



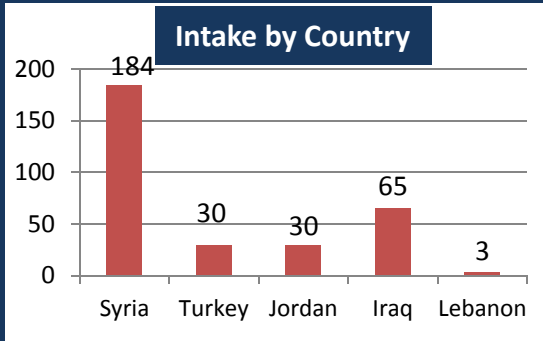
**USAID**  
FROM THE AMERICAN PEOPLE



# USAID/OIG Investigations Dashboard

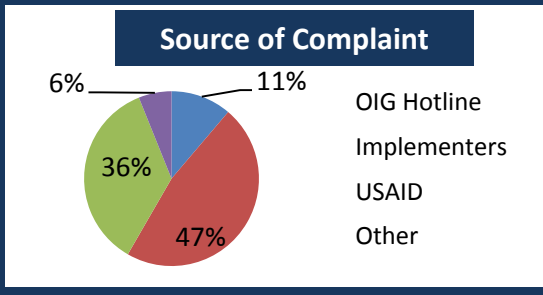
## Iraq-Syria Complex Crisis

January 2015 – September 2018  
Updated October 1, 2018



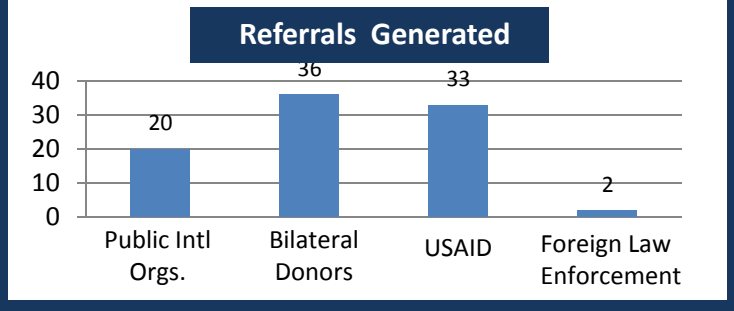
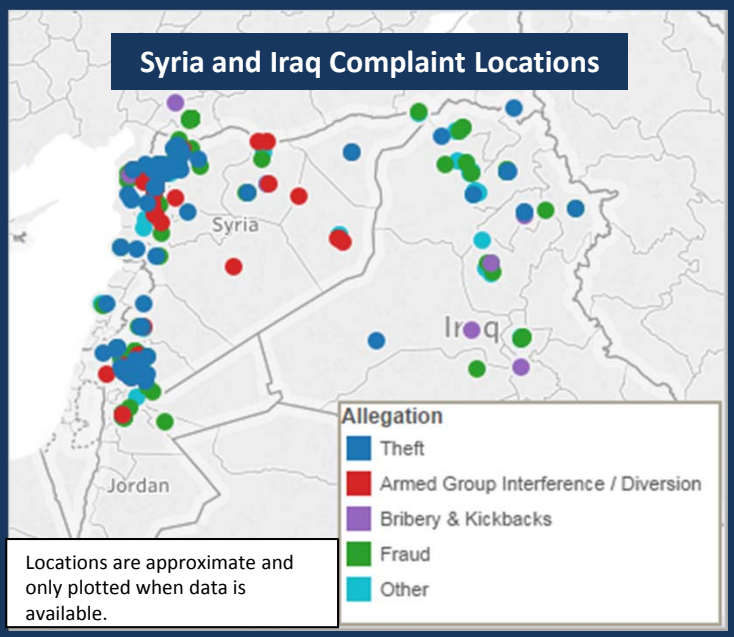
### Allegations

Allegation	Complaints	Open Cases
Fraud	124	18
Theft	72	1
Armed Group Involvement/ Diversion	51	4
Bribery/ Kickbacks	15	2
Other	50	2
<b>Total</b>	<b>312</b>	<b>27</b>



### Costs Avoided<sup>a</sup> from January 2018

# \$184,533,479



### Investigative Outcomes

Systemic Changes	21
Procurement Actions	10
Suspensions or Debarments	52
Personnel Actions <sup>b</sup>	52
Savings/ Recoveries	\$20,185,161
Arrests	0

### Fraud Awareness Briefings

Number of Briefings	77
Number of Attendees	2018

### USAID OIG Coordination

Joint Investigations	3
Syria Investigations Working Group Meetings	7
Lead IG Congressional Reports	14

<sup>a</sup> USAID funds that were obligated and subsequently preserved and made available for other uses, including instances in which substantial changes were made to the implementation of the project based upon an OIG referral. OIG began tracking these from January 2018. <sup>b</sup> Personnel Actions includes employee terminations and resignations

## Investigative Narratives

### **USAID OIG Briefs Senior USAID, State Department, and National Security Council Staff on Armed Group Diversions in Syria**

Since late 2017, OIG investigations have uncovered numerous instances of possible or confirmed diversions to armed groups in Idleb Governorate in northwestern Syria, including Ha'yat Tahrir Al-Sham (HTS), a designated Foreign Terrorist Organization. For example, one OIG investigation found that an NGO's employees knowingly diverted USAID-funded food kits to HTS by allowing the fighters to be included among program beneficiaries and submitting falsified beneficiary lists.

In August 2018, OIG referred its findings to USAID and briefed senior USAID officials on the risks of humanitarian assistance being diverted to armed groups in northwestern Syria. In response to the referral, USAID suspended the activities of one cross-border implementer in HTS-controlled areas of northwestern Syria, affecting approximately \$4.3 million in program funds. In August and September 2018, OIG briefed State Department officials, including Acting Assistant Secretary of State for the Bureau of Near Eastern Affairs David M. Satterfield and Special Presidential Envoy for the Global Coalition to Defeat ISIS Brett McGurk, and National Security Council staff on the information gathered thus far.

### **USAID OIG Ramps Up Fraud Awareness Outreach to Northeast Syria Programs**

OIG works proactively to provide fraud awareness briefings and literature, audiovisual aids, and advice on fraud prevention strategies to USAID personnel and employees of foreign assistance implementers supporting OIR. In July 2018, OIG hosted an Oversight Roundtable with over 130 key representatives from 54 different USAID humanitarian implementers to promote vigilance and rigor in prevention and response to fraud and corruption. The Roundtable provided attendees with an overview of how OIG provides oversight to USAID humanitarian operations, as well as how it collaborates with other donors and Public International Organizations to prevent fraud.

In response to USAID plans to increase stabilization programming in northeast Syria, OIG is ramping up fraud awareness outreach targeting programs and implementers in the region. In September 2018, OIG leadership and senior investigators traveled to Amman, Jordan to meet with the USAID stabilization team for Syria, as well as an NGO implementing a cross-border stabilization program. In September and October 2018, OIG investigators traveled to Baghdad and Erbil to meet with senior US and Iraqi officials and conduct fraud awareness outreach to USAID implementers, reaching 68 implementer staff. OIG also plans to deploy investigators to Raqqa, Syria in November 2018 to conduct fraud awareness briefings and other proactive fraud prevention efforts.

### **Two Individuals and Four Companies Debarred for Procurement Fraud Scheme in USAID Syria Cross-Border Program**

An OIG investigation substantiated allegations of fraud with an Office of U.S. Foreign Disaster Assistance (OFDA) Syria cross-border program. OIG found that the Syria cross-border implementer's logistics staff member and its pharmaceutical manager manipulated pharmaceutical tenders by sharing sensitive tender information with vendors that offered bribes, kickbacks, or gratuities. The owner of the vendors and the implementer's pharmaceutical manager set up two shell companies, Salboud Company and Yara Pharmacy, in an attempt to perpetrate a bid-rigging scheme. As a result of the investigation, USAID debarred the pharmaceutical manager, the owner of the vendors, and four companies affiliated with the two individuals (AlHmouz Pharmacy, Al Muzn for Medical Consumables, Salboud Company, and Yara Pharmacy) in September 2018.

### **USAID Suspends Implementer's Activities in Northwestern Syria Due to OIG Investigation**

In August 2018, USAID suspended a cross-border implementer's activities in Ha'yat Tahrir Al-Sham (HTS) controlled areas in northwestern Syria, due to a referral by USAID OIG regarding HTS interference with USAID-funded humanitarian programs there. USAID OIG's investigation revealed that HTS limited implementer monitoring and evaluations activities in the camp, impacting programming. This suspension of activities in northwestern Syria affected approximately \$4.3 million in USAID funds.

### **OIG Investigation Results in Two Staff Terminations, Three Resignations, Voluntary Suspension Of Portions Of The Program, And Systemic Changes Within The NGO**

An ongoing OIG investigation into diversion of USAID-funded commodities to terrorist groups in northwest Syria resulted in the NGO voluntarily suspending portions of its program and instituting 100% re-verification of beneficiaries in March 2018. Additionally, the NGO implemented new procedures in its flour distribution program in May 2018. The investigation revealed staff within the NGO who were affiliated or sympathetic to known terrorist groups; in June and July 2018, two were terminated and an additional three staff members resigned.

### **USAID Issues Bill of Collection for More Than \$600,000, Debars Three Individuals Following Investigation into NGO Fraud Ring**

An ongoing OIG investigation into bid rigging, collusion, bribery, and kickbacks between Turkish vendors and procurement staff from four non-governmental organizations (NGOs) in southeast Turkey resulted in USAID issuing a \$610,782 bill of collection in May 2018 to one of the NGOs whose employees perpetrated the scheme. USAID also debarred three individuals connected to the scheme in June 2018. The investigation has thus far uncovered evidence of Turkish vendors conspiring with procurement staff of USAID implementers that conducted cross-border humanitarian assistance programs for Syrian internally displaced persons.

These actions are in addition to previously reported investigative outcomes that include seven employee terminations, one employee suspension, five employee resignations, seventeen debarments of individuals and companies, thirteen systemic changes by USAID offices effecting award management, program oversight, internal processes, and fraud prevention efforts, and the suspension of \$239 million in program funds amongst the NGOs under investigation.

### **27 Individuals Fired After OIG Investigation Uncovered Diversion of USAID Commodities to a Designated Terrorist-Organization**

From March to May 2018, a USAID-funded NGO terminated the employment of 27 individuals after an ongoing OIG investigation found that the NGO's employees in Syria participated in a scheme in which USAID-funded food kits were diverted to a designated terrorist organization called Hay'at Tahrir AlSham (HTS) that operates in northern Syria. HTS is an offshoot of the al Qaeda-affiliated Jabhat Al Nusra. The employees allowed HTS fighters to be included among program beneficiaries and submitted falsified beneficiary lists to USAID to conceal the fighters' participation in the food assistance program. USAID previously suspended the \$44.6 million dollar program in February 2018 as a result of the investigation's findings.

### **USAID OIG Investigators Present Findings at Fifth Syria Investigations Working Group**

In May 2018, USAID OIG co-hosted the fifth meeting of the Syria Investigations Working Group with the United Nations (UN) World Food Programme (WFP) in Rome, Italy. Forty-one members from 18 bilateral donors and Public International Organizations, including the UN High Commissioner for Refugees, the United Kingdom Department for International Development (DFID), the Swedish International Development Cooperation Agency, the European Commission Anti-Fraud Office, and the UN Development Programme (UNDP). The working group is a platform to promote investigative cooperation and collaboration among agencies, promote improved information sharing, and provide in-depth education on topics such as material support to terrorist and armed groups and sexual exploitation and abuse impacting-cross border programs into Syria.

### **Joint OIG Investigation with UNDP Results in Nearly \$150 Million in Funding Put to Better Use and New Internal Controls to Protect Taxpayer Funds**

A joint OIG investigation with the UNDP Office of Audit and Investigation identified indications of fraud and corruption in an Iraqi stabilization project. In July 2017 the United States pledged \$150 million to the UNDP Iraq stabilization program but due to fraud allegations, it was placed on hold. The project assists Iraqis in returning to their communities that have been freed from occupation by the Islamic State of Iraq and the Levant. As a result of the investigation, USAID and UNDP agreed in January 2018 to include additional requirements to the funding that required strengthening its internal controls by expanding monitoring of stabilization activities; controlling information sharing on contract details; enhancing training and capacity building on fraud prevention; and establishing a full-time investigator focused on Iraq in order to prevent fraud.

### **USAID Debars Six Individuals and Companies for Procurement Violations in Syria Cross-Border Assistance Programs**

In July 2015, OIG received an allegation related to procurement fraud on a USAID-funded cross-border assistance program. The investigation substantiated the allegation, revealing that procurement staff accepted bribes to provide certain vendors with an unfair advantage. These vendors also provided sub-standard goods that fell below the quality specified in the contract. OIG also found that some implementer staff created fraudulent email accounts to compete for bids offered by the implementer. In January 2018, USAID debarred five individuals and companies, and in March 2018, debarred a sixth individual for his role in the scheme.

### **USAID OIG Investigators Present Findings at Fourth Syria Investigations Working Group**

In November 2017, USAID OIG attended the fourth meeting of the Syria Investigations Working Group in Glasgow, Scotland, hosted by the United Kingdom's DFID. The meeting was attended by investigators from eight UN agencies and four bilateral donors, along with the International Federation of the Red Cross and the Department of State OIG. Attendees exchanged information on ongoing investigations related to cross border programs into Syria and corruption affecting Iraqi stabilization programming. The meeting included briefings by USAID OIG, DFID, USAID's Office of U.S. Foreign Disaster Assistance (OFDA), Mercy Corps, and UNDP. USAID OIG investigators presented on their investigations related to corruption impacting Iraq stabilization programs and cross-border programs into Syria.

### **OIG Conducts Outreach in Baghdad and Erbil to Fight Fraud in Iraq Humanitarian Programs**

In FY17, USAID has provided more than \$361 million for the humanitarian response in Iraq, spread across the health; shelter; relief commodities; water, sanitation, and hygiene; protection; and food assistance sectors. To enhance oversight on USAID-funded humanitarian programs in Iraq, OIG investigators, analysts, and auditors conducted outreach to USAID staff and implementers in cities of Baghdad and Erbil in Iraq in September 2017. During the trip, the team met with US Embassy staff, including members of the USAID Disaster Assistance Response Team and USAID/Iraq staff managing USAID-funded stabilization programs, to develop a greater understanding of the Agency's programs and their vulnerability to fraud, waste, and abuse. OIG staff also reached out to representatives from public international organizations such as the World Health Organization (WHO) and UNDP, as well as USAID implementers. Beyond conducting **10** fraud awareness briefings to **289** participants from USAID and implementing partners, the team visited more than **11** implementer offices and warehouses, assessing the strength of their procurement and logistics systems and identifying potential areas of concern.

### **OIG Investigation Leads to Pre-Award Suspension, Scrutiny of a USAID Award Recipient's Procurement Procedures**

In September 2016, OIG received an allegation related to corruption and collusion by sub-contractors working on cross-border humanitarian assistance programs in Syria. These organizations were allegedly linked to an individual involved in manipulating procurement tenders by USAID-funded NGOs through the use of numerous companies. Due to findings uncovered during the investigation, OIG issued an interim referral to USAID's Office of Food for Peace (FFP). As a result, FFP delayed their \$13.5 million award to the prime implementer based on concerns about the implementer's procurement structures and their sub-contractor's warehouse practices and strongly advised against procuring under their pre-award letter, effectively halting program activities. The case is open and ongoing.

### **OIG Investigation into Fraud in Syria Cross-Border Program Results in Six Suspensions**

In March 2015, OIG received allegations of fraud and mismanagement against an OFDA sub-awardee. OIG found that the sub-awardee had not distributed aid products in southern Syria in accordance with the sub-award, but instead had another organization do the distribution. Despite the fact that the sub-awardee did not incur the planned expenses for the warehouse, transportation, or distribution, it falsified documentation and billed OFDA for the full cost of the project. In addition, in 2013, the sub-awardee falsified pay slips and charged USAID the salaries of employees working at a USAID funded hospital in Jordan although the employees had left the organization several months prior. In May 2017, USAID suspended the sub-awardee and five of its employees from doing business with the US Government.

### **USAID OIG Collaborates with Norway's Ministry of Foreign Affairs on Fraud Awareness Workshop**

In June 2017, USAID OIG special agents collaborated with Norway's Ministry of Foreign Affairs and provided a workshop on Fraud Awareness in the Syrian Humanitarian Context in Oslo, Norway. Fifty-seven attendees from various NGOs and bilateral donors learned about common fraud schemes, product substitution, procurement file reviews, and analysis of various case studies. Norway's State Secretary Tone Skogen provided the opening remarks for the workshop. USAID OIG special agents were invited given their expertise in this arena and provided presentations based upon their field experience working cases for D-ISIS Investigations Task Force.

### **OIG Investigation of Collusion Leads to Resignation**

In October 2015, USAID OIG investigated collusion between a USAID implementer's logistics staff members and a vendor that supplied goods for humanitarian assistance. During the investigation, OIG discovered that the implementer's logistics manager did not disclose previous conflicts of interest, specifically that his relative owned a vendor that had won tenders from a USAID implementer while he was still employed there. OIG shared their findings with his current employer, an NGO conducting cross-border operations. As a result of the investigation, the logistics manager resigned in April 2017.

### **USAID OIG Launches D-ISIS Investigative Task Force**

With the growing threat of ISIS in the Middle East and elsewhere, USAID has pivoted its efforts in the Operation Inherent Resolve (OIR) area of responsibility to reflect its critical role in countering and defeating ISIS (D-ISIS) through humanitarian and development programming. In parallel, the OIG established the D-ISIS Investigative Task Force in April 2017 to ensure oversight and prevent fraud, waste, and abuse in these operations.

The D-ISIS Investigative Task Force brings together OIG staff from across the divisions to expand our work on OIR matters and leverage a breadth of expertise available within and outside OIG. Members include USAID investigators, analysts, auditors, and managers based in Washington, DC; Cairo, Egypt; and Frankfurt, Germany, as well as State OIG investigators. In the coming months, the task force plans to co-locate its members in USAID OIG space to further bolster collaboration.

### **OIG Referral of Sub-Partner Management Issues Results in \$8 Million Reduction in Cross-Border Syria Program**

Between October 2015 and September 2016, USAID OIG received six complaints alleging fraud and false claims in several sub-awards of an Office of U.S. Foreign Disaster Assistance (OFDA) sub-awardee for a Syria cross-border program. The allegations included mismanagement in sub-partner-run clinics inside Syria, including theft and mismanagement of salaries paid to clinic staff and signature discrepancies across payment vouchers, timesheets, contracts, and sub-awardee monitoring forms. The sub-awardee visited the clinics and reported that one sub-partner did not monitor all salary disbursements due to lack of capacity and a desire to avoid responsibility for the salary payments. Upon a visit to a second sub-partner, the OFDA sub-awardee found that the sub-partner had “exactly the same” paperwork and salary management problems as the first organization it visited.

OIG referred these findings to OFDA. As a direct result of this referral, OFDA decided to reduce the sub-awardee’s award from \$18 million to \$10 million in February 2017, resulting in a savings of \$8 million to the United States Government.

### **OIG Investigation of Collusion Leads to Resignation**

In October 2015, USAID OIG investigated collusion between a USAID implementer’s logistics staff members and a vendor that supplied goods for humanitarian assistance. During the investigation, OIG discovered that the implementer’s logistics manager did not disclose previous conflicts of interest, specifically that his relative owned a vendor that had won tenders from a USAID implementer while he was still employed there. OIG shared their findings with his current employer, an NGO conducting cross-border operations. As a result of the investigation, the logistics manager resigned in April 2017.

### **USAID OIG Workshop Bolsters Fraud Prevention Awareness Among Syria Humanitarian Assistance Stakeholders**

In February 2017, USAID OIG hosted a Fraud Prevention and Awareness Workshop in Amman, Jordan that educated implementing partners and donors on the common fraud schemes that investigators have uncovered in Syria-related humanitarian programs. Workshop sessions ranged from fraud indicators and preventive measure for humanitarian aid programs. Over 150 individuals from more than 30 bilateral and multilateral donors, local and international NGOs, USAID and State implementing partners and sub-partners attended and exchanged ideas. Feedback from the workshop was very positive and OIG/I hopes to partner with other bilateral and multilateral donors to host similar workshops in the future.



### **Third In-Person Syria Investigation Working Group Meeting Held in Amman, Jordan**

Following the OIG-hosted fraud awareness workshop, USAID OIG attended the third in-person meeting of Syria Investigations Working Group (SIWG) in Amman, Jordan where representatives from oversight entities of bilateral donors and UN agencies exchanged information on OIG's investigations into fraud and abuse in Syrian cross-border programs. The working group began with remarks by USAID Inspector General Ann Calvaresi-Barr and the World Food Programme Inspector General and included case briefings by USAID OIG, Irish Aid, and the United Nations Development Program.

### **Second In-Person Syria Investigations Working Group Meeting Held in New York**

In August 2016, USAID OIG organized an in-person meeting of the SWIG, co-hosted by the United Nations Population Fund and the United Nations Development Programme in New York City. The meeting was attended by representatives from the oversight bodies of other bilateral donors and public international organizations (PIOs). The Working Group was greeted by remarks from the USAID OIG Deputy Inspector General and included case briefings from two USAID OIG special agents.

### **USAID OIG Inspector General Provides Congressional Testimony**

On July 14, 2016, Inspector General Ann Calvaresi-Barr testified before the House Foreign Affairs Committee's Subcommittee on the Middle East and North Africa alongside Thomas Melito, Director for International Affairs and Trade at the Government Accountability Office. The topic of the testimony was OIG's investigative work related to USAID's humanitarian assistance in Syria. Mrs. Calvaresi Barr discussed, among other things, the fact that OIG investigations have raised concerns about USAID implementers' fraud tracking and reporting practices, USAID's oversight of the implementers, and implementer logistics, quality control, and monitoring procedures.

### **USAID Cooperative Agreement Reduced by \$10.5 Million Due to Detected Fraud in Syria Cross-Border Program**

In March 2015, OIG received allegations of fraud and mismanagement against an Office of U.S. Foreign Disaster Assistance (OFDA) subawardee. OIG found that the subawardee had not distributed aid products in southern Syria in accordance with the subaward, but instead had another organization do the distribution. Despite the fact that the subawardee did not incur the planned expenses for the warehouse, transportation, or distribution, it billed OFDA for the full cost of the project. In July 2015, as the result of OIG investigative findings, OFDA reduced its overall planned funding by \$10.5 million to the prime implementer. The investigation into the prime implementer's management of the subawardee is ongoing.

### **Investigation Leads to Partial Termination of a USAID-Funded Syria Cross Border Program and a Savings of \$968,319**

An ongoing OIG investigation revealed systemic weaknesses on the part of an implementer in the procurement, storage, handling, transportation, and distribution of pharmaceuticals and medical supplies purchased for use in Syria. As part of the investigation, OIG personnel physically inspected materials on hand in several warehouses operated by the implementer, reviewed associated documentation, and interviewed key personnel. OIG shared its findings regarding these issues as well as procurement irregularities identified in the course of the ongoing investigation with USAID, which conducted a concurrent inspection of the warehouses and materials in question. In March 2016, USAID partially terminated the implementer's award for failing to comply with terms and conditions resulting in the implementer cancelling planned and approved procurement of additional pharmaceuticals valued at \$968,319.

### **OIG Investigations in Turkey and Jordan Result in Suspensions at OFDA Projects**

Two ongoing OIG investigations revealed possible product substitution, bribery and procurement fraud in USAID-funded non-food item (NFI) procurements conducted for the Syria cross-border program. One case currently involves multiple Office of Foreign Disaster Assistance (OFDA) funded projects in Turkey and the other includes one OFDA funded project in Jordan. As a result of preliminary investigative data OIG shared with USAID in December 2015, USAID suspended certain program activities carried out by the impacted implementing partners. USAID OIG also referred twenty-four entities to the USAID Suspension and Debarment Office for potential administrative action.

### **Syria Investigations Working Group**

In October 2015, USAID OIG founded the Syria Investigations Working Group (SIWG). The group consists of representatives within the investigative oversight bodies of the USAID OIG, the Department of State OIG, public international organizations (PIOs), and bilateral donors. The group shares investigative leads, coordinates oversight activities, and identifies trends in the region. OIG hosted the group's two teleconferences and, in February 2016, hosted an in-person meeting at the U.S. Mission to the United Nations in Geneva. Attendees included representatives of the oversight or investigative elements of USAID OIG and the Department of State OIG as well as several PIOs and bilateral donors.

### **OIG's Engagement and Advice Leads to \$106,000 in Savings and the Suspension of Two Turkish Entities**

OIG distributed a questionnaire to all OFDA and FFP implementing partners in Turkey and Iraq. OIG distributed the questionnaire to collect information from implementing partners possibly affected by collusion, product substitution, and bribery schemes identified during an ongoing investigation into vendors in Turkey. As a result of this questionnaire, a USAID implementing partner carried out additional oversight of its procurement activities and of a vendor, which was listed in the questionnaire. The implementing partner identified discrepancies in food baskets purchased for distribution in Syria and determined that the vendor fraudulently profited approximately \$106,000 by manipulating the contents of more than 55,000 food baskets. Because of the difficult operating environment within Syria, USAID OIG assumed an advisory role during the implementer's internal review. In March 2016, the implementer committed to not charging USAID for this amount and determined it would no longer work with the vendor. In addition, in March 2016, USAID suspended the vendor and its owner.

### **OIG Investigation of Food Assistance Program in Syria Results in Systemic Changes**

In 2015, OIG received numerous allegations that community representatives in southern Syria were selling flour provided by a USAID-funded program that had been intended for beneficiary consumption. In response to the allegations, the USAID implementer temporarily suspended flour shipments and implemented additional monitoring requirements. Subsequently, OIG met with USAID, the implementer, and subcontracted staff to discuss a plan forward. As a result, they all agreed to suspend flour distributions until the program was restructured by limiting flour distributions to bakeries.

### **USAID OIG Fraud Prevention and Compliance Handbook**

USAID OIG conducted an analytical initiative by evaluating programmatic, geospatial and criminal trends in USAID humanitarian programs responding to the Iraq Syria crisis. OIG undertook this initiative using complaint data, Geospatial Information System (GIS) software, implementing partner interviews, and investigative findings. From the analysis to date, OIG identified high risk behavior and best practices used by USAID partners responding to the humanitarian crisis in Syria and Iraq. USAID OIG conveyed these findings in a Fraud Prevention and Compliance Handbook for the USAID Disaster Assistance Response Team and implementing partners.