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To: Carol Spahn, Acting Director
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From: Kathy A. Buller, Inspector General 

Date: July 15, 2021

Subject: Management Implication Report: Peace Corps/Ukraine's PEPFAR Food Voucher Program (IG-21-02-SR)

Purpose and Background

In March 2021, the Peace Corps/Ukraine director of management and operations (DMO) and deputy director of management and operations (DDMO) submitted a complaint to the Office of Inspector General (OIG) about concerns of fraud and mismanagement of the PEPFAR Food Voucher Program. The Voucher program was initiated and expanded during a period of time when all Volunteers had been evacuated from Peace Corps/Ukraine due to COVID-19. The complaint emphasized that Peace Corps/Ukraine had inaccurately reported data and food voucher project results, mismanaged the approved project plan, and lacked sufficient oversight over the voucher program. The purpose of this Management Implication Report (MIR), which does not make a recommendation, is to summarize information concerning this complaint and actions taken by OIG in response to the complaint. In the conclusion, OIG summarizes for agency leadership concerns that may warrant closer monitoring.

Summary of the Complaint

From June to November 2020, Peace Corps/Ukraine staff conducted a PEPFAR-funded pilot program to provide food vouchers¹ to 76 food-insecure HIV-positive youth to improve antiretroviral therapy adherence. At the end of the 6-month pilot, the program was approved by the Office of Global Health and HIV (OGHH) and State Department's Office of Global AIDS Coordinator (SGAC) to be expanded from serving 76 orphans and vulnerable children (OVCs) to 700. The new phase of the program was scheduled to begin in April 2021 and last 9 months. In March 2021, the Peace Corps/Ukraine DMO and DDMO reported the following concerns to OIG.

1. Mismanagement of the Program and Failure to Follow the Approved Project Plan:

According to the complainants, the program was intended to provide a food voucher each month to a cohort of 76 OVCs for 6 months. However, the 76 food vouchers provided each month were not consistently given to the same cohort, instead a total of 174 OVCs each received between 1 and 6 vouchers over the 6-month period with the majority having received only 2 vouchers. The complainants reported that the post's PEPFAR specialist had said that 3 to 6 months was the minimum time needed for an intervention to affect behavior change.

¹ Food vouchers were gift certificates to local supermarkets. As of May 22, 2021, they were valued at 500 Ukraine Hryvnia (approx. \$18 United States Dollars each).

2. Reporting of Incorrect Data and Incorrect Project Results:

Although the program served 174 OVCs, the project team continued to report out that 76 OVCs were provided food vouchers, including in a self-assessment submitted to OGH, a one-page report provided to SGAC, and a Peace Corps all-agency town hall.

3. Lack of Capacity and Expertise to Successfully Implement a Developmental Assistance Program that Falls Outside of Peace Corps' Normal Programming Activities:

Although post staff always reviewed, approved, and reported on the results of Volunteer Activities Support and Training ("VAST" grants), staff's role grew during the period of suspended Volunteer activities to include more direct contact with beneficiaries and a greater role in implementation. The Peace Corps does not normally run food programs without Volunteers, so the complainants expressed surprise that the pilot project was approved.

4. Lack of Sufficient Oversight Over the Program:

The complainants described the lack of a detailed project plan and oversight over the project leading to mismanagement of the program. They also described a lack of internal controls to ensure the project's implementing partners were following the workplan.² The report raised several specific concerns about implementing partners.

5. Misuse of Training Resources:

A follow-up complaint alleged that post staff conducted a training for social workers implementing the food voucher program where only two of the eight organizations participating in the training were expected to be partners with Peace Corps/Ukraine. The other participants were not listed as partners.

Summary of OIG Actions

OIG followed up on this complaint through the following actions:

1. OIG interviewed the complainants and reviewed documentation provided. The above summary came from a review of the complainants' documentation and communication with OIG. The initial complaint was received on March 2, 2021, and a subsequent complaint was received with additional concerns on March 29, 2021.
2. OIG interviewed Europe, Mediterranean, and Asia Region (EMA) Chief of Operations (ChOps) David Reside on March 22, 2021. He relayed that EMA had concerns about it as well after learning about the project from an agency all-hands meeting. EMA was concerned that a) they thought the food voucher project moved away from what the Peace Corps normally did and was an expansion of programming activities, so they wanted to get a better idea about the project, and b) staff needed to have a plan to hand off the project when Volunteers return to the field. ChOps Reside said they were looking at how to impose oversight over the program, including more internal controls over aspects of the voucher program. ChOps Reside relayed to OIG that he was meeting with OGH. He said he would provide OIG with a summary of the discussion with OGH.

² Vouchers were distributed to social workers at partner organizations who would then distribute the vouchers to OVCs.

3. OIG interviewed the former director of programming and training of Peace Corps/Ukraine on March 26, 2021. She relayed that PEPFAR projects were regularly scrutinized more closely by the administrative team (i.e., the complainants). The project came about because the pandemic was increasing food insecurity for OVCs, so post staff took the initiative to work with PEPFAR to create the project.
4. On May 14, 2021, OIG received from ChOps Reside a summary of efforts the agency was taking related to this project. He reported that OGHH supported the project after EMA relayed OIG's concerns. EMA, OGHH, and the post had a meeting in which EMA leadership expressed a commitment to ending the provision of vouchers and that further extensions of the program would not be approved. The summary noted that the program was paused from March 26, 2021, until April 13, 2021, in order to ensure transparency and appropriate oversight, and it included a description of the additional oversight steps that had been put in place.

Conclusion

OIG observed that the oversight that EMA put in place should address points one (mismanagement of the program and failure to follow the approved project plan) and four (lack of sufficient oversight over the program) of the complaint summary. EMA is aware of points two (reporting of incorrect data and incorrect project results) and three (lack of capacity and expertise to implement program). Point five (misuse of training resources) is not an ongoing issue as the training is over. Because post and EMA leadership are aware and have established additional oversight over the food voucher program in Ukraine and determined that the project will end after the current vouchers have been expended, OIG does not have concerns that would warrant further work to evaluate the Peace Corps/Ukraine PEPFAR food voucher project.

PEPFAR updated their technical guidance during the COVID-19 pandemic and they encouraged implementing partners to continue their prevention activities. According to PEPFAR's Ukraine Country Operational Plan, after the temporary suspension of Peace Corps Volunteer operations in March 2020, Peace Corps/Ukraine adapted programming in line with PEPFAR Technical Guidance to continue to support orphans and vulnerable children. It is our understanding that the Peace Corps posts and regions are adapting PEPFAR programs during this period of suspended Volunteer activities. OIG is concerned that there may be insufficient management awareness and oversight at headquarters concerning what Peace Corps posts have been doing to implement PEPFAR-funded activities without Volunteers. The Peace Corps' approach to the small grant program relies on Volunteers to work with community organizations and partners. Because staff may currently be performing roles more properly suited to Volunteers, it warrants increased attention from agency leadership to ensure that staff-initiated programmatic activities are consistent with the Peace Corps Act and further the mission and goals of the Peace Corps, and that any such staff-led activities that continue after the Director lifts the suspension of Volunteer activities can be transitioned to and completed by Volunteers.

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