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U.S. Agency for International Development

Statement of

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Good morning, Chairman McCaul, Ranking Member Meeks, and distinguished members of the Committee. I appreciate the opportunity to appear before you today to discuss the United States Agency for International Development (USAID) Office of Inspector General's (OIG) oversight of assistance to the government and people of Ukraine. First, I'd like to acknowledge the partnership with my Inspector General (IG) counterparts: IG Storch from the Department of Defense (DoD) and Deputy IG Shaw from the Department of State. Having been part of the IG community since 2010, I can confidently say that the level of coordination and cooperation among our OIGs in overseeing the United States' Ukraine response is extraordinary.

My testimony today will describe USAID OIG's oversight response efforts, including a summary of our recent, planned, and ongoing oversight of USAID's economic and humanitarian assistance to Ukraine. I want to be clear that providing timely, impactful, and independent oversight of USAID's Ukraine response is my office's top priority. We appreciate the support from members of this Committee in providing \$13 million to date in supplemental funding for us to conduct this important work.

Recent Ukraine Oversight Work

Since the start of Russia's invasion in February 2022, USAID has been the primary agency providing non-security assistance to Ukraine. This includes \$22.9 billion obligated for Direct Budget Support to the government of Ukraine, more than \$1.4 billion in humanitarian assistance, and more than \$800 million in development programs. A response of this magnitude requires proportionate levels of independent oversight.

To provide this independent oversight, USAID OIG has more than 60 staff supporting our Ukraine work. Over the last 9 months, we have issued 8 products, as well as a Joint Strategic Oversight Plan with our State Department and DoD IG partners. Our first Advisory report to USAID Administrator Power, dated July 22, 2022, entitled "[Key Considerations to Inform USAID's Response in Ukraine](#)," drew from our previous work and experience providing oversight of USAID's programming in other complex emergency environments, such as Afghanistan, Iraq, and Syria. Each of these responses presented unique challenges for USAID programs, but they shared risks that we highlighted for the Agency as it initiated programming in Ukraine. These risks included:

- Procurement fraud schemes such as bid-rigging, bribery, and kickbacks, especially at the subaward level;
- Fraud within cash-assistance programs;
- Sexual exploitation and abuse, and trafficking of vulnerable populations within USAID-funded programs; and
- Challenges in oversight and monitoring of programs in emergency environments.

Following the Advisory, we issued a fraud alert, in both [English](#) and [Ukrainian](#), identifying common schemes likely to affect USAID programming and how to detect, deter, and mitigate them. This alert was widely distributed across organizations and United Nations (U.N.) agencies seeking or receiving USAID dollars. Following issuance of the first alert, a major USAID contractor in Ukraine detected and reported to USAID OIG an allegation of collusive bidding, which they identified prior to awarding a subcontract. We immediately reviewed the allegation and quickly issued a [second fraud alert](#) warning the aid sector working in Ukraine to identify and report similar schemes.

Our investigators have provided more than 20 fraud awareness briefings to nearly 1,000 individuals employed by at least 9 organizations receiving USAID funds for programming in Ukraine. In these briefings, our special agents train aid workers and contractors to identify fraud indicators, potential misconduct, and other program vulnerabilities at an early stage, and report allegations directly to OIG. Our special agents and legal counsel also explain the whistleblower protections available under U.S. law to individuals from any country who elect to come forward. Specifically, our work relies on the ability of complainants to report information affecting USAID awards without fear of reprisal, and we aggressively investigate allegations of whistleblower retaliation.

We also worked closely with our colleagues at the State Department and DoD OIGs to produce joint hotline materials in [English](#) and [Ukrainian](#). Since broadcasting our joint message to report fraud to the OIGs, my office has received a substantial influx of reports. Specifically, since the issuance of our hotline materials, USAID OIG's hotline has received 178 reports related to Ukraine. This represents a 556 percent increase in reports from the previous 11-month period. To date, we have no serious criminal findings associated with USAID assistance to Ukraine. However, this increase in reporting shows that our outreach is working, and individuals know how to report potential misuse of USAID funds.

We recently issued three products related to USAID's Direct Budget Support (DBS) to the government of Ukraine. The first report was an [Information Brief](#) that described the three different World Bank trust funds that USAID's money has gone through, and the oversight mechanisms associated with each fund. The [second](#) and third DBS products detailed and assessed the monitoring and safeguards in place to prevent corruption and ensure accountability within USAID's DBS programming. In these reports, we found that the oversight mechanisms aligned with the U.S. Government Accountability Office's standards for internal control. In a future report, we plan to assess the effectiveness of these established mechanisms.

Conducting oversight in complex emergency environments such as Ukraine—with multiple donors providing assistance—requires close coordination with foreign and international officials with similar missions to ours. Our work is enhanced by long-standing partnerships and memoranda of understanding (MOUs) with our oversight counterparts at U.N. agencies, The World Bank, and bilateral donors. With the current limitations on U.S. government personnel in Ukraine, these relationships offer a front row

seat to what is happening on the ground and serve as valuable sources of information into potential criminal activity affecting USAID programs.

In addition, these relationships: (1) allow for open and early sharing of information; (2) provide leads and allow for joint work; (3) establish trusted points of contact to verify data and compare findings; and (4) create avenues for navigating access challenges, such as perceived restrictions in sharing information under foreign data privacy laws.

The importance of these relationships cannot be overstated. Recently, our MOU with a major U.N. entity led to USAID's suspensions and subsequent debarments of former U.N. officials who, horrifically, had sexually assaulted beneficiaries and job applicants in the Democratic Republic of Congo. Use of suspension and debarment prevents the worst abusers of international aid programs from harming the people that America's support is designed to help. Although that investigation was not directly related to our Ukraine oversight, it sets an important precedent and creates a tool we can use to ensure accountability for U.N. employees working on USAID programs in Ukraine. It also prevents bad actors from recirculating into other USAID-funded programs in Ukraine and elsewhere.

In November, USAID OIG convened the annual [Complex Emergencies Working Group](#), consisting of 25 bilateral and multilateral organizations as well as our U.S. law enforcement partners, including the Department of Justice. The forum established and reaffirmed contacts needed to investigate allegations of criminal activity in Ukraine. And just two weeks ago, my senior leadership team and I met with Ambassador McCain in Rome to discuss our oversight of USAID assistance to Ukraine implemented through U.N. organizations, especially the World Food Programme (WFP), which USAID asserts is the recipient of a quarter of all Agency funding. WFP has already received \$673 million in U.S. assistance to support Ukrainians in need.

In meetings with the WFP IG, we executed a new MOU for sharing information and pursuing investigations to further our mutual oversight interests in Ukraine. We conveyed to WFP and the U.N. Food and Agricultural Organization that USAID OIG needs and expects prompt disclosure of allegations concerning the misuse or abuse of USAID programs. Our collaboration across the international aid sector sends a powerful message: we are united; we will use our collective experience, contacts, and resources to ensure that donor assistance to Ukraine reaches its intended recipients; and we will swiftly respond to allegations of criminal activity.

Our Planned and Ongoing Oversight Work

In addition to the work we have already issued, the [Joint Strategic Oversight Plan](#) details USAID OIG's 22 planned and ongoing oversight projects. This work aligns with USAID's major programs, objectives, and funding in Ukraine, including direct budget support, humanitarian assistance, agriculture resilience, energy security, and anticorruption efforts.

To highlight just a few of those 22 planned projects:

- We will assess whether USAID has adequate measures in place to oversee funding to U.N. agencies and prevent sexual exploitation and abuse in their programming.
- We will assess whether USAID has the staff and resources it needs in Ukraine to successfully implement its programming.

- We will conduct an audit of USAID’s modifications to existing programs in Ukraine to respond to Russia’s invasion. Specifically, we will examine the tradeoffs inherent in accelerated procurement practices to determine whether the mission has developed the procedures necessary to safeguard the award process from undue risks and support USAID’s new strategy in Ukraine.
- We will assess USAID’s management of contributions made to World Bank trust funds for Ukraine. While these funds provide a rapid method to deliver support to Ukraine, they also have the potential to reduce transparency and oversight of USAID contributions.

Internally, in furtherance of our oversight work, we are: (1) recruiting and onboarding experienced surge capacity staff; (2) enhancing our data analytics program; (3) working to add permanent USAID OIG oversight positions at Embassy Kyiv; (4) continuing to develop new, agile products that will provide timely information to policymakers; and (5) expanding our network of sources in Ukraine to receive reports of potential misuse or abuse of USAID programs.

Conclusion

I would like to conclude my remarks with an assurance, that as the head of USAID’s Office of Inspector General, Congress and the American people have my commitment to independent, transparent, and timely oversight of USAID’s Ukraine response. Further, I am committed to helping lead, with IG Storch and Deputy IG Shaw, our interagency Ukraine Oversight Working Group. Together, we will ensure a comprehensive, efficient, whole-of-government approach to our work.

Thank you for your support of USAID OIG’s work. I look forward to your questions and the discussion today.