



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

**Remarks as Prepared for Delivery by USAID Acting Deputy Inspector General
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**The World Bank Group Annual Meetings
Group Internal Audit Side Event on
“Assurance During Times of Heightened Risk, Uncertainty, and Change”
October 13, 2022**

Good afternoon, everyone. Thank you very much, Anke and your talented team at the World Bank Group Internal Audit for inviting me to speak today. I appreciate you convening this esteemed audience of oversight professionals on the sidelines of the Bank meetings this week. What a terrific idea. The timing could not be better.

It's good to see several familiar faces in the audience today, including Inspector General Lambert from the World Food Programme who I had the pleasure of meeting with on Tuesday. I look forward to both renewing relationships with many of you and building new ones with those of you I have not met.

To tell you a little bit about my office, USAID's Office of Inspector General, we are one of approximately 74 U.S. Federal Inspectors General responsible for providing independent oversight of the U.S. Federal executive branch agencies. Most OIGs have an audit function, which often include inspections and evaluations, and an investigative function. Most of the investigators have statutory law enforcement authority.

What makes USAID OIG unique is our global footprint and our oversight mandate over four U.S. agencies. We have auditors and investigators across 9 international field offices, including regional hubs in Africa, Asia, Europe, and Latin America. We oversee not only the U.S. Agency for International Development, but also the Millennium Challenge Corporation, U.S. African Development Foundation, Inter-American Foundation.

Most IGs of a certain size, including USAID OIG, are appointed by the President of the United States and confirmed by the U.S. Senate. Once confirmed, that IG can only be removed by the President, which is rare. This prevents IGs from being subject to the whims or edicts of the head of the agency, which would create constraints to producing independent oversight without political interference.

We have productive and collaborative relationships with the leadership of each Agency we oversee, and they recognize the importance of our function. Nothing is more important to an OIG than its independence and objectivity, and this principle is sacrosanct to establishing trust with its stakeholders—including Congress and the American people.

So, here we are nearing the end of 2022, where I feel especially grateful, and eager, for in-person gatherings like this, following countless virtual meetings due to the pandemic that sent shockwaves across the globe and hampered our abilities to carry out the precise degree of oversight expected of us.

But, as we emerge from what we hope is the worst stages of the pandemic, the challenges requiring the attention of those in our line of work continue to mount. It's not a normal time. So this afternoon, I want to talk as plainly as I can about the challenges we face:

- According to UN OCHA, in 2022, 274 million people needed humanitarian assistance and protection - an increase from 235 million people in 2021.
- Across the globe, approximately 811 million people are undernourished, and famine-like conditions remain a real threat in 43 countries.
- At the same time, the world risks becoming more authoritarian as dictatorships, both old and new, brazenly carry out their repression in view of television cameras and social media. We see more and more democratic governments backsliding by restricting free speech and weakening the rule of law.
- According to the International Institute for Democracy and Electoral Assistance, over 25% of the world's population now lives under democratically backsliding governments, including those in some of the world's largest democracies.

These challenges underscore the importance of bilateral and multilateral donors responding, as a global community, through innovative programming and generous funding in an increasingly complex landscape. The stakes are high. So at a minimum, we should expect that donors will look to their oversight bodies to position themselves for success at the outset of significant new programming.

I am a core believer in the White House's 2021 guidance stating that collaboration between a U.S. government agency and its Office of Inspector General should occur on the front end of new or expanded programs. This, and I quote, "ensures expertise is brought to bear to ensure programs are constructed in ways that strike the balance right between efficient results, equitable access, and program integrity, including minimal waste, fraud, and abuse."

And this is where we as the oversight arms of these donors, development agencies, and multilateral banks must lean in more than ever to the critical oversight that is expected of us. All of us have heard from "the business" side of our organizations about the need to "get the money out the door" or put more formally, effectuate and execute funding expeditiously.

However, we know that in executing programming, robust and collaborative oversight is vital to the success of these programs. It is imperative for our oversight to determine whether programs achieve their intended purpose, that metrics are tracked and met, that funds reach their intended beneficiaries, and that adequate safeguards and controls exist to prevent fraud, waste, corruption, or sexual exploitation and abuse.

As I often say, as oversight professionals, we are not out there to play “gotcha” or to nitpick at the edges of USAID’s programs. Earlier this week, I was speaking to WFP IG Fabienne Lambert about oversight, and she said that IGs should strive to be agents of change. I couldn’t agree more. We want humanitarian and development programming to succeed, and we must point out successes *in addition* to our identification of deficiencies to truly be effective.

The word “auditor” is derived from Latin and means to hear or listen. So, simply put, we first have to listen and understand the Agency’s mission, its priorities, how it operates and its biggest challenges. Only then can we identify opportunities to add value by applying our trade to drive solutions or to provide reasonable assurance that the Agency’s programs are reaching those in need, and their internal operations are sound.

USAID has developed its risk appetite statement providing broad guidance on the level and type of risk that the Agency is willing to accept to achieve its mission and objectives. Further, USAID’s Anti-Corruption Task Force has committed to identifying and mitigating corruption risks within USAID’s programs, policies, and practices.

OIG recently identified and communicated to the Task Force a vulnerability in the Agency’s ability to safeguard its programming from influence by corrupt actors and recommended that the Agency’s pre-award certifications capture information detailing whether prospective award recipients have engaged with actors sanctioned by the U.S. for corrupt activity. This is one recent example of OIG working to help strengthen the Agency’s ability to safeguard its programming.

Bottom line - the continued appetite for funding foreign aid programs relies in large part on a perception that money is being used for its intended purpose with adequate internal controls and safeguards in place to mitigate risk, especially in high-risk and non-permissive environments.

In my view, nowhere is oversight more critical than in programming to support Ukraine as it reels from the catastrophic effects of Russia’s invasion. Oversight of USAID’s Ukraine response is my office’s most pressing priority and is of utmost importance to lawmakers in the U.S. Congress.

Just last month, Congress passed legislation requiring my office to detail and assess the latest \$4.5 billion U.S. dollars in funding for direct financial support to the Government of Ukraine, which now totals \$13 billion. And we are consistently called upon to brief various Congressional offices who are eager to know who is “watching the money,” if USAID is administering appropriated funds in accordance with legislation, and if USAID is sufficiently staffed to rapidly execute the billions of dollars in Ukraine supplemental appropriations.

The overall goal of our Ukraine oversight plan is to conduct work that meets the moment and is issued at the outset of significant new programming.

In issuing our initial Ukraine oversight products, we have drawn from lessons learned from audits and investigations in conflict zones such as Syria, Yemen, Afghanistan, and Iraq, and using this prior work to identify anticipated challenges in delivering aid to Ukraine.

I believe that the success and relevance of our Ukraine oversight work depends on the following principles:

- 1. Establishing an Oversight Presence on the Ground.** We cannot effectively oversee Ukraine programming from our headquarters in DC. We need to be close to the action, where programming is occurring and funds are flowing, to conduct the most effective investigative and audit work. This will allow us to engage with key stakeholders in USAID's response effort to obtain information in real-time that is relevant to our work—and travel locally to assess programming and respond to allegations of fraud, corruption, and abuse.
 - In July, one of our senior investigators travelled to Rzeszow, Poland, to form key connections on-the-ground with other U.S. law enforcement, World Bank investigators, and Ukrainian anti-corruption officials.
 - Recently, I led a delegation alongside State OIG to Poland and the Ukraine border for meetings with key USAID, UN, NGO, and Ukrainian representatives, providing insights into the many challenges that USAID and global donors face in administering humanitarian and military programming there.
 - We are actively working to expand our presence in the region with a combination of long-term and short-term assignments to Poland, and Ukraine.

- 2. Issuance of Timely and Relevant Oversight Work.** We will continue to produce near, medium, and long-term oversight work on Ukraine. We are agile and able to respond to rapidly changing events on the ground. We have auditors and investigators in our regional office in Frankfurt and will use our staff & resources in Washington to support this work.
 - We are already planning performance and financial audits to inform both Congress and USAID of risks, vulnerabilities, and inefficiencies in Ukraine programs.
 - Our first performance audit is examining (1) the extent to which USAID assessed grantees' and contractors' past performance and capacity before modifying existing development awards affected by Russia's invasion and (2) the extent to which modified activities support strategies that advance recovery and reconstruction goals in Ukraine.
 - We will continue to issue a variety of timely products to meet our stakeholders' needs—including advisories, snapshots, evaluations, inspections, audits, and Fraud Alerts. Utilizing all of these tools allows us the flexibility to be responsive to the most pressing concerns and issues. We already issued an Advisory to USAID Administrator Samantha Power, identifying key risks that USAID should address in its Ukraine programming that we based on our prior work in humanitarian settings. We produced a Fraud Schemes Alert in English and Ukrainian for NGOs to reference in detecting and deterring fraud.

3. **Collaboration with Domestic and International Partners.** We work hand-in-hand with the OIGs for the U.S. Departments of Defense and State to coordinate efforts, share information, and deconflict work. We meet nearly weekly and at least once a month officially as part of a Ukraine Oversight Working Group to streamline this coordination. We plan to leverage existing information-sharing agreements, relationships, and formal coordination structures with U.S., bilateral, and multilateral organizations to ensure that we are maximizing our oversight efforts and identifying risks and issues of concern in a timely manner.
4. **Outreach efforts.** Through proactive outreach efforts, we share our expertise in combatting corruption in foreign assistance programs with both USAID and the international aid sector. We regularly engage with senior officials from NGOs and UN organizations, but also with local staff to emphasize their responsibility to report allegations in which U.S. aid has been compromised or beneficiaries abused.

While these principles will help drive the success and relevance of our oversight, I'm also very aware of the biggest risks compromising the U.S. government's humanitarian and development aid to Ukraine, including:

- **Procurement Fraud:** Our work on USAID's response to the crisis in Syria illustrates risks to USAID-funded procurements. We pursued criminals and major international NGOs that defrauded USAID humanitarian programs, through bid-rigging, bribery, and kickback schemes, which resulted in substandard humanitarian goods for displaced Syrians and grossly inflated invoices passed back to American taxpayers.
- **Cash Assistance Fraud:** USAID plans to provide a significant portion of its humanitarian aid to Ukrainians through direct cash assistance for the purchase of food, household items, shelter, safe drinking water, and other supplies through local markets. Cash assistance comes with inherent risks because it is highly fungible and difficult to track.
- **Sexual Exploitation and Abuse and Human Trafficking:** The U.N. estimates that women and children comprise over 90 percent of the population fleeing Ukraine. This vulnerable population experiences elevated risk of SEA by aid workers. In Ukraine, it is important that USAID and every donor utilize all mechanisms to prevent and deter SEA, and hold perpetrators accountable.
- **Lack of Oversight/Monitoring:** We are eager to see how USAID responds to inherent challenges in monitoring its Ukraine programs, particularly in the nonpermissive conflict zones. We will assess controls that USAID has in place to ensure the integrity over funds transmitted to the Government of Ukraine for direct budgetary support, via the World Bank's Multi-Donor Trust Fund. Our recent MOU with World Bank Group Internal Audit will further our own oversight in this area.

Given the often complex and comingled vehicles effectuating this funding, the level of oversight efforts expected by our stakeholders necessitates fostering deep, collaborative relationships

with each other. The relationships, either through formalized information-sharing MOUs or through more informal means, can yield great dividends, from both an audit and investigative standpoint. In fact, these relationships:

- (1) help avoid duplicative work;
- (2) provide assurances on internal controls that multilateral organizations and development banks have in place over donor funding;
- (3) create channels of knowledge and information exchanges to inform the parties' respective independent audit work; and
- (4) provide direct points of contact to help resolve tricky issues in the transfer of information, such as international data privacy laws.
- (5) allow us to learn from one another and share and adopt best practices.

To date, we have MOUs in place with UN, bilateral, and public international organizations, including UNHCR, World Food Programme OIG, the World Bank Integrity Vice President, Gavi – the vaccine alliance, the Inter-American Development Bank, the World Health Organization, the Global Fund, and the European Anti-Fraud Office, to name just a few. And of course, the MOU that we signed with Anke's office just last month.

Over the years, we've witnessed first-hand how collaboration across oversight arms of UN agencies, multilateral development banks, and bilateral donors works in practice. Later this month, delegates from 25 countries and UN agency oversight bodies will gather in The Hague for the annual Complex Emergencies Working Group meeting. We started the group, formerly known as the Syria Investigations Working Group in 2015, offering channels to share the most sensitive information regarding criminal activity and sexual exploitation and abuse affecting the international community's Syria response. The relationships formed during these annual meetings led to the execution of numerous MOUs, joint work investigating criminal activity compromising multi-donor funds for Syria, best practices, and exchanges of local contacts for conducting investigations in other complex emergencies such as Yemen, Ethiopia, Iraq, and now Ukraine.

But let me emphasize, these relationships and MOUs should in no way be limited to investigators. Our respective audit functions have much to learn from one another and much to share. Together, we can give new meaning to oversight and take it to a better place. Let us commit to broadening these relationships moving forward, to provide enhanced oversight over vital international aid and development programs. The increasingly complex challenges facing the world in this late-pandemic environment demand nothing less.

Thank you again for the opportunity to address you today and I look forward to the many opportunities to collaborate in furtherance of our important oversight missions.