

# OFFICE OF INSPECTOR GENERAL

U.S. Agency for International Development

## Terminated USAID Awards in Egypt: USAID Approved Disposition Plans and Implementers Generally Donated Assets, but Some Assets Could Not Be Used as Intended

Audit Report 8-263-26-002-P

May 6, 2026

Audit



Office of Audits, Inspections, and Evaluations



## OFFICE OF INSPECTOR GENERAL U.S. Agency for International Development

**DATE:** May 6, 2026

**TO:** Eric Ueland  
Performing the Duties of Administrator and Chief Operating Officer  
U.S. Agency for International Development

**FROM:** Gabriele Tonsil /s/  
Acting Assistant Inspector General for Audits, Inspections, and Evaluations

**SUBJECT:** Terminated USAID Awards in Egypt: USAID Approved Disposition Plans and Implementers Generally Donated Assets, but Some Assets Could Not Be Used as Intended

This memorandum transmits the final report of our audit of terminated USAID awards in Egypt. Our audit objective was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in Egypt.

USAID did not provide a response to or comments on the draft report. Should we receive written comments from the Agency on this report at a later date, we will update and reissue the report to reflect those comments and technical changes as applicable.

The final report contains our audit findings and a consideration for future foreign assistance.

We appreciate the assistance you and your staff provided to us during this audit.

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## Report in Brief

### Why We Did This Audit

On January 20, 2025, Executive Order 14169 directed a government-wide pause and review of all U.S. foreign assistance. As of March 2025, USAID has terminated over \$76.5 billion out of a total of \$159 billion—almost 50 percent—in foreign assistance awards. As a result, implementers began preparing to dispose of government-funded assets.

In response to the award terminations, we initiated a series of audits examining asset disposition processes for eight USAID missions around the world. The objective of this audit was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in Egypt.

USAID defined four priority asset categories for expedited disposition: critical security risk, high-value, reputationally sensitive, and program commodities. We identified 44 programmatic awards the USAID Mission for Egypt (USAID/Egypt) managed that were terminated between January 20, 2025, and March 12, 2025. Of these awards, the mission reported that 11 awards had priority assets, such as vehicles and lab equipment, valued at \$13.3 million.

### What We Recommend

As the administration considers the future of foreign assistance, particularly efforts to dispose of physical assets under awards USAID formerly managed, we suggest that decision makers identify and monitor factors that affect the use of disposed assets as terminated award closeouts are completed to ensure that assets are used as intended.

### What We Found

**USAID/Egypt approved disposition plans and implementers generally donated assets, but certain assets could not be used as intended.**

Mission personnel said they approved disposition plans that implementers had submitted for the 11 awards we selected to review. We inspected 1,900 assets, valued at over \$3 million, in the disposition plans for six of the awards and found that they matched associated inventory lists. These assets included IT equipment, lab equipment, and vehicles.

We found that beneficiaries could not use some assets, valued at approximately \$2 million, as intended because the training needed to use the assets was canceled when USAID terminated two of the awards. Because of USAID's operating status and the subsequent transfer of certain foreign assistance functions to the Department of State, USAID/Egypt was unable to identify factors necessary to ensure assets would be used as intended before the awards were terminated.

### Examples of Assets OIG Directly Observed and Verified



Left: A vehicle purchased under USAID's Workforce Egypt award donated to the host government. Right: Lab equipment purchased under USAID's Center of Excellence for Agriculture and Water award donated to local universities. Photos: OIG (April and May 2025).

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## Introduction

On January 20, 2025, the President issued Executive Order 14169, “Reevaluating and Realigning United States Foreign Aid,” initiating a pause and review of all U.S. foreign assistance, including USAID programs. As of March 2025, USAID has terminated over \$76.5 billion out of a total of \$159 billion (almost 50 percent) in foreign assistance awards. As a result of the termination of awards, USAID implementers began preparing to dispose of government-funded assets, in accordance with award closeout procedures. On March 28, 2025, the Secretary of State announced that USAID would cease operating as an independent agency, and on July 1, 2025, the department assumed responsibility for many of the Agency’s functions and its ongoing programming. However, remaining USAID personnel are responsible for managing the closeout of its terminated awards and winding down of the Agency’s independent operations.

In response to the award terminations and subsequent preparation for asset disposal, we initiated a series of audits examining eight USAID missions around the world. The objective of this audit was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in Egypt.

To determine the status of assets, we assessed asset disposition activities of II programmatic awards the USAID Mission for Egypt (USAID/Egypt) managed that were terminated between January 20 and March 12, 2025, and included priority assets.<sup>1</sup> We reviewed disposition activities for these awards through June 12, 2025. We also reviewed Federal and USAID guidance related to asset disposition. We interviewed USAID/Egypt personnel and implementing partner staff responsible for award management and asset oversight. From the II awards, we selected for further review a judgmental sample of 6 awards based on the dollar value of priority assets and accessibility. We visited implementation sites for the six selected awards to verify the existence of selected physical assets and to assess the completeness of associated inventory lists. We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our scope and methodology.

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## Background

USAID missions around the world implemented humanitarian and development programs in their respective countries and regions. To implement these programs, the missions awarded grants, cooperative agreements, and contracts to implementers, who were responsible for executing activities aligned with strategic development objectives. Over the course of an award, implementers may have procured physical assets, including vehicles and IT hardware, to support project objectives.

USAID/Egypt reported investing over \$30 billion in the country since 1978 on programs related to economic growth, education, health, and governance. These programs included activities supporting early childhood education, providing clean water, and eliminating polio. Awards typically lasted up to 5 years, and assets were expected to be used during that time to

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<sup>1</sup> USAID defined four priority asset categories for expedited disposition: critical security risk, high-value, reputationally sensitive, and program commodities.

exclusively support the authorized project. For example, an implementer procured assistive technology, like magnifying lenses and hearing amplifiers, in local universities to help students with vision and hearing impairment. As of March 12, 2025, USAID had terminated 44 awards in Egypt with a total estimated value of \$950 million, including 11 awards with priority assets.

## Asset Disposition Procedures

USAID missions initiated the closeout process when an award had been completed or was terminated. At that time, implementers were required to submit a final inventory, listing assets above applicable thresholds—known as a disposition or inventory list—and request disposition instructions.<sup>2</sup> Federal regulations require implementers to submit disposition lists for assets with a per-unit purchase value of \$500 or more for contracts<sup>3</sup> and a per-unit fair market value over \$10,000 for grants and cooperative agreements.<sup>4</sup> USAID staff worked with the implementer to compile and validate this list. The implementer then submitted a proposed disposition plan to USAID, which was responsible for making the final determination to approve or disapprove the plan.

In line with Federal requirements, USAID policy ranked options for asset disposition.<sup>5</sup> These options were:

1. Transfer to another USAID-funded program.
2. Retain for implementer use for other program uses within the country or region.<sup>6</sup>
3. Donate for other programmatic uses within the country or region, including to a host country government or local organization.
4. Redistribute within USAID for operational uses.
5. Transfer to another U.S. government agency.
6. Sell to a third party.

USAID acquisition and assistance staff, including contract and agreement officers and their representatives, managed this process. The contract and agreement officer's representatives were responsible for verifying asset inventories for disposition which the contract or agreement officer reviewed and signed off.<sup>7</sup>

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<sup>2</sup> 2 CFR § 200.313(e), "Equipment," *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, U.S. Government Publishing Office.

<sup>3</sup> 48 CFR § 752.245-71, USAID Acquisition Regulation, *Title to and care of property*.

<sup>4</sup> 2 CFR § 200.313(e), "Equipment," *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, U.S. Government Publishing Office.

<sup>5</sup> USAID, Automated Directives System, Chapter 534, Termination of Acquisition and Assistance Awards, Section 534.3.7, "Personal Property Management Overseas."

<sup>6</sup> Retention of assets by the implementer involves transferring asset ownership from USAID to the implementer for other programmatic related activities/programs.

<sup>7</sup> USAID, Automated Directives System, Chapter 302sat, Guidance on Closeout Procedures for A&A wards, An Additional Help Document for ADS Chapters 302 and 303.

## USAID Award Terminations

While the President’s review of foreign assistance was ongoing, on February 24, 2025, nearly all USAID staff were placed on administrative leave, and overseas staff were ordered to prepare to return to the United States.<sup>8</sup> On March 10, 2025, the Secretary of State announced that the administration had concluded its review of foreign assistance and that 83 percent of USAID awards were terminated. USAID began award closeout and asset disposition for the terminated awards but had limited staff to execute these procedures since most USAID staff were placed on administrative leave.

Recognizing operational constraints, USAID’s Office of Acquisition and Assistance issued supplemental guidance on March 13, 2025, directing overseas missions to expedite asset disposition decisions. This guidance applied to assets deemed critical security risks, high-value assets, reputationally sensitive assets, and program commodities. Specifically, it required missions to obtain disposition plans for qualifying assets within 10 days. According to the guidance, expediting disposition decisions would allow USAID to safeguard program assets to maintain operational integrity and uphold U.S. government objectives.

On March 28, 2025, the Department of State formally notified Congress that it would assume the remaining responsibilities and functions of USAID by July 1, 2025. USAID staff at overseas missions were to return to the United States by August 15, 2025. As a part of this transition, nearly all non-statutory positions at USAID were to be eliminated, all missions closed, and personnel worldwide separated from the Agency by September 2, 2025. Accordingly, the Department of State assumed responsibility for ongoing awards and future foreign assistance on July 1, 2025. The remaining USAID personnel focused on managing award closeout procedures and other Agency wind-down functions.

### Expedited Disposition Categories Guidance

- (1) Critical Security Risks: Armored vehicles, IT and communications equipment containing sensitive data, and other assets whose mismanagement or loss could pose security or safety threats.
- (2) High-Value Assets: Essential or costly resources such as medical supplies, vehicles, and construction materials.
- (3) Reputationally Sensitive Assets: Heavily branded USAID resources or supplies that, if mishandled, could negatively impact U.S. government credibility or humanitarian goals.
- (4) Program Commodities: Essential commodities for beneficiaries, including food aid, medical supplies, textbooks, or infrastructure materials suitable for rapid distribution.

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<sup>8</sup> Staff were originally placed on administrative leave on February 6, 2025. They were temporarily reinstated on February 8, due to a temporary restraining order, until February 23, when a Federal judge ruled that the administration could proceed with plans for mass layoffs.

## USAID/Egypt Approved Disposition Plans and Implementers Generally Donated Assets, but Certain Assets Could Not Be Used as Intended

USAID/Egypt approved asset disposition plans for the 11 terminated awards that we selected. In accordance with the plans, implementers generally donated assets to the award beneficiaries. We found that beneficiaries could not use some donated assets, valued at approximately \$2 million, as intended because the training needed to use the assets was canceled when USAID terminated two of the awards.

## USAID/Egypt Approved Disposition Plans for Selected Awards, and Implementers Generally Donated Selected Assets

USAID/Egypt personnel said they approved disposition plans that implementers submitted for the 11 awards we selected to review. We inspected 1,900 selected assets, valued at over \$3 million, in disposition plans for six awards and found that they matched associated inventory lists. These assets included IT equipment, lab equipment, and vehicles (see Figure 1).

**Figure 1. Examples of Assets OIG Directly Observed and Verified**



Left: A vehicle purchased under USAID's Workforce Egypt award donated to the host government. Right: Lab equipment purchased under USAID's Center of Excellence for Agriculture and Water award donated to local universities. Photo Credits: OIG (April and May 2025).

According to USAID/Egypt personnel, implementers donated almost all of the \$13.3 million in assets under the II awards in accordance with the approved disposition plans. Implementers donated assets to beneficiaries of the awards, such as universities and local government ministries. For example, one implementer donated lab equipment to a beneficiary, Alexandria University. In addition, one implementer transferred projection equipment from one award to U.S. Embassy Cairo and retained the remaining items. Another implementer retained IT equipment purchased under its award. Table I describes the type, status, and value of assets for the II selected terminated awards with disposition plans.

**Table I. Type, Status, and Value of Assets Under Selected Terminated USAID/Egypt Awards with Approved Disposition Plans**

Implementer	Type of Assets	Status of Assets	Value of Assets
1	IT and office equipment and office furniture	Retained	\$27,400
2	IT and office equipment	Transferred to U.S. Embassy or Retained	\$62,360
3	IT equipment and office furniture	Donated	\$69,553
4	IT equipment and vehicles	Donated	\$392,750
5	Lab equipment	Donated	\$524,589
6	Lab equipment	Donated	\$873,482
7	IT, lab, and research equipment; and office equipment and furniture	Donated or Retained	\$1,362,998
8	Assistive technology for blind and hearing impaired	Donated	\$1,568,964
9	IT and office equipment	Donated	\$1,695,767
10	IT, security equipment, and vehicles	Donated	\$1,758,947
11	IT equipment	Donated	\$5,006,684
<b>Total</b>			<b>\$13,343,494</b>

Source: OIG analysis of approved disposition plans for selected terminated awards.

## Nearly \$2 Million of Donated Assets Could Not Be Used as Intended

For two awards, we found that the beneficiaries were unable to use the assets as intended because USAID terminated awards before required training took place. Because of USAID's operating status and the subsequent transfer of certain foreign assistance functions to the Department of State, USAID/Egypt was unable to identify factors necessary to ensure that assets would be used as intended before the awards were terminated. Specifically:

- The implementer for the Trade Reform and Development in Egypt award purchased and installed lab equipment to facilitate Egypt's import and export accreditation. According to officials within the Government of Egypt, to meet international import and export standards, they had to send samples to an accredited lab in Europe for carbon and biodegradation testing, which costs \$5,000 per sample and takes 4 weeks to complete. The officials further noted that this award's equipment and accompanying international accreditation would have enabled Egypt to conduct this testing in-house, reducing costs by 90 percent. However, due to award termination, the officials said they halted activities under the award, including training on using the specialized lab equipment and

obtaining accreditation. Without the required training and accreditation, the Government of Egypt cannot use \$385,668 worth of USAID-funded lab equipment, as intended per the USAID award.

- The implementer of the Local Scholarship Program purchased assistive technology equipment, such as video magnifiers, speech software, and hearing amplifiers, valued at \$1,568,964 for Egyptian universities. In accordance with the disposition plan, the implementer delivered the equipment to local universities in May and June 2025. However, the implementer said it would not be able to provide the necessary training or monitoring to ensure that the equipment is properly used. USAID/Egypt personnel further noted that if the program had continued through March 2025 as initially planned, the implementer could have delivered the equipment on time, provided the training, and monitored the equipment's use per the award. Without the required training and monitoring, approximately \$1.6 million of equipment may not be properly used to assist individuals with impaired vision or hearing and is at risk of waste.

Figure 2 shows selected unused assets that we observed and verified for the two awards.

## Figure 2. Examples of Assets OIG Directly Observed and Verified



Left: Lab equipment purchased under USAID's Trade Reform and Development in Egypt award donated to award beneficiaries. Right: OIG staff analyze assets stored in an apartment due to the termination of the Local Scholarship Program award. Photo credits: OIG (May 2025).

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## Conclusion

The scale and timeline of the termination of USAID awards and concurrent drawdown of the Agency's operations created a challenge as the Agency and implementers disposed of assets, including specialized equipment. USAID/Egypt took steps to account for and approved implementers to dispose of assets purchased under these awards, primarily by donating the assets to beneficiaries such as local universities. However, some of these assets cannot be used as intended and are at risk of waste without the necessary training. Identifying factors, such as incomplete training, that affect using these assets after the award's termination would better

ensure U.S.-funded assets are used as intended. Further, identifying activities needed to help ensure recipients can fully use disposed assets could mitigate the risk of potential waste of procured assets and safeguard U.S. taxpayer money.

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## **Consideration for the Future of Foreign Assistance**

As the administration determines the future of foreign assistance, particularly efforts to dispose of physical assets under awards USAID formerly managed, we suggest that decision makers consider the following action:

- I. Identify and monitor factors that affect the use of disposed assets as terminated award closeouts are completed to ensure that assets are used as intended.

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## **OIG Response to Agency Comments**

We provided our draft report to USAID on February 27, 2026. As of April 24, 2026, the Agency had not provided a response to or comments on the draft report. Should the Agency provide comments at a later date, we will update and reissue this report to incorporate those comments.

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## Appendix A. Scope and Methodology

We conducted our work in Washington, DC, and in Frankfurt, Germany from the Middle East and Eastern European Regional Office from March 2025 through February 2026 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objective was to determine the status of the disposition of USAID-funded physical assets procured under selected terminated awards in Egypt.

The audit scope covered awards USAID/Egypt managed that were terminated between January 20, 2025, and March 12, 2025.

To determine the status of USAID-funded physical assets, we reviewed 11 of 44 terminated programmatic awards USAID/Egypt identified. We selected these awards based on the mission's assessment that they included priority assets. For these awards, we obtained and analyzed award data from the mission and asset data from the mission and implementers. We also reviewed whether USAID/Egypt approved disposition plans for the 11 awards.

We judgmentally selected 1,900 assets under 6 of the 11 terminated awards for further testing based on accessibility and status as priority assets. The selected assets were valued at \$3,032,863 of \$5,677,801 (53 percent) in total assets purchased under the six selected terminated awards. We excluded five awards from observation because they had asset budgets of less than \$10,000, no priority assets, or lack of access to conduct observation. To physically verify the existence of assets and completeness of disposition plans, we conducted virtual and in-person visits to program sites and implementer offices in Cairo and Alexandria, Egypt for 6 of the 11 awards from April 16 to June 12, 2025. While we cannot generalize the results to the population of terminated USAID/Egypt awards and assets, we determined that our method for selecting these samples was appropriate to answer our audit objective and that the selection would generate valid, reliable evidence to support our findings and conclusions.

In addition, we reviewed relevant Federal and USAID requirements related to asset disposition, including Title 2 of the Code of Federal Regulations, the Federal Acquisition Regulation, and USAID's Automated Directives System. We also reviewed guidance on expedited disposition of program assets provided by USAID's Bureau for Management Office of Acquisition and Assistance.

To understand USAID's oversight processes and controls for priority assets procured under terminated awards and the disposition of those assets in Egypt, we interviewed USAID personnel responsible for award management. As necessary, we obtained additional input from mission personnel through email correspondence.

To develop our asset sample, we relied on computer-generated asset lists the implementers submitted to USAID/Egypt as part of their disposition plans. During our inspection of assets for

six of the terminated awards, we verified that the inventory lists were complete. Based on this verification, we determined that the data were sufficiently reliable for the purposes of this audit.



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