

SIGAR

**Special Inspector General for
Afghanistan Reconstruction**

SIGAR 20-10 Audit Report

Emergency Food Assistance to Afghanistan: Incomplete Reporting and Limited Site Visits Hindered USAID's Oversight of Millions of Dollars of Food Assistance



NOVEMBER
2019

SIGAR

Special Inspector General for Afghanistan Reconstruction

WHAT SIGAR REVIEWED

The percentage of people in Afghanistan without access to enough food—defined as being food insecure—increased from 30 percent in 2010–2011 to 45 percent in 2016–2017, according to the Afghan government. To address this situation, the U.S. Agency for International Development (USAID), through its Office of Food for Peace (FFP), has spent almost \$589 million since fiscal year (FY) 2010 to fund emergency food assistance projects in Afghanistan. USAID directed almost 96 percent of these funds to projects implemented by the UN World Food Programme (WFP). USAID also funded emergency food assistance projects implemented by the UN Children’s Fund (UNICEF) and four non-governmental organizations. USAID and its implementing partners have used these funds to purchase food and pay for expenses associated with transporting it to Afghanistan, to buy other food locally and regionally, and to provide beneficiaries with cash and food vouchers.

USAID monitored its projects through several mechanisms, including site visits, formal performance reports from its partners, and informal partner updates such as meetings, telephone calls, and emails.

The objectives of this audit were to determine the extent to which USAID, since FY 2010, (1) conducted oversight of the emergency food assistance projects it funded in Afghanistan; and (2) achieved intended outcomes related to its emergency food assistance projects in Afghanistan.

November 2019

Emergency Food Assistance to Afghanistan: Incomplete Reporting and Limited Site Visits Hindered USAID’s Oversight of Millions of Dollars of Food Assistance

SIGAR 20-10 AUDIT REPORT

WHAT SIGAR FOUND

SIGAR found that incomplete reporting and limited site visits reduced USAID’s ability to conduct oversight of its emergency food assistance activities in Afghanistan. More than 91 percent of USAID’s implementing partners’ formal quarterly, biannual, annual, and final project performance reports lacked information required by USAID’s award agreements. For example, the reports lacked data regarding beneficiary ages, costs per beneficiary, whether project activities improved the nutritional status of beneficiaries, and progress made toward meeting project goals.

Despite this, USAID could not identify any instances in which USAID staff requested that the agreement officer, the USAID official with legal authority over an award, take action to require implementing partners to correct the reports and include the missing information.

USAID told SIGAR that its partners provided informal updates to help with project monitoring. However, SIGAR found that the updates from WFP and UNICEF—the implementing partners responsible for projects receiving over 99 percent of USAID’s emergency food assistance funding in Afghanistan—did not discuss their projects’ progress toward meeting their objectives. Instead, SIGAR found that their informal updates primarily discussed administrative and financial matters, risk mitigation efforts, and diversion of food from intended beneficiaries.

Furthermore, USAID officials conducted site visits to oversee emergency food assistance projects between 2010 and 2014, but logistical and security challenges have since limited their ability to conduct site visits in remote areas of Afghanistan. In fact, USAID has only conducted one site visit since 2014, which was to WFP’s central warehouse in Kabul. Despite USAID’s inability to conduct site visits, the agency did not begin to develop a third-party monitoring contract for emergency food assistance activities in Afghanistan until 2018. According to USAID officials, third-party monitoring is a relatively new strategy for FFP and it was working out initial issues with monitoring contracts in other countries. In written comments on a draft of this report, USAID said it finalized a modification to an existing contract in September 2019 to include third-party monitoring of FFP’s emergency food assistance projects in Afghanistan. The agency further stated that it anticipated starting a third-party monitoring pilot program in FY 2020, but full monitoring of its emergency food assistance would not begin until FY 2021.

Without site visits or third-party monitoring, USAID is poorly positioned to oversee the performance of its FFP projects in Afghanistan and is dependent on information obtained through its partners’ informal updates and performance reporting, which at times is incomplete.

SIGAR also found that USAID lacked data to evaluate whether it achieved intended outcomes related to its emergency food assistance projects.

Although USAID tracked individual incidents of misuse of its food assistance, such as theft, diversion, loss, and illicit taxation, USAID did not calculate the total amount of assistance lost or the total number of intended beneficiaries who did not receive that assistance. Without knowing the full scale of its emergency food assistance losses, USAID could not determine the impact of its assistance.

Additionally, USAID's implementing partners did not always establish or report on their projects' performance indicators. For example, 5 of USAID's 14 projects did not report final performance indicator results. SIGAR identified 136 performance indicators established by 9 of the 14 projects through their proposals, final award documents, or publicly available project documentation. However, SIGAR could not determine the final status of 108 of the indicators (about 79 percent) because partners did not give USAID final indicator results, omitted some indicators from the final reports, did not establish targets for indicators to achieve, or presented results in a format that precluded them from being aggregated over time.

By not enforcing its implementing partner reporting requirements, USAID cannot determine the extent to which the projects it funds achieve their objectives, and as a result, whether USAID should adjust its existing awards, alter provisions included in future awards, or shift its emergency food assistance to other areas or implementing partners.

WHAT SIGAR RECOMMENDS

To more effectively oversee emergency food assistance activities implemented in Afghanistan, SIGAR recommends that the Director of the USAID Office of Food for Peace:

- 1. Enforce reporting requirements listed in emergency food assistance awards for projects in Afghanistan, including those for reporting project activities, progress, and final results.**
- 2. Implement an alternative to conducting site visits, such as contracting with third-party monitors, to help oversee USAID's emergency food assistance in Afghanistan.**
- 3. Evaluate the efficacy of USAID's emergency food assistance programs in Afghanistan, including the impact of the total amount of emergency food assistance lost to theft, diversion, illicit taxation, or other causes.**

SIGAR received written comments on a draft of this report from USAID. In its comments, USAID concurred with all three recommendations, identified actions it plans to take to implement them, and described any progress the agency has already made in response to SIGAR's draft report. SIGAR appreciates USAID's serious and timely actions to address the report's findings and recommendations.



SIGAR

Office of the Special Inspector General
for Afghanistan Reconstruction

November 21, 2019

The Honorable Mark Green
Administrator, U.S. Agency for International Development

Mr. Peter Natiello
USAID Mission Director for Afghanistan

Mr. Trey Hicks
Director, USAID Office of Food for Peace

This report discusses the results of SIGAR's audit of the U.S. Agency for International Development's (USAID) support for emergency food assistance in Afghanistan. Since fiscal year 2010, USAID has spent almost \$589 million to provide emergency food assistance in the country, directing almost 96 percent of those funds to the UN World Food Programme. USAID also funded emergency food assistance projects implemented by the UN Children's Fund and four non-governmental organizations. USAID and its partners have used these funds to purchase food and pay for expenses associated with transporting it to Afghanistan, to buy other food locally and regionally, and to provide beneficiaries with cash and food vouchers.

We found that incomplete reporting and limited site visits reduced USAID's ability to conduct oversight of its emergency food assistance activities in Afghanistan. We also found that USAID lacked data to evaluate whether it achieved intended outcomes related to its emergency food assistance projects.

We are making three recommendations. We recommend that the Director of the USAID Office of Food for Peace (1) enforce reporting requirements listed in emergency food assistance awards for projects in Afghanistan, including those for reporting project activities, progress, and final results data; (2) implement an alternative to conducting site visits, such as contracting with third-party monitors, to help oversee USAID's emergency food assistance in Afghanistan; and (3) evaluate the efficacy of USAID's emergency food assistance programs in Afghanistan, including the impact of the total amount of emergency food assistance lost to theft, diversion, illicit taxation, or other causes.

We received written comments on a draft of this report from USAID, which are reproduced in appendix IV. In its comments, USAID concurred with all three recommendations, identified actions it plans to take to implement them, and described any progress the agency has already made in response to our draft report. We appreciate USAID's serious and timely actions to address our findings and recommendations. USAID also provided technical comments, which we incorporated into this report as appropriate.

SIGAR conducted this work under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

John F. Sopko
Special Inspector General
for Afghanistan Reconstruction

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ABBREVIATIONS

AOR	agreement officer's representative
FFP	Office of Food for Peace
FY	fiscal year
GAO	U.S. Government Accountability Office
NGO	non-governmental organization
PIO	public international organization
USAID	U.S. Agency for International Development
UNICEF	UN Children's Fund
WFP	UN World Food Programme

The percentage of people in Afghanistan who do not have access to enough food—defined as food insecurity—has reportedly increased from 30 percent in 2010–2011, to 45 percent in 2016–2017.¹ To address the situation, the U.S. Agency for International Development (USAID) and other international donors have contributed hundreds of millions of dollars since fiscal year (FY) 2010 to supply emergency food assistance to the Afghan people through partner organizations. USAID has provided this emergency food assistance in the form of food and nutrition supplements, as well as through the provision of cash and food vouchers. Since FY 2010, USAID alone disbursed nearly \$589 million of emergency food assistance in Afghanistan through its Office of Food for Peace (FFP). Additionally, according to FFP, it reached almost 1.4 million beneficiaries in the country in FY 2018.

Both the U.S. Government Accountability Office (GAO) and USAID’s Office of Inspector General have reported on similar emergency food assistance efforts conducted by USAID in other countries.² These audits found several problems, including implementing partners reporting unreliable and incomplete data to USAID, and general weaknesses in USAID’s policies that increased its challenges overseeing partners in long-term crisis environments.

The objectives of this audit were to determine the extent to which USAID, since FY 2010, (1) conducted oversight of the emergency food assistance projects it funded in Afghanistan; and (2) achieved intended outcomes related to its emergency food assistance projects in Afghanistan.

To accomplish our objectives, we reviewed legislation and regulations governing emergency food assistance; USAID strategies and plans; award documents; partners’ project evaluations, formal project performance reports, and informal updates to USAID; and USAID site visit reports.³ In addition, we interviewed officials from FFP, the USAID Mission for Afghanistan’s Office of Humanitarian Assistance, the UN World Food Programme (WFP), the UN Children’s Fund (UNICEF), the four non-governmental organizations (NGO) that have received emergency food assistance funds from USAID since 2010, and the Famine Early Warning Systems Network.⁴ We interviewed Afghan government officials from the Afghanistan National Disaster Management Authority and the Ministries of Labor and Social Affairs; Agriculture, Irrigation, and Livestock; Refugees and Repatriation; and Public Health. We conducted our work in Kabul, Afghanistan; Arlington, VA; and Washington, DC, from June 2018 through September 2019 in accordance with generally accepted government auditing standards. Appendix I has a more detailed discussion of our scope and methodology.

BACKGROUND

As part of its humanitarian assistance activities, USAID provides funding through FFP for projects that supply emergency food assistance to countries and individuals throughout the world. According to USAID, the agency intends for its emergency projects to save lives, reduce suffering, and support the early recovery of people affected by conflict and natural disasters, such as droughts. USAID also supports non-emergency development

¹ Government of the Islamic Republic of Afghanistan, Central Statistics Organization, *Afghanistan Living Conditions Survey 2016-17*, p. 121.

² See, for example, USAID Office of Inspector General, *Audit of USAID’s Food Security Program in Madagascar*, 4-962-14-002-P, January 7, 2014; GAO, *International Cash-Based Food Assistance: USAID Has Established Processes to Monitor Cash and Voucher Projects, but Data Limitations Impede Evaluation*, GAO-16-819, September 20, 2016; and USAID Office of Inspector General, *Insufficient Oversight of Public International Organizations Puts U.S. Foreign Assistance Programs at Risk*, 8-000-18-003-P, September 25, 2018.

³ We define a formal project performance report as any of the quarterly, biannual, annual, final, or World Food Programme food aid annual project performance reports that USAID’s emergency food assistance awards require the agency’s partners to submit. These awards required partner reports to include specific information and be submitted according to a set timeframe. In contrast, USAID’s awards for projects other than in-kind food aid also required partners to submit “brief, timely, informal updates,” but did not specify what components should be included.

⁴ The four non-governmental organizations are Catholic Relief Services, Cooperative for Assistance and Relief Everywhere Inc., Aga Khan Foundation USA, and an additional implementing partner that we are not identifying at USAID’s request because of security concerns for the organization’s staff. USAID created the Famine Early Warning Systems Network to provide analysis of food insecurity and warn of its potential to occur in approximately 28 countries, including Afghanistan.

projects designed to address the underlying causes of food insecurity. According to agency officials, staff based in Washington, DC, serve as agreement officer's representatives (AORs) and oversee the implementation of USAID's emergency food assistance projects in Afghanistan.⁵ Officials also stated that staff with the Office of Humanitarian Assistance at the USAID Mission for Afghanistan serve as activity managers, functioning as FFP's representatives in Kabul and handling daily oversight of the projects.

According to USAID, the agency uses FFP Title II funds primarily to purchase U.S. food, which USAID then transfers abroad to beneficiaries through partner organizations.⁶ USAID also uses FFP funds to pay implementing partners' administrative costs, buy local and regional food, pay for vouchers or cash transfers for food, pay for oversight and monitoring efforts, and cover costs associated with transporting, storing, and distributing food.

USAID funds projects implemented by NGOs and public international organizations (PIOs), such as WFP and UNICEF.⁷ A primary objective of WFP is to deliver food assistance in emergencies, and the program, one of USAID's primary food assistance partners, has provided food assistance in Afghanistan since 1963. In 2018, U.S. government funds made up approximately 35 percent of all of WFP's contributions worldwide, more than double that of the next largest contributor. Similarly, according to officials with WFP's Afghanistan office, approximately 50 percent of the funds it receives are U.S. government contributions.⁸

UNICEF's efforts in Afghanistan include promoting the rights of children and women. The organization has used FFP funds to supply nutrition supplements to address conditions such as severe acute malnutrition.⁹

USAID solicits applications from NGOs seeking funding for food assistance projects through FFP's annual program statement.¹⁰ The annual program statement explains how USAID will evaluate applications, and how it will manage and oversee projects once awarded. It also discusses the agency's expectations for monitoring, evaluation, reporting, and post-award administration. Although the program statement gives guidance to potential partners, final requirements are established in award agreements between USAID and the recipient.¹¹

USAID said it monitors emergency food assistance projects in Afghanistan through several mechanisms, including site visits, formal performance and financial reports from its partners, and informal partner updates such as meetings, telephone calls, and emails. USAID said the informal updates it receives from its partners are critical to understanding and overseeing activities in a timely manner; otherwise, USAID would have to wait months to review a formal performance report.

⁵ AORs provide program and administrative oversight for certain awards and monitor implementing partners' progress in achieving objectives.

⁶ USAID's emergency food assistance projects receive funds authorized by (1) Title II of the Food for Peace Act or (2) the Foreign Assistance Act's international disaster assistance. The Food for Peace Act's Title II authorizes funds to meet emergency food needs around the world, as well as for nonemergency food assistance designed to address the root causes of food insecurity. The Foreign Assistance Act authorizes funds for USAID's Emergency Food Security Program, which the agency uses to provide assistance to address immediate emergency food needs.

⁷ According to USAID guidance, a PIO is an organization principally made up of multiple countries.

⁸ As of December 2018, WFP's Afghanistan office reported that its top donors were the United States, United Kingdom, Afghanistan, Japan, and Australia.

⁹ According to the World Health Organization, severe acute malnutrition is a "life-threatening condition requiring urgent treatment." It is characterized, in part, by "visible severe wasting" and "a very low weight for height." See World Health Organization, "Severe acute malnutrition," accessed November 19, 2019, https://www.who.int/nutrition/topics/severe_malnutrition/en/.

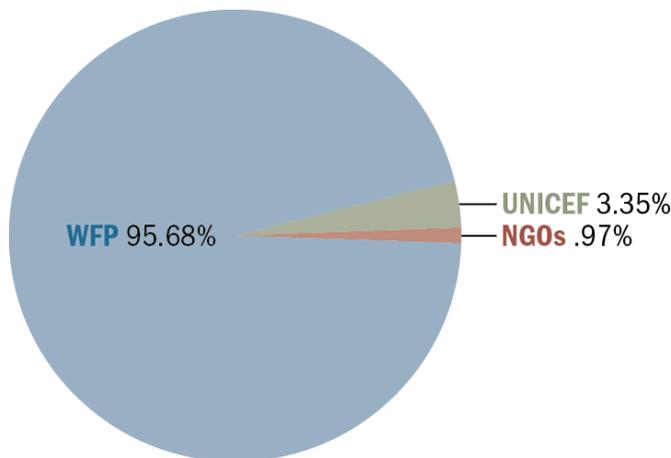
¹⁰ FFP issued its most recent annual program statement in February 2019. According to USAID, PIOs primarily apply for emergency food assistance funds through a noncompetitive process, but in rare cases, USAID may ask PIOs to submit their proposals for competitive review.

¹¹ According to a written statement from USAID, the requirements listed in the annual program statement do not apply to PIOs. However, USAID wrote that the agency has integrated elements of the document's requirements into PIO awards to encourage consistency among its implementing partners. For example, USAID stated that, starting in 2017, it began including reporting requirements specific to certain types of emergency food assistance in its agreements with WFP.

USAID Has Spent Almost \$589 Million for Emergency Food Assistance in Afghanistan since FY 2010

Since FY 2010, USAID has spent almost \$589 million for emergency food assistance activities in Afghanistan through 20 awards to support 14 projects implemented by 6 partners.¹² USAID directed about \$563 million (96 percent) of this amount to WFP, as shown in figure 1. UNICEF received almost \$20 million for its projects, and almost \$6 million went to projects implemented by four NGOs.¹³ Appendix II has additional details about these projects.

Figure 1 - USAID Emergency Food Assistance Spending since FY 2010, by Implementing Partner



Source: USAID FFP.

Note: Data are current as of April 1, 2019.

WFP is a co-leader of the Food Security and Agriculture Cluster, a group that coordinates activities among humanitarian organizations concerned with emergency food security and agriculture responses in Afghanistan.¹⁴ According to USAID officials, WFP receives most of the agency's emergency food assistance funds because it has experience managing these types of projects. However, USAID said it also issues awards to NGOs when targeting assistance toward specific Afghan populations with which NGOs have experience.

Since FY 2010, USAID has supplied almost 70 percent of its emergency food assistance in Afghanistan through in-kind food aid and funds to support the costs associated with it, including transportation expenses.¹⁵ The agency distributed the remaining 30 percent

through market-based forms of food assistance.¹⁶ USAID provides in-kind food aid through WFP and UNICEF.

According to USAID, for WFP's work, USAID authorizes the procurement and transfer of food from the U.S. Department of Agriculture to WFP. The food is then transported to U.S. ports, where WFP assumes full responsibility for the food and transports it to Afghanistan for distribution. According to UNICEF and USAID, for UNICEF's work, USAID procures ready-to-use therapeutic food packets and has contractors deliver them, typically to UNICEF's warehouse in Kabul, where UNICEF assumes ownership.¹⁷ UNICEF officials told us that UNICEF then arranges to have the packets distributed to other warehouses and onward to health clinics and

¹² In some cases, these awards provided funds or food donations to support the same project, with each award providing funds for a different period of performance or type of assistance. For example, one WFP project received FFP funds through five awards, and another received funds through three.

¹³ The NGOs are Catholic Relief Services, Cooperative for Assistance and Relief Everywhere Inc., Aga Khan Foundation USA, and an additional NGO that we are not naming at USAID's request because of security concerns for the organization's staff.

¹⁴ The other co-leader is the UN Food and Agriculture Organization. More than 167 organizations are active in the Food Security and Agriculture Cluster in Afghanistan, including USAID.

¹⁵ According to USAID, in-kind food aid is food purchased in the U.S. and is often used to respond to emergencies where local markets are not functioning, there is not enough food in the markets to meet demand, or beneficiaries cannot access the markets.

¹⁶ According to USAID, market-based food assistance includes food procured locally, regionally, or internationally, and the transfer of cash or food vouchers to beneficiaries.

¹⁷ Ready-to-use therapeutic food is a paste generally made from oilseeds, tree nuts, pulses, cereals, sugar, dairy protein, vegetable oils, and vitamin and mineral supplements. It does not require any preparation and is designed to meet the nutritional needs of severely malnourished children.

individual beneficiaries. According to officials with WFP and UNICEF, both organizations contract with local partners to deliver food assistance throughout Afghanistan.

Multiple factors can influence the need for emergency food assistance in Afghanistan. For example, according to WFP, conflict, weather, and other issues can cause food insecurity, especially for vulnerable Afghans. From FY 2010 through FY 2015, USAID spent almost 87 percent of its emergency food assistance funding on in-kind food aid for projects the agency awarded. For projects awarded since then, USAID has directed more than 94 percent of its spending to market-based forms of food assistance. Implementing partner and USAID officials said they shifted to market-based assistance activities in part because Afghanistan has local food available to buy, but it may be too expensive for some Afghans.¹⁸ Projects that distribute cash or food vouchers are intended to provide beneficiaries with the ability to purchase food already available in local markets.

INCOMPLETE REPORTING BY ITS IMPLEMENTING PARTNERS AND LIMITED SITE VISITS REDUCE USAID'S ABILITY TO OVERSEE ITS EMERGENCY FOOD ASSISTANCE PROJECTS IN AFGHANISTAN

USAID oversees its emergency food assistance projects in Afghanistan, in part, through reviewing formal performance reports that the projects' awards require partners to submit and through site visits. However, 54 of the 59 formal performance reports we reviewed (more than 91 percent) did not include required information. For example, the reports lacked data regarding beneficiaries' ages, costs per beneficiary, whether project activities improved the nutritional status of beneficiaries, and progress made toward meeting project goals. In addition, from 2014 through October 2018, USAID conducted only one site visit to project or partner locations receiving FFP funds because of security concerns in remote locations of Afghanistan. In 2018, USAID began planning a contract for a third-party monitor to meet internal requirements for monitoring when USAID has substantial FFP investments in countries where it may be difficult for USAID staff to monitor. FFP officials said using third-party monitoring is a relatively new practice for their office.

More than 91 Percent of Implementing Partners' Formal Performance Reports Did Not Include Some Required Information

The Foreign Aid Transparency and Accountability Act of 2016 and the Food for Peace Act require USAID to monitor outcomes associated with its use of resources.¹⁹ Therefore, USAID requires its implementing partners in Afghanistan to report regularly on their activities and project progress. In addition to any informal updates, USAID's awards require partners to submit a combination of formal quarterly, biannual, annual, or final reports to USAID that include information about project activities, performance, and results.²⁰ For example, the awards required quarterly and final reports to include data that measured project impact. According to FFP officials, USAID uses the data to provide information to the agency's senior leadership and Congress, and evaluate implementing partners' performance. Appendix III lists the information that USAID's implementing partners are required to include in each type of report.²¹

Some of the awards include reporting requirements specific to the funded activities. For example, certain USAID awards that use market-based assistance, such as regionally or internationally purchased food, require

¹⁸ According to USAID, market-based assistance can also be provided to beneficiaries faster than in-kind assistance.

¹⁹ Foreign Aid Transparency and Accountability Act of 2016, Pub. L. No. 114-191, 130 Stat. 666 (2016); and Food for Peace Act, 7 U.S.C. 1726a.

²⁰ The exact combination of reporting frequency and required content varies by award, partner, and type of activities conducted.

²¹ For the purposes of this report, we defined a reporting component as any unique data that the awards require the implementing partners to discuss in their performance reports to USAID.

implementing partners to give USAID information, such as the cost of food purchased and the value of food vouchers and cash transfers given to beneficiaries.

We requested all of the formal reports for each of USAID's emergency food assistance projects in Afghanistan since FY 2010. USAID provided 59 formal reports, but stated that agency officials were unable to locate one formal quarterly report required from one implementing partner during that period.²² We found that 54 of the 59 reports (more than 91 percent) were incomplete. Specifically, of the 59 reports, the following lacked at least some required information:

- all 22 of WFP's quarterly reports
- 8 of 12 NGO quarterly reports
- 1 of 2 WFP biannual reports
- all 9 of WFP's in-kind food aid annual reports
- the only NGO annual report
- all 5 WFP final reports
- all 4 UNICEF final reports
- all 4 NGO final reports

Taken together, our analysis of the 59 reports shows that more than 91 percent of partners' formal quarterly, biannual, annual, and final reports were incomplete. Appendix III contains additional details about the missing report components.

GAO cited similar findings in a September 2016 report about USAID's cash transfer and food voucher projects, which found that the NGOs and WFP did not include required information in their final reports to USAID.²³ As a result, GAO's recommendations included that USAID take steps to ensure that final reports comply with its minimum data requirements. According to GAO's report, implementing partners were required to include data such as the number of beneficiaries targeted and reached by the projects, and how beneficiaries used the cash transfers. GAO's report recommendation status notes that in December 2016, USAID entered into a contract for staff to ensure full compliance with reporting requirements for projects providing cash transfers and food vouchers; and in September 2017, USAID developed a checklist for its reporting requirements.²⁴ Despite these actions, we determined that implementing partners submitted 20 reports—11 quarterly reports, 1 biannual report, 1 annual report, 2 in-kind food aid annual reports, and 5 final reports—that lacked required information after GAO issued its report.²⁵

In USAID's official letters designating AORs for the awards, the awards' agreement officers required the AORs to review all implementing partners' performance reports for adequacy and responsiveness, and ask the agreement officer to take action when the reports are not submitted, are inadequate, or indicate a problem.²⁶ However, in its written response to our request for information, USAID said it could not identify any documentation indicating that AORs have requested the agreement officer to take action in response to problems with the implementing partners' performance reports.

USAID officials explained that they accepted the incomplete reports and did not require partners to update them because the resulting reports—when finally complete—would no longer be timely or relevant to emergency responses. USAID said it relies more on informal updates from partners and communications with its staff in

²² USAID could not find a quarterly report that would have given information about WFP's activities during the quarter ending in December 2011.

²³ GAO, *International Cash-Based Food Assistance*, GAO-16-819.

²⁴ GAO closed its recommendation as implemented after USAID's December 2016 and September 2017 actions.

²⁵ Eleven of the 20 reports were submitted after USAID enacted its December 2016 contract and September 2017 checklist.

²⁶ An agreement officer has legal authority for an award, and only the agreement officer can take action on behalf of USAID to enter into, amend, or terminate an award.

Kabul to make decisions than on formal performance reports because informal updates provide timely and urgent updates, which USAID said were more useful when managing emergency projects designed to save lives.

With the exception of WFP's in-kind assistance projects, USAID's food assistance award agreements require implementing partners to submit informal updates on their projects. We found that although the agreements give examples of information that partners could include in their updates, the agreements do not require partners to report specific information or data. Additionally, the agreements do not establish specific deadlines and instead state that partners should send updates "on a regular basis" to the agency.²⁷ Accordingly, we did not include these informal updates in our analysis of the partners' formal performance reports.

However, given USAID's reliance on these informal updates, we reviewed the AOR files for the four most recently completed emergency food assistance awards in Afghanistan—two implemented by WFP, one implemented by UNICEF, and one implemented by an NGO—to determine whether the informal updates included information about the projects' progress.²⁸

Our analysis of the AOR files for the NGO award demonstrated that USAID received information about the project's performance and progress through its informal updates from the NGO's staff. For example, the NGO sent biweekly emails to USAID officials discussing project activities such as planned meetings with community stakeholders, beneficiary identification efforts, assessments of households and market prices, and progress made in distributing emergency food assistance. However, our review of the informal updates in the files for the WFP and UNICEF awards found that the informal updates largely did not discuss the projects' progress toward meeting their objectives, and instead primarily discussed administrative and financial matters, risk mitigation efforts, and incidents of insurgents or criminal groups diverting food from intended beneficiaries. USAID said it considers discussion of these issues "critical for monitoring and oversight." Although we agree that administrative matters, risk mitigation, and diversion of assistance are important for USAID to monitor, these do not give USAID information about a project's progress and whether it is on track to meet its objectives.

USAID Has Not Used Third-Party Monitors to Help Fulfill Oversight Requirements for Its Emergency Food Assistance, Despite Its Inability to Conduct Regular Site Visits

FFP's internal guidance states that AORs and USAID's mission-based staff are responsible for conducting site visits and assessments, inspecting food warehouses, and checking data quality. This guidance also states that FFP should develop a third-party monitoring contract when FFP has substantial investments in countries where it may be difficult for USAID staff to monitor.²⁹

We reviewed USAID site visit reports for emergency food assistance projects in Afghanistan, and found that USAID had documentation for 12 trips involving visits to 44 total sites from 2010 until 2014, and 1 trip to 1 site from 2014 to October 2018.³⁰ The reports discussed problems related to food assistance in Afghanistan, such as bags of food stored improperly and children working for assistance projects. USAID's only documented site visit after 2014 took place in April 2018 when senior officials from FFP, USAID's Office of U.S. Foreign Disaster Assistance, and the USAID Mission for Afghanistan visited WFP's central warehouse in Kabul.

²⁷ Two award agreements with UNICEF required the organization to submit the updates annually and called them progress reports. We treated these the same as the informal updates required by the other awards because the UNICEF progress reports were also not subject to specific requirements about the information they should include.

²⁸ We are not identifying this NGO partner at USAID's request because of security concerns for the NGO's staff.

²⁹ According to the USAID Mission for Afghanistan's performance monitoring policy, third-party monitoring involves "the use of independent monitors that are not employed directly by USAID and have no fiduciary relationship to the implementing partner to observe, inspect, collect, and verify information on activity oversight and performance monitoring through site visits and other monitoring methodologies." See USAID Mission for Afghanistan, *Mission Order No. 201.05: Mission Order on Performance Monitoring*, September 20, 2017, p. 5.

³⁰ We defined a site visit as any visit by USAID staff to a project site or meeting held in the field with Afghan government or implementing partner officials.

According to USAID, logistical and security challenges have limited USAID's ability to conduct site visits. Specifically, USAID told us in its response to our preliminary findings that the agency has had difficulty obtaining approval for site visits from the U.S. Embassy in Kabul's security personnel because of security concerns and a lack of resources. USAID also stated in its response that from 2010 through 2013, provincial reconstruction teams supported site visits, but as the sites where those teams were located closed, USAID lost the ability to monitor projects through site visits.³¹

In addition to limitations on USAID staff's access to project sites, USAID's written response to our request for information stated that security restrictions also hindered WFP staff's ability to visit sites. According to WFP's office in Afghanistan, as of January 2018, WFP staff could directly access approximately one-third of the country and indirectly access almost 89 percent through partners and community engagement. Additionally, according to USAID, WFP uses third-party monitors to obtain information in areas off-limits to its staff.³² However, the remaining approximately 11 percent of the country was completely inaccessible because it was controlled by anti-government forces.

The USAID Mission for Afghanistan uses a three-tiered monitoring approach for its aid projects to balance the need to ensure the accountability of its foreign assistance activities with the need to keep mission personnel safe.³³ One tier involves the use of third-party monitoring contractors.³⁴ According to the USAID Office of Inspector General, the mission has used third-party monitors since at least 2006.³⁵ However, according to USAID's written comments in response to our preliminary findings, the agency's emergency food assistance activities are exempt from the mission's monitoring policy. Additionally, FFP and mission officials told us that they cannot use the mission's existing third-party monitors to oversee FFP projects because the projects are funded with a different account than that used for mission-based projects.

USAID officials told us that they have been working to develop a third-party monitoring contract for emergency food assistance activities in Afghanistan since 2018. The officials said using third-party monitoring is a relatively new strategy for FFP, and they were working out initial issues with monitoring contracts in other countries with restrictive operating environments because Afghanistan receives less USAID funding for emergency food assistance than those other countries.³⁶ The officials explained that should USAID bring third-party monitoring to its emergency activities in Afghanistan, it would come with high costs and potential security risks to staff charged with conducting the monitoring. Additionally, they said third-party monitoring in the country would likely have to focus on project outputs, instead of outcomes, due to a lack of manpower and technical capacity among the organizations USAID may hire to conduct monitoring.³⁷

According to USAID's written comments on a draft of this report, the agency finalized a modification to the USAID Mission for Afghanistan's existing third-party monitoring contract in September 2019 to include

³¹ The international community used provincial reconstruction teams to deliver assistance to provinces and districts. The teams ceased operating by the end of 2014.

³² UNICEF also uses third-party monitors to help oversee its emergency food assistance projects in Afghanistan.

³³ USAID Mission for Afghanistan, *Mission Order No. 201.05*, September 20, 2017.

³⁴ Direct observations by U.S. government officials can also satisfy this tier's requirements. The two other tiers are (1) implementing partner performance reporting; and (2) corroborating monitoring information from the other tiers with external information, such as information from the Afghan government, other donors, civil society, media reports, local organizations, external evaluations and assessments, and project beneficiaries. According to the USAID Mission for Afghanistan's policy, the mission does not prefer one monitoring tier to the others.

³⁵ USAID Office of Inspector General, *Audit of USAID/Afghanistan's Strategy for Monitoring and Evaluating Programs throughout Afghanistan*, F-306-16-001-P, December 10, 2015.

³⁶ According to USAID, in FY 2018, the agency provided its largest emergency food assistance responses to Syria (\$515 million), South Sudan (\$398 million), Yemen (\$361 million), Ethiopia (\$305 million), and Somalia (\$258 million). In Afghanistan, USAID disbursed approximately \$65 million for emergency food assistance projects during FY 2018.

³⁷ The USAID officials said FFP is also exploring other options for monitoring in restrictive environments, such as monitoring conducted by implementing partner staff or through a mechanism that project beneficiaries use to submit complaints and other feedback. Some partners have similar methods in place to monitor their projects, but FFP does not organize or oversee these activities.

monitoring FFP's emergency food assistance projects. Under these new terms, USAID said FFP will start a pilot program in FY 2020 for monitoring its WFP-implemented projects, but the agency does not anticipate expanding third-party monitoring to FFP's other emergency food assistance partners in Afghanistan until FY 2021.

Without site visits or third-party monitoring, USAID is not well positioned to oversee the performance of its emergency food assistance projects in Afghanistan. Instead, USAID depends on information obtained through incomplete performance reporting from its implementing partners and informal updates from USAID staff and partner officials. As a result, USAID may not be able to discover and quickly address problems that may arise in its emergency food assistance efforts, determine whether the projects are meeting their goals, or verify data submitted by its implementing partners.

USAID LACKS LOSS AND INDICATOR DATA NEEDED TO EVALUATE WHETHER IT ACHIEVED ITS EMERGENCY FOOD ASSISTANCE OBJECTIVES

Federal law requires USAID to monitor the use of its resources and the efficacy of its programs. Specifically, the Foreign Aid Transparency and Accountability Act of 2016 requires USAID and any other federal agency administering foreign assistance to monitor the use of resources and use measurable goals and performance metrics to evaluate outcomes and the performance of U.S. foreign assistance. The Food for Peace Act requires USAID to establish and use monitoring systems, and conduct impact evaluations. Additionally, the *U.S. Government Global Food Security Strategy* states that indicators are the basis for observing a project's progress and measuring its results.³⁸

We found that while USAID tracks individual cases of theft, diversion, loss, or illicit taxation of its emergency food assistance, and was able to provide us with a list of seven incidents that have occurred since 2010, it does not calculate the total amount of assistance lost or the total number of intended beneficiaries who did not receive that assistance.³⁹ The *U.S. Government Global Food Security Strategy* states that indicators help determine the extent to which a project is progressing toward its objectives, and that routine indicator data are important for maintaining accountability of government investments and enabling performance-based management practices that maximize impact. USAID awards require implementing partners to include indicator data when reporting on final project performance for all but one project.⁴⁰ However, we found that USAID can use only about 21 percent of the food assistance projects' indicators to evaluate their success because implementing partners did not submit data necessary to determine whether the indicators met their intended targets.

USAID Did Not Have Necessary Information on Incidents of Theft, Diversion, Loss, or Illicit Taxation to Measure Their Impact

The Foreign Aid Transparency and Accountability Act of 2016 requires all federal agencies administering foreign assistance to monitor the use of resources and evaluate outcomes. In addition, the Food for Peace Act requires USAID to conduct impact evaluations. FFP's *2016-2025 Food Assistance and Food Security Strategy* states that one of the principles underpinning USAID's provision of food assistance is for FFP to be "good stewards" of U.S. government resources, and to use them as efficiently and effectively as possible.⁴¹ Additionally, USAID's award agreements with its implementing partners include clauses restricting USAID funds or USAID-funded activities from supporting terrorist, criminal, or insurgent groups, such as anti-government forces.

³⁸ *U.S. Government Global Food Security Strategy, FY 2017–2021*, September 2016.

³⁹ According to USAID, the agency has received reports of anti-government forces pressuring USAID's implementing partners to pay a fee, or illicit taxes, in exchange for access to territory the forces control.

⁴⁰ The award agreement for WFP's Protracted Relief and Recovery Operation 104270 did not require WFP to report the final results of the project's indicators.

⁴¹ USAID FFP, *2016-2025 Food Assistance and Food Security Strategy*, p. 4.

USAID updated the loss notification provisions of its food assistance awards during the period covered by this audit. For example, USAID told us that WFP awards issued in FY 2010 did not require WFP to report losses resulting from waste, fraud, or abuse, and that awards from FY 2010 through FY 2013 did not require reporting unless the loss “materially affected the program.” In FY 2018, USAID’s award to WFP required that WFP notify USAID when losses result from waste, fraud, or abuse significantly affected the project’s activities. Similarly, USAID told us that the agency did not require UNICEF to report on issues related to its management of the food it transported until FY 2015. All of USAID’s award agreements with NGOs since FY 2010 required them to investigate and document loss, damage, or theft to equipment. However, only the most recent award (issued in April 2018) required the partner to also investigate and document loss, damage, or theft of food.

USAID told us that it has not “lost” cash assistance, but it has faced diversion, theft, and loss of in-kind food aid, and instances of illicit taxation. USAID officials stated that although the agency tracks individual cases of misused assistance and was able to provide us with a list of seven such incidents that have occurred since 2010, USAID does not calculate the total amount of assistance lost or the total number of intended beneficiaries who did not receive that assistance, information that would assist USAID in conducting the impact evaluations required by U.S. law. Moreover, USAID officials told us that additional incidents of theft and diversion may exist beyond these seven instances, and that in some instances, they do not know what portion of the lost food was purchased with agency funds. USAID told us that it reports individual incidents of theft, diversion, and misuse of resources to the USAID Office of Inspector General, and to the U.S. Department of the Treasury’s Office of Foreign Assets Control if the incident could benefit sanctioned groups.⁴² However, without knowing the full scale of its emergency food assistance losses, USAID cannot fully monitor its assistance or evaluate its outcomes and impact.

Theft, diversion, loss, and illicit taxation of food assistance have been identified as risks to project success since at least 2010. FFP’s internal project assessments identified diversion of emergency food assistance as a risk in Afghanistan in 2010, and the WFP Office of Inspector General reported at least six incidents of corruption in the organization’s activities in Afghanistan from 2012 through 2015 when WFP’s long-term staff or partners committed fraud or theft.⁴³ Additionally, WFP’s project documents from 2010 through 2016 mention food lost before distribution as a result of security issues or diversion.⁴⁴ A 2015 report from the Independent Joint Anti-Corruption Monitoring and Evaluation Committee also found incidents of fraud in a WFP project, where, due to lack of WFP oversight and mismanagement, Afghan Ministry of Education employees sold food in local markets that was intended for students.⁴⁵ This report found that WFP officials determined that approximately 20 percent of aid was diverted before it could reach the intended beneficiaries.

In November 2018, senior Afghan government officials representing various ministries told us theft of assistance is an issue. One official from the Afghanistan National Disaster Management Authority said anti-government forces took trucks that were distributing goods. Another official from the Ministry of Labor and Social Affairs told us his office has received many reports of stolen food assistance.⁴⁶ An official from the Ministry of Agriculture, Irrigation, and Livestock said although he was not aware of any specific instances of

⁴² The U.S. Department of the Treasury’s Office of Foreign Assets Control enforces economic and trade sanctions against entities including foreign countries and regimes, terrorists, international narcotics traffickers, and other threats to U.S. national security, foreign policy, or economic interests.

⁴³ WFP Office of Inspector General, *Annual Report of the WFP Inspector General*, April 19, 2013; WFP Office of Inspector General, *Annual Report of the WFP Inspector General*, April 25, 2014; and WFP Office of Inspector General, *Annual Report of the Inspector General*, May 13, 2016. The reports do not state which donor’s projects were affected.

⁴⁴ The reports do not specify the proportion of the lost food that USAID funded, but note that the annual losses were less than 0.5 percent of the amount of food that WFP handled each year from 2010 through 2014. In 2015 and 2016, the reports note losses but do not quantify them. Reports from 2017 and 2018 do not discuss whether food losses occurred.

⁴⁵ The Independent Joint Anti-Corruption Monitoring and Evaluation Committee is composed of anticorruption experts selected by the Afghan government and the international community to develop anticorruption recommendations, and monitor and evaluate anticorruption efforts in Afghanistan. See Independent Joint Anti-Corruption Monitoring and Evaluation Committee, *Corruption Practices in the World Food Programme’s Food-Distribution Initiatives in the Ministry of Education*, November 2015.

⁴⁶ We requested copies of these reports from the senior Afghan government official, but the official did not provide them.

theft, he estimated that 20 to 30 percent of food assistance may not reach its intended beneficiaries. He added that international donor assistance efforts would benefit from systematic monitoring.

In December 2018, members of the humanitarian aid group community in Afghanistan reported to USAID that in-kind food aid was vulnerable to illicit taxation by anti-government forces due to the large scale of these projects and the frequent movement of the food, and that they were facing pressure from those forces to pay fees in exchange for access. USAID told us that in response, it asked its partners to review and update their risk mitigation strategies. However, USAID also said that partners are responsible for establishing appropriate internal controls and undertaking their own due diligence to prevent waste, fraud, and abuse, and that USAID does not dictate how its partners should respond to these situations, beyond including requirements in award agreements that partners must report instances of waste, fraud, and abuse.

USAID's written response to our preliminary findings stated that it has increased reporting requirements in the past 2 years to mandate that implementing partners notify USAID of losses from waste, fraud, and abuse. However, in a September 2018 audit report, the USAID Office of Inspector General found that the agency relied on PIOs to manage risks, but lacked an "adequate" understanding of the PIOs' oversight abilities.⁴⁷ This USAID Office of Inspector General finding reinforces our concern that USAID does not have a comprehensive understanding of PIOs' ability to oversee food assistance theft, diversion, losses, and illicit taxation that would allow USAID to more effectively monitor its assistance and evaluate its outcomes and impact.

USAID's Implementing Partners Did Not Consistently Establish or Report on Indicators as Required

The Foreign Aid Transparency and Accountability Act of 2016 requires federal agencies administering applicable foreign assistance to monitor the use of resources and use measurable goals and performance metrics to evaluate outcomes. Additionally, the Food for Peace Act requires USAID to establish and use monitoring systems, and conduct impact evaluations. Although USAID has multiple mechanisms in place to monitor its emergency food assistance projects in Afghanistan, responsible USAID officials stated that the agency cannot measure the impact of its completed emergency food assistance projects because they are short-term. In those cases, USAID usually reviews output and outcome data for the projects to assess their activities.⁴⁸

Each version of the FFP annual program statement since 2010 has instructed NGOs applying for emergency food assistance funding to submit a monitoring and evaluation plan with associated indicators that would demonstrate the outcomes and outputs of proposed activities. Additionally, the final emergency food assistance awards that USAID issued to its implementing partners in Afghanistan required partners to include indicator data when reporting on final project performance for all but one project.

We found that although 12 of the 14 projects established indicators, the project documentation USAID gave us for 2 UNICEF projects did not include any information about indicators. Additionally, implementing partners did not report final indicator results for 5 of the 14 projects.⁴⁹ Table 1 lists which projects had established indicators and final results reported for them.

⁴⁷ USAID Office of Inspector General, *Insufficient Oversight of Public International Organizations*, 8-000-18-003-P. The report focused on USAID's oversight of PIOs, but not of NGOs. It recommended that USAID develop a comprehensive risk management policy for assessing and mitigating PIO award risk; establish a dedicated entity to assess, in part, PIO performance and the effectiveness of PIO internal oversight; and direct FFP to review and define its PIO award-making processes and update its internal control policies. According to the report, the office considers its recommendations to be resolved.

⁴⁸ According to USAID's internal guidance, outputs are "the tangible, immediate, and intended products or consequences" of a project; outcomes are the "conditions of people, systems, or institutions that indicate progress" toward the achievement of a project's goals.

⁴⁹ Implementing partners for 6 of the 14 projects submitted final indicator results, 2 projects did not require final results because they were ongoing during our fieldwork, and the award agreement for 1 project does not require WFP to report final results. Although WFP publicly reported indicator data for all 4 of its completed projects, it did not report final results

Table 1 - Status of Indicators and Results for USAID's Emergency Food Assistance Projects in Afghanistan

Project Name and Date Awarded ^a	Implementing Partner	Indicators Established	Final Indicator Results Reported
Protracted Relief and Recovery Operation 104270: Post-Conflict Relief and Rehabilitation in the Islamic Republic of Afghanistan (November 2009) ^b	WFP	Yes	N/A
Protracted Relief and Recovery Operation 200063: Relief Food Assistance to Tackle Food Security Challenges (March 2010)	WFP	Yes	No
Response to Floods in Central Afghanistan (October 2010)	Catholic Relief Services	Yes	Yes
Assistance for Drought Affected Families in Balkh (January 2012)	Cooperative for Assistance and Relief Everywhere Inc.	Yes	Yes
Emergency Food Aid for Northern Afghanistan (May 2012)	Aga Khan Foundation USA	Yes	Yes
Support for Ready to Use Therapeutic Food (February 2012) ^c	UNICEF	No	No
Protracted Relief and Recovery Operation 200447: Assistance to Address Food Insecurity and Undernutrition (October 2013)	WFP	Yes	No
Support for Ready to Use Therapeutic Food (March 2014) ^c	UNICEF	No	No
Scale Up of the Management of Severe Acute Nutrition Program (June 2015)	UNICEF	Yes	Yes
Emergency Operation 201024: Food and Nutrition Assistance to Vulnerable Returnees and Refugees in Eastern Afghanistan and People Displaced by Conflict (December 2016)	WFP	Yes	No
Ready-to-Use Therapeutic Foods Emergency Nutrition Program in Afghanistan (May 2017)	UNICEF	Yes	Yes
Emergency Cash Transfers to Food-Insecure Households in Daikundi Province (April 2018)	Unnamed ^d	Yes	Yes
N/A (August 2018) ^e	UNICEF	Yes	Ongoing ^f
Afghanistan Country Strategic Plan: Emergency Response to Drought Affected People (September 2018)	WFP	Yes	Ongoing ^f

Source: USAID FFP award documents.

Notes:

^a The dates listed are the dates, subsequent to FY 2010, when USAID first awarded funds or provided in-kind food aid to support the project, not necessarily the date that the partner started the project.

^b The award agreement did not require WFP to report on project indicators, although WFP still established indicators for the project.

^c These are two separate projects.

^d We are not identifying this implementing partner at USAID's request because of security concerns for the organization's staff.

^e The award supporting this project did not specify a project name.

^f Final indicator results are not available because this project was ongoing during our fieldwork.

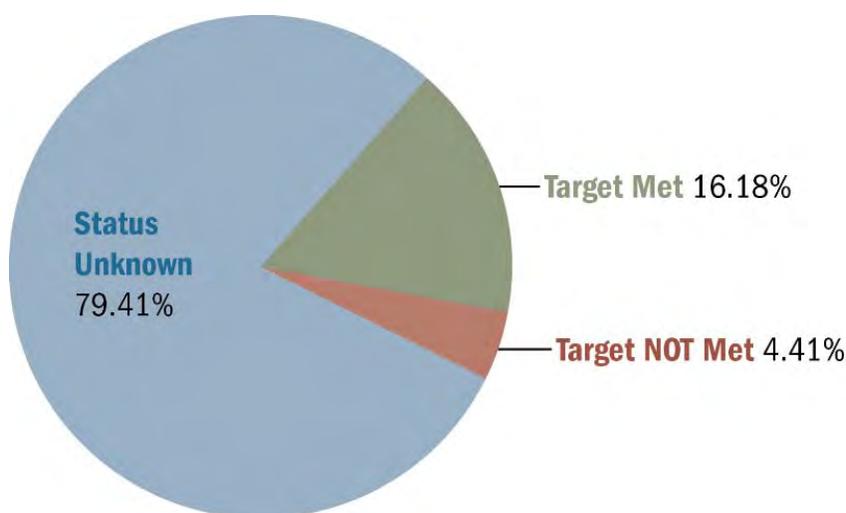
for the indicators that reflected the entire duration of the projects. WFP instead reported indicator data for annual reporting periods that cannot be aggregated over time.

As previously discussed, we found that USAID did not enforce award clauses that required implementing partners to report certain information, such as project indicator data, because USAID relied more on informal updates than formal performance reports to make its decisions. Additionally, USAID did not require partners to submit complete reports due to concerns regarding the timeliness of the information. Without these data, USAID and its implementing partners cannot track the progress of their emergency food assistance projects or determine whether they met their intended objectives. Accordingly, USAID cannot determine whether 5 of the 12 completed emergency food assistance projects it has funded in Afghanistan since FY 2010 met their intended objectives.⁵⁰ If indicator information is not recorded in projects' reports to USAID, then it is not available for USAID or other development officials to learn from these projects' successes and failures.

USAID Cannot Determine the Status of About 79 Percent of Emergency Food Assistance Project Indicators

USAID's emergency food assistance award agreements require implementing partners to submit final reports that measure each project's impact by using indicator data.⁵¹ Additionally, according to USAID, the agency determines if a project is successful based on whether the activities listed in its award agreement are completed.

Figure 2 - Status of Project Indicators for USAID's Emergency Food Assistance Awards



Source: USAID FFP awards and implementing partners' project proposals, progress reports, and final reports.

Note: This analysis does not include two UNICEF projects because the award documents did not list any indicators for the projects, and one WFP project because the award agreement did not require WFP to submit final results for indicators.

Implementing partners use indicators to monitor project activities. Examples of indicators used by implementing partners include the number of beneficiaries who receive food assistance and the proportion of children who recover from malnutrition. Without these types of data, USAID may not be able to measure the reach or effect of the projects it supports.⁵² We identified 136 indicators that the implementing partners established in the project proposals, final award documents, or publicly available project documentation for 9 of the 14 projects.⁵³ However, we could not determine the final

⁵⁰ The award agreement for 1 of the 12 completed projects did not require WFP to submit final results for the project's indicators.

⁵¹ The awards also require reports to measure project impact through use of baseline data.

⁵² USAID said it does not conduct impact evaluations of its Title II-authorized emergency food assistance projects, despite Food for Peace Act requirements, because the projects are short-term. Instead, USAID said it usually reviews output and outcome data for these activities.

⁵³ As previously discussed, two projects did not include any information about planned indicators in their USAID-specific or publicly available documentation. Additionally, we did not include two projects that were ongoing during our fieldwork and one project where USAID did not require WFP to report final results for indicators. We reviewed publicly available project documentation to identify indicators that organizations may have used but were not required by USAID. For example, although the awards for some WFP and UNICEF projects did not establish indicators, we sought project indicator data from

status of 108 indicators (about 79 percent), as shown in figure 2. This occurred because implementing partners did not give USAID final indicator results, omitted some indicators from final reports, did not establish any targets for indicators to achieve, or presented results annually rather than reflecting results of the entire project.

Our analysis found that of the 136 indicators from completed projects, implementing partners met their targets for 22 indicators, and did not meet their targets for 6 indicators.⁵⁴ We could not determine the status of the remaining 108 indicators. For 106 of the 108 indicators, implementing partners did not include results data in their final project reports. For the other 2 indicators, the partners did not establish a target or reported an outcome for a different indicator than required. Additionally, we found that only 1 of the 11 completed projects we reviewed, which UNICEF implemented, met all 4 of its indicator targets. Table 2 lists the status of the project indicators by implementing partner.

Table 2 - Status of Project Indicators for USAID’s Emergency Food Assistance Awards, by Implementing Partner

Implementing Partner	Total Indicators	Targets Met	Targets Not Met	Status Unknown
Catholic Relief Services	5	1	3	1
Unnamed ^a	7	5	2	-
Cooperative for Assistance and Relief Everywhere Inc.	10	6	1	3
UNICEF ^b	11	9	-	2
Aga Khan Foundation USA	16	1	-	15
WFP ^c	87	-	-	87 ^d
Totals	136	22	6^e	108

Source: USAID FFP awards and implementing partners’ project proposals, progress reports, and final reports.

Notes: The number of indicators listed are cumulative across all of an implementing partner’s projects.

^a We are not identifying this implementing partner at USAID’s request because of security concerns for the organization’s staff.

^b Two UNICEF projects did not list any indicators in their award documents, and one additional project was ongoing during our fieldwork. As a result, these projects are not included.

^c One WFP project was ongoing during our fieldwork and is not included. The award agreement for a separate project did not require WFP to report the final results for indicators.

^d We categorized all of WFP’s indicators as unknown because WFP only reported on its indicators annually, and did so in a format that precluded us from aggregating the indicator data over time.

^e One of these indicators reached 99.6 percent of its target, another reached 96.1 percent, and three reached less than 55 percent. Additionally, 1 indicator had 2 parts: it exceeded its target for 1 part and reached 25 percent of its target for the other. Because 1 of the 2 parts did not meet its target, we determined that the indicator as a whole did not meet its goal.

documentation on the organizations’ websites. These indicators may not apply solely to the USAID-funded aspects of the project, but we determined that USAID officials could still use them and their results to obtain an objective understanding of the project’s progress in meeting its objectives.

⁵⁴ According to their final project reports, partners did not meet their indicator targets for reasons including the remote nature of distribution sites, security challenges, and restrictions such as decreased food availability and increased food costs that reduced access to food.

Although USAID cannot use available indicator data to assess project performance, we found that it does perform informal oversight of its projects, such as through discussions with or informal updates from implementing partner staff. These communications keep USAID informed of the partner's perspective on a project's progress in some instances, but do not provide indicator data the agency needs to measure project performance. According to USAID internal guidance, comparing actual results achieved against initial targets is critical for determining the progress made in achieving the expected results.⁵⁵ Without available and useful final results, USAID cannot determine whether it is funding projects that are achieving their desired outcomes. Accordingly, without understanding the success of these projects, USAID cannot apply lessons learned when making decisions about its ongoing or future food assistance efforts.

CONCLUSION

USAID's emergency food assistance projects are designed to save lives and alleviate suffering. These projects can be particularly helpful in Afghanistan where food insecurity has increased due, in part, to drought and ongoing widespread conflict. Accordingly, it is critical that USAID is able to direct its limited emergency assistance funds to projects that will have the most impact. By not enforcing the requirement that implementing partners report information listed in their award agreements, however, USAID cannot determine the extent to which the projects it funds achieve their objectives. As a result, USAID does not know whether it should adjust its existing awards, alter provisions in future awards, or shift its emergency food assistance to other areas in Afghanistan or to different implementing partners. Constraints imposed on USAID staff due to security concerns greatly restrict USAID's ability to conduct site visits and directly monitor the projects it oversees. As a result, millions of dollars in emergency food assistance in Afghanistan remain at risk of waste, fraud, and abuse because USAID cannot directly monitor the distribution of food assistance. Finally, while USAID tracks individual incidents of theft, diversion, loss, and illicit taxation of food assistance, USAID cannot confirm how much of the assistance actually benefits the intended recipients.

RECOMMENDATIONS

To more effectively oversee emergency food assistance activities implemented in Afghanistan, we recommend that the Director of the USAID Office of Food for Peace:

- 1. Enforce reporting requirements listed in emergency food assistance awards for projects in Afghanistan, including those for reporting project activities, progress, and final results data.**
- 2. Implement an alternative to conducting site visits, such as contracting with third-party monitors, to help oversee USAID's emergency food assistance in Afghanistan.**
- 3. Evaluate the efficacy of USAID's emergency food assistance programs in Afghanistan, including the impact of the total amount of emergency food assistance lost to theft, diversion, illicit taxation, or other causes.**

⁵⁵ USAID Automated Directives System Chapter 201, "Program Cycle Operational Policy," § 201.3.5.5.

AGENCY COMMENTS

We provided a draft of this report to USAID for review and comment. USAID provided written comments, which are reproduced in appendix IV. USAID also provided technical comments, which we incorporated, as appropriate. USAID concurred with all three of our recommendations and identified the actions it is taking, plans to take, or has already taken to address our findings and implement the recommendations.

Regarding our first recommendation, USAID stated that it is making changes affecting all of its emergency food assistance projects; USAID anticipates that these changes will improve its overall accountability. For example, USAID said FFP has created an internal controls working group that will develop checklists and spot-check implementing partner reports for completeness. USAID stated that FFP also developed guidance for rating implementing partners' past performance that takes into account the completeness of required reports submitted to USAID. Additionally, USAID stated that FFP is creating a tracker to verify receipt of complete performance reports, and will review FFP's job descriptions and workloads to ensure that they clearly identify and document responsibility for tracking reports. USAID anticipates completing these tasks by March 2021. Accordingly, our first recommendation remains open until we receive and review evidence that USAID has fully implemented its planned actions.

Regarding our second recommendation, USAID stated that it finalized a modification to the USAID Mission for Afghanistan's existing third-party monitoring contract in September 2019 to require the third-party monitors to oversee FFP's emergency food assistance projects. Based on the revised contract, USAID stated that FFP will institute a pilot program in FY 2020 for third-party monitoring of WFP-implemented projects. Depending on the results of the pilot, USAID stated that FFP will expand its third-party monitoring to include its other implementing partners in FY 2021. Accordingly, our second recommendation remains open until we receive documentation regarding FFP's implementation of third-party monitoring for its emergency food assistance projects in Afghanistan.

In response to our third recommendation, USAID agreed with the recommendation, noting that "all DCHA/FFP emergency food-assistance awards now require information on the number of beneficiaries targeted and reached." USAID stated that it is finalizing negotiations with the UN regarding new standard provisions for grant agreements. USAID stated it will require UN agencies, including WFP, to report fraud and abuse to USAID and the agency's Office of Inspector General. Additionally, USAID stated that FFP released new reporting guidance and a tracking template for consolidating reported losses. USAID stated that FFP will ask its implementing partners about the impact of losses, whether those losses have affected the number of people receiving emergency food assistance, and whether the implementing partners took steps to mitigate the impact of losses on beneficiaries. USAID estimated it will complete these actions by September 2020. Accordingly, our third recommendation remains open until we receive and review evidence that USAID has fully implemented planned actions.

APPENDIX I - SCOPE AND METHODOLOGY

This report discusses the results of SIGAR’s audit of the U.S. Agency for International Development’s (USAID) support for emergency food assistance in Afghanistan. The objectives of this audit were to determine the extent to which USAID, since fiscal year 2010, (1) conducted oversight of the emergency food assistance projects it funded in Afghanistan, and (2) achieved intended outcomes related to its emergency food assistance projects in Afghanistan.

To assess the extent to which USAID conducted oversight of the emergency food assistance projects it funded in Afghanistan, we reviewed laws, regulations, strategies, plans, and guidance that govern the implementation of USAID’s emergency food assistance. For example, we reviewed the Food for Peace Act, regulations guiding the transfer of food for use in disaster relief, the U.S. government’s strategy to improve global food security, and the USAID Office of Food for Peace’s (FFP) internal oversight plans and guidance issued to its implementing partners. We also reviewed USAID’s emergency food assistance project awards, implementing partners’ project evaluations, site visit reports, partners’ informal updates to USAID, and other project documentation related to USAID’s oversight efforts. Finally, to determine whether implementing partners adhered to requirements included in their respective awards, we reviewed the formal performance reports that USAID’s project awards required its partners to submit to the agency on a quarterly, biannual, or annual basis, and final reports submitted at the projects’ conclusions.⁵⁶

In reviewing these formal reports, we first identified each unique component that the awards required the implementing partners to include in their reports. We then determined whether the partners’ reports discussed these components or presented the required data. For example, if an award required the partner to report the number of beneficiaries targeted and reached, we categorized this requirement as two components for which the partner should report information: (1) the number of beneficiaries targeted, and (2) the number of beneficiaries reached. In doing so, we intended to give the implementing partners credit for reporting some required data, even if other required aspects were not present. We did not include in our analysis any reporting requirement for which the award included qualifiers, such as “if applicable” and “when appropriate.”

We also excluded implementing partners’ informal project updates from our analysis of whether partners fulfilled their reporting requirements. All of USAID’s emergency food assistance awards in Afghanistan, except those for the UN World Food Programme’s (WFP) in-kind food aid, required these updates. Although the awards gave examples of information partners may choose to include in their updates, the awards did not require partners to report specific information or data, and did not establish expected timeframes for the partners to submit their updates to USAID.⁵⁷

We reviewed available documentation for the informal updates from USAID’s four most recently completed emergency food assistance projects to assess the extent to which USAID officials were able to use them in performing oversight of emergency food assistance projects. These four projects consisted of two that WFP implemented, one that the UN Children’s Fund (UNICEF) implemented, and one that a non-governmental organization (NGO) implemented.

To assess the extent to which USAID achieved intended outcomes related to its emergency food assistance projects in Afghanistan, we sought to determine whether the projects it funded have been successful in meeting stated goals. To do so, we reviewed the projects’ indicator data by identifying the indicators, their targets, and their results as included in the projects’ proposals, final award documents, and publicly available project documentation. We included the publicly available documentation to identify indicators that organizations may have used despite their award agreements not requiring them to do so. For example, although the awards for

⁵⁶ The exact combination of reporting frequency and required content varied by award, partner, and type of activities conducted.

⁵⁷ Two award agreements required the submission of these updates annually. However, because these awards, like the others, did not specify requirements for information that the partners should report in their updates, we did not include them in our analysis of the formal performance reports.

some projects implemented by public international organizations do not establish indicators, we sought project indicator data from documentation available on the organizations' websites. These indicators may not apply solely to the USAID-funded aspects of the project, but we determined that USAID officials could still use the data to obtain an understanding of the project's progress in meeting its objectives.

For both of our objectives, we interviewed officials from FFP, the USAID Mission for Afghanistan's Office of Humanitarian Assistance, WFP, UNICEF, the four NGOs that have received emergency food assistance funds from USAID since 2010, and the Famine Early Warning Systems Network. We also interviewed Afghan government officials from the Afghanistan National Disaster Management Authority, and the Ministries of Labor and Social Affairs; Agriculture, Irrigation, and Livestock; Refugees and Repatriation; and Public Health.

We did not rely on computer-processed data for the purpose of the audit objectives. We assessed internal controls to determine the extent to which USAID has systems in place to oversee its emergency food assistance activities in Afghanistan and ensure that its implementing partners abide by their awards' reporting requirements. The results of our assessment are included in this report.

We conducted our audit work in Kabul, Afghanistan; Arlington, VA; and Washington, DC, from June 2018 through September 2019, 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. This audit was performed by SIGAR under the authority of Public Law No. 110-181, as amended, and the Inspector General Act of 1978, as amended.

APPENDIX II - U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT'S EMERGENCY FOOD ASSISTANCE AWARDS IN AFGHANISTAN

Since fiscal year (FY) 2010, the U.S. Agency for International Development (USAID) has issued 20 awards for emergency food assistance to the UN World Food Programme (WFP), the UN Children's Fund (UNICEF), and four non-governmental organizations. Several of these awards provided funds or in-kind donations to support the same project, with each award providing funds for a different period of performance or type of assistance. Table 3 lists each award, its implementing partner, the project it supported, the period of performance, and funds spent as of April 1, 2019.

Table 3 - USAID's Emergency Food Assistance Awards in Afghanistan since FY 2010, as of April 1, 2019

Award Number	Implementing Partner	Project Name	Award Start Date	Award End Date	Funds Disbursed
895-XXX-306-3010 PRRO 104270	WFP	Protracted Relief and Recovery Operation 104270: Post-Conflict Relief and Rehabilitation in the Islamic Republic of Afghanistan	11/4/2009	3/31/2010	\$28,988,604
AID-FFP-G-11-00001	WFP	Protracted Relief and Recovery Operation 200063: Relief Food Assistance to Tackle Food Security Challenges	10/21/2010	7/31/2011	\$14,999,638
895-XXX-306-2010 PRRO 200063	WFP	Protracted Relief and Recovery Operation 200063: Relief Food Assistance to Tackle Food Security Challenges	3/4/2010	3/31/2013	\$13,641,696
895-XXX-306-2011	WFP	Protracted Relief and Recovery Operation 200063: Relief Food Assistance to Tackle Food Security Challenges	10/8/2010	3/31/2013	\$108,912,900
AID-FFP-IO-11-00011	WFP	Protracted Relief and Recovery Operation 200063: Relief Food Assistance to Tackle Food Security Challenges	9/30/2011	3/31/2013	\$39,795,470
895-XXX-306-2012	WFP	Protracted Relief and Recovery Operation 200063: Relief Food Assistance to Tackle Food Security Challenges	12/12/2011	12/31/2013	\$99,684,900
AID-FFP-G-11-00003	Catholic Relief Services	Response to Floods in Central Afghanistan	10/26/2010	8/31/2011	\$969,269
AID-FFP-G-12-00003	Cooperative for Assistance and Relief Everywhere Inc.	Assistance for Drought Affected Families in Balkh	1/12/2012	2/28/2013	\$2,111,805

Source: USAID Office of Food for Peace.

Continued on the next page

Award Number	Implementing Partner	Project Name	Award Start Date	Award End Date	Funds Disbursed
AID-FFP-G-12-00035	Aga Khan Foundation USA	Emergency Food Aid for Northern Afghanistan	5/10/2012	4/30/2013	\$1,632,411
AID-FFP-A-12-00002	UNICEF	Support for Ready to Use Therapeutic Food ^a	2/8/2012	12/31/2014	\$5,118,100
AID-FFP-IO-14-00031	WFP	Protracted Relief and Recovery Operation 200447: Assistance to Address Food Insecurity and Undernutrition	9/3/2014	3/31/2015	\$2,500,000
895-XXX-306-2014	WFP	Protracted Relief and Recovery Operation 200447: Assistance to Address Food Insecurity and Undernutrition	10/17/2013	12/31/2016	\$138,561,657
AID-FFP-IO-16-00003	WFP	Protracted Relief and Recovery Operation 200447: Assistance to Address Food Insecurity and Undernutrition	12/14/2015	12/31/2018	\$85,996,947
AID-FFP-A-14-00001	UNICEF	Support for Ready to Use Therapeutic Food ^a	3/25/2014	12/31/2015	\$6,466,200
AID-FFP-G-15-00060	UNICEF	Scale Up of the Management of Severe Acute Nutrition Program	6/12/2015	12/31/2016	\$1,323,183
AID-FFP-IO-17-00004	WFP	Emergency Operation 201024: Food and Nutrition Assistance to Vulnerable Returnees and Refugees in Eastern Afghanistan and People Displaced by Conflict	12/1/2016	6/30/2018	\$20,000,000
AID-FFP-IO-17-00026	UNICEF	Ready-to-Use Therapeutic Foods Emergency Nutrition Program in Afghanistan	5/31/2017	9/30/2018	\$4,112,461
72DFFP18GR00016	Unnamed ^b	Emergency Cash Transfers to Food-Insecure Households in Daikundi Province	4/27/2018	11/30/2018	\$975,000
72DFFP18IO000124	WFP	Afghanistan Country Strategic Plan: Emergency Response to Drought Affected People	9/27/2018	7/31/2019	\$10,356,499
72DFFP18IO00071	UNICEF	N/A ^c	8/13/2018	11/30/2019	\$2,709,826
Total Funds Disbursed					\$588,856,566

Source: USAID Office of Food for Peace.

Notes: Some awards provided funds or in-kind assistance to support the same project, with each award providing funds for a different period of performance or type of assistance. Disbursement amounts are as of April 1, 2019.

^a These are two separate projects.

^b We are not naming this implementing partner at USAID's request because of security concerns for the organization's staff.

^c The award supporting this project did not specify a project name.

APPENDIX III - REPORT COMPONENTS REQUIRED BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT'S EMERGENCY FOOD ASSISTANCE AWARDS IN AFGHANISTAN

The U.S. Agency for International Development's (USAID) implementing partner award agreements included clauses that required partners to report information regarding their implementation of the emergency food assistance projects USAID funded. These reporting requirements differed by partner, type of report, and form of assistance. USAID required the UN World Food Programme (WFP) to submit reports on a quarterly basis and at the conclusion of its market-based assistance projects, and also submit annual reports for its projects providing in-kind food aid. USAID required non-governmental organizations (NGO) to submit quarterly and final project reports, and, for one NGO, annual reports. USAID also required the UN Children's Fund (UNICEF) to submit final project reports.

We reviewed the 12 quarterly reports the NGOs submitted and found that they did not include 32 of the 86 total required components, such as data regarding beneficiaries' ages, measures of the assistance's impact using baseline data and project indicators, and the number of internally displaced people served. Additionally, WFP's 22 quarterly reports lacked 61 of the 142 total required components, including information regarding the assistance's impact using baseline data and indicators, and beneficiary data disaggregated by sex. USAID's awards to UNICEF did not require the organization to submit quarterly reports.

In fiscal year (FY) 2018, USAID began requiring WFP to submit reports biannually instead of quarterly. One of the 2 biannual reports we reviewed had 7 of its 8 required components, but did not include data disaggregated by beneficiary age. The other report had all 5 of its required components.

Only one of the four NGO projects required a formal annual report. That report included 7 of its 8 required components, but did not include the project's costs per beneficiary. USAID's award agreements with UNICEF did not require formal annual reports.

USAID's in-kind food aid agreements with WFP required WFP to report components such as the number of beneficiaries targeted and reached, and any changes in key information, annually. We reviewed 9 in-kind food-aid annual reports that USAID provided to us, covering periods between FY 2010 and FY 2017. We found that these reports did not include information for 36 of the 72 total required components, such as whether the projects' activities improved or maintained the nutritional status of their beneficiaries and the progress made toward meeting project goals.

None of the implementing partners' final reports met all of their reporting requirements. The 4 NGOs' reports did not include 23 of the 71 total components, such as costs per beneficiary and the price of staple foods. WFP's 5 final reports did not include 56 of the 141 total required components. For example, some of the reports did not include data regarding the cost of food, or food safety and quality assurance information.

UNICEF's 4 final reports did not include 15 of the 33 required components, such as the number of internally displaced beneficiaries served and impacts measured using baseline and indicator data. Two reports did not include 1 of 8 required components, 1 report did not include 6 of 8 required components, and another report did not include 7 of 9 required components. For example, components not discussed in some of these reports included the projects' impact measured using baseline data and indicators, and the number of beneficiaries targeted.

Table 4 lists the required report components by implementing partner and type of report.

Table 4 - Report Components Required by USAID's Award Agreements with Its Implementing Partners

Report Component	Quarterly Reports		Biannual Reports	Annual Reports	In-Kind Food Aid Annual Reports	Final Reports		
	WFP	NGOs	WFP	NGOs ^a	WFP	WFP	UNICEF	NGOs
Activities Implemented by Local Entities or Joint Activities Undertaken					X			
Actual Cost of Commodities Purchased						X		X
Actual Number of Cash Transfers or Food Vouchers						X		X
Actual Transport Costs						X		X
Actual Value of Cash Transfers or Food Vouchers						X		X
Actual Volume of Commodities Purchased						X		X
Aflatoxin Levels of Commodities						X		X
Mycotoxin Levels of Commodities						X		
Average Cost Per Project Participant Per Month						X		X
Challenges, Successes, and Lessons Learned				X				
Commodity Safety and Quality Assurance Inspection Results Compared to Local Country Food Safety Guidance or Codex Alimentarius						X		X
Comparison of Actual and Expected Results	X	X						X
Cost Comparison						X		X
Cost Per Beneficiary		X		X		X	X	X
Cross Cutting Elements Describing How Gender, Protection, and Conflict Sensitive Issues Were Addressed						X		

Source: USAID's award agreements with its partners for emergency food assistance.

Continued on the next page

Notes: Reporting requirements varied depending on an award's form of assistance and the type of report. For the purposes of our table, we listed a component as required if at least one award required reporting on that item for the report type specified.

^a Applies to only one of the four NGOs.

Report Component	Quarterly Reports		Biannual Reports	Annual Reports	In-Kind Food Aid Annual Reports	Final Reports		
	WFP	NGOs	WFP	NGOs ^a	WFP	WFP	UNICEF	NGOs
Data Disaggregated by Age	X	X	X			X	X	X
Data Disaggregated by Intervention or Objective						X	X	X
Data Disaggregated by Sex	X	X	X	X		X	X	X
Data Narrative	X	X						X
Description of Activity Interventions and Results				X				
Description of Assessments and Surveillance Data Used to Measure Results								X
Discussion of Challenges			X					
Discussion of Project's Overall Performance								X
Gender Needs Assessment								X
Ground Transport Costs						X		X
Impact Measured Using Baseline Data	X	X				X	X	X
Impact Measured Using Indicators	X	X				X	X	X
Indicator List or Indicator Table				X				
Indicator Source Description				X				
Lessons Learned						X	X	X
Market Analysis			X			X		
Food Moisture Content Certification						X		X
Number of Beneficiaries Reached		X		X	X	X	X	X
Number of Beneficiaries Targeted		X		X	X	X	X	X

Source: USAID's award agreements with its partners for emergency food assistance.

Continued on the next page

Notes: Reporting requirements varied depending on an award's form of assistance and the type of report. For the purposes of our table, we listed a component as required if at least one award required reporting on that item for the report type specified.

^a Applies to only one of the four NGOs.

Report Component	Quarterly Reports		Biannual Reports	Annual Reports	In-Kind Food Aid Annual Reports	Final Reports		
	WFP	NGOs	WFP	NGOs ^a	WFP	WFP	UNICEF	NGOs
Number of Beneficiaries Who are Internally Displaced People	X	X	X			X	X	X
Ocean Freight Costs						X		X
Origin of Commodity Purchased						X		X
Planned Number of Cash Transfers						X		X
Planned Value of Cash Transfers						X		X
Price Information on Key Staples Four Weeks After the Program Ends						X		X
Price Information on Key Staples Four Weeks Before the Program Begins						X		X
Price Information on Key Staples Monthly During the Program						X		X
Price Information on Key Staples Two Weeks After the Program Ends						X		X
Price Information on Key Staples Two Weeks Before Program Start						X		X
Prices of the Commodities Purchased Two Weeks After Procurement						X		X
Prices of the Commodities Purchased Two Weeks Before Procurement						X		X
Programming Performance			X			X		
Progress in Meeting the Stated Primary Objectives					X			
Project Outputs			X			X		

Source: USAID's award agreements with its partners for emergency food assistance.

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Notes: Reporting requirements varied depending on an award's form of assistance and the type of report. For the purposes of our table, we listed a component as required if at least one award required reporting on that item for the report type specified.

^a Applies to only one of the four NGOs.

Report Component	Quarterly Reports		Biannual Reports	Annual Reports	In-Kind Food Aid Annual Reports	Final Reports		
	WFP	NGOs	WFP	NGOs ^a	WFP	WFP	UNICEF	NGOs
Project Summary			X			X		
Report Any Change in Key Information					X			
Reporting Related to Overall Cost Effectiveness								X
Reporting Related to Post-Distribution Monitoring		X				X		X
Success Stories								X
Time from Award to Possession by Beneficiaries						X		X
Time from Award to Tender						X		X
Time from Possession to Distribution						X		X
Time from Procurement to Possession						X		X
Time from Tender to Procurement						X		X
Type of Commodity Purchased						X		X
Types of Beneficiaries Reached					X			
Types of Beneficiaries Targeted					X			
Whether Program Improved or Maintained Nutritional Status of Beneficiaries					X			

Source: USAID's award agreements with its partners for emergency food assistance.

Continued on the next page

Notes: Reporting requirements varied depending on an award's form of assistance and the type of report. For the purposes of our table, we listed a component as required if at least one award required reporting on that item for the report type specified.

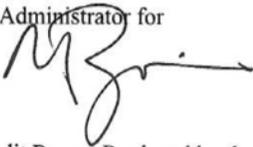
^a Applies to only one of the four NGOs.

APPENDIX IV - COMMENTS FROM THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT



MEMORANDUM

TO: The Honorable John F. Sopko
The Special Inspector General for Afghanistan Reconstruction

FROM: RADM Tim Ziemer (ret.), Senior Deputy Assistant Administrator for
Democracy, Conflict, and Humanitarian Assistance 

DATE: October 24, 2019

SUBJECT: Management Comments to Respond to the Draft Audit Report Produced by the Special Inspector General for Afghanistan Reconstruction (SIGAR) titled, *"Emergency Food Assistance to Afghanistan: Incomplete Reporting and Limited Site Visits Hindered USAID's Oversight of Millions of Dollars of Food Assistance"* (SIGAR-125A)

The U.S. Agency for International Development (USAID) would like to thank you and the SIGAR staff for the opportunity to provide comments on the subject draft audit report. The Agency agrees with the report's three recommendations, herein provides plans for implementing them, and offers an update on the significant progress we have made already. The attached memorandum also includes technical comments to the draft report; we are sending additional, minor clarifications separately to your staff that we believe will help ensure an accurate understanding of the report by the reader.

Your audit provides a valuable opportunity to assess and improve upon the policies and procedures of the Office for Food for Peace in the Bureau for Democracy, Conflict, and Humanitarian Assistance. Thank you for the opportunity to respond to the draft report, and for the courtesy shown by your staff while conducting this engagement.

**COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT ON
THE REPORT RELEASED BY THE SPECIAL INSPECTOR GENERAL FOR
AFGHANISTAN RECONSTRUCTION TITLED, "EMERGENCY FOOD ASSISTANCE
TO AFGHANISTAN: INCOMPLETE REPORTING AND LIMITED SITE VISITS
HINDERED USAID'S OVERSIGHT OF MILLIONS OF DOLLARS OF
FOOD ASSISTANCE" (SIGAR-125A)**

Please find below the Management Comments from the U.S. Agency for International Development (USAID) on the draft report produced by the Special Inspector General for Afghanistan Reconstruction (SIGAR), which contains three recommendations for the Agency.

Recommendation 1: Enforce reporting requirements listed in emergency food assistance awards for projects in Afghanistan, including those for reporting project activities, progress, and final results.

- **Management Comments:**

USAID agrees with this recommendation. The Office of Food for Peace (FFP) within the Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA) is using the opportunity of this draft audit report to make changes that will affect all of its emergency food-assistance programs and improve its overall systems for accountability. However, DCHA/FFP has identified some corrections around the required components as presented in Appendix III of the draft report, Report Components Required by USAID's Emergency Food-Assistance Awards in Afghanistan, and the related quantitative data. DCHA/FFP is providing examples under the technical comments below.

See SIGAR
Comment 1

DCHA/FFP recognizes that formal performance reports for emergency food-assistance programs in Afghanistan were missing information required by the awards. These formal performance reports are one of several tools DCHA/FFP uses to conduct comprehensive, real-time oversight of its programs in Afghanistan, including data on financial reporting and resource pipelines, communications on security and other constraints, and/or meetings and telephone calls with implementing partners. While not diminishing the value of the formal performance reports, all tools, including informal updates, are critical for programmatic oversight; in particular, DCHA/FFP significantly benefits from informal updates and real-time information, given the nature of our emergency awards. As noted in the draft audit report, the most-recent non-governmental-organization (NGO) implementing partner provided bi-weekly email updates regarding the project. DCHA/FFP provided SIGAR with over 90 supplemental reports from the World Food Programme (WFP), DCHA/FFP's largest partner in Afghanistan, as a part of our response to the audit; operational updates and achievement reports included detailed information, such as beneficiaries reached under different activities, the metric tonnage of food distributed, progress made, and challenges faced. Similarly, DCHA/FFP provided a number of performance reports from the United Nations Children's Fund (UNICEF) to SIGAR, even though the awards did not require them.

Additionally, DCHA/FFP has taken a number of steps already to prevent gaps in the information required from implementing partners. First, DCHA/FFP created a working group on internal controls in March 2019, which began the process of developing checklists and spot-checking whether partners' reports are complete. This will allow DCHA/FFP to identify problems and potential trends in reporting. Second, DCHA/FFP follows Chapter 303 of the USAID Automated Directives System (ADS), which the Agency revised on August 1, 2019. ADS Chapter 303.3.18 on Award Administration now includes a requirement that an Agreement Officer's Representative (AOR) must confirm information on past performance, such as whether a recipient's reports met the requirements of its award, within 45 days of the end of the grant or cooperative agreement. Third, beyond what ADS Chapter 303 requires, DCHA/FFP developed and sensitized staff on revised, DCHA/FFP-specific guidance for developing ratings for past performance, such as taking into consideration whether implementers' reports were complete. DCHA/FFP distributed the new guidance to staff on August 5, 2019, and it lives on an internal site for staff use. This DCHA/FFP-specific guidance applies to public international organizations (PIOs) and potential NGO awardees. Lastly, DCHA/FFP is in the process of creating a standardized tracker to verify when AORs receive performance reports and whether they are complete, which will begin in Fiscal Year (FY) 2020. DCHA/FFP will also continue to sensitize partner organizations on the importance of regular reporting through meetings and emails.

DCHA/FFP will undertake a review of its job descriptions and workloads to ensure the clear identification and documentation of responsibilities for tracking reports among programmatic teams. For example, the job description for the DCHA/FFP Program Assistant (PA) position under the office's institutional support contract states the PA is responsible for tracking the submission and filing of performance reports for emergency food-assistance awards, and he or she should review and track information from them. DCHA/FFP will ensure that each team has a clear understanding of who is responsible for tracking such information, and that the respective Team Leaders and other supervisors incorporate these expectations into the work plans and performance metrics for staff members. DCHA/FFP Team Leaders will use information from the new report tracker and reporting on the past performance of implementers to feed into their evaluations of the performance of their subordinates.

However, even with this support, the AOR is the person responsible for ensuring that implementers submit complete performance reports, as described in the Designation Letter for AORs.

- **Target Completion Date:** March 2021.

DCHA/FFP anticipates that it will be able to demonstrate that it is enforcing the reporting requirements listed in emergency food-assistance awards for Afghanistan by March 2021, once these tools are fully operational and the office has the opportunity to review and seek corrections to the annual reports implementing partners submit on the results of their awards, which are due in November 2020.

Recommendation 2: Implement an alternative to conducting site visits, such as contracting with third-party monitors, to help oversee USAID's emergency food assistance in Afghanistan.

- **Management Comments:**

USAID agrees with this recommendation. DCHA/FFP appreciates the efforts its implementing partners have taken to ensure programmatic progress and oversight, such as the mechanism for third-party monitoring (TPM) set up by the WFP. Given travel restrictions imposed on USAID's U.S. Direct-Hire staff in Afghanistan by the Regional Security Office at the U.S. Embassy in Kabul, DCHA/FFP recognizes the need to engage a contractor for TPM. On September 30, 2019, USAID finalized a modification to the existing contract for the Monitoring, Evaluation, and Learning Activity (AMELA) held by the Agency's Mission in Afghanistan to incorporate a new scope of work to conduct TPM for emergency food-assistance programs funded by DCHA/FFP. The AMELA contract has a two-year base period, with three additional option years. In FY 2020, through AMELA, DCHA/FFP will pilot the TPM of its activities carried out by the WFP. During the pilot phase, the AMELA contractor (MSI) will conduct approximately 40 site visits to food-distribution sites and the WFP's warehouses, chosen from the WFP's most-recent distribution plans according to USAID's geographic prioritization for high-risk, large-volume, and/or difficult-to-access areas. DCHA/FFP is currently working with MSI to develop site-visit tools and protocols. DCHA/FFP is budgeting for an expansion of its investment in the AMELA contract to include other partners in FY 2021, while recognizing that the results of the pilot program could affect the timeline and scope of the Task Order(s).

See SIGAR
Comment 2

- **Target Completion Date:** September 30, 2020.

Recommendation 3: Evaluate the efficacy of USAID's emergency food assistance programs in Afghanistan, including the impact of the total amount of emergency food assistance lost to theft, diversion, illicit taxation, or other causes.

- **Management Comment:**

USAID agrees with this recommendation. The Agency appreciates the auditors' input as DCHA/FFP continues its efforts to improve its monitoring and evaluation (M&E) of emergency food-assistance programs.

All DCHA/FFP emergency food-assistance awards now require information on the number of beneficiaries targeted and reached. USAID measures the short-term efficacy of these programs by the number of people in need of urgent and critical food assistance reached. As described under the Management Response to Recommendation #1 in the draft audit report, DCHA/FFP is committed to ensuring that it receives the required information required by the terms of each grant or cooperative agreement.

Additionally, DCHA/FFP's Annual Program Statement (APS) requires an M&E plan from NGO partners. The purpose of the M&E plan is to provide a framework for activities to demonstrate accountability and improve the quality of implementation and outcomes for beneficiaries. DCHA/FFP clearly articulates required indicators as well as required-if-applicable indicators.

Since the release of the FY 2019 APS on February 15, 2019, DCHA/FFP has required final evaluations for all emergency food-assistance activities that are 12 months or longer in duration to assess the performance of implementers against stated objectives and approved targets. The final evaluation must be a mixed-method performance-evaluation led by an experienced external team leader or a third-party firm. The final evaluation must include a quantitative, participant- or population-based household survey.

In July 2019, DCHA/FFP released USAID'S *Office of Food for Peace Policy and Guidance for Monitoring, Evaluation, and Reporting for Emergency Food-Security Activities* for comment by partner organizations, as a supplement to the APS. The document describes the key responsibilities of NGO implementers for monitoring, evaluation, and reporting under DCHA/FFP international emergency food-assistance awards with Title II or Emergency Food-Security Program (EFSP) resources.

DCHA/FFP would like to highlight that, in several places throughout the report, SIGAR notes that it used proposals, final award documents, or publicly available project documentation to identify information on indicators, and used these sources to present in Table 2 a number of indicators and targets missed. SIGAR explained in its Appendix I, Scope and Methodology, that it *"included the publicly available documentation to identify indicators that organizations may have used despite their award agreements not requiring them to do so. For example, although the awards for some projects implemented by public international organizations do not establish indicators, we sought project indicator data from documentation available on the organizations' websites. Although these indicators may not apply solely to the USAID-funded aspects of the project, we determined that USAID officials could still use the data to obtain an understanding of the project's progress in meeting its objectives."* USAID only mandates that its implementing partners report on required indicators or information included in their award documents. While DCHA/FFP might use other publicly available information for monitoring, the draft audit report should not criticize USAID for not forcing implementing partners to report against non-required indicators. Further, these non-required indicators might not be relevant or appropriate to use when evaluating the results or outcomes of a given DCHA/FFP-funded activity.

See SIGAR
Comment 3

DCHA/FFP takes losses extremely seriously, and recognizes their potential impact on beneficiaries. Over the audit period, USAID continuously has improved its oversight of losses because of diversion, theft, fraud, waste, abuse, and other programmatic irregularities. For example, in FY 2010, DCHA/FFP's awards to PIOs did not mention any specific reporting requirements around losses from fraud, waste, and abuse. Language in the standard provisions for Title II resources for the WFP's transfer authorizations from FYs 2010-2013 stated, *"WFP shall endeavor to ensure that losses due to improper actions or mishandling within the recipient country are mitigated or avoided."* USAID did not require reporting to the Agency unless the incident affected the program materially. However, in USAID's award to the WFP in FY 2018, language specifically required notification when *"[d]evelopments...have a significant impact on*

the activities supported by this Agreement. This includes, but is not limited to, losses as a result of (1) instances of waste, fraud, and abuse; and, (2) where applicable, commodity safety and quality incidents resulting in out of specification issues, or in conflict with local standards and guidelines." Furthermore, USAID is finalizing negotiations with the United Nations (UN) System on new standard provisions for all grant agreements with UN agencies (including the WFP) that will require reporting on fraud and abuse to the Agency and the Office of the USAID Inspector General (OIG).

DCHA/FFP continues to develop internal systems and guidance for tracking losses from diversion, fraud, theft, waste, abuse, and other programmatic irregularities. DCHA/FFP's program teams log instances by using their own tracking documents, and the DCHA/FFP policy team also tracks each case reported to the OIG. In August 2019, DCHA/FFP released new reporting guidance on programmatic irregularities and a new tracking template for consolidating reported cases of loss. The template includes information such as the amount and value of the loss, as well as the amounts that might have been returned to the implementing partner. On August 29, 2019, DCHA/FFP provided training to staff on the use of the new guidance.

DCHA/FFP is committed to continuing to track individual cases, as well as aggregate totals, of tonnages and/or values of lost commodities/funding from programmatic irregularities in Afghanistan. DCHA/FFP will request information from implementing partners on the impact of any loss and whether it affected the total number of people who were receiving food assistance (e.g., beneficiaries not reached) or if the implementer took steps to mitigate the impact on beneficiaries (e.g., reduced size of rations). DCHA/FFP will use both quantitative and qualitative information provided by implementing partners on losses from diversion, theft, or other malfeasance of USAID-funded food assistance in Afghanistan to identify problems and potential areas for improvement, design preventative measures, and feed into assessments of the past performance of partners.

- **Target Completion Date:** September 30, 2020.

By September 30, 2020, USAID will be able to demonstrate the collection of reports on performance according to Recommendation 1; will use quantitative and qualitative information from implementing partners on losses from diversion, theft, and other programmatic irregularities to estimate if DCHA/FFP-funded programs did not reach significant numbers of beneficiaries in Afghanistan; and will identify mitigating measures.

With the actions outlined above, we request SIGAR's concurrence with the Management Decisions for Recommendations 1, 2, and 3.

Technical Comments from the U.S. Agency for International Development

In the draft audit report titled, *“Emergency Food Assistance to Afghanistan: Incomplete Reporting and Limited Site Visits Hindered USAID’s Oversight of Millions of Dollars of Food Assistance,”* the Office of the Special Inspector General for Afghanistan Reconstruction (SIGAR) makes a number of statements the U.S. Agency for International Development (USAID) believes are inaccurate, and we therefore respectfully request their revision or removal from the document. USAID’s primary comments appear below, and the Agency is sending a list of small clarifications separately to SIGAR that we believe will help ensure an accurate understanding by the reader.

SIGAR’s Statements of Quantitative Findings

Recognizing the complexity of the reporting requirements, changes over the audit period, and documents from implementing partners that might have referred to multiple awards from USAID, the Office of Food for Peace (FFP) in the Bureau of Democracy, Conflict, and Humanitarian Assistance (DCHA) has identified corrections needed in Appendix III of the draft audit report, Report Components Required by USAID’s Emergency Food Assistance Awards in Afghanistan, and the related quantitative data. The examples below are illustrative, and demonstrate the challenges in verifying information included in the draft report that could affect the audit’s conclusions and recommendations:

- Within Appendix III, the draft report states, *“Only one of the four [non-governmental organization] projects required a formal annual report. That report included 7 of its 8 required components, but did not include the project’s costs per beneficiary.”* The Table in Appendix III does not mark “cost per beneficiary” as a required component for the annual reports from implementing partners. The table implies that USAID required “cost per beneficiary” for all NGOs’ final reports; however, only three of the four cooperative agreements included in SIGAR’s analysis required this indicator.
- Second, DCHA/FFP notes that an award to the United Nations Children’s Fund examined by SIGAR required data on cases of severe acute malnutrition; however, the draft audit report does not include this indicator in the analysis of components required and satisfied.
- Third, SIGAR’s draft audit report mentions 22 quarterly reports from the World Food Programme (WFP) provided by DCHA/FFP; however, this total included duplicates provided under different award numbers, including one award that did not require quarterly reports. (Although the documents mentioned a WFP Protracted Relief and Recovery Operation, these reports were actually for different awards, and included the award numbers.) DCHA/FFP is also unable to decipher to which two WFP biannual performance reports SIGAR is referring, since the office provided at least three, separate biannual reports for different awards.

See SIGAR
Comment 1

See SIGAR
Comment 1

See SIGAR
Comment 4

See SIGAR
Comment 5

See SIGAR
Comment 6

SIGAR's Response to Comments from the U.S. Agency for International Development (USAID)

SIGAR Comment 1: In response to USAID's comments, we revised table 4 in appendix III and modified the table to present the data more clearly.

SIGAR Comment 2: In response to USAID's comments, we revised the report to reflect that USAID finalized a modification to the USAID Mission for Afghanistan's third-party monitoring contract, and intends to use it for third-party monitoring of FFP's emergency food assistance projects in Afghanistan.

SIGAR Comment 3: We used project proposals or publicly available project documentation to identify indicators for three WFP projects that received funds through USAID awards within the scope of our audit. Awards for all three required WFP to "measure impact using the baseline data and indicators established for the program" and include those findings in reports to USAID, but did not specify the indicators WFP should use. To identify the indicators WFP established for two of the three projects, we referred to project proposal documents that USAID provided. For the third project, we identified WFP's indicators from publicly available project documents.

Contrary to USAID's comments, our report does not use these indicators to criticize USAID for not obtaining the indicator data. Instead, we sought indicators to help determine the extent to which data are available, publicly or otherwise, that USAID could use to determine the efficacy of the projects it funds. Although USAID may not have established these specific indicators, the agency could still have used the data associated with them—had the data been available—to gain insight into project activities, as we discuss in our report.

Despite USAID's comments stating that the indicators WFP established may not be appropriate to use when evaluating the results of FFP-funded projects, USAID officials told us in a discussion of our preliminary findings that FFP's objectives for a project are part of a larger WFP goal, and that FFP adopts those projects' broader objectives when funding them.

SIGAR Comment 4: USAID's awards to UNICEF do not require the organization to submit any formal performance reports to USAID, other than a final report. Two of these awards required UNICEF to give USAID data regarding cases of severe acute malnutrition in August of each year. One of the two awards was ongoing during the period we conducted our fieldwork, so we did not review the final report for that award. The second award did not state that the severe acute malnutrition data had to be included in the final report. Because USAID did not require UNICEF to include this information in the formal performance report for that project, we did not include it in our analysis of required report components in appendix III.

SIGAR Comment 5: We did not include any duplicate reports in our analysis. Additionally, if an award did not require the implementing partner to submit quarterly reports to USAID, we did not include quarterly reports for that award in our analysis in appendix III.

SIGAR Comment 6: Although USAID provided three biannual reports to us, one of them covered a period before USAID modified the award to require reporting biannually instead of quarterly. Accordingly, we treated this report as a quarterly report for the purpose of our analysis. However, had we treated it as a biannual report, we still would have determined it to be incomplete because it did not include one of eight required biannual report components (the report did not present data disaggregated by age).

APPENDIX V - ACKNOWLEDGMENTS

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This performance audit was conducted
under project code SIGAR-125A.

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The mission of the Special Inspector General for Afghanistan Reconstruction (SIGAR) is to enhance oversight of programs for the reconstruction of Afghanistan by conducting independent and objective audits, inspections, and investigations on the use of taxpayer dollars and related funds. SIGAR works to provide accurate and balanced information, evaluations, analysis, and recommendations to help the U.S. Congress, U.S. agencies, and other decision-makers to make informed oversight, policy, and funding decisions to:

- improve effectiveness of the overall reconstruction strategy and its component programs;
- improve management and accountability over funds administered by U.S. and Afghan agencies and their contractors;
- improve contracting and contract management processes;
- prevent fraud, waste, and abuse; and
- advance U.S. interests in reconstructing Afghanistan.

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