



OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

MEMORANDUM

Date: May 13, 2025

Subject: USAID OIG's Additional Observations on Challenges to Oversight and Accountability Over Foreign Assistance as a Whole

Summary

For over 4 decades, the USAID Office of Inspector General (OIG) has provided independent oversight of USAID's personnel, programs, and activities. This memorandum identifies several key issues and provides potential solutions for improving accountability over U.S. foreign assistance. Our goal is to ensure that the same vulnerabilities that have led to fraud, corruption, and diversion in the past are not repeated.

The issues featured in this memorandum include:

1. Resistance from UN agencies and foreign-based NGOs to sharing information about potential misconduct with OIG;
2. Challenges with monitoring aid in nonpermissive environments;
3. Limitations in vetting of aid organizations for ties to designated terrorist organizations and known corrupt actors; and
4. Improving transparency in funding to subrecipients.

We discuss each issue in turn.

I. Resistance from UN agencies and foreign-based NGOs to sharing information about potential misconduct with OIG

A. Lack of Self-Reporting by USAID-funded UN agencies

The U.S. government funds billions of dollars in humanitarian assistance and development programming through UN agencies across the globe, often in nonpermissive environments such as Gaza, Ukraine, Sudan, Syria, and Haiti. In fiscal year 2024, approximately 25 percent (\$8 billion) of USAID's programming was funded through public international organizations (PIOs), which primarily consist of UN agencies and multilateral development banks. Given the complex emergency environments in which this aid is provided, USAID relies on timely self-reporting by award recipients of *potential* misconduct affecting programming, a requirement that does not currently exist for Department of State-funded UN awards. USAID's contractually required self-reporting, also known as "mandatory disclosures," is intended to allow OIG to promptly use its investigative resources and expertise to address allegations of fraud, sexual exploitation and abuse, corruption, diversion, and other malfeasance.

USAID's standard provisions for cost-type agreements¹ with UN agencies require award recipients to notify OIG about credible allegations of prohibited conduct,² including sexual exploitation and abuse (SEA).³ Despite these obligations, direct reporting to OIG from UN agencies is sparse and at times significantly delayed, if not altogether absent. In September 2024, we issued an [alert](#) documenting the number of disclosures of potential misconduct transmitted by USAID-funded UN agencies to OIG; such disclosures are required in the agencies' award agreements. For example, between October 2019 and June 2024, the World Food Programme (WFP), a USAID-funded UN agency, disclosed 29 instances of potential misconduct directly to OIG. In contrast, WFP disclosed 519 instances of potential misconduct to USAID during the same period. These discrepancies (or, even more problematic, a lack of reporting altogether) reflect noncompliance with USAID's standard award provisions. As a result, OIG often has to wait for USAID to transmit the allegations to us, delaying our ability to initiate critical initial investigative steps such as preserving evidence and obtaining witness testimony.⁴ Still, these requirements for UN reporting of misconduct allegations are stronger than those existing at agencies such as the Department of State, which also uses the UN to implement certain foreign assistance programs.

Potential Solution: To enhance the United States' capacity to respond quickly to allegations of misconduct, funding agencies should ensure there is no discrepancy or ambiguity in the requirement that UN agencies promptly report allegations of fraud or sexual exploitation and abuse directly to U.S. oversight agencies.

B. Failure of UN Agencies to Share Investigative Information With OIG Investigators and § 7048(h) in the 2024 Consolidated Appropriations Act

We have long encountered significant delays or outright refusal by UN agencies to provide requested investigative information to OIG's special agents. OIG has clear legal and contractual authority to compel information from a USAID-funded NGO or contractor. However, such authority is much more limited with respect to the UN. The primary rationale offered by the

¹ [Most](#) agreements with PIOs are made through cost-type awards.

² "When the [award] recipient becomes aware of credible allegations of prohibited conduct, the recipient will promptly inform the USAID Office of the Inspector General...upon reasonable request, the recipient agrees to provide further available relevant information, unless disclosure of such information would be inconsistent with the recipient's rules and procedures concerning disclosure of information." USAID, *Automated Directives System (ADS)*, 308mab M.17(b); ADS 308mab M.17(e).

³ "The [award] recipient will promptly inform USAID's Office of Inspector General (OIG) of allegations of SEA credible enough to warrant an investigation, in cases that: (i) are directly related to the activities funded by [the] agreement; or (ii) in the recipient's view, would have a significant impact on the partnership between the recipient and USAID or the U.S. Government...Upon request from USAID or USAID's OIG, the recipient agrees to provide further available, relevant information for allegations...unless disclosure of such information would be inconsistent with the recipient's rules and procedures concerning disclosure of information. ADS 308mab M.19(b). See also ADS 308mab M.19-Alt (b).

⁴ OIG has identified other vulnerabilities in USAID's oversight of PIOs, including its [failure to employ established mechanisms](#) to ensure that a PIO is capable of safeguarding USAID funding.

UN for declining to cooperate with OIG's information requests is that doing so would affect the UN agency's "privileges and immunities."⁵

OIG disputes the assertion that the UN's "privileges and immunities" serves as a valid rationale for not sharing information about misuse or abuse of USAID-funding. We believe UN agencies invocation of "privileges and immunities" is premature in the factfinding investigative stage, as the information requested by OIG special agents is not connected to a current U.S.-based prosecution. Instead, we ask for information so we can determine if any enforcement action is necessary. To this end, we signed a formal agreement with one UN agency clarifying that sharing information with us will not waive the agency's subsequent ability to assert privileges and immunities to U.S. prosecutorial bodies such as the Department of Justice. Even with such an agreement, obtaining information from UN agencies remains a significantly protracted undertaking, delaying OIG's ability to investigate allegations of fraud, sexual abuse, and other matters such as:

1. Concerns that United Nations Relief and Works Agency (UNRWA) employees believed to be associated with Hamas and/or implicated in the October 7 terrorist attacks may recirculate to other U.S.-funded organizations;
2. Concerns that WFP staff may be involved in food diversion schemes in Ethiopia;
3. Allegations that the UN Office for the Coordination of Humanitarian Affairs employed a senior official accused of sexual assault to lead humanitarian efforts in Ukraine; and
4. Mismanagement within USAID-funded humanitarian assistance programming in Yemen.⁶

To help address this shortcoming, OIG stands ready to support timely implementation of § 7048(h) in the 2024 Consolidated Appropriations Act, which states that:

Not later than 30 days after the date of enactment of this Act, the Secretary of State, in coordination with the Administrator of the United States Agency for International Development, shall seek to enter into written agreements with each international organization that receives funding appropriated by this Act to provide timely access to the Inspectors General of the Department of State and the United States Agency for International Development and the Comptroller General of the United States to such organization's financial data and other

⁵ The UN Convention on Privileges and Immunities (frequently referred to as the General Convention) grants the UN and its employees "immunity from legal process; provides that its premises, property, and assets shall be immune from confiscation or any other form of interference; and permits the UN freely to hold, transfer, and convert its funds." Article II, § 4, of the General Convention provides that the "archives of the United Nations, and in general all documents belonging to it or held by it, shall be inviolable wherever located." This section specifically extends protection to files, documents, and papers, including electronic documents, held by the UN.

⁶ The following are challenges we have faced involving seven different investigative matters where we sought specific information from four different UN agencies: The shortest amount of time it took any of those four UN agencies to provide information to OIG was 6 months, and OIG was first required to sign an memorandum of understanding and travel to Geneva before being allowed to read a copy of that UN agency's report. The longest amount of response time currently exceeds 2 years. In one case, the UN agency declined to cooperate altogether, citing that its internal processes preclude disclosure of information (that was pertinent to a USAID award). In another case, two UN organizations cannot agree which entity has authority to release the needed information. OIG engaged the U.S. Mission to the United Nations in an attempt to gain access to the information. In the other instances, the UN agencies took 12 and 18 months respectively to respond to OIG's requests.

information, including investigative records and reports of sexual misconduct, relevant to United States contributions to such organization, as determined by the Inspectors and Comptroller General.⁷

In 2024, USAID and the State Department initiated concerted efforts, in which OIG was involved, to implement these agreements with the UN. However, USAID and the State Department have not finalized their approach or entered into written agreements with UN and other international organizations.

The Inspectors General of USAID, State, and the Government Accountability Office proposed the following draft language for USAID-specific awards:

As a material provision of this award [or agreement], the USAID [or if State funded, Department of State] Office of Inspector General (USAID OIG) and the U.S. Government Accountability Office (GAO) are to be granted timely access to documents, data, systems, and personnel in the possession, custody, or control of [the PIO recipient], that are related to the receipt or administration of U.S. assistance under this award [or agreement]. This includes information related to allegations of misconduct involving U.S. assistance. The [PIO recipient] must also provide or facilitate access to documents, data, systems, and personnel for all sub-recipients, deemed necessary for review by the requesting oversight body.

This access is in furtherance of [OIG's] statutory mandate under United States law to provide independent oversight of USAID's programs, operations, and personnel and in furtherance of GAO's statutory mandate to oversee the use of United States public funds. Failure to provide USAID OIG or GAO with prompt access to records requested shall subject the recipient to enforcement remedies which include, but are not limited to, cancellation, rescission, or recovery of funds.

This language, if incorporated into the written agreements required by § 7048, will support U.S. oversight bodies' ability to obtain information they need from international organizations to further critical oversight over American taxpayer dollars.

Potential Solution: Finalize and implement § 7048(h) language.

C. Recirculation of Problematic UN Staff Throughout the Aid Sector

OIG's need for expansive authority to investigate fraud and misconduct involving U.S.-funded UN programming is exacerbated by a lack of standard policies and systems to prevent employees terminated for misconduct from circulating to other UN agencies.⁸ While the UN's

⁷ Further Consolidated Appropriations Act, 2024, Pub. L. No. 118-47, tit. VII, § 7048(h), 138 Stat. 829 (March 23, 2024).

⁸ This challenge is compounded because USAID exempts UN organizations from placing their staff through USAID's partner vetting process, which is required of NGOs and contractors. In July 2024, we [reported](#) that the lack of U.S. government partner vetting for UN agency personnel creates risks to USAID's programs in Gaza.

[Clear Check system](#) exists to serve this type of vetting purpose, it is [limited](#) to employees terminated due to findings of sexual exploitation and abuse/harassment. Thus, if (for example) WFP terminates an employee for fraud or corruption, that individual will not show up in a centralized database where another UN agency could check their status. While the UN is [attempting to expand Clear Check](#) to include broader misconduct, it remains a work in progress. Moreover, it is unclear whether the UN's "One HR" database would capture adverse information during a background check of an applicant employed in another UN position. It is therefore critical for UN agencies to share with OIG information about individuals who have been terminated for any misconduct.

[Recently](#), OIG independently found evidence connecting three current or former UNRWA employees to the October 7 terror attacks and affiliating 14 other current or former UNRWA employees with Hamas. The UN Office of Internal Oversight Services (OIOS) gave OIG an opportunity to review the report of its independent investigation into UNRWA staff involvement in the October 7 attacks; however, OIOS sanitized the names of subjects, rendering the report unusable for our purposes. Additionally, in 2023, officials at the World Health Organization (WHO) were found to have sexually assaulted women and girls while performing USAID-funded Ebola programming in Africa. However, it took significant time and convincing, including by senior U.S. government officials, for WHO to cooperate with OIG investigators seeking specific names of employees so that they could be independently investigated and referred to USAID for suspension and/or debarment. After they were provided with standard notice and due process, these individuals were debarred by USAID and thus prevented from circulating to other employers receiving USAID funding. Without routine disclosure of information by the UN about terminated employees, or a centralized and accessible database,⁹ there is little opportunity to prevent terminated UN personnel from circulating to other U.S.-funded organizations.

[D. Failure by Foreign-Based NGOs to Provide Information to OIG Investigators](#)

OIG also faces challenges in investigating and holding accountable U.S.-funded NGOs based outside the United States. USAID award provisions and statutory subpoena authority enable OIG to obtain the information it needs from U.S.-based NGOs. However, our special agents frequently encounter resistance from foreign-based NGOs when they request personally identifiable information (PII) about individuals alleged to have perpetuated fraud or engaged in sexual exploitation and abuse affecting USAID-funded programs.

As a rationale for withholding PII, foreign-based NGOs cite domestic data privacy laws such as the European Union's General Data Protection Regulation (GDPR). However, failure to timely share such PII prevents OIG from holding individuals accountable, as enforcement action cannot be taken against an anonymous perpetrator. Over the years, OIG has pressed foreign NGO counsel to consider all allowable derogations under the GDPR in order to share the PII of alleged perpetrators. However, resistance to OIG requests, from organizations citing foreign data privacy laws, persists.

⁹ Similar to the U.S. government's publicly available excluded party list found at www.sam.gov.

Potential Solution: Establish and enforce, as an award condition, non-U.S. based implementers to share PII with OIG when necessary to determine credibility and investigate allegations of fraud or sexual exploitation and abuse.

E. Jurisdictional Challenges to Suing Foreign-Based NGOs in U.S. Courts

The United States faces challenges in its ability to hold accountable in U.S. Federal courts foreign-based implementers believed to have engaged in fraud. In 2021, a Federal judge dismissed a False Claims Act lawsuit against a British-based NGO accused of submitting false certifications to USAID regarding past support for terrorist organizations.¹⁰ The judge ruled on jurisdictional grounds that the NGO could not be sued in a U.S. court due to the absence of a relevant clause in its award agreement with USAID. The Second Circuit upheld this decision,¹¹ setting a precedent that could hinder the United States' recovery of taxpayer funds acquired fraudulently or improperly by foreign NGOs. For the past several years, OIG has [urged](#) USAID to insert a forum selection clause into agreements with foreign-based NGOs to enhance USAID's ability to hold bad actors accountable in U.S. courts. As the District Court's opinion made clear, "Had the agency wished to ensure jurisdiction over any suits arising out of the certifications, it could have included a forum selection clause."¹² Such jurisdiction naturally exists for U.S.-based award recipients, which are subject to civil suit in U.S. courts.¹³ In 2022, USAID notified OIG that it would not address this loophole with foreign NGOs, citing a potential a "chilling effect" on overseas awardees responsible for executing the Agency's programs.

Potential Solution: Incorporate a forum selection clause as a standard award provision into all Foreign Assistance awards.

II. Challenges with monitoring aid in nonpermissive environments

Nonpermissive environments, particularly those controlled by terrorist organizations, constrain the United States' ability to safely and effectively execute its foreign assistance programs. Both USAID and OIG encounter significant challenges in overseeing U.S.-provided assistance due to the severity of ongoing conflicts. For example, U.S. government personnel face restrictions when traveling outside of a limited "Green Zone" around Kyiv and from entering any part of Gaza. To address these limitations in direct oversight of awards, USAID has historically contracted with "third-party monitors" (TPMs) to serve as its "eyes and ears" in the field.

¹⁰ *United States ex rel. TZAC, Inc., v. Christian Aid*, No. 17-cv-4135, 2021 WL 2354985 (S.D.N.Y. June 9, 2021).

¹¹ *United States Ex Rel TZAC, Inc. v. Christian Aid*, No. 21-1542, 2022 WL 2165751, at *2 (2d Cir. 2022) (finding that "the mere existence of a contract between parties in different jurisdictions does not constitute sufficient minimum contacts for the complaining party to assert personal jurisdiction over the other in the plaintiff's home jurisdiction.").

¹² *United States ex rel. TZAC, Inc., v. Christian Aid*, No. 17-cv-4135, 2021 WL 2354985 (S.D.N.Y. June 9, 2021).

¹³ For example, see [Chemonics International, Inc. to Pay \\$3.1 Million to Resolve Allegations of Fraudulent Billing Under Global Health Supply Chain Contract](#) (press release), December 20, 2024; and [The International Rescue Committee \("IRC"\) Agrees to Pay \\$6.9 Million To Settle Allegations That It Performed Procurement Fraud by Engaging in Collusive Behavior and Misconduct on Programs Funded by the United States Agency for International Development](#) (press release), March 19, 2021.

However, OIG's work has identified challenges in relying upon these entities to monitor USAID programs, particularly in nonpermissive environments.

In an audit of [economic development programming in Iraq](#), OIG found that USAID/Iraq did not use its third-party monitor to conduct performance monitoring for the initiative and failed to implement other mechanisms to fill gaps in performance monitoring. Similarly, we found that [USAID/Ukraine](#), via its contractor and Third Party Monitor in Ukraine, verified the delivery of energy equipment in and materials through several monitoring efforts. However, we found gaps in these efforts that limited the information available for Agency oversight. In particular, we found that monitoring efforts were limited geographically and focused primarily on a few types of equipment, such as generators. In addition, we found that Tetra Tech, a global consulting and engineering firm, had not fully resolved issues that monitors identified with inventory, branding, and property transfer documentation as of last June. We found that these shortcomings persisted over time because USAID/Ukraine lacked a centralized and formal monitoring system to track the issues the contractor and TPM identified.

Our audit work in other regions has identified that weak tracking systems increase the risk that TPM findings will remain unaddressed, particularly given the rotation of USAID personnel into and out of foreign countries. Effective monitoring of programming in nonpermissive environments like Gaza is critical given the risks of diversion and prevalence of designated terrorist organizations such as Hamas. However, the dangerous operating environment in Gaza impeded the work of USAID's TPM. Comprehensive guidance on using TPMs and other remote monitoring methods is still necessary to help ensure that all available controls are implemented to identify and mitigate potential misuse or diversion of assistance.

Potential Solution: Ensure that U.S. funding agencies institute and follow comprehensive guidance on using TPMs and other remote monitoring methods.

III. Limitations on vetting of aid organizations for ties to designated terrorist organizations and known corrupt actors

A. USAID Pre-Award Antiterrorism Certifications Apply Only to Prospective Grantees and Not Contractors

OIG has previously identified other vulnerabilities that threaten to diminish USAID's oversight and accountability mechanisms over foreign assistance programs. Currently, USAID requires applicants for assistance awards to make the following certification:

The undersigned represents, to the best of its knowledge, that...the applicant did not, within the previous three years, knowingly engage in transactions with, or provide material support or resources to, any individual or entity who was, at the time, subject to sanctions administered by the Office of Foreign Assets Control (OFAC) within the U.S. Department of Treasury pursuant to the Global Terrorism Sanctions Regulations... Note: USAID intends to retain the information disclosed to the Agreement Officer pursuant to this paragraph in any award file and use it in determining whether to provide the applicant with an assistance award...This certification includes express terms and conditions of the

award, and any violation of it will be grounds for unilateral termination of the agreement by USAID. This certification does not preclude any other remedy available to USAID.

This pre-award certification enhances USAID's ability to make informed decisions about awards to prospective grantees. It also provides an enforcement mechanism in the form of criminal, civil, and administrative remedies for those awardees that conceal their ties to terrorist organizations.¹⁴ No such pre-award certification exists for Department of State awards. USAID's current pre-award antiterrorism certification only applies to prospective grantees, not contractors. As OIG first informed USAID in 2018, the lack of a certification requirement directing prospective contractors to disclose previous assistance to terrorist organizations places the Agency at risk. At the time, USAID committed to attempting to address this vulnerability through the regulatory process, but to date, there has been no regulatory change. The absence of a required certification for U.S.-funded contractors working in regions where designated terrorist organizations such as Hamas and Hezbollah operate freely leaves U.S. programming vulnerable.

Potential Solution: Ensure that pre-award antiterrorism certifications apply to all recipients of U.S. foreign assistance funding.

B. Absence of a Disclosure Requirement to Determine a Prospective Awardee's Relationship With Sanctioned or Otherwise Known Corrupt Entities

Agencies administering foreign assistance programs could expand their pre-award certifications to gain as much insight as possible into an NGO's prior associations. For instance, currently, USAID lacks a pre-award certification that requires prospective awardees to disclose prior relationships with actors deemed by the United States to have engaged in corruption in countries where USAID programming exists. Executive Order (EO) 13818 builds upon and implements the Global Magnitsky Human Rights Accountability Act and targets perpetrators of corruption and serious human rights abuse. The Department of the Treasury's Office of Foreign Asset Controls issues sanctions pursuant to EO 13818 that "impose tangible and significant consequences on those who commit serious human rights abuse or engage in corruption, as well as...protect the financial system of the United States from abuse by these same persons." Under the EO, Magnitsky Act anticorruption sanctions may also be imposed on individuals and entities who have "materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, parties that have engaged in the above [corrupt] activities."

Within USAID programming, certifications regarding prospective grantees' ties to terrorist organizations have served as an effective deterrent. Grantees are on notice that concealing or failing to exercise due diligence in identifying and disclosing prior relationships with terrorist organizations can result in potential criminal, civil, and administrative liability. However,

¹⁴ Examples of efforts to conceal such prior relationships in other nonpermissive environments include closed investigations involving two USAID-funded implementers, the American University of Beirut and Norwegian People's Aid. Both organizations reached False Claims Act settlements with the U.S. Department of Justice for [\\$700,000](#) and [\\$2,025,000](#), respectively.

prospective awardees do not have a similar certification requirement to disclose past relationships with corrupt actors sanctioned under the Magnitsky Act. Consequently, USAID's programs are at risk of being compromised by parties seeking to divert foreign assistance dollars for illicit purposes or to further their personal interests. [OIG informed USAID](#) about this vulnerability in 2022, but the Agency did not take action.

Potential Solution: Require a certification for prospective awardees to disclose their past relationship with sanctioned or otherwise known corrupt entities.

IV. Improving transparency for funding to subrecipients

The lack of transparency surrounding subawardees can also hinder U.S. investigative efforts. Currently, USAID does not maintain a comprehensive internal database of subawardees. While USAID's implementing partners submit subawardee information to the Federal Subaward Reporting System, there are numerous data gaps, and reporting is not always required. For example, in programmatic areas like Ukraine where safety is a concern, subawards are either removed from the system or not reported at all to protect the identity of subawardees.

The lack of a centralized and comprehensive internal database of subawardees delays OIG investigative activity and limits our ability to check with trusted foreign law enforcement partners to see if fraud allegations or findings against a local entity involve USAID funds.

Potential Solution: Develop and maintain a comprehensive internal database of subawardees tied to prime awards.

Conclusion

The issues identified above are a few of the most significant vulnerabilities that OIG has identified for USAID and the other foreign assistance agencies under its purview. As Congress and the administration continue to shape America's foreign assistance programs, USAID OIG looks forward to providing timely insights and recommendations to ensure that oversight and accountability are at the forefront.