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ONE HUNDRED TENTH CONGRESS

U.S. House of Representatives
Committee on Energy and Commerce
Washington, DC 20515-6115

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April 29, 2008

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The Honorable Peter J. Visclosky
Chairman
Subcommittee on Energy and
Water Development
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

The Honorable David L. Hobson
Ranking Member
Subcommittee on Energy and
Water Development
Committee on Appropriations
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairman Visclosky and Ranking Member Hobson:

We are writing to recommend that the Department of Energy (DOE) condition funding for the National Nuclear Security Administration's (NNSA) "Initiatives for Proliferation Prevention" (IPP) program budget for fiscal year (FY) 2009. A recent Government Accountability Office (GAO) review found that the IPP program has failed to meet program goals and has funded projects that are not justifiable on nonproliferation grounds. GAO has urged DOE to follow the State Department's lead and establish an exit strategy.

The IPP program is supposed to fund positions for underemployed former weapons of mass destruction (WMD) scientists in Russia and countries of the Former Soviet Union to prevent "brain drain" to rogue nations or terrorist groups. We wholeheartedly support this goal, but want to ensure that DOE maximizes nonproliferation benefits for each dollar spent.

The GAO December 2007 report, *Nuclear Nonproliferation: DOE's Program to Assist Weapons Scientists in Russia and Other Countries Needs to be Reassessed*, found that:

- More than half of the scientists paid by the IPP program (54 percent) never claimed to have WMD experience, according to a review of 97 projects involving 6,450 scientists.
- Instead of supporting Soviet-era WMD scientists as a way of minimizing proliferation risks, IPP program funds helped to attract, recruit, and retain younger scientists. *This is contrary to the original intent of the program, which was to reduce the proliferation risk posed by Soviet-era scientists.*

- Russia's financial status has improved. It has massive gold and currency reserves, and a \$113 billion stabilization fund. Its debt has decreased from 96 percent of gross domestic product (GDP) in 1999 to about 5 percent in 2007. GDP grew at 6 percent between 1998 and 2006.
- Senior Russian officials contend that there is little danger of their scientists migrating to countries of concern.
- The State Department has a parallel program to redirect WMD scientists, and it includes an "exit" strategy. GAO questioned whether DOE has misdirected funds to institutes that the State Department believes no longer pose a meaningful proliferation risk.
- DOE approved six Global Nuclear Energy Partnership (GNEP) projects in Russia—five of which DOE concedes have no commercial potential. This is at odds with a requirement that the Secretary terminates IPP projects which lack commercial potential, pursuant to Section 3136 of the FY2000 Defense Authorization Act. Nonproliferation benefits from GNEP projects are doubtful.
- The Committee has further learned that the IPP program funded projects at institutes that conducted work in Iran. DOE has conceded, "in some cases the IPP program did not know work was done in Iran by these institutes, and the knowledge was acquired after the IPP projects were complete."

Since January 2008, DOE has made some constructive mid-course corrections, which should be formalized through legislation or report language. We recommend the following:

1. The Secretary prepare an exit strategy with detailed milestones to phase out the IPP program by January 1, 2012. Only institutes with a demonstrable proliferation risk from underemployed WMD scientists should remain funded in the interim. The Secretary should submit DOE's exit strategy within 90 days of enactment to the authorizing and appropriations committees.
2. All new projects with eligible Russian institutes must have a cost-sharing arrangement. No DOE funding for such projects should be approved without a firm commitment for cost sharing by the Russian Government.
3. DOE should not fund new projects or project renewals at institutes that are economically self-sufficient or where scientists pose no proliferation risk due to economic hardship.
4. At least 60 percent of the participants in each IPP-funded project must be Soviet-era WMD scientists. DOE should assess the background of every participant in IPP-

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program projects for WMD background and proliferation potential in a clear, systematic, and well-documented fashion. DOE's national laboratories/IPP program payment agents must notify DOE of changes in IPP-project personnel and require DOE to conduct a supplemental analysis of new project participants for WMD background and proliferation risk. Projects that do not meet this threshold should not be funded. In those instances where the 60 percent target cannot be met, DOE should provide a rationale and sound basis for funding the project and provide such information to authorizing and appropriations committees 60 days prior to approval.

5. DOE has recently suspended projects at certain institutes that are conducting work on Iran's Buhsher reactor or on GNEP projects. The Secretary should terminate the suspended projects, eliminate funding for GNEP under the IPP program, and the Department should not spend IPP funds at institutes performing work in countries of proliferation concern.

Thank you for your consideration of this matter. If you have any questions, please contact us or have your staff contact John Sopko or Richard Miller with the Committee staff at (202) 226-2424.

Sincerely,



John D. Dingell
Chairman



Bart Stupak
Chairman
Subcommittee on Oversight and Investigations

cc: The Honorable Joe Barton, Ranking Member
Committee on Energy and Commerce

The Honorable John Shimkus, Ranking Member
Subcommittee on Oversight and Investigations

The Honorable David Obey, Chairman
Committee on Appropriations

The Honorable Jerry Lewis, Ranking Member
Committee on Appropriations