



MEMORANDUM

DATE: February 25, 2025

SUBJECT: The Office of Inspector General's Aggressive Approach to Combating Fraud, Corruption, Diversion, and Inefficiencies in U.S.-Funded Foreign Aid Programs

*"Over the past year, USAID's Office of Inspector General (OIG) has served as a **lone voice of internal concern over USAID's funding systems**, warning about the failure of current procedures to identify awardees' links to violent extremism, obfuscation by foreign NGOs and UN agencies, and the clear risk of abuse of the vetting and funding systems by 'armed groups.'"*

– Middle East Forum Report, "[Terror Finance at the State Department and USAID](#)," February 1, 2025

OIG provides timely insight on shortcomings and vulnerabilities within American foreign assistance programs while working to combat fraud, corruption, and diversion of aid to terrorist and transnational criminal organizations. Currently, we have more than 500 complaints; 65 preliminary investigations; and 155 ongoing criminal, civil, and administrative investigations into fraud affecting taxpayer-funded aid programs. This includes 13 whistleblower reprisal investigations, 50 investigations jacketed with the Department of Justice, and 25 entities with active indictments.

OIG Proactively Flagged Concerns to the New Administration on Historical Challenges to Promoting Accountability in Foreign Aid Programs and Identified Potential Fixes

On January 23, OIG issued a [memorandum](#) to USAID's new leadership identifying vulnerabilities and challenges that we believe hinder accountability and transparency within foreign assistance programs, including the following:

- Resistance from United Nations (UN) agencies and foreign-based nongovernmental organizations (NGOs) to sharing information with OIG about potential misconduct
- Limitations on the vetting of aid organizations for ties to designated terrorist organizations and known corrupt actors
- Limitations in obtaining data about USAID-funded subawardees

The memorandum listed several potential fixes to address these longstanding risks that OIG identified for previous administrations.

OIG’s Work to Prevent Fraud, Corruption, and Diversion of Aid to Foreign Terrorist Organizations

- On February 3, the White House issued a memorandum titled “At USAID, Fraud and Abuse Runs Deep.” This memo cited several criminal and civil cases that OIG has successfully prosecuted or is actively working on, including the following:
 - [Helping Hands Relief and Development](#): allegations that USAID funded a terrorist-linked nonprofit
 - [EcoHealth](#): allegations into fraud within USAID programming involving the Wuhan Institute of Virology
 - [Syrian Terrorist Diversion Case](#): indictment of an NGO worker that diverted over \$9 million in U.S.-funded humanitarian aid in Syria to a terrorist organization

OIG has partnered with the Department of Justice to conduct investigative work that has resulted in NGOs being held accountable for concealing support to Hamas, Hezbollah, the Popular Front for the Liberation of Palestine, and other terrorist organizations. Read more [here](#).

OIG’s Work to Flag Major Challenges in Oversight of Aid Through UN Agencies

OIG has persistently flagged major challenges in oversight of American foreign aid funded through the UN and other international organizations.

- These challenges include UN agencies’ refusal to share information and cooperate with OIG special agents investigating fraud and corruption in U.S.-funded programs.
- In a recent trip to Israel, OIG investigators met with Israeli officials to further efforts to ensure that the United States does not inadvertently fund the salaries of Hamas members (including current and former United Nations Relief and Works Agency [UNRWA] staff moonlighting as aid workers).
- OIG’s investigative efforts led to the debarment of a dozen World Health Organization (WHO) employees determined to have sexually assaulted patients and job applicants during WHO’s Ebola prevention efforts in the Democratic Republic of the Congo.

OIG’s Work to Identify Critical Issues in Agency Operations

OIG’s Office of Audits, Inspections, and Evaluations plays a pivotal role in bringing issues affecting American foreign aid to USAID’s attention, including the following:

- [Weaknesses in the use of third-party monitoring](#)
- [Inefficiencies in the distribution of humanitarian assistance](#)

- [Concerns regarding the management and oversight of awards](#)
- [Shortcomings in workforce planning and human capital management](#)
- [Inconsistent application of UN oversight provisions](#)
- [Risks to foreign assistance programming in nonpermissive environments, such as Ukraine](#)

In these and other reports, OIG has made dozens of recommendations to improve the efficiency, effectiveness, and efficacy of the Agency's efforts to deliver foreign aid.

Please visit OIG's [website](#) and read our [Top Management Challenges for Fiscal Year 2025](#) to learn more about our recent work combating fraud and identifying challenges affecting foreign aid.