United States Government Accountability Office

Report to Congressional Requesters

SYRIAN REFUGEES

U.S. Agencies Conduct Financial Oversight Activities for Humanitarian Assistance but Should Strengthen Monitoring

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Why GAO Did This Study

The ongoing conflict in Syria has created a complex humanitarian crisis, displacing more than 5 million Syrians to neighboring countries. The United States has led the global funding effort to provide humanitarian assistance to people affected by the conflict.

GAO was asked to review humanitarian assistance provided by State, USAID, and their implementing partners to Syrian refugees in the Middle East. This report examines (1) the amount of funding U.S. agencies have obligated and types of assistance provided and (2) the extent to which State and USAID provide financial oversight of such assistance. GAO analyzed State and USAID data; examined a nongeneralizable sample of 33 funding instruments for fiscal years 2015 and 2016 involving 15 implementing partners; analyzed State and USAID oversight activities; interviewed relevant officials, and conducted fieldwork in Lebanon and Jordan, where most of State and USAID's humanitarian assistance funding has been obligated.

What GAO Recommends

To improve financial oversight of programs assisting Syrian refugees, GAO recommends that State and USAID identify and implement a mechanism to conduct in-person monitoring visits in countries where security conditions limit such visits by U.S. officials. State and USAID concurred with GAO's recommendations.

View GAO-18-58. For more information, contact Thomas Melito, (202) 512-9601 or MelitoT@gao.gov.

What GAO Found

The Department of State (State) and the U.S. Agency for International Development (USAID) have obligated more than $3.5 billion since fiscal year 2012 to support humanitarian assistance for Syrian refugees in the Middle East. From fiscal years 2012 through 2017, State obligated about $2.8 billion for programs providing education, health, and protection, among other things, and USAID obligated $887 million for food assistance. Most of the funding was provided to public international organizations, such as the United Nations High Commissioner for Refugees and the World Food Programme, for programs in Lebanon and Jordan. Food assistance has been provided in cash-based form, and there are cash-based programs in other sectors as well. For example, in Lebanon and Jordan, U.S. implementing partners provide cash-based assistance through mechanisms that include cards or iris scans (see fig.).

Card for Delivering Cash-Based Assistance to Syrian Refugees in Jordan (left) and Iris Scan Checkout Screen at a Grocery Store in a Refugee Camp in Jordan (right)

Source: GAO. | GAO-18-58

State and USAID conduct a variety of financial oversight activities but face security-related monitoring challenges. For all 33 funding instruments in GAO's sample (representing 83 percent of State funding and 100 percent of USAID funding for fiscal years 2015 and 2016), State and USAID used risk assessments to inform their monitoring activities. Both agencies developed risk-based monitoring plans citing the number and frequency of in-person monitoring visits required to ensure financial oversight. However, due to security restrictions, State and USAID were unable to conduct all scheduled in-person monitoring visits in fiscal years 2015 through 2017. For example, during this period, USAID staff were unable to conduct any such visits in Iraq and were unable to conduct such visits in Lebanon for 7 months. State has hired local staff—who are able to access areas with security related restrictions for U.S. officials—to conduct some in-person monitoring visits and has considered other options but has not implemented them. USAID reports it has considered, but not implemented, alternative mechanisms for conducting in-person monitoring visits in areas where security conditions limit such visits by USAID officials. Without in-person monitoring, financial irregularities may go unnoticed or take longer to detect.

United States Government Accountability Office

Contents

Figures

Abbreviations

COSO	Committee of Sponsoring Organizations of the Treadway Commission
FAPD	Foreign Assistance Policy Directive
FFP	Office of Food for Peace
ISIS	Islamic State of Iraq and Syria
ITS	Informal tented settlements
NGO	Nongovernmental organization
OIG	Office of Inspector General
PIO	Public international organization
PRM	Bureau of Population, Refugees, and Migration
State	Department of State
UN	United Nations
UNHCR	United Nations High Commissioner for Refugees
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WFP	World Food Programme

October 31, 2017

Congressional Requesters

The ongoing conflict in Syria has contributed to the largest worldwide refugee and displacement crisis since World War II. As of June 2017, more than 5 million refugees fleeing the conflict have registered with the United Nations High Commissioner for Refugees (UNHCR) or host governments, primarily in five countries—Egypt, Iraq, Jordan, Lebanon, and Turkey. Since 2013, the United States, through the Department of State (State) and the U.S. Agency for International Development (USAID), has led global funding efforts to provide humanitarian assistance to those affected by the Syrian conflict.

We were asked to review U.S. efforts to provide humanitarian assistance to individuals affected by the conflict in Syria. In July 2016, we analyzed U.S. humanitarian assistance to people inside Syria.[1] In this report we examine humanitarian assistance provided by the United States to Syrian refugees in the Middle East, including (1) how much funding has been obligated and what types of assistance have been provided, and (2) the extent to which State and USAID provide financial oversight of such assistance.

To determine how much funding has been obligated by State and USAID, as well as the types of humanitarian assistance provided by their implementing partners, we obtained State and USAID obligations data for fiscal years 2012 through 2017 and analyzed relevant program documents, including the program descriptions provided by implementing partners in their funding applications. We determined that these data were reliable for reporting total obligations per country by checking the obligations data against data reported by State and USAID in other sources.

To determine the extent to which State and USAID provide financial oversight of the assistance, we obtained relevant policy documents,

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[1] GAO, *Syria Humanitarian Assistance: Some Risks of Providing Aid inside Syria Assessed, but U.S. Agencies Could Improve Fraud Oversight*, GAO-16-629 (Washington, D.C.: July 14, 2016).

including State's Federal Assistance Policy Directive[2] (FAPD) and USAID's Food for Peace Annual Program Statement, as well as guidance, risk assessments, and other documents related to program monitoring for the types of funding instruments used to provide humanitarian assistance to Syrian refugees. We examined the two USAID funding instruments for the World Food Programme that accounted for all USAID funding to Syrian refugees for fiscal years 2015 and 2016, and we also selected a nonprobability sample of 31 fiscal year 2015 and 2016 State funding instruments from 14 different implementing partners. While not generalizable, the sample accounted for over 83 percent of State obligations for humanitarian assistance to Syrian refugees in the Middle East for those fiscal years. Using these funding instruments, the Foreign Assistance Policy Directive (FAPD), and Standards for Internal Control in the Federal Government[3] we identified the relevant financial oversight activities for these instruments. For the purposes of this report, we focused our analysis on financial oversight activities related to internal control standards of risk assessment and program monitoring. In addition, we requested all State and USAID documentation related to the funding instruments in our sample and reviewed those that we received, including completed risk assessments and program monitoring plans and reports. We interviewed State, USAID, and implementing partner officials in Washington, DC; Switzerland; Jordan, and Lebanon; and conducted telephone interviews with State officials in Turkey and Iraq, to discuss their practices regarding risk assessments and control activities, as well as program monitoring practices. Additionally, we accompanied State officials on program monitoring visits in Lebanon and Jordan and met with 14 implementing partners altogether. We selected these countries to visit because they received the greatest amount of funding from State and USAID in fiscal years 2015 through 2016. Results are not generalizable.

We conducted this performance audit from August 2016 to October 2017 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

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[2] In May 2017, State replaced the FAPD with a new policy document—the *Federal Assistance Directive*—which applies to awards issued as of May 20, 2017. We consulted both of these policy documents.

[3] GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G (Washington, D.C.: Sep. 2014).

conclusions based on our audit objectives. See appendix I for a more detailed discussion of our scope and methodology.

Background

Numbers and Location of Syrian Refugees

The ongoing conflict in Syria, which began in 2011, has displaced large numbers of people inside the country and within the Middle East. At the beginning of the conflict, Syrians, as well as Iraqi and Palestinian refugees who had been residing in Syria, fled mainly to Jordan, Lebanon, and Turkey. As the crisis persisted, refugees traveled in larger numbers to Turkey, with UNHCR reporting nearly 1 million Syrian refugees seeking protection in that country in 2015. Starting that year, an increasing number of Syrians have risked sea voyages to reach Greece and other countries in Europe, such as Germany and Sweden. The population of registered Syrian refugees in neighboring countries had largely stabilized by late 2016, according to State officials. As of June 2017, there were more than 5 million registered Syrian refugees living in neighboring countries: more than 3 million in Turkey, more than 1 million in Lebanon, more than 600,000 in Jordan, more than 200,000 in Iraq, and more than 100,000 in Egypt [4] (see fig. 1).

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[4] According to UNHCR, in Egypt, refugees that approached the organization after 2011 were registered as asylum seekers, but are considered refugees by UNHCR. In Jordan, while UNHCR reports having registered more than 600,000 Syrian refugees, the government says that there are about 1.3 million Syrian refugees in the country. In Lebanon, UNHCR suspended registration of Syrian refugees in 2015 based on instructions from the Lebanese government. Thus, according to State and United Nations (UN) officials, the number of registered Syrian refugees likely underestimates the presence of such refugees in Lebanon. In Turkey, the government registers refugees and releases statistics on the refugee population.

Figure 1: Number and Location of Registered Syrian Refugees in the Middle East, as of June 2017

Turkey
3,106,932

Syria

Lebanon
1,001,051

Iraq
244,605

Jordan
659,125

Egypt
122,203

Less than 10,000
10,001 to 50,000
50,001 to 100,000
100,001 to 250,000
More than 250,001
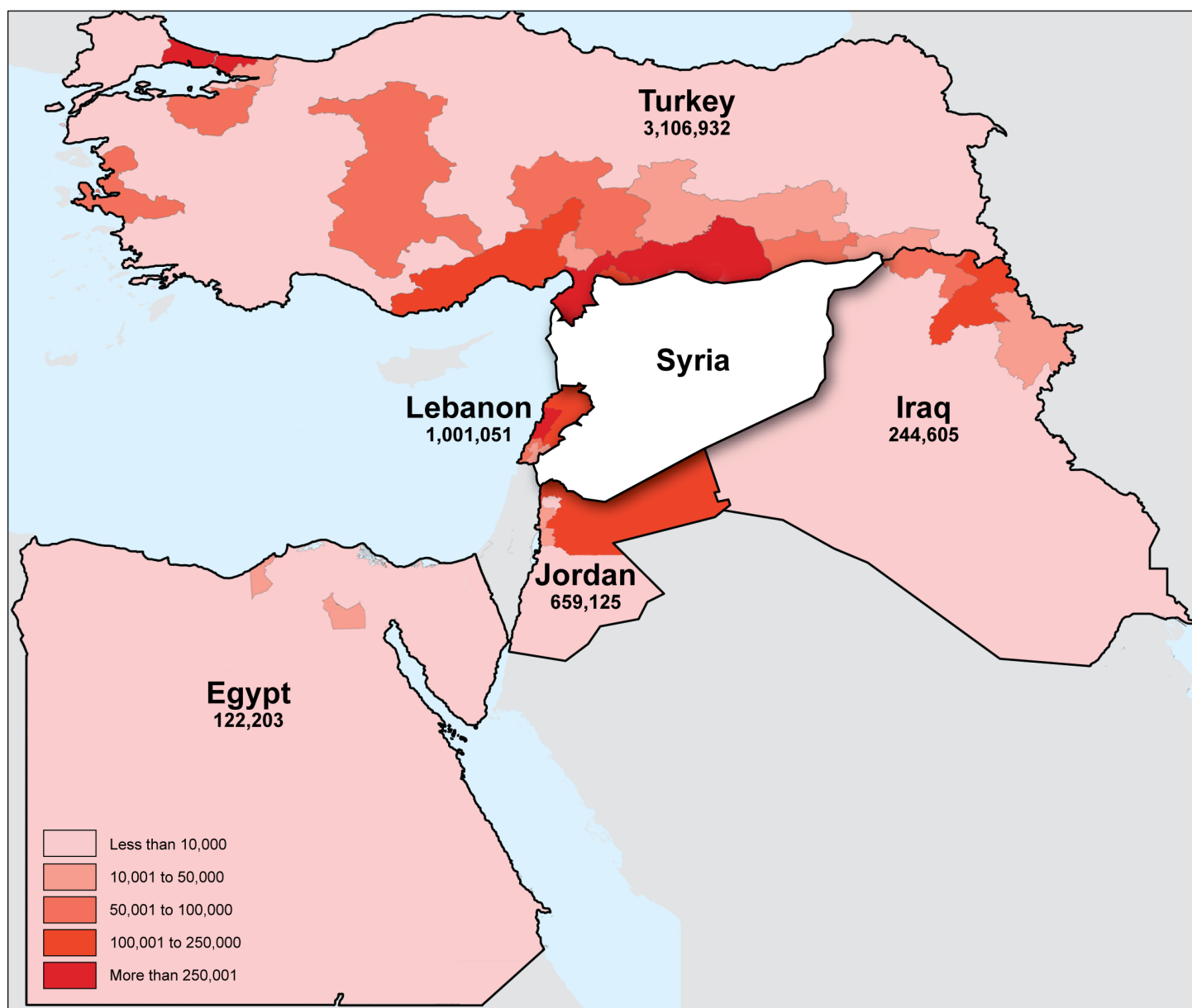
Sources: 3RP Regional Refugee & Resilience Plan in Response to the Syria Crisis, 2016-17, United Nations High Commissioner for Refugees, and Government of Turkey. | GAO-18-58

Note: Data represent refugees registered by the United Nations High Commissioner for Refugees (UNHCR) in Egypt, Iraq, Jordan, and Lebanon. In Turkey, the government registers refugees and releases statistics on the refugee population. Data for Egypt, Iraq and Turkey are as of July 2017; data for Jordan are as of September 2017; data for Lebanon are as of June 2017.

Several factors, including geographic accessibility, employment opportunities, and government policies, have affected Syrian refugees' patterns of settlement in host countries. Although some refugee camps exist, the majority of Syrian refugees—about 90 percent, according to UNHCR—are living in urban and rural areas among host country populations. According to State, the security situation in each host country varies, though each faces a threat from terrorist groups or incidents of domestic unrest. As a result, there are travel restrictions for U.S. government personnel in each country. See appendix II for detailed maps of where Syrian refugees have settled in each of the five main host countries, as well as a description of the security situation in each country.

Host Country Policies Regarding Refugees

Countries hosting Syrian refugees have adopted differing policies on issues affecting refugees' lives, such as employment and schooling. These policies, shown in table 1, affect the types of challenges refugees face in each host country, and in turn, influence the types of programs that implementing partners use to deliver humanitarian assistance.

Table 1: Host Country Policies Regarding Syrian Refugees, as of October 2017, as Reported by State and the UN

Country	Refugee registering authority	Employment	Schooling
Lebanon	United Nations High Commissioner for Refugees (UNHCR), but the government directed UNHCR to suspend registration of Syrian refugees in 2015	Refugees can work in three sectors—agriculture, construction, and environment—but those without residency permits can be arrested. Residency permits have been expensive and difficult to obtain, and most Syrians work informally. The Lebanon Crisis Response Plan (2017-2020) noted that the Lebanese Ministry of Labor reported that 2,067 Syrians had applied for work permits since 2013.	Refugees who arrived earlier in the crisis are enrolled in the morning session, or "first shift," while more recent arrivals are enrolled in an afternoon session, or "second shift," at Lebanese schools, if available.
Jordan	UNHCR	Refugees can legally work in some sectors—including agriculture, construction, and manufacturing—but as of September 2017, Jordan had only issued 62,000 work permits and most refugees work illegally.	Refugees can attend the "second shift" at Jordanian schools, if available. In some areas, refugees are integrated into single shift schools with Jordanian students.

Country	Refugee registering authority	Employment	Schooling
Turkey	Turkish government	Refugees can work legally in any sector if they have a work permit secured through an employer, but about 26,000 work permits have been issued and most refugees work illegally.	Refugees can attend Turkish schools, and some attend Temporary Education Centers where they are taught by Syrian teachers. Of the Syrian refugee children that attend school, 53 percent are enrolled in public schools.
Iraq	UNHCR	Refugees with a residency permit can work legally but often face long waits to obtain the permits.	Refugees can attend Iraqi schools.
Egypt	UNHCR	Refugees can obtain a work permit, but employers are reticent to hire them, due in part to their uncertain residency status. Residency permits are complicated and expensive to obtain and must be renewed every 6 months.	Refugees can attend Egyptian schools.

Source: GAO analysis of Department State (State) and United Nations (UN) documents and interviews. | GAO-18-58

Note: This summary of policies is based on documents from and interviews with officials from the State Department and the UN. According to State, these were the applicable policies as of October 2017.

Financial Oversight of Humanitarian Assistance

Financial oversight of humanitarian assistance programs includes managing program funds to ensure they are spent in accordance with funding instruments by, among other things, assessing financial risks and monitoring the implementation of controls to mitigate those risks. *Standards for Internal Control in the Federal Government* provides the overall framework for establishing and maintaining internal control in the federal programs. In addition, COSO has issued an internal control framework that has gained broad acceptance and is widely used around the world.[5] Both frameworks include the five components of internal control: control environment, risk assessment, control activities,

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[5]COSO was formed in 1985 to sponsor the National Commission on Fraudulent Financial Reporting, an independent, private sector initiative that studied the causal factors that can lead to fraudulent financial reporting and developed recommendations for public companies and their independent auditors, the U.S. Securities and Exchange Commission and other regulators, and educational institutions. In 1992, COSO issued *Internal Control—Integrated Framework* to help businesses and other entities assess and enhance their internal control. Since that time, according to COSO, its internal control framework has been recognized by regulatory standards setters and others as a comprehensive framework for evaluating internal control, including internal control over financial reporting. COSO updated its framework in May 2013 to enhance and clarify the framework's use and application.

information and communication, and monitoring. Internal control generally serves as a first line of defense in safeguarding assets, such as food and nonfood items. In implementing internal control standards, management is responsible for developing the detailed policies, procedures, and practices to fit the entity's operations and to ensure they are built into and are an integral part of operations.

Recent work by GAO and investigations conducted by the State and USAID Offices of the Inspector General (OIG) have highlighted the importance of financial oversight in providing humanitarian assistance. In our 2015 report on cash-based food assistance, we noted that financial oversight in cash-based food assistance programs includes managing program funds by assessing financial risks and implementing controls to prevent theft and diversion of cash, counterfeiting of vouchers, and losses.[6] We recommended that USAID conduct systematic financial oversight of cash-based food assistance in its field locations.[7] In our 2016 report on humanitarian assistance for people inside Syria, we found that while U.S. agencies and their implementing partners had assessed some risks of providing such assistance, U.S. agencies could improve fraud oversight.[8]

USAID OIG has reported that assistance projects that unfold during an emergency response are at higher risk of fraud, waste, and abuse. Specifically, the USAID OIG has found that aid organizations providing life-saving assistance to refugees in the region surrounding Syria faced an extremely high-risk environment, and that the absence of adequate internal controls can jeopardize the integrity of these relief efforts and deny critical aid to those in need. Lastly, State and USAID OIG have conducted criminal investigations of U.S. humanitarian assistance for the Syria crisis, uncovering various types of fraud schemes and highlighting the potential vulnerabilities of these programs to fraud.

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[6] GAO, *International Cash-Based Food Assistance: USAID Has Developed Processes for Initial Project Approval but Should Strengthen Financial Oversight*, GAO-15-328 (Washington, D.C.: March 2015).

[7]USAID agreed with our recommendation and told us they were developing training products to improve the capacity to oversee cash-based food assistance programming. In addition, they said they would continue to explore the use of third-party monitoring contracts in places where security and access constraints precluded in-person monitoring. However, as of September 2017, this recommendation had not been implemented.

[8] GAO-16-629.

State and USAID Have Obligated More Than $3.5 Billion to Support Cash-Based and Other Types of Humanitarian Assistance to Syrian Refugees in the Middle East

State and USAID have obligated more than $3.5 billion in humanitarian assistance funding to support Syrian refugees in the Middle East. U.S. agencies obligated most of their funding to public international organizations (PIO), but State also provided funding to nongovernmental organizations (NGO) for specific programs not covered by PIO activities. U.S. funding supported a variety of types of assistance, including food assistance and basic needs, and a significant share was provided in cash-based form through cards or other types of electronic platforms.

Since 2012, the United States Obligated More Than $3.5 Billion in Humanitarian Assistance, with Most Funding Supporting Refugees in Lebanon and Jordan

From fiscal years 2012 through 2017, State and USAID obligated approximately $3.7 billion to provide humanitarian assistance to Syrian refugees. The U.S. agencies providing humanitarian assistance to Syrian refugees are State's Bureau of Population, Refugees and Migration (PRM) and USAID's Office of Food for Peace (FFP). As shown in figure 2, in those fiscal years, State obligated more than 70 percent, or about $2.8 billion, while USAID obligated about $887 million for food assistance to refugees.

Figure 2: State and USAID Obligations for Humanitarian Assistance to Syrian Refugees, Fiscal Years 2012 through 2017

Dollars (in millions)
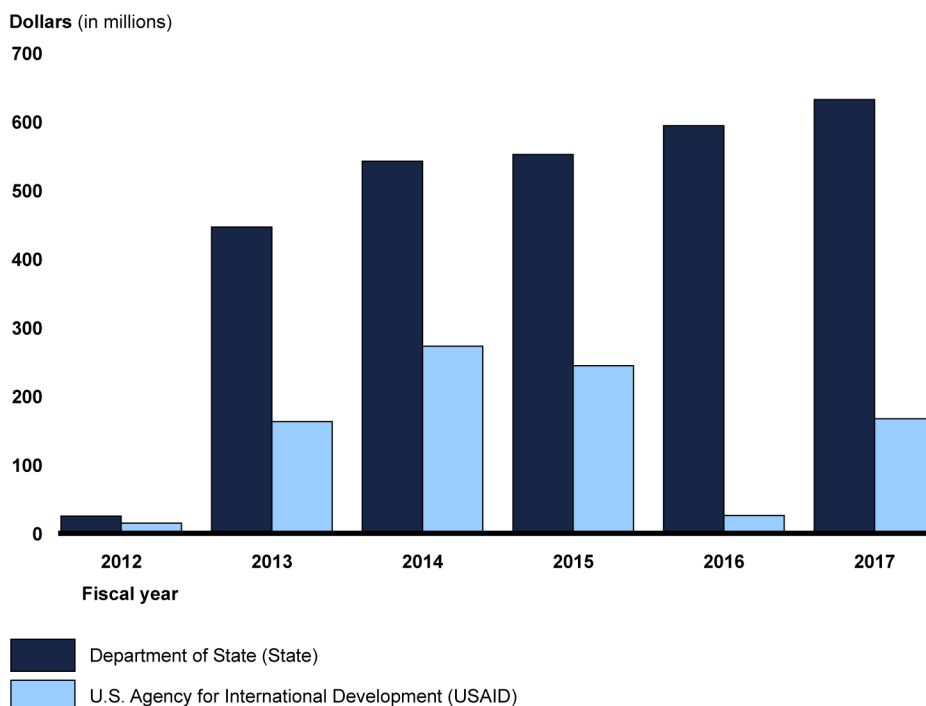
Source: GAO analysis of State and USAID data. | GAO-18-58

Table 2: State and USAID Obligations for Humanitarian Assistance to Syrian Refugees, Fiscal Years 2012 through 2107

Fiscal year	State obligations (millions)	USAID obligations (millions)	Total obligations (millions)
2012	25.5	14.7	40.2
2013	446.3	162.6	608.9
2014	542.0	272.5	814.5
2015	551.8	244.1	795.9
2016	593.9	26.0	619.9
2017	632.4	167.4	799.8
Total	**2,791.8**	**887.3**	**3,679.1**

Source: GAO analysis of Department of State and USAID data. | GAO-18-58

Note: Food for Peace (FFP) considers multiple factors before making contributions to humanitarian assistance operations, including the level of support provided by other donors. In 2016, Germany made a significant contribution to the World Food Programme's Syrian refugee operation, allowing FFP to reduce support to this operation and increase its El Niño response in southern Africa.

The majority of funding provided by both State and USAID has supported Syrian refugees in two countries—Lebanon and Jordan. Specifically, from fiscal years 2012 through 2017, obligations for programs in Lebanon and Jordan totaled approximately $2.6 billion—nearly $1.6 billion in Lebanon and almost $1 billion in Jordan (see fig. 3). These two countries host the highest number of refugees per 1,000 inhabitants, and according to UN needs assessments, refugees in these countries, particularly in Lebanon, are experiencing high levels of vulnerability and need. While Turkey hosts the largest number of Syrian refugees overall, the Turkish government has taken a significantly larger role in assisting refugees, and thus their needs are relatively smaller, which is reflected in the smaller share of U.S. funding directed toward programs in Turkey. Programs in Iraq and Egypt each received smaller portions of the funding, consistent with the smaller populations of refugees in these countries.

Figure 3: U.S. Obligations for Humanitarian Assistance to Syrian Refugees by Country, Fiscal Years 2012 through 2017

Dollars (in millions)

Legend:
- Department of State (State)
- U.S. Agency for International Development (USAID)
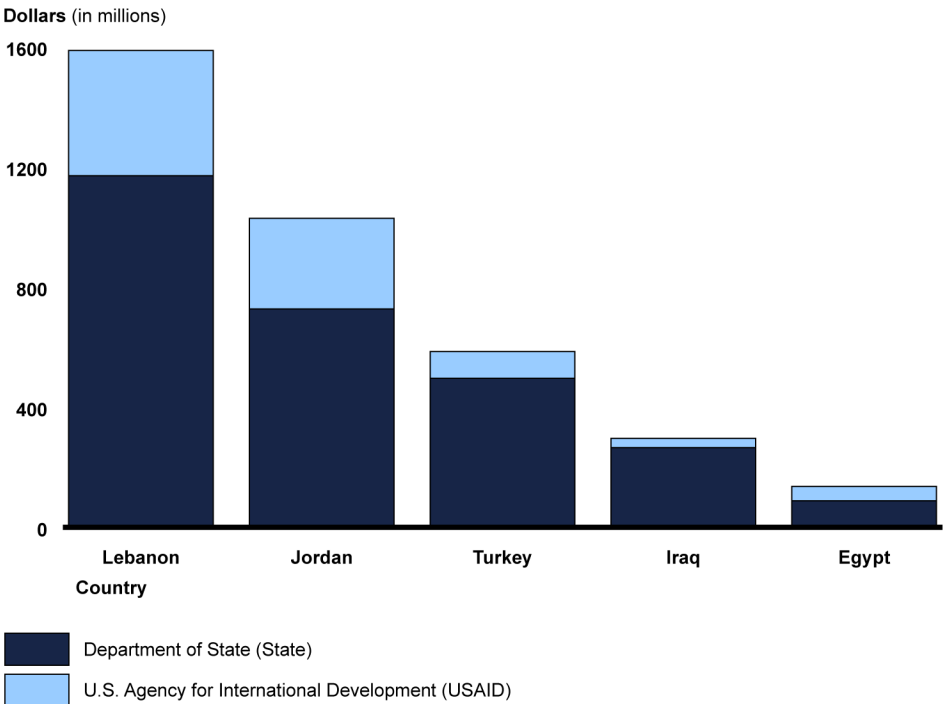
Source: GAO analysis of State and USAID data. | GAO-18-58

Note: The figure does not depict $15.7 million in State Department funds obligated to the Office of the United Nations High Commissioner for Refugees and the United Nations Relief and Works Agency for Palestine Refugees in the Near East for regional assistance.

Most U.S. Funding Has Been Provided Through Voluntary Contributions and Grants to PIOs

The United States used three types of funding instruments—voluntary contributions, grants, and cooperative agreements—and two types of organizations—PIOs and NGOs—to provide humanitarian assistance to Syrian refugees. The majority of State funding has been provided through voluntary contributions to PIOs, such as UNHCR and the United Nations Children's Fund (UNICEF). According to State guidance, voluntary contributions are discretionary financial assistance provided to PIOs, among other institutions, which are meant to directly support the activities of the organization or to sustain the general budget and operations of the PIO. While the funds may be used to advance specific activities and goals of the U.S. government, the central purpose of the funds is to enable the PIO to carry out its activities. According to State officials, this means that generally U.S. funding cannot be traced to specific PIO activities within a given country, since the funding is pooled with resources from other donor countries. State obligated about 88 percent of its funding for humanitarian assistance to Syrian refugees through voluntary contributions to PIOs from fiscal years 2015 through 2017.

All of USAID's humanitarian assistance for Syrian refugees from fiscal years 2015 through 2017 was provided through grants to a PIO—the World Food Programme (WFP); the grants specify that USAID funding is to be used to support WFP activities in all five Middle Eastern countries hosting Syrian refugees.[9]

The remainder of State's funding was provided through cooperative agreements with NGOs. According to State guidance, PRM funds these organizations in situations where the NGOs' programs are coordinated with the multilateral system and fill critical gaps in humanitarian assistance and protection programs. These organizations received about 12 percent of State's obligated funding for humanitarian assistance to Syrian refugees in fiscal years 2015 through 2017. State's funding for NGOs can be directly connected to specific programs and to program outcomes—the application for State funding requires the NGOs to provide a description of the program, including an implementation plan, key activities, and implementing partners, as well as objectives and indicators for program progress.

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[9] WFP is the world's leading humanitarian agency fighting hunger worldwide, delivering food assistance in emergencies and working with communities.

Implementing Partners Supported by the United States and Other Donors Provide Cash-Based Assistance for Food and Other Needs

U.S. funding has supported a variety of types of humanitarian assistance in the five host countries, including food, shelter, education, health, basic needs, and protection. A significant share of the assistance provided by the United States and other donors is being provided in cash-based form[10]—there are cash-based components of assistance programs in several sectors in addition to food assistance, including shelter, education, and basic needs.

Food assistance

A large share of U.S. funding has supported food assistance, with USAID's FFP obligating about $887 million to WFP to support cash-based programs[11] from fiscal years 2012 through 2017, the largest of which were in Lebanon and Jordan (see fig. 4).

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[10] In 2016, the United States participated in the Grand Bargain where donors and aid providers agreed to increased use and coordination of cash-based assistance where appropriate.

[11] In GAO-15-328, we noted that cash-based food assistance is generally for food purchased in the affected country or region through cash or vouchers, among other means. In this report, cash-based food assistance refers to interventions to improve food security by providing beneficiaries with cards, electronic vouchers, or other means for purchasing food.

Figure 4: USAID Obligations for Food Assistance by Country, Fiscal Years 2012 through 2017

Dollars (in millions)
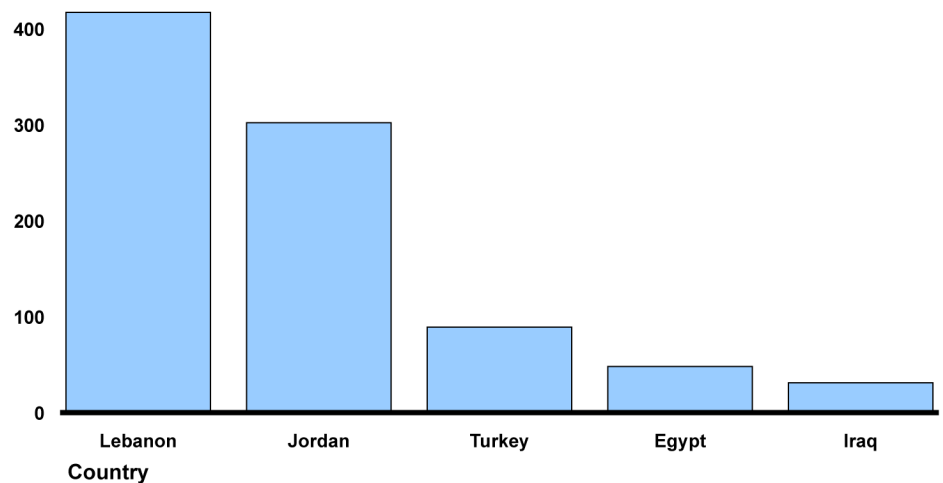
Source: GAO analysis of U.S. Agency for International Development (USAID) data. | GAO-18-58

WFP's food assistance programs in each of these countries are entirely cash-based, with beneficiaries using cards, vouchers, or iris scans to purchase food. In Lebanon, WFP participates in an electronic platform where multiple implementing partners—in this case, WFP, UNHCR, UNICEF, and the Lebanese Cash Consortium—can load their cash-based benefits onto a single electronic card, the OneCard, which has multiple "wallets" for different types of assistance (see fig. 5).

Figure 5: Image of the OneCard Used to Deliver Assistance in Lebanon

Source: GAO. | GAO-18-58

The OneCard allows beneficiaries to receive assistance using point-of-sale terminals at selected retailers, as well as cash assistance through ATM withdrawals. To access the food assistance, according to WFP officials, a beneficiary (1) receives a text message to inform them that their monthly food assistance is available; (2) shops at one of the hundreds of stores WFP has contracted with to select groceries; and (3) at checkout, presents their OneCard and UNHCR registration certificate (which contains a photograph) and enters a personal identification number to verify their identity (see fig. 6).

Figure 6: Beneficiaries' Grocery Selections at a World Food Programme-Contracted Grocery Store (left) and the Interior of the Grocery Store (right), in Beirut, Lebanon

Source: State Department. | GAO-18-58

Syrian refugees in Jordan access their food assistance in one of two ways—refugees living outside of camps use cards similar to those found in Lebanon to purchase food from WFP-contracted grocery stores (see fig. 7).

Figure 7: Example of a OneCard Used to Deliver Cash-Based Assistance in Jordan

In the camps, refugees utilize the "Eye Pay" system, using a scan of their irises rather than cash, vouchers, or e-cards to pay for food (see fig. 8). The system draws from UNHCR biometric registration data of refugees. According to WFP, once a beneficiary has their iris scanned, the system automatically communicates with UNHCR's registration database to first confirm the identity of the refugee and checks the account balance before confirming the food purchase.

Figure 8: A Refugee Purchases Food at a Grocery Store (left), and the Eye Pay Screen When Not in Use (right), in Za'atari Camp, Jordan

Source: GAO. | GAO-18-58

Shelter

Shelter-related assistance has been another component of the U.S. response to the refugee crisis. This type of assistance aims to help refugees find safe and affordable housing by increasing the stock of such housing in host countries and making it available to refugees, and in some cases, host populations, or providing cash for rent. For example, in Lebanon, State funds an NGO that carries out shelter improvements in Tripoli; according to the NGO, it works with a local implementing partner to identify neighborhoods with high concentrations of vulnerable residents (Syrian refugees or Lebanese citizens) with the aim of increasing social stability. NGO officials explained that homes in the neighborhood are assessed for possible needed improvements, such as installing strong doors with locks, replacing windows, and fixing leaks (see fig. 9). Before improvements are made, landlords must agree to allow the current tenant to stay and to freeze the rent for a specified period of time. In Jordan, State funds another NGO that runs a program that gives money to landlords to rehabilitate existing housing in the Irbid area in exchange for agreeing to provide Syrian refugees free rent for 12 to 18 months.

Figure 9: Results of a Roof Repair (left) and Nongovernmental Organization Staff Showing the GAO Team a Newly Installed Door with a Lock (right), in Tripoli, Lebanon

Source: GAO. | GAO-18-58

Education

Education has been one of the top funding priorities of the international community as it seeks to address the Syrian crisis, according to the Regional Refugee and Resilience Plan—the international planning partnership for the Syria crisis response. In 2016, UNHCR reported that 35 percent of registered Syrian refugees in neighboring countries were of school age (defined as being between ages 5 and 17), and that the percentage of registered Syrian refugee children not attending school was 61 percent in Turkey, 60 percent in Lebanon, and 30 percent in Jordan. State obligated about $482 million to UNICEF from fiscal years 2015 through 2017 to support, among other things, its efforts to increase the capacity of host government education systems and to remove barriers to refugees' attendance at school.[12] UNICEF programs have provided assistance with enrollment fees and residency requirements, transportation, and family income needs; some of this assistance is

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[12] U.S. funding also supported UNICEF programs to provide water and sanitation, hygiene, psychosocial services, and winterization kits, among other things.

provided in cash-based form. UNICEF also helps run schools in refugee camps in Jordan (see fig. 10).

Figure 10: A school for Syrian refugees in Za'atari Camp, Jordan

Source: GAO. | GAO-18-58

Health

According to the international planning partnership for the Syria crisis response, programs in the health sector aim to strengthen and support national health systems that are increasingly under strain due to increased demand, while also providing direct services to the most vulnerable Syrian refugees. In addition to health programming through international organizations such as UNHCR and UNICEF, State funds several NGOs that run health clinics to meet the medical and psychosocial needs of Syrian refugees. We visited two of these clinics in Amman, and Mafraq, Jordan, and observed refugees registering for and attending appointments, participating in social support sessions, and volunteering at the clinics.

Protection and Basic Needs

State funding for UNHCR, approximately $866 million from fiscal years 2015 through 2017, provides support for the organization's core mandate—to ensure the international protection of refugees, among others, who are no longer protected by their own governments. UNHCR programs in the five host countries seek to uphold the basic human rights of Syrian refugees by registering them, ensuring that they will not be returned involuntarily, and longer term, to find solutions such as integrating into countries of asylum or resettling in third countries (see fig. 11). UNHCR, along with its implementing partners, promotes or provides legal and physical protection and minimizes the threat of violence—including gender-based violence—which many refugees are subject to. Some State-funded NGOs also provide protection-related services for Syrian refugees.

Figure 11: Syrian Refugees Updating Their Registration Information and Preparing to Have an Iris Scan, at the United Nations High Commissioner for Refugees Reception Center in Beirut, Lebanon

Source: State Department. | GAO-18-58

UNHCR, along with several other State implementing partners, provides assistance to meet refugees' basic needs as part of its protection mandate. Basic needs programs, which UNHCR defines as multisectoral efforts to ensure the comprehensive well-being of refugees by focusing on individual household forms of assistance, are often cash based. For example, the programs provide in-kind relief items, such as blankets, soap, and diapers, as well as cash assistance to purchase items.

State and USAID Conduct Risk-Based Financial Oversight Activities for Humanitarian Assistance Provided to Syrian Refugees but Face Security-Related Monitoring Challenges

State and USAID conduct a variety of financial oversight activities of their PIO implementing partners, and State has created a risk-based management framework for financial oversight of NGO implementing partners, which includes conducting risk assessments, creating risk-based monitoring plans, reviewing program reports, and conducting monitoring visits at project sites. However, while State and USAID have made risk-based determinations about the number and frequency of site visits required, they are not able to conduct all planned monitoring visits because of security-related restrictions that prevent U.S. government officials from accessing areas of certain countries.

State and USAID Conduct a Variety of Financial Oversight Activities of PIO and NGO Implementing Partners

State conducts several financial oversight activities of its voluntary contributions to PIOs that provide humanitarian assistance to Syrian refugees. Voluntary contributions are meant to enable a PIO to carry out its activities. Although the funds may be used to advance specific activities and goals of the U.S. government, according to State and USAID officials, in most cases, U.S. funding cannot be traced to specific PIO activities within a given country because it is pooled with other donor countries.[13] State guidance specifies that many of the standard terms and conditions do not specifically apply to voluntary contributions, and performance and program reporting are discretionary; however, the terms of the contribution agreements may require quarterly, annual or other periodic progress and financial reports. State's OIG reported in 2017 that PRM had established standard operating procedures and systematic mechanisms to engage, monitor, and evaluate the effectiveness of the international organizations it funds.[14] Based on our fieldwork in Jordan and Lebanon, interviews with PRM officials, and our review of State documentation, we found that State conducts the following financial

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[13] According to FFP officials, FFP earmarks assistance to specific activities within a larger UN operation, such as emergency and protracted relief operations managed by WFP, but the funding cannot be traced to specific distributions or activities because it is pooled with resources provided by other donor countries.

[14] Department of State Office of the Inspector General, *Inspection of the Bureau of Population, Refugees, and Migration*, ISP-I-17-10 (Washington, D.C.: February 2017).

oversight activities of PIOs receiving voluntary contributions to assist Syrian refugees:

- **Maintaining and periodically renegotiating a framework for cooperation:** In the case of UNHCR—PRM's main PIO implementing partner—State negotiates a framework for cooperation with UNHCR on a biennial basis.[15] The framework lays out shared objectives and priorities; UNHCR's biennial budget; description of UNHCR's implementation of results-based managerial reforms; and measures to promote improved accountability, coordination, and monitoring. According to State officials, this framework is a key mechanism by which State provides oversight of the funds contributed to the organization.

- **Reviewing audit, financial, and programmatic reports:** According to State officials, staff in PRM's Comptroller's Office review financial reports and annual external audit reports provided by their implementing partners. In addition, program officers in Washington, D.C. and refugee coordinators in the field review reports submitted by PIOs to monitor performance of programs providing humanitarian assistance to Syrian refugees.

- **Conducting monitoring visits:** To obtain information on the progress of projects in the field, as well as overall advocacy efforts for Syrian refugees with the host governments, refugee coordinators and Washington, D.C.-based program officers conduct monitoring visits to observe operations at project sites and meet with PIO officials.

- **Reviewing risk assessments and mitigation measures:** State officials explained that they obtain and review information on risks and mitigation strategies from PIOs and use this information during monitoring visits. For example, according to State officials, during UNHCR's annual country operations planning process, refugee coordinators obtain information on antifraud and anticorruption measures that UNHCR has implemented. We found evidence of this type of information sharing in our review of State's documentation for UNHCR programs in Lebanon and Turkey. Moreover, according to State officials, PRM updated instructions in the award letter to PIOs requiring that activities funded by the contribution be conducted in accordance with the recipients risk management framework including

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[15] State/PRM and UNHCR negotiate the *Framework for Cooperation between the United States Department of State's Bureau of Population, Refugees, and Migration and the Office of the United Nations High Commissioner for Refugees*, on a biennial basis.

assessments addressing the risk of fraud, in response to a recommendation in our prior report on humanitarian assistance to people inside Syria. [16]

- **Participating in sector working group meetings:** In some countries hosting Syrian refugees, State officials attend sector working group meetings on a quarterly basis to obtain information on the performance of programs and coordination efforts with other implementing partners, national governments, and local governments, according to State officials.

Similarly, USAID conducts various activities to monitor WFP, its sole implementing partner for food assistance to Syrian refugees. Examples of these activities include the following:

- **Reviewing risk assessments:** FFP officials said that they review the risk assessment submitted by WFP during the award process and are in regular contact with WFP officials to mitigate risks. In addition, FFP officials noted that the fiscal year 2017 USAID Annual Program Statement for International Emergency Food Assistance[17] requires all implementing partners, including WFP, to submit a risk assessment.

- **Creating country monitoring plans:** FFP has begun creating country monitoring plans to ensure regular monitoring of all FFP programs in a given country. According to FFP officials, the country monitoring plans use a risk-based approach to prioritize the monitoring of country projects across the FFP portfolio, establish the number of site visits per month and year, determine which monitoring activities to conduct, and allocate staff resources. FFP officials have created monitoring plans for Egypt, Iraq, Jordan, Lebanon, and Turkey and these documents list the planned and conducted site visits per year.

- **Conducting monitoring visits:** FFP officials in the region and program officers in Washington, D.C. conduct in-person monitoring visits to WFP implementation sites, such as grocery stores in cities and refugee camps, in addition to meetings with WFP officials (see fig. 12). FFP's Monitoring and Evaluation Team has developed templates and questionnaires to assist field officers responsible for

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[16] GAO-16-629.

[17] International Emergency Food Assistance funds food assistance programs for Syrian refugees in the region.

monitoring projects, and according to FFP officials, the Monitoring and Evaluation Team is in the process of expanding available resources for the program monitoring visits.

Figure 12: Food for Peace, World Food Programme and GAO Officials Visit a Grocery Store in Za'atari Camp, Jordan

Source: GAO. | GAO-18-58

- **Attending working group meetings and reviewing reports:** FFP officials stated that they attend sector working group meetings; and review various reports, such as monthly situational reports and quarterly monitoring reports submitted by WFP.

State Has Created a Risk-Based Management Framework for Financial Oversight of NGOs

State conducts a variety of activities—assessing institutional and terrorism risk of awards to implementing partners, developing risk-based monitoring plans, performing site visits, and conducting financial and administrative monitoring—to provide financial oversight of awards to NGOs supplying humanitarian assistance to Syrian refugees. State's 2016 FAPD notes the importance of having a risk-based management framework that emphasizes reducing fraud and other risks while improving performance and program outcomes. We found that State has created such a framework for its financial oversight of NGOs in our sample of funding instruments, which generally consists of the following activities:

- **State conducts preaward risk assessments:** The FAPD requires officers to identify, assess, and mitigate risk during the preaward phase and to ensure that each foreign assistance award is made in the best interest of the U.S. government. In response to this policy, PRM conducts a risk assessment of proposals before funding them to determine the risks these potential awards pose to PRM's overall objective of providing humanitarian assistance, and we found that PRM conducted these risk assessment for all funding instruments (25 of 25) in our sample. This process includes assessing several elements—such as the financial history of the organization, the extent to which the organization has significant audit findings, the reporting history of the organization from prior PRM awards, the risk of diversion or misuse of assistance, and the location of the program/implementation site(s)—to determine both the institutional and terrorism risks of activities by implementing partners. Programs implemented in areas characterized by access restrictions (i.e., travel restrictions) for U.S. officials receive higher risk ratings. Higher risk ratings demonstrate increased risk. For the preaward risk assessments in our sample, 17 of 25 had received a higher rating due to this condition. To determine the institutional and terrorism risks, PRM program officers assess several risk-related elements and categorize the resulting scores on a scale from low, relatively low, medium, to high risk. Based on our review of the 25 NGO awards in our sample, we found that State assigned risk levels ranging from low to medium for institutional risk and terrorism risk. Three awards were rated as having medium institutional risks, and the remaining 22 awards were rated as low, or relatively low, risk. Four awards in our sample were rated as having a medium risk of terrorism, due to several factors, such as implementing cash assistance programs in areas with limited access to U.S. officials, the risk of potential conflict, or the presence of known terrorist organizations in those areas.

- **State uses risk assessments to develop risk-based monitoring plans and to conduct site visits:** State officials told us they assess various types of information they have collected from implementing partners, such as risk assessments, program activity reports, and monitoring and evaluation plans prepared by implementing partners, to develop and implement their own risk-based monitoring plans that allow them to determine and apply the appropriate level of oversight during the lifecycle of an award. The monitoring plans specify the number and frequency of site visits that State has determined to be appropriate to provide oversight. Based on our review of documentation associated with fiscal year 2015 NGO funding instruments in our sample, we found that State officials incorporated

that information into their monitoring plans for that partner. We also found that, in the case where an NGO implementing partner in our sample reported instances of fraud in its program, State officials included that information in their monitoring plan for that partner. Refugee coordinators (PRM officials based at embassies or consulates abroad) and refugee specialists (locally employed staff who work with them) primarily conduct the quarterly monitoring visits. Program officers from Washington, D.C., also make field visits and maintain contact with implementing partners by telephone or email, according to State officials. We accompanied refugee coordinators and refugee specialists on their quarterly visits to 14 organizations in Jordan and Lebanon during our fieldwork and observed, for example, refugee coordinators and refugee specialists observing activities at the project site, reviewing the progress of the program in relation to its performance metrics, interviewing beneficiaries, and inspecting physical facilities, among other activities (see fig. 13). In addition, State officials told us that program officers in Washington, D.C., provide refugee coordinators with information from quarterly financial and programmatic reports to discuss with implementing partners during these visits, which we observed.

Figure 13: GAO, Nongovernmental Organization, and Department of State Officials Interviewing Beneficiaries of a Shelter Improvement Project near Irbid, Jordan

Source: State Department. | GAO-18-58

- **State provides training to refugee staff for conducting financial and administrative monitoring:** State has developed training for financial and administrative monitoring to prepare refugee coordinators, program officers in Washington, D.C., and locally employed staff to conduct annual financial and administrative monitoring visits, according to State officials. In addition, in cases where implementing partners have reported incidents of fraud and misuse, PRM has deployed staff from Washington, D.C, to review the organization's financial controls and provide training to the affected implementing partners. State officials we interviewed in the field found the training to be beneficial to conducting their duties, given that they are not specialists in accounting or financial monitoring.

- **State conducts financial and administrative monitoring:** Refugee coordinators, refugee specialists, and Washington, D.C.-based program officers conduct an annual financial and administrative review of the financial and internal controls that NGO implementing partners have in place. State officials told us that the purpose of this

monitoring is to understand the extent to which implementing partners are aware of their own internal controls framework and the extent to which they are following it. For example, State officials review documentation to ensure that salaries paid agree with the approved budget, that there is appropriate segregation of duties for purchasing and payment functions, and that implementing partners have vouchers for all travel-related expenses, among other procedures. In addition, refugee coordinators and refugee specialists select and review a nonprobability sample of vouchers to ensure that implementing partners have appropriate internal controls for documenting purchases of goods and services paid with State funding. Implementing partners we met with in Jordan noted benefits of the financial and administrative monitoring—they stated that the process provided them with greater insight on how to structure their internal controls to meet the reporting requirements under the terms of the cooperative agreement. These officials also stated that financial and administrative monitoring was an effective capacity-building exercise for training subimplementers on how to structure their controls to meet the reporting requirements for the implementing partner and State.

Security Restrictions Limit Planned Monitoring Visits and Inhibit In-Person Oversight

According to *Standards for Internal Control in the Federal Government*,[18] management should implement control activities through policies and periodically review such policies and related control activities, such as the development and implementation of monitoring plans, for continued relevance and effectiveness in achieving objectives or addressing related risks. State and USAID have developed risk-based monitoring plans that specify the number and frequency of site visits they have determined are necessary to ensure adequate program monitoring in each country. Site visits are an integral part of financial oversight and a key control to help ensure that management's objectives are carried out. They allow U.S. officials to physically verify the projects' implementation, observe cash disbursements, and conduct meetings with beneficiaries and the staff of the organizations to determine whether the project is being implemented in accordance with the award. However, embassy security restrictions constrain State and USAID officials' ability to conduct in-person monitoring visits in Iraq, Lebanon, and Turkey, which limits their ability to ensure financial oversight of humanitarian assistance funding.

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[18]GAO-14-704G.

State officials located at the U.S. consulate in Erbil, Iraq explained that the ongoing operation to defeat the Islamic State of Iraq and Syria (ISIS) in northern Iraq and the general threat of terrorist attacks make Iraq a difficult environment in which to conduct monitoring visits of implementing partners.[19] In Lebanon, U.S. officials face threats of violence due to political instability, internal conflict from sectarian tensions, and the presence of terrorist organizations such as Hezbollah.[20]

Due to the security environment in Iraq and Lebanon, U.S. government officials must live on U.S. government compounds, arrange all meetings off-compound at least 24 hours in advance, and travel in armored vehicles with armed security personnel. According to officials in both countries, reserving an armored vehicle and security personnel to conduct site visits can be difficult given the demand for these limited resources at the embassy. In addition, areas of the country judged to pose a greater security risk require an in-person security review by the regional security office in advance of the visit, according to officials. Furthermore, State and USAID officials said that in Lebanon there is very limited housing available on the embassy compound, making it very difficult for U.S. government agencies to obtain additional personnel to meet operational needs. In Lebanon, State has a refugee coordinator based in the embassy in Beirut, but USAID does not have an FFP officer in the country. Rather, one of the FFP officers based in the U.S. embassy in Amman, Jordan, has the responsibility of monitoring FFP funding for programs in Lebanon. However, according to State and USAID officials, obtaining approval to visit the country can be difficult, even for just a few days.

State and USAID officials also identified security conditions as a limiting factor in their program monitoring in Turkey, as they are sometimes unable to conduct in-person monitoring visits because of security conditions, particularly in areas near the Syrian border. According to State

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[19] According to State officials, nearly all the Syrian refugees in Iraq are Syrian Kurds located in the Iraqi Kurdistan region, an autonomous region within Iraq. Officials noted that the Iraqi Kurdistan Region has its own government, manages assistance programs for refugees, and is generally receptive to hosting and assisting refugees because of the cultural and historical ties among Kurds.

[20] In GAO-14-161, we noted that Hezbollah is a powerful Islamic militant and political group funded by Iran, and has been designated by the United States and Israel as a terrorist organization. We also noted that instability arising from the civil war in neighboring Syria that began in 2011 has exacerbated sectarian conflict within Lebanon. In May 2013, Hezbollah leaders confirmed their intervention in the Syrian conflict.

officials and USAID, State has two refugee coordinators based in Turkey, and USAID has two FFP officers in the country as well.

Our review of State and USAID documentation for the funding instruments in our sample shows that because of restrictions imposed by the embassy due to the security condition in those locations, U.S. officials faced the following challenges in fully implementing the monitoring plans:

- **Iraq:** FFP officials were not able to complete any site visits or observe any activities, aside from one visit to a WFP warehouse, in fiscal years 2015 through 2017. In addition, according to the monitoring plan, multiple requests to conduct site visits in the area where Syrian refugee camps are located were denied by the regional security office.

- **Lebanon:** FFP officials completed 7 of 10 planned site visits in Lebanon in fiscal years 2015 through 2017, although 1 was postponed due to embassy space constraints. Further, the FFP officer conducted three additional phone conferences from Amman, Jordan, during this period due to travel restrictions. However, no one from FFP visited WFP programs in Lebanon between August 2016 and March 2017, a period of 7 months, despite the fact that USAID obligated about $87 million to these programs in fiscal years 2016 and 2017. FFP officials explained that obtaining approval from the embassy to visit Lebanon had been difficult, and the embassy postponed a FFP official's monitoring visit during the 7-month period, due to security restrictions. In addition, FFP officials told us that they thought it was important to be able to travel to program destinations and conduct oversight, regardless of security concerns.

- **Turkey:** In fiscal years 2015 and 2016, State officials had completed 22 of 26 planned site visits in person, and conducted the remaining 4 over the phone or through email, due to security concerns in Turkey. For USAID, FFP officers completed 16 of 20 planned monitoring visits in fiscal years 2015 through 2017. Four monitoring visits were cancelled by the regional security office due to security concerns.

In addition to planned in-person monitoring visits, refugee coordinators in Iraq and Turkey noted that security-related restrictions create challenges to completing their annual financial and administrative monitoring visits. According to State officials, these visits can take several hours, which make them difficult to conduct in areas where the security situation has prompted the embassy to impose restrictions on the movement of U.S. government employees. For example, according to the refugee coordinator in Iraq, she could not conduct these types of monitoring visits because they can require roughly 6 hours to complete, and consulate

officials in northern Iraq are limited to 2 hours off compound. State officials in Turkey told us that they face similar restrictions when traveling to the border area with Syria to conduct these types of monitoring visits.

In general, State and USAID officials noted the importance of in-person monitoring at program sites and expressed concern that monitoring visits were not always possible. These visits provide them with an opportunity to observe and assess various aspects of program implementation and to identify potential problems. Without full implementation of their monitoring plans—i.e., conducting all planned in-person monitoring visits—State and USAID officials are limited in their ability to ensure financial oversight of humanitarian assistance funding. State officials have taken one measure—hiring locally employed staff [21] in Iraq, Lebanon, and Turkey to assist refugee coordinators with oversight activities— but neither State nor USAID has implemented additional mechanisms that might allow them to conduct more in-person monitoring visits in areas where the security restrictions limit access for U.S. government personnel. According to State officials, locally employed staff are not subject to the same security restrictions, and having these staff complete monitoring visits has allowed State to have visibility over the programs in areas of the country that U.S. government personnel cannot access.[22] For instance, in Lebanon, State used its locally employed staff person to conduct 20 of 24 monitoring visits to implementing partners in our sample, in fiscal years 2015 and 2016. USAID has not taken a similar approach to hiring locally employed staff in these countries, although FFP officials explained that they are considering hiring a locally employed staff person in Amman to periodically travel to Lebanon to conduct monitoring visits of WFP programs, as they could travel to Beirut without embassy support. State officials in Iraq mentioned the possibility of expanding an existing contract with an independent third-party monitor for assistance programs for internally displaced Iraqi citizens to incorporate in-person monitoring for Syrian refugee programs in restricted areas. However, State has not taken action to expand the contract. According to PRM officials in Washington, D.C., they continue to discuss ways to expand an existing

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[21] Under State guidance, "locally employed staff" is the general term for foreign service nationals as well as some U.S. citizens who ordinarily reside in the host country and are thus subject to its labor law. Foreign service nationals are non-U.S. citizens employed at a U.S. mission and are under chief-of-mission authority.

[22] According to State/PRM officials, while locally-employed staff are subject to fewer security restrictions than U.S. officials, their personal safety and security are key considerations in any monitoring on behalf of the Department of State.

third-party monitoring contract to incorporate the Syrian refugee program in Iraq, but no final decisions have been made.

We have found that agencies can pursue alternative mechanisms for monitoring programs when security conditions limit travel by U.S. government personnel. For example, in a 2010 report on monitoring foreign assistance programs in the Federally Administered Tribal Areas of Pakistan, we noted that U.S. agencies had undertaken several efforts to monitor implementation and verify the results of their programs in areas too dangerous for U.S. officials to access.[23] The report noted that USAID had developed several procedures, such as hiring locally employed staff to conduct site visits and report on the conditions of the programs, and reviewing implementing partner reports, among other procedures.

Conclusions

The ongoing conflict in Syria has contributed to the largest refugee crisis since World War II, with more than 5 million Syrians displaced to neighboring countries. The United States has taken a leading role in providing humanitarian assistance to those affected by the Syrian conflict, obligating more than $3 billion, primarily in the form of voluntary contributions and grants to PIOs. Given the challenges of implementing projects during an emergency, the importance of financial oversight—which includes understanding the risks that implementing partner organizations face and monitoring their activities to mitigate these risks—is elevated. State and USAID have taken steps to provide financial oversight of humanitarian assistance, such as collecting and using information on risks, conducting site visits, and providing training to staff. However, given the security conditions inside some of the countries hosting Syrian refugees, State and USAID are not able to complete all of their scheduled monitoring visits, including in Lebanon, where programs with the largest share of U.S. humanitarian assistance obligations are implemented. In-person monitoring visits are a valuable source of information for State and USAID, and without such visits, financial irregularities may go unnoticed or take longer to detect. State and USAID have not secured additional mechanisms that could assist their monitoring efforts in countries where security conditions limit in-person oversight opportunities by U.S. government officials. As the conflict continues, refugees' needs are mounting and the international community

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[23]GAO, *Combatting Terrorism: Planning and Documentation of U.S. Development Assistance in Pakistan's Federally Administered Tribal Areas Need to Be Improved*, GAO-10-289 (Washington, D.C.: Apr. 15, 2010).

has limited resources to deal with several ongoing humanitarian crises. Therefore, implementing mechanisms to enhance in-person monitoring visits would help ensure that assistance is being used properly and reaching the intended beneficiaries.

Recommendations for Executive Action

We are making a total of two recommendations, including one to State and one to USAID:

State's Bureau of Population, Refugees and Migration (PRM) should identify and implement a mechanism to conduct in-person monitoring visits in countries where security conditions limit such visits by PRM officials. (Recommendation 1)

USAID's Office of Food for Peace (FFP) should identify and implement a mechanism to conduct in-person monitoring visits in countries where security conditions limit such visits by FFP officers. (Recommendation 2)

Agency Comments and Our Evaluation

We provided a draft of this report to State and USAID for review and comment. State and USAID provided written comments that are reproduced in appendix III and appendix IV. State and USAID also provided technical comments, which we incorporated as appropriate.

State concurred with our recommendation and noted that it will work to identify mechanisms to be implemented for conducting additional in-person monitoring visits in Turkey, Lebanon, and Iraq where security conditions prevent U.S. personnel from regularly accessing PRM funded programming. In addition, State noted that it is currently seeking to add Syrian refugee programming in northern Iraq to the scope of an existing contract for third-party monitoring of PRM programs assisting internally displaced persons. Finally, State indicated that it will continue to employ locally hired refugee specialists in Jordan, Iraq, Lebanon, and Turkey to conduct in-person monitoring.

USAID also concurred with our recommendation and noted that it is developing a request to the U.S. Embassy in Jordan to hire a foreign service national—a locally employed staff member—to be based in Jordan with responsibility for monitoring humanitarian assistance programming in Lebanon. Further, USAID stated that it is also examining the feasibility of other options if approval for this position is not granted.

We are sending copies of this report to appropriate congressional committees, the Secretary of State, the Administrator of USAID, and other interested parties. In addition, the report will be available at no charge on the GAO website at http://www.gao.gov.

If you or your staffs should have any questions about this report, please contact me at (202) 512-9601 or melitot@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix V.

Thomas Melito
Director, International Affairs and Trade

List of Requesters

The Honorable Ileana Ros-Lehtinen
Chairman
The Honorable Ted Deutch
Ranking Member
Subcommittee on the Middle East and North Africa
Committee on Foreign Affairs
House of Representatives

The Honorable Gerald E. Connolly
House of Representatives

The Honorable Ron DeSantis
House of Representatives

Appendix I: Objectives, Scope, and Methodology

You asked us to review U.S. efforts to provide humanitarian assistance to individuals affected by the conflict in Syria. In this report we examine humanitarian assistance provided by the United States to Syrian refugees in the Middle East, including (1) how much funding has been obligated and what types of assistance have been provided, and (2) the extent to which State and USAID provide financial oversight of such assistance.

To determine how much funding has been obligated by State and USAID, as well as the types of humanitarian assistance provided by their implementing partners, we obtained State and USAID obligations data for fiscal years 2012 through 2017 and analyzed relevant program documents, including the program descriptions provided by implementing partners in their funding applications. We determined that these data were reliable for reporting total obligations per country by checking the obligations data against data reported by State and USAID in other sources. We also reviewed relevant UN and other reports, such as those produced for the Regional Refugee Resilience Plan.[1] We analyzed this information to determine funding amounts for various types of assistance provided to Syrian refugees in the Middle East. To obtain additional detail on the types of assistance provided by the United States, we interviewed State and USAID officials in Washington, D.C., and traveled to Jordan, Lebanon, and Switzerland, to interview officials from State, USAID and their implementing partners. We also conducted telephone interviews with State Department officials in Turkey and Iraq to obtain information on the types of humanitarian assistance provided to Syrian refugees in those countries.

To determine the extent to which State and USAID provide financial oversight of the assistance, we obtained relevant policy documents, including State's Federal Assistance Policy Directive[2] and USAID's Food for Peace Annual Program Statement, as well as guidance, risk assessments, and other documents related to program monitoring for the types of funding instruments used to provide humanitarian assistance to

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[1] According to United Nations High Commissioner for Refugees and the United Nations Development Programme, the Regional Refugee Resilience Plan (3RP) is a nationally led process that incorporates plans developed under the leadership of national authorities from the governments of Egypt, Iraq, Jordan, Lebanon, and Turkey, to ensure protection, humanitarian assistance and strengthen resilience.

[2] In May 2017, State replaced the FAPD with a new policy document—the *Federal Assistance Directive*—which applies to awards issued as of May 20, 2017. We consulted both of these policy documents.

Syrian refugees. We examined the two USAID funding instruments for
WFP that accounted for all USAID funding to Syrian refugees for fiscal
years 2015 and 2016, and we also selected a nonprobability sample of 31
fiscal year 2015 and 2016 State funding instruments from 14 different
implementing partners, representing a range of dollar values,
implementing partner locations, and types of humanitarian assistance.
While not generalizable, the sample accounted for over 83 percent of
State obligations for humanitarian assistance to Syrian refugees in the
Middle East for those fiscal years. Using these funding instruments, the
Foreign Assistance Policy Directive (FAPD), and *Standards for Internal
Control in the Federal Government*,[3] we identified the relevant financial
oversight activities for these instruments. For the purposes of this report,
we focused our analysis on financial oversight activities related to internal
control standards of risk assessment and program monitoring. In addition,
we requested all State and USAID documentation related to the funding
instruments in our sample and reviewed those that we received, including
completed risk assessments, and program monitoring plans and reports.
Furthermore, we interviewed State and USAID officials in Washington,
DC; and officials from State and implementing partner organizations in
Switzerland. We also met with officials from State, USAID, and
implementing partner organizations in Jordan and Lebanon; and
conducted telephone interviews with officials in Iraq and Turkey, to
discuss their practices regarding risk assessments and control activities,
as well as program monitoring practices and training. Additionally, we
accompanied State officials on program monitoring visits in Lebanon and
Jordan and met with 14 implementing partners altogether. We selected
these countries to visit because they received the greatest amount of
funding from State and USAID in fiscal years 2015 through 2016. Results
are not generalizable.

We conducted this performance audit from August 2016 to October 2017
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.

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[3] GAO, *Standards for Internal Control in the Federal Government*, GAO-14-704G
(Washington, D.C.: Sep. 2014).

Appendix II: Location of Syrian Refugees and U.S. Government Travel Restrictions in Egypt, Iraq, Jordan, Lebanon, and Turkey

The ongoing conflict in Syria, which began in 2011, has displaced large numbers of people inside the country and within the Middle East. Initially, refugees from Syria fled mainly to Jordan, Lebanon, and Turkey. As the crisis persisted, larger numbers traveled to Turkey, with UNHCR reporting nearly 1 million seeking protection there in 2015. The population of registered Syrian refugees in neighboring countries had largely stabilized by late 2016, according to State officials.

Several factors, such as geographic accessibility and government policies, have affected Syrian refugees' patterns of settlement in host countries. About 90 percent of Syrian refugees are living in urban and rural areas among host country populations, according to UNHCR, although some refugee camps exist. Furthermore, the security situation in each host country varies, though each faces a threat from terrorist groups or incidents of domestic unrest, according to State. As a result, there are travel restrictions for U.S. government personnel in each country. See figures 14 through 18 for detailed maps of where Syrian refugees have settled in each of the five main host countries, as of December 2016, as well as a description of the security situation in each country.

Figure 14: Number and Location of Registered Syrian Refugees in Egypt, as of December 2016

Source: 3RP Regional Refugee & Resilience Plan in Response to the Syria Crisis, 2016-17. | GAO-18-58

Egypt: Egypt has the smallest population of Syrian refugees in the region, with most registered individuals residing in the Greater Cairo area. There is also a large population of Syrian refugees in Alexandria.

U.S. government personnel in Egypt face threats from terrorist and violent political opposition groups. The Department of State (State) reports that terrorist attacks can occur anywhere in the country, including major metropolitan areas, and U.S. government personnel are prohibited from traveling to the Western Desert and the Sinai Peninsula.

**Figure 15: Number and Location of Registered Syrian Refugees in Iraq, as of
December 2016**
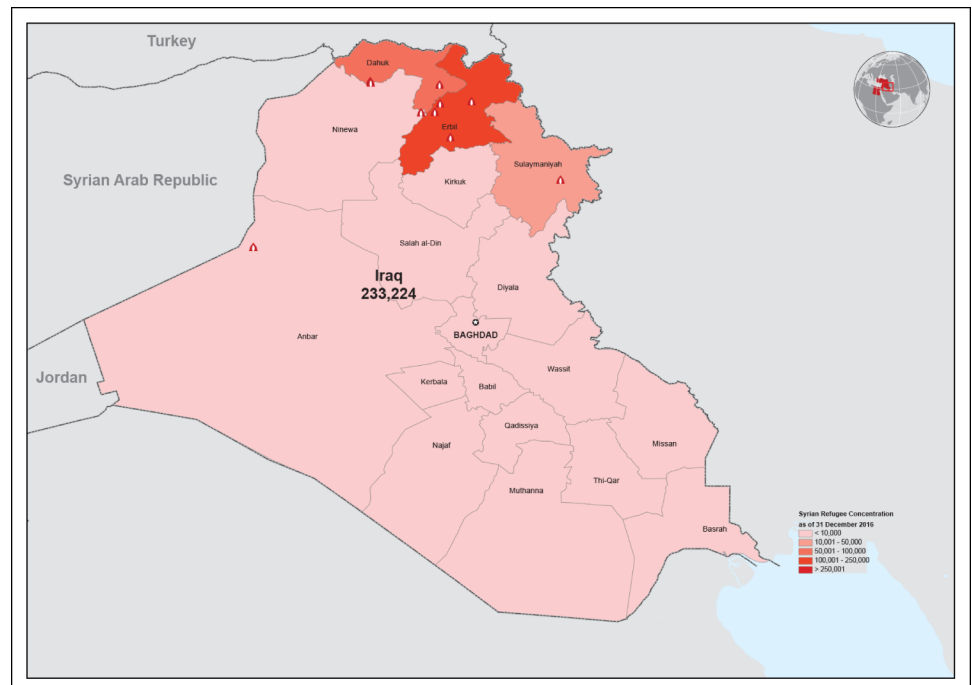
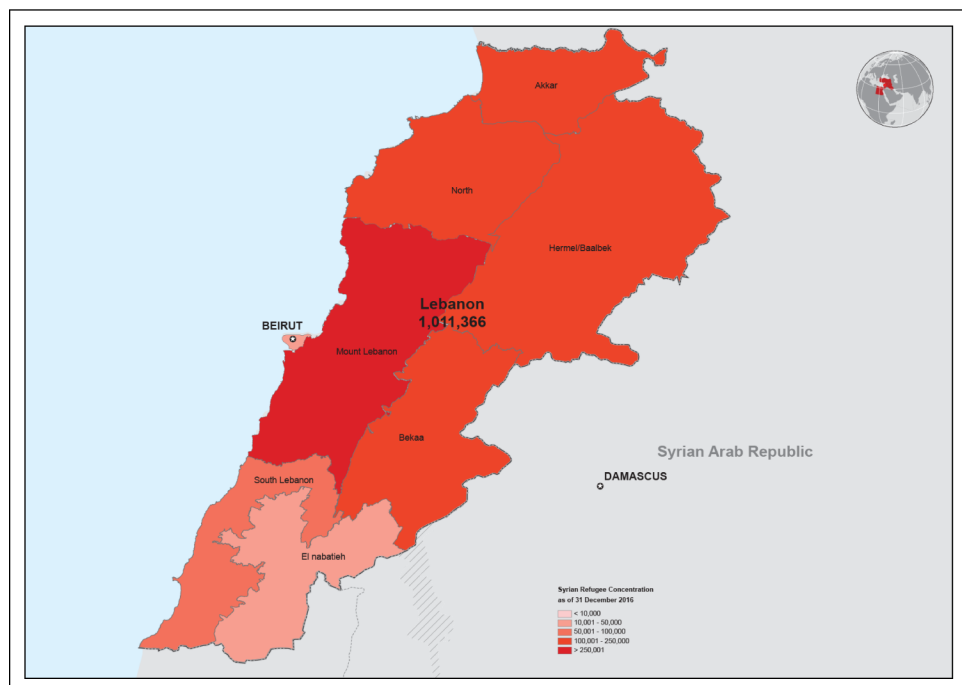Source: 3RP Regional Refugee & Resilience Plan in Response to the Syria Crisis, 2016-17. | GAO-18-58

Iraq: Most registered Syrian refugees in Iraq are located in the Iraqi
Kurdistan region in the north, particularly in the areas surrounding Erbil
and Duhok. Nearly 40 percent of Syrian refugees live in official refugee
camps. The largest camps are Domiz 1 Camp near Duhok, with about
32,000 registered Syrian refugees, and Darashakran near Erbil, with
approximately 11,000 registered Syrian refugees.

Numerous terrorist and insurgent groups are active in Iraq, including the
Islamic State of Iraq and Syria (ISIS). Anti-U.S. sectarian militias may also
threaten U.S. citizens and western companies throughout Iraq. According
to State, the U.S. government considers the potential personal security
threats to U.S. government personnel in Iraq to be serious enough to
require them to live and work under strict security guidelines. All U.S.
government employees under the authority of the U.S. Chief of Mission
must follow strict safety and security procedures when traveling outside
the embassy and consulates. The mission will regularly restrict or prohibit
movements by its personnel, often on short notice, due to security threats
or demonstrations.

Figure 16: Number and Location of Registered Syrian Refugees in Jordan, as of December 2016
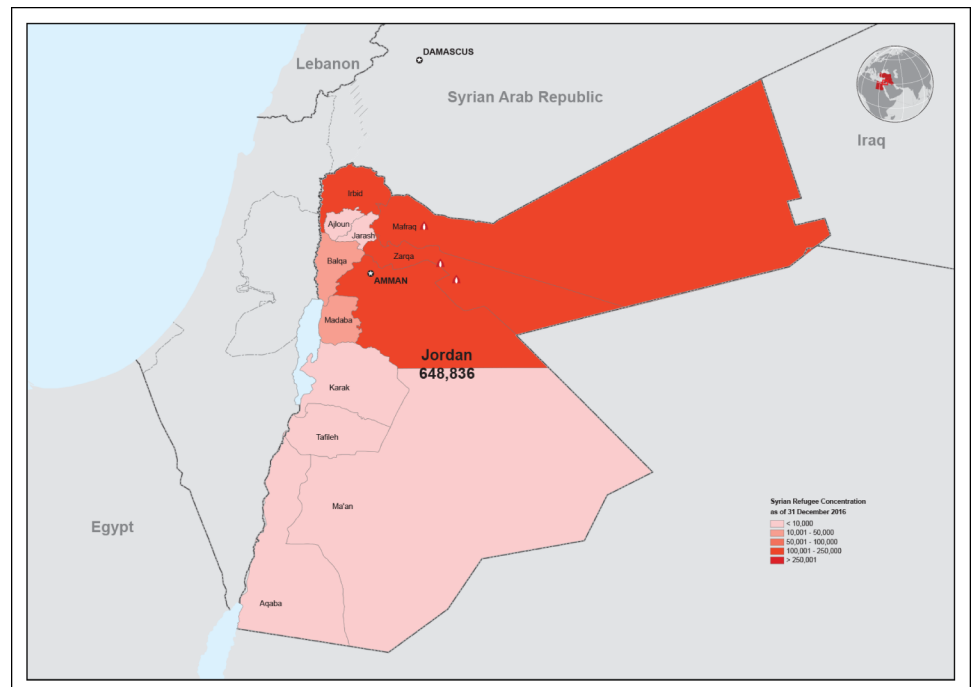
Source: 3RP Regional Refugee & Resilience Plan in Response to the Syria Crisis, 2016-17. | GAO-18-58

Jordan: Syrian refugees in Jordan are clustered in the northwestern part of the country near the border with Syria. Most refugees are in urban or rural areas outside of camps, particularly in the governates of Amman, Irbid, Mafraq, and Zarqa. There are two large Syrian refugee camps—Za'atari, established early on in the crisis, currently has about 80,000 residents, and Azraq, which was established more recently, has about 53,000 registered Syrian refugees—as well as one smaller official camp.

According to State, ISIS, its affiliates, sympathizers, and other violent extremist groups have successfully conducted attacks in Jordan and continue to plot against local security forces, U.S. and Western interests, and "soft" targets. Jordan's prominent role in the counter -ISIS coalition and its shared borders with Iraq and Syria increase the potential for future terrorist incidents. All U.S. government personnel on official travel must receive prior permission to visit any area within 10 kilometers from the Jordan--Syria border, which includes the town of Ramtha. U.S. government personnel must also have permission for official travel on Highway 10 east of the town of Ruwayshid toward the Iraq border. On

occasion, the U.S. embassy temporarily makes other areas within Jordan off limits to its staff based on the security situation.

Figure 17: Number and Location of Registered Syrian Refugees in Lebanon, as of December 2016

Source: 3RP Regional Refugee & Resilience Plan in Response to the Syria Crisis, 2016-17. | GAO-18-58

Lebanon: Approximately 20 percent of the registered Syrian refugees in Lebanon are living in informal tented settlements (ITS), including in the Bekaa Valley region in the east of the country. According to UNHCR officials, throughout the crisis, the government has disavowed formal refugee camps and discouraged any long-term solutions for the refugees. The ITS lack permanent infrastructure, such as water and sewer systems, and according to State officials, residents often lack access to education and livelihood opportunities. Large concentrations of urban refugees can be found in Beirut and surrounding areas, as well as in the city of Tripoli in the north.

Violent extremist groups operate in Lebanon, including U.S. government-designated terrorist organizations Hezbollah, ISIS, Al-Nusrah Front, Hamas, and the Abdullah Azzam Brigades, according to State. U.S. citizens have been the targets of terrorist attacks in Lebanon in the past.

The threat of anti-Western terrorist activity persists, as does the risk of death or injury as a nontargeted bystander. State considers the threat to U.S. government personnel in Beirut sufficiently serious to require them to live and work under strict security restrictions. The internal security policies of the U.S. embassy may be adjusted at any time and without advance notice. These practices limit, and may prevent, access by U.S. embassy officials to certain areas of the country, especially to parts of metropolitan Beirut, Tripoli, the Bekaa Valley, refugee settlements, Palestinian refugee camps, and southern Lebanon.

Figure 18: Number and Location of Registered Syrian Refugees in Turkey, as of December 2016
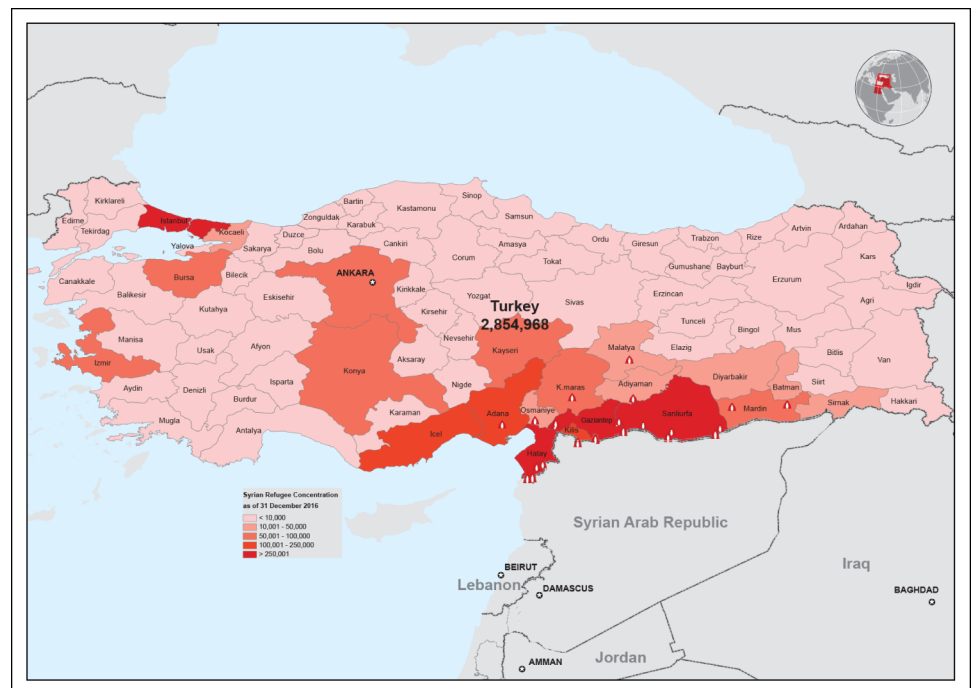
Source: 3RP Regional Refugee & Resilience Plan in Response to the Syria Crisis, 2016-17. | GAO-18-58

Turkey: More than 90 percent of Syrian refugees live outside camps in cities and towns across Turkey, with large concentrations in Istanbul and Ankara. The Turkish government, which is in charge of registering Syrian refugees and maintains all registration data, has established a number of refugee camps along Turkey's border with Syria that house approximately 9 percent of Syrian refugees.

State warns of increased threats from terrorist groups in Turkey, including the potential for reprisal attacks by terrorist groups due to continued Turkish military activity in Syria. U.S. government personnel living in or visiting Turkey continue to require approval from the U.S. embassy to visit the southeastern provinces of Hatay, Kilis, Gaziantep, Sanliurfa, Sirnak, Diyarbakir, Van, Siirt, Mus, Mardin, Batman, Bingol, Tunceli, Hakkari, Bitlis, and Elazig. Travel within Adana by U.S. government personnel may also be subject to restriction. Furthermore, the U.S. embassy may prohibit movements by its personnel and those of its subordinate consulates to these areas on short notice for security reasons.

Appendix III: Comments from the Department of State

Charles M. Johnson, Jr.
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

OCT 16 2017

Dear Mr. Johnson:

We appreciate the opportunity to review your draft report, "SYRIAN REFUGEES: U.S. Agencies Conduct Financial Oversight Activities for Humanitarian Assistance but Should Strengthen Monitoring" GAO Job Code 101082.

The enclosed Department of State comments are provided for incorporation with this letter as an appendix to the final report.

If you have any questions concerning this response, please contact Sushil Narayanan, Program Officer, Office of Assistance for Asia, and the Near East, Bureau of Population, Refugees and Migration at (202) 453-9294.

Sincerely,

Christopher H. Flaggs

Enclosure:
    As stated

cc: GAO – Thomas Melito
       PRM – Simon Henshaw (Acting)
       State/OIG - Norman Brown

<u>**Department of State Comment on Draft GAO Report**</u>

<u>**SYRIAN REFUGEES: U.S. Agencies Conduct Financial Oversight Activities for Humanitarian Assistance but Should Strengthen Monitoring**</u>
(GAO-18-58, GAO Code 101082)

Thank you for allowing the Department of State the opportunity to comment on the draft report, *"SYRIAN REFUGEES: U.S. Agencies Conduct Financial Oversight Activities for Humanitarian Assistance but Should Strengthen Monitoring."* As the GAO has found, the Department of State uses risk-based monitoring plans that include in-person monitoring visits to ensure financial oversight. In places where U.S. Department officials face security restrictions limiting in-person monitoring, local staff (Refugee Specialists) has been able to complete monitoring responsibilities in some instances. We recognize, as does the GAO, that it is appropriate for the Department to continue to strengthen oversight and monitoring of USG assistance to the Syria refugee response, including ensuring in-person monitoring occurs for all programs in accordance with all relevant risk assessments. In this light, we appreciate the recommendation offered by the GAO.

<u>**Recommendation for Executive Action**</u>

The GAO recommends that the Department of State's Bureau of Population, Refugees and Migration (PRM) should identify and implement a mechanism to conduct in-person monitoring visits in countries where security conditions limit such visits by PRM officials.

The Department of State concurs with this recommendation and will work to identify mechanisms to be implemented for conducting additional in-person monitoring in Turkey, Lebanon, and Iraq where security conditions prevent U.S. personnel from regularly accessing PRM-funded programming. At this time, security conditions do not restrict U.S. personnel access to PRM programming in Jordan and Egypt. The Department is currently seeking to include Syrian refugee programming in northern Iraq to an existing contract for third-party monitoring of PRM programs assisting internally displaced persons in Iraq. We are exploring the use of third-party monitoring in other relevant countries in the region. In addition, the Department will continue to

2

employ locally hired Refugee Specialists in Jordan, Iraq, Lebanon, and
Turkey to conduct in-person monitoring.

Appendix IV: Comments from the U.S. Agency for International Development

USAID
FROM THE AMERICAN PEOPLE

OCT 1 0 2017

Mr. Thomas Melito
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, NW
Washington, DC 20548

Re: SYRIAN REFUGEES: U.S. Agencies Conduct Financial Oversight Activities for
       Humanitarian Assistance but Should Strengthen Monitoring (GAO-18-58)

Dear Mr. Melito:

I am pleased to provide the United States Agency for International Development's
(USAID) formal response to the U. S. Government Accountability Office (GAO) draft report
entitled *"SYRIAN REFUGEES: U.S. Agencies Conduct Financial Oversight Activities for
Humanitarian Assistance but Should Strengthen Monitoring"* (GAO-18-58).

This letter and the enclosed USAID comments are provided for incorporation as an
appendix to the final report. Thank you for the opportunity to respond to the GAO draft report
and for the courtesies extended by your staff while conducting this GAO engagement.

Sincerely,

Angelique M. Crumbly
Acting Assistant Administrator
Bureau for Management

Enclosure: a/s

- 2 -

**USAID COMMENTS ON GAO DRAFT REPORT
SYRIAN REFUGEES: U.S. Agencies Conduct Financial Oversight Activities for Humanitarian
Assistance but Should Strengthen Monitoring (GAO-18-58)**

USAID appreciates the opportunity to comment on GAO's draft report entitled "SYRIAN REFUGEES:
U.S. Agencies Conduct Financial Oversight Activities for Humanitarian Assistance but Should
Strengthen Monitoring."

USAID's Office of Food for Peace provides emergency food assistance to save the lives of the most
vulnerable in a variety of contexts around the world – including to refugees who have fled conflicts in
their home countries. We appreciate GAO's recognition of the importance of providing support to Syrian
refugees in Egypt, Iraq, Jordan, Lebanon, and Turkey, as well as the operational complexities involved in
maintaining a response of this size in the Middle East. Despite the security and logistical challenges that
exist, USAID continues to look for ways to ensure that humanitarian resources are programmed
responsibly and effectively.

This report has one recommendation for USAID, as shown on page 36 of the draft report:

Recommendation: USAID's Office of Food for Peace (FFP) should identify and implement a
mechanism to conduct in-person monitoring visits in countries where security conditions limit such visits
by FFP officers.

USAID agrees with this recommendation. USAID's Office of Food for Peace takes the monitoring of
emergency food assistance programs seriously, and FFP and USAID's Office of U.S. Foreign Disaster
Assistance (OFDA), through the Disaster Assistance Response Team (DART) for the Syria response, are
developing a request to Embassy Amman to hire a Foreign Service National to be based in Jordan with
responsibility for monitoring humanitarian assistance programming in Lebanon. USAID is also
examining the feasibility of other options if approval for this position is not granted given current
constraints.

Appendix V: GAO Contact and Staff Acknowledgments

GAO Contact:	Thomas Melito, (202) 512-9601, or melitot@gao.gov.
Staff Acknowledgments:	In addition to the contact named above, Elizabeth Repko (Assistant Director), Jason Bair (Assistant Director), Jennifer Young, Kyerion Printup, Lynn Cothern, Rathi Bose, Kimberly McGatlin, Justin Fisher, Neil Doherty, and Alexander Welsh made key contributions to this report.