

April 2004

DEPARTMENT OF
STATE

Nonproliferation,
Anti-terrorism,
Demining, and Related
Programs Follow
Legal Authority, but
Some Activities Need
Reassessment



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Highlights of [GAO-04-521](#), a report to the Chairman, Committee on Foreign Relations, U.S. Senate

DEPARTMENT OF STATE

Nonproliferation, Anti-terrorism, Demining, and Related Programs Follow Legal Authority, but Some Activities Need Reassessment

Why GAO Did This Study

The Department of State requested \$415 million to fund programs in the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) appropriations account for fiscal year 2005. Interest has been expressed in learning about whether programs are being implemented in accord with the law, and in the extent to which programs use experts hired on a contractual basis.

GAO was asked to determine (1) the legal authorizations for the programs and the extent to which programs are implemented in accord with these authorizations and (2) the extent to which program management and implementation use outside experts.

What GAO Recommends

GAO recommends that the Secretaries of State and Commerce evaluate the extent of integration of export control activities of the Nonproliferation and Disarmament Fund and the Export Control and Related Border Security Assistance Program.

GAO also includes two matters for congressional consideration:

- conditioning future funding for the Tracker export control system until the Secretaries of State and Commerce have completed the evaluation and
- clarifying through legislation the scope of the NDF's activities.

www.gao.gov/cgi-bin/getrpt?GAO-04-521.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Joseph Christoff, 202-512-8979, and ChristoffJ@gao.gov.

What GAO Found

The seven major programs funded through the Department of State's Nonproliferation, Anti-terrorism, Demining, and Related Programs appropriations account are authorized by law and engage in activities that are in accord with their authority. However, the Nonproliferation and Disarmament Fund (NDF) engages in activities that, while authorized by law, appear to be inconsistent with expectations about the scope of the program's mission. Past appropriations committee reports and testimony by the Secretary of State indicated that the NDF is designed to respond to urgent, unanticipated nonproliferation events of immediate concern to the United States. However, at least half of the NDF's \$35 million budget request for fiscal year 2004 and 57 percent of the \$34.5 million request for fiscal year 2005 were designated for longer-term activities preplanned through the annual budget process, including expansion of an export control system called Tracker. Furthermore, the Tracker system has been developed and deployed independently of another Department of State program, the Export Control and Related Border Security Assistance Program, which supports the development of export control capabilities in foreign countries. Currently, the Tracker system is not integrated into the export control assessments and activities of this program or the export control activities of other Departments, such as the Department of Commerce.

Program management offices, which range in size from 1 to 26 staff, average about 80 percent federal employees and 20 percent experts hired on a contractual basis. In contrast, projects funded by these programs are implemented by experts on contract from other U.S. government agencies (who may also be federal employees), outside contractors, or international and nongovernmental organizations.

The Department of State concurred with the need to integrate export control activities, but took exception to other issues regarding the Nonproliferation and Disarmament Fund.

The major programs in the Nonproliferation, Anti-terrorism, Demining, and Related Programs account		
Nonproliferation programs	Anti-terrorism programs	Regional stability and humanitarian assistance programs
<ul style="list-style-type: none"> • Nonproliferation and Disarmament Fund • Export Control and Related Border Security Assistance Program • Science Centers and Bio-Chem Redirection Program 	<ul style="list-style-type: none"> • Anti-terrorism Assistance Program • Terrorist Interdiction Program 	<ul style="list-style-type: none"> • Humanitarian Demining Program • Small Arms/Light Weapons Destruction Program

Source: GAO.

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Abbreviations

NADR	Nonproliferaton, Anti-terrorism, Demining, and Related Programs Account
NDF	Nonproliferation and Disarmament Fund

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United States General Accounting Office
Washington, D.C. 20548

April 30, 2004

The Honorable Richard G. Lugar
Chairman
Committee on Foreign Relations
United States Senate

Dear Mr. Chairman:

The Department of State's Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account funds programs that are designed to advance U.S. national interests in a variety of areas. Those programs address the spread of weapons of mass destruction, assist other countries in fighting terrorism, and support humanitarian assistance programs such as demining. Administration budget requests for fiscal year 2005 include \$415 million for these programs. You expressed interest in learning about whether the major programs funded through the account are being implemented in accord with their legal authorizations and in the extent to which these programs use experts hired on a contractual basis. In response, we determined (1) the legal authorizations for the programs and the extent to which the types of activities funded are in accord with program authorizations and (2) the extent to which program management and project implementation use experts hired on a contractual basis.

To address these objectives, we focused our audit work on seven major nonproliferation, anti-terrorism, and regional stability and humanitarian assistance programs that are funded through the NADR account.¹ We obtained information and documentation on program authorizations and activities, program funding histories, and program management and implementation, including the use of outside experts. We also met with the officials responsible for managing the programs to discuss these issues. We reviewed the authorizing statutes for each program and compared those provisions with the types of activities supported by the programs. We reviewed the general reliability of the project data and found the data sufficiently reliable for the purpose of representing program activities. We

¹The seven major programs funded through the NADR account that we focused on are (1) the Nonproliferation and Disarmament Fund, (2) the Export Control and Related Border Security Assistance Program, (3) the Science Centers and Bio-Chem Redirection Program, (4) Anti-terrorism Assistance Program, (5) Terrorist Interdiction Program, (6) Humanitarian Demining Program, and (7) Small Arms/Light Weapons Destruction Program.

conducted this review from August 2003 to March 2004 in accordance with generally accepted government auditing standards.

You also asked us to determine how national security goals are incorporated into program budget planning; the nature and extent of coordination with other U.S. government nonproliferation, anti-terrorism, and regional stability and humanitarian assistance programs; and the effectiveness of the major programs. By agreement with your staff, we will address those issues in subsequent reports.

Results in Brief

The seven major programs funded through the NADR account are authorized by law and engage in activities that are consistent with their authority. For example, the Anti-terrorism Assistance Program implements its authorization to assist countries to deter terrorists by providing training and equipment in such areas as bomb detection and disposal, physical security for personnel, and law enforcement management. The Nonproliferation and Disarmament Fund (NDF) implements its nonproliferation responsibilities through activities such as the removal and/or destruction of weapons and the conversion of weapons testing facilities. However, the NDF also engages in activities that, while authorized by law, appear to be inconsistent with the expectation that the NDF provide a flexible funding source to respond to urgent nonproliferation activities. House Appropriations Committee reports between 1996 and 2000 and an Appropriations Conference Committee report in 1997 state that the NDF is designed to respond to urgent, unanticipated nonproliferation activities of immediate concern to the United States and that longer-term programmatic activities, such as export controls, should be funded elsewhere. That mission to respond to urgent, unanticipated events was reiterated by the Secretary of State in 2001 in testimony before a Senate committee, and is included in the NDF's own mission statement. Nevertheless, at least half of the NDF's \$35 million budget request for fiscal year 2004 and 57 percent of the \$34.5 million request for fiscal year 2005 were designated for longer-term activities preplanned through the annual budget process. Recently, commitments to longer-term preplanned activities have resulted in the NDF's need to curtail planned expenditures to release funding to meet the urgent needs of Libya's decision to divest itself of weapons of mass destruction. In addition, the NDF has supported the longer-term development of an automated export control system called Tracker that has not been coordinated with the export control assistance program funded by the Department of State's

Export Control and Related Border Security Assistance Program.² As a result, the Department risks deploying unintegrated systems in countries that have sought U.S. assistance to improve their export control capabilities.

While programs funded through the NADR account are managed primarily by a staff of U.S. government employees rather than experts hired on a contractual basis, projects funded by these programs are implemented by outside experts, some of whom are also federal employees from other agencies who are contracted to implement projects. Program management offices range in size from 1 person to 26 people (where 2 programs have been merged), with an average size of about 17 people. The program management offices are staffed, on average, by about 80 percent full-time federal employees and about 20 percent experts hired on a contractual basis. Program management staff develop projects to accomplish program objectives. In contrast to program management staff, projects funded by these programs are implemented by experts, some of whom may be federal employees on contract through other U.S. government agencies, while some are outside contractors, or international and nongovernmental organizations. When projects are implemented by experts from other U.S. government agencies, funds are generally transferred from the Department of State's program to these agencies through Interagency Acquisition Agreements or Memorandums of Agreement/Understanding. The use of contract personnel on specific engagements or projects can range from one expert to as many as several hundred. Project length varies depending on individual project requirements.

In this report, we are recommending that the Secretaries of State and Commerce evaluate the extent to which the export control activities of the NDF and the Export Control and Related Border Security Assistance Program are integrated and thus ensure that recipient countries are receiving comprehensive assistance to improve their export control systems.

In this report, we also include two matters for congressional consideration. The Congress may want to consider conditioning future year funding requests for the Tracker export control system until the Secretaries of State and Commerce have determined whether the two systems should be integrated. The Congress may also want to consider clarifying through

²The Department of Commerce has participated in project implementation for this program.

legislation its intent with respect to the scope and direction of the NDF's activities.

We received written comments from the Department of State, which have been reprinted in appendix V. The Department of State concurred with our recommendation that the Tracker export control system be integrated with the export control activities of the Department of State's Export Control and Related Border Security Assistance Program. The Department of State took exception, however, to characterizing the NDF's preplanned activities as the "earmarking" of funds, the reference to the NDF as a "contingency fund," and our discussion of export control activities as appearing to be beyond expectations of the scope of the program's mission. However, through its budget justifications, the Department of State informed the Congress that it planned to expend appropriations from this fund on some longer-term activities, including export controls, that appear to be outside the expected scope of program activities. Further, the characterization of the NDF as a contingency fund came from testimony of the Secretary of State to a Senate Appropriations subcommittee. Finally, the 1997 conference committee report language was clear about expecting export control activity to be funded elsewhere. State also provided technical comments that have been incorporated into the report as appropriate. We also sent a copy of our draft report to the Department of Commerce, which stated that it had no comments.

Background

In 1996, Congress established the NADR appropriations account in response to the increased importance of nonproliferation and anti-terrorism efforts and to give the executive branch more flexibility in administering funds for these kinds of activities.³ While some programs funded through the account have been recently established—such as the Small Arms/Light Weapons Destruction Program, other programs were already in operation when the NADR account was created, including the NDF. Programs funded through this account fall under the jurisdiction of the Department of State and are grouped into three categories: (1) Nonproliferation, (2) Anti-terrorism, and (3) Regional Stability and Humanitarian Assistance.

There are three major nonproliferation programs:

³H. Rept. 105-401 accompanying the Foreign Appropriations Export Financing and Related Programs Appropriations Bill for 1997, Pub. L. 105-118.

-
- The NDF funds projects to prevent the proliferation of weapons of mass destruction, their delivery systems, and related materials.
 - The Export Control and Related Border Security Assistance Program assists other governments in implementing effective export control systems to prevent the proliferation of weapons of mass destruction and their missile delivery systems as well as conventional weapons.
 - The Science Centers and Bio-Chem Redirection Program finances civilian research by former Soviet nuclear, biological, and chemical weapons scientists to provide incentives that would prevent them from marketing their skills to other countries. The fiscal year 2005 budget request refers to this program as the Nonproliferation of WMD (weapons of mass destruction) Expertise Program.

There are two major anti-terrorism programs:

- The Anti-terrorism Assistance Program provides training to foreign nationals in such areas as law enforcement, border control, protection of critical infrastructure, and crisis management to develop and sustain other countries' abilities to impede terrorist activities.
- The Terrorist Interdiction Program helps countries improve border security through the provision of a computerized database that enables border control officials to identify, detain, or track individuals of interest.

Two major programs support regional stability and humanitarian assistance:

- The Humanitarian Demining Program funds humanitarian assistance programs that remove and destroy land mines and unexploded ordnance from former combat areas.
- The Small Arms/Light Weapons Destruction Program supports the destruction worldwide of surplus and illicit stocks of military small arms and light weapons that are easily transportable (e.g., small arms, minor explosives, and hand-held missile systems).

Table 1 provides the appropriations history for these major programs for fiscal years 1999 through 2005, as applicable.

Table 1: Appropriations for the Major NADR Programs, Fiscal Years 1999 through 2005

Dollars in millions

NADR program	Fiscal year						
	1999	2000	2001	2002	2003	2004	2005 (request)
Nonproliferation and Disarmament Fund	\$15	\$15	\$15	\$14	\$14.9	\$30	\$34.5
Export Control and Related Border Security Assistance	9 ^a	14.5	19.1	41.7 ^a	36	36	38
Science Centers and Bio-Chem Redirection ^b	28.9	78	51	82 ^a	52	50.5	50.5
Anti-terrorism Assistance	41 ^a	31	38	157.9 ^a	90.6 ^a	97	128.3
Terrorist Interdiction Program	N/A	1.3	4	18 ^a	5	5	5
Humanitarian Demining Program	35	40	39.9	43 ^a	49 ^a	50	59.9
Small Arms/Light Weapons Destruction Program	N/A	N/A	2	3	3	3	9
Total	\$128.9	\$179.8	\$169	\$359.6	\$250.5	\$271.5	\$325.2

Legend: N/A = not applicable.

Source: Department of State Congressional Budget Justifications for fiscal years 2001 through 2005.

^aThis figure includes some supplemental appropriations.

^bThis program was fully funded through the Freedom Support Act for fiscal years 1999 and 2000, and partially funded through that act in fiscal years 2001 and 2002.

In addition to these major programs, the NADR account funds other activities, including contributions to international organizations that have a more specific focus. For example, the NADR account includes funds that support other nonproliferation activities, including the International Atomic Energy Agency and the International Monitoring System. While some of these activities may have received significant levels of appropriations, we did not conduct in depth review of these activities because they were generally more focused in scope. State officials, nevertheless, consider the funding and programmatic support to the International Atomic Energy Agency to be one of their more important nonproliferation activities, and noted that the appropriations for the U.S. voluntary contribution has been at least \$50 million since fiscal year 2001. Table 2 provides a funding history for these activities.

Table 2: Other Activities Funded through the NADR Account, Fiscal Years 1999 through 2005

Dollars in millions

Program ^a	Fiscal year appropriations						
	1999	2000	2001	2002	2003	2004	2005 (request)
International Atomic Energy Agency Voluntary Contribution	\$40	\$43	\$50.5	\$50	\$52.9	\$53	\$53
International Monitoring System (for the Comprehensive Test-Ban Treaty)	28.9	13.7	17.6	16.6	14	19	19
Korean Peninsula Energy Development Organization	53.1	55.3	74.9	90.5	5	N/A	N/A
Organization for the Prohibition of Chemical Weapons Voluntary Contribution	N/A	N/A	N/A	2	N/A	N/A	N/A
Lockerbie Trial Support	N/A	N/A	15	N/A	N/A	N/A	N/A
Counterterrorism Engagement with Allies	N/A	N/A	N/A	3	N/A	N/A	0.5
Israel Counterterrorism Assistance	N/A	N/A	N/A	28	N/A	N/A	N/A
International Trust Fund	N/A	N/A	N/A	N/A	10	10	10
Counterterrorism Financing	N/A	N/A	N/A	N/A	N/A	N/A	7.5
Total	\$122	\$112	\$158	\$190.1	\$81.9	\$82	\$90

Legend: N/A = not applicable.

Source: Department of State Congressional Budget Justifications for fiscal years 2001 through 2005.

^aSee appendixes II, III, and IV for descriptions of these activities.

Program Activities Reflect Legislative Authorizations, but One Program’s Activities Appear to Go Beyond Expectations for the Scope of Its Mission

All the NADR programs are authorized by law, and program implementation reflects those legislative authorizations. Because the NDF, however, engages in both preplanned and longer-term activities, it also engages in activities that, while legally authorized, appear to go beyond expectations for the scope of the program’s mission of providing a flexible funding source to respond to urgent nonproliferation activities. Program expectations appear in congressional appropriations committee reports and have been reiterated by the Secretary of State and the program’s own mission statement. For example, appropriations committee report language states that the program should focus on “urgent, unanticipated nonproliferation activities of immediate concern to the United States.” Furthermore, the program funds a longer-term export control activity that is designated in committee reports as being outside the scope of the program’s expected activities. That export control activity has not been integrated with State’s Export Control and Related Border Security

Assistance Program, which supports development of export control capabilities in other countries.

Program Activities Reflect Legislative Authorizations

State is authorized to engage in the activities of the major programs funded through the NADR account. The legislative authorities for the programs generally establish the scope of authorized activities, the countries in which the programs may operate, the retention of appropriated funds, and whether the programs can operate regardless of other existing laws.

We reviewed the types of activities funded by the major programs in the context of program authorizations and found that these programs engage in activities that are in accord with their legislative authorizations. For example, among the nonproliferation programs, the Science Centers and Bio-Chem Redirection Program is authorized to engage former Soviet weapons scientists in civilian activities, and to facilitate conversion of former Soviet military technologies and capabilities into civilian activities. To fulfill this mission, the Science Centers and Bio-Chem Redirection Program supports two international science centers—the International Science and Technology Center in Moscow and the Science and Technology Center in Ukraine—as well as other activities including those that engage nuclear, biological, and chemical scientists in research projects. These programs help focus on civilian research such as public health, agriculture, the environment, measures to help combat biological and chemical terrorism, and the development of vaccines for infectious diseases.

Among the anti-terrorism programs, for example, the Anti-terrorism Assistance Program is authorized to provide assistance to allied countries to enhance their ability to deter terrorists and terrorist groups from engaging in international terrorist acts. To fulfill its mission, this program provides training and equipment to enhance other countries' abilities to fight and prevent terrorism. The program supports training and equipment in such areas as bomb detection and disposal, management of hostage situations, physical security for personnel, and law enforcement management.

Among the regional stability and humanitarian assistance programs, for example, the Humanitarian Demining Program is authorized to provide assistance to help strengthen war-torn countries to develop their resources and improve their living standards. To fulfill this mission, this program assists with the clearance of land mines and unexploded ordnance,

provides workshops and classes regarding mine safety for people living in mine-affected regions, and funds research and training for those who run mine action programs.

Detailed information on program authorizations and activities, program implementation, and program funding by type of activity and recipient country, as available, are provided in appendixes II (nonproliferation programs), III (anti-terrorism programs), and IV (regional stability and humanitarian assistance programs).

The Nonproliferation and Disarmament Fund Appears to Engage in Activities Beyond Expectations for the Scope of its Mission

The NDF preplans some activities and engages in longer-term activities, including export control activities that, while authorized by law, appear to be inconsistent with expectations for the scope of the program's mission. According to past language included in appropriations committee reports, and both reiterated by the Secretary of State and incorporated into the program's mission statement, the NDF is expected to provide a flexible funding source to respond to urgent, unanticipated nonproliferation activities. Furthermore, the longer-term preplanned export control activity supported by the NDF has been, and continues to be, developed and implemented independently from the responsibilities and activities of State's Export Control and Related Border Security Assistance Program, which is responsible for assisting the development of export control capabilities in other countries.

Past Appropriations Committee Report Language Provides Guidance for NDF Activities

The 1997 congressional conference report on the appropriations for foreign operations for fiscal year 1998 included language that directed the NDF to focus on funding "urgent, unanticipated nonproliferation activities of immediate concern to the United States." That conference report also stated that "Longer term programmatic activities, such as export controls [*italics added*]", should be funded separately "outside of the NDF account" so that they would be subject to normal legislative oversight and review.⁴ Between 1996 and 2000, the House Appropriations Committee included similar language in committee reports on foreign operations and related

⁴H. Rept. 105-401 on "Making Appropriations for Foreign Operations, Export Financing, and Related Programs for the Fiscal Year Ending September 30, 1998, and For Other Purposes;" November 12, 1997.

appropriations.⁵ This congressional appropriations committee report language, however, is not legally binding⁶ because it is not part of the program's statutory authorization. Moreover, the committee has not included similar language since calendar year 2000. Nevertheless, committee reports are a standard source of congressional guidance for program operations. While appropriations reports apply to appropriations for the applicable fiscal year, the NDF's appropriations are available indefinitely, instead of having to be returned to the U.S. Treasury at the end of a fiscal year if not obligated by then.

In testimony before the Senate Committee on Appropriations' Subcommittee on Foreign Operations in May 2001, the Secretary of State reiterated the emergency response nature of the NDF by characterizing it as a contingency rapid reaction fund, which can meet unanticipated challenges and disperse funds quickly in support of urgent nonproliferation objectives.⁷ Also, the NDF acknowledges the nature of the committee report language in its mission statement. In its September 2003 annual report, the program's mission statement states that the NDF is a "sharply focused fund to permit rapid response to unanticipated (or unusually difficult), high priority requirements/opportunities" in the field of nonproliferation. The "unusually difficult" part of the program's mission, however, emanates from the program and not language in past congressional committee reports. According to a program official, there are no clear parameters for defining what would constitute an "unusually difficult" activity that warranted support from the NDF. That official stated that a determination of "unusually difficult" is made on a case-by-case basis without standardized formal assessment criteria.

⁵First appearing in H. Rept. 104-600 (1996) on "Foreign Operations, Export Financing, and Related Programs Appropriations Bill, 1997"; May 29, 1996. Similar language appears in committee reports through fiscal year 2001. See also H. Rept. 105-176 (1997), H. Rept. 105-719 (1998), H. Rept. 106-254 (1999), and H. Rept. 106-720 (2000).

⁶See 55 Comp. Gen. 307, 325 ("[A]s a general proposition, there is a distinction to be made between utilizing legislative history for the purpose of illuminating the intent underlying language used in a statute and resorting to that history for the purpose of writing into law that which is not there.").

⁷Prepared testimony of Colin L. Powell, Secretary of State, before the Senate Committee on Appropriations Subcommittee on Foreign Operations, May 15, 2001.

Some NDF Activities May Not Be Consistent with Expectations for the Scope of the Program's Mission

The NDF implements its nonproliferation responsibilities through activities such as the removal and/or destruction of weapons and the conversion of weapons testing facilities. However, some activities that the program engages in appear to go beyond the scope of the program's expected activities. In particular, the NDF (1) preplans some programmatic expenditures and (2) funds at least one major longer-term activity, which is an export control activity.

Applying the criteria of "urgent, unanticipated...activities of immediate concern" suggests that a program address urgent needs that generally arise unexpectedly and are not preplanned. Yet the NDF earmarked at least half of its fiscal year 2004 request of \$35 million for preplanned and longer-term, multiyear activities to include (1) \$8.75 million for a Biological Weapons Terrorism Initiative to help countries develop laws and regulations, inventory existing materials, track the movement of existing materials, and secure existing stock and (2) \$8.75 million for the expansion and deployment of an automated export control system called Tracker, which has been under development and deployment by the NDF since 1994. And for fiscal year 2005, at least 57 percent of the requested \$34.5 million is for preplanned activities, including \$7.5 million for a Biological and Chemical Weapons Terrorism Initiative, \$5 million for a Nuclear and Radiological effort, and \$7 million for the Tracker automated export control system.

To use funds to engage in preplanned activities may result in these funds being unavailable to respond to urgent, unanticipated events. For example, Libya's recent decision to divest itself of weapons of mass destruction has generated an immediate response from the United States in facilitating that divestiture. Because of the immediacy of the need, the NDF has now been tasked to respond. But, according to program officials, as of March 2004, the NDF was looking to curtail planned expenditures to release funding to meet the urgent needs of the Libya situation.⁸ According to State, the NDF now has sufficient money to handle its unanticipated requirements in Libya.

The NDF also engages in at least one longer-term activity—development and deployment of the Tracker automated export control system. Tracker is a software system that helps countries process export control applications by providing a central location for inputting, processing, tracking, approving or denying, and reviewing export license applications.

⁸We did not explore, as part of this review, whether similar situations had arisen in the past.

The NDF has been paying for the initiation, development, and deployment of this system since 1994, and has also funded, at its discretion, the technical equipment to implement and operate the system. According to a program official, as of February 2004, the Tracker system was operational in nine countries—Bulgaria, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, and Switzerland. Budget plans indicate significant planned investment in further expansion of both the system’s capabilities and the countries to which it is provided. In particular, the NDF’s fiscal year 2004 budget request preplanned \$8.75 million to further enhance the Tracker system by improving its ability to handle biological, chemical, and radiological materials, and by expanding its deployment to South Asia and the Middle East. The fiscal year 2005 budget request includes another \$7 million for the same effort.

Costs of the Tracker system have consumed a significant portion of the NDF’s annual appropriation. As table 3 shows, those costs have ranged from 21 percent of the appropriation level in fiscal year 1999 to as much as 32 percent in fiscal year 2003.

Table 3: Funding for the Tracker Export Control System, Fiscal Years 1999 through 2005

Nonproliferation and Disarmament Fund	Fiscal year						2004	2005
	1999	2000	2001	2002	2003	(request)	(request)	
Funding for Tracker export control system	\$3.2	\$4.7	\$4.5	\$4.5	\$4.8	\$8.75	\$7	
Total program appropriation	\$15	\$15	\$15	\$14	\$15	\$35	\$34.5	
Funding for Tracker system as percentage of total program appropriation	21	31	30	32	32	25	20	

Source: Department of State and Congressional Budget Justifications for fiscal years 2001 through 2005.

In addition, the Tracker system is an export control activity that the language of congressional appropriations committee reports specifically cited as an example of longer-term activities that the program should not be funding. In 1996, the House Appropriations Committee report expressly stated that the export control activities of the NDF, while worthwhile, did not meet the committee’s criteria for the NDF to support only “urgent,

unanticipated nonproliferation activities of immediate concern to the United States.”⁹ The 1997 conference report for fiscal year 1998 appropriations recommended that \$3 million of NADR account funds be used to support export control-related activities. State applied that \$3 million toward the creation of the Export Control and Related Border Security Assistance Program.

The Tracker System Is Developed Independently of State’s Export Control Program

The Nonproliferation and Disarmament Fund has developed and implemented the Tracker automated export control system, and continues to do so, independently from the responsibilities and activities of State’s Export Control and Related Border Security Assistance Program.¹⁰ The latter program conducts a comprehensive evaluation of the export control capabilities in foreign countries, identifies deficiencies in those capabilities including deficiencies in automated system capabilities, and funds activities to resolve deficiencies. It has provided assistance to about 42 countries, including eight of the nine countries in which the Tracker system is reported to be operational. According to State and Commerce officials, a comprehensive export control capability generally includes such elements as supporting laws, trained export control professionals, and implementing policies and procedures. However, an official of the Export Control and Related Border Security Assistance Program stated that the automated Tracker system is not integrated into its program’s assessment of foreign countries’ export control capabilities and deficiencies.

Department of Commerce officials who have participated in the implementation of the Export Control and Related Border Security Assistance Program expressed concern that the independent deployment of the automated Tracker system may cause countries to mistakenly believe that the Tracker system provides a comprehensive export control capability rather than a single automated component of a comprehensive export control system. Commerce officials noted that deploying any automated export control system, such as the Tracker system, requires careful consideration of a country’s current export control capabilities overall.

⁹H. Rept. 104-600, Foreign Operations, Export Financing, and Related Programs Appropriations Bill, 1997, May 29, 1996.

¹⁰Prior to establishment of State’s Export Control and Related Border Security Assistance Program in fiscal year 1998, Commerce did engage in some coordinated efforts with the NDF in the initial stages of the development of the Tracker system.

Program Management Relies Less on Contracted Experts Than Project Implementation Does

The major NADR programs are managed primarily by full-time federal employees. However, project implementation is generally performed by experts from other U.S. government agencies who are also federal employees, or by outside contractors. Both the number of contract personnel for implementing projects, and the timeframe for project implementation vary depending on the needs of the project.

Program Management Relies Primarily on Full-time Federal Employees

Program management offices for the major NADR programs consist mostly of full-time federal employees. However, contract employees are also used on a limited basis to assist with program management. The program management personnel are primarily responsible for overall program management rather than the implementation of projects funded by their respective programs. Management responsibilities are generally comprised of planning, oversight, and evaluation of program activities. Program management staff develop projects to accomplish program objectives. As table 4 illustrates, an average of 78.5 percent of program staff for the major NADR programs were full-time federal employees in fiscal year 2003.

Except for the Terrorist Interdiction Program, all of the programs use outside contract employees to assist with program management. The use of contract staff for program management ranges from zero to 46 percent. Officials from these programs indicated that, in general, the contract employees are hired through annual, renewable personal service contracts.

Table 4: Full-time Federal Employees and Contract Personnel in Program Management for the Major NADR Programs, Fiscal Year 2004

NADR program	Program management personnel			Percentage of full-time employees of total staff
	Total program management staff	Full-time federal employees	Contract employees in program staff	
Nonproliferation and Disarmament Fund	13	7	6	54
Export Control and Related Border Security Assistance	14	12	2	86
Science Centers and Bio-Chem Redirection	24	16	8	67
Anti-terrorism Assistance	22	20	2	91
Terrorist Interdiction Program	1	1	0	100
Humanitarian Demining Program and Small Arms/Light Weapons Destruction Program	26	19	7	73
Average per program	16.7	12.5	4.2	78.5

Source: NADR program offices.

Note: On October 2, 2003, the Humanitarian Demining Program and the Small Arms/Light Weapons Program were merged into a single Department of State office named the Office of Weapons Removal and Abatement.

NADR Programs Use Government Agencies and Other Experts to Implement Projects

Project implementation for the major NADR programs, in contrast with general program management, is generally performed by experts, some of whom may be federal employees contracted through other U.S. government agencies to implement projects, and some of whom are outside contractors. The NADR programs enter into interagency agreements with other U.S. government agencies, provide grants to international and nongovernmental organizations, and/or contract with private companies in order to implement projects funded by the NADR account. According to program officials, the NADR programs implement projects through these mechanisms because those agencies, organizations, and contractors have the expertise necessary to effectively implement the projects.

To work through other U.S. government agencies to implement projects, the major NADR programs generally enter into Interagency Acquisition Agreements or Memorandums of Agreement/Understanding. These agreements authorize the transfer of funds from the programming office to the implementing agency and specify the work to be performed under the agreement. Many of the NADR programs have entered into these agreements with agencies and offices from the Departments of Defense, Energy, Homeland Security, Health and Human Services, Justice, and Agriculture, and the Environmental Protection Agency.¹¹

The number of contract personnel needed to implement a project varies by project but can range, according to program officials, from as few as one person to as many as several hundred. Project length also varies depending on individual project requirements.

Conclusions

There are differing expectations or interpretations about what the role of the Nonproliferation and Disarmament Fund should be in responding to nonproliferation objectives of the United States. Program management implements a broad mission for the NDF, as permitted by law, that includes not only the responsibility to provide a source of emergency response funding, but also to engage in unusually difficult activities. The latter could include longer-term efforts that may not be considered urgent, unanticipated activities of immediate concern. However, the expectations expressed in language in past congressional committee reports, and the characterization of the NDF's focus in testimony by the Secretary of State before a Senate committee, describe a program mission that can be expected to focus on the objective of providing emergency response capability rather than engaging in longer-term programmatic activities such as export controls. The discrepancy between these expectations and permissible activities under the law would benefit from clarification of congressional intent through legislation. In the light of such clarification, program activities should be reassessed.

Furthermore, the NDF's export control activities and the export control activities in the Export Control and Related Border Security Assistance Program warrant evaluation, coordination, and integration. Having two programs assisting the development of export control capabilities in other

¹¹The Humanitarian Demining Program also uses grants with nongovernmental and international organizations.

countries from two separate approaches that are not integrated or coordinated can result in duplication of effort and wasteful expenditure.

Recommendation

In this report, we are recommending that the Secretaries of State and Commerce evaluate the extent to which the export control activities of the Nonproliferation and Disarmament Fund and the Export Control and Related Border Security Assistance Program are integrated and thus ensure that recipient countries are receiving comprehensive assistance to improve their export control systems.

Matters for Congressional Consideration

The Congress may want to consider conditioning future year funding requests for the Tracker export control system until the Secretaries of State and Commerce have determined whether the two systems should be integrated.

The Congress may also want to consider clarifying through legislation its intent with respect to the scope and direction of the NDF's activities.

Agency Comments and Our Evaluation

State provided written comments on the draft report. These comments are reprinted in appendix V. The department also provided technical comments, which we incorporated into the report as appropriate.

State concurred with our recommendation that the Tracker export control program being developed and implemented by the NDF be integrated with the export control activities of State's Export Control and Related Border Security Assistance Program.

The Department of State took exception, however, to our use of the term "earmarking" in characterizing the plans delineated in the budget requests of the NDF. The department states that it has not earmarked any funds of the Nonproliferation and Disarmament Fund nor does it plan to do so in future years. State notes that funds can only be committed through the NDF's review process. We understand that appropriated funds cannot be committed for specific expenditures except through that process. However, the Nonproliferation and Disarmament Fund has informed the Congress in its budget justifications that it designated requested appropriations for the preplanned longer-term activities we cite in the report, which is the point we are making.

The department also stated that it had more than sufficient funds to handle the unanticipated nonproliferation requirements in Libya. Nevertheless, the director of the NDF explicitly told us at a meeting on February 5, 2004, and at the exit conference with the department on March 10, 2004, that the NDF was searching for funds that could be de-obligated from approved activities in order to cover the costs for its Libya activities. We have modified the body of the report to state that according to State, the NDF now has sufficient money to handle its unanticipated requirements in Libya.

The Department of State further stated that the NDF is not a contingency fund awaiting opportunities. However, the Secretary of State specifically characterized, in his testimony of May 15, 2001, before the Senate Appropriations Subcommittee on Foreign Operations, the NDF, as we note in the report, as a “contingency rapid-reaction fund which can meet unanticipated challenges and disperse funds quickly in support of urgent nonproliferation objectives.” In addition, the Department of State stated it often used the NDF to create opportunities, start new initiatives or programs, and undertake unique and unusually difficult work. As we state in the report, some of the NDF’s activities appear to go beyond expectations for the scope of its mission. As a result, we have made a matter for congressional consideration that, if desired, the legal authority for the Nonproliferation and Disarmament Fund should be clarified through legislation.

The Department of State commented that 1996 conference report language reflected concerns about the Nonproliferation and Disarmament Fund being the sole source of export control assistance funding, and that the department responded to those concerns by creating an export control assistance account in fiscal year 1998. However, the November 1997 appropriations conference committee report for fiscal year 1998 appropriations, specifically stated that “[T]he conferees strongly support the core nonproliferation activities of the NDF. The NDF is designed to provide the Secretary of State with a flexible funding source to respond to urgent, unanticipated nonproliferation activities of immediate concern to the United States. Longer term programmatic activities, such as export controls, should be funded separately outside of the NDF account and therefore subject to the normal conditions for legislative oversight and review. For this reason the conference agreement recommends that \$3 million in NADR account funds be used to support export control related activities.”

The Department of State also took exception to the report's relegation of the United States' voluntary contribution to the International Atomic Energy Agency to nonmajor status, although the department acknowledged that we did not appear to intend to diminish the importance of the program. As agreed with the department, we did not intend to diminish the importance of this program, so we have revised the report language to more appropriately reflect the importance of the U.S. contribution to the International Atomic Energy Agency's mission.

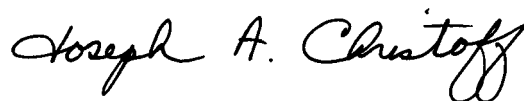
We also provided the Department of Commerce with a copy of the draft report for its review and comment. Commerce stated that it had no comments.

We conducted this review from August 2003 to March 2004 in accordance with generally accepted government auditing standards.

We are sending copies of this report to other interested congressional committees, the Secretary of State, and the Secretary of Commerce. We will also make copies available to others upon request. In addition, this report will be available at no cost on the GAO Web site at <http://www.gao.gov>.

Please contact me at (202) 512-8979 if you or your staff have any questions about this report. Key contributors to this report were F. James Shafer, Beverly Ann Bendekgey, Joseph Brown, John F. Miller, Joe Zamoyta, Mark Dowling, Martin de Alteriis, and Lynn Cothorn.

Sincerely,



Joseph A. Christoff, Director
International Affairs and Trade

Scope and Methodology

To determine the legal authorizations for the programs funded through the NADR account, and the extent to which the types of activities funded met program authorizations, we obtained the statutory authorizations from program officials and from our independent legal searches; we discussed those authorizations with program officials and reviewed them to determine if they were the statutes that applied to their respective programs. We obtained from program officials information and related documentation, as well as project data, on the types of activities funded by the programs. We compared those types of activities with program authorizations to determine if the activities funded were generally in accord with the authorizations.

To determine the extent to which program management utilized outside experts, we met with program officials responsible for implementing the NADR programs to discuss, and obtain information and documentation on, the composition of program management staff and the extent to which programs utilized outside experts in project implementation. Program managers provided us with information on each filled position on the program staff and whether the position was filled with federal employees or outside experts hired under contract.

To develop program funding histories for the report appendixes, we obtained a 5-year funding history (fiscal years 1999 through 2003) of individual projects for the major programs. We reviewed the reliability of the project data provided by program officials by performing initial testing of the funding data for completeness, consistency, and reasonableness. We also interviewed program officials responsible for managing the data to assess how the data are developed and maintained, including the security of access to the data. We found the data sufficiently reliable for representing program activities.

We conducted this review from August 2003 to March 2004 in accordance with generally accepted government auditing standards.

Nonproliferation Programs Funded through the Department of State's NADR Account

The Department of State's nonproliferation programs funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) account are designed to help achieve U.S. national security interests by preventing the spread of weapons of mass destruction, their delivery systems, and related materials. There are three major nonproliferation programs funded through the NADR account: the Nonproliferation and Disarmament Fund (NDF), the Export Control and Related Border Security Assistance Program, and the Science Centers and Bio-Chem Redirection Program, now referred to as the Nonproliferation of Weapons of Mass Destruction Expertise Program. Each program operates within State's Bureau of Nonproliferation under the authority of the Undersecretary of State for Arms Control and International Security Affairs. In addition to these three major programs, the NADR account also includes funding for additional nonproliferation activities that are more narrowly focused.

State officials consider the voluntary contribution and programmatic support to the International Atomic Energy Agency to be one of their more important nonproliferation activities. While this contribution may have received considerable levels of appropriations, we did not conduct in-depth review of these activities because they were generally more specific in scope than the three nonproliferation programs we reviewed in depth. The International Atomic Energy Agency is discussed at the end of this appendix.

Nonproliferation and Disarmament Fund

The NDF was established in 1992 to help (1) prevent the proliferation of weapons of mass destruction and related materials, (2) destroy or neutralize such weapons and materials, and (3) limit the spread of advanced conventional weapons and their delivery systems by providing a flexible funding source that could respond rapidly to nonproliferation needs and activities. To meet its mission, the NDF can hold appropriated funds until expended, and these funds can be expended notwithstanding any other provision of law. The NDF may engage in certain activities worldwide, while some authorized activities are restricted to countries that were part of the former Soviet Union.

Table 5 provides detailed information on program authorization, activities, and implementation. Table 6 provides data on program funding by type of activity for fiscal years 1999 through 2003.

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Nonproliferation Programs Funded through
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Table 5: Nonproliferation and Disarmament Fund

Program authorization and activities

Year established	1992
Legal authority for the program	<p>The NDF was established pursuant to section 504 of the Freedom Support Act (P.L. 102-511).</p> <p>The act authorizes the President to promote bilateral and multilateral nonproliferation and disarmament activities. The act gives the President the authority to:</p> <ul style="list-style-type: none"> • Support the destruction and dismantlement of weapons of mass destruction, their delivery systems, and related sensitive material, and to assist efforts to halt the proliferation of weapons of mass destruction; • Prevent the proliferation of weapons of mass destruction in the former Soviet Union and to prevent diversion of weapons-related expertise to terrorist groups and other parts of the world; • Establish science centers in the Newly Independent States to engage former weapons scientists in civilian activities; and • Establish programs facilitating the conversion of former Soviet Union military technologies and capabilities into civilian activities. <p>The President delegated these statutory authorities to the Secretary of State, who, in turn, delegated the authority to the Under Secretary for Arms Control and International Security Affairs.</p> <p>The NDF's appropriations are available indefinitely, instead of having to return the funds to the U.S. Treasury at the end of the fiscal year if they are unobligated by that time.</p>
General program objectives	<p>The NDF permits rapid response to unanticipated or unusually difficult, high-priority requirements/opportunities to:</p> <ul style="list-style-type: none"> • Halt the proliferation of nuclear, biological, chemical weapons, their delivery systems, and related materials; • Destroy or neutralize existing weapons of mass destruction, their delivery systems, and related sensitive materials; and • Limit the spread of advanced conventional weapons and their delivery systems.
Types of activities funded	<p>The program has provided funding for the following types of projects/activities:</p> <ul style="list-style-type: none"> • Education and training, • Destruction and conversion, • Enforcement and interdiction, • Safeguards and verification, and • Tracker automated export control system.
Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	<p>Fiscal years</p> <p>1999 - \$14.99</p> <p>2000 - \$15</p> <p>2001 - \$14.97</p> <p>2002 - \$14</p> <p>2003 - \$14.9</p> <p>2004 - \$30</p> <p>2005 request - \$34.5</p>

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Nonproliferation Programs Funded through
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Program implementation

Managing unit within the Department of State	Undersecretary of State for Arms Control and International Security Affairs • Office of the Nonproliferation and Disarmament Fund
Project selection process	<p>The NDF accepts project proposals from all U.S. government agencies that support nonproliferation and disarmament activities. These proposals include summaries of the projects, the program objective being addressed, project justification, estimated costs, alternative funding sources, related programs and policy initiatives, and diplomatic negotiations and interagency deliberations.</p> <p>The authority for final project approval lies with the Department of State's Undersecretary Arms Control and International Security. However, the proposals are reviewed by an interagency Review Panel, which consists of the Assistant Secretary for Nonproliferation and officers at the assistant secretary and deputy assistant secretary levels from the Department of State's Political and Military Affairs, Arms Control, and Verification and Compliance Bureau as voting members. Nonvoting members of the panel include representatives at the assistant secretary level from the U.S. Departments of Commerce, Defense, Energy, and Treasury, and from the Weapons Intelligence, Nonproliferation, and Arms Control Center, the National Security Council, and the Office of Management and Budget. The panel reviews each project proposal and then provides a decision memo to the Under Secretary of State for Arms Control and International Security Affairs for final project approval.</p>

Source: Department of State program officials and legislation.

Table 6: Funding from the Nonproliferation and Disarmament Fund by Type of Activity, Fiscal Years 1999 through 2003

Type of activity	Fiscal year					Total	Percentage of total
	1999	2000	2001	2002	2003		
Administrative	\$0.67	\$0.68	\$0.68	\$0.63	\$0.75	\$3.41	4.7
Destruction/ Conversion	4.00	3.05	2.30	8.79	0	18.14	25.1
Education/ Training	0.80	0	0	0.58	0	1.38	1.9
Enforcement/ Interdiction	6.73	0.73	4.80	0	0	12.26	17.0
Safeguards/ Verification	0	3.11	3.00	5.31	3.91	15.33	21.2
Tracker	3.16	4.72	4.50	4.50	4.80	21.68	30.0
Total	\$15.36	\$12.29	\$15.28	\$19.81	\$9.46	\$72.20	99.9

Source: Department of State Nonproliferation and Disarmament Fund.

Note: Percentage total does not add to 100 due to rounding.

Export Control and Related Border Security Assistance Program

The Export Control and Related Border Security Assistance Program was established as a separate program in 1998 to help prevent the proliferation of weapons of mass destruction, their missile delivery systems, conventional weapons, and related items and materials by (1) assisting foreign governments to establish and implement effective export control systems that meet international standards and (2) preventing transfers of sensitive goods to other countries and terrorist networks. The program cannot hold appropriated funds and must obligate funds within 1 year.

Table 7 provides detailed information on program authorization, activities, and implementation. Table 8 provides data on program funding by country—and table 9 by type of activity—for fiscal years 2000 through 2003.

Table 7: The Export Control and Related Border Security Assistance Program

Program authorization and activities

Year established	1998
Legal authority for the program	Chapter IX of Part II of the Foreign Assistance Act of 1961, as amended.
	<p>Assistance under this section is provided to halt the proliferation of nuclear, chemical, and biological weapons, and conventional weaponry by:</p> <ul style="list-style-type: none"> • Enhancing nonproliferation and export control capabilities of friendly countries by providing equipment and training; • Offering assistance; and • Promoting multilateral activities related to nonproliferation. <p>The program must return unobligated funds to the U.S. Treasury by the end of the fiscal year.</p>
General program objectives	<p>To help stem the proliferation of weapons of mass destruction, their missile delivery systems, and other weapons by providing assistance to other governments to establish and implement effective export control systems that meet international standards.</p> <p>This program works bilaterally and multilaterally to improve export control capabilities in the following areas:</p> <ul style="list-style-type: none"> • Comprehensive legal/regulatory frameworks, • Effective licensing procedures and practices, • Effective enforcement techniques and capabilities, • Government outreach to industry, and • Interagency coordination and cooperation.
Types of activities funded	<p>The program has provided funding for the following types of projects/activities:</p> <ul style="list-style-type: none"> • Legal and regulatory frameworks, • Licensing processes, • Border control and investigative capabilities, • Outreach to industry, and • Interagency coordination.

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Program authorization and activities

Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	Fiscal years
	1999 - \$9 ^a
	2000 - \$14.53
	2001 - \$19.1
	2002 - \$41.7 ^a
	2003 - \$36
	2004 - \$36
2005 request - \$38	

Program implementation

Managing unit within the Department of State	Undersecretary of State for Arms Control and International Security Affairs <ul style="list-style-type: none"> • Assistant Secretary for Nonproliferation, • Deputy Assistant Secretary for Nonproliferation Controls, and • Office of Export Control Cooperation.
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Project selection process	The Office of Export Control Cooperation is responsible for developing annual country plans that are the basis for providing assistance to countries based on identified needs, resource availability, and the ability to absorb the assistance. To determine the export control needs of the countries, the office completes an annual assessment known as the Export Control System Standards, and receives input from country advisors, embassies, and implementing agencies on needed projects. The Office of Export Control Cooperation then prioritizes the export control threats included in the plans on a global scale to determine which projects will be funded for the next fiscal year.
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The country plans are then cleared by an interagency group involved in export controls, including the Departments of Homeland Security (Customs and Border Protection and Coast Guard), Commerce (Bureau of Industry and Security), Energy (National Nuclear Security Administration), and Defense (Defense Threat Reduction Agency). The interagency group clears specific projects and identifies possible duplicative efforts. The Office of Export Control Cooperation has final approval of project selection and drafts the interagency agreements or contracts for project implementation.

The Office of Export Control Cooperation obligates funds through interagency agreements with the Departments of Commerce, Defense, Energy, and Homeland Security (U.S. Customs and Border Protection) to implement the projects of the Export Control and Related Border Security program.

Source: Department of State program officials and legislation.

^aIncludes supplemental appropriations.

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Table 8: Funding from the Export Control and Related Border Security Assistance Program, by Country, Fiscal Years 2000 through 2003

Dollars in millions

Country	Fiscal year				Total	Percentage of total
	2000	2001	2002	2003		
Afghanistan	\$ 0	\$ 0	\$ 0	\$0.077	\$0.077	0.08
Albania	0.020	0	0	0.180	0.200	0.22
Armenia	0	0.495	0.600	0.460	1.555	1.71
Azerbaijan	0.145	2.613	0.500	2.519	5.777	6.34
Bosnia and Herzegovina	0	0	0	0.377	0.377	0.41
Bulgaria	0.520	0.350	0.410	0.314	1.594	1.75
Croatia	0	0	0.040	0.440	0.480	0.53
Cyprus	0.310	0.290	0.055	0.364	1.019	1.12
Czech Republic	0.813	0.317	0.200	0.309	1.639	1.80
Egypt	0	0	0.050	0	0.050	0.05
Estonia	0.270	0.539	0.101	0.566	1.476	1.62
Hungary	0.430	0.368	0.120	0.120	1.038	1.14
India	0.285	0.874	0.800	0.125	2.084	2.29
Jordan	0	0	0.720	0.183	0.903	0.99
Kazakhstan	1.119	2.665	0.655	2.308	6.747	7.40
Kyrgyzstan	0	2.000	0	2.114	4.114	4.51
Latvia	0.420	0.474	1.141	1.450	3.485	3.82
Lithuania	0.953	0.560	0.781	1.005	3.299	3.62
Macedonia	0.320	0.495	0.100	0.534	1.449	1.59
Malaysia	0	0.092	0.150	0	0.242	0.27
Malta	0.377	5.300	0.119	0.576	6.372	6.99
Moldova	0.050	0	0	0.515	0.565	0.62
Oman	0	0	0.020	0	0.020	0.02
Pakistan	0	0	0.100	0.183	0.283	0.31
Panama	0	0	0	0.042	0.042	0.05
Poland	0.640	0.917	0.316	0.894	2.767	3.04
Regional	0.810	1.456	1.205	0.406	3.877	4.25
Romania	0.330	0.636	0.245	0.824	2.035	2.23
Russia	0.800	1.000	1.385	1.902	5.087	5.58
Saudi Arabia	0	0	0.030	0.060	0.090	0.10

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Dollars in millions

Country	Fiscal year				Total	Percentage of total
	2000	2001	2002	2003		
Serbia and Montenegro	0	0	0	0.423	0.423	0.46
Slovakia	0.200	0.380	0.682	0.645	1.907	2.09
Slovenia	0.125	0.405	0.350	0.793	1.673	1.84
Taiwan	0	0.027	0	0.060	0.087	0.10
Tajikistan	0.050	7.500	0	0.350	7.900	8.67
Thailand	0	0.028	0.070	0.033	0.131	0.14
Turkey	0	1.299	1.000	0.583	2.882	3.16
Turkmenistan	0.190	5.000	0	0.389	5.579	6.12
Ukraine	0.962	0.731	0.800	1.530	4.023	4.41
United Arab Emirates	0	0.283	0.350	0.200	0.833	0.91
Uzbekistan	0	4.330	0.300	2.154	6.784	7.44
Vietnam	0	0	0.020	0.040	0.060	0.07
Yemen	0	0.137	0	0	0.137	0.15
Total	\$10.139	\$41.561	\$13.415	\$26.047	\$91.162	100.01

Source: Department of State Office of Export Control Cooperation.

Note: Percentage total does not add to 100 due to rounding.

Table 9: Funding from the Export Control and Related Border Security Assistance Program, by Type of Activity, Fiscal Years 2000 through 2003

Dollars in millions

Type of activity	Fiscal year				Total	Percentage of total
	2000	2001	2002	2003		
Administrative/ Support costs	\$0.80	\$10.63	\$5.43	\$1.87	\$18.73	20.55
Advisors	2.64	5.31	3.53	5.49	16.97	18.62
Enforcement techniques and capabilities	2.67	22.81	0.88	14.23	40.59	44.53
Government outreach	0.65	1.00	0.80	0.50	2.95	3.24

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Dollars in millions

Type of activity	Fiscal year				Total	Percentage of total
	2000	2001	2002	2003		
Legal/regulatory frameworks	0.41	0.17	0.17	0.40	1.15	1.26
Licensing procedures and practices	2.97	1.63	2.61	3.56	10.77	11.81
Total funding	\$10.14	\$41.55	\$13.42	\$26.05	\$91.16	100.01

Source: Department of State Office of Export Control Cooperation.

Note: Percentage total does not add to 100 due to rounding.

Science Centers and Bio-Chem Redirection Program

The Science Centers and Bio-Chem Redirection Program¹ pursues its responsibilities through three main activities: (1) the Science Centers, (2) the Bio-Chem Redirection Program, and (3) the BioIndustry Initiative. The Science Centers program was established in 1992 in the Department of Defense and transferred to the Department of State in 1996. Along with the Bio-Chem Redirection Program, which was established in 1997, these programs help prevent the proliferation of weapons of mass destruction by (1) engaging former Soviet Union nuclear, biological, and chemical weapons scientists in civilian research to prevent them from providing expertise and weapons to other states and terrorist networks and (2) countering the threat of bio-terrorism through transformation of former Soviet weapons research and production facilities for civilian research. The Science Centers and the Bio-Chem Redirection programs finance civilian research by former Soviet weapons scientists as an alternative to their providing their expertise to terrorist networks and other states.

The BioIndustry Initiative, which was established in 2002, helps reconfigure large scale former Soviet biological weapons production facilities to commercial uses, and engages former biological and chemical weapons scientists in civilian research projects, such as developing drugs and vaccines. Program activities are restricted to countries that were part

¹This program has also been referred to as the Science Centers and BioRedirection (or Biotechnology Redirection) Program in the past. The program is referred to as the Nonproliferation of Weapons of Mass Destruction Expertise Program in the fiscal year 2005 budget request.

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of the former Soviet Union, and funds must be obligated within 1 fiscal year. Table 10 provides detailed information on program authorization, activities, and implementation.

Table 10: Science Centers and Bio-Chem Redirection Program

Program authorization and activities

Year established	<p><u>Science Centers</u>: Established in the Department of Defense in 1992, and transferred to the Department of State in 1996.</p> <p><u>Bio-Chem Redirection</u>: 1997.</p> <p><u>BioIndustry Initiative</u>: 2002.</p>
Legal authority for the program	<p><u>Science Centers, Bio-Chem Redirection, and BioIndustry Initiative</u>: The Freedom Support Act of 1992, (P.L. 102-511) Title V, Sections 503 and 504.</p> <p>The President is authorized to promote bilateral and multilateral nonproliferation and disarmament activities to:</p> <ul style="list-style-type: none"> • Support the destruction and dismantlement of weapons of mass destruction, their delivery systems, and related sensitive material, and to assist efforts to halt the proliferation of weapons of mass destruction; • Prevent the proliferation of weapons of mass destruction in the former Soviet Union, and to prevent diversion of weapons of mass destruction to terrorist groups and other parts of the world; • Establish science centers in the Newly Independent States to engage former weapons scientists in civilian activities; and • Establish programs facilitating the conversion of former Soviet Union military technologies and capabilities into civilian activities. <p>Efforts are restricted to those states that were part of the former Soviet Union.</p> <p>The program must return unobligated funds to the U.S. Treasury by the end of the fiscal year.</p>

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General program objectives	<p><u>Science Centers:</u> The Science Centers program finances civilian research by former Soviet weapons scientists as an alternative to their providing weapons of mass destruction and missile expertise to terrorist networks and other states. The program engages thousands of former nuclear, biological, chemical weapons, and missile scientists in peaceful research and supports ongoing activities that foster commercial development, international commercial research opportunities, and self-sustainable civilian employment.</p> <p><u>Bio-Chem Redirection:</u> The Bio-Chem Redirection program is designed to engage former Soviet biological and chemical weapons scientists in civilian research to offer a viable economic alternative to marketing their skills to countries of proliferation concern or terrorist groups. The program also promotes access and transparency at former Soviet Union weapons-related facilities and supports efforts to combat biological and chemical terrorism. Furthermore, the program seeks to further develop the elements of infrastructure required to support a civilian chemical and biotechnology industry, while helping weapons scientists move toward long-term civilian employment.</p> <p><u>BioIndustry Initiative:</u> The Initiative's goal is to counter the threat of bioterrorism through targeted transformation of former Soviet biological weapons research and production capacities into civilian commercial production facilities and to support collaborative research and development projects that could accelerate drug and vaccine development for highly infectious diseases.</p>
Types of activities funded	<p>The Science Centers program funds two international science centers: the International Science and Technology Center in Moscow, Russia, and the Science and Technology Center in Kiev, Ukraine. Those science centers have provided funding for the following types of projects/activities:</p> <ul style="list-style-type: none">• Science and technology research and development,• Professional and business management training,• Patent and technology commercialization support,• Communication upgrade support, and• Travel support. <p>The Bio-Chem Redirection program funds projects that are implemented by other U.S. federal agencies for the following kinds of research:</p> <ul style="list-style-type: none">• Public health,• Agriculture, and• Environment. <p>The BioIndustry Initiative funds activities through the International Science and Technology Center in Moscow, the Civilian Research and Development Foundation, which is a private research organization, and the Center for Integrated Medicine and Innovative Technologies which receives funds under contract. The kinds of activities the Initiative funds include:</p> <ul style="list-style-type: none">• Reconfiguring large-scale former biological weapons production facilities for civilian uses and• Accelerated drug and vaccine development to combat highly infectious diseases.

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Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	Fiscal years
	<u>Science Centers^e</u>
	1999 - \$22
	2000 - \$59
	2001 - \$35
	2002 - \$37
	2003 - \$32
	2004 - \$50.5 ^a
	2005 request - \$50.5 ^{a,b}
	<u>Bio-Chem Redirection</u>
	1999 - \$6.88
	2000 - \$19
	2001 - \$16
	2002 - \$15
	2003 - \$20 ^c
	<u>BioIndustry Initiative</u>
	1999 - N/A
	2000 - N/A
2001 - N/A	
2002 - \$30 ^d	

Program implementation

Managing unit within the Department of State	Undersecretary of State for Arms Control and International Security Affairs <ul style="list-style-type: none"> • Assistant Secretary for Nonproliferation, • Principal Deputy Assistant Secretary for Nonproliferation Controls, and • Office of Proliferation Threat Reduction.
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Project selection process

Science Centers

This program funds activities at the two international science centers noted above. All project proposals are received from the two international science centers and reviewed by the Office of Proliferation Threat Reduction at the Department of State. However, the office does not directly implement any of the activities at the science centers. Instead, it transfers its funds to the international science centers to fund projects that State identifies.

Scientific institutes from countries participating with either of the international science centers create proposals for new projects. These proposals are initially reviewed by the science centers for the completeness and quality of the proposals, and then forwarded to the Office of Proliferation Threat Reduction. The office identifies the proposals to review and likely fund with NADR funds based on the proliferation implications, the institutes involved, and the contribution to an institute's self-sustainability. The office then sends the proposal to offices within the Departments of State, Defense, and Energy for a policy review, which determines whether the research is consistent with U.S. nonproliferation goals. The contracted Department of Energy laboratory science advisors provide support for the science centers and perform technical reviews for each proposal. After the science advisors make recommendations for the projects, members from the governing boards of each international science center, the science advisors, and members of the Department of State convene to make final funding decisions about the project proposals.

Bio-Chem Redirection

The Office of Proliferation Threat Reduction identifies the needs, finds the U.S. agency that can implement the needed projects, and then provides the agencies with funds to pay for the projects through an interagency transfer of funds. The U.S. agencies that implement the projects include the Department of Health and Human Services, the Department of Agriculture, and the Environmental Protection Agency.

The Nonproliferation Interagency Roundtable—an interagency coordinating committee—also reviews the biological and chemical redirection proposals before funding is approved. The Nonproliferation Interagency Review group meets monthly and members include representatives from the agencies that review and fund nonproliferation projects, enabling these agencies to comment on the proposals and coordinate efforts.

BioIndustry Initiative

The BioIndustry Initiative assesses the targeted institutes' capabilities and technologies, partnering Russian laboratories with American researchers in private companies and public institutions. By fostering new partnerships and diversifying funding sources, this Initiative hopes to achieve its long-term goal of launching viable research and production institutions on a defined pathway toward greater self-sustainability. This initiative is currently undergoing a decision-making process to choose which projects in which to engage scientists and institutes. The initial work performed under this initiative was to perform evaluations of institutes and assess capabilities for projects.

Source: Department of State program officials and legislation.

^aThe fiscal years 2004 and 2005 requests were listed as a single line-item request for all three programs.

^bThe fiscal year 2005 budget request refers to the Science Centers and Bio-Chem Redirection program as the "Nonproliferation of WMD Expertise" program.

^cThe \$20 million includes \$2 million that was applied to the BioIndustry Initiative.

^dThe \$30 million for the BioIndustry Initiative in fiscal year 2002 was a one-time transfer of unobligated funds from the Department of Defense to the Department of State as part of the fiscal year 2002 Emergency Response Funds appropriations.

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^eThe Science Centers were funded through the Freedom Support Act prior to fiscal year 2001, and the Bio-Chem Redirection program was funded from the Freedom Support Act account prior to fiscal year 2002. Since those years, the programs have been funded through the NADR account.

As noted above, the funding for the Science Centers effort goes to two international science centers—the International Science and Technology Center in Moscow, Russia, and the Science and Technology Center in Kiev, Ukraine. Table 11 provides the funding history for these two centers for fiscal years 1999 through 2003.

Table 11: Funding for the International Science Centers, Fiscal Years 1999 through 2003

Dollars in millions

Type of activity	Fiscal year					Total	Percentage of total
	1999	2000	2001	2002	2003		
International Science and Technology Center (Moscow)	\$18	\$39	\$26	\$25.5	\$20.5	\$129	77.2
Science and Technology Center (Kiev)	3	16	6	6.5	6.5	38	22.8
Total	\$21	\$55	\$32	\$32	\$27	\$167	100

Source: Department of State Office of Proliferation Threat Reduction.

As noted above, the Bio-Chem Redirection effort funds projects through other U.S. federal agencies. Table 12 provides the funding history for bio-chem redirection projects for fiscal years 1999 through 2003 by the agency that implemented the projects.

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Table 12: Funding of Bio-Chem Redirection Projects by Implementing Agency, Fiscal Years 1999 through 2003

Dollars in millions

Implementing agency	Fiscal year					Total	Percentage of total
	1999	2000	2001	2002	2003		
Department of Health and Human Services	\$4.9	\$11	\$10	\$9	\$9	\$43.9	58.6
Department of Agriculture	2	7	6	5	6	26	34.7
Environmental Protection Agency	0	1	0	1	2	4	5.3
Department of Energy/Oak Ridge National Laboratory	0	0	0	0	0.2	0.2	0.3
International Science and Technology Center (Moscow)	0	0	0	0	0.8	0.8	1.1
Total	\$6.9	\$19	\$16	\$15	\$18	\$74.9	100

Source: Department of State Office of Proliferation Threat Reduction.

The BioIndustry Initiative is a relatively new program, with initial funding provided in fiscal year 2002. Slightly over 88 percent of the \$30 million the initiative provided that year went to the International Science and Technology Center in Moscow, while the remaining nearly 12 percent went to projects funded through the Civilian Research and Defense Fund, a private organization that engages in activities similar to that of the science center. In fiscal year 2003, \$2 million was provided to the international science center.

Additional Nonproliferation Programs Funded through the NADR Account

In addition to the three major programs, the NADR appropriations account included funding for some additional nonproliferation activities that were more narrowly focused. We did not conduct in-depth review of these activities because they were generally more limited in scope than the nonproliferation activities discussed above. The additional activities include the following:

- The International Atomic Energy Agency Voluntary Contribution supplements the agency's operating budget to help implement strengthened nuclear safeguards measures, allow expansion in nuclear safety cooperation with key countries, and combat nuclear and radiological terrorism.
- Funding to the International Monitoring System, which is part of the Comprehensive Nuclear Test-Ban Treaty, helps detect nuclear explosions.
- U.S. assistance to the Korean Peninsula Energy Development Organization funded some administrative expenses and provided annual shipments of heavy fuel oil to the Democratic People's Republic of Korea in lieu of the energy given up when the country froze its declared nuclear facilities. The last funding provided for this activity occurred in fiscal year 2003.
- The United States provided a one-time voluntary contribution in fiscal year 2002 to the Organization for the Prohibition of Chemical Weapons, which implements provisions of the Chemical Weapons Convention that banned the development, production, acquisition, and use of chemical weapons by member states. U.S. assistance was limited to activities mutually agreed to by the organization and the U.S. government to meet exceptional needs, including (1) the conduction of additional industry inspections, (2) improvements to a relational database for verification planning and reporting, (3) outreach for implementation of legislation to combat chemical terrorism, and (4) support of management and planning functions of the organization.

Anti-terrorism Programs Funded through the Department of State's NADR Account

The Department of State's anti-terrorism programs funded through the NADR account are designed to help achieve U.S. national security interests by providing foreign countries with training and technical capabilities that enhance their ability to prevent terrorist activities. There are two major anti-terrorism programs funded through the NADR account: the Anti-terrorism Assistance Program and the Terrorist Interdiction Program. In addition to these two major programs, the NADR account also includes funding for additional anti-terrorism activities that are more narrowly focused.

Anti-terrorism Assistance Program

The Anti-terrorism Assistance Program was established in 1983 in response to the bombings of U.S. Marine barracks in Beirut. The program is intended to help prevent terrorist activities by providing training, equipment, and advice to foreign countries to (1) enhance the anti-terrorism skills and capabilities of foreign law enforcement and security officials to build the capacity of key countries abroad to fight terrorism; (2) establish security relationships between U.S. and foreign officials to strengthen cooperative anti-terrorism efforts; and (3) share modern, humane, and effective anti-terrorism techniques. There is no geographic restriction on which countries may participate in this program, and no time limit for the expenditure of appropriated funds.

Table 13 provides detailed information on program authorization, activities, and implementation. Table 14 provides data on program funding by country for the fiscal years 1999 through 2003, while table 15 provides data on program funding by type of activity for those same fiscal years.

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Table 13: Anti-terrorism Assistance Program

Program authorization and activities	
Year established	1983
Legal authority for the program	Chapter VIII, Part II, of the Foreign Assistance Act of 1961 (P.L. 87-195), as amended. This program was established to implement those provisions authorizing the President to provide assistance to foreign countries to enhance the ability of their law enforcement personnel to deter terrorists and terrorist groups from engaging in international terrorist events such as bombing, kidnapping, assassination, hostage taking, and hijacking. Such assistance may include training services and the provision of equipment and other commodities related to (1) bomb detection and disposal; (2) management of hostage situations; (3) physical security; and (4) other matters relating to the detection, deterrence, and prevention of acts of terrorism, the resolution of terrorist incidents, and the apprehension of those involved in such acts. The President's authority under this act is restricted by only two other provisions of the Foreign Assistance Act: (1) 22 U.S.C. 2304 regarding provision of security assistance to countries that engage in a consistent pattern of gross violations of human rights, and (2) 22 U.S.C. 2371 regarding provision of assistance to governments supporting terrorism. The act also does not limit the countries to which the President can provide the assistance. However, the Assistant Secretary of State for Democracy, Human Rights, and Labor must be consulted when determining recipient foreign countries. The program's unobligated funds must be returned to the U.S. Treasury at the end of the fiscal year.
General program objectives	The mission of the program is to (1) build the capacity of key countries to fight terrorism; (2) establish security relationships between U.S. and foreign officials to strengthen cooperative anti-terrorism efforts; and (3) share modern, humane, and effective anti-terrorism techniques.
Types of activities funded	The program supports the following types of activities to help fight terrorism: <ul style="list-style-type: none"> • Conferences, seminars, and workshops on anti-terrorism training; • Country-specific assessments, evaluation, and consultations; • Equipment transfer or related training; • Investigation procedures training; • Counterterrorism management training; • Physical, national, or security training; and • Weapons of mass destruction related training. <p>In addition, projects may include the development of workshops to assist countries in drafting strong laws against terrorism. A recently added component of training deals with the financial underpinnings of terrorists and criminal money launderers.</p>
Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	Fiscal years 1999 - \$41 ^a 2000 - \$31 2001 - \$38 2002 - \$157.4 ^b 2003 - \$90.6 ^c 2004 - \$97 2005 request - \$128.3

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Program authorization and activities

Program implementation

Managing unit within the Department of State	Undersecretary of State for Management <ul style="list-style-type: none"> • Bureau of Diplomatic Security • Office of Anti-terrorism Assistance Program policy and direction is provided by the State Department's Office of the Coordinator for Counterterrorism who reports directly to the Deputy Secretary of State.
Project selection process	The Department of State's Coordinator for Counterterrorism creates a "country participation list," which lists countries that the Department of State would like to center their future year's anti-terrorism assistance training programs. The priority of a country is determined by considering (1) bilateral counterterrorism policy interests; (2) the threat of terrorism against U.S. interests and the ability of the country to respond; and (3) an ability of the country to receive, use, and institutionalize training. Once a country is approved for participation, the program conducts an in-country assessment to determine the capability and the needs of the recipient country.

Source: Department of State program officials and legislation.

Note: The Terrorist Interdiction Program discussed below is also authorized by Sections 571 and 572, but it focuses on the detection, deterrence, and prevention of acts of terrorism; the resolution of terrorist incidents; and the apprehension of those involved in such acts.

^aIncludes \$20 million from the fiscal year 1999 Emergency Supplemental.

^bIncludes \$45.5 million from the fiscal year 2002 Emergency Response Fund and \$73 million from the fiscal year 2002 Emergency Supplemental.

^cIncludes \$25 million from the fiscal year 2003 Emergency Supplemental.

Table 14: Distribution of Anti-terrorism Assistance Program Funding by Country/Region, Fiscal Years 1999 through 2003

Dollars in millions

Country/ Region	Fiscal year					Total (totals may not add exactly due to rounding)	Percentage of total
	1999	2000	2001	2002	2003		
Abu Dhabi	\$0.237	\$0	\$0	\$0	\$0	\$0.237	0.11
Africa region	0	0	0	0	0.259	0.259	0.12
Albania	0	0.587	1.359	0.196	0.126	2.268	1.04
Algeria	0	0.149	0.618	0.749	0.707	2.223	1.02
Argentina	0.059	0	0	0.011	0	0.070	0.03
Armenia	0	0	0	2.056	1.031	3.087	1.42
Australia	0.027	0	0	0	0	0.027	0.01
Azerbaijan	0	0	1.880	0.861	1.323	4.064	1.87
Bahrain	0	0	0	0.203	0.465	0.668	0.31
Bangladesh	0	0.138	1.018	1.424	1.563	4.143	1.90

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Dollars in millions

Country/ Region	Fiscal year					Total (totals may not add exactly due to rounding)	Percentage of total
	1999	2000	2001	2002	2003		
Bosnia-Herzegovina	0.054	0.249	0.171	0.127	0.790	1.391	0.64
Botswana	0	0	0.011	0.310	0	0.321	0.15
Brazil	0.036	0	0.494	0	0	0.530	0.24
Brunei	0.008	0	0.131	0	0	0.139	0.06
Central America region	0	0.025	0	0.218	0	0.243	0.11
Chile	0	0	0	0.011	0	0.011	0.01
Colombia	0.427	1.642	1.108	3.396	31.258	37.831	17.38
Costa Rica	0.042	0	0	0	0	0.042	0.02
Croatia	0	0	0.250	0.271	0	0.521	0.24
Cyprus	0	1.018	0.418	0.646	0.473	2.555	1.17
Czech Republic	0.673	0.971	0.210	0.007	0	1.861	0.85
Djibouti	0	0	0	0.038	3.221	3.259	1.50
Dominican Republic	0	0	0	0	0.112	0.112	0.05
Dubai	0.090	0	0	0	0	0.090	0.04
East Asia Pacific region	0	0	0	0.341	0.010	0.351	0.16
Ecuador	0	0.008	1.500	1.626	0	3.134	1.44
Egypt	0.806	1.430	0.461	1.503	2.213	6.413	2.95
El Salvador	0	0	0.122	0	0	0.122	0.06
Ethiopia	0	0	0	0.245	0.252	0.497	0.23
Europe region	0	0	0	0.379	0.313	0.692	0.32
Fiji	0	0.040	0	0.104	0	0.144	0.07
Georgia	0	0	0.989	1.685	1.657	4.331	1.99
Greece	0.147	0.015	0.337	3.791	3.790	8.080	3.71
Guatemala	0	0	0	0	0.015	0.015	0.01
Hungary	0	0	0	0	0.275	0.275	0.13
India	0	0.461	0.655	1.852	2.007	4.975	2.29
Indonesia	0	0.043	1.261	0.866	9.595	11.765	5.40
Israel	0.422	0.054	0.342	0.788	1.023	2.629	1.21
Italy	0	0	0	0.389	0.464	0.853	0.39
Ivory Coast	0.133	1.254	0	0	0	1.387	0.64
Japan	0	0.109	0	0	0	0.109	0.05
Jordan	0.715	0.679	0.405	1.512	1.334	4.645	2.13
Kazakhstan	0	0	1.371	2.484	0.490	4.345	2.00

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Country/ Region	Fiscal year					Total (totals may not add exactly due to rounding)	Percentage of total
	1999	2000	2001	2002	2003		
Kenya	0.139	0.808	0.046	0.279	11.012	12.284	5.64
Kuwait	0.428	0.436	0.955	0.337	0.083	2.239	1.03
Kyrgyzstan	0	0	0.958	2.634	1.371	4.963	2.28
Macedonia	0	0.831	0.753	0.060	0.598	2.242	1.03
Madagascar	0	0.201	0.362	0	0	0.563	0.26
Malaysia	0.124	0.109	0.096	1.365	1.078	2.772	1.27
Mali	0	0	0	0	0.417	0.417	0.19
Malta	0	0	0	0.010	0.100	0.110	0.05
Mauritania	0	0	0.866	0	0.041	0.907	0.42
Mauritius	0	0	0	0	0.156	0.156	0.07
Mexico	0	0.001	0	0.074	0.172	0.247	0.11
Middle East region	0	0.108	0	0.232	0	0.340	0.16
Moldova	0	0	0.093	0	0	0.093	0.04
Morocco	0.117	0.291	0	1.609	3.242	5.259	2.42
Nepal	0	0	0.312	0.949	1.097	2.358	1.08
Norway	0	0	0	0.019	0	0.019	0.01
Oman	0.212	1.556	0.514	1.769	0.549	4.600	2.11
Pakistan	0	0	0.380	0.829	9.030	10.239	4.70
Panama	0	0	0	0.021	0	0.021	0.01
Paraguay	0.080	0.421	0.715	0.015	0.174	1.405	0.65
Peru	0.015	0.020	0.154	0	0	0.189	0.09
Philippines	0.004	1.550	0.584	2.494	1.693	6.325	2.91
Poland	0.002	0.553	0	0.007	0	0.562	0.26
Qatar	0.135	0	0.472	0.159	0	0.766	0.35
Russia	0	0	0	0.120	0	0.120	0.06
Saudi Arabia	0.055	0	0	0.759	0	0.814	0.37
Senegal	0.054	0.517	0.827	0	0	1.398	0.64
Sharjah	0	0.038	0	0	0	0.038	0.02
Singapore	0	0	0	0	0.055	0.055	0.03
South Africa	0.035	1.559	1.579	0.849	0.679	4.701	2.16
Spain	0	0	0	0.038	0.588	0.626	0.29
Sri Lanka	0.061	0.303	0.315	1.188	0.353	2.220	1.02
Tajikistan	0	0	0	0.029	2.950	2.979	1.37

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Dollars in millions

Country/ Region	Fiscal year					Total (totals may not add exactly due to rounding)	Percentage of total
	1999	2000	2001	2002	2003		
Tanzania	0.141	0.088	0.444	0.433	0.206	1.312	0.60
Thailand	0.733	0.681	1.018	0.244	1.654	4.330	1.99
Trinidad/ Tobago	0	0	0.531	0	0	0.531	0.24
Tunisia	0	0	0	0.022	1.569	1.591	0.73
Turkey	0	0.562	1.236	1.619	1.779	5.196	2.39
Turkmenistan	0	0	0	0.022	0	0.022	0.01
Uganda	0.472	0.337	0.338	0	0	1.147	0.53
Ukraine	0	0.013	0	0	0	0.013	0.01
United Arab Emirates	0	0.894	0.564	0.044	0.451	1.953	0.90
United Kingdom	0.055	0	0	0	0	0.055	0.03
Uzbekistan	0.120	0.790	1.247	1.864	1.890	5.911	2.72
Yemen	0.178	0.925	0.742	0.825	0.127	2.797	1.28
Multiregion conferences ^a	0.069	0.010	0	0	0	0.079	0.04
Total	\$7.105	\$22.473	\$31.212^b	\$49.007	\$107.881	\$217.678^b	100.4^c

Source: Department of State Office of Anti-terrorism Assistance.

Note: In addition to the country expenditures above, a program official from the Anti-terrorism Assistance program stated that in fiscal years 2002 and 2003, approximately \$18 million was expended in Afghanistan toward protecting President Hamid Karzai and toward the creation and training of the Afghan Presidential Protective Service.

^aMultiregion conferences were defined as conferences funded in the United States where participants came from multiple regions.

^bFiscal year totals may not equal total of table 15 due to rounding.

^cPercentage total does not add to 100 due to rounding.

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Table 15: Distribution of Anti-terrorism Assistance Program Funding, by Activity, Fiscal Years 1999 through 2003

Dollars in millions

Type of activity	Fiscal year					Total	Percentage of total
	1999	2000	2001	2002	2003		
Conferences, seminars, and workshops on anti-terrorism	\$0.069	\$0.338	\$0.627	\$2.147	\$1.737	\$4.918	2.3
Country assessments and consultations	0.118	0.353	0.387	1.301	1.526	3.685	1.7
Equipment transfer or related training	0	.084	0	.074	0.530	0.688	0.3
Investigation procedures training	0.636	1.105	3.559	3.399	5.015	13.714	6.3
Counterterrorism management training	3.286	9.777	13.191	18.411	76.004	120.669	55.4
Physical, national, or VIP security	2.996	8.139	12.770	19.110	19.712	62.727	28.8
Weapons of mass destruction related training	0	2.677	0.679	4.565	3.357	11.278	5.2
Total	\$7.105	\$22.473	\$31.213^a	\$49.007	\$107.881	\$217.679^a	100.0

Source: GAO analysis of Department of State data.

^aFiscal year totals may not equal total of table 14 due to rounding.

Terrorist Interdiction Program

The Terrorist Interdiction Program was established in 2000 to help prevent terrorist activities by enhancing the ability of foreign countries' law enforcement personnel to deter terrorists by (1) installing and maintaining a computer database system in participant countries that allows border control officials to quickly identify and either detain or track suspect persons attempting to cross borders and (2) increasing countries' capability to collect, compare, and analyze traveler data to increase knowledge of terrorist movements. Country participation is not geographically restricted.

Table 16 provides detailed information on program authorization, activities, and implementation.

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Table 16: Terrorist Interdiction Program

Program authorization and activities

Year established	2000
Legal authority for the program	<p>Chapter VIII, Part II, of the Foreign Assistance Act of 1961 (P.L. 87-195), as amended.</p> <p>While the Anti-terrorism Assistance Program addresses all facets of the authorization in section 571 of the act, this program concentrates on the authorization to provide training services, equipment, and other commodities related to the detection, deterrence, and prevention of acts of terrorism, the resolution of terrorist incidents, and the apprehension of those involved in such acts.</p> <p>The President's authority under this act is restricted by only two other provisions of the Foreign Assistance Act: (1) 22 U.S.C. 2304 regarding provision of security assistance to countries that engage in a consistent pattern of gross violations of human rights, and (2) 22 U.S.C. 2371 regarding provision of assistance to governments supporting terrorism.</p> <p>The act also does not limit the countries to which the President can provide the assistance. However, the Assistant Secretary of State for Democracy, Human Rights, and Labor must be consulted when determining recipient foreign countries.</p> <p>The program's unobligated funds must be returned to the U.S. Treasury at the end of the fiscal year.</p>
General program objectives	The program's overall mission is to (1) enhance the security of Americans at home and abroad by strengthening international cooperation in the fight against terrorism and (2) help participating countries improve their ability to track and monitor the movements of known or suspected terrorists.
Types of activities funded	<p>The program's primary assistance is to provide a centralized country database of cross-border travelers. To do this, the program procures, delivers, installs, and maintains a U.S.-created database known as the Personal Identification Secure Comparison and Evaluation System, which enables a country to quickly identify, detain, or track the movement of suspected persons attempting to enter or leave the country. Deployment of the system can range from one location, such as an international airport, to all of the country's international air, land, and sea entry/exit points.</p> <p>The program provides assessments of a country's need for such a system and will develop software that meets the country's requirements. The program also will train customs and immigration officials of participating countries on the system use and help the start-up of the program.</p>
Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	<p>Fiscal years</p> <p>2000 - \$1.25</p> <p>2001 - \$4</p> <p>2002 - \$18</p> <p>2003 - \$5</p> <p>2004 - \$5</p> <p>2005 request - \$5</p>
Program implementation	
Managing unit within the Department of State	Office of the Coordinator for Counterterrorism who reports directly to the Deputy Secretary of State.
Project selection process	This program considers the following factors when selecting countries to receive assistance: (1) known terrorist activities—especially threats to the United States or U.S. interests, (2) known terrorist transit points, (3) a country's need for a personal identification system, and (4) the political will of a country to participate.

Source: Department of State program officials and legislation.

Appendix III
Anti-terrorism Programs Funded through the
Department of State's NADR Account

The Terrorist Interdiction Program primarily funded the installation and maintenance of the Personal Identification Secure Comparison and Evaluation System in several countries since fiscal year 2000. Table 17 lists those countries and the expenditures for each country. The cost figures, however, do not represent the funds provided to the countries or the sole cost of equipment or services provided. The figures generally represent the costs of software development, including contractor engineering labor, hardware, travel expenses, and program administration associated with the project for a particular country.

Table 17: Terrorist Interdiction Program Funding Estimates, by Country, Fiscal Years 2000 through 2003

Dollars in millions

Country	Funding	Percentage of total program funding
Afghanistan	\$0.53	5.5
Cambodia ^a	0.2	2.1
Ethiopia ^a	0.7	7.3
Ghana ^a	0.2	2.1
Kenya ^a	0.9	9.3
Pakistan	1.9	19.7
Tanzania	0.7	7.3
Yemen	2.5	26.0
Multicountry demonstration and management consultations in 2002 (Algeria, Bosnia-Herzegovina, Cambodia, Croatia, Ethiopia, Ghana, India, Indonesia, Ivory Coast, Jordan, Kenya, Kosovo, Macedonia, Malaysia, Mexico, Morocco, Nicaragua, Philippines, Senegal, Tanzania, Thailand, Uruguay, and United Arab Emirates)	2.0	20.8
Total	\$9.63	100.1^b

Source: Department of State Office of the Coordinator for Counterterrorism.

^aThese countries also benefited from the multicountry project listed.

^bPercentage total does not add to 100 due to rounding.

Additional Anti- terrorism Activities Funded through the NADR Account

In addition to the two major programs, the NADR appropriations account included funding for some additional anti-terrorism activities that were more narrowly focused. We did not conduct in-depth review of these activities because they were generally more limited in scope than the activities discussed above. The additional activities include the following:

- Counterterrorism Engagement with Allies funds workshops and conferences to help improve the capability of the United States and interested governments to respond to terrorist incidents overseas involving weapons of mass destruction. In fiscal year 2004, according to agency officials, those activities will be funded through the Anti-terrorism Assistance Program.
- The Israel Counterterrorism Assistance was a one-time emergency funding in fiscal year 2002 to help replace the Israeli government's law enforcement bomb detection equipment that was destroyed during the multiple terrorist attacks in 2001.
- The United States provided a one-time payment in fiscal year 2001 through the NADR account to the government of the Netherlands in support of the Lockerbie Trial to cover a portion of the costs of the international trial of the suspects responsible for the 1988 terrorist bombing of Pan Am flight 103 over Lockerbie, Scotland.
- For fiscal year 2005, funds have been requested for the Counterterrorism Financing Program that would provide training and technical assistance to combat terrorist financing.

Regional Stability and Humanitarian Assistance Programs Funded through the Department of State's NADR Account

The Department of State's regional stability and humanitarian assistance programs funded through the NADR account are designed to promote peace and regional stability, as well as meet humanitarian needs in post-conflict situations. These programs work to achieve U.S. national security interests by supporting demining activities and the destruction of small arms and light weapons in areas that have suffered from hostilities. There are two major programs supporting regional stability and humanitarian assistance: the Humanitarian Demining Program and the Small Arms/Light Weapons Destruction Program. The NADR account also includes funding for an additional demining activity.

Humanitarian Demining Program

The Humanitarian Demining Program was established in 1997 to help achieve U.S. regional stability and humanitarian assistance foreign policy goals by (1) reducing land mine casualties worldwide; (2) developing conditions that allow people in areas ravaged by hostilities to return home in safety; (3) restoring land to productive use; (4) revitalizing commercial infrastructure to restore economic health; and (5) extending U.S. bilateral, regional, and international influence. There is no geographic restriction for program activities and appropriated funds are available until expended.

Table 18 provides detailed information on program authorization and activities as well as program implementation. Table 19 provides data on program funding by country and type of activity for the fiscal years 1999 through the budget request for 2005.

**Appendix IV
Regional Stability and Humanitarian
Assistance Programs Funded through the
Department of State's NADR Account**

Table 18: Humanitarian Demining Program

Program authorization and activities

Year established	1997
Legal authority for the program	<p>Section 551 of the Foreign Assistance Act of 1961 (P.L. 87-195), as amended.</p> <p>Under amendments to the Foreign Assistance Act, both the Humanitarian Demining Program and Small Arms/Light Weapons Destruction Program are authorized to provide assistance to friendly countries and international organizations for peacekeeping-related programs that further U.S. national security interests. The Humanitarian Demining Program directs its funding for demining-related activities, which include the removal and destruction of land mines and unexploded ordnance in former combat areas. This program also has grant-making authority to help facilitate its mission.</p> <p>The act does not limit the countries to which the President can provide the authorized assistance.</p> <p>The program's unobligated funds must be returned to the U.S. Treasury at the end of the fiscal year.</p>
General program objectives	<p>The main objectives of the program are to:</p> <ul style="list-style-type: none"> • Save the lives of innocent civilians and reduce the number of land mine casualties around the world; • Develop conditions that will allow refugees and internally displaced persons to return to their homes in safety; • Restore agricultural and pastoral land to productive use; • Revitalize industrial, commercial, and high-use infrastructure to restore economic health; and • Extend U.S. bilateral, regional, and international influence.
Types of activities funded	<p>The focus of the program's funding is to help establish and support sustainable indigenous capabilities for addressing the issue of dangerous mines in a country. To do this, the program has funded activities such as (1) activities related to the clearance of land mines and unexploded ordnance in a specific country by a contractor or a nongovernmental organization, (2) providing workshops and classes for people living in mine-affected regions to teach them about the dangers of land mines and how to keep themselves safe, (3) administering surveys that assess the land mine problem in a country to find out where the most severe impact is and then prioritize a national mine clearance plan, (4) fund research and training for those who run mine action programs to ensure that programs are run effectively, and (5) administer cross-cutting initiatives that provide mine action assistance and resources to multiple countries.</p>
Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	<p>Fiscal years</p> <p>1999 - \$35</p> <p>2000 - \$40</p> <p>2001 - \$39.9</p> <p>2002 - \$43^a</p> <p>2003 - \$49^b</p> <p>2004 - \$50</p> <p>2005 request - \$59</p>

**Appendix IV
Regional Stability and Humanitarian
Assistance Programs Funded through the
Department of State's NADR Account**

(Continued From Previous Page)

Program implementation

Managing unit within the Department of State	On October 2, 2003, the Bureau of Political-Military Affairs realigned its (1) Office of Humanitarian Demining Programs, (2) Office of Mine Action Initiatives and Partnerships, and (3) Small Arms/Light Weapons Section of its Office of Plans, Policy and Analysis into a new Office of Weapons Removal and Abatement. Prior to that date, the Humanitarian Demining Program was a separate office within the Bureau of Political-Military Affairs.
Project selection process	<p>The selection of activities to fund generally starts when a mine-affected country requests U.S. assistance through the U.S. embassy. Upon endorsement by the embassy, the request will be forwarded to a U.S. government interagency Policy Coordinating Committee Executive Steering Group on humanitarian mine action. The steering group is chaired by the Department of State, with the Department of Defense as vice-chair. The overall Policy Coordinating Committee is chaired by the National Security Council and is responsible for approving and coordinating U.S. humanitarian demining programs.</p> <p>Upon receiving the request, the Executive Steering Group is responsible for determining whether to conduct a Policy Assessment Visit to the country to evaluate the nature of the mine problem, the requesting country's resources, its commitment to solving the problem, and the suitability of U.S. assistance. Based on this assessment, the Policy Coordinating Committee may approve the establishment of a formal program for the country.</p> <p>As a country develops its mine clearance capabilities, a Policy Coordinating Subgroup has responsibility for periodically evaluating the development of the program. When the country's program is considered self-sustainable, the United States will pass off its active role to the country.</p> <p>For the actual implementation of projects, demining program funding is distributed through commercial contracts as well as through grants to nongovernmental organizations and international organizations.</p>

Source: Department of State program officials and legislation.

^aIncludes \$3 million from the fiscal year 2002 Emergency Response Fund.

^bIncludes \$3 million from the fiscal year 2003 Emergency Supplemental.

**Appendix IV
Regional Stability and Humanitarian
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Department of State's NADR Account**

Table 19: Funding by the Humanitarian Demining Program, by Country/Region and Type of Activity, Fiscal Years 1999 through 2003

Dollars in millions

Country/Region	Type of project	Fiscal year					Total	Percentage of total
		1999	2000	2001	2002	2003		
Afghanistan	C, M, T	2.62	3.0	3.0	4.0	9.0	21.62	9.91
Albania/Macedonia	M	0.34	0	0.12	0	0	0.46	0.21
Angola	C, M, S	0.2	3.1	2.84	3.85	3.6	13.59	6.25
Angola/Mozambique	T	0	0	0.54	0	0.05	0.59	0.27
Armenia	C	0	0.3	0.85	1.2	0.25	2.60	1.20
Azerbaijan	C, M	0	0.72	1.19	1.38	1.60	4.89	2.25
Bosnia-Herzegovina	C, S	2.31	0	0	1.3	0	3.61	1.66
Cambodia	C, M	1.5	2.58	2.48	2.29	2.77	11.62	5.35
Chad	C	0.73	0.62	0.3	0.35	0.5	2.50	1.15
Colombia	M	0	0	0.1	0.15	0	0.25	0.12
Croatia	C	0.6	0	0	0	0	0.6	0.28
Djibouti	C	0	0.75	0.4	0.4	0.35	1.90	0.87
Ecuador	C	1.0	1.0	0.96	0.36	0	3.32	1.53
Eritrea	C, M, S	0	1.0	1.17	1.72	2.48	6.37	2.93
Estonia	C	0.34	0.3	0	0.2	0.24	1.08	0.50
Ethiopia	C, M, S	0	0.68	0.15	2.18	0.45	3.46	1.59
Georgia	C	0	0.03	1.0	1.1	1.05	3.18	1.46
Guinea-Bissau	C	0	0.10	0.49	0	0.23	0.82	0.38
Horn of Africa	T	0	0	0	0.38	0	0.38	0.17
Iraq	C, M, T	0	0	0	0	3.2	3.2	1.47
Jordan	C	1.9	1.51	0.95	0.85	0.89	6.10	2.81
Kosovo	C, M, S	0.5	0.69	0	0	0	1.19	0.55
Laos	C	1.8	1.49	0.99	1.33	1.18	6.79	3.12
Lebanon	C, M	0.53	1.37	1.16	1.2	1.48	5.74	2.64
Mauritania	C	0.53	0.46	0.4	0	0	1.39	0.64
Mozambique	C	1.9	3.84	2.18	2.11	2.63	12.66	5.82
Namibia	C, M	1.05	0.49	0.08	0.13	0.6	2.35	1.08
Nicaragua	M	0	0.2	0	0	0	0.2	0.09
Nigeria	C	0	0	0	1.45	0	1.45	0.67
North Caucasus	M	0	0	0.1	0	0	0.1	0.05
OAS (Honduras, Costa Rica, Guatemala, & Nicaragua)	C	2.24	1.9	1.35	1.92	1.51	8.92	4.10

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Regional Stability and Humanitarian
Assistance Programs Funded through the
Department of State's NADR Account**

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Dollars in millions

Country/Region	Type of project	Fiscal year					Total	Percentage of total
		1999	2000	2001	2002	2003		
Oman	C	0	1.02	0.27	0.50	0	1.79	0.82
Peru	C	1.0	1.0	0.86	0	0	2.86	1.32
Rwanda	C	0.75	0.29	0.4	0.35	0.38	2.17	1.00
Somalia	C, M	1.25	1.4	1.4	1.2	0.45	5.7	2.62
Sri Lanka	C, M	0	0	0	0	2.55	2.55	1.17
Sudan	C	0	0	0	0	0.90	0.90	0.41
Thailand	C, T	1.05	1.22	1.27	0.87	0	4.41	2.03
Vietnam	C, M	1.10	1.0	1.65	1.68	2.55	7.98	3.67
Yemen	C	1.46	1.24	1.02	0.75	0.75	5.22	2.40
Zambia	C	0	0.01	0.7	0.82	0.45	1.98	0.91
Zimbabwe	C	0.74	1.15	0.60	0	0	2.49	1.15
Multiple countries	Cross cutting, miscellaneous surveys, research & administrative	7.04	10.65	13.63	8.19	6.89	46.40	21.35
Total		\$34.48	\$45.11	\$44.60	\$44.21	\$48.98	\$217.38	100.01^a

Legend:
C = Clearance
M = Mine risk education
S = Survey
T = Training

Source: Department of State Office of Weapons Removal and Abatement.

^aPercentage total does not add to 100 due to rounding.

Small Arms/Light Weapons Destruction Program

The Small Arms/Light Weapons Destruction Program was established in 2001 to support the destruction of surplus and illicit stocks of military small arms and light weapons worldwide by funding programs that destroy easily transportable weapons in other countries. Small arms/light weapons generally refers to military-style automatic rifles, machine guns, man-portable anti-tank and anti-aircraft missiles, rocket-propelled grenades, and light mortars. These weapons are a major source of arms for terrorists, criminals, and violent insurgent groups. There is no geographic restriction for program activities and appropriated funds are available until expended.

**Appendix IV
Regional Stability and Humanitarian
Assistance Programs Funded through the
Department of State's NADR Account**

Table 20 provides detailed information on program authorization and activities as well as program implementation. Table 21 provides data on program funding by country for fiscal years 2001 through 2003.

Table 20: Small Arms/Light Weapons Destruction Program

Program authorization and activities	
Year established	2001
Legal authority for the program	<p>Section 581, of the Foreign Assistance Act of 1961, (P.L. 87-195), as amended, and Section 504 of the Freedom Support Act (P.L. 102-511), as amended. The Small Arms/Light Weapons Destruction Program directs its funding for the destruction of surplus and illicit stocks of military small arms and light weapons.</p> <p>The act does not limit the countries to which the President can provide the authorized assistance.</p> <p>The program's unobligated funds must be returned to the U.S. Treasury at the end of the fiscal year.</p>
General program objectives	<p>General program objectives include:</p> <ul style="list-style-type: none"> • The destruction of surplus and illicit stocks of military small arms/light weapons, • Support for U.S. national interests in promoting regional stability, • Minimizing threats to civilian populations and combating crime, • Rebuilding post-conflict societies, and • Protecting U.S. and allied personnel deployed overseas.
Types of activities funded	<p>The Small Arms/Light Weapons Destruction program funds:</p> <ul style="list-style-type: none"> • The destruction of surplus and illicit stocks of military small arms/light weapons and related ammunition worldwide and • Training on physical security and stockpile management to interested countries. (This portion of the program is a joint effort with the Department of Defense's Defense Threat Reduction Agency.)
Annual appropriations (in millions of dollars) for fiscal years 1999 through 2004 and the fiscal year 2005 request	<p>Fiscal years</p> <p>2001 - \$2</p> <p>2002 - \$3</p> <p>2003 - \$3</p> <p>2004 - \$3</p> <p>2005 request - \$9</p>

**Appendix IV
Regional Stability and Humanitarian
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Department of State's NADR Account**

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Program implementation

Managing unit within the Department of State The program is located in the new Office of Weapons Removal and Abatement in the Bureau of Political-Military Affairs, Undersecretary for Arms Control and International Security. Prior to fiscal year 2004, the program was a separate program in the Office of Plans, Policies, and Analysis in the Department of State Bureau of Political-Military Affairs.

Project selection process Due to the relatively small size of this program, project selection is based on information regarding countries with excess weapons or poor weapon security. Program officials receive information regarding potential participant countries through the following formal and informal channels:

- Receiving information from the Department of State's Regional Bureaus or directly from an embassy overseas;
- Monitoring the Department of State Political and Military Attache reports on the conditions of host country arms facilities or post-civil war accounts of country status;
- Providing assistance to the Humanitarian Demining Program in certain countries where there is an abundance of small arms/light weapons after the demining teams have completed their projects;
- Monitoring the multiple small arms related publications and databases published by the United Nations and attending international conferences related to small arms/light weapons proliferation, child soldiers, and illegal arms trafficking; and
- Reading the daily classified and nonclassified cable traffic at the Department of State for information on countries with excess weapons or poor stockpile management.

Typically, after a country has been recognized as having excess small arms/light weapons, program officials will usually approach the host country with the Physical Security and Stockpile Management of Small Arms and Light Weapons training. After this training, the program officials will offer to destroy the excess weapons that the training has highlighted.

There are some cases, however, where host country officials will only ask for training regarding physical security and stockpile management or will only ask for the destruction of their excess small arms/light weapons.

Source: Department of State program officials and legislation.

Table 21: Small Arms/Light Weapons Destruction Program Funding, by Country, Fiscal Years 2001 through 2003

Country	Fiscal year			Total	Percentage of total
	2001	2002	2003		
Albania	\$0.625	\$0.45	\$0.35	\$1.425	17.8
Angola	0	0.069	0.5	0.569	7.1
Bulgaria	0.964	0.98	0.4	2.344	29.3
El Salvador	0	0	0.05	0.05	0.6
Guinea	0	0.103	0.05	0.153	1.9
Lesotho	0.015	0	0	0.015	0.2

**Appendix IV
Regional Stability and Humanitarian
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(Continued From Previous Page)

Dollars in millions

Country	Fiscal year			Total	Percentage of total
	2001	2002	2003		
Liberia	0	0	0.2	0.2	2.5
Mozambique	0	0.149	0	0.149	1.9
Philippines	0	0.095	0.155	0.25	3.1
Romania	0	1.062	0.307	1.369	17.1
Senegal	0	0.092	0	0.092	1.2
Serbia and Monetenegro	0.396	0	0.988	1.384	17.3
Total	\$2.0	\$3.0	\$3.0	\$8.0	100

Source: Department of state Office of Weapons Removal and Abatement.

**Additional Regional
Stability and
Humanitarian
Assistance Program
Funded through the
NADR Account**

In addition, the NADR appropriations account included funding for an additional activity. The United States provides matching funds to the Republic of Slovenia International Trust Fund for Mine Action and Victims' Assistance for demining activities in the Balkan countries. We did not conduct in-depth review of this activity because the U.S. role is more limited in scope than in the activities discussed above.

Comments from the Department of State



United States Department of State

Assistant Secretary and Chief Financial Officer

Washington, D.C. 20520

APR - 2 2004

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "DEPARTMENT OF STATE: Nonproliferation, Anti-terrorism, Demining, and Related Programs Follow Legal Authority, But Some Activities Need Reassessment," GAO-04-521, GAO Job Code 320216.

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 Michael Foughty, Foreign Affairs Officer, Bureau of Nonproliferation, at (202) 736-4245.

Sincerely,

A handwritten signature in black ink, appearing to read "Chris Burnham".

Christopher B. Burnham

cc: GAO – Beverly Bendekgey
NP – Susan Burk
State/OIG – Luther Atkins
State/H – Paul Kelly

Department of State Comments on GAO Draft Report
Nonproliferation, Anti-terrorism, Demining, and Related Programs
Follow Legal Authority, But Some Activities Need Reassessment
(GAO-04-521, GAO Job Code 320216)

The Department of State appreciates the opportunity to review and comment on the draft Report “Nonproliferation, Anti-terrorism, Demining, and Related Programs Follow Legal Authority, But Some Activities Need Reassessment.” These programs cover a range of important initiatives in vital areas of security and humanitarian policy, providing flexible, cost-effective tools to address rapidly evolving challenges from WMD proliferation and international terrorism, and the widespread dangers posed to innocent civilians by abandoned landmines. These programs have enjoyed consistent support from the Congress; several are expanding their scope to take advantage of new opportunities in areas of concern to the Global War on Terror and the President’s nonproliferation initiatives.

The Department takes exception to the report’s relegation of the United States’ voluntary contribution to the International Atomic Energy Agency (IAEA) to non-major program status, although we acknowledge that, in the context of this report, GAO apparently does not intend this to diminish the importance of this program. In terms of appropriated dollars, this is the second largest NADR nonproliferation program; the appropriation for the U.S. voluntary contribution has been at least at the \$50 million level since FY 2001. While certainly singularly focussed on the IAEA, it is not a “limited” program, but global in application and indispensable in its contribution to the mission of the IAEA and U.S. nonproliferation objectives.

We note several factual errors regarding the Nonproliferation and Disarmament Fund (NDF). The report states (page 12) that the Department of State has earmarked at least half of its fiscal year 2004 budget request. The Department has not earmarked any NDF funds for Fiscal Year (FY) 2004 nor does it plan to do so in future fiscal years. NDF funds can only be committed to fund specific projects through the NDF Review Process and then only after funds have been appropriated by Congress. Because of the delay in the FY 2004 appropriation and the need to clear Libyan related expenditures first, the bulk of NDF’s funds remained unobligated as April 1,

2004. It has had more than sufficient funds to handle the unanticipated nonproliferation requirements in Libya.

Second, the NDF is not a contingency fund awaiting opportunities. Rather, it is integral to the set of diplomatic and negotiating tools available to achieve nonproliferation objectives. The Department of State often uses it to create opportunities, start new initiatives or programs (e.g., DMI or Tracker), and undertake unique or unusually difficult work. Its projects include both short term, one-time missions and longer-term activities of considerable technological and political complexity. Because its funds are uncommitted until well into the fiscal year, it also provides senior policymakers a means of dealing with unanticipated opportunities and problems.

Third, the NDF has funded export control related projects in the past and expects to receive project proposals to do so in the future (for example, an Export Control and Related Border Security Assistance (EXBS) project in Libya this year if EXBS program funds are unavailable). We have notified Congress of export control related projects, briefed Congressional staff, and stated our intentions in the President's budget consistently over the years. The 1996 conference report language reflected the concerns of Congressional staff about the NDF being the sole source of export control assistance funding. The Department responded to these concerns by creating an export control assistance account in FY 1998.

The Department concurs with GAO's finding that the Tracker program should be better integrated into the export control assessments and country program plans of the EXBS program. We will have Tracker deployments integrated into all EXBS country program plans by June 30, 2004. The EXBS program office will determine in consultation with the host country, posts and other offices in the Department's Bureau of Nonproliferation including the NDF office, the timing of all future Tracker deployments to countries currently participating – or likely to participate – in the EXBS program. In addition, all EXBS program advisors resident in countries where Tracker already has been deployed have been instructed to report regularly on the system's usage and forward any host government recommendations and requests related to the system. This is an oversight and monitoring function the EXBS program advisors also perform for other U.S. Governments nonproliferation assistance efforts.

The decision to deploy Tracker to Central European countries was coordinated several years ago and we are currently unaware of any duplication of effort related to this deployment between NDF and the EXBS program in this region. These countries generally have well developed laws, regulations, and export control infrastructures, most are members of NATO and are about to become EU members and thus are well suited to Tracker deployments.

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