



UKRAINE RESPONSE – FRAUD AWARENESS

USAID OIG investigates fraud and corruption in U.S. funded foreign assistance programs. This document identifies red flags for potential fraud schemes that could compromise USAID's Ukraine response, and identifies mitigation steps that help detect and prevent these schemes.

RESPONSIBILITY TO REPORT FRAUD, CORRUPTION, AND ABUSE

- **USAID-funded NGOs, Contractors, and UN/Public International Organizations** must disclose allegations of **fraud** and **sexual exploitation & abuse**, in accordance with USAID's standard award provisions.
- **Individuals**, including aid workers and contractors, should report allegations of fraud, corruption, and abuse related to USAID-funded awards directly to OIG's hotline (ighotline@usaid.gov). U.S. law offers protections against retaliation for those who decide to come forward, no matter their nationality.

FRAUD AWARENESS AND MITIGATION

Red Flags	Mitigation Efforts
<p><u>Cash Assistance:</u> Sales of beneficiary cards; creation/advertisement of enrollment events requesting payments; enrollment of "ghost" beneficiaries; or enrollment of unvetted/unqualified beneficiaries.</p> <p>Cash-based transactions that rely on unlicensed Money Transfer Agents (MTA), black market exchanges, deal in Rubles, or do not have supporting documentation as required by regulation/policy.</p>	<p><i>When available, use biometric data to verify beneficiary identity; lock and password protect beneficiary lists before dissemination to the field; and ensure potential beneficiaries know what to expect in the process.</i></p> <p><i>Serialize vouchers and ensure security features (e.g., use copy-resistant watermarks and insist on regulated MTAs).</i></p>
<p><u>Diversion of Goods:</u> USAID-branded commodities appearing for sale in open markets or outside of response activities.</p>	<p><i>Encourage, and when possible, incentivize (through diplomatic efforts) tight warehouse/supply chain controls.</i></p>
<p><u>Procurement Fraud:</u> Conflicts of interest between project staff and local vendors (e.g., familiar relations with awardees) or similar bids from sub-awardees (e.g., the same two or three bidders rotating low bids).</p>	<p><i>Ensure as expansive a list of bidders as possible; maintain procurement records; consider whether bids are commercially reasonable; and ask clarifying questions.</i></p>
<p><u>Inflated Costs:</u> Invoicing costs that far exceed local market rates and the charging of multiple implementers for the same work.</p>	<p><i>Review charges with local experts and communicate with other program implementers in the field.</i></p>
<p><u>Sexual Exploitation and Abuse/Trafficking:</u> Receipt of humanitarian assistance (including extra assistance) conditioned on sexual acts, forced labor, or prostitution of beneficiaries.</p>	<p><i>Report SEA or trafficking allegations immediately to both USAID and OIG, while ensuring the safety of beneficiaries and survivors.</i></p>
<p><u>Email Compromise Schemes:</u> Third parties seeking to divert electronic funds to false bank accounts.</p>	<p><i>Ensure any request to change bank accounts is telephonically verified with a trusted individual for the payee.</i></p>

HOW TO REPORT FRAUD, CORRUPTION, AND ABUSE

To report suspected fraud, corruption, and abuse, go to <https://oig.usaid.gov/report-fraud> or email ighotline@usaid.gov