



OFFICE OF INSPECTOR GENERAL

SURVEY OF SELECTED USAID/OFFICE OF FOREIGN DISASTER ASSISTANCE PROGRAMS IN IRAQ

SURVEY REPORT NO. 8-267-16-001-S
February 10, 2016

FRANKFURT, GERMANY



Office of Inspector General

February 10, 2016

MEMORANDUM

TO: USAID/Office of Foreign Disaster Assistance Director, Jeremy Konyndyk

FROM: Regional Inspector General/Frankfurt, James C. Charlifue /s/

SUBJECT: Survey of Selected USAID/Office of Foreign Disaster Assistance Programs in Iraq (Survey Report No. 8-267-16-001-S)

This memorandum transmits our final report on the subject survey. In finalizing the report, we considered your comments on the draft and included them in their entirety in Appendix II.

The report does not have any recommendations for improvement or action.

Thank you and your staff for the cooperation and assistance extended to us during this effort.

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SURVEY RESULTS

According to the United Nations (UN) *2014/2015 Strategic Response Plan*, as of August 2014 approximately 1.8 million people in Iraq were displaced because of armed conflict in various Iraqi governorates, causing a massive humanitarian crisis. This is around the time that USAID's Office of Foreign Disaster Assistance (OFDA) and its partners mobilized to assess the needs of internally displaced people (IDP) in Iraq. The UN's *Iraq Humanitarian Response Plan 2015*, states the crisis continued to grow through April 2015, by which time it was estimated that 2.8¹ million Iraqis had been displaced because of continued conflict.

We conducted this survey to determine how OFDA was responding to the crisis by surveying employees in the office and those working for its partners. Our first objective was to determine what OFDA activities are related to the humanitarian crisis in Iraq. The second was to determine what steps OFDA and its partners have taken to manage and mitigate risks while responding to the crisis.

As of May 18, 2015, OFDA had obligated \$26.1 million and spent \$18.7 million on humanitarian disaster relief in Iraq through 21 grants and 14 implementing partners.² Activities targeted IDPs fleeing conflict, most of who were in the autonomous Kurdistan region in the north. OFDA grants supported activities in six sectors: logistics and relief commodities (nonfood items or NFIs); water, sanitation, and hygiene (WASH); health; shelter; humanitarian coordination information management; and protection of basic human rights. These sectors were created by the UN and are part of that organization's relief coordination efforts. Grant amounts by sector are in Figure 1 on page 2.

The stated goal of one of the grants we sampled, "people affected by violence in northern Iraq live with dignity in areas of displacement or relocation," is indicative of the overall goals of OFDA grants in Iraq. In coordination with UN and local government officials, partners worked in formal (i.e., camps) and informal (i.e., host communities) settings, prioritizing extremely vulnerable populations living in informal settlements, including unfinished buildings and shelters.

In our survey, we relied entirely on responses from OFDA and its implementers to identify challenges, concerns, and risks associated with implementing activities to respond to the humanitarian crisis in northern Iraq. We are summarizing these challenges and concerns and calling them "risks" in this report. We use "manage" when we recognize that OFDA and its implementers, in some instances, did something to address a risk by developing a policy, procedure, or key control to help activities succeed. We use "mitigate" to describe when actions and events beyond the control of OFDA and its implementers mitigated the risk, which did or could have unintentionally affected project results.

OFDA and its implementing partners in Iraq are operating in a conflict zone. Partners discussed many operational challenges, concerns, and risks that must be managed and mitigated to deliver effective humanitarian assistance. They also discussed potential challenges, concerns, and risks that must be managed and mitigated if OFDA continues to fund activities in Iraq, especially as they expand beyond territories controlled by the Kurds.

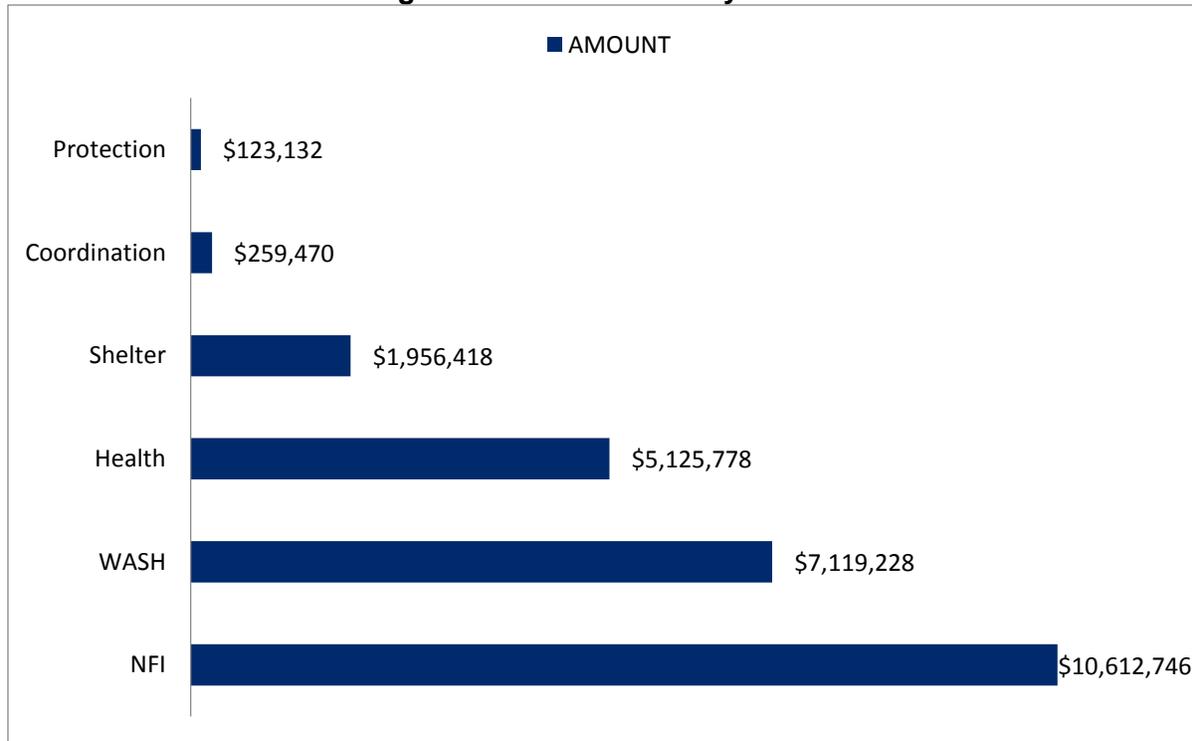
¹ This number is an estimate and varies depending on dates examined or between different reporting mechanisms.

² We did not include an additional \$3.9 million obligated for UN activities in the scope of this survey.

Humanitarian Assistance Activities in Iraq

OFDA grants and the activities they covered were designed to respond to immediate, life-saving humanitarian assistance needs of people affected by conflicts in Iraq. Many activities created in the fall of 2014 incorporated efforts to prepare for the winter, such as providing blankets and heaters. As of July 2015, some partners were designing or implementing follow-up activities.

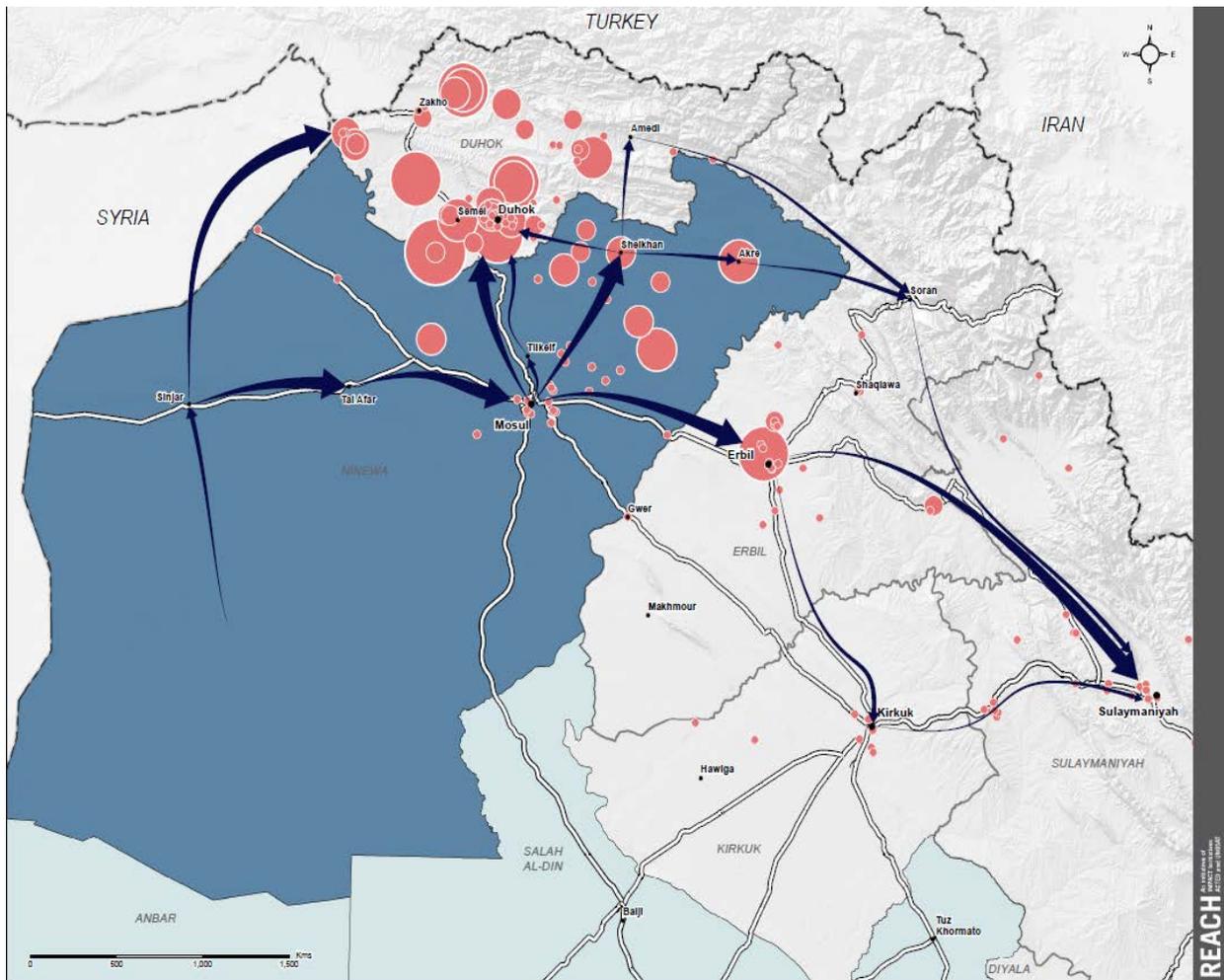
Figure 1. Grant Amount by Sector



Source: OFDA data.

Because Islamic State of Iraq and the Levant (ISIL) has occupied significant portions of Ninewa Governorate (including the cities of Sinjar and Mosul), a large percentage of IDPs moved into nearby Kurdistan. In Figure 2 on the next page, blue arrows show the paths IDPs have taken, and pink dots show where they are now living.

Figure 2. Overview of IDP Movement

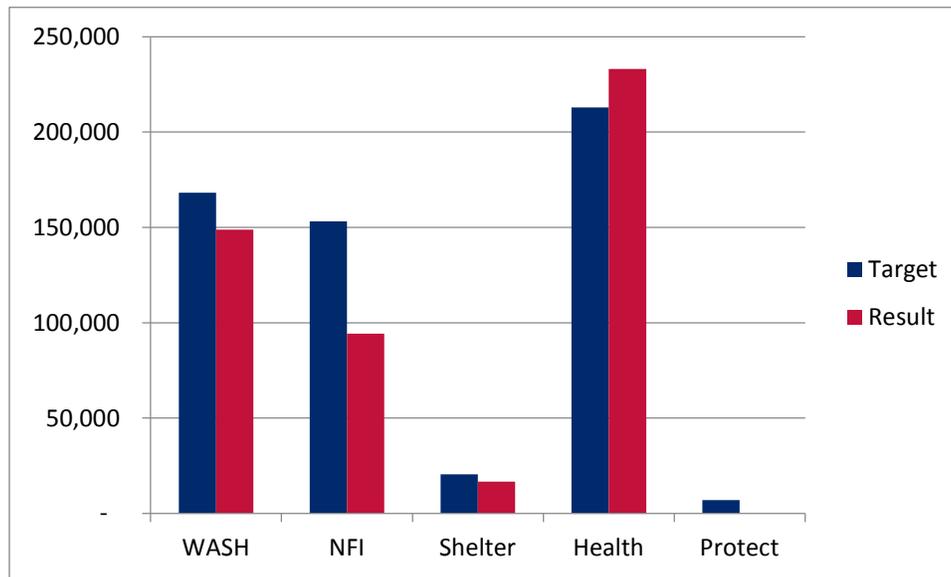


Source: REACH Initiative.

Overall, OFDA activities sought to help more than 500,000 IDPs; as of July 21, 2015, the office said it had helped 493,000.³ As shown in Figure 3 on the next page, health benefits reached more beneficiaries than anticipated while fewer NFIs were provided than planned. At the time of this survey, not all activities had been implemented.

³ These figures do not attempt to control for double-counting (for example, if one person received NFI benefits from one grant and health benefits from another). Figure 3 reflects the cumulative reported results of all projects covered in the survey.

Figure 3. Beneficiaries by Sector



Source: OFDA partners' progress reports.

Partners coordinated humanitarian assistance activities in Iraq through working groups or “clusters” organized by the UN around the various sectors. The clusters also were organized to discuss and coordinate the various distribution mechanisms, such as kits, vouchers, or cash. Cluster meetings sought to reduce overlapping efforts, share experiences, and direct resources to the most urgent needs; however, not all partners believed the clusters were effective because the clusters were too big or did not cover all relevant needs.

Partners in general chose locations based on a combination of where they had experience or capability, where there were unmet needs, input from UN clusters, and direction from local governments and security forces. As a result, most activities were in Dohuk and Ninewa, which were near areas affected by conflict with ISIL.

In determining the nature (e.g., the amount of cash allowance) of an activity, partners received input from the UN clusters and the host government. They explained that the Iraqi Government, which reportedly keeps detailed records of refugees and IDPs, provided locations and names of the most needy. Partners then confirmed IDP locations with their own needs assessment teams.

Needs Assessments. Partners assessed IDP needs by getting input from UN clusters, local governments, and community leaders, as well as community focus groups, site visits, and information about IDP movement patterns, locations, and living conditions.

UN clusters helped identify where other organizations were already operating and provided an overall picture of needs. Local governments provided IDP names and general locations and, according to interviews, provided security for some IDP communities. Partners said they received lists of suggested beneficiaries from local governments; in some cases, these lists included more people than could be served with current resources. Partners used their own additional needs assessment criteria, which they said were not unduly influenced by the Iraqi Government, to select the subset of IDPs who would receive benefits. The role of community leaders varied in importance among partners. In some cases, these leaders provided essential insight.

Most partners used assessment teams that met with community leaders and visited camps or communities with many IDPs. Assessment methodologies included housing inspection, plumbing and infrastructure evaluation, health testing, interviews, and focus groups.

Finally, OFDA funded one program that produced detailed maps at national, regional, city, and community levels. The maps showed IDP movement patterns, locations, areas of high infrastructure damage from ISIL-related military activity, and patterns of disease outbreaks in IDP camps. Partners reported using this information in the needs assessment and intervention design processes, though it did appear this information could be disseminated more widely to be more useful.

When implementation involved distributing goods, partners delivered kits of pre-selected goods, such as blankets, heaters, plastic sheets (to cover open windows), and hygiene products. Some winterization shelter kits had saws, knives, and ladders. Where there was an available market for goods, partners provided vouchers for a range of approved goods from local vendors, or distributed cash through merchants acting as informal banks.

The activities were implemented in six sectors as discussed in the survey results section. We have gathered case studies from NFI, WASH, and health to provide a more detailed picture of OFDA activities in the region.

NFI Activities. NFI assistance seeks to provide “critical individual and general household and shelter support items.” The goal of one grant was to help about 50,000 IDPs who were living in unfinished and vacant buildings like the one in the photo below. The structures often lacked basic protection from the elements. Based on the results reported as of March 31, 2015, the partner distributed kits to 5,175 families with a total of about 31,050 people. The kits had six blankets, a kerosene heater, two jerricans, a kettle, and a carpet, and were worth \$218 per kit.



IDPs live in unfinished buildings like this one in Dohuk Governorate. (Photo by OIG, July 21, 2015)

OIG visited unfinished homes in Dohuk occupied by families that received NFI kits from the grant. Most of the families left Sinjar to escape from ISIL and came to Dohuk because of family connections.

WASH Activities. These activities consisted of providing water for drinking and household use, appropriate sanitation facilities, and promoting good hygiene practices. One partner worked to

help up to 54,000 people in two camps in Dohuk and Ninewa. We visited the camp in Ninewa, where a septic system installed before OFDA got involved had been designed improperly and was overflowing. The partner's activities aimed at primarily cleaning out the septic tank, shown below, and explaining hygiene practices to the 15,900 IDPs who live at the camp.



A grant worker points out a full septic tank (left) and sewage seepage (right) at an IDP camp in Ninewa Governorate. (Photos by OIG, July 21, 2015)

Another partner reported building latrines and installing septic tanks as part of WASH activities to serve 611 families occupying unfinished homes and buildings. It also reported providing sanitation and hygiene education to 3,857 IDPs. We visited a village where the partner built a latrine shown below and septic tanks for three unfinished homes occupied by 16 of the families.



Partners built latrines like this one in Dohuk Governorate. (Photo by OIG, July 21, 2015)

Health Activities. These provide essential health services, especially in response to conditions arising from overcrowding and a contaminated water supply. One partner working in the health sector established eight primary health clinics, including mobile health units that served more

than 90,000 beneficiaries. The clinics had pharmacies and offered health education and outreach, and mental health services. We visited two of them, as well as one of the mobile units (shown on page 8).

Employees at one of the clinics in a camp in Ninewa said they saw 40 to 60 patients per day. Two doctors and three nurses are on duty until 4 p.m., and medical assistants on call after hours. The nearest hospital is in Dohuk. However, since the escalation of ISIL hostilities, Ninewa residents cannot use it without a doctor's referral. The camp clinic provided referrals to the Dohuk hospital so patients could cross the border and visit the hospital. There is a pharmacy on site, shown in the photo below, and an ambulance available 3 days a week.



On-site pharmacies, like this one, offer health services to IDPs in camps. Photo by OIG (July 21, 2015)

A clinic in a camp that housed 3,745 IDPs had four doctors, three of whom were women. The clinic also had a psychiatrist and counselor available 2 days a week. The employees said they were concerned because they no longer had an ambulance on site and responses from ambulances in other locations were not as reliable.

In a town near Erbil, one grant funded a mobile medical unit, which stopped twice weekly at a community center. The partner said the unit was the primary care source for many IDPs and local residents. The national government pays for all health care in Iraq, but resources are strained with so many IDPs. The partner estimated that 700 families visit the mobile unit each month.



Mobile pharmacy units serve IDPs who do not live in camps. (Photo by OIG, July 22, 2015)

Steps Taken to Manage and Mitigate Risks

The answer to the second survey objective is discussed below based on information from OFDA and its partners. The bullets are categorized based on similarities between risks that OFDA's partners explained to us. Each category then has a description of the mitigation or management actions that address either a single risk or the entire risk category. We are summarizing these challenges and concerns and calling them "risks" in this report. We use "manage" when we recognize that OFDA and its implementers, in some instances, did something to address a risk by developing a policy, procedure, or key control to help activities succeed. We use "mitigate" to describe when actions and events beyond the control of OFDA and its implementers mitigated the risk, which did or could have unintentionally affected project results.

Security

- **Deteriorating security situation.** OFDA's partners overwhelmingly said increased fighting would make it harder for them to deliver humanitarian assistance.
- **Security conditions limit access.** OFDA's partners said some areas in Iraq with IDPs need humanitarian assistance, but because of hostile security conditions, they cannot deliver assistance safely.

The risks associated with security were, in part, mitigated through external events, such as the Kurdish military (i.e., Peshmerga) protecting targeted areas in northern Iraq, and because OFDA partners were carrying out activities away from the front lines of the conflict with ISIL. For the most part, OFDA and its partners are delivering humanitarian assistance in northern

governorates, which at the time of this survey were well protected and free from active hostility. Partners could operate freely in these areas and monitor their programs.

In addition, OFDA's partners managed these risks with their own internal security procedures. The grant agreements required security plans, and some partners said they have staff assigned to provide security assessments as needed before delivering humanitarian assistance to new areas. The partners appeared to be well aware of the areas where they can operate without having activities affected by attacks or threats from ISIL.

Inability to Reach IDPs

- **Government restricts access.** Because the degree to which local governments accepted IDPs and allowed them to get assistance varied, partners had to account for potential restrictions as a risk. OFDA partners said they did not know the reasons for restrictions that did occur.
- **Lack of unified government limits access.** OFDA's partners said some areas of Iraq, mainly around Kirkuk, do not have a unified, strong government, and that puts their ability to deliver humanitarian assistance at risk. For example, IDP movements in and around Kirkuk resulted in a need to deliver assistance to IDPs in this location. However, it is unclear which government authority has jurisdiction of the areas where they are, and without permission from the right authorities, OFDA partners cannot reach IDPs.
- **NGO registration and staff visas outside of Kurdistan.** OFDA's partners said the NGO registration and visa processes for operating with expatriate staff around Kirkuk is complicated and inconsistent. Areas in this part of the country are controlled by different government units (i.e., Iraqi or Kurdistan Regional Government), and, at times, both are vying for control of the same areas. The risk is that partners might be unclear about the proper approval processes for getting permission to work in these areas, and the differing rules could slow or prevent implementation of humanitarian assistance if OFDA wants to target these areas on a large scale.

OFDA's intent is to target areas where assistance is needed the most. Thus, the move by OFDA and its partners to address IDP needs in Iraqi government disputed areas is a more recent phenomenon as more IDPs have arrived in areas like Kirkuk. Initially, OFDA's partners were largely targeting IDPs who went to Kurdish-controlled territories in Dohuk and Erbil. However, it has become increasingly difficult for IDPs to enter these territories because of entry restrictions imposed by the Kurdish government. Since the conflict has continued to fluctuate through southern and central Iraq, IDPs have moved to new areas safe from ISIL but sometimes outside of areas officially under Kurdish control, such as Kirkuk. This risk was mitigated when OFDA began funding grants because most activities were not operating in contested areas. Nevertheless, to manage this potential risk, OFDA stated that partners should begin registering in the Kurdistan region and through the central government in Baghdad. While having a valid NGO registration in both areas alleviates the risk of not having permission to operate, it is no guarantee because of the confusion over what government controls the area around Kirkuk.

Continued Displacement of IDPs

- **New influx of IDPs.** There is a risk that a new influx of IDPs would overwhelm OFDA's partners' ability to respond. The first influx came after the Sinjar crisis and ISIL's capture of

Mosul. Other influxes included IDPs fleeing in April 2015 from Ramadi when it was attacked by ISIL. OFDA partners said the needs are so great with these IDPs that they would have trouble addressing the needs of any more.

OFDA is managing this risk by making sure grants include a measure of flexibility, allowing partners to relocate activities to areas where new IDPs settle. New grants in particular are designed to provide immediate assistance to vulnerable IDPs through mechanisms such as unconditional cash assistance.

The situation also is being mitigated in northern Iraq because the Kurds have effectively closed their borders to new IDPs. This means IDPs are not entering Kurdistan in new large influxes. However, OFDA officials said the border closures were problematic because they “restrict access to safe areas for populations fleeing conflict and in significant need.” They also expressed concern that border closures do not actually reduce the number of actual IDPs needing assistance. Rather, “[a]id agencies are simply forced to access them in other areas.”

- **Ongoing IDP movements after initial displacement.** OFDA’s partners said there is a risk that beneficiaries who originally received humanitarian assistance cannot be reached for follow-up monitoring. While this does not hinder the delivery of immediate assistance to displaced families, it does prevent OFDA and its partners from verifying the effectiveness of the assistance interventions.

To manage this risk, OFDA partners use a variety of mechanisms to help track assistance, including collecting mobile phone numbers for beneficiaries who are willing to provide them or registering beneficiaries in different types of partner databases to compile a list that tracks the assistance they received. Some partners have used technology to identify and track IDPs, and some even use the same software programs to do this task. These lists allow each partner to identify beneficiaries if they move to new areas and are seeking assistance again.

The risk related to IDP movements is mitigated because interventions are meant to be short-term and the movement of IDPs after receiving assistance could signal that the IDPs feel safe enough to return to their home. So while each partner might not be able to reach beneficiaries for monitoring, it could mean an IDP identified as originally being vulnerable is now less vulnerable because they relocated to a new area or returned home.

- **Inability of local primary healthcare centers to handle caseload.** One partner that operates primary healthcare centers in northern Iraq in response to the humanitarian crisis said Iraqi healthcare centers do not have the capacity to handle the influx of IDPs in host communities alone. Some communities have doubled in size and now have more IDPs than local residents. Some OFDA partners said they were concerned that IDPs and the residents of host communities would not have access to adequate, free healthcare if OFDA stops funding these clinics.

OFDA is managing this risk by funding IDP camp primary healthcare centers and mobile primary healthcare centers that target populations of IDPs. The flexibility of offering health services in camps and through mobile centers alleviates the demand on local centers.

Host Community Tensions and Acceptance of IDPs

- **Lack of acceptance in host communities.** In some places in northern Iraq, host communities have been accepting IDPs who arrived soon after conflict started in 2014. Thousands of IDPs have taken refuge in hotels or rented homes in one community that we visited in Erbil Governorate, which has since nearly doubled its population. In other communities, IDPs occupied unfinished homes.

However, some OFDA partners raised concerns about host communities that did not accept IDPs, such as in locations around Kirkuk. To help alleviate tensions, the partners were managing the risk by directing up to 20 percent of humanitarian assistance to support host communities affected by conflict. This assistance may involve communal services like improving water storage tanks, which not only helps the IDPs in the area, but also local residents.

- **Evictions of IDPs from host communities.** When IDPs have taken refuge in unfinished structures that are owned by someone else, OFDA partners were arranging landlord rehabilitation agreements. In these, landlords provide free accommodations for a defined period. In exchange, the OFDA partner would winterize the structure; this involved putting windows and doors on the outside and installing plastic sheeting between open rooms to separate families because some homes had several living in them.

However, there is a risk that the IDPs could be evicted at any time or after the landlord agreement expires. Although this was not yet a widespread problem, the partners acknowledged that the agreements were not contracts and thus were not enforceable. In addition, some agreements were signed for only 9 months to allow the IDP family to stay in the structure through the winter of 2014, while others were for 2 years.

The risk was somewhat mitigated because most structures were built years ago, and IDP families said they have good relationships with the landlords and have permission to stay until the landlord decides to finish the construction—and many do not have money to do so.

Problems Hiring and Retaining Staff

- **Government harassment.** Several partners said the Kurdish Government harassed local staff. This ranges from all local staff being interviewed by Kurdish security services to random inspections of human resource files, and in some rare cases, employees being expelled from Kurdish territory. The risk is that certain employees, mainly Syrian refugees, are being increasingly targeted and intimidated, which prevents the partners from hiring, retaining, and promoting qualified staff.
- **Ethnic discrimination.** Several partners said the Kurdish Government has hindered their ability to hire certain ethnic groups, such as Syrians, non-Europeans, and even certain Iraqi populations like Sunni Muslims. The risk is that some partners have had to implement discriminatory hiring practices to avoid conflicts with the government.

Partners managed these risks with varying degrees of success. In some instances, they tried to be as responsive as possible to the Kurdish authorities. In others, they raised the issue with their lawyers or UN organizations to address it directly with the authorities.

However, partners said they did not want to upset the authorities and risk having their activities stopped. During our site visits, a partner discussed the problems with OFDA, and officials there directed their concerns to U.S. consulate offices in Erbil. At the time of our site visit, it was unclear what the U.S. consulate can or will do to alleviate the concern.

Acts of Fraud by Vendors

- **Distribution of cash and NFIs susceptible to fraud.** Several partners involved with the distribution of NFI vouchers found fraud schemes designed by approved vendors. A typical NFI voucher program involves a partner giving a voucher (i.e., coupon with a predetermined list of items) to a beneficiary for household items; the partner also vets vendors in local markets who can sell the items. The beneficiary visits the vendor and exchanges the voucher for the predetermined items. The vendor then asks the OFDA partner for reimbursement based on the amount of used vouchers.

However, in some rare instances, the vendor has taken the voucher and given a smaller amount of cash to the beneficiary while asking the partner for the full amount. The risk is that beneficiaries are not receiving humanitarian assistance as intended and vendors are being paid for goods they did not provide.

Partners found a similar scheme with unconditional cash assistance. Local cash transfer agents kept a portion of the cash assistance given to approved beneficiaries as a fee and then billed the partner for the full amount. This essentially robbed the beneficiary of a portion of their cash assistance and allowed the transfer agent to profit from the fraudulent request for reimbursement.

Partners managed this risk by monitoring distribution activities. For example, during cash transfer activities, partners employed staff to be at the sites and explain to beneficiaries that they should not pay fees to transfer agents. These employees also monitored the exchange of cash between the agents and beneficiaries. In some instances, partners used internal or undercover operations to determine whether their vendors were accepting vouchers in exchange for payments of cash to beneficiaries.

OFDA did not do any direct or follow-up monitoring of these types of activities, but implementing partners are required to inform OFDA of any potential fraud uncovered during a project.⁴ Officials said they had not received notice of widespread fraud related to the voucher programs. Detailed explanations of how partners plan to minimize fraud are required in all proposals, and OFDA officials said they would follow up with any reported incidents of fraud during reviews of quarterly reports, site visits when possible, and meetings with partners.

Sustainability of Long-Term Assistance

- **Lack of funding.** Implementers talked about the lack of funding and uncertainty about whether it would continue. Their concern is supported by UN estimates of the millions of dollars that are still needed to address the humanitarian crisis in Iraq. The risk is that partners will not have enough funding to continue the activities they currently are implementing to address humanitarian needs.

⁴ As of December 26, 2014, 2 CFR 200.113 now requires fraud to be reported in a timely manner. A mandatory reference to USAID's ADS Chapter 303 expands on this to require a standard provision in all new awards that fraud should be reported in a timely manner to OIG as well as the agreement officer.

- **Poor IDP camp construction and maintenance.** One partner said some of the IDP camps built by the Iraqi Government were constructed hastily, and as a result, they had design problems such as poor plumbing we discussed earlier. The risk is that OFDA and its partners have to spend more money operating and maintaining the infrastructure at the camps because the Iraqi Government will not.
- **Changing priorities.** One partner said the Iraqi Government changes its priorities related to IDP camps. For example, a new IDP camp was being built, but because it was “too nice,” the government did not want to move IDPs into the camp for the fear that they might not leave. The risk is that IDPs are being kept in poor-quality camps.

OFDA officials said they manage this risk by deploying a disaster assistance response team (DART) to Iraq to work in coordination with the UN and international NGOs to address protection and quality of life issues for IDPs. They added that they have tried to address issues in the past regarding camp location, security, and the quality of infrastructure with the Iraqi Government.

Other Risks

- **Iraqi banking system causes liquidity issues.** Several partners said implementing activities for unconditional cash assistance has been difficult because of liquidity issues in the Iraqi banking system. As a result, the risk is that there might not be efficient ways to process cash payments for IDPs as intended through normal banking institutions.

Partners and OFDA manage this risk by finding cash transfer agents, called Huwalas, to bypass the official banking system. Each partner working with a Huwala said they designed monitoring activities to make sure beneficiaries received the approved amount of cash assistance. Partners said they also vet each Huwala before starting cash transfers.

- **Import difficulties associated with pharmaceuticals.** OFDA grants have strict requirements for approving and procuring pharmaceuticals, which must be done through approved international vendors. Partners said importing international pharmaceuticals is a lengthy process. Therefore, the risk is that primary healthcare centers run by partners will not have the medications they need.

To manage this risk, partners were borrowing medication from other activities they are conducting in Iraq. The risk was mitigated because none of the implementers mentioned that they are lacking pharmaceuticals. They said they have been able to borrow enough to meet the health needs of IDPs until the OFDA-funded pharmaceuticals arrived.

- **Infectious disease outbreaks.** One partner said an infectious disease outbreak could have devastating effects on IDPs. The risk is that the Iraqi Government and the OFDA partners could not respond to a large outbreak, and people could die.

Partners managed this risk through early warning systems in IDP camps. Those that were providing primary healthcare assistance in camps created groups to go from tent to tent explaining health services and monitoring for disease outbreaks. This risk became a reality because a serious outbreak of cholera occurred after our fieldwork (discussed in the Other Matter on page 15).

Conclusion

A partner said there are chronic development problems in Iraq and the current humanitarian crisis may not end anytime soon. The overall risk is that the OFDA programs may not be addressing long-term, chronic needs of IDPs.

Officials said that while its programs are designed to transition into early recovery as appropriate, the activities OFDA funds are only intended to address immediate, emergency needs, not to address long-term development needs.

However, given the ongoing nature of the conflict, it will become increasingly important for OFDA and its partners to develop or adapt their policies, procedures, and controls in Iraq to manage these risks so they can deliver assistance effectively inside Kurdish-controlled areas or throughout the rest of the country.

OTHER MATTER

Implementing Partner Might Not Be Disposing of Sewage Appropriately

During a site visit to an IDP camp in northern Iraq in July 2015, an engineer working for a partner told us that the local municipality was directing where the camp's sewage should be disposed of, which may have been in a nearby river raising environmental concerns.

Because of the risk and uncertainty regarding how the sewage was handled, we issued a management letter to OFDA on September 16, 2015, with four suggestions to address our concern.⁵

OFDA sent the following response on October 14, 2015.

Since this time, OFDA has reached out to the partner implementing sanitation activities in the camp. They confirmed that municipal authorities had requested they de-sludge into a dry river bed that was approximately 300-400 meters from the camp, a location that was being used as a dumping site by the municipality even prior to the existence of the camp. The NGO recognized the risks posed by dumping in this site, and negotiated with the municipality to move the desludging to a site approximately 4-5 kilometers from the camp and away from any water outlets or residential areas.

In July, OFDA's partner handed the desludging activities over to another NGO and is no longer involved in the process. That NGO, which is not an OFDA partner, is reportedly using a local contractor to carry out the desludging, and has moved the process back to a location near the camp, at the request of the local Mayor. Because this NGO is not an OFDA partner, OFDA does not have the authority to monitor its activities. However, OFDA is currently in the process of following up with other WASH partners who are providing sanitation services to determine how desludging is being carried out and plans to deploy a WASH team to Iraq within the next few months to conduct an assessment of WASH activities among partners and provide recommendations for improvement.

OFDA will also work with the WASH Cluster in Iraq and its own internal WASH experts in Washington to determine how desludging activities are currently being carried out in the country and what standards the humanitarian community can realistically impose upon them. The recent outbreak of Cholera in the country has resulted in a more intensive assessment of current sanitation conditions in Iraq as a whole and it has been reported that waste disposal is a widespread systemic problem.

We have not reviewed or verified OFDA's actions because our fieldwork for this survey ended before the office sent its response to OIG.

⁵ The management letter can be found on the OIG's Web site, <https://oig.usaid.gov/>.

EVALUATION OF MANAGEMENT COMMENTS

In its response to the draft report, USAID/OFDA officials agreed with our survey results and said they would monitor the concerns identified in the survey. They also acknowledged that they would make improvements to their internal policies, procedures, and controls for the programs in Iraq.

SCOPE AND METHODOLOGY

Scope

We conducted this survey in accordance with Chapter 3 of *Government Auditing Standards* relating to professional independence and judgment, competence, and quality control. We also followed Chapter 6, Sections 6.79 to 6.82, which relate to documentation standards.

OFDA and its partners in Iraq were the focus of our survey. We conducted fieldwork mainly at the U.S. consulate in Erbil from June 13 to 19 and from July 20 to 23, 2015. We also conducted site visits to various communities in Dohuk, Erbil, and Ninewa governorates of Iraq. The period covered by our survey was from the inception of OFDA activities in northern Iraq—approximately July 2014—to June 2015.

To prepare for this survey, we asked OFDA for a list of its grants in Iraq that had received funding as of May 2015. We identified 21 grants from the list worth \$26.1 million in obligations. These grants were awarded to 14 international organizations to implement various activities to respond to the humanitarian crisis in Iraq.

We communicated by e-mail with all organizations before fieldwork and held interviews at partner offices or the U.S. consulate in Erbil with the partners and OFDA. However, site visits to partner activity sites were restricted to sites pre-approved by the U.S. consulate in Erbil's regional security office. OFDA's DART in Erbil organized all site visits and handled regional security office approvals. As a result, our on-site inspection of grant activities was limited.

Methodology

To answer the objectives, we reviewed five sources of data: grant awards, partner quarterly reports to OFDA, a standardized questionnaire prepared by us and completed by partners, in-person interviews, and site visits to project activities. Based on our review of these sources, we also judgmentally requested supporting examples of selected key controls and procedure guidance from individual partners.

The results of the survey are specific to the activities implemented during the scope described previously, and to locations in northern Iraq where OFDA partner activities occurred during that period.

Our survey collected initial information through an OIG prepared standard questionnaire (in Appendix III) that was e-mailed to each OFDA partner before fieldwork began. The information from the questionnaire was the basis for follow-up interviews and requests for additional information. We then summarized unaudited project results from project documents, the questionnaire, and interviews to answer our first objective. To answer the second objective, we used our judgment to categorize and group risks identified by partners in the questionnaire and in interviews to better capture the challenges unique to operating humanitarian response activities in Iraq as identified or described by OFDA's partners. We also asked for examples of specific controls or procedures when OFDA or its partners were doing something to manage an identified risk. We got descriptions, when appropriate, of actions or events that helped OFDA or its partner mitigate an identified risk.

For this survey we did not select a sample of grants to survey. Instead, we surveyed all 14 of OFDA's partners in Iraq, except for UN organizations that received funding, and all responded to us. We chose to survey all partners because the number of different organizations was small and all had operations within close proximity to the U.S. consulate in Erbil. Furthermore, each organization received a similar amount of approximate funding, which was usually about \$1 million to \$2 million. We did not survey UN organizations because OIG does not have audit authority for funds provided to the UN.

The survey did not rely on computer-processed data.

MANAGEMENT COMMENTS



December 31, 2015

MEMO FOR THE OFFICE OF THE REGIONAL INSPECTOR GENERAL (RIG)

FROM: OFDA/DCHA – Jeremy Konyndyk, Director

SUBJECT: Response to Survey of Selected USAID/Office of Foreign Disaster Assistance Programs in Iraq (Survey Report No. 8-267-16-00X-S)

Dear Mr. Rutz,

Thank you for providing OFDA the *Survey of Selected USAID/Office of Foreign Disaster Assistance Programs in Iraq* (Survey Report No. 8-267-16-00X-S) on November 27, 2015.

OFDA confirms receipt of the report and notes the issues of concern OIG raised, namely the vulnerability to fraud in the areas of cash and non-food item distribution and the sustainability of providing long-term assistance in Iraq. OFDA commends the OIG team on their work summarizing OFDA's Iraq programs and recognizing the unique challenges present at the time of the field visit.

OFDA will closely monitor these concerns as appropriate and feasible and will adapt policies, procedures, and controls in, Iraq as necessary. OFDA's comments have been sufficiently incorporated and OFDA has nothing further to add at this time.

Sincerely,

Jeremy Konyndyk
Director
Office of U.S. Foreign Disaster Assistance (OFDA)

Cc:
MECHR_RM@ofda.gov
MECHR_DMP@ofda.gov
MECHR_PCI@ofda.gov

STANDARD QUESTIONNAIRE

General Questionnaire for OFDA Iraq Activities

Directions: Please answer the following questions to the best of your knowledge. If you need further clarification, please do not hesitate to contact us.

Project Background

Project Background

- 1) What types of humanitarian activities has your organization implemented previously in Iraq?
- 2) How long has your organization been operating in Iraq?
- 3) Where are your OFDA activities located in Iraq? (e.g., headquarters, warehouses, project activities, etc.)
- 4) How and why did you choose these activity locations?
- 5) How many employees do you have working on activities in Iraq? Please describe their roles and locations.
- 6) What is your organization's area of expertise? (If applicable)
- 7) Do you believe your activity has been successful? Please describe quantitative and qualitative successes.

Internal Control Questions

Implementer's Performance Monitoring

- 8) Please describe the internal controls in place to monitor performance. Specifically, include what types of "tools" management uses to monitor the progress of activities towards intended goals and targets.
- 9) How often does your staff conduct site visits to project activities and/or meet with beneficiaries or partners? How are these site visits documented?
- 10) How often does your staff communicate with partners or beneficiaries?
- 11) Describe the process for establishing and revising performance targets.
- 12) What information systems does your organization have in place to track and report data?
- 13) Describe if and how reported results are verified. How often are results verified?
- 14) Please describe any challenges encountered in monitoring activities.
- 15) Describe how results are reported to OFDA.

Performance Reporting

- 16) How often do you communicate with the OFDA Agreement Officer, the Agreement Officer's Representative (AOR), or other OFDA subject matter field staff? Please describe the interaction with each.
- 17) Are the OFDA staff prompt in their interactions with you (e.g., does the AOR provide timely approvals, etc.)?
- 18) How often do the OFDA officials conduct site visits to project activities?
- 19) What deviations or challenges to specific activities have you reported to OFDA officials, if

any?

20) Have you faced any challenges with the AO, AOR, or OFDA officials? Please describe.

Project Activity Risks

Project Activity Risks

21) Describe specific risks for operating in Iraq.

22) Does your organization perform any type of initial or on-going risk assessment before delivering humanitarian assistance?

23) What types of operating procedures, best practices or other guidance do your employees follow to ensure activities are successfully carried out?

24) Describe how the operating environment in Iraq has evolved since your OFDA funded activity was planned or initiated.

25) What events or variables will prevent your activities from succeeding?

26) What are the day to day challenges that your activity encounters?

27) How has your organization overcome the challenges in Iraq while addressing the humanitarian crisis?

28) How could the delivery of humanitarian assistance be improved in Iraq? (i.e., in general, in terms of USAID/OFDA, in terms of other donors like the UN, etc.)

Fraud Questions

Fraud Considerations

29) What areas of the project are susceptible to fraud?

30) Have there been any allegations of fraud reported to the Regional Inspector General's Office in Frankfurt, OIG/Investigations, or USAID or OFDA officials in regards to this project?

31) Are you aware of any unusual terms or conditions associated with a project that you feel is illegal or fraudulent in nature?

32) Do you have any indication that there is fraud occurring in the project now?

33) To your knowledge, have there been any fraud issues for your organization, in general?

34) Has anyone (e.g. OFDA staff, grantees, government counterparts, or outside parties) ever asked you to do anything that you felt was illegal or unethical?

35) What internal controls are in place to prevent, deter, and detect fraudulent events?

U.S. Agency for International Development
Office of Inspector General
1300 Pennsylvania Avenue, NW
Washington, DC 20523
Tel: 202-712-1150
Fax: 202-216-3047
<http://oig.usaid.gov/>
Survey Task No. 88151715