Pursuant to Public Law No. 117-263 § 5274, USAID OIG updated and reissued this management advisory to incorporate comments Chemonics International provided on July 6, 2026.

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

MANAGEMENT ADVISORY

DATE: June 10, 2026
REISSUED: July 29, 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: Family Planning Commodities: USAID Must Provide Final Disposition Instructions to Stop Accruing Storage Costs for $8 Million in Unusable Items and $1.7 Million in Nearly Expired Items in Belgium (1-000-26-003-A)

In order to best safeguard U.S.-taxpayer funded commodities, we are alerting USAID about the need to provide final disposition instructions to its contractor, Chemonics International, for $9.7 million in family planning commodities stored in Belgium. We estimate that USAID has paid over $360,000 in storage and transportation costs for these commodities since January 2025 and will continue to incur monthly storage costs of over $24,000 until final disposition is complete. Further, absent disposition instructions, commodities valued at $1.7 million may expire, and USAID risks paying additional costs due to a prolonged award closeout process.

We initiated work on this management advisory in response to a bipartisan request from Senators Murkowski and Shaheen, who asked the USAID and Department of State Offices of Inspector General (OIGs) to examine "the disposition of $9.7 million in family planning commodities, which were stored for global disbursement at a warehouse in Geel, Belgium."[1]

Under its Global Health Supply Chain–Procurement and Supply Management (GHSC-PSM) award with Chemonics, USAID purchased an array of commodities in support of the Agency's global health programs around the world. USAID partially terminated this contract in March

[1] See https://www.foreign.senate.gov/imo/media/doc/usaid_state_igs_letter.pdf.

2025, after determining that family planning activities were unaligned with administration priorities.[2]

At the time of the award termination, USAID reported storing $9.7 million in family planning commodities for global disbursement at the warehouse in Geel, Belgium. According to Federal regulations and Agency policy, USAID was responsible for making the final determination to approve or disapprove of Chemonics' proposed plan to dispose of the commodities.[3]

However, over a year after terminating the award, USAID has not provided Chemonics with final disposition instructions for the $9.7 million in family planning commodities.[4] Chemonics reported submitting multiple disposition options to USAID on April 28, 2025, for approval, and initiated steps to destroy the family planning commodities based on the Agency's initial direction. USAID then directed Chemonics on July 22, 2025, to reverse course. As a result, $8 million in commodities destined for destruction and now largely unviable were returned to storage.[5] These commodities included hormonal implants, injectable contraceptives, and other medical items related to family planning.

Without final disposition instructions, USAID faces the following challenges:

- **Increasing warehouse storage costs.** Total storage and freight costs for the family planning commodities reached over $360,000 from the January 2025 stop-work order through March 2026, and monthly storage fees increased from $17,150 to $24,550 in March 2026. The U.S. government will continue to accrue costs to store the commodities until USAID provides instructions and Chemonics completes final disposition actions.
- **Rising risk of wasting commodities nearing expiration.** While Chemonics deemed most of the family planning commodities to be unviable, a portion valued at $1.7 million was still in usable condition as of April 2026. Expirations dates for these items range from April 2028 to September 2031. As the expiration dates approach, USAID risks being unable to transfer these unexpired commodities to another provider for distribution, if that is its chosen course of action.
- **Additional award closeout costs.** According to Chemonics, USAID cannot complete the closeout process for the terminated award until Chemonics completes disposition

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[2] The GHSC-PSM contract included four task orders covering different global health needs. USAID terminated Task Order 3 (TO3), specific to family planning commodities, in response to the January 20, 2025, Executive Order 14169, titled "Reevaluating and Realigning United States Foreign Aid." USAID issued Chemonics a stop-work order that included GHSC-PSM TO3 activities on January 27, 2025, and the formal award termination notice on March 14, 2025.

[3] OIG has examined USAID's efforts to oversee the disposition of assets under terminated awards globally, focusing on actions taken by selected missions. See https://oig.usaid.gov/our-work/audits-memos.

[4] We last confirmed with USAID on March 24, 2026, that no action had been taken. USAID did not respond to subsequent confirmation requests in April and May 2026, due in part to staff turnover. As part of their comments provided July 6, 2026, Chemonics confirmed that they had not received any direction from USAID on the viable or the non-viable commodities as of July 2, 2026.

[5] According to Chemonics, the commodities became unviable after they were removed from temperature-controlled storage and no longer met World Health Organization's "Good Manufacturing Practice" standards. Some shelf-stable items, like syringes, may still be viable.

actions for the family planning commodities. A prolonged award closeout process can result in additional costs to the U.S. government, including contract administration overhead and operational closeout expenses.[6]

See Appendix A for additional details on the timeline of events and associated costs.

We spoke with the USAID and Chemonics officials who were responsible for managing the GHSC-PSM contract and related disposition plans. They lacked information on why USAID reversed course on the decision to destroy the family planning commodities without approving subsequent disposition actions. USAID leadership did not respond to inquiries regarding their decision to retain the family planning commodities or their delay in completing final disposition.

While we are not making recommendations to USAID, we emphasize the importance of the Agency providing Chemonics with timely final disposition instructions for the family planning commodities stored in Belgium. This will allow USAID to mitigate the risks of accruing costs, approaching expiration dates, and a prolonged award closeout.

We prepared this advisory from January to April 2026 in accordance with the Council of the Inspectors General for Integrity and Efficiency's *Quality Standards for Federal Offices of Inspectors General*. We reviewed relevant contract termination notices, divestiture proposals, cost logs, and other supporting documentation. We also obtained contextual insights and corroborated information with knowledgeable USAID and Chemonics officials.

On May 11, 2026, we provided a draft of this management advisory to USAID for review and comment. As of June 9, 2026, the Agency had not provided a response to or comments on the draft. Pursuant to Public Law No. 117-263 § 5274, Chemonics International provided formal comments on June 6, 2026. This management advisory has been updated and reissued to incorporate technical corrections provided by Chemonics regarding the contract's letter for credit funding mechanism and the requested alternative commodity disposal options.

We appreciate USAID's ongoing assistance with our oversight work.

[6] While this specific contract is funded via a letter of credit mechanism—meaning direct interest does not accrue on late invoice payments—prolonged award closeouts across the Agency contribute to broader systemic backlogs. We previously reported a six-fold increase in USAID's interest payments, or late charges, to vendors in calendar year 2025, compared to the previous ten calendar years combined, as a result of the Prompt Payment Act and Contract Disputes Act of 1978. See USAID OIG, *Management Advisory: USAID's Interest Payments to Vendors in Calendar Year 2025* (1-000-26-002-A), May 5, 2026.

Appendix A. Timeline of Events and Associated Costs

Timeline of Events for GHSC-PSM Task Order 3 (TO3) Family Planning Commodities Stored in Belgium

Date	Event
January 20, 2025	The White House issues Executive Order 14169, “Reevaluating and Realigning United States Foreign Aid,” which initiates a pause and review of U.S. foreign assistance programs.
January 27, 2025	USAID issues Chemonics a stop-work order that includes GHSC-PSM TO3 activities.
March 14, 2025	USAID issues Chemonics a formal termination notice that includes GHSC-PSM TO3 activities.
April 28, 2025	Chemonics submits to USAID two divestiture options for TO3 family planning commodities: (1) destruction with estimated cost of $166,940 or (2) resale, suggesting that USAID could recover 70 to 80 percent of the purchase cost (up to $7.2 million).
June 20, 2025	USAID issues a written order to destroy all family planning commodities stored at the Regional Distribution Center (RDC) in Geel, Belgium, then valued at approximately $9.7 million.
July 7–18, 2025	Chemonics moves 20 of 24 truckloads from the RDC to an overflow facility for scheduled destruction.
July 22, 2025	USAID directs Chemonics to pause movement of the remaining four truckloads from the RDC to the overflow facility. These four truckloads remain in temperature-controlled storage.
September 12, 2025	USAID directs Chemonics to proceed with destroying all 24 truckloads but reverses this instruction the same day.
September 15, 2025	Chemonics confirms with USAID that the 20 truckloads moved from the RDC to the overflow facility are unviable. USAID sends an action memo titled “Request for Decision On Disposition of Contraceptive Commodities Following Termination of USAID Global Health Supply Contracts” asking the USAID Acting Administrator to approve, disapprove, or discuss directing Chemonics to: (1) continue with the destruction of all 24 truckloads, and/or (2) donate or sell the viable commodities to the United Nations Population Fund, which had previously offered to purchase them, and/or (3) enter into negotiation with Médecins Sans Frontières, which

had previously expressed interest in them, or another acceptable humanitarian organization to donate or sell the viable commodities.

October 20, 2025

At USAID's request, Chemonics submits a supplemental proposal to donate the four viable truckloads to an established recipient in Uganda at an estimated cost of $239,000, related to transportation and warehousing costs.

November 10, 2025

At USAID's request, Chemonics provides assessments for two alternative strategies: (1) Abandon in place or (2) Return to manufacturer. Chemonics notes neither option is viable; abandoning the items would likely violate local and U.S. export regulations while manufacturers have no obligation and cannot be contractually compelled to retake the commodities.

March 24, 2026

USAID has not yet issued final disposition instructions for the 24 truckloads of family planning commodities.*

* This is the date of our last confirmation with USAID that no action has been taken. USAID did not respond to subsequent confirmation requests in April and May 2026, due in part to staff turnover. As part of their comments provided July 6, 2026, Chemonics confirmed that they had not received any direction from USAID on the viable or the non-viable commodities as of July 2, 2026.
Source: OIG verified through a review of USAID and Chemonics correspondence, shipping logs, and contract documentation.

Costs Associated With GHSC-PSM TO3 Family Planning Commodities Stored in Belgium

Table 1: Total Storage and Transportation Costs, January 2025 to March 2026

Cost Category	Description	Amount
Total Storage	Combined fees for the RDC and overflow facility.	$281,934
Transportation	Inbound freight and other related transportation costs.	$78,733
Total costs as of March 31, 2026		**$360,667**

Source: OIG analysis of financial data provided by Chemonics.

Table 2: Monthly Storage Costs, January 2026 to March 2026

Location	Status	Monthly Cost (January 2026–February 2026)	Monthly Cost (Starting March 2026)
RDC	4 viable truckloads	$12,100	$19,500
Overflow facility	20 unviable truckloads	$5,050	$5,050
Total		**$17,150**	**$24,550**

Source: OIG analysis of financial data provided by Chemonics.