HIGHLIGHTS
Office of Inspector General
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OFFICE OF AUDITS
SECURITY AND INTERNATIONAL PROGRAMS DIVISION

Audit of the Department of State's Energy Security and Diversification Initiatives in the Black Sea Region

What OIG Audited

Prior to Russia's 2022 invasion of Ukraine, Russia was the single largest oil and gas supplier to Europe and Eurasia. Russia's war of aggression in Ukraine has highlighted the need to accelerate Europe's transition away from fossil fuels and dependence on Russian oil. The priorities that the Department of State (Department) identified include addressing vulnerabilities in the Black Sea region, addressing growing challenges in the region, and supporting efforts to transition the region away from a dependence on Russian energy sources. Specifically, from September 2021 through September 2024, the Bureau of Energy Resources (ENR) and the Bureau of International Security and Nonproliferation (ISN) have each implemented a number of foreign assistance awards intended to support energy security and diversification efforts in the Black Sea region.

OIG conducted this audit to determine whether Department efforts to coordinate and advance energy security and diversification initiatives in the Black Sea region have achieved desired results.

What OIG Recommends

OIG made six recommendations to improve the planning and monitoring of foreign assistance to advance energy security and diversification initiatives in the Black Sea region. Based on the responses to a draft of this report, OIG considers one recommendation closed; three recommendations resolved, pending further action; and two recommendations unresolved. A synopsis of the Department's comments and OIG's reply follows each recommendation in the Audit Results section of this report. The Department's responses are reprinted in their entirety in Appendices B, C, and D.

What OIG Found

OIG found that the Department bureaus implementing Black Sea energy security and diversification initiatives appropriately aligned their respective strategies and award-level goals and objectives with Department, bureau, and mission-level strategic plans in place from 2022 to 2024. While the Department continued to implement these programs and initiatives, at the time of OIG's review, the Department had not updated pertinent strategic guidance to help ensure that the implementation of these programs and initiatives continued to align with the current administration's strategy and priorities in these areas.

OIG examined nine Department awards that supported energy security and diversification initiatives in the Black Sea region and found that improvements were needed to demonstrate that the awards were on track to achieve intended results. Specifically, ISN had not consistently developed short-term indicators at the award level that would contribute to the progress of long-term program indicators. In the absence of developing indicators at the award level, ISN is limited in its ability to determine whether individual awards are helping to make meaningful progress toward program goals and objectives. In addition, although ISN completed monitoring plans for each applicable award in OIG's audit sample, the monitoring plans did not include information on the specific types of monitoring activities that would be performed in accordance with requirements. With respect to ENR, OIG found that one of the three awards reviewed lacked a monitoring plan, and another award lacked evidence that bureau officials collected and reported on progress against established performance indicators. Without documented monitoring plans or documenting progress toward meeting established performance indicators, as prescribed in the Toolkit and the FAM, ENR risks the loss of monitoring data that can be used to effectively measure the progress of these awards, and the ultimate benefit the assistance provided. The existence of documentation is important to maintain institutional knowledge, especially considering the Department's recent reorganization.