

Adam D. Kaplan
Associate Deputy Inspector General
United States Agency for International Development (USAID)

Verbal Statement for U.S. House Foreign Affairs
Subcommittee on Oversight and Intelligence

*Waste, Fraud, and Abuse in Foreign Assistance:
Lessons Learned and Charting a Path Forward*

March 17, 2026

Chairman Mills, Ranking Member Moskowitz, and Members of the Subcommittee:

Thank you for the opportunity to testify today.

Nobody has a track record like the USAID OIG in fighting fraud and corruption in foreign assistance. As the only IG dedicated solely to overseeing foreign assistance programs run by multiple agencies, we know the people, places, and schemes that put taxpayer dollars at risk.

USAID had a dedicated staff and solid mechanisms to manage risks to its programs. As the IG, we naturally found shortcomings. Today, I'll summarize 3 such challenges identified in my written testimony applicable to any agency administering foreign assistance.

Challenge 1: ensuring transparent access to information. USAID heavily relied on award recipients, operating in remote locations, to self-disclose fraud allegations. Of all award recipients, the least transparent is the United Nations (UN). We encounter nonstop obstruction by the UN to share information about potential misuse of U.S. funds. To illustrate, we've sought information from 5 different UN agencies on 10 investigations. Response times ranged from 6 months to 2 years. This is unacceptable. We urge the State Department to implement a clause, mandating that awards to the UN provide us with access to information.

Challenge 2: ensuring that award terms prioritize accountability. USAID had hundreds of regulations designed to address risks to programs. However, there were shortcomings. For example, USAID declined to include a forum selection clause in agreements with foreign-based NGOs. There's no reason why a Florida-based aid organization can be sued for fraud in U.S. court, while one based in London can't—but cases have been dismissed because USAID omitted this clause.

Further, USAID's anti-terrorism certification applied only to grants, not contracts. This certification allowed the Department of Justice and OIG to bring cases against grantees for concealing past support to Iran and Hezbollah. Inexplicably, however, contractors weren't required to make the same representation. Also, USAID's required partner vetting of aid organization staff, designed to ensure that terrorists don't get our money, exempted UN staff. To

address this gap, USAID OIG is investigating UN staff for ties to Hamas, to ensure U.S. taxpayers don't pay their salaries.

Challenge 3: ensuring effective monitoring and staffing. Mitigating risk requires more than announcing costly monitoring contracts. For example, USAID missed opportunities to improve programs in Somalia because it lacked a system for managing recommendations from its monitors. In Ukraine, contractors USAID hired to oversee its \$26 billion in direct budget support failed to provide required reports on time, or at all. Moving forward, the government must ensure monitors provide timely information and that officials leverage monitor findings to ensure program objectives are being met.

To further mitigate risk, the government must adequately staff awards and monitor sub awardees. Our audit found that in Ethiopia, USAID employed too few people to manage awards and, ultimately, failed to detect a massive food diversion scandal. The path forward requires an appropriate ratio of staff to awards, given the money at stake. Lastly, despite fraud often occurring at the subaward level, there is no internal database of sub-awardees, despite their outsized role in programs, and involvement in fraud schemes.

Finally, combatting overseas fraud requires an IG that is willing to follow the money, ask difficult questions, and hold perpetrators accountable. Rather than playing Monday morning quarterback, USAID OIG's experience places us in the pregame huddle, allowing us to inform Congress and agencies of risks before billions of dollars of programming goes out, not years later.

Our unique authority to employ foreign service officers also allows us to routinely visit project sites in remote and dangerous locations. In doing so, we've uncovered roads that were reported as complete but were never built, edible grain meant for starving kids being replaced with animal feed, and distribution sites where food reported as delivered never arrived. Without USAID OIG on the ground, those losses would remain hidden and the schemes would continue. And critically, we work to protect and empower confidential sources who face real risks for coming forward to report fraud, diversion, and sexual exploitation and abuse.

The American people deserve confidence that their taxpayer dollars are protected, and the communities who rely on U.S. assistance deserve assurance that the support intended for them is not lost to fraud, corruption, or abuse. As State looks to administer billions in foreign assistance funding, maximum oversight to safeguard taxpayer dollars is essential. I thank the committee for its continued support for USAID OIG's unique brand of oversight and look forward to your questions.