



Conflicts of Interest in USAID's Ukraine Response

USAID OIG investigates fraud, corruption, and other misconduct affecting U.S.-funded foreign assistance programs. This document highlights a fraud risk that was recently detected in USAID's Ukraine response and identifies steps that grantees and contractors can take to mitigate the risk of conflicts of interest.

Detecting and Reporting Conflicts of Interest

Conflicts of interest in USAID awards can erode public trust in the integrity of foreign aid programs and lead to corruption and other criminal activity affecting taxpayer dollars. Implementing and executing policies designed to minimize conflicts of interest in USAID grants and contracts can help identify and mitigate these risks. We received the following reports concerning undisclosed conflicts of interest involving USAID-funded organizations operating in Ukraine.

Example 1: Missing Conflict of Interest Policy

A USAID prime awardee, executing a Multipurpose Cash Assistance program, discovered that an employee of a subawardee was simultaneously a registered beneficiary of the program and tasked with confirming beneficiary eligibility. The prime awardee reported the matter to OIG, which determined that the subawardee did not have a conflict of interest policy in place to prevent an employee from participating in administered programs as beneficiaries.

Example 2: Unreported Personal Relationship Between Procurement Staff and Bidder

A USAID prime awardee determined that a subawardee's procurement official had an unreported ongoing personal relationship with a bidder. Upon discovery, the bidder was disqualified, and the procurement official was retrained by the subawardee on handling conflicts of interest and reporting potential conflicts.

Example 3: Awardee Employee Working for a Subawardee

A USAID prime awardee identified an unreported conflict of interest when it found an employee responsible for quality control of a subawardee was also working for that subawardee. After identifying this conflict, the prime awardee prohibited the conflicted employee from any further contact with the subawardee and issued the subawardee a written warning.

Detection: Each of these examples were detected by USAID awardees performing due diligence and oversight of subawardee activities. This oversight included reviewing beneficiary lists and comparing them to employee lists, reviewing rosters of subawardee and vendor staff and personnel, and conducting regular site visits and inspections of awardee and subawardee activities.

Mitigation: Consistent with their award agreements, USAID awardees should consider taking the following actions.

1. Ensuring effective conflict of interest policies are in place and that all employees are trained on reporting conflicts and other misconduct to appropriate parties, including USAID OIG.
2. Conducting due diligence reviews of beneficiary lists, staff rosters, and other documents that could indicate potential unreported conflict of interest issues.
3. Conducting regular site visits and inspections of awardee and subawardee activities.
4. Contacting OIG at OIGLegAffairs@usaid.gov to request Fraud Awareness Briefings for all USAID, awardee, and subawardee staff.

**Report suspected fraud, corruption, or other
serious misconduct to our Hotline**
<https://oig.usaid.gov/report-fraud>

