United States Government Accountability Office

GAO

Testimony

Before the Subcommittee on State, Foreign Operations, and Related Programs, Committee on Appropriations, House of Representatives

For Release on Delivery
Expected at 1:00 p.m. EST
Thursday, March 3, 2011

# FOREIGN OPERATIONS

# Key Issues for Congressional Oversight

Statement of Jacquelyn Williams-Bridgers,
Managing Director, International Affairs and Trade

GAO
Accountability * Integrity * Reliability

GAO-11-419T

# Report Documentation Page

*Form Approved*
*OMB No. 0704-0188*

Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

| | | |
|---|---|---|
| 1. REPORT DATE<br>**03 MAR 2011** | 2. REPORT TYPE | 3. DATES COVERED<br>**00-00-2011 to 00-00-2011** |
| 4. TITLE AND SUBTITLE<br>**Foreign Operations: Key Issues For Congressional Oversight** | | 5a. CONTRACT NUMBER |
| | | 5b. GRANT NUMBER |
| | | 5c. PROGRAM ELEMENT NUMBER |
| 6. AUTHOR(S) | | 5d. PROJECT NUMBER |
| | | 5e. TASK NUMBER |
| | | 5f. WORK UNIT NUMBER |
| 7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)<br>**United States Government Accountability Office,Washington,DC,20548** | | 8. PERFORMING ORGANIZATION REPORT NUMBER |
| 9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES) | | 10. SPONSOR/MONITOR'S ACRONYM(S) |
| | | 11. SPONSOR/MONITOR'S REPORT NUMBER(S) |
| 12. DISTRIBUTION/AVAILABILITY STATEMENT<br>**Approved for public release; distribution unlimited** | | |
| 13. SUPPLEMENTARY NOTES | | |
| 14. ABSTRACT | | |
| 15. SUBJECT TERMS | | |

| 16. SECURITY CLASSIFICATION OF: | | | 17. LIMITATION OF ABSTRACT | 18. NUMBER OF PAGES | 19a. NAME OF RESPONSIBLE PERSON |
|---|---|---|---|---|---|
| a. REPORT<br>**unclassified** | b. ABSTRACT<br>**unclassified** | c. THIS PAGE<br>**unclassified** | **Same as Report (SAR)** | **15** | |

**Standard Form 298 (Rev. 8-98)**
Prescribed by ANSI Std Z39-18

GAO
Accountability • Integrity • Reliability

# Highlights

Highlights of GAO-11-419T, a testimony before the Subcommittee on State, Foreign Operations, and Related Programs, Committee on Appropriations, House of Representatives

March 3, 2011

# FOREIGN OPERATIONS

## Key Issues for Congressional Oversight

## Why GAO Did This Study

The Department of State (State) and the U.S. Agency for International Development (USAID) implement a broad range of U.S. government activities and programs overseas, including the conduct of diplomacy, development and security assistance, and efforts to combat terrorism and narcotics trafficking, among others. The President has requested approximately $55.7 billion for State and USAID in fiscal year 2012, an increase of nearly 8 percent over fiscal year 2010 funding levels.

This testimony discusses four cross-cutting areas of U.S. foreign policy as implemented by State and USAID: (1) investments in key partner nations, (2) building the capacity of U.S. agencies to advance foreign policy priorities, (3) contractor oversight and accountability, and (4) strategic planning and performance measurement. This statement is based on GAO's extensive body of work on foreign operations issues, including fieldwork in Iraq, Afghanistan, Pakistan, Mexico, and numerous other locations.

## What GAO Recommends

GAO has made a variety of recommendations to State and USAID to help improve their foreign operations programs. In particular, GAO has recommended that agencies improve planning and performance measurement of their programs and take steps to enhance accountability of U.S. aid. State and USAID have efforts under way to implement some of these recommendations.

View GAO-11-419T or key components. For more information, contact Jacquelyn Williams-Bridgers at (202) 512-3101 or williamsbridgersj@gao.gov.

## What GAO Found

Since 2002, the United States has invested over $130 billion in security, economic, and governance assistance to Iraq, Afghanistan, and Pakistan. Although the administration has requested additional funding in fiscal year 2012 to assist Iraq's security forces, opportunities exist for cost-sharing given the Iraqi government's continuing budget surpluses and unexpended security budgets. Regarding Afghanistan and Pakistan, the United States has placed an increased focus on providing funding directly to the Afghan government and Pakistani organizations. This course of action involves considerable risk given the limited capacity of some prospective recipients—particularly the Afghan government—to manage and implement U.S.-funded programs, thereby highlighting the need for agency controls and safeguards over these funds.

According to the 2010 Quadrennial Diplomacy and Development Review, State and USAID are engaged in efforts to build and support a workforce that is well-matched to the foreign affairs challenges of the twenty-first century. Accomplishing this objective is critical given that GAO's work has consistently found limitations in the ability of State and USAID to ensure that they are deploying the right people to the right places at the right time. For example, State has faced persistent staffing and foreign language gaps that put the department's diplomatic readiness at risk. Similarly, GAO found that State has experienced difficulties hiring and training staff to operate and maintain its new, more sophisticated embassy compounds. State has taken some actions in response to GAO's findings. For example, in 2010, the department introduced a new pilot program to expand its cadre of Chinese speakers. State also noted in 2010 that it planned to hire additional facilities managers at embassies and consulates.

State and USAID rely extensively on contractors in Iraq and Afghanistan to support their direct-hire personnel, implement reconstruction efforts, and address workforce shortfalls such as insufficient numbers of trained agency personnel and the frequent rotations of staff posted to these countries. Robust management and oversight of contractor operations are essential in these challenging environments. However, GAO has found oversight to be inadequate at times, thus raising questions about the agencies' ability to ensure accountability for multibillion-dollar investments.

GAO's reviews of international affairs programs have repeatedly found weaknesses in agencies' strategic planning and performance measurement efforts. For example, GAO reported that State significantly expanded its Bureau of Diplomatic Security without the benefit of strategic planning to ensure that the bureau's missions and activities address the department's priority needs. Such a review is vital given that the bureau will assume full responsibility for securing all diplomatic personnel and facilities in Iraq starting in October 2011 as the U.S. military completes its drawdown. GAO also reported that State generally lacked outcome-based measures for the Mérida Initiative—a $1.5 billion effort to provide law enforcement support to Mexico—thereby making it difficult to determine the initiative's effectiveness.

Madam Chairwoman and Members of the Subcommittee:

I am pleased to be here today to share with you the results of our reviews of U.S. foreign policy implementation by the Department of State (State) and the U.S. Agency for International Development (USAID). The President's fiscal year 2012 budget for State and USAID requests approximately $55.7 billion—an increase of nearly 8 percent over the agencies' fiscal year 2010 funding level of just over $51.6 billion as enacted.[1] Today, I will discuss the findings from some of our most recent work on State and USAID and the recommendations we have made.[2] My testimony will focus on our reviews of State and USAID in four cross-cutting areas. Specifically, I will discuss (1) U.S. investments in key partner nations, (2) building the capacity of U.S. agencies to advance foreign policy interests, (3) contractor oversight and accountability, and (4) strategic planning and performance measurement. I will also raise a number of issues to potentially inform the Subcommittee's oversight agenda and, more immediately, its examination of the President's fiscal year 2012 budget request within the context of today's fiscal environment.

[1]The fiscal year 2012 request for State and USAID includes a core budget of $47 billion, as well as an additional $8.7 billion for State and USAID operations in Afghanistan, Pakistan, and Iraq as part of the fiscal year 2012 Overseas Contingency Operations request. We are currently examining the fiscal year 2012 request for State and USAID as part of our annual review of the international affairs budget for possible realignments and reductions.

[2]This statement is based on our wide-ranging body of work examining U.S. implementation of security, economic development, and governance programs overseas as well as State and USAID operational issues. We have conducted on-the-ground work in numerous locations, including Afghanistan, Pakistan, Iraq, and Mexico, and our reports incorporate information we obtained and analyzed from foreign government officials and international partners in these countries, as well as from State, USAID, and other U.S. officials posted both overseas and in Washington, D.C. Our work was conducted 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 we obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

## GAO Reviews of Investments in Key Partner Nations Have Identified Cost-Sharing Opportunities and the Need for Agency Controls over U.S. Funds

Since 2002, the United States has invested over $130 billion in security, economic, and governance assistance to Iraq, Afghanistan, and Pakistan. Although the administration has requested additional funding in fiscal year 2012 to assist Iraq's security forces, opportunities exist for cost-sharing given the Iraqi government's continuing budget surpluses and unexpended security budgets. Regarding Afghanistan and Pakistan, the United States has placed an increased focus on providing funding directly to the Afghan government and Pakistani organizations. This course of action involves considerable risk given the limited capacity of some prospective recipients—particularly the Afghan government—to manage and implement U.S.-funded programs, thereby highlighting the need for agency controls and safeguards over these funds.

### Iraq

Since 2003, the United States has provided about $58 billion for reconstruction and stabilization efforts in Iraq. Over 40 percent of this amount (about $24 billion) has funded Department of Defense (DOD) programs to train and equip Iraq's security forces. This substantial investment has enabled the United States to develop a force of over 650,000 Iraqi personnel. In the National Defense Authorization Act for Fiscal Year 2011, Congress authorized an additional $1.5 billion in operation and maintenance funds for fiscal year 2011 for the Iraq Security Forces Fund, which has been used in the past to train and equip Iraqi security forces. However, Congress generally required at least a 20 percent Iraqi cost share for the purchase of any item or service for the Iraqi security forces if purchased with funds made available to DOD for the fiscal year 2011 Iraq Security Forces Fund. Congress also stated that not more than $1 billion of the funds for the Iraqi security forces could be obligated until the Secretary of Defense certifies that the Iraqi government had demonstrated a commitment to adequately build the logistics and maintenance capacity of its security forces, to develop the institutional capacity to manage such forces independently, and to develop a culture of sustainment for equipment provided by the United States or acquired with U.S. assistance. For fiscal year 2012, the administration has requested another $2 billion for State programs to assist the Iraqi security forces, including $1 billion for a new civilian-led police development program and $1 billion in Foreign Military Financing for Iraq's military.

However, our September 2010 report on Iraq's budget surplus emphasizes the need to ensure that Iraq shares in the cost for its own security.[3] Specifically, we found that, through the end of 2009, Iraq had generated an estimated cumulative budget surplus of $52.1 billion, of which at least $11.8 billion was available after adjusting for outstanding advances. In addition, we found that, between 2005 and 2009, Iraq's security ministries budgeted but did not use between $2.5 billion and $5.2 billion in funds that could have been devoted to the country's security needs. Furthermore, while the Iraqi government recently announced a 2011 budget that projects a $13.4 billion deficit, our 2010 report noted that Iraq's budgets serve as imperfect predictors of the country's year-end fiscal balance. For example, from 2005 through 2009, Iraq's budgets predicted deficits but ended each year with budget surpluses, on a cash accounting basis. Accordingly, we recommended that Congress consider Iraq's available financial resources when reviewing the administration's fiscal year 2011 budget request and any future funding requests to support the Iraqi security forces.

In addition, we continue to follow the transition in Iraq from a military to a civilian-led presence. The administration has requested just over $3.2 billion[4] in fiscal year 2012 contingency funding for State and USAID operations in Iraq. These funds will support the operations and protection of a large U.S. civilian presence in the country, including personnel at the U.S. Embassy in Baghdad; two consulates in Basrah and Erbil; two branch offices in Mosul and Kirkuk; and three aviation facilities in Basrah, Erbil, and Baghdad. In July 2010, we issued a report on State transition efforts in Iraq, copies of which we provided to the Subcommittee.[5]

Finally, we are also assessing the Joint Campaign Plan for Iraq. This campaign plan provides a comprehensive, government-wide plan to guide U.S. efforts in Iraq, including the transition from a DOD-led to a State-led operation. The current plan identifies four lines of operation—political, economic and energy, rule of law, and security—and articulates the strategic priorities and risks in achieving goals and objectives. Our review—the most recent in a series of classified assessments we have

[3]GAO, *Iraqi-U.S. Cost-Sharing: Iraq Has a Cumulative Budget Surplus, Offering the Potential for Further Cost-Sharing*, GAO-10-304 (Washington, D.C.: Sept. 13, 2010).

[4]This figure does not include $2 billion requested for State programs to assist the Iraqi security forces.

[5]Because our July 2010 report on transition efforts in Iraq contains sensitive information, it is not available on GAO's Web site.

conducted of joint campaign plans for Iraq—will examine the extent to which the campaign plan adheres to military doctrine and addresses the risks to the campaign.

Related issues for oversight include

- the extent to which the Iraqi government has adequately built the logistics and maintenance capacity of its security forces, developed the institutional capacity to manage such forces independently, and developed a culture of sustainment for equipment provided by the United States or acquired with U.S. assistance; and
- the intended goals and expected outcomes for State's programs to assist the Iraqi security forces.

## Afghanistan and Pakistan

Since 2002, the United States has provided more than $55 billion for Afghan security, governance, and development, and over $18 billion to assist Pakistan in its security, economic, and development matters and to provide reimbursements for its efforts to combat terrorism along its border with Afghanistan. Our reviews of this assistance have focused on U.S. efforts to develop capable Afghan National Security Forces; the U.S. civilian-military campaign plan for Afghanistan; and programs to develop Afghanistan's agriculture, roads, and water sector and Pakistan's Federally Administered Tribal Areas. We have also highlighted obstacles that have impeded the progress of U.S. programs in Afghanistan and Pakistan, including the unstable security situation and the government of Afghanistan's lack of capacity to sustain many of the programs put in place by donors.

In recent years, the United States has placed increased emphasis on providing funding directly to the Afghan government and Pakistani government and nongovernmental organizations instead of through large international contractors and U.S.-based partners. For example, in January 2010, the United States and the international community agreed to deliver half of their development aid to Afghanistan over the next 2 years directly through the Afghan government. Our preliminary observations indicate that USAID disbursed about $204 million in direct assistance to Afghanistan in fiscal year 2010, mostly through the World Bank-administered Afghanistan Reconstruction Trust Fund. Similarly, the

Enhanced Partnership with Pakistan Act of 2009,[6] which authorizes up to $1.5 billion a year for development, economic, and democratic assistance to Pakistan for fiscal years 2010 through 2014, encourages, as appropriate, the provision of this assistance through Pakistani organizations. As of December 2010, the United States had disbursed about $120 million in direct assistance to Pakistani organizations. However, the vulnerability of U.S.-funded programs to waste, mismanagement, and corruption is likely to increase under these circumstances, given the limited capacity and weak internal controls of some of the Afghan and Pakistani entities involved in implementing them. In February 2011, we reported that USAID had undertaken or intends to take a number of risk mitigation strategies and steps to identify weaknesses in Pakistani organizations and improve the capacity of those that do not meet minimum standards for managing U.S. funds.[7] For example, Pakistani organizations receiving U.S. funding for the first time would undergo a preaward assessment of their internal controls and financial management systems conducted by Pakistani Certified Public Accounting firms. However, we also found that USAID's oversight of assistance awarded to Pakistani organizations could be further enhanced to prevent the misuse of U.S. funds. We recommended that USAID, among other things, provide U.S. assistance to Pakistani organizations identified in preaward assessments as high- or medium-risk through contracts, grants, or agreements that would require these organizations to address weaknesses that could endanger the accountability of U.S. funds. USAID agreed with our recommendation, stating that all contracts, grants, and agreements awarded to high- or medium-risk recipients take into consideration weaknesses identified in the preaward assessments. However, USAID did not specifically state that it would make addressing such weaknesses a requirement in all of its contracts, grants, and agreements awarded to high- or medium-risk recipients.

In response to the Subcommittee's interest, we have also initiated work on U.S. efforts to ensure accountability of direct assistance to Afghanistan and to build the financial management capacity of the Afghan government. Our preliminary observations on these programs suggest that USAID has not consistently completed risk assessments of Afghan ministries prior to

[6]Pub. L. No. 111-73, 123 Stat. 2060 (Oct. 15, 2009).

[7]GAO, *Department of State's Report to Congress and U.S. Oversight of Civilian Assistance to Pakistan Can Be Further Enhanced*, GAO-11-310R (Washington, D.C.: Feb. 17, 2011).

providing them with direct assistance, but that U.S. agencies have increased their focus on developing Afghan financial management capacity. We currently have a team in Afghanistan reviewing these programs and another team heading to Pakistan this week to examine U.S. security assistance in Pakistan's western frontier region.

Related issues for oversight include

- the extent of State and USAID efforts to develop the Afghan government's capacity to sustain donor-funded programs, the progress made through such efforts, and the challenges faced, if any; and
- the extent to which USAID has taken steps to obtain reasonable assurance of the qualifications and independence of Pakistani Certified Public Accounting firms that are conducting preaward assessments of Pakistani organizations.

## U.S. Agencies Need to Improve Their Capacity to Advance Foreign Policy Interests

According to the 2010 Quadrennial Diplomacy and Development Review, State and USAID are engaged in efforts to build and support a workforce that is well-matched to the foreign affairs challenges of the twenty-first century. Accomplishing this objective is critical given that our work has consistently found limitations in the ability of State and USAID to ensure that they are deploying the right people to the right places at the right time. For instance, the February 2011 update to GAO's "High-Risk Series" states that current and emerging critical skills gaps undermine agencies' abilities to meet their vital missions.[8] With regard to State, the report cites insufficient foreign language capabilities. We reported in 2009 that the department has had persistent shortages of staff with critical language skills, such as Arabic and Chinese, and some foreign language shortfalls in areas of geographic strategic interest, such as the Near East and South and Central Asia—all gaps that jeopardize diplomatic readiness and could hinder U.S. overseas operations.[9] We reported in 2009 that State's diplomatic readiness was also at risk due to continuing staffing and experience gaps at key hardship posts, such as Jeddah, Saudi Arabia; Lagos, Nigeria; and Shenyang, China.[10] Additionally, in our 2010 review of

[8]GAO, *High-Risk Series: An Update*, GAO-11-278 (Washington, D.C.: Feb. 16, 2011).

[9]GAO, *Department of State: Comprehensive Plan Needed to Address Persistent Foreign Language Shortfalls*, GAO-09-955 (Washington, D.C.: Sept. 17, 2009).

[10]GAO, *Department of State: Additional Steps Needed to Address Continuing Staffing and Experience Gaps at Hardship Posts*, GAO-09-874 (Washington, D.C.: Sept. 17, 2009).

State's efforts to construct new embassy compounds, we found that the department has experienced difficulties hiring and training staff to operate and maintain these more sophisticated facilities.[11] State has taken some actions in response to our findings. For example, in 2010, the department introduced a new pilot program to expand its cadre of Chinese speakers. State also noted in 2010 that it planned to hire additional facilities managers at embassies and consulates. Nonetheless, the widespread difficulties that State has faced in aligning its workforce with its needs raise serious questions about its readiness to manage the upcoming transition to a civilian-led presence in Iraq—a presence that is slated to more than double in size from nearly 8,000 civilian personnel to about 17,000. In particular, the ability of State's Bureau of Diplomatic Security to assume full security responsibility for all diplomatic personnel and facilities starting in October 2011 is uncertain.

USAID faces similar workforce challenges. Of particular note, USAID's workforce plan does not include a comprehensive analysis of the agency's gaps in critical skills and competencies or the specific actions the agency intends to take to address such gaps. As we reported in 2010, until USAID improves its workforce planning, the agency will remain at risk of not deploying the workforce it needs to meet current and future foreign assistance goals.[12] USAID subsequently agreed with our recommendation to develop a comprehensive workforce plan that analyzes its workforce gaps and specific steps to address such gaps.

Related issues for oversight include

- additional actions State has taken or plans to take to address longstanding staffing and foreign language gaps, and
- the extent to which State, USAID, and DOD have planned for an estimated doubling in civilian presence and an expanded diplomatic "footprint" in Iraq, given the forthcoming transition from a military to a civilian mission.

[11]GAO, *New Embassy Compounds: State Faces Challenges in Sizing Facilities and Providing for Operations and Maintenance Requirements*, GAO-10-689 (Washington, D.C.: July 20, 2010).

[12]GAO, *Foreign Assistance: USAID Needs to Improve Its Strategic Planning to Address Current and Future Workforce Needs*, GAO-10-496 (Washington, D.C.: June 30, 2010).

## Agencies Can Do More to Ensure Oversight of Contractors and Accountability of U.S. Investments

During fiscal year 2009 and the first half of 2010, State and USAID collectively reported obligations of nearly $6 billion on contracts, grants, and cooperative agreements to support their direct-hire personnel and implement development efforts in Iraq and Afghanistan. This reliance is due in part to agency workforce shortfalls, including insufficient numbers of trained agency personnel and the frequent rotations of staff posted to these countries. However, we have found State and USAID's oversight of their contracts, grants, and cooperative agreements to be inadequate at times, thus raising questions about the agencies' ability to ensure accountability for multibillion-dollar investments. For example, as we reported in 2010, State and USAID continue to lack complete data on the number of personnel working under their contracts, grants, and cooperative agreements in Iraq and Afghanistan.[13] We also found that State and USAID did not consider the need to provide greater scrutiny and an enhanced degree of management oversight when contractors performed contract and grant administration functions, such as evaluating other contractors' performance and recommending grant awards—both of which closely support inherently governmental functions.[14] As a result, there is potential for loss of government control and accountability for mission-related policy and program decisions that can lead to decisions that are not in the best interest of the government and increase vulnerability to waste, fraud, and abuse.[15]

Our work has also highlighted other challenges in ensuring accountability of U.S. investments. For example, we previously reported that USAID's efforts to manage and oversee development assistance being carried out by contractors and grantees in Afghanistan have been hampered by factors such as the high-threat working environment and difficulties in preserving

[13]GAO, *Iraq and Afghanistan: DOD, State, and USAID Face Continued Challenges in Tracking Contracts, Assistance Instruments, and Associated Personnel*, GAO-11-1 (Washington, D.C.: Oct. 1, 2010).

[14]Inherently governmental functions related to the public interest require performance by government employees. Other functions, while not inherently governmental, may approach the category because of the nature of the function, the manner in which a contractor performs the contract, or the manner in which the government administers performance under a contract. Functions closely supporting the performance of inherently governmental functions generally include professional and management support activities, such as those that involve or relate to supporting budget preparation, evaluation of another contractor's performance, acquisition planning, or technical evaluation of contract proposals.

[15]GAO, *Contingency Contracting: Improvements Needed in Management of Contractors Supporting Contract and Grant Administration in Iraq and Afghanistan*, GAO-10-357 (Washington, D.C.: Apr. 12, 2010).

institutional knowledge due to high staff turnover.[16] Additionally, the use of Afghan and Pakistani firms is expected to grow in accordance with U.S. Embassy Kabul's Afghan First Policy and the Enhanced Partnership with Pakistan Act of 2009,[17] which encourage, respectively, the utilization of Afghan and Pakistani firms, including through host country contracts. This expected increase heightens existing concerns about the risk of U.S. contracting and assistance funds being diverted to finance terrorist or insurgent groups. GAO is currently conducting a review of DOD, State, and USAID's processes for vetting prospective Afghan contractors to determine whether they are affiliated with insurgent or criminal groups or appear to pose a significant risk of diverting funds or security information to terrorists, criminal, and other corrupt organizations.

Related issues for oversight include

- actions State and USAID have taken to improve their ability to account for personnel working under contracts, grants, and cooperative agreements in Iraq and Afghanistan; and
- the sufficiency of U.S. efforts to minimize the risk of Afghan and Pakistani firms diverting contract and assistance funds to terrorist and insurgent groups.

## Sustained Agency Attention to Strategic Planning and Performance Measurement Is Needed

Sound strategic planning and performance measurement are critical for managing U.S. government funds responsibly. In particular, agencies should define the results they seek to accomplish, identify the strategies for achieving the desired results, and determine how well they succeed in achieving those results. However, our reviews of international affairs programs have repeatedly found weaknesses in agencies' strategic planning and performance measurement efforts. For example, we reported that State significantly expanded its Bureau of Diplomatic Security—from fewer than 1,000 direct-hire security specialists in 1998 to over 2,000 in 2009—without the benefit of strategic planning to ensure that the bureau's missions and activities address the department's priority needs.[18]

[16]GAO, *Afghanistan Development: USAID Continues to Face Challenges in Managing and Overseeing U.S. Development Assistance Programs*, GAO-10-932T (Washington, D.C.: July 15, 2010).

[17]Pub. L. No. 111-73, 123 Stat. 2060 (Oct. 15, 2009).

[18]GAO, *State Department: Diplomatic Security's Recent Growth Warrants Strategic Review*, GAO-10-156 (Washington, D.C.: Nov. 12, 2009).

Accordingly, we recommended that State conduct a strategic review of the bureau that addresses its key human capital and operational challenges. State agreed with our recommendation.

We also found weaknesses in State's performance measurement of the Mérida Initiative, a $1.5 billion effort launched in 2007 to provide law enforcement support to Mexico in response to rising crime and violence related to drug trafficking, particularly along the United States-Mexico border.[19] Last summer, we reported that U.S. agencies had provided various types of equipment and training through this initiative, including five Bell helicopters, several X-ray inspection devices, and training for over 4,000 police officers.[20] However, we found that State generally lacked outcome-based measures for Mérida, making it difficult to determine the program's effectiveness and leaving unclear when its goals will be met. Consequently, we recommended that State develop performance measures that indicate progress toward Mérida's strategic goals.[21] State estimated in February 2011 that it would take another 4 months before performance measures were completed for Mérida. We similarly recommended that USAID take steps to enhance monitoring and evaluation of its agricultural development programs in Afghanistan, such as by consistently analyzing and interpreting program data to determine the extent to which annual targets are met.[22] USAID concurred and described several ongoing initiatives that addressed elements of our recommendation.

Related issues for oversight include

- the extent to which State has strategically reviewed the capacity of its Bureau of Diplomatic Security and developed contingency plans as the bureau prepares to assume full responsibility from DOD starting in

[19]The United States also provides law enforcement support to Central American countries through the Mérida Initiative.

[20]GAO, *Mérida Initiative: The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, GAO-10-837 (Washington, D.C.: July 21, 2010). State data as of February 2011 show that, while most Mérida funds have been obligated, nearly 80 percent have not yet been expended.

[21]The Mérida Initiative's four strategic goals are to (1) Disrupt Organized Criminal Groups, (2) Institutionalize Reforms to Sustain Rule of Law and Respect for Human Rights, (3) Create a 21st Century Border, and (4) Build Strong and Resilient Communities.

[22]GAO, *Afghanistan Development: Enhancements to Performance Management and Evaluation Efforts Could Improve USAID's Agricultural Programs*, GAO-10-368 (Washington, D.C.: July 14, 2010).

October 2011 for the security of all diplomatic personnel and facilities in Iraq, and

- the extent to which State has made progress in developing performance measures for the Mérida Initiative to aid in determining the program's effectiveness.

Madam Chairwoman and Members of the Subcommittee, this concludes my prepared statement. I would be happy to answer any questions you may have.

## GAO Contact and Staff Acknowledgments

For questions regarding this statement, please contact Jacquelyn Williams-Bridgers at (202) 512-3101 or williamsbridgersj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this statement. Individuals making key contributions to this statement include Johana Ayers, Vincent Balloon, Kathryn Bolduc, Burns Chamberlain, Joseph Christoff, Aniruddha Dasgupta, Martin De Alteriis, Timothy DiNapoli, Jess Ford, John Hutton, Charles Michael Johnson, Jr., Hynek Kalkus, Bruce Kutnick, Richard Lindsey, Grace Lui, Judith McCloskey, James Michels, Erin O'Brien, Esther Toledo, and Adam Vogt. Joyce Evans, Elizabeth Repko, and Cynthia Taylor provided technical assistance.

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.

## GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

## Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

### Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, http://www.gao.gov/ordering.htm.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

## To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm
E-mail: fraudnet@gao.gov
Automated answering system: (800) 424-5454 or (202) 512-7470

## Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

## Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

Please Print on Recycled Paper