OFFICE OF INSPECTOR GENERAL
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Third-Party Monitoring: Lessons for the Future

Third-party monitors supplement U.S. government oversight of foreign assistance in environments where access for U.S. officials is restricted due to instability, insecurity, limited staffing, or other reasons. USAID contracted with third-party monitors to track, collect, and verify information on the Agency's behalf to help it measure progress of programs and identify significant issues, such as fraud and diversion. Third-party monitoring can be an effective tool to aid the Department of State (State) in monitoring the $9.4 billion for global health programs and $5.4 billion for humanitarian assistance it received in fiscal year 2026 as part of its expanded role in administering U.S. foreign assistance. However, third-party monitoring comes with unique challenges that we have identified. Lessons from our prior oversight of USAID's third-party monitoring practices can enhance State's management of ongoing and new foreign assistance programs by increasing their effectiveness and improving transparency and accountability.

Spotlight: Benefits and Limitations of Third-Party Monitoring in Ukraine

With the ongoing war in Ukraine, USAID staff had limited ability to conduct site visits to verify the delivery of $695 million in energy equipment and materials needed to sustain, repair, or reconstruct Ukraine's energy network. The mission used third-party monitors to verify delivery of nearly two-thirds of energy equipment provided by USAID. However, we found that most of the third-party monitor's verification took place in the Kyiv region and focused on a limited range of equipment. This left gaps in the Agency's verification of other items and all goods distributed in other parts of Ukraine. Furthermore, the consolidation and reduction of USAID's third-party monitoring awards in Ukraine resulted in a situation whereby the third-party monitors also had a stake in the results of the programs being monitored.

Key Lessons Learned

Based on our independent oversight of U.S. foreign assistance over the past decade, we have identified six key lessons for State to strengthen its third-party monitoring. Applying these lessons can help State safeguard taxpayer dollars from waste, fraud, and abuse; and ensure that funds are used effectively and as intended to achieve program objectives.

What We Learned	*How We Got There*
Third-party monitors can enhance agency monitoring by collecting critical information on U.S. foreign assistance in unstable and insecure environments to help thwart fraud.	Without rigorous oversight, U.S. foreign assistance becomes a prime target for theft and diversion to hostile actors and unauthorized recipients. In Syria, for example, a third-party monitor reported that USAID-funded food kits were being diverted. Following OIG's investigation, in 2024 the Department of Justice charged a Syrian national with diverting over $9 million in U.S. foreign assistance to an organization affiliated with al-Qaeda.

What We Learned	*How We Got There*
A formal planning process that includes criteria for using third-party monitoring helps support timely oversight.	Establishing triggers for third-party monitoring—such as project sites in nonpermissive environments, heavy staff workloads, and limited communication from implementers—can prevent delays in oversight. We reported in 2020 that USAID delayed third-party monitoring for 4 years during its humanitarian response in Africa's Lake Chad region because the Agency lacked a planning process with criteria to evaluate whether third-party monitoring was needed. Third-party monitors may also help fill gaps in oversight when staffing is limited, such as in Haiti where USAID had difficulty attracting and retaining qualified staff. Third-party monitoring may also help with oversight of U.S. foreign assistance implemented by international public organizations. For example, in 2024 we reported that USAID faced challenges accessing timely information from United Nations agencies on allegations of fraud, diversion, and sexual exploitation. To mitigate this challenge, the Agency could have used third-party monitors to observe and directly report information to Agency officials to facilitate timely oversight.
Third-party monitors need training and guidance to identify fraud and sexual exploitation and abuse (SEA) to help protect the safety of program beneficiaries and reduce agency risk.	While USAID emphasized prevention of SEA in foreign assistance through the implementation of its 2020 "Policy on Protection from Sexual Exploitation and Abuse," the Agency did not fully monitor implementation of that policy. For example, we found in 2025 that the guidance provided to third-party monitors in Ukraine to identify SEA was not as robust as the guidance provided to USAID staff. Third-party monitors' role in SEA-related monitoring was limited as a result—hindering USAID's ability to identify allegations of SEA and protect beneficiaries from it. Additionally, fraud awareness training could help third-party monitors better identify fraud risks. For example, USAID required third-party monitors in Syria to take fraud awareness training to help address fraud risks to the Agency's humanitarian response activities.
Clear requirements for third-party monitors' site visits help improve data collection and reporting.	Guidance on the type of information third-party monitors should collect during site visits can help ensure that the U.S. government has the right information needed to assess progress toward goals. We reported in 2020 that USAID programs in Pakistan lacked adequate guidance for site visits, including those third-party monitors performed. As a result, site visits were inconsistent and USAID may have missed opportunities to verify progress and address potential issues. For example, during an OIG site visit, we discovered that some of the $11.4 million of USAID-funded equipment was not being used at educational centers in Pakistan because project staff did not know how to operate it. Site visits by third-party monitors could have helped USAID identify and address these issues earlier in the project.

Report fraud, waste, and abuse at
https://oig.usaid.gov/report-fraud.

What We Learned	*How We Got There*
A centralized tracking system helps to improve decision making and ensure that issues third-party monitors identify are addressed.	Tracking systems allow U.S. officials to collect, manage, and use data from third-party monitors to inform decisions and ensure appropriate follow-up action is taken. Nonetheless, in Somalia, we reported in 2025 that USAID did not have a standardized process for tracking and resolving issues and recommendations that third-party monitors identified. As such, USAID missed opportunities to help ensure program activities were implemented as intended. Additionally, we found in 2021 that USAID missions in Bangladesh, Nepal, and Pakistan did not consistently track issues third-party monitors identified for health and construction projects; and follow-up action was not always timely or supported with documentation. We reported in 2021 that in Iraq, USAID did not have a formal process for tracking and acting on issues raised in third-party monitor reports. For example, there was no documentation of follow-up actions after the third-party monitor identified inconsistencies in the quality of water USAID implementors distributed in refugee camps.
Third-party monitors need appropriate agency oversight to ensure that they do not commit fraud, waste, and abuse; violate U.S. law; or face conflicts of interest.	U.S. agencies must oversee third-party monitors the same as any other awardee because they can also commit fraud, waste, and abuse and undermine U.S. interests. For example, OIG received in 2018 allegations that a third-party monitor in Libya provided falsified data and embezzled salaries under a USAID-funded program. These allegations were substantiated, resulting in the termination of the culpable employees while USAID obtained another third-party monitor. OIG received in 2019 a disclosure that a third-party monitor in Iraq purchased products from an Iranian supplier in violation of applicable U.S. sanctions. The Department of Treasury's Office of Foreign Asset Control confirmed the violation and issued a cautionary letter to the third-party monitor. Furthermore, in Ukraine, a potential conflict of interest arose in 2025 when a subsidiary of the company running U.S.-supported energy programs was designated to be the third-party monitor for those same programs.

Scope and Methodology

We conducted this work from June to September 2026 in accordance with the Council of the Inspectors General for Integrity and Efficiency's *Quality Standards for Inspection and Evaluation*. Our objective was to identify key lessons from our prior oversight of USAID's third-party monitoring practices. We focused on our oversight of USAID's third-party monitoring practices from October 2015 through April of 2026, encompassing 38 relevant reports. We analyzed each report's findings and recommendations to identify and summarize key lessons. We also collected and reviewed information from OIG investigations to inform the lessons learned.

Related OIG Products

Audits and Inspections

- USAID/Somalia's Democracy, Stabilization, and Governance Portfolio: Insufficient System Use, Financial Oversight, and Monitoring Processes Limited Activity Assessments (E-649-25-001-M), July 2, 2025.
- Ukraine Response: Action Needed to Enhance Oversight of Energy Procurements (8-121-25-002-P), March 28, 2025.
- Ukraine Response: USAID Can Strengthen Efforts to Ensure Compliance and Improve Monitoring to Protect Against Sexual Exploitation and Abuse for Humanitarian Assistance (E-000-25-001-M), February 13, 2025.
- Improved Guidance and Processes Would Strengthen the Use of Third-Party Monitors in Bangladesh, Nepal, and Pakistan (5-000-22-001-P), November 17, 2021.
- Weaknesses in Oversight of USAID's Syria Response Point to the Need for Enhanced Management of Fraud Risks in Humanitarian Assistance (8-000-21-001-P), March 4, 2021.
- Enhanced Guidance and Practices Would Improve USAID's Transition Planning and Third-Party Monitoring in Iraq (9-266-21-003-P), February 19, 2021.
- USAID Has Gaps in Planning, Risk Mitigation, and Monitoring of Its Humanitarian Assistance in Africa's Lake Chad Region (4-000-21-001-P), October 15, 2020.
- USAID's Pakistan Education Program Aligned With U.S. Strategy, But Insufficient Oversight Could Impede Accountability for Results (5-391-20-001-P), July 22, 2020.
- USAID's Award Oversight Is Insufficient to Hold Implementers Accountable for Achieving Results (9-000-19-006-P), September 25, 2019.
- Assessment and Oversight Gaps Hindered OFDA's Decision Making About Medical Funding During the Ebola Response (9-000-18-002-P), January 24, 2018.
- Working in Politically Sensitive Countries With Limited Resources Stymied Monitoring and Evaluation Efforts of Selected Middle East Missions (8-000-16-003-P), September 30, 2016.
- Audit of USAID/Afghanistan's Assistance in Building Afghanistan by Developing Enterprise Program (F-306-16-002-P), March 14, 2016.
- Audit of USAID/Afghanistan's Strategy for Monitoring and Evaluating Programs Throughout Afghanistan (F- 306-16-001-P), December 10, 2015.

Top Management Challenges

- Top Management Challenges Facing U.S. Foreign Assistance in Fiscal Year 2026, December 16, 2025.
- Top Management Challenges Facing USAID in Fiscal Year 2025, November 15, 2024.
- Top Management Challenges Facing USAID in Fiscal Year 2021, November 13, 2020.
- Top Management Challenges: Fiscal Year 2019, November 19, 2018.