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

Afghanistan: USAID Can Strengthen Coordination, Award Requirements, and Guidance to Safeguard Implementers and Manage Taliban Engagement

Audit

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

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TO: Jeremy Lewin
Performing the Duties of Deputy Administrator for Policy and Programming &
Chief Operating Officer
USAID

FROM: Gabriele Tonsil /s/
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SUBJECT: Afghanistan: USAID Can Strengthen Coordination, Award Requirements, and
Guidance to Safeguard Implementers and Manage Taliban Engagement

This memorandum transmits our final audit report. Our audit objectives were to assess USAID's efforts in Afghanistan to safeguard implementers and activities by (1) mitigating security and safety risks and (2) managing the impact of Taliban interference. In finalizing the report, we considered the Agency's comments on the draft but did not include them as an appendix to the report because USAID designated them as sensitive but unclassified and requested that they be withheld from public release.

The report contains four recommendations to better safeguard USAID's implementers and Agency-funded activities in Afghanistan. On January 27, 2025, the Agency provided management comments that agreed with three recommendations, disagreed with one recommendation, and proposed corrective actions. On May 9, 2025, USAID officials subsequently informed us that all the Agency's awards in Afghanistan were terminated, all Agency staff are expected to be separated by September 2, 2025, and the Agency will not be able to implement the management decisions it initially provided. Based on the change in USAID's operations, we determined that all four recommendations have now been overcome by events. As such, we consider the recommendations closed.

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

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Report in Brief

Why We Did This Audit

In August 2021, the government of Afghanistan collapsed, the U.S. government evacuated its personnel and citizens, and the Taliban, designated as Specially Designated Global Terrorists, assumed control of the country as the de facto governing authority.

This chain of events abruptly ended decades of U.S. presence in the country and threatened to undermine USAID's investment of over $26 billion in foreign assistance to Afghanistan since fiscal year 2002.

Since the U.S. government's departure, USAID has continued to fund programs in Afghanistan that support livelihoods, agriculture, education, and access to lifesaving food and healthcare. To administer these new and existing programs, the Agency relies on nongovernmental organization (NGO) implementers in the country.

Given the political and security situation, USAID and its implementers face a complex and dangerous operating environment with numerous risks, including safety threats as well as Taliban interference in the delivery of aid to Afghans.

To assess the Agency's ability to manage foreign assistance in such a hostile, nonpermissive environment, we initiated this audit of USAID's efforts in Afghanistan to safeguard implementers and activities by (1) mitigating security and safety risks and (2) managing the impact of Taliban interference.

What We Recommend

We made four recommendations to better safeguard USAID's implementers and Agency-funded activities in Afghanistan. The Agency agreed with three recommendations and disagreed with one recommendation.

What We Found

USAID took effective steps to mitigate security and safety risks for implementers in Afghanistan, but coordination and award requirements were inconsistent between operating units. The Agency provided a range of security and safety services to protect implementers delivering U.S.-funded aid in the country. However, USAID/Afghanistan, the Bureau for Humanitarian Assistance, and the Office of Security lacked internal coordination and did not consistently direct implementers to develop plans or report incidents to mitigate security and safety risks.

USAID and implementers took effective steps to manage the impact of Taliban interference, but the Agency did not provide clear guidance for implementer engagements with Taliban representatives. USAID used a range of measures to manage the impact of Taliban interference on implementers and activities but did not monitor or guide implementer engagement with Taliban representatives. Consequently, Taliban representatives used these engagements to gain information and access to USAID's activities. In addition, without specific USAID guidance, Taliban officials could leverage agreements with implementers to exert control in ways that inappropriately benefit the goals of Afghanistan's de facto government.

Introduction

In August 2021, the government of Afghanistan collapsed, the U.S. government evacuated its personnel and citizens, and the Taliban assumed control of the country as the de facto governing authority. This chain of events abruptly ended decades of U.S. presence in the country and resulted in catastrophic humanitarian suffering for the Afghan people. Since the U.S. government's departure, USAID has continued to fund programs in Afghanistan to support livelihoods, agriculture, education, and access to lifesaving food and healthcare. To administer these new and existing programs, the Agency relies on nongovernmental organization (NGO) implementers.[1] USAID's implementers face a complex and dangerous operating environment with numerous risks inside Afghanistan, including security threats as well as Taliban interference in the delivery of aid to Afghans.

Although USAID policy states that implementers do not receive the same level of security protection as U.S. government employees, the Agency needs to provide implementers with a consistent and adequate level of security support in high-threat locations. This means that USAID must walk a balance between providing support to implementers through monitoring security plans and incidents, ensuring information sharing and communication, and promoting best practices, while respecting implementer autonomy and responsibility for the safety of their staff. In Afghanistan, this balance is pushed to the limit by the lack of U.S. government presence in the country and lack of diplomatic engagement with the Taliban. To assess the Agency's ability to manage foreign assistance in a hostile, nonpermissive environment, OIG conducted this audit of USAID's efforts in Afghanistan to safeguard its implementers and activities by (1) mitigating security and safety risks and (2) managing the impact of Taliban interference.[2]

To answer the objectives, we reviewed USAID security training material and records, USAID/Afghanistan (the mission) and Bureau for Humanitarian Assistance (BHA) risk management analyses, and security plans and incident reports from selected implementers. We also reviewed policies and guidance regarding Taliban interference. We selected a nonstatistical sample of two of nine BHA assistance awards and two of nine mission assistance awards to review for fiscal years (FYs) 2022–2023. Due to the lack of U.S. government presence in Afghanistan, we did not conduct site visits and instead performed testing through desk reviews and virtual interviews with Agency officials and USAID-funded implementers. We conducted our work in accordance with generally accepted government auditing standards. Appendix A provides more detail on our review's scope and methodology.

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[1] We use the term "implementer" in accordance with USAID's Automated Directives System (ADS) Glossary definition of an NGO, which is "any nongovernmental organization or entity, whether non-profit or profit-making, receiving or providing USAID-funded assistance under an assistance instrument." Where necessary, we distinguish implementers as recipients, which are "[NGOs] that receive direct financial assistance (a grant or cooperative agreement) to carry out an assistance program on behalf of USAID," and subrecipients, which are "[NGOs] that receive a subaward from a recipient to carry out part of an assistance program." Public international organizations (PIOs) such as United Nations agencies also implement USAID programs in Afghanistan; however, these organizations were not included in the scope of this audit because the Special Inspector General for Afghanistan Reconstruction had already initiated several engagements focused on USAID and State Department oversight of PIOs.
[2] Throughout the audit, we coordinated with the Special Inspector General for Afghanistan Reconstruction.

Background

Since FY 2002, USAID has invested more than $26 billion in Afghanistan. Moreover, since its withdrawal from Afghanistan in August 2021, the U.S. government continues as Afghanistan's largest donor, with USAID obligating approximately $1.9 billion in foreign assistance.[3] Development assistance programs are managed by the mission and humanitarian assistance programs managed by BHA. Mission and BHA staff are located in Doha, Qatar; Astana, Kazakhstan; Bangkok, Thailand; and the United States. To support these units, the Bureau for Management's Office of Acquisition and Assistance (M/OAA) administers the Agency's procurement function, and the Office of Security (SEC) provides centralized security support from USAID headquarters in Washington, DC. Figure 1 shows the allocation of USAID funding in Afghanistan.

Figure 1. USAID Funds Obligated for Programs in Afghanistan (FYs 2022–2023)
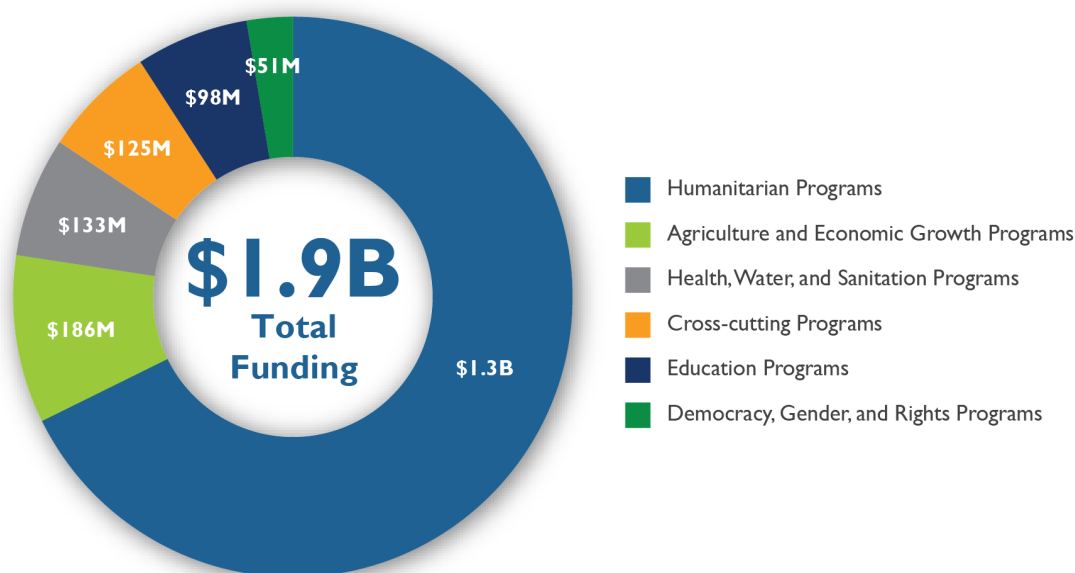
Source: OIG graphic using USAID funding data reported by the Special Inspector General for Afghanistan Reconstruction as of September 30, 2023.

The International NGO Safety Organisation identified Afghanistan as the second most dangerous country in the world for aid workers, with 442 security incidents in FYs 2022–2023.[4] Figure 2 shows a summary of NGO security incidents in Afghanistan during this period.

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[3] Special Inspector General for Afghanistan Reconstruction, *Quarterly Report to the United States Congress*, October 2023.
[4] International NGO Safety Organisation, *2023 Q3 Safety and Access Review and 2022 Q3 Safety and Access Review*, 2023 and 2022. The International NGO Safety Organisation serves as the safety coordination and advisory body to the NGO community and receives funding from BHA. The International NGO Safety Organisation identified the

Figure 2. NGO Security Incidents in Afghanistan (FYs 2022–2023)
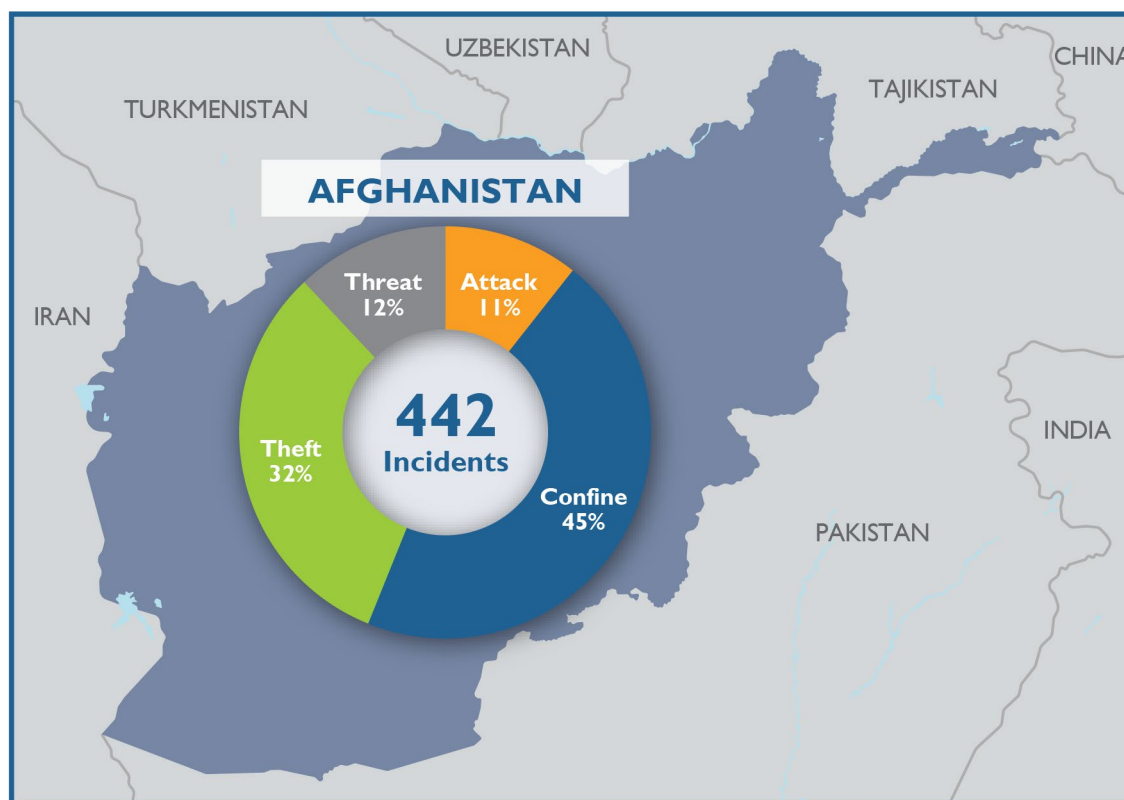
Source: OIG graphic using security data reported by the International NGO Safety Organisation as of September 30, 2023.

Note: According to the International NGO Safety Organisation, an "attack" indicates an intent to cause death or injury, including acts with improvised explosive devices and shootings; "confine" involves holding an individual or group against their will by abduction or arrest; "theft" includes robberies and lootings; and "threat" is an act armed or unarmed, verbal or written, and includes specific bomb and sexual threats.

The U.S. Department of Treasury's Office of Foreign Assets Control (OFAC) designates the Taliban, its aliases, and several of its members as Specially Designated Global Terrorists (referred to as "sanctioned entities"), a designation that blocks their access to U.S. financial transactions and property. In September and December 2021, OFAC issued a series of licenses authorizing USAID and its implementers to conduct activities and transactions in Afghanistan, including those with the Taliban. In December 2022, OFAC added or revised licenses across several sanctioned programs, including Afghanistan, to expand humanitarian assistance, education, and healthcare activities.

Risk Management and Internal Control

USAID's Risk Appetite Statement establishes broad guidance on the level and type of risk the Agency is willing to accept (i.e., risk appetite) to achieve its mission and objectives.[5] It stresses

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Democratic Republic of the Congo as the most dangerous country in the world for aid workers during FYs 2022–2023, with 559 security incidents.

[5] ADS 596mad, "USAID Risk Appetite Statement," August 2022.

the importance of risk management in fragile, nonpermissive environments so that USAID can make informed decisions given complex and dynamic conditions. The Risk Appetite Statement and supplemental guidance[6] indicate that USAID has a:

- Zero-tolerance risk appetite for working with entities sanctioned by OFAC.[7]

- Low risk appetite for ineffective internal controls.

- Low risk appetite for actions that put implementer personnel in positions of unnecessary danger. USAID avoids actions that could put implementer personnel at risk of physical and psychosocial harm when and where reasonable alternatives exist.

To foster a risk-aware culture and ensure that Agency senior leadership can effectively address inherent and emerging risks, USAID's Automated Directives System (ADS) prescribes responsibilities for assessing risks and establishing internal controls in light of identified risks. These responsibilities accord with USAID's Risk Appetite Statement as well as the U.S. Government Accountability Office's (GAO) *Standards for Internal Control in the Federal Government*. The ADS states that:

- The Administrator ensures USAID's commitment to an appropriate system of internal control and enterprise risk management is incorporated into governance, strategy, and mission performance. The Administrator (1) leads in establishing the amount of risk USAID is willing to accept in pursuit of its mission and (2) facilitates the achievement of results and safeguards the integrity of USAID programs.

- USAID managers in missions, bureaus, and independent offices are responsible for ensuring that GAO standards are incorporated into the strategies, plans, guidance, and procedures that achieve the Agency's program goals and objectives. Managers are also responsible for identifying, assessing, and mitigating risk as well as designing, implementing, and operating an effective system of internal control.

- Risk management can be described as a coordinated activity to direct opportunities and control challenges or threats to achieving an organization's goals and objectives. Missions, bureaus, and independent offices share information on the major risks facing their organization.[8]

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[6] USAID's Office of the Chief Financial Officer's Enterprise Risk Management Executive Secretariat issued the Risk Appetite Statement Resource for Managing Fiduciary Risk in November 2022, and reissued it in April 2024, to provide operating units with supplemental guidance to the Risk Appetite Statement. Specifically, it assigns USAID's risk appetite to subcategories of fiduciary risk, such as working with entities sanctioned by OFAC.

[7] USAID's Risk Appetite Statement states that risks related to corruption, such as engaging with sanctioned entities, will be considered in the context of fiduciary risks when they can be addressed at the level of a specific transaction. Issues of systemic or endemic corruption, even if considered in the context of fiduciary risks, may also be reputational risks due to the perceptions related to implementing certain forms of assistance in contexts characterized by significant corruption.

[8] ADS 596, "Management's Responsibility for Enterprise Risk Management and Internal Control," March 2023.

Roles and Responsibilities for Mitigating Security and Safety Risks

The ADS defines the authorities and policy regarding Agency programs, functions, and methods of operations, including functional statements for all USAID operating units.[9] In addition, the ADS establishes Agency policy for BHA's Response Management System, including guidance for the Humanitarian Access, Safety, and Security Team (security team).[10] Finally, the ADS establishes Agency policy for supporting implementer security and safety, including the overseas Partner Liaison Security Office (PLSO).[11] Table 1 summarizes the roles and responsibilities of the mission PLSO, BHA security team, and SEC Overseas Support Branch (support branch).

Table 1. Summary of Agency Roles and Responsibilities for Supporting Implementer Security and Safety

Mission PLSO
The mission PLSO provides nonprescriptive support to implementers, such as managing a security incident reporting database, maintaining an emergency notification system, and providing security training. Implementer participation with the PLSO is voluntary.

BHA Security Team
The BHA security team provides security and safety advice, technical expertise, and operational support to BHA decision makers and staff. The security team also reviews implementer security and safety plans and funds the International NGO Safety Organisation's research and reporting.

SEC Support Branch
The SEC support branch oversees mission PLSOs, distributes best practices guidance, and assists missions with establishing a PLSO and hiring personnel.

Source: OIG summary of ADS and related program documents, as of September 30, 2023.

Taliban Interference

Specific Taliban actions that constitute interference within the scope of our audit include (1) directives to engage Taliban representatives[12] during the implementation of USAID awards,

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[9] ADS 101, "Agency Programs and Functions," August 2024.
[10] ADS 251, "International Humanitarian Assistance," May 2022.
[11] ADS 573, "Partner Liaison Security Offices," December 2017.
[12] The U.S. government has not yet made a decision whether to recognize the Taliban or any other entity as the government of Afghanistan. Accordingly, any references in this report to so-called "Taliban governance," the "Taliban's ministries" and "officials," a "former" Afghan government, and similar phrases are not meant to convey any U.S. government view or decision on recognition of the Taliban or any other entity as the government of

sharing information and signing memorandums of understanding (MOUs),[13] and (2) directives to restrict or prohibit female employment on USAID awards.[14]

OIG's *FY 2022 Top Management Challenges* report identified Taliban interference in foreign assistance programs after the U.S. evacuation as an Agency challenge. OIG also issued a situational alert to USAID in September 2021 that identified several instances in which USAID's assistance in Afghanistan was compromised by Taliban intimidation and demands. For example, the Taliban demanded payment from an implementer in exchange for the security of its personnel and coerced another implementer to engage in sham procurement processes to influence beneficiary selection and hire Taliban members.[15]

The mission and BHA reported that they do not have a standard definition of Taliban interference but treat any undue interference by the de facto government appointed by the Taliban as interference. In addition, the mission and BHA stated,

> We recognize that the Taliban are a sanctioned group that has assumed control over the government and appointed a number of senior government officials who are Taliban members, but we also understand that many officials and employees who work in the [de facto] government are not Taliban members…. While USAID insists on the importance of maintaining the legal distinction between members of a sanctioned entity and unsanctioned government employees, USAID recognizes the difficulty of distinguishing between the actions of the Taliban and the actions of governing institutions led by known Taliban members.[16]

The mission and BHA identified several examples of Taliban interference. These included edicts banning or limiting the ability of female aid workers to work for implementers and burdensome administrative requirements that delayed programs. This understanding of Taliban interference is consistent with reports from other U.S. government institutions. For example, a May 2023 United States Institute of Peace analysis commissioned by USAID reported that:

- After its military takeover in August 2021, the Taliban named many of their leaders as cabinet officials and provincial governors and gradually began to pare down select elements of the bureaucracy.

- The most significant shift in the Taliban's daily interactions with governance has been the group's assumption of management positions in the provincial and district offices of

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Afghanistan. We use the term "Taliban representatives" in this report to refer to (1) individuals who are known Taliban members and (2) individuals who are not known Taliban members but have policy-making authority on behalf of a government entity controlled by the Taliban. We developed this definition with input from USAID.
[13] We use the term "MOU" in this report to mean an agreement between an implementer and any entity of the de facto government controlled by the Taliban that sets forth provisions regarding coordination and collaboration, whether styled as a memorandum of understanding, letter of intent, statement of collaboration, standard operating procedure, or otherwise. We developed this definition based on the mission's guidance on MOUs.
[14] We developed this definition through review of laws, regulations, and guidance on U.S. sanctions related to Afghanistan; reviews of U.S. government and United Nations reports and documents related to Taliban interference; and coordination with the Special Inspector General for Afghanistan Reconstruction.
[15] USAID OIG, *USAID Top Management Challenges Facing USAID in Fiscal Year 2022*, November 2021. USAID OIG, *Situational Alert on Future Aid to Afghanistan*, September 2021.
[16] Mission and BHA correspondence with OIG, April 2023 and September 2024.

ministries, dictated by the individual judgment of local Taliban appointees.

- The Taliban have consolidated control over offices that oversee aid, development, and other internationally funded activities in the country. Mid-level and mid-senior positions, which had been occupied for the first 8–10 months of the Taliban's rule by civil servants appointed by the former Afghan government, have since been dismissed and replaced with Taliban loyalists. This trend extends beyond personnel appointments, as it includes a wave of increasing encroachment by offices into the practices of aid organizations, such as the emerging requirement for NGOs to sign restrictive and invasive MOUs.

- The Taliban have pressed multiple NGOs to sign MOUs with their respective ministries. These ministries are also gradually pushing out mid-level technocrats and replacing them with members of the Taliban—who may in some cases be intelligence officials—in positions with responsibility to liaise with NGOs.[17]

In addition, the Congressional Research Service reported in December 2023 that:

> In December 2022, the Taliban banned women from working for national and international NGOs, threatening to suspend the licenses of NGOs that do not comply. While interruptions to humanitarian operations have negative implications for many of the 28 million Afghans in need of assistance, women and girls have been disproportionately affected.[18]

USAID Took Effective Steps to Mitigate Security and Safety Risks for Implementers in Afghanistan, but Coordination and Award Requirements Were Inconsistent Between Operating Units

The mission, BHA, and SEC took steps to mitigate security and safety risks for implementers in accordance with Agency policy.[19] However, none of the three operating units consistently coordinated their efforts with each other to follow USAID's risk management coordination and internal control requirements. In addition, the mission and BHA did not consistently direct implementers to develop security plans or report security incidents per USAID's risk appetite.

Steps Taken by the Mission, BHA, and SEC Included a Range of Security and Safety Services, Including Technical and Operational Support, Training, and Interagency Outreach

The mission, BHA, and SEC implemented several efforts that aligned with Agency requirements to mitigate security and safety risks for implementers and activities in our sample of four

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[17] United States Institute of Peace, _Political Economy Analysis – Afghanistan_, May 2023.
[18] Congressional Research Service, _Afghanistan: Background and U.S. Policy_, December 2023.
[19] ADS 251 and 573.

assistance awards and four subawards.[20] Table 2 summarizes key steps taken by the mission PLSO, BHA security team, and SEC support branch.

Table 2. Summary of Steps Taken by the Mission, BHA, and SEC to Mitigate Security and Safety Risks to Implementers (FYs 2022–2023)

Mission PLSO

- Developed and maintained an emergency information system to notify implementers of security threats.
- Produced weekly activity reports to summarize security incidents and concerns.
- Managed a reporting system to track mission implementers' security incidents.
- Reviewed mission implementers' security and safety plans.
- Advised USAID colleagues and implementers on the use of security equipment and armored vehicles.
- Discussed issues affecting implementers, such as the seizure of equipment, cell phones, and computers with the Afghanistan regional security officer from the State Department.

BHA Security Team

- Reviewed BHA implementers' security and safety plans.
- Advised BHA colleagues on implementer security and safety matters.
- Facilitated BHA interactions with the Afghanistan regional security officer, mission PLSO, and SEC.

SEC Support Branch

- Delivered a February 2023 training workshop attended by the mission PLSO that covered topics on improving PLSO engagements with implementers, such as crisis management, security assessments, and emerging threats and trends.
- Conducted quarterly calls with all mission PLSOs, including USAID/Afghanistan, to discuss security and safety updates from SEC, exchange information and best practices, and facilitate guest speakers.
- Assisted the mission PLSO in providing support to implementers after the evacuation from Afghanistan in August 2021.

Source: OIG analysis of USAID documents and interviews with mission, BHA, and SEC officials.

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[20] ADS 251 and 573. ADS 573.2 states that SEC helps missions establish a PLSO and provides oversight of and guidance to PLSOs on an ongoing basis.

The Mission, BHA, and SEC Did Not Consistently Coordinate With Each Other to Mitigate NGO Security and Safety Risks

The mission, BHA, and SEC did not consistently coordinate their separate efforts to mitigate NGO security and safety risks in our sample in accordance with USAID's risk management coordination and internal control responsibilities in ADS 596. Table 3 summarizes the issues we identified with the Agency's guidance, potentially resulting in weakened efforts to mitigate the security and safety risks of implementer staff.

Table 3. Summary of Mission, BHA, and SEC Coordination Inconsistencies in Aiding NGOs working with USAID in Afghanistan

Coordination Inconsistencies

- ADS 101 and 573 state that the SEC director supervises, directs, and controls all security activities relating to the programs and operations of USAID, including support to mission PLSOs. However, SEC officials stated that its support branch had minimal engagement or oversight of the mission PLSO and BHA security team. SEC officials reported that the mission PLSO and BHA security team rarely shared information with the support branch and contacted it on an as-needed basis.

- Mission and BHA officials said that they viewed the SEC support branch as an on-demand resource rather than a key day-to-day partner and expressed concern that the support branch lacked the ability to safeguard implementer security information. BHA officials disagreed with SEC's authority delegated in ADS 101 and were worried about the potential reputational harm to its implementers in Afghanistan if they were perceived to be coordinating security efforts with SEC by the Taliban, Afghanistan's de facto government.

- Mission and BHA officials also indicated that overlapping roles and responsibilities, minimal communication, and reluctance to share implementer security information with each other impeded coordination between the mission PLSO and BHA security team.

- One BHA official described coordination between the mission PLSO and BHA security team as ad hoc, siloed, and ineffective. For example, the mission PLSO inadvertently published sensitive information regarding a BHA implementer's use of an armored vehicle. In response, the BHA security team advised the bureau's Afghanistan programming team that implementers should consider minimizing engagement with the PLSO. BHA officials disagreed with the mission PLSO's authority delegated in ADS 573 and voiced concerns regarding the potential harm to its implementers in Afghanistan, such as threats or retaliation from government officials, if they were perceived by the Taliban to be coordinating security efforts with the mission PLSO.

- Mission and BHA officials said that position descriptions for the mission PLSO and BHA security team contained conflicting duties and did not require coordination with other USAID offices on implementer security. While BHA security team position descriptions

included responsibility for reviewing BHA implementer security plans and advising bureau colleagues and implementers on security matters, mission PLSO position descriptions identified responsibility for overseeing security matters for all USAID implementers in Afghanistan, including reviewing security plans and tracking security incidents. As a result, the mission PLSO and BHA security team did not consistently coordinate on security support to implementers in Afghanistan.

Reasons for Inconsistencies

- Neither ADS 101 nor 573 authorized or described the functions of SEC's support branch to establish its roles and responsibilities, including coordination with BHA's security team.

- Neither ADS 101 nor 573 authorized or described the functions of BHA's security team to establish its roles and responsibilities. In addition, ADS 251 did not describe BHA security team's roles and responsibilities to coordinate with SEC's support branch and mission PLSOs.

- While ADS 573 stated that mission PLSOs provide security and safety support to all implementers in a country, it did not describe the PLSO's roles and responsibilities to coordinate with BHA's security team.

Source: OIG analysis of USAID documents and interviews with mission, BHA, and SEC officials.

Unclear Agency guidance defining roles and responsibilities for security and safety weakens the Agency's ability to coordinate these critical issues in Afghanistan and other nonpermissive environments. As a result, gaps exist in Agency mechanisms to strengthen security and safety measures for implementer staff in Afghanistan, which may be applicable in similar hostile environments such as Gaza, Somalia, and Ukraine.

Mission and BHA Award Requirements Did Not Consistently Direct Implementers to Develop Safety Plans or Report Incidents to Mitigate Security and Safety Risks

The mission and BHA did not consistently direct implementers to develop plans and report incidents to mitigate security and safety risks in accordance with USAID's internal control responsibilities in ADS 596. This was also not in line with USAID's low risk appetite for actions that put implementer personnel at risk of harm when there are reasonable alternatives. Table 4 summarizes the issues we identified with the Agency's guidance, which weakened efforts to mitigate security and safety risks for implementer staff and activities.

Table 4. Summary of Mission and BHA Award Requirement Inconsistencies

Security and Safety Plan Inconsistencies

- The mission and BHA established different award requirements for implementers to develop security and safety plans, which resulted in differences across awards to safeguard implementers and activities.

- The mission used a special assistance award provision that required its implementers to submit a security and safety plan to the PLSO and update it throughout the life of the award. BHA's Emergency Application Guidelines required its implementers to submit a security and safety plan to BHA's security team prior to initiating award implementation. We observed variances in these plans, including differences in (1) whether subrecipients should prepare a security and safety plan, (2) how frequently implementer plans should be updated and resubmitted, and (3) the content of those plans.

- For example, two BHA implementers did not include an internal process for security incident reporting. In another instance, a mission subrecipient did not have a security and safety plan and was unaware that the mission required one.

Security and Safety Incident Report Inconsistencies

- While the mission required its implementers to report security and safety incidents, BHA did not due to differing award requirements.

- The mission used a special assistance award provision that required its implementers to submit incident reports to the PLSO, which managed an incident tracking database it used to advise implementers and USAID leadership on security and safety issues in Afghanistan. However, the database did not include incidents involving BHA implementers. For instance, a BHA implementer did not report several incidents to the mission PLSO or BHA, including an employee who was detained by the Taliban, multiple vehicle accidents that resulted in injuries to staff, and minor thefts of supplies and cash.

- Mission officials said that not sharing safety incident data limited the PLSO's ability to advise and support BHA implementers and identify security trends and weaknesses. The lack of incident data could also limit the PLSO's ability to warn mission implementers about security threats that BHA implementers experienced.

Reasons for Inconsistencies

- M/OAA officials stated that USAID does not have Agency-wide assistance award requirements related to implementer security because they are not mandated by Federal assistance regulations. Instead, operating units like BHA and the mission have discretion to obtain M/OAA approval to impose country-specific special assistance award provisions, such as for security and safety plans and incident reports.

- BHA officials disagreed with the mission's use of special assistance award provisions because it exceeded regulatory limits for assistance awards and placed an undue burden on implementers. BHA further identified potential harm, threats, or retaliation by Afghanistan's de facto government if implementers were perceived to be sharing security information with the U.S. government.

- Mission officials stated that the hostile security conditions in Afghanistan warranted additional risk mitigation measures through special assistance award provisions. They noted that these provisions have been in use for several years and enhance the mission's ability to understand the operating environment and drive decision making, especially since USAID is no longer present in Afghanistan itself. SEC and mission officials stated that greater coordination and consistency with BHA and its implementers could enhance USAID's overall ability to safeguard implementers and activities in Afghanistan.

- Implementers we interviewed did not share BHA's concerns about its sharing security plans or incident reports with USAID if this information is adequately protected. Most implementers tracked security incidents related to their assistance awards, and such data was readily available to share with USAID.

Source: OIG analysis of USAID and implementer documents and interviews with USAID officials and implementers.

Inconsistent requirements in assistance awards for implementers to develop security plans and report incidents weakens the Agency's ability to mitigate security and safety risks for implementer staff and activities in Afghanistan.

USAID and Implementers Took Effective Steps to Manage the Impact of Taliban Interference, but the Agency Did Not Provide Clear Guidance for Implementer Engagements With Taliban Representatives

Although the mission, BHA, M/OAA, and implementers took steps to manage the impact of Taliban interference on implementers and activities in accordance with USAID's internal control responsibilities in ADS 596, implementers reported that they engaged with, and provided information to, Taliban representatives during award implementation. We determined that this was due to a lack of clear guidance for working with OFAC-sanctioned entities given USAID's zero-tolerance risk appetite. Taliban representatives used engagement with implementers to gain information about and access to USAID's humanitarian and development activities and could leverage their interactions with implementers to exert control in ways that inappropriately benefit the goals of Afghanistan's de facto government.

Steps Taken by the Mission, BHA, M/OAA, and Implementers Included Standard Award Provisions, Third-Party Monitoring, and Risk Assessment and Management Plans

The mission, BHA, M/OAA, and implementers made various efforts to manage the impact of Taliban interference on implementers and activities in the sample of agreements we examined. We determined that operating unit activities effectively aligned with USAID's internal control responsibilities in ADS 596. Table 5 summarizes key steps taken by USAID and implementers.

Table 5: Summary of Steps Taken by the Mission, BHA, M/OAA, and Implementers to Manage the Impact of Taliban Interference (FYs 2022–2023)

Management Measure	Responsible Party	Description	Example of Impact
Standard award provisions for sanctions compliance and sex nondiscrimination	Mission, BHA, M/OAA	The responsible parties included standard language in awards to communicate expectations to implementers (1) for complying with OFAC sanctions and (2) to develop and enforce nondiscrimination policies that include protection for female employees.	USAID communicated to implementers its prohibition on funding to the Taliban, including exceptions when authorized through OFAC, and support for sex nondiscrimination.
Third-party monitoring	Mission, BHA	The mission and BHA contracted a third-party monitor to observe activities and conduct site visits.	A third-party monitor submitted monthly reports to the mission and BHA on its observations during activity implementation.
Sanctions-related risk analysis	Mission, BHA	The mission and BHA analyzed the risk of sanctions violations for each assistance award.	Mission and BHA staff identified award-specific sanctions-related risks and mitigation actions for implementers to take.
Meetings with implementers	Mission, BHA, Implementers	Mission and BHA staff regularly met with implementers to understand the challenges implementers faced, including efforts by the Taliban to interfere.	Mission and BHA staff used the information from these meetings to provide verbal and written guidance on general principles to minimize interference.
Implementer Risk Assessment and Management Plans (RAMPs)	Mission, BHA, Implementers	Implementers identified risks and management measures related to working in areas with sanctioned groups.	Mission and BHA staff used the RAMPs to examine how implementers mitigated the risk of assistance benefiting sanctioned entities.

Source: OIG analysis of USAID and implementer documents and interviews.

The Mission and BHA Did Not Consistently Monitor or Guide Implementer Engagement With Taliban Representatives

Implementers in our sample reported that they regularly engaged with and provided information to Taliban representatives during award implementation. Thus, while USAID took appropriate steps aligned with Agency policy to manage the impact of Taliban interference on implementers and activities, it did not align with ADS 596 or Federal internal control standards in terms of guiding how implementers engaged with Taliban representatives within the confines of U.S. law.[21] Our audit work identified the ways implementers engaged with Taliban representatives as well as challenges with USAID's risk appetite and policies and procedures to monitor and guide this engagement.

Implementer Engagement With Taliban Representatives

USAID officials and implementers we interviewed stated that routine engagement with Taliban representatives was necessary and unavoidable to implement activities in Afghanistan. Implementers engaged with Taliban representatives in a variety of ways, such as registration of awards, formal and informal coordination meetings, visits to activity sites, and sharing award-related documents and information. For example, one BHA implementer reported that implementer officials, beneficiaries, and district-level Taliban representatives held community meetings where they shared information about award activities, beneficiaries' entitlement, selection criteria, and site selection. Additionally, one mission implementer reported that they voluntarily attended meetings hosted by provincial-level Taliban representatives and discussed sharing information about the implementer's activities and provincial government support for implementers.

Taliban representatives required implementers to formalize engagements through MOUs with Taliban ministries. Six of the 8 implementers in our sample signed a total of 13 MOUs with provisions that appeared to give significant operational influence and control over award implementation to Taliban representatives.[22] For example, of these 13 MOUs:

- All 13 stated that the implementer would share activity documentation with ministry- or provincial-level Taliban representatives.

- Ten indicated that the MOU itself was enforceable or legally binding.

- Seven stated the implementer must coordinate with provincial-level Taliban representatives and participate in coordination meetings when requested.

- Six stated that the implementer would partner with ministry-level Taliban representatives to select activity sites.

- Six required the implementer to provide Taliban representatives with the necessary facilities and transportation for monitoring and evaluation.

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[21] GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), Principles 7, 10, and 12, "Identify, Analyze, and Respond to Risks, Design Control Activities, and Implement Control Activities," September 2014.
[22] Four of the eight implementers in our sample signed MOUs with more than one ministry. Two of the eight implementers in our sample reported that Taliban representatives did not request MOUs because they appeared to be unaware of the award activities.

- Two were signed by an OFAC-sanctioned Specially Designated National.

- Two required the implementer to hold an official ceremony to hand over the project to ministry-level Taliban representatives with official letters, photographs, or videos.

- One stated that ministry-level Taliban representatives reserved the right to unilaterally amend or terminate the MOU.

USAID Has Not Revised Its Risk Appetite to Reflect New OFAC Regulations

USAID's Risk Appetite Statement Resource for Managing Fiduciary Risk states that USAID has a zero-tolerance risk appetite for working with OFAC-sanctioned entities, which includes the Taliban. However, this risk appetite posture has not been updated in response to OFAC's new regulations, which expanded the use of general licenses for engaging with sanctioned entities. OFAC general licenses do not require implementers to obtain a specific license to engage sanctioned entities in high-risk environments; give greater deference to implementers to determine their level of engagement with sanctioned entities without OFAC assurance; permit necessary transfer of funds to sanctioned entities, such as for payment of taxes and fees; and broadly authorize activities such as meeting basic human needs, democracy building, education, noncommercial development projects, and environmental and natural resource protection.

USAID Lacked Clear Policies and Procedures to Monitor and Guide Implementer MOUs with Taliban Representatives

Although the mission and BHA established separate guidance for implementers to follow when engaging with Taliban representatives, the policies and procedures lacked clear roles and responsibilities for monitoring and guiding implementer engagement with Taliban representatives. For example:

- The mission used a special assistance award provision that required its implementers to submit draft MOUs with Afghanistan's de facto government for review and approval. In addition, the mission developed additional guidance detailing the review process. The mission's special assistance award provision and Mission Notice assigned responsibility for monitoring the MOU to an agreement officer's representative (AOR). However, mission AORs we interviewed reported little to no awareness of their responsibilities to monitor implementer MOUs.

- BHA coordinated with the State Department's Bureau for Population, Refugees, and Migration to develop the shared MOU Guidelines, which outlined expectations and prohibitions for their implementers. BHA provided this document to its implementers during award implementation. However, BHA did not require that its implementers adhere to the MOU Guidelines, nor did BHA establish roles and responsibilities to review, approve, and monitor its implementers' MOUs. BHA officials explained that its AORs were responsible for monitoring their awards and ensuring implementers complied with the general terms of the award but not the MOU Guidelines specifically. Two senior BHA officials stated that AORs lacked the capacity to review and approve implementer MOUs. In addition, BHA AORs we interviewed reported little to no awareness of their responsibilities to monitor implementer MOUs.

- Mission and BHA MOU guidance contained contradictory or vague expectations. For example, the mission's guidance stated that MOUs may not be signed with the Taliban and had conflicting statements on whether implementers were permitted to share award documentation with Taliban representatives. BHA guidance allowed the Taliban a "coordination role" in beneficiary selection procedures but did not specify the extent of this role. Further, implementers did not consistently follow mission and BHA guidance and included prohibited provisions in their MOUs. For example, we identified MOUs with provisions that required sharing award and budget documents and stipulated provision of facilities and transportation to Taliban representatives.

- Neither the mission nor BHA established measures to consistently monitor execution of implementer MOUs. Mission and BHA officials stated that operating units largely deferred to implementer discretion on the extent of necessary engagement with Taliban representatives to implement activities. While implementers appreciated USAID's flexibility, operating conditions were exceedingly difficult and fraught with risks and challenges.

USAID has not revised its risk appetite to reflect OFAC's new regulations and lacked clear policies and procedures to manage the risks of its implementers' engagement with Taliban representatives in Afghanistan. Taliban representatives used engagement to gain information and access to USAID's activities and could leverage MOUs with implementers to exert control in ways that inappropriately benefit the goals and objectives of Afghanistan's de facto government rather than the objectives of the USAID award. Considering OFAC's recent efforts to expand general licenses for implementers across its sanctions programs, USAID faces similar risks in environments with a significant presence of sanctioned entities, such as Gaza, Somalia, and Ukraine.

Conclusion

Since the Taliban's takeover of Afghanistan in August 2021, Afghans have faced a humanitarian crisis with the erosion of almost two decades of social and economic gains. Although USAID continues to manage hundreds of millions of dollars in foreign assistance programs to support Afghans in the country, repressive actions by the de facto government undermine the security and safety of USAID's implementers and the integrity of its activities. While the Agency has taken steps to mitigate security and safety risks to its implementers and manage the impact of Taliban interference in its activities, gaps remain. The lack of clarity and coordination for Agency unit roles and responsibilities and assistance award requirements may continue to weaken efforts to mitigate security and safety risks. Similarly, continuing to operate with an outdated risk appetite statement and unclear policies and procedures may continue to weaken efforts to implement activities that effectively manage the impact of Taliban interference. In addressing these gaps, USAID's senior leadership can better manage risks in Afghanistan and strengthen the Agency's ability to protect implementers and activities in hostile environments.

Recommendations

We recommend that the Office of the Administrator take the following actions:

1. Coordinate with the Office of Security, Bureau for Humanitarian Assistance, and regional bureaus to review and revise Automated Directives System Chapters 101, 251, and 573 to clarify roles and responsibilities for the Office of Security, Bureau for Humanitarian Assistance, and mission Partner Liaison Security Offices to ensure USAID coordinates the security and safety support it provides to implementers. This review should articulate roles and responsibilities for reviewing, monitoring, and sharing information related to implementer security and safety plans and incident reports.

2. Coordinate with the Bureau for Management's Office of Acquisition and Assistance, Bureau for Humanitarian Assistance, and USAID/Afghanistan to review and revise USAID's approach to coordinating implementer security and safety measures in Afghanistan. This review should consider implementing consistent assistance award requirements for implementers in Afghanistan to prepare security and safety plans and report security and safety incidents.

3. Direct the Office of the Chief Financial Officer's Enterprise Risk Management Executive Secretariat to review and revise USAID's Risk Appetite Statement Resource for Managing Fiduciary Risks to clarify the Agency's risk appetite for implementer engagement with sanctioned entities when the Department of Treasury's Office of Foreign Assets Control authorizes and issues a general license. This review should be coordinated with Agency stakeholders as necessary.

4. Coordinate with the Bureau for Humanitarian Assistance and USAID/Afghanistan to develop and implement a joint process for reviewing, monitoring, and sharing information related to implementer memorandums of understanding with Afghanistan's de facto government.

OIG Response to Agency Comments

We provided our draft report, which included four recommendations, to USAID on December 12, 2024.

On January 27, 2025, the Agency provided its management comments to the draft report but designated them as sensitive but unclassified and requested that they be withheld from public release. USAID also provided technical comments, which we considered and incorporated as appropriate.

In its management comments, the Agency agreed with three recommendations and disagreed with one recommendation. We initially acknowledged management decisions on Recommendations 1, 3, and 4 and considered these recommendations resolved but open pending completion of all planned activities. The Agency disagreed with Recommendation 2 in the draft report and suggested revisions to improve programmatic flexibility and reduce potentially burdensome legal requirements. We carefully considered management's comments

and, based on our independent professional judgment, revised Recommendation 2. Consequently, we initially considered Recommendation 2 as without a management decision and open-unresolved.

On January 26, 2025, the Secretary of State ordered a pause on all U.S. foreign assistance funded by USAID for review. On May 9, 2025, USAID officials informed us that all the Agency's awards in Afghanistan were terminated, all Agency staff are expected to be separated by September 2, 2025, and the Agency will not be able to implement the management decisions it initially provided. Instead, it will be up to the State Department to determine whether it will consider any of these recommendations.

Based on the change in USAID's operations, we determined that all four recommendations have been overcome by events. As such, we consider the recommendations closed.

Appendix A. Scope and Methodology

We conducted our work from August 2023 through December 2024 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit objectives were to assess USAID's efforts in Afghanistan to safeguard implementers and activities by (1) mitigating security and safety risks and (2) managing the impact of Taliban interference.

In planning and performing the audit, we gained an understanding and assessed internal controls that were significant to the audit objectives. Specifically, we designed and conducted procedures related to all five components of internal control as defined by GAO.[23] These included Control Environment (Principles 1, 3–5), Risk Assessment (Principles 6–7, 9), Control Activities (Principles 10, 12), Information and Communication (Principles 14–15), and Monitoring (Principles 16–17).

Due to the lack of U.S. government presence in Afghanistan, we did not conduct site visits and instead performed audit work at OIG offices in Bangkok, Thailand, and Manila, Philippines, through desk reviews of documentation and virtual interviews.

The audit scope for both objectives was USAID's efforts in Afghanistan to safeguard implementers and activities in selected assistance awards for the period October 1, 2021, through September 30, 2023 (i.e., FYs 2022–2023).[24] We selected a nonstatistical sample of two (of nine) BHA assistance awards and two (of nine) mission assistance awards to review. We selected these awards based on the timeframe, whether the implementer was based in Afghanistan, prior oversight by the Special Inspector General for Afghanistan Reconstruction, or the total estimated value of the award. For each selected award, we selected a nonstatistical sample of 1 subaward for review (4 subawards in total from a population of 11 subawards). We selected subawards based on the total estimated value of the subaward, with one substitution to avoid selecting a subrecipient more than once. We selected a nonstatistical sample, so results and conclusions are limited to the assistance awards reviewed and are not generalizable. While our nonstatistical sample is not generalizable, audit testing identified systemic issues with the applicability of USAID's policies and procedures including ADS 101, 251, and 573; assistance award requirements; and the Risk Appetite Statement Resource for Managing Fiduciary Risks.

To answer the first objective, we:

- Reviewed U.S. government and USAID policies and procedures to obtain an understanding of USAID's roles, responsibilities, and requirements for mitigating security and safety risks. Key documents we reviewed included GAO's *Standards for*

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[23] GAO, *Standards for Internal Control in the Federal Government* (GAO-14-704G), September 2014.
[24] For each audit objective, we assessed information relevant to our scope that was prepared before October 1, 2021, and after September 30, 2023.

Internal Control in the Federal Government, the mission's special assistance award provisions, BHA's Emergency Application Guidelines, and ADS 101, 251, 303, 573, and 596.

- Reviewed USAID and selected implementer documents, such as SEC training material and records; mission and BHA risk management analyses; mission PLSO and BHA security team position descriptions; and selected implementer security plans and security incident reports.

To answer the second objective, we:

- Reviewed U.S. government and USAID regulations, policies, and procedures to (1) obtain an understanding of USAID's roles, responsibilities, and requirements for managing the impact of Taliban interference and (2) define key terminology used to inform our audit scope. Key documents we reviewed included GAO's *Standards for Internal Control in the Federal Government,* OFAC regulations and guidance on Afghanistan-related sanctions, the mission's special assistance award provisions, BHA's Emergency Application Guidelines, ADS 303 and 596, and USAID's Risk Appetite Statement and Risk Appetite Statement Resource for Managing Fiduciary Risks.

- Reviewed USAID and selected implementer documents, such as mission and BHA risk management analyses; mission and BHA guidance on Taliban interference risks; and selected implementer RAMPs, MOUs with Taliban representatives, sex nondiscrimination policies, and female employment costs.[25]

To answer both objectives, we:

- Interviewed USAID officials and selected implementers using questionnaires to understand USAID's efforts in Afghanistan to safeguard implementers and activities. We met with current and former mission, BHA, M/OAA, SEC, and Office of General Counsel officials, as well as officials from selected implementers. In total, we conducted 57 interviews (with 65 interviewees): 41 with USAID officials and 16 with implementer officials.[26]

- Analyzed the collective results of our document and interview reviews to assess USAID's efforts in Afghanistan to safeguard implementers and activities by mitigating security and safety risks and managing the impact of Taliban interference.

We used computer-processed data to conduct our work:

- We obtained mission and BHA award data from proprietary tracking spreadsheets maintained by each organization. We determined that this data was reliable through

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[25] When necessary, we used an OIG translator to translate implementer MOUs with Taliban representatives from Dari to English.
[26] We interviewed some interviewees more than once.

reconciliations to Phoenix award data.[27] We used this data as a key factor in our sample selection of implementers to answer both audit objectives.

- We obtained mission and BHA security incident data from proprietary tracking spreadsheets maintained by each organization. We determined that this data was reliable through reconciliations to security incident reports for selected implementers. We used this data as one of multiple sources of evidence to support our findings for the first audit objective, conclusions, and recommendations.

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[27] Phoenix is USAID's accounting system of record and the core of the Agency's financial management systems framework.

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