis, and focused on immediate humanitarian needs, primarily food and nutrition.

As a best practice, the UN Inter-Agency Standing Committee's The Humanitarian Programme Cycle, July 2015, states that donor organizations need to consider issues of sustainability, conditions to be met, and how to effectively phase out or transition to development activities for protracted crises. However, 5 years since the escalation of the Rohingya crisis, USAID has remained focused on providing immediate humanitarian assistance rather than on transitioning to longer term development assistance, limiting USAID's potential impact. Based on our interviews with stakeholders, this is largely due to host government policies in Bangladesh toward the Rohingya:

- According to USAID and implementers, while the GOB has permitted the Rohingya to take refuge on its land, GOB officials have stated that they prioritize Bangladeshi citizens, and their main aim is to repatriate, or return, the Rohingya to Burma.

- USAID officials and implementers also pointed out that the GOB has not allowed USAID to engage in any activity that would suggest permanence of the Rohingya in Bangladesh—specifically development assistance in the refugee camps. The GOB has put restrictions on livelihood activities, access to formal education, and facilities/infrastructures within the camps, only allowing temporary and vulnerable homes for the Rohingya.

- According to GOB officials, the GOB has not officially recognized the Rohingya as "refugees," as the word could suggest permanence, but instead has officially referred to them as forcibly displaced Myanmar nationals.

- A USAID/Bangladesh official stated that any inclusion of the refugees in USAID/Bangladesh's country strategy could negatively affect the mission's bilateral relationship with the GOB.

Although USAID has been working with State/PRM to address host country restrictions in Bangladesh, progress has been slow. According to a senior USAID official, the Agency has been engaging regional players such as the Association of Southeast Asian Nations (ASEAN) and has also been carrying out bilateral discussions with other governments, including those of Malaysia and Indonesia, to advocate for the Rohingya.[16]

The situation in Burma has remained challenging too. The Rohingya have continued to face issues with access and freedom of movement, and humanitarian assistance has been regulated and restricted by both the de facto authorities and local rebel militias. In addition, since the February 2021 coup, the de facto authorities have persecuted not only the Rohingya but other ethnic groups in the country as well. As a result, USAID/Burma has had to expand its focus to a wider set of vulnerable populations.

Responses to OIG's survey of USAID personnel and stakeholders confirmed many of these host country challenges in both Bangladesh and Burma:

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[16] ASEAN is an organization comprised of 10 member states (including Burma) and was established to advance the economic growth, social progress, and cultural development in the region, promote regional peace and stability among countries of the region, and promote active collaboration and mutual assistance on matters of common interest.

Figure 5. Bangladesh: Survey Respondents Reported That the Following Challenges Affected the Implementation of USAID Activities

Some to great extent | Little or no extent

Challenge	Some to great extent	Little or no extent
Government restrictions on the nature and types of assistance to be implemented or services to be provided (e.g., restrictions on income-generating activities, cash-based assistance, materials used for shelters, education, skills training, etc.)	81%	19%
Government restrictions on implementers' ability to operate (e.g., obtaining work permits/visas, project approvals, etc.)	82%	18%
Government restrictions imposed on refugees (e.g., freedom of movement, access to work and education)	85%	15%

Note: Percentages are out of 26-28 respondents who had relevant experience in Bangladesh and a basis to judge; the number of responses varied slightly for the selected challenges, as not all respondents indicated having a basis to judge for all challenges.
Source: OIG online survey conducted September-October 2022.

Figure 6. Burma: Survey Respondents Reported That the Following Challenges Affected the Implementation of USAID Activities

Some to great extent | Little or no extent

Challenge	Some to great extent	Little or no extent
Burma de facto authorities' restrictions on implementers' ability to operate (e.g., obtaining work permits/visas, permit/license to operate, etc.)	100%	
Poor security conditions hindering delivery and implementation of assistance	88%	13%
Conflict and violence hindering delivery and implementation of assistance	100%	

Note: Percentages are out of 24-25 respondents who had relevant experience in Burma and a basis to judge; the number of responses varied slightly for the selected challenges, as not all respondents indicated having a basis to judge for all challenges. Totals may not add to 100 percent due to rounding.
Source: OIG online survey conducted September-October 2022.

USAID's Role Has Limited the Agency's Ability to Transition to Providing Development Assistance to the Rohingya in Bangladesh

Another challenge that limited USAID's ability to provide development assistance to the Rohingya refugees in Bangladesh was the discrepancy between USAID's role responding to the crisis and the Agency's mandate to link humanitarian assistance to long-term development. USAID/BHA's role was to provide emergency food and nutrition assistance to the Rohingya refugees, as defined in a joint response plan between State/PRM and USAID/BHA, while USAID/Bangladesh focused on the host communities affected by the influx of Rohingya refugees, as defined in its country strategy. However, based on our interviews, key USAID and State Department officials and other important stakeholders felt that these roles limited USAID's ability to provide longer term sustainable assistance to refugees in Bangladesh, despite the Agency's expertise in development assistance and its access to the host government through USAID/Bangladesh's bilateral relationship with the GOB.

USAID's Automated Directives System (ADS) Chapter 251 requires USAID to facilitate the maintenance of, or expeditious return to, sustainable development in crisis-affected or threatened countries. As outlined on USAID/BHA's website, "BHA takes a holistic look at humanitarian aid, providing assistance before, during, and after a crisis—from readiness and response, to relief and recovery. This includes non-emergency programming that is foundational to linking humanitarian assistance to long-term development and the journey to self-reliance." This is further explained in the Foreign Affairs Manual, which states that USAID/BHA is to work closely with USAID geographic bureaus to design and transition any continuing activities to longer term USAID development programming or country-led processes, when identified needs of affected populations expand beyond the objectives of humanitarian assistance activities.[17]

Further, USAID's Policy Framework, released in March 2023, calls upon the Agency to advocate for development and humanitarian challenges throughout the world.[18] The framework states that the Agency's convening power and its global footprint have the potential to drive collective action beyond the scope of its programming. USAID can "support beneficial policy reforms, advocate for votes in multilateral bodies, and coordinate [its] actions with those of other state and international actors," use its "resources to leverage even greater investment from others," and "create and support platforms for those who might not otherwise have the chance to elevate their voice." USAID has thus assigned itself the challenging role of creating coalitions and finding longer term solutions for complex crises.

Humanitarian assistance by its nature is meant to be short term and has not addressed the long-term needs of the Rohingya beneficiaries or promoted self-sufficiency during this protracted crisis. GOB officials stated that, while they have hosted the Rohingya refugees on their land, they have primarily depended on donor funding to meet the needs of the Rohingya. As a result of host country challenges and USAID's limited role, the refugees have remained dependent on donor assistance, largely led by the U.S. government, for the short-term needs of

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[17] 2 FAM 066.2.
[18] USAID, Policy Framework: Driving Progress Beyond Programs, March 2023.

the refugees. In the absence of development assistance to address the long-term needs of the refugees:

- Rohingya children have not received formal education for more than 5 years.

- Young adults and working-age adults have been unable to earn a living or utilize any skills learned while in the camps. This means, for example, that a 15-year-old who entered a refugee camp in 2017 at the beginning of the crisis would now be 21 years old, would have had no formal secondary education, and would have no prospect of work.

- Makeshift shelters have needed to be rebuilt annually or after natural disasters, leading to recurring costs, borne by donors.

- Restlessness has grown among the refugees.

Due to these restrictions, many refugees have moved out of the camps to other neighboring countries, often putting their families and their lives in danger. For example, the United Nations reported that more than 3,500 Rohingya attempted deadly sea crossings in 39 boats in 2022—mainly from Burma and Bangladesh—at least 348 of whom died or went missing at sea.[19]
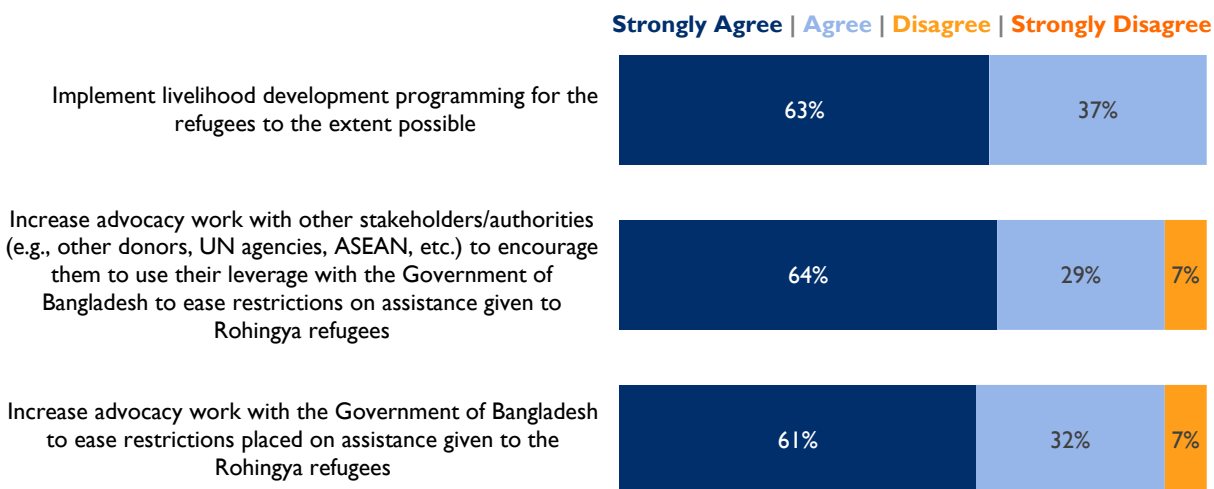
According to State/PRM officials, USAID, in collaboration with State/PRM, has been engaging with the GOB on improving the living conditions in the refugee camps. However, there has not been much progress toward easing restrictions due to the political sensitivity surrounding the Rohingya. Given that USAID is one of the largest development partners in Bangladesh, numerous USAID officials, stakeholders, and partners—including the head of the central coordinating body for humanitarian agencies serving the Rohingya refugees in Bangladesh[20]—stated that USAID should leverage its relationship with the GOB and increase collaboration with other development organizations and donors to improve the long-term living conditions of the Rohingya and address protracted development challenges.

Confirming the above, our survey disclosed the following:

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[19] United Nations, "Steep increase in deadly boat journeys reflects Rohingyas' desperation: UNHCR," accessed February 24, 2023.
[20] The Inter-Sector Coordination Group is the central coordination body for humanitarian agencies serving Rohingya refugees in Cox's Bazar, Bangladesh, which supports the overall humanitarian coordination structure and ensures the cohesion of the response.

Figure 7. Bangladesh: Respondents Indicated the Need for USAID to Increase Livelihood Activities and Advocacy With the GOB and Other Stakeholders

Strongly Agree | Agree | Disagree | **Strongly Disagree**

Implement livelihood development programming for the refugees to the extent possible	63%	37%
Increase advocacy work with other stakeholders/authorities (e.g., other donors, UN agencies, ASEAN, etc.) to encourage them to use their leverage with the Government of Bangladesh to ease restrictions on assistance given to Rohingya refugees	64% — 29% — 7%
Increase advocacy work with the Government of Bangladesh to ease restrictions placed on assistance given to the Rohingya refugees	61% — 32% — 7%

Note: Percentages are out of 27-28 respondents who had relevant experience in Bangladesh and a basis to judge; the number of responses varied slightly for the selected needs, as not all respondents indicated having a basis to judge for all needs.
Source: OIG online survey conducted September-October 2022.

USAID's ADS Chapter 251 and UN best practices recommend the expeditious return to sustainable development in a crisis. Given the long-term hardships on the Rohingya in both Bangladesh and Burma, it is important for USAID to transition from short-term humanitarian assistance to long-term development assistance, rather than accept the status quo to provide mainly food and nutrition aid, which is not sustainable. Considering the host country challenges and USAID's limited role, increased collaboration between USAID and other stakeholders is even more important to address the long-term challenges of this protracted crisis.

Despite USAID's Efforts, Social Tension Between Rohingya Refugees and Host Communities Has Remained a Major Challenge in Bangladesh

The GOB is reluctant to allow for longer term development assistance to the Rohingya refugees, primarily due to the perception that the Rohingya are receiving aid that would otherwise go to the host communities. According to a USAID assessment report, dated May 15, 2022, the massive influx of Rohingya has put further pressure on the already-poor development conditions of host communities in Bangladesh. Moreover, 83 percent (25/30) of survey respondents perceived that the tension between the refugees and host communities has affected the implementation of USAID activities in Bangladesh to some or a great extent.

For the audited period, USAID/Bangladesh had a total of 10 activities focusing on host communities affected by the Rohingya crisis. Of these 10, the mission specifically designed 3 activities to improve social cohesion among refugees and host community members. For

example, one activity provided training to young adults on gender, peacebuilding, and conflict resolution. Nevertheless, according to our interviews with mission officials and other stakeholders as well as our document review, the presence of nearly 1 million Rohingya refugees in Bangladesh dramatically increased tensions between the Rohingya refugees in the camps and the host communities surrounding them in the following ways:

- The refugees were perceived to be taking jobs away from host community members. For one, they were willing to accept lower wages, even though the GOB has not allowed refugees to legally work within the camps or in the local economy, except for small cash-for-work programs and "paid volunteer" opportunities. Restrictions on freedom of movement and the right to work have continued to limit refugees' ability to establish livelihoods.

- The magnitude of the aid reaching the Rohingya camps has caused a sense of disparity among the local Bangladeshi population, which was also disadvantaged and struggling.

This emphasis on the lack of livelihood opportunities for both the refugees and host community members was confirmed by our survey:

- Of 9 focus areas/activities, skills development was ranked as one of the top three areas for USAID to focus on among the 33 respondents implementing or managing USAID activities in Bangladesh.

- 79 percent (22/28) of respondents indicated that the lack of livelihood opportunities or income-generating activities for host community members affected the implementation of USAID activities to some or a great extent.

Figure 8. Bangladesh: Respondents Generally Agreed That USAID Should Implement Livelihood Development Programming for the Host Communities

Strongly Agree | Agree | Disagree | Strongly Disagree

71%	25%	4%

Note: Percentages are out of 28 respondents who had relevant experience in Bangladesh and a basis to judge.
Source: OIG online survey conducted September-October 2022.

In July 2018, USAID/Bangladesh conducted a rapid assessment of Cox's Bazar, which found that the local communities would require additional support if the refugee camps continued to exist. Subsequently, in May 2022, the mission completed a detailed assessment that recommended increasing the development opportunities for communities affected by the Rohingya crisis, such as supporting livelihood activities. Although USAID/Bangladesh officials stated that the assessment would inform their future programming, as of August 2023, the mission had yet to take action to address this recommendation.

While the GOB has limited USAID's efforts to provide development assistance directly to the Rohingya refugees, the Agency has had an opportunity to increase aid to the affected host community members. However, USAID has spent only a small portion of its portfolio on these groups. From August 2017 to December 2021, USAID/Bangladesh obligated $537 million for its

entire portfolio, while $23.5 million, or around 4 percent, was obligated for the host communities as a response to the Rohingya crisis. Persistent tension may lead to more conflict and violence and may adversely affect USAID's efforts to manage the Rohingya crisis.

Federal standards for internal control state that management should respond to risks related to achieving their objectives.[21] Social tension remains a risk that may undermine USAID's assistance to the Rohingya. By not promoting much-needed development in the host community, USAID/Bangladesh may miss an opportunity to improve social cohesion between the refugees and host community members as well as to possibly influence the GOB's restrictive posture on refugees.

USAID's Focus on Providing Short-Term Funding for Humanitarian Assistance Has Limited the Reach of Its Crisis Response in Bangladesh and Burma

From August 2017 to December 2021, USAID awarded $767 million in assistance to manage the Rohingya crisis (see Table 3). Of this total, USAID/BHA funded $709 million, or 93 percent, for humanitarian assistance—primarily on food and nutrition—with an average award duration of approximately 1.5 years.[22]

Table 3. USAID Funding by Operating Unit

USAID Operating Unit	Total Estimated Cost (in millions)	No. of Awards	Percentage of Total Estimated Cost
USAID/BHA in Bangladesh and Burma	$709	70	93%
USAID/Bangladesh	$40	10	5%
USAID/Burma	$18	5	2%
Total	$767	85	100%

Source: OIG analysis based on data provided by USAID.

Our survey found that short-term funding has affected implementation of USAID activities (76 percent of respondents in Bangladesh and 72 percent of respondents in Burma). According to officials and implementers we interviewed, short-term funding has limited key implementers' ability to better plan assistance due to the uncertainty of required funding and resources. Short-term funding also necessitates higher recurring setup costs compared to long-term and multiyear funding. A senior official of a key implementer managing the largest USAID awards for the Rohingya crisis said that if the funding pipeline were to break, refugees would have very limited options available, as they had no legal opportunities to work and no safety net.

Donors should consider the following humanitarian principles when providing funding:

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[21] U.S. Government Accountability Office (GAO), *Standards for Internal Control in the Federal Government* (GAO-14-704G), "Risk Assessment," Principle 7, "Identify, Analyze, and Respond to Risks," September 2014.
[22] In contrast, USAID/Bangladesh's awards averaged 3 years and USAID/Burma's averaged 5 years.

- Good Humanitarian Donorship Principle 13 calls for exploring the possibility of reducing—or enhancing the flexibility of—earmarking and introducing longer term funding arrangements.[23]

- The Organization for Economic Co-operation and Development (OECD) report, *Multi-Year Humanitarian Funding*, states that members and other humanitarian donors are encouraged to make multiyear funding a larger part of their humanitarian-financing portfolio.[24] According to OECD, in practice, multiyear humanitarian funding involves an award to finance a program with a specified amount of funding over several years, tying the award to the availability of donor funds and proof of operational results. It limits the donor's exposure to risks related to annual budgets, while still providing greater predictability to implementing partners.

- A UN article advocated for "donors to commit to more multiyear funding and less earmarking, since flexible funding is the life-blood of humanitarian operations" and to allow aid workers "more time to perform their life-saving activities."[25]

- Both the USAID Policy Framework and programming guidance to its partners call for leveraging resources to more effectively forecast multiyear planning and funding, as conflicts grow more complex and the needs of displaced persons extend for decades.[26]

These best practices and USAID policy and guidance were affirmed by survey respondents:

Figure 9. Respondents Indicated a Need to Implement Multiyear Programming in Both Bangladesh and Burma

Bangladesh

Strongly Agree | Agree | Disagree | Strongly Disagree

71%	25%	4%

Burma

Strongly Agree | Agree | Disagree | Strongly Disagree

69%	27%	4%

Note: Percentages are out of 28 respondents for Bangladesh and 26 respondents for Burma who had relevant experience and a basis to judge.
Source: OIG online survey conducted September-October 2022.

While the GOB has discouraged USAID and other donors from funding mid- to long-term programming for the refugees in Bangladesh, the Agency's focus on continuing to provide short-

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[23] The Good Humanitarian Donorship (GHD) initiative is a donor forum and network, including the U.S. government, which facilitates collective advancement of GHD principles and good practices to improve humanitarian action.

[24] OECD is an intergovernmental organization, which the United States is a member country of, that is designed to establish evidence-based international standards and find solutions to a range of social, economic, and environmental challenges.

[25] United Nations, "Coordinating Funding for Humanitarian Emergencies," accessed January 25, 2023.

[26] USAID, Informal Guidance, "Programming Considerations for Humanitarian-Development-Peace Coherence: A Note for USAID's Implementing Partners," accessed July 13, 2023.

term funding in its crisis response has been contrary to both donor best practices and the identified need. In addition, the Joint Response Plan—a collaborative plan for the crisis between the GOB and other stakeholders—does not prohibit mid- to long-term funding,[27] and the head of the Inter-Sector Coordination Group stated that USAID should consider multiyear funding for its food assistance program like many donors provide to NGOs and UN agencies.

Prior to May 2022, USAID/BHA prioritized immediate humanitarian assistance and short-term funding as required by Agency policy.[28] However, after the policy was amended in May 2022, USAID/BHA was required to focus on longer term efforts in addition to humanitarian assistance. After the OIG audit team completed its fieldwork, BHA stated that it had started pursuing modifications of some awards in Burma to extend them to 24 months based on a needs assessment.

USAID Did Not Have an Overall Strategy for the Rohingya Crisis Primarily Due to the Volatile Situation in Burma and Instead Used a Variety of Individual Governing Documents to Guide the Agency's Efforts

USAID did not have an overall holistic strategy for the Rohingya crisis, and USAID units (USAID/BHA and USAID's Bangladesh and Burma missions) were primarily following their individual mandates, policies, and guidance. As a best practice, the UN Inter-Agency Standing Committee's *The Humanitarian Programme Cycle, July 2015*, states that humanitarian response planning is "strategic" and should focus on a collective response. Planning should be clear about the overall objectives, consider issues of sustainability, and indicate what conditions must be met and how to effectively phase out or transition into development activities. In addition, Federal standards for internal control state that management should communicate its strategy to its internal and external stakeholders.[29]

While USAID had attempted to develop a holistic strategy in the early years of the crisis, which included a goal to transition from providing humanitarian assistance to development assistance, the Agency has yet to approve an overall strategy more than 5 years into the protracted crisis. In October 2018, several representatives from USAID/Bangladesh; USAID/Burma; the Bureau for Asia; Bureau for Democracy, Conflict, and Humanitarian Assistance (USAID/DCHA);[30] and the Bureau for Food Security attempted to develop an overall strategy to address the crisis. However, USAID never approved a strategy:

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[27] The Joint Response Plan for the Rohingya Humanitarian Crisis is an annual plan that outlines the needs of Rohingya refugees in Bangladesh and their host community members, and how the United Nations, NGO partners, and other donors including the U.S. government, under the leadership of the GOB, can meet those needs.
[28] ADS, Chapter 251, July 2020.
[29] GAO, *Standards for Internal Control in the Federal Government*, "Information and Communication," Principle 14, "Communicate Internally" and Principle 15 "Communicate Externally," September 2014.
[30] In June 2020, USAID/DCHA's Offices of U.S. Foreign Disaster Assistance (OFDA) and Food for Peace (FFP) were succeeded by USAID/BHA.

- Three senior USAID officials said they exerted tremendous efforts in developing this strategy and were not made aware of why the strategy was not approved.

- One official stated that the strategy was not approved by USAID's senior management due to drastic changes in the political environment in Burma. As internal fighting broke out in the country in 2018, it became clear that returning the Rohingya to Burma was no longer tenable.

- According to a USAID/Burma official, a military coup in Burma in February 2021 further reduced the chances of clearing the draft strategy since returning the Rohingya to Burma was one of the objectives of the strategy.

- Three USAID officials said that there was no need for a strategy, because the different Agency operating units were following their own mandates; in addition, there was a clear line between USAID and State/PRM in terms of roles and responsibilities.

- Two USAID officials said that having a strategy aimed at only the Rohingya, apart from other political problems that Burma was facing, could be counterproductive or would cause backlash from the Burmese de facto authorities. This could create roadblocks for providing humanitarian assistance to the Rohingya in the country.

However, our survey showed the following:

Figure 10. Most Respondents in Bangladesh and Burma Agreed That an Overall Strategy for the Rohingya Crisis Would Help Them Perform Their Jobs Better

Yes | No

72%	28%

Note: Percentages are out of 53 respondents who had relevant experience in Bangladesh and Burma and a basis to judge.
Source: OIG online survey conducted September-October 2022.

Figure 11. Respondents Indicated the Need to Develop a Well-Defined, Clear Strategy

Strongly Agree | Agree | Disagree | Strongly Disagree

Bangladesh	52%	24%	17%	7%
Burma	27%	50%	8%	15%
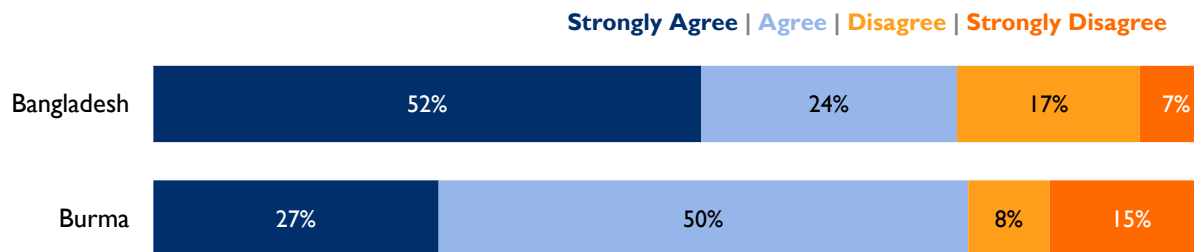
Note: Percentages are out of 29 respondents for Bangladesh and 26 respondents for Burma who had relevant experience and a basis to judge.
Source: OIG online survey conducted September-October 2022.

- Survey respondents who had experience implementing and managing activities in both Bangladesh and Burma indicated that the following elements should be included in developing USAID's overall strategy for the Rohingya crisis by some to a great extent:

  - 98 percent (47/48): clearly defined overall objectives and goals.

  - 96 percent (44/46): clearly established roles and responsibilities of various USAID operating units, including the missions in Bangladesh and Burma.

  - 91 percent (43/47): specific and measurable goals and approaches (including transitioning from short-term to mid-term and long-term goals).

  - 91 percent (43/47): metrics or plans to measure progress on goals and objectives.

In addition, the audit team conducted interviews with staff and officials from USAID, implementers (including UN partners), State/PRM, and other external stakeholders to inquire about their understanding of USAID's overall strategy based on their knowledge and perspective.

- Thirteen USAID officials and implementers stated that they were not aware of (1) an overall and long-term strategy or direction, with a clear division of roles between State/PRM and USAID; (2) information on how they should transition from short-term humanitarian assistance to long-term development assistance; or (3) an exit strategy, especially because of the protracted nature of the crisis.

- Five implementer officials said it was important to develop and communicate this overall strategy to allow them to better align their programming with USAID's goals for the Rohingya crisis.

- A USAID/Bangladesh office director stated that USAID had been working in "silos," and he did not know what the Agency was doing in the refugee camps or in host communities. He stated that he did not know what USAID's short-, medium-, and long-term goals or strategies were or what USAID was doing in responding to the overall crisis.

Without a central strategy, Agency operating units focused on working under their individual mandates and governing strategies that shaped each unit's siloed response to the crisis rather than having a collective response. Although these governing documents served their distinctive purposes, they did not contain key elements, as shown in Table 4, such as specific terms, measurable outcomes, and a clear delineation of USAID's role and responsibilities that defines USAID's end goal or objective and the roadmap for addressing the crisis.[31]

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[31] GAO, *Standards for Internal Control in the Federal Government*, "Control Environment," Principle 3, "Establish Structure, Responsibility, and Authority," and "Risk Assessment," Principle 6, "Define Objectives and Risk Tolerance," September 2014. According to these standards, management should define objectives in specific and measurable terms to enable the design of internal control for related risks; the standards also state that when establishing structure, management should assign responsibility to achieve the objectives.

Table 4. Limitations of USAID Documents Guiding the Agency's Rohingya Crisis Response

Document	Key Aspects	The Document Did Not…
State/PRM-USAID/BHA FY 2021 Joint Humanitarian Assistance Plan for the Rohingya Crisis Response in Bangladesh	• Outlined USAID/BHA and State/PRM's overarching objectives and program priorities for responding to the crisis in Bangladesh. • Provided information on roles and responsibilities between State/PRM and USAID in the overall response. • Provided information on U.S. government agencies and donor coordination.	• Provide information on measurable outcomes for achieving USAID's objectives for the crisis. • Provide information on how USAID would contribute to finding durable solutions to the crisis.
Memorandum of understanding between USAID/DCHA (now part of BHA) and State/PRM, signed January 2020	• Provided the framework for collaboration between State/PRM and USAID/BHA on international humanitarian assistance. • Provided lead roles and responsibilities for State/PRM and USAID/BHA. • Noted that one agency being assigned lead responsibility did not preclude the other agency from its responsibilities to engage.	• Contain specific objectives and measurable outcomes for achieving USAID's objectives for the crisis.
USAID/Bangladesh Country Development Cooperative Strategy (CDCS), December 2020-December 2025	• Stated that USAID would address the needs of host communities impacted by the Rohingya influx as part of its strategy.	• Include a special objective for the Rohingya crisis, clarifying how the mission would measure overall progress or outcomes of its efforts on host communities. • Assign key roles and responsibilities to carry out a strategy specific to the Rohingya crisis.
Burma Strategic Framework, approved October 2020	• Broadly discussed both short- and long-term assistance objectives specific to Burma. • Included a special objective to focus on meeting the immediate needs of people in conflict-afflicted communities and prioritizing activities relevant to the Rohingya crisis.	• Assign key roles and responsibilities to carry out a strategy specific to the Rohingya crisis.
Myanmar Integrated Country Strategy, 2018-2022	• Promoted the general, high-level goal of promoting peace in Burma.	• Contain specific objectives and measurable outcomes for achieving USAID objectives for the crisis. • Assign key roles and responsibilities to carry out a strategy specific to the Rohingya crisis.

Source: OIG analysis of USAID-provided documents.

Without a well-defined strategic plan that is focused on a collective response, USAID and its stakeholders do not know the intended end state for addressing the Rohingya crisis or the roadmap to get there. We noted a similar theme in an OIG report on humanitarian assistance in Venezuela, which stated that USAID struggled to develop a joint strategic plan and coordinate its approach to enable an effective and efficient response to that humanitarian crisis.[32] Similarly in this case, without a well-defined strategy, USAID's staff and partners will continue to be unclear about what the vision, objectives, and goals for the Rohingya response are and how to achieve them.

USAID Has Utilized a Small Percentage of Local Organizations With Direct Funding Due to Organizational Capacity and USAID Staffing Issues

Over the past decade, USAID has emphasized the need to support locally led development, and this commitment has been reinforced by the 2022 localization policy and 2023 USAID Policy Framework that require more direct engagement and funding with local partners. The Agency has indicated that it has engaged indirectly with local organizations as subawardees in response to the Rohingya crisis. However, USAID allocated only 1 percent of its total funding for the Rohingya crisis directly to local NGOs in Bangladesh and Burma during the audited period (see Table 5).

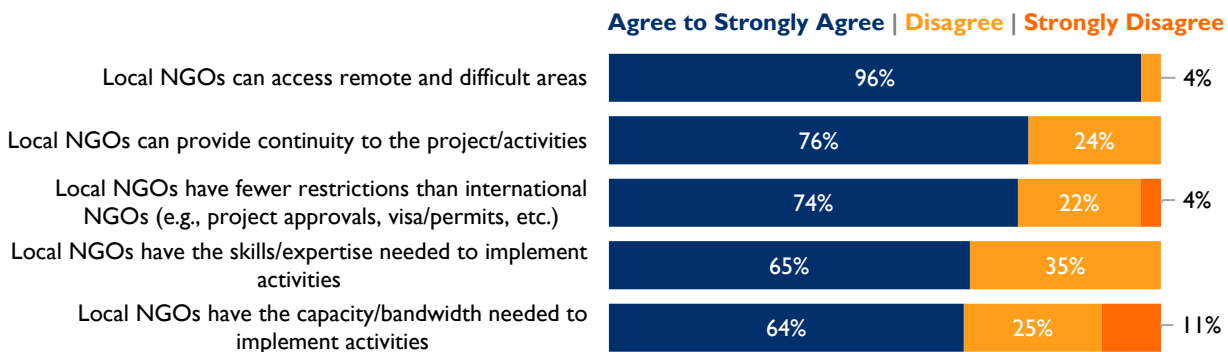## Table 5. USAID Operating Units' Direct Funding of Local Partners in the Rohingya Crisis Response

USAID Operating Unit	No. of Awards	Total Estimated Costs (in millions)	No. of Local Partners	Local Partners Funding (in millions)	Local Partners Funding (percentage)
USAID/BHA	70	$709	-	-	-
USAID/Bangladesh	10	$40	3	$6	15%
USAID/Burma	5	$18	-		-
Total	85	$767	3	$6	1%

Source: OIG analysis of award data from USAID/BHA, USAID/Bangladesh, and USAID/Burma.

According to discussions with USAID officials and implementers for both Bangladesh and Burma, most respondents were proponents of utilizing local NGOs. Our survey results further cited the following advantages of utilizing local NGOs as shown in Figures 12 and 13.

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[32] USAID OIG, *Enhanced Processes and Implementer Requirements Are Needed To Address Challenges and Fraud Risks in USAID's Venezuela Response* (9-000-21-005-P), April 2021.
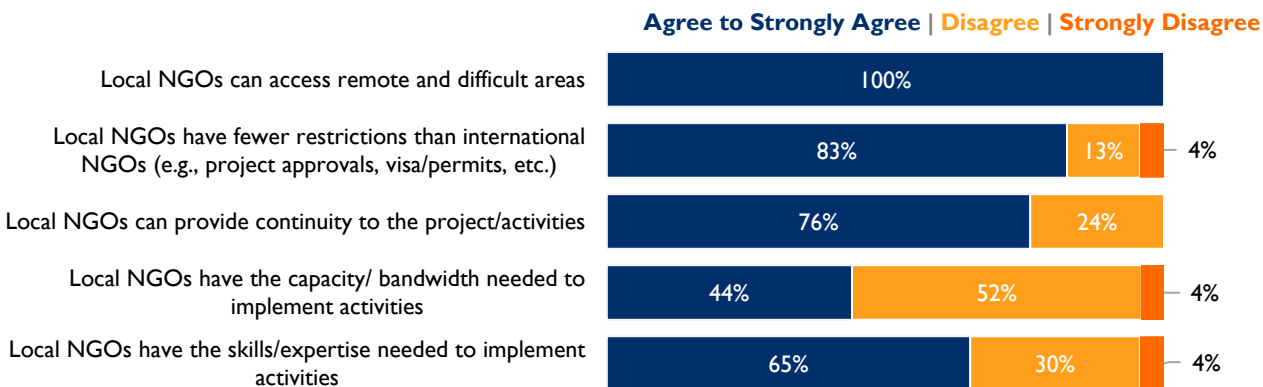
Figure 12. Bangladesh: Majority of USAID Officials and Implementers Cited Local NGO Advantages

Agree to Strongly Agree | Disagree | Strongly Disagree

Local NGOs can access remote and difficult areas	96% — 4%
Local NGOs can provide continuity to the project/activities	76% / 24%
Local NGOs have fewer restrictions than international NGOs (e.g., project approvals, visa/permits, etc.)	74% / 22% — 4%
Local NGOs have the skills/expertise needed to implement activities	65% / 35%
Local NGOs have the capacity/bandwidth needed to implement activities	64% / 25% — 11%

Note: Percentages are out of 25-28 respondents who had relevant experience in Bangladesh and a basis to judge; the number of responses varied for the selected reasons, as not all respondents indicated having a basis to judge for all reasons.
Source: OIG online survey conducted September-October 2022.

Figure 13. Burma: Majority of USAID Officials and Implementers Cited Local NGO Advantages

Agree to Strongly Agree | Disagree | Strongly Disagree

Local NGOs can access remote and difficult areas	100%
Local NGOs have fewer restrictions than international NGOs (e.g., project approvals, visa/permits, etc.)	83% / 13% — 4%
Local NGOs can provide continuity to the project/activities	76% / 24%
Local NGOs have the capacity/ bandwidth needed to implement activities	44% / 52% — 4%
Local NGOs have the skills/expertise needed to implement activities	65% / 30% — 4%

Note: Percentages are out of 21-26 respondents who had relevant experience in Burma and a basis to judge; the number of responses varied for the selected reasons, as not all respondents indicated having a basis to judge for all reasons.
Source: OIG online survey conducted September-October 2022.

- One key implementer working with BHA said that continuity of work with local organizations was very important, especially in Rakhine State and rebel areas in Burma where international NGOs might face more restrictions. Another key implementer for BHA stated that USAID needed to engage with local organizations if it wanted to stay relevant in Burma.

By not directly funding more local organizations, USAID may be limiting its ability to (1) access remote and difficult areas, and (2) provide continuity of activities, particularly given the protracted nature of the crisis.

Organizational Capacity Issues

Although survey respondents indicated that local NGOs had the bandwidth and skills or expertise to implement activities, they also indicated that USAID did not directly utilize local NGOs to a large extent due to capacity issues.

Bangladesh

- The majority of the survey responses, at least 74 percent, indicated that local organizations have more access, face fewer restrictions, and provide continuity of activities. However, a significant percentage of the responses—at least 35 percent—showed a lack of confidence in the local organizations' capacity, skills, and expertise in dealing with such a complex crisis. Similarly, in response to another survey question, half of the respondents (14 of 28) indicated that, due to the lack of transparency, integrity, and skill sets of local NGOs to manage such a complex crisis, USAID should not engage with local NGOs.

- One of the largest implementing organizations in Bangladesh for USAID said that local NGOs were ready to take on USAID funding, but because of the complexity of USAID's requirements, there was a need for close oversight.

Burma

- The majority of the survey responses—at least 76 percent—indicated that local organizations have more access, face fewer restrictions, and provide continuity of activities. However, a significant percentage of the responses—at least 34 percent—showed a lack of confidence in the local organizations' capacity and skills and expertise in dealing with such a complex crisis. Similarly, in response to another survey question, 62 percent (16 of 26) of the respondents indicated that there were several capacity gaps, governance issues, and limitations, such as accountability, technical knowledge, know-how, and reporting that needed to be addressed, and capacity strengthening in these areas was required before funding local NGOs.

USAID Staffing Issues

According to USAID officials, the USAID staffing levels for BHA, Bangladesh, and Burma do not appear to be sufficient to adequately monitor and thereby support directly funding local partners.

USAID/BHA

- Although significant staffing transitions and rotations at USAID/BHA have been mitigated by using surge staff to cover gaps as early as possible, this is not a sustainable model for proper support and oversight of activities, particularly if using local organizations that may require more oversight.

- As of September 2022, only 2 USAID/BHA staff were managing all 13 BHA Burma awards and stated that they felt overwhelmed with their workload and responsibilities.

- According to a recent OIG report, due to USAID's bifurcated funding structure being limited to program funds and operating expenses, USAID/BHA has relied on short-term contracts to address increasingly protracted crises with the number of direct-hire

employees falling short of what has been needed.[33] The OIG report recommended that the Agency assess and develop plans for creating a sustainable humanitarian workforce. Therefore, we are not making a recommendation on USAID/BHA staffing.

USAID/Bangladesh

- USAID/Bangladesh's Office of Acquisition and Assistance (OAA) director said that they were feeling the understaffing more acutely with the Rohingya crisis, which required a great deal of coordination and a physical presence in Cox's Bazar. He noted that engagement with local organizations would help manage the Rohingya crisis but that this would be a burden for USAID staff, particularly for OAA, which was already understaffed. The director also said that there was a need for more oversight, particularly given the country context. He stated that the mission had a staffing shortage because of the restrictive environment, so not many Foreign Service staff have been interested in working in Bangladesh.

- 61 percent (14 of 23) of respondents indicated that inadequate mission staffing affected the implementation of USAID activities from some to a great extent.

USAID/Burma

- The mission has been restricted by the de facto authorities on the number of staff allowed to work in Burma. To effectively support its operations, the Agency stationed some of its USAID/Burma staff in another country. However, due to the sensitivity of the ongoing crisis, this country's government was not receptive to USAID's request to further increase the USAID/Burma support staff. As a result, USAID may struggle to maintain adequate staffing levels in the region to manage local partners.

- 44 percent (8 of 18) of survey respondents indicated that a lack of or inadequate USAID staffing numbers to manage or oversee activities had affected the implementation of USAID activities to address the Rohingya crisis to some or a great extent. According to two USAID/Burma's office directors, the amount of work is overwhelming for the staff.

Without sufficient staffing, USAID risks being unable to effectively respond to this complex crisis while supporting its local partners.

Conclusion

USAID has played a critical role in responding to the Rohingya crisis by providing immediate, life-saving relief to the Rohingya in Bangladesh and Burma and development assistance to the host communities in Bangladesh. However, if conditions do not improve to address this protracted crisis, roughly 500,000 Rohingya refugee children will continue to have limited access to education, hundreds of thousands of young people will remain deprived of livelihood opportunities, and almost 1 million Rohingya will continue to have very restricted lives. Although there are numerous challenges and obstacles to increasing international assistance to those affected by this crisis, USAID is uniquely positioned to provide necessary support to the

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[33] USAID OIG, *Contractor Use for Disaster and Stabilization Responses: USAID Is Constrained by Funding Structure but Better Data Collection Could Improve Workforce Planning*, (E-000-22-002-M), September 29, 2022.

Rohingya people. By further addressing the challenges outlined in this audit, USAID may help restore the dignity of the Rohingya who have endured much persecution and hardship.

Recommendations

We recommend that the USAID/Bureau for Humanitarian Assistance, USAID/Bangladesh, USAID/Burma, and USAID Bureau for Asia take the following actions:

1. In line with USAID's Policy Framework, USAID/Bangladesh, in coordination with the USAID/Bureau for Humanitarian Assistance, design and implement a plan to increase collaboration with other development organizations and donors to improve the long-term living conditions of the Rohingya and address protracted development challenges.

2. USAID/Bangladesh implement the May 2022 internal assessment recommendation to develop a plan to improve livelihood opportunities for host communities.

3. USAID/Bureau for Humanitarian Assistance identify and implement options for providing long-term funding arrangements for humanitarian assistance activities in Bangladesh.

4. USAID/Bureau for Asia, as the geographic bureau responsible for the missions in Bangladesh and Burma, coordinate with USAID/Bangladesh, USAID/Burma, and the USAID/Bureau for Humanitarian Assistance and assess the need to develop and communicate an overall Agency strategy for the Rohingya crisis response with clearly defined end goals, specific and measurable outcomes, clear roles and responsibilities, and a roadmap for achieving those goals.

5. USAID/Bureau for Humanitarian Assistance, USAID/Bangladesh, and USAID/Burma assess their ability to engage directly with more local nongovernmental organizations in Bangladesh and Burma, to include what may be needed to build their organizational capacity to responsibly manage USAID funds.

6. USAID/Bangladesh and USAID/Burma develop and implement a plan that identifies sustainable, alternative options for sufficient mission staffing.

OIG Response to Agency Comments

We provided our draft report to USAID on November 14, 2023. On December 29, 2023, we received the Agency's response, which is included in Appendix C of this report. The report included six recommendations, and we acknowledge management decisions on all of them. We consider all recommendations resolved but open pending completion of planned activities.

For Recommendation 6, we recommended that USAID/Bangladesh and USAID/Burma develop and implement a plan to ensure sufficient staffing to oversee its local partners. While USAID/Bangladesh agreed with the recommendation, USAID/Burma disagreed, noting ongoing restrictions by the de facto authorities in Burma to increase staffing. The mission stated that the current conditions in Burma are not conducive for further engagement with local organizations as development interventions are limited. Accordingly, we agree that no further action is required from USAID/Burma. However, we are keeping Recommendation 6 open pending completion of activities by USAID/Bangladesh.

Appendix A. Scope and Methodology

We conducted our work from January 2022 through November 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objectives were to determine the extent to which USAID (1) was positioned to transition from providing humanitarian assistance to development assistance in response to the protracted Rohingya crisis in Burma and Bangladesh, (2) has developed a strategy for managing the crisis, and (3) has used local implementers in response to the crisis.

In planning and performing the audit, we gained an understanding of and assessed internal controls that were significant to the audit objectives. Specifically, we designed and conducted procedures related to four of the five components of internal control as defined by the U.S. Government Accountability Office (GAO). These included Control Environment (Principle 3), Risk Assessment (Principles 6, 7, 9), Control Activities (Principle 10), and Information and Communication (Principles 14, 15).

The audit scope covered USAID awards (both active and inactive) from August 1, 2017, through December 31, 2021, coinciding with the escalation of the Rohingya crisis in Burma that resulted in a massive Rohingya influx to Bangladesh. Awards were managed by USAID/BHA, USAID/Bangladesh, and USAID/Burma—the offices responsible for managing USAID's response to the Rohingya crisis. We conducted fieldwork site visits to Bangladesh from August 14 to 24, 2022, visiting refugee camps and meeting with host community beneficiaries in Cox's Bazar and implementing partners in Dhaka and Cox's Bazar. Due to security reasons, we were not able to make site visits to Burma.

We selected a total of 12 out of 28 active awards to sample. We initially selected a nonstatistical sample of 8 out of 28 active awards based on factors such as total estimated award costs, award selection in proportion to the population by implementer type (PIOs versus non-PIOs), representation from each location (Bangladesh and Burma), and representation from all three USAID operating units. For the eight selected awards, we sent a standard set of questions to the respective agreement/contracting officer's representatives (AORs/CORs) and implementers to identify overarching risks and challenges in transitioning from providing humanitarian assistance to development assistance. The audit team also reviewed USAID and State Department strategies, policies, and documents, and held discussions with officials from both agencies, implementers, and the GOB regarding the risk and challenges USAID was facing. During fieldwork, we selected 4 additional awards using the same selection factors, resulting in a total of 12 awards, to validate and refine the risks, challenges, and corrective actions that were identified during the survey phase.

To corroborate the results from our sample, we conducted an online survey of stakeholders—primarily AORs/CORs and implementers managing all 85 active and inactive awards. USAID identified and ascertained these awards as being significant to its Rohingya crisis response for

the audited period.[34] We determined that our method for selecting USAID offices, awards, and survey respondents was appropriate for our audit objectives, and generated valid and reliable evidence that is generalizable for the whole population.

To answer the first and third objectives to determine the extent to which USAID was positioned to transition from providing humanitarian to development assistance and the use of local organizations, we:

- Reviewed Agency-wide and mission-/bureau-specific policies and internal controls related to identifying risks and challenges affecting the transition from providing humanitarian assistance to development assistance, such as Federal Managers' Financial Integrity Act certification and supporting documents, portfolio review reports, activity progress reports, and USAID internal reports. We also reviewed Agency-wide policies and guidance related to engaging local organizations such as USAID's localization policy.

- Interviewed USAID, State Department, implementer, and GOB officials using a semi-structured interview approach to obtain an understanding of the significant risks and challenges affecting the transition from providing humanitarian assistance to development assistance, and the extent to which USAID had taken steps to address the risks and challenges. The interviews also included discussions on engagement of local organizations in responding to the crisis and associated benefits and challenges.

- Conducted an online survey of stakeholders, primarily AORs/CORs and implementers managing the 85 awards. The purpose of the survey was to validate and refine the identified risks and challenges affecting the transition from providing humanitarian assistance to development assistance and engagement with local organizations, as well as to find current and future corrective actions for USAID to address the identified risks and challenges. We performed the following procedures related to the online survey.

  - We developed the survey questions using the information gathered during survey and fieldwork, which we then pretested with two AORs, a key implementer, and an OIG manager and staff.

  - We administered the survey electronically using web-based survey software from September 22, 2022, to October 21, 2022. We sent the survey to 62 respondents managing and implementing 85 awards who were identified by USAID as knowledgeable of USAID awards related to the Rohingya crisis—namely 16 AORs/CORs, 40 implementer officials, and 6 officials from USAID, State/PRM, and the Inter-Sector Coordination Group. The respondents typically managed or implemented more than one award.

  - We received valid responses from 54 of the 62 individuals in our sample for an overall response rate of 87 percent—16/16 responses from the AORs/CORs, 32/40 responses from the implementers, and 6/6 responses from the other individuals. In analyzing the

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[34] Significance of the activities was based on the three operating units' (USAID/BHA's, USAID/Bangladesh's, and USAID/Burma's) determination of activities as either specifically designed in response to the Rohingya crisis or funds added to existing activities in response to the Rohingya crisis.

survey results data, we excluded "No Basis to Judge" responses before analyzing the results.

- - We analyzed the results for each survey question and reported those that we determined as significant to our audit objectives in the findings section.

- Analyzed the collective results of our survey, document reviews, and interviews to determine the significant risks and challenges USAID was facing and the extent to which USAID had taken steps to address them.

To answer the second objective to determine the extent to which USAID developed a strategy, we:

- Reviewed USAID and relevant documentation to determine USAID's overall strategy in responding to the Rohingya crisis, including whether the strategies or documents provided specific and measurable terms, clear assignment of roles and responsibilities, and addressed humanitarian, transition, and/or stabilization issues. Key documents we reviewed included USAID operating unit strategies, documents, and policies, such as an interagency memorandum of understanding, country-level strategies, and a joint response planning document.

- Interviewed relevant stakeholders, such as officials from USAID, implementers, and State/PRM to obtain an understanding of USAID's overall strategy and how it helped address the existing and potential risks and challenges.

- Included questions in our survey for the identified stakeholders of the 85 awards to determine the need for an overall strategy for the crisis, whether an overall strategy would help USAID do its job better, as well as the elements needed for an overall strategy for the crisis.

For the 3 audit objectives, we conducted a total of 49 interviews and meetings with officials from USAID, State/PRM, the GOB, and implementers, including CORs and AORs, program office officials, chiefs of party, and other officials who were knowledgeable of the selected activities and USAID's response to the crisis.

We relied largely on documentation, testimonial evidence, and survey results to support our findings and conclusions. We used computer-processed data related to the awards that USAID implemented that were significant to managing the Rohingya crisis. We used this data to select a sample of activities for testing and to obtain an understanding of the Agency's response to the Rohingya crisis, including the amount of funding for the crisis, country of implementation, implementers (PIOs or direct local partners), and types of assistance (humanitarian or development assistance). We determined that this data was reliable for this audit through interviews with officials knowledgeable of the Rohingya response and reconciliations to supporting documentation, such as award files and activity reports.

Appendix B. Survey Questions

The survey questions referenced in the report are presented here:[35]

Q1 In which countries do you implement/manage USAID-funded activities to address the Rohingya crisis?
- Only Bangladesh
- Only Burma
- Both Burma and Bangladesh

[Note: The survey used skip logic feature where succeeding questions were developed based on each respondent's response to the above question]

Q2 In your experience, to what extent, if any, have the following host country challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Bangladesh**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
   a) Government restrictions imposed on refugees (e.g., freedom of movement, access to work and education)
   b) Government restrictions on implementers' ability to operate (e.g., obtaining work permits/visas, project approvals, etc.)
   c) Government restrictions on the nature and types of assistance to be implemented or services to be provided (e.g., restrictions on income-generating activities, cash-based assistance, materials used for shelters, education, skills training, etc.)

Q3 In your experience, to what extent have the following host country challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Burma**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
   a) Conflict and violence hindering delivery and implementation of assistance
   b) Poor security conditions hindering delivery and implementation of assistance
   c) Government restrictions on implementers' ability to operate (e.g., obtaining work permits/visas, permit/license to operate, etc.

Q4 In your experience, to what extent, if any, have the following environmental and socioeconomic challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Bangladesh**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
   a) Natural and man-made disasters
   b) Deteriorating environment in Cox's Bazar (such as, deforestation, land erosion/degradation, and destruction of habitat) attributed in part to the consequences of the large numbers of Rohingya refugees
   c) Protection and security risks (particularly for women and children)

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[35] Survey questions are renumbered for readability.

d) Moving refugees to Bhasan Char Island
e) Tension between refugees and host communities

Q5 In your experience, to what extent, if any, have the following livelihood and sustainability programming challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Bangladesh**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
a) Lack of livelihood opportunities or income-generating activities for host communities and impacted communities
b) Lack of livelihood opportunities or income-generating activities for refugees

Q6 In your experience, to what extent, if any, have the following funding challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Bangladesh**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
a) Decreased funding from USAID
b) Decreased funding from other donors
c) Short-term funding

Q7 In your experience, to what extent, if any, have the following funding challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Burma**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
a) Decreased funding from USAID
b) Decreased funding from other donors
c) Short-term funding by USAID

Q8 Do you think having an overall USAID strategy for the Rohingya crisis would have helped/will help you do your job better? (Please note for this question, we are asking for your input on the Rohingya crisis as a whole, including the situation in **Bangladesh** and **Burma.**)
• Yes
• No

Q9 In your perspective, to what extent, if any, do you agree or disagree that the following USAID actions would help address host country challenges in **Burma**? (Select one option in each row.) [Response scale: Strongly Agree, Agree, Disagree, Strongly Disagree, No Basis to Judge]
a) Develop a well-defined, clear USAID strategy or end goal in managing the Rohingya crisis, including clear roles and responsibilities, and measurement/metrics for success
b) Communicate a well-defined, clear USAID strategy or end goal in managing the Rohingya crisis, including clear roles and responsibilities, and measurement/metrics for success
c) Conduct an overall USAID risk assessment of the Rohingya crisis that also identifies actions to be taken by USAID's different missions, offices, and bureaus to address the Rohingya crisis as a whole
d) Continue USAID funding for the Rohingya crisis response in Burma

e) Implement more livelihood development programming for internally displaced persons and other impacted communities
f) Improve collaboration with other donors to leverage resources for the Rohingya crisis response in Burma
g) Implement longer-term/multi-year assistance
h) Increase direct funding with local organizations
i) Increase advocacy work with other stakeholders/authorities (e.g., other donors, UN agencies, ASEAN, etc.) to use their leverage with the Government of Burma to ease restrictions on assistance given to Rohingya

Q10 In developing USAID's overall strategy for the Rohingya crisis, to what extent, if any, should the following elements be included? (Please note for this question, we are asking for our input on the Rohingya crisis as a whole, including the situation in **Bangladesh** and **Burma.**) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]
a) Clearly defined overall objectives and goals
b) Clearly established roles and responsibilities of various USAID operating units, including the missions in Bangladesh and Burma
c) Specific and measurable goals and approaches (including transitioning from short-term to mid-term and long-term goals)
d) Protocols on coordination/collaboration
e) Communication of strategy to stakeholders
f) Metrics/plans to measure progress on goals and objectives

Q11 How strongly do you agree or disagree with the following statements regarding local NGOs in **Bangladesh**? (Select one option in each row.) [Response scale: Strongly Agree, Agree, Disagree, Strongly Disagree, No Basis to Judge]

a) Local NGOs have more knowledge than international NGOs in implementing programs
b) Local NGOs can access remote and difficult areas
c) Local NGOs have fewer restrictions than international NGOs (e.g., project approvals, visa/permits, etc.)
d) Local NGOs can provide continuity to the project/activities
e) Local NGOs have the capacity/bandwidth needed to implement activities
f) Local NGOs have the skills/expertise needed to implement activities
g) Local NGOs have the necessary independence to mitigate risks of fraud, waste, and abuse

Q12 How strongly do you agree or disagree with the following statements regarding local NGOs in **Burma**? (Select one option in each row.) [Response scale: Strongly Agree, Agree, Disagree, Strongly Disagree, No Basis to Judge]

a) Local NGOs have more knowledge than international NGOs in implementing programs
b) Local NGOs can access remote and difficult areas
c) Local NGOs have fewer restrictions than international NGOs (e.g., project approvals, visa/permits, etc.)
d) Local NGOs can provide continuity to the project/activities
e) Local NGOs have the capacity/ bandwidth needed to implement activities

f) Local NGOs have the skills/expertise needed to implement activities
g) Local NGOs have the necessary independence to mitigate risks of fraud, waste, and abuse

Q13 In your perspective, should USAID engage more directly with local NGOs to help provide better assistance to the Rohingya refugees in **Bangladesh**?
- Yes
- Maybe
- No
- No basis to judge

Q14 Please describe the rationale for your response if you answered Yes, Maybe, or No in the previous question regarding whether USAID should engage more directly with local NGOs to help provide better assistance to the Rohingya refugees in **Bangladesh.**

Q15 In your perspective, should USAID engage more directly with local NGOs to help provide better assistance to the Rohingya in **Burma**?
- Yes
- Maybe
- No
- No basis to judge

Q16 Please explain the rationale for your response if you answered Yes, Maybe, or No in the previous question regarding whether USAID should engage more directly with local NGOs to help provide better assistance to the Rohingya in **Burma**.

Q17 In your experience, to what extent, if any, have the following staffing challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Bangladesh**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]

a) Inadequate USAID staffing numbers to manage or oversee activities
b) Lack of or inadequate USAID staffing skills or competency to manage or oversee activities
c) Inadequate implementer staffing numbers to manage or oversee activities
d) Lack of or inadequate implementer staffing skills or competency to manage or oversee activities

Q18 In your experience, to what extent, if any, have the following staffing challenges affected the implementation of activities funded by USAID to address the Rohingya crisis in **Burma**? (Select one option in each row.) [Response scale: Great Extent, Some Extent, Little or No Extent, No Basis to Judge]

a) Lack of or inadequate USAID staffing numbers to manage or oversee activities
b) Lack of or inadequate USAID staffing skills or competency to manage or oversee activities
c) Lack of or inadequate implementer staffing numbers to manage or oversee activities

d) Lack of or inadequate implementer staffing skills or competency to manage or oversee activities

Q19 In your perspective, to what extent, if any, do you agree or disagree that the following USAID actions would help address host country challenges in **Bangladesh**? (Select one option in each row.) [Response scale: Strongly Agree, Agree, Disagree, Strongly Disagree, No Basis to Judge]

a) Develop a well-defined, clear USAID strategy or end goal in managing the Rohingya crisis including clear roles and responsibilities, and measurement/metrics for success
b) Communicate a well-defined, clear USAID strategy or end goal in managing the Rohingya crisis including clear roles and responsibilities, and measurement/metrics for success
c) Conduct an overall USAID risk assessment of the Rohingya crisis that also identifies actions to be taken by USAID's different offices, missions, and bureaus to address the Rohingya crisis as a whole
d) Provide funding for managing the Rohingya crisis through direct assistance to the host government (government-to-government assistance)
e) Increase direct funding with local organizations
f) Increase advocacy work with the Government of Bangladesh to ease restrictions placed on assistance given to the Rohingya refugees
g) Increase advocacy work with other stakeholders/authorities (e.g., other donors, UN agencies, ASEAN, etc.) to encourage them to use their leverage with the Government of Bangladesh to ease restrictions on assistance given to Rohingya refugees
h) Improve collaboration with other donors to leverage resources for the Rohingya crisis response in Bangladesh
i) Implement livelihood development programming for the refugees to the extent possible
j) Implement livelihood development programming for the host communities and other impacted communities
k) Implement longer-term/multi-year assistance to the extent possible
l) Provide strategic input/technical expertise with stakeholders in sectors (e.g., education, health, water, sanitation, etc.) that USAID may not directly fund in the refugee camps

Appendix C. Agency Comments

MEMORANDUM

TO: Deputy Assistant Inspector General for Audit, Christine M. Byrne

FROM: Michael Schiffer, Assistant to the Administrator, USAID/Asia Bureau /S/

            Sarah Charles, Assistant to the Administrator, USAID/BHA /S/

DATE: December 29,2023

SUBJECT: Management Comments to Respond to the Draft Audit Report Produced by the Office of Inspector General (OIG) titled, Rohingya Crisis: Ongoing Challenges Limit USAID's Ability to Move Beyond Humanitarian Assistance. (Task No. 55100122)

_____

The U.S. Agency for International Development (USAID) would like to thank the Office of Inspector General (OIG) for the opportunity to provide comments on the subject draft report. The Agency agrees with the four recommendations and partially agrees with two and herein provides plans for implementing them, and reports on significant progress already made.

COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) ON THE REPORT RELEASED BY THE USAID OFFICE OF THE INSPECTOR GENERAL (OIG) TITLED, Rohingya Crisis: Ongoing Challenges Limit USAID's Ability to Move Beyond Humanitarian Assistance (Task No.55100122)

Please find below the management comments (Corrective Action Plan) from the U.S. Agency for International Development (USAID) on the draft report produced by the Office of the USAID Inspector General (OIG), which contains six recommendation(s) for USAID:

Recommendation 1: In line with USAID's Policy Framework, USAID/Bangladesh, in coordination with the USAID/Bureau for Humanitarian Assistance (USAID/BHA), design and implement a plan to increase collaboration with other development organizations and donors to improve the long-term living conditions of the Rohingya and address protracted development challenges.

<u>**Management Comments:**</u> USAID agrees with this recommendation.

Due to concerns regarding the appearance of integration of Rohingya refugees into Bangladesh, the Government of Bangladesh (GoB) has adopted strict policies against the use of multi-year funding and long term planning exercises. Current GoB policies prohibit development financing and approaches within the camps.

USAID has already taken steps to address this issue, including leading the development and coordination of the interagency consensus on a USG Rohingya Advocacy Strategy, that was finalized in August 2023. This strategy outlines key advocacy messaging for the GoB, other donors, and humanitarian leadership and coordination mechanisms. A key component of this strategy centers around urging the GoB at various levels to shift its current policies to allow donors and development organizations to address the protracted development challenges within the refugee camps and improve the sustainability of the response.

Coordination with other donors and development organizations is a central part of this strategy, and USAID/Bangladesh has regular engagements with both Head of Mission and working level representatives of more than 15 like-minded Missions in Bangladesh. These engagements provide opportunities to build consensus on key advocacy priorities and to engage in joint advocacy with the GoB.

The USG also co-sponsored an international event in October 2023 that brought together all Rohingya hosting nations, international financial institutions, and humanitarian and development actors to discuss potential opportunities to address protracted development challenges.

During the next 12 months, USAID/Bangladesh will design and implement an operational plan to advocate that the GoB loosen restrictions and allow donors and development organizations to adopt approaches that would address protracted development challenges and improve the

long term living conditions of Rohingya refugees. This advocacy plan will be implemented bilaterally and in collaboration with other like-minded donors and development organizations. It will include regular engagements with the RRRC's Offices based in Cox's Bazar and Bhasan Char as well as officials from the Ministry of Disaster Management and Relief based in Dhaka.

Target Completion Date: December 15, 2024

Recommendation 2: USAID/Bangladesh implement the May 2022 internal assessment recommendation to develop a plan to improve livelihood opportunities for host communities.

Management Comments: USAID agrees with this recommendation.

USAID/Bangladesh has taken steps to address this recommendation. On October 9, 2023, USAID/Bangladesh issued a notice of funding opportunity (NOFO) for a five-year, $70 million activity that will address the economic and social challenges faced by host communities or those impacted by the Rohingya refugee crisis. A major focus of the activity is to improve livelihood opportunities in the districts of Cox's Bazar, Bandarban, Khagrachari, and Rangamati.

Once awarded, this project will implement the May 2022 assessment recommendations and improve livelihood opportunities for host communities. The purpose of this activity is to improve the overall well-being and resilience of people residing in host and impacted communities and aims to address the immediate- and long-term impacts of the presence of the Rohingya refugees. Immediate-term impacts include a need for increased economic development, improved water, sanitation, and hygiene (WASH) services, and strengthened natural resource management. Long-term impacts, which are compounded by the climate crisis, include a need to strengthen social cohesion between refugees and host communities, improve community disaster preparedness and management, maintain and increase access to safe drinking water, and conserve the region's biodiversity.

Target Completion Date: June 30, 2024

Recommendation 3: USAID/Bureau for Humanitarian Assistance identify and implement options for providing long-term funding arrangements for humanitarian assistance activities in Bangladesh.

Management comments: USAID partially agrees with this recommendation.

The Government of Bangladesh's (GoB) limitations on multi-year funding for refugees' limits USAID/BHA's ability to implement long-term funding arrangements. However, USAID/BHA is committed to advocating that the GoB commits to policy shifts to create a more enabling policy environment. During the next 12 months, the USAID/BHA team will continue to advocate that the GoB allows donors and development organizations to allow for multi-year funding. This will build on the USG Rohingya Advocacy Strategy which was finalized in August 2023.

Target Completion Date: December 15, 2024

Recommendation 4: USAID/Bureau for Asia, as the geographic bureau responsible for the missions in Bangladesh and Burma, coordinate with USAID/Bangladesh, USAID/Burma, and the USAID/BHA and assess the need to develop and communicate an overall Agency strategy for the Rohingya crisis response with clearly defined end goals, specific and measurable outcomes, clear roles and responsibilities, and a roadmap for achieving those goals.

Management comments: USAID agrees with this recommendation.

USAID/Bureau for Asia will coordinate with USAID/Bangladesh, USAID/Burma, and USAID/BHA to assess the need to develop and communicate an overall Agency strategy for the Rohingya response crisis during the next 12 months.

Target Completion Date: December 15, 2024

Recommendation 5: USAID/Bureau for Humanitarian Assistance, USAID/Bangladesh, and USAID/Burma assess their ability to engage directly with more local nongovernmental organizations in Bangladesh and Burma, to include what may be needed to build their organizational capacity to responsibly manage USAID funds.

Management Comments: USAID agrees with this recommendation.

USAID/Bangladesh assessed their ability and have determined that they are able to increase direct engagement with more local organizations, and therefore have taken steps to implement an effective plan. To increase support efforts USAID/Bangladesh launched the $48 million Bangladesh America Maitree (Friendship) activity in October 2023. This activity is designed to build organizational capacity for approximately 100 local NGOs operating across Bangladesh, including Cox's Bazar. Additionally, after collecting information to assess the local organization landscape, USAID/Bangladesh made the determination to limit competition for the forthcoming five-year $70 million USAID Host and Impacted Community Resilience activity. This activity will allow USAID to deliver assistance directly through local organizations, while building local organizations' capacity. USAID/Bangladesh will issue this award by June 30, 2024.

For USAID/Burma, there have been limited opportunities for development interventions given the highly non-permissive environment in Rakhine State. Access and security risks pose serious roadblocks for USAID/Burma staff to engage with local organizations. As such, any expansion of USAID/Burma investments in working with local organizations are contingent upon various conditional factors, such as physical access and security. If access and security restrictions are alleviated, USAID/Burma could conduct a capacity/needs assessment of local organizations working in the sector and pursue opportunities as feasible. Until the environment allows for such an assessment to be conducted, USAID/Burma has assessed that the current conditions are not conducive to development interventions.

USAID/BHA will increase the number of pre-award surveys it can process in a given fiscal year for local partners who possess the requisite technical and administrative capacity. In addition, for the purpose of award-making, USAID/BHA accepts Non-U.S. Organization Pre-Award Survey (NUPAS) completed by Missions which helps ensure operational efficiency and will coordinate with USAID Missions to increase NUPAS.

Target Completion Date: June 30, 2024

Recommendation 6: USAID/Bangladesh and USAID/Burma develop and implement a plan that identifies sustainable, alternative options for sufficient mission staffing.

Management Comments: USAID partially agrees with this recommendation.

USAID/ Bangladesh agrees with this recommendation. USAID/Bangladesh has developed and implemented a plan to address mission staffing issues. During the 2023 bidding season which started in September of 2022, USAID/Bangladesh had 12 positions on the bid list. The Mission implemented a robust plan to attract more bidders. The Program Office's Development Outreach and Communications (DOC) Team created a promotional video to increase interest in Bangladesh. Post published an Agency Notice to bidders and included the promotional video. The Mission hosted a virtual Bidders' Conference in September 2022 with participation from the Mission Director, Deputy Mission Director, and Office Directors whose offices had positions on the bid list. The Mission Executive Officer (EXO) sent backstop-specific invitations to eligible bidders inviting them to the virtual Bidders' Conference. Post received a total of 96 bids on 12 positions. When the 2023 assignments were announced during the Major Listing cycle, FSOs were assigned to 10 of the 12 vacant positions.

Due to the success in the 2023 bid cycle, the USAID/Bangladesh implemented the same recruitment plan to fill the Misson's 15 positions on the 2024 bid list. Post published an announcement to bidders in the Agency Notices and included the same promotion video used the previous year. In September 2023, USAID/Bangladesh hosted another virtual Bidders' Conference that included the Mission Director, Deputy Mission Director, and Office Directors. The EXO sent backstop-specific invitations to eligible bidders inviting them to join the virtual Bidders' Conference. During the 2024 bid cycle, a total of 135 FSOs bid on the 15 USAID/Bangladesh positions on the bid list. Although Bangladesh had three more positions on the bid list during the 2024 bidding season (a 25% increase over the previous year), the number of bidders increased by 40%.

Additionally, in 2022 USAID/Bangladesh implemented a bi-annual Workforce Planning exercise that continues to be implemented. As part of the bi-annual process, the Mission Executive Officer and Human Resource team meet with Office Directors to discuss staffing needs over six month and one year periods. All Mission staffing needs are cleared by Office Directors and submitted to the Mission Director for approval. This planning has helped the mission to align its needs with recruitment actions that are supported by the Mission HR Team.

USAID/Bangladesh has already taken steps to address mission staffing and continues to follow these steps.

USAID/Burma disagrees with this recommendation. USAID/Burma has not been able to expand programs in Rakhine due to access and security restrictions. In addition to Regime-imposed access restrictions to Rakhine state, the Regime has strictly limited the issuance of diplomatic visas – currently, there are only four USDHs at post out of a pre-coup staffing pattern of 18 – and U.S. Embassy Rangoon has imposed its own security-related staffing caps on USDH and USPSC staffing at post. Any additional USAID USDH and USPSC staffing for Rakhine would thus have to overcome three hurdles: 1) Embassy Rangoon approval to raise the security cap, 2) Regime issuance of diplomatic visas, and 3) Regime approval of increased access granted to Rakhine state. USAID and Embassy Rangoon are prioritizing our request for a diplomatic visa for a USAID/BHA advisor at post, but the Regime to date has been unresponsive.

Target Completion Date: December 15, 2024

Appendix D. Major Contributors to This Report

Members of the audit team include:

- Esther Park, Audit Assistant Director

- Nofil Ehsan, Lead Auditor

- Clara Lee, Auditor

- Sally Pabello, Auditor

The audit team would also like to acknowledge contributions from Olalekan (Lincoln) Dada, Paul LaMancusa, Samuel Ludwig, and William Murphy.

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