

April 15, 2010

INTERNATIONAL SECURITY

DOD and State Need to Improve Sustainment Planning and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs



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Highlights of [GAO-10-431](#), a report to congressional committees

Why GAO Did This Study

In 2006, the United States created two new programs, authorized in Sections 1206 and 1207 of the Fiscal Year 2006 National Defense Authorization Act, to respond to the threats of global terrorism and instability. These programs have provided over \$1.3 billion in military and nonmilitary aid to 62 countries and are due to expire in 2011 and 2010, respectively. The Congress mandated that GAO assess the programs. This report addresses the extent to which the programs (1) are consistent with U.S. strategic priorities, (2) are distinct from other programs, (3) address sustainment needs, and (4) incorporate monitoring and evaluation. GAO analyzed data and program documents from the Departments of Defense (DOD) and State (State), and the U.S. Agency for International Development (USAID), and interviewed U.S. and host country officials.

What GAO Recommends

For Section 1207, unless DOD and State resolve the issues GAO identified, including duplication, the Congress should consider not reauthorizing this program and instead appropriating funding to State and USAID. For Section 1206, GAO recommends that DOD (1) establish a monitoring and evaluation system, (2) base sustainment funding decisions on assessment of results, (3) estimate sustainment costs and seek funding commitments from partner nations, and (4) seek guidance from the Congress on how to sustain projects. DOD concurred.

View [GAO-10-431](#) or [key components](#). For more information, contact Joseph Christoff at (202) 512-8979 or christoffj@gao.gov.

INTERNATIONAL SECURITY

DOD and State Need to Improve Sustainment Planning and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs

What GAO Found

The Section 1206 and 1207 programs have generally been consistent with U.S. strategic priorities. The Section 1206 program was established to build the military capacity of foreign countries to conduct counterterrorism and stabilization operations. DOD and State have devoted 82 percent of this program's funds to address specific terrorist threats, primarily in countries the U.S. intelligence community has identified as priorities for the counterterrorism effort. The Section 1207 program was established to transfer DOD funds to State for nonmilitary assistance related to stabilization, reconstruction, and security. DOD, State, and USAID have devoted 77 percent of this program's funds to countries at significant risk of instability, mostly those the United States has identified as vulnerable to state failure.

Based on agency guidelines, the Section 1206 program is generally distinct from other programs, while the Section 1207 program is not. In most cases, Section 1206 projects addressed urgent and emergent counterterrorism and stabilization priorities of combatant commanders and did so more quickly than other programs, sometimes in a year, whereas Foreign Military Financing (FMF) projects can take up to 3 years to plan. DOD and embassy officials GAO spoke to consistently explained why projects do not overlap those of FMF and other programs, although project proposals GAO reviewed did not always document these distinctions. Section 1207 projects are virtually indistinguishable from those of other foreign aid programs in their content and time frames. Furthermore, the Section 1207 program has entailed additional implementation costs and funding delays beyond those of traditional foreign assistance programs, while the 1206 program has not.

The uncertain availability of resources to sustain Section 1206 projects poses risks to achieving long-term impact. Enabling nations to achieve sustainable counterterrorism capabilities is a key U.S. policy goal. The long-term viability of Section 1206 projects is threatened by (1) the limited ability or willingness of partner nations to support new capabilities, as 76 percent of Section 1206 projects are in low- or lower-middle-income countries, and (2) U.S. legal and policy restrictions on using FMF and additional Section 1206 resources for sustainment. In contrast, sustainment risks for Section 1207 projects appear minimal, because State, USAID, and DOD are not restricted from drawing on a variety of overlapping funding sources to continue them.

DOD and State have incorporated little monitoring and evaluation into the Section 1206 and 1207 programs. For Section 1206 projects, the agencies have not consistently defined performance measures, and results reporting has generally been limited to anecdotal information. For Section 1207 projects, the agencies have defined performance measures and State requires quarterly reporting on project implementation. However, State has not fully analyzed this information or provided it to DOD to inform program management. As a result, agencies have made decisions to sustain and expand both Section 1206 and 1207 projects without documentation of progress or effectiveness.

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Abbreviations

DOD	Department of Defense
FMF	Foreign Military Financing
IMET	International Military Education and Training
NDAA	National Defense Authorization Act
OSD	Office of the Secretary of Defense
SAO	security assistance officer
USAID	U.S. Agency for International Development

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United States Government Accountability Office
Washington, DC 20548

April 15, 2010

Congressional Committees:

With the threats of terrorism and instability continually emerging and evolving overseas, the Departments of Defense (DOD) and State (State) have recognized the need for more flexibility in the tools used to address these challenges. Sections 1206 and 1207 of the fiscal year 2006 National Defense Authorization Act (NDAA) created funding authorities for DOD to formulate and implement security assistance programs jointly with State.¹ Section 1206 authorizes DOD to use its own funds to train and equip partner nations' national military and maritime forces to conduct counterterrorism operations or to participate in or support military or stability operations in which the U.S. armed forces participate. Section 1207 authorizes DOD to transfer funds to State for reconstruction, stabilization, and security activities in foreign countries. Both authorities have been renewed as part of national defense authorization legislation. Currently, the Section 1207 authority will expire after fiscal year 2010, and the Section 1206 authority will expire after fiscal year 2011, unless they are renewed again. The fiscal year 2010 NDAA Report of the House of Representatives Committee on Armed Services requires us to report to the Senate and House of Representatives Committees on Armed Services, Foreign Affairs (House), and Foreign Relations (Senate) on the timeliness, effectiveness, and interagency coordination of these programs.²

DOD and State have established two programs to implement these broad authorities, and have written separate guidelines for each program.³ The agencies have revised both sets of guidelines periodically to reflect lessons learned, congressional interests, and other considerations. Though the guidelines for each program are unique, reflecting fundamental differences in the nature of the two programs, as of fiscal year 2009 they have several key similarities: projects funded by the programs are required to address

¹National Defense Authorization Act for Fiscal Year 2006, Pub. L. No. 109-163, 119 Stat. 3136 (2006).

²H. R. Rep. No. 111-166 (2009).

³Hereinafter referred to as the Section 1206 program and the Section 1207 program. These programs are also known as the Global Train and Equip Program and the Security and Stabilization Assistance Program, respectively.

U.S. priorities, be distinct from those of other traditional foreign assistance programs, and include plans for long-term sustainment.

For fiscal years 2006 through 2009, DOD has provided more than \$1.3 billion through both authorities to support projects in 62 countries. Through the Section 1206 program, DOD has allotted \$985 million in 53 countries for projects such as radars and other maritime surveillance equipment in several African countries along the Gulf of Guinea, trucks and small arms to suppress terrorist activities along the Yemeni border, boats for maritime interdiction in the Philippines, and training of Georgian mechanized infantry for deployment to Afghanistan. DOD has provided more than \$350 million of Section 1207 funds in 23 countries for projects such as judicial reform and police training in Somalia, postconflict removal of unexploded ordnance in Lebanon, reform of extremism education programs in Bangladesh, and transportation infrastructure initiatives in the Philippines.

We reviewed DOD's and State's use of the Section 1206 and 1207 funding authorities from fiscal years 2006 through 2009. In particular, we examined the extent to which the Section 1206 and 1207 programs (1) have been consistent with U.S. government strategic priorities, (2) are distinct from other U.S. programs, (3) have addressed the sustainment needs of executed projects, and (4) incorporate monitoring and evaluation to assess implementation and effectiveness.

To address these issues, we reviewed and analyzed Section 1206 and 1207 project documentation and program guidelines. We interviewed agency officials from DOD, State, and the U.S. Agency for International Development (USAID) in Washington, D.C., and all six U.S. geographic combatant commands. We traveled to seven countries that received Section 1206 or 1207 funding (Albania, the Bahamas, Georgia, Haiti, Kazakhstan, Malaysia, and the Philippines) to interview U.S. embassy and host government officials, implementing agencies and organizations, as well as project beneficiaries, and to visit project sites and review relevant project records. In three additional countries (Ethiopia, Pakistan, and Uganda), we interviewed U.S. embassy officials in conjunction with other related work we were conducting. We also interviewed U.S. program officials via telephone in eight other countries (Honduras, Kenya, Lebanon, Mali, Mexico, Nigeria, Sri Lanka, and Ukraine). We selected the countries we visited and telephoned primarily based on the amount of Section 1206 and 1207 funds those countries received, the maturity of the projects in those countries, and geographic distribution. Projects in these countries account for 62 percent (\$831 million) of the \$1.3 billion allotted

through the Section 1206 and 1207 programs during fiscal years 2006 through 2009.

We conducted this performance audit from February 2009 to April 2010 in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I provides a more detailed description of our scope and methodology.

Results in Brief

The Section 1206 and 1207 programs have generally been consistent with U.S. strategic priorities related to combating terrorism and addressing instability. The Section 1206 program is designed to build the capacity of a foreign country's national military forces in order for that country to (1) conduct counterterrorist operations and (2) participate in or support military and stability operations in which the U.S. armed forces are a participant.⁴ We found that from fiscal years 2006 to 2009, DOD and State have devoted 82 percent of these funds to addressing specific terrorist threats, primarily in countries that the U.S. intelligence community has identified as priorities for the counterterrorism effort. U.S. law authorizes the Section 1207 program to fund reconstruction, stabilization, and security activities overseas.⁵ We found that DOD, State, and USAID devoted 77 percent of Section 1207 program resources to countries at significant risk of instability, mostly those the U.S. government has identified as vulnerable to state failure.

The Section 1206 program is generally distinct from other programs, but the Section 1207 program is not. According to DOD and State guidelines for fiscal year 2009, the Section 1206 program should be used for projects that (1) address U.S. military priorities; (2) respond to urgent and emergent needs; (3) do not overlap with other State and DOD train and equip programs, such as Foreign Military Financing (FMF); and (4) are administered jointly by DOD and State. DOD has demonstrated that most approved Section 1206 projects address U.S. military priorities and urgent and emergent counterterrorism and stabilization needs identified by DOD

⁴Pub. L. 109-163.

⁵Pub. L. No. 109-163, 119 Stat. 3136 (2006).

combatant commanders. Further, Section 1206 projects have done so more quickly than other programs could have—sometimes within a year, whereas FMF projects can take up to 3 years to plan. Also, DOD and embassy officials we spoke to consistently described the distinctions of Section 1206 projects from those of other programs, although project proposals we reviewed did not always document these distinctions. In addition, DOD and State have used a “dual key” decision-making process for selecting Section 1206 projects. According to DOD and State guidelines, the Section 1207 program should fund activities that are distinct from those of other U.S. foreign assistance programs and address urgent or emergent threats or opportunities that other programs cannot address in the required time frame. However, the Section 1207 program has funded a wide range of activities with objectives that other aid programs commonly address. Our review of all 28 project proposals funded by the Section 1207 program indicates that 22 expand on recent or ongoing activities funded through other foreign assistance accounts. In December 2009, Congress established a new USAID contingency fund, which provides greater flexibility to USAID to prevent or respond to emerging or unforeseen complex crises overseas. Moreover, State and DOD have not necessarily implemented projects more rapidly through the Section 1207 program than through other programs. Finally, the Section 1207 program has entailed additional implementation costs and funding delays beyond those of traditional foreign assistance programs, while the 1206 program has not.

The long-term impact of Section 1206 projects is at risk because U.S. agencies have not fully addressed how to sustain these projects. According to State planning documents, enabling partner nations to achieve advanced and sustainable counterterrorism capabilities is a key foreign policy goal. However, the long-term impact of Section 1206 projects is potentially threatened by limited ability or willingness of partner nations to support these new capabilities, as 76 percent of Section 1206 projects are in low- or lower-middle-income countries. Only 35 (26 percent) of the 135 approved project proposals we reviewed explicitly address the recipient countries’ ability to sustain the projects, and 9 (7 percent) of those 135 proposals provided specific estimates of the costs involved. Furthermore, U.S. law potentially limits the availability of FMF funds for sustainment, and fiscal year 2009 DOD and State guidelines for the 1206 program preclude funding projects that require follow-on U.S. resources to sustain them. For the Section 1207 program, there are no such statutory or policy restrictions for sustaining projects, and State, USAID, and DOD may draw on a variety of overlapping funding sources to continue and expand these projects. Thus, sustainment risks appear minimal.

DOD and State have incorporated little monitoring and evaluation into the Section 1206 and Section 1207 programs. The Government Performance and Results Act of 1993 requires agencies to develop objective performance measures, monitor their progress in achieving goals, and report progress in their annual performance reports.⁶ In addition, federal standards for internal controls indicate that U.S. agencies should monitor and assess the quality of performance over time.⁷ We have previously reported that monitoring, evaluating, and reporting the results of collaborative programs, like the Section 1206 and 1207 programs, are key practices for enhancing and sustaining interagency cooperation.⁸ DOD and State have not consistently defined performance measures for the Section 1206 projects, and reporting on progress and effectiveness has generally been limited to anecdotal information. For the Section 1207 program, implementing agencies have largely developed performance measures and submitted quarterly reports required by State. However, State has not analyzed all the information in these reports or disseminated them to DOD to inform program management and funding decisions. As a result of these deficiencies, U.S. agencies have made decisions to sustain and expand both Section 1206 and 1207 projects without documented assessments of project progress or impact.

In preparing to reauthorize U.S. national defense programs, the Congress should consider requiring the Secretaries of Defense and State to document how Section 1207 projects are distinct from those of other foreign assistance programs and that these projects incur no additional implementation costs and experience no funding delays beyond those of other foreign assistance programs. Without this documentation, the Congress should consider not reauthorizing the Section 1207 program for fiscal year 2011 and, instead, appropriate funds to State and USAID programs. We are also making several recommendations for both programs. For the Section 1206 program, we recommend that the Secretary of Defense, in consultation with the Secretary of State, (1) develop and implement specific plans to monitor, evaluate, and report routinely on Section 1206 project outcomes and their impact on U.S. strategic objectives; (2) base further decisions about sustaining existing

⁶Pub. L. No. 103-62, as amended.

⁷GAO, *Standards for Internal Control in Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: Nov. 1, 1999).

⁸GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

Section 1206 projects on the results of such monitoring and evaluation; (3) estimate the cost of sustaining projects at the time they are proposed and, where possible, obtain a commitment from partner nations to fund those costs; and (4) seek further guidance from the Congress on what funding authorities are appropriate to sustain Section 1206 projects when the Secretary determines that (a) projects address specific terrorist and stabilization threats in high-priority countries, (b) reliable monitoring and evaluation has shown that projects are effective, and (c) partner nation funds are unavailable. For the Section 1207 program, we recommend that the Secretary of Defense, in consultation with the Secretary of State and the Administrator of USAID, develop and implement specific plans to monitor, evaluate, and report on their outcomes and their impact on U.S. strategic objectives to determine whether continued funding for these projects is appropriate under other authorities and programs.

The Departments of Defense and State and the U.S. Agency for International Development provided written comments on a draft of this report (see apps. V, VI, and VII respectively). DOD concurred with all of our recommendations. State indicated in written comments that it would take our observations into account when shaping the new contingency fund requested for fiscal year 2011 to replace the Section 1207 program. State explained that this new fund will solve many of the issues outlined in our report, including funding delays. State also found our findings regarding limited monitoring and evaluation for the Section 1207 program and additional implementation costs entailed by the program to be contradictory, noting that State's increased monitoring and evaluation has required adequate funding support. We disagree. We do not believe that State's monitoring and evaluation efforts through the time of our review justified the additional fees charged to the program beyond those that State and USAID already charged to implement the projects. USAID noted in its written comments that our report highlights several issues of interest to all agencies participating in the 1207 process and that USAID looks forward to continuing to refine its business processes based on our review.

Background

The National Defense Authorization Act for Fiscal Year 2006 established the authority for the Section 1206 and 1207 programs. Section 1206 authorizes the Secretary of Defense to use up to \$350 million each year, with the concurrence of the Secretary of State, to train and equip foreign military and nonmilitary maritime forces, such as coast guards, to conduct counterterrorist operations or to support military and stability operations in which the U.S. armed forces are a participant. The authority will expire

at the end of fiscal year 2011 if it is not renewed. Section 1207 of the fiscal year 2006 NDAA provides authority for DOD to transfer up to \$100 million per fiscal year to State to support reconstruction, stabilization, and security activities in foreign countries. A congressional notification describing the project is required upon the exercise of the transfer authority. The funds are subject to the authorities and limitations in the Foreign Assistance Act of 1961, the Arms Export Control Act, or any law making appropriations to carry out such acts. The funds also remain available until expended. This authority was intended to be temporary and expires at the end of fiscal year 2010.

The Foreign Military Financing⁹ program has traditionally been the primary mechanism for providing training and equipment assistance to foreign military forces.¹⁰ State and USAID have traditionally addressed civilian reconstruction, stabilization, and security needs abroad through programs funded by several foreign operations appropriations accounts, including Development Assistance; Economic Support Funds; Freedom Support Act (now Assistance for Europe, Eurasia, and Central Asia); International Narcotics Control and Law Enforcement; Nonproliferation, Antiterrorism, Demining, and Related Programs; Peacekeeping Operations; and Transitions Initiatives. (See app. II for a description of U.S. foreign assistance programs and accounts.)

For both the Section 1206 and 1207 programs, DOD and State established an interagency process to implement each program. Within DOD, the Office of the Assistant Secretary of Defense for Special Operations, Low Intensity Conflict, and Interdependent Capabilities has overall responsibility for both programs. This office coordinates primarily with State's Bureau of Political-Military Affairs for the Section 1206 program

⁹FMF provides grants and loans to foreign governments and international organizations for the acquisition of U.S. defense equipment, services, and training. FMF assists the militaries of friendly countries to promote bilateral, regional, and multilateral coalition efforts, notably in the global war on terrorism; improve military capabilities to contribute to international crisis response operations, including peacekeeping and humanitarian crises; contribute to the professionalism of military forces to include the rule of law and military subordination to civilian control; enhance interoperability of military forces; maintain support for democratically elected governments; and support the U.S. industrial base by promoting the export of U.S. defense-related goods and services.

¹⁰In addition to FMF, State and DOD have employed other, smaller programs to fund training or equipment for partner nations, such as International Military Education and Training and Global Peace Operations Initiatives, funded by State, and Joint Combined Exchange Training and Combatant Commander's Initiative Fund, funded by DOD.

and with State's Office of the Coordinator for Reconstruction and Stabilization (State/S/CRS) for the Section 1207 program. DOD and State solicit project proposals for each program annually, in accordance with guidelines and project proposal instructions for each program that are revised periodically to reflect lessons learned, congressional concerns, and other considerations. Interagency boards review the proposals—approved by both the relevant U.S. combatant commander and ambassador—and select projects to recommend to the Secretaries of Defense and State for final funding approval. Once projects are approved, DOD and State may begin implementation after notification to designated congressional committees.¹¹ For approved Section 1206 projects, the Defense Security Cooperation Agency assumes overall responsibility for procuring training and equipment, while security assistance officers (SAO)¹²—posted at U.S. embassies and reporting to both the ambassador and the relevant U.S. geographic combatant commands¹³—are responsible for coordinating in-country project implementation. For approved Section 1207 projects, country teams at U.S. embassies are responsible for implementing projects in cooperation with relevant State and USAID offices, while State/S/CRS is responsible for oversight.

For fiscal years 2006 through 2009, DOD has allotted about \$985 million for Section 1206 projects in 53 countries and \$350 million for Section 1207 projects in 23 countries.¹⁴ Figures 1 and 2 depict the geographic distribution of Section 1206 and 1207 resources, respectively. (See app. III for detailed information on the geographic distribution of Section 1206 and 1207 funds.)

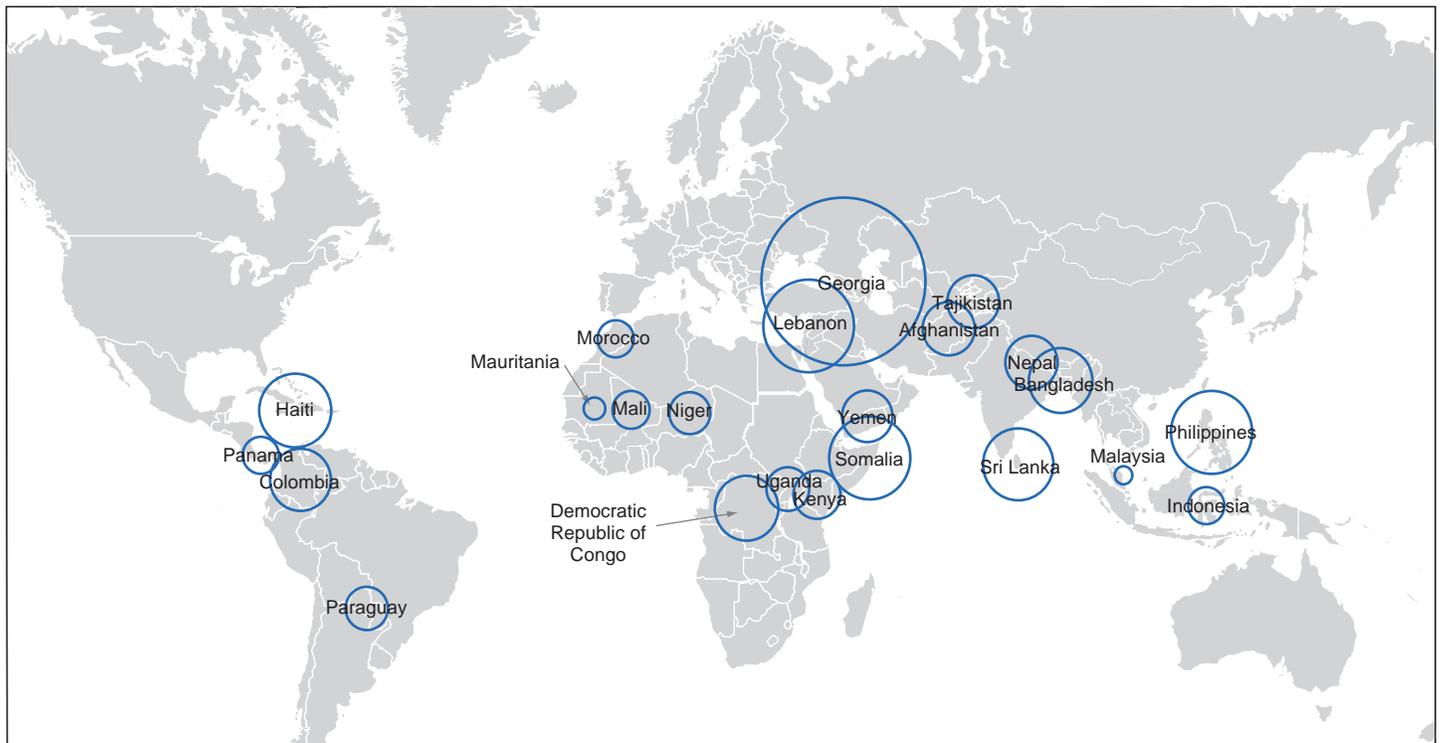
¹¹These committees include the House Committees on Appropriations, Armed Services, and Foreign Affairs and the Senate Committees on Appropriations, Armed Services, and Foreign Relations. For the Section 1206 program, DOD and State must wait 15 days after notification before beginning project implementation.

¹²DOD and State use the term “security assistance officer,” to refer to personnel in all organizations, regardless of actual name or size, located within overseas U.S. missions and assigned responsibility of carrying out security assistance functions under the Foreign Assistance Act and the Arms Export Control Act, such as FMF and International Military Education and Training.

¹³The six geographic combatant commands are the U.S. Africa Command, the U.S. Central Command, the U.S. European Command, the U.S. Northern Command, the U.S. Pacific Command, and the U.S. Southern Command.

¹⁴Funding data for Section 1206 and 1207 projects represent the allotment of appropriated funds, in line with DOD's notifications to the Congress.

Figure 2: Geographic Distribution of Section 1207 Funds, Fiscal Years 2006-2009



Sources: GAO analysis of DOD and State data; MapInfo (map).

Note: The area of each proportionally sized circle included in this figure represents the amount of funding provided to individual partner nations.

The Section 1206 and 1207 programs incorporate a wide variety of assistance. The most common types of Section 1206 program assistance have been training and technical assistance and radios and other communications equipment. Under the Section 1207 program, the most common types of assistance activities are local government capacity development and police training and equipment. Tables 1 and 2 list the types of assistance provided by the Section 1206 and 1207 programs, respectively, and the number of countries receiving them. (See app. IV for more detailed information on the types of assistance provided through the Section 1206 and 1207 programs from fiscal years 2006 to 2009.)

Table 1: Types of Assistance Provided by the Section 1206 Program, Fiscal Years 2006-2009

Type of assistance	Number of recipient countries
Training/technical assistance	47
Spare parts/tools	43 ^a
Communication equipment/radios	41
Radar/surveillance equipment	37
Boats	28
Computers/software	25
Ground vehicles	24
Body armor/individual equipment	17
Global positioning systems	14
Night vision devices	12
Facilities	12
Small arms/machine guns	11
Ammunition	7
Site surveys and assessments	3
Helicopters/aircraft	2
Miscellaneous equipment	25

Source: GAO analysis of DOD congressional notifications.

^aAccording to the Defense Security Cooperation Agency Section 1206 project manager, this number may be understated, as virtually all assistance the agency coordinates includes a basic spare parts allotment.

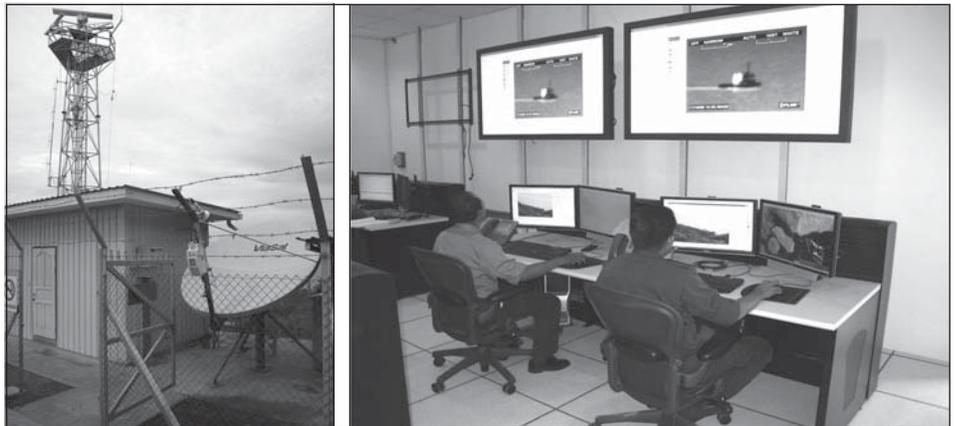
Table 2: Types of Assistance Provided by the Section 1207 Program, Fiscal Years 2006-2009

Type of assistance activity	Number of recipient countries
Local government capacity building	13
Police training and equipment	13
Infrastructure improvements	11
Public awareness campaigns	9
Youth-targeted jobs, training	8
Judicial sector reform	6
Border security	5
Education reform/school rehabilitation	5
Jobs, vocational training	5
National government capacity building	4
Demining, unexploded ordnance removal	2
Food, shelter assistance	2

Source: GAO analysis of DOD and State data.

Figure 3 shows an example of radar and surveillance equipment provided to Malaysia and 36 other countries under the Section 1206 program to conduct coastal surveillance.

Figure 3: Radar and Command and Control Equipment Provided to Malaysia under Section 1206 Program to Conduct Coastal Surveillance, November 2009



Source: GAO.

Section 1206 and 1207 Programs Are Generally Consistent with U.S. Strategic Priorities

The Section 1206 and 1207 programs have generally been consistent with U.S. strategic priorities relating to combating terrorism and addressing instability. DOD and State have devoted 82 percent of Section 1206 counterterrorism resources spent through fiscal year 2009 to addressing specific terrorist threats, primarily in countries designated as priorities by the U.S. government. DOD, State, and USAID devoted 77 percent of Section 1207 program resources to relatively unstable countries, mostly those the U.S. government has identified as vulnerable to state failure.

Section 1206 Program Consistent with U.S. Counterterrorism Strategic Priorities

Implementation of the Section 1206 program has generally been in alignment with U.S. counterterrorism priorities. Section 1206 authorizes DOD and State to build the capacity of partner nations' national military forces to (1) conduct counterterrorist operations or (2) participate in or support military and stability operations in which the U.S. armed forces are a participant. From fiscal year 2006 to 2009, DOD and State allotted \$932 million (95 percent) of all Section 1206 funding for counterterrorism-related equipment and training and \$47 million (5 percent) to build the

capacity of five partner nations to participate in stability operations with the United States.¹⁵ Overall, DOD and State have allotted 82 percent of these resources to projects that address specific terrorist threats, based on our review of approved project proposals. Furthermore, we found that most Section 1206 counterterrorism resources have been directed to countries that the U.S. intelligence community has identified as priority countries for the counterterrorism effort.¹⁶

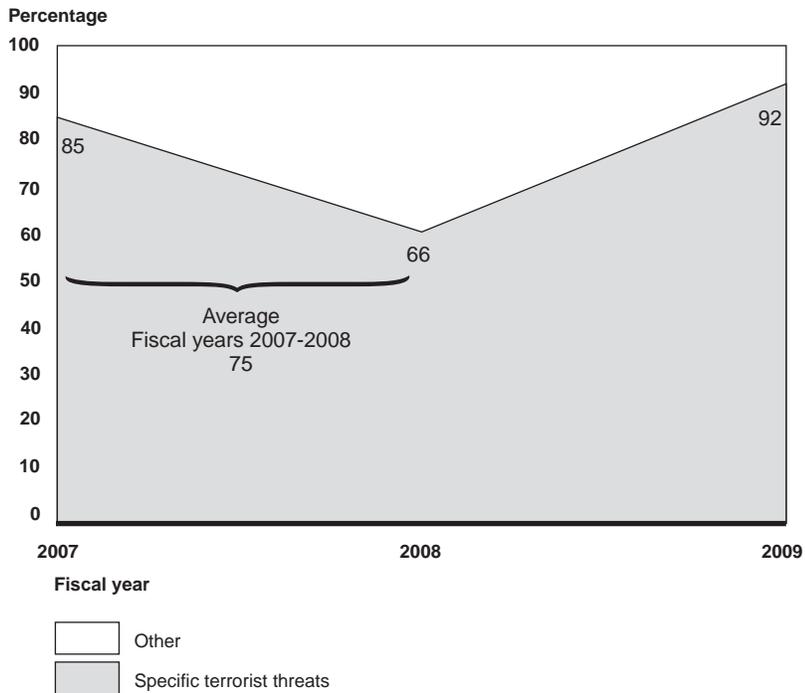
The focus on specific terrorist threats increased in fiscal year 2009. In fiscal years 2007 and 2008, DOD and State allotted 75 percent (\$405 million) of \$536 million to fund Section 1206 projects targeted at specific terrorist threats. Proposals for the remaining projects identify global terrorist threats in general or security issues indirectly related to terrorism, such as ungoverned spaces and smuggling.¹⁷ For example, in the Caribbean region, several Section 1206 projects funded in fiscal years 2007 and 2008 were justified as countering a terrorist threat but did not specifically identify the source of that threat, and appeared to address narcotics trafficking more directly. In Albania, a U.S. official noted that the country received Section 1206 funding in fiscal year 2008 even though there was no significant terrorist threat there. He explained that Section 1206-funded boats would be used primarily to respond to potential security threats such as smuggling and human trafficking in coastal waters that the Albanian government had not previously patrolled. For fiscal year 2009, DOD and State issued instructions that project proposals must describe the “actual or potential terrorist threat” to be addressed and how the project responds to “an urgent and emergent threat or opportunity.” In line with these instructions, we found that 92 percent (\$306 million) of the \$334 million approved for fiscal year 2009 proposals identified a specific terrorist threat to be addressed (see fig. 4).

¹⁵Albania, Georgia, Kazakhstan, Macedonia, and Ukraine.

¹⁶The list of priority countries is classified, which limits the precision of the analytical information we can report.

¹⁷We reviewed proposals for 135 of 149 projects, or about 91 percent of all executed Section 1206 projects. According to DOD, no formal proposals were submitted for the 11 projects approved in 2006 and 3 projects approved in 2007 and 2008.

Figure 4: Section 1206 Funds Allotted to Projects That Target Specific Terrorist Threats, Fiscal Years 2007-2009



Source: GAO analysis of DOD and State data.

Section 1207 Program Generally Consistent with U.S. Stabilization Priorities

The Section 1207 program has generally been consistent with U.S. stabilization priorities. According to State guidelines for the program, State uses DOD funds to provide reconstruction, stabilization, and security assistance to a foreign country for the purpose of restoring or maintaining peace and security. State has therefore indicated that countries eligible to receive Section 1207 funding should be at significant risk of instability or working to recover from instability. State uses a U.S. government source—an interagency “watchlist” developed to identify countries vulnerable to state failure—to help determine which countries could merit conflict prevention and mitigation efforts, and has established inclusion on the list as one of the criteria for a country to receive funding through the Section 1207 program. We found that most countries receiving Section 1207

funding appear on this watchlist.¹⁸ Further, according to our analysis of data we obtained from an independent risk forecasting firm, DOD, State, and USAID allotted 77 percent of Section 1207 funds to countries measuring high, very high, or extremely high levels of instability, as shown in figure 5.¹⁹ In addition, our review of all 28 approved proposals for Section 1207 projects shows that these projects address either the prevention of instability in a particular country or region or the recovery from instability or conflict. Eighteen proposals (about two-thirds) were for projects to help countries recover from instability or conflict, as in Georgia, Kenya, and Lebanon.²⁰ The remaining 10 proposals (about one-third) were for projects that help prevent instability, as in Bangladesh, Panama, and the Philippines.²¹

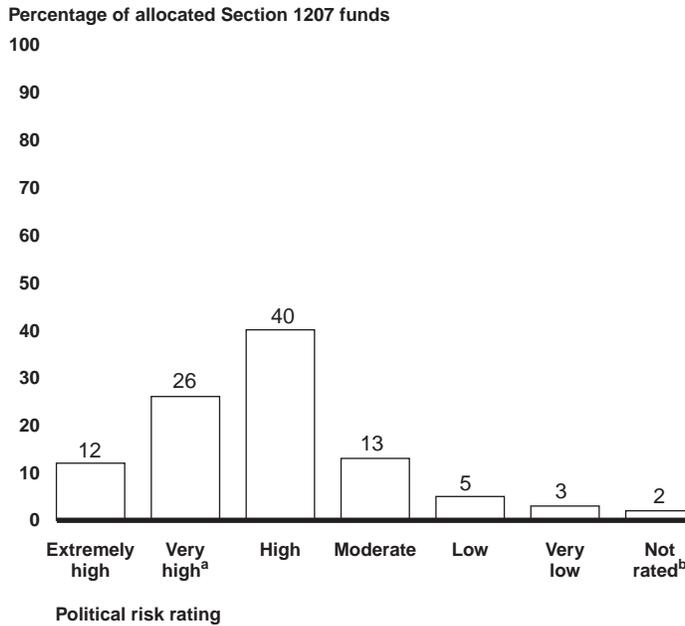
¹⁸This watchlist is a classified document, which limits the analytical information we can report.

¹⁹As reported by IHS Global Insight's Global Risk Service in the country rating section for short-term, internal political risk. IHS Global Insight is a private forecasting company that provides economic, financial, and political analyses, including risk assessments, of over 200 countries. IHS Global Insight's Global Risk Service monitors and updates country risk assessments on a quarterly basis. The Global Risk Service political risk score is a weighted average summary of probabilities that different political events, both domestic and external, such as civil war and trade conflicts, will reduce gross domestic product growth rates. The subjective probabilities are assessed by economists and country analysts at IHS Global Insight, on the basis of a wide range of information, and are reviewed by a team to ensure consistency across countries.

²⁰Recovery from instability or conflict refers to reconstruction activities in Georgia after the August 2008 Russian invasion, efforts to address postelection violence in Kenya in December 2007, and measures to strengthen Lebanon's internal security forces after armed conflict in 2006 and 2007.

²¹Prevention of instability refers to combating extremism in Bangladesh's vulnerable geographic regions and educational system, denying safe havens to the Revolutionary Armed Forces of Colombia in Panama's southern Darien region, and countering terrorism and lawlessness in the Mindanao region of the Philippines.

Figure 5: Percentage of Section 1207 Funds Allotted to Countries at Risk of Instability, Fiscal Years 2006-2009



Source: GAO analysis of IHS Global Insight data.

Note: Totals may not equal 100 because of rounding.

^a“Very high” category includes Haiti and Somalia, which were not rated for short-term, internal political risk, but assigned to this category according to alternate scoring from IHS Global Insight.

^b“Not rated” category is for Paraguay, which was not rated for short-term, internal political risk and accounts for less than 2 percent of Section 1207 funds.

Section 1206 Program Is Generally Distinct, but Section 1207 Program Is Not

According to DOD and State guidelines, the Section 1206 program has generally been distinct from other train and equip programs. DOD and State have used it to address unforeseen U.S. military needs relatively quickly compared with FMF and other programs. The Section 1207 program is not distinct from other programs, as it has funded reconstruction, stability, and security-related activities that are virtually indistinguishable from those of other foreign aid programs in their content and time frames. Furthermore, using Section 1207 program funding for these projects has entailed additional implementation costs and funding delays.

Section 1206 Program Is Generally Distinct from Other Train and Equip Programs

According to DOD and State guidelines for fiscal year 2009, the Section 1206 program should be distinct from security assistance programs in that its projects (1) address U.S. military priorities; (2) respond to urgent and emergent needs; (3) do not overlap with other State and DOD train and equip programs, such as FMF, by “backfilling” lower-priority projects unfunded by those programs; and (4) are administered with a dual key, or DOD and State interagency process, to ensure they accord with U.S. foreign policy.

Addressing U.S. Military Priorities

DOD and State have consistently used Section 1206 to address U.S. military priorities. Each U.S. geographic military command reviews proposals from U.S. embassy country teams in its area of responsibility and endorses for final submission those proposed projects that address its highest priorities. Furthermore, the U.S. Special Operations Command reviews all Section 1206 project proposals to ensure that each aligns with U.S. military strategy and ranks each proposal across the geographic combatant commands in accordance with counterterrorism priorities.²² Our review of approved Section 1206 project proposals indicates that projects are designed primarily to address U.S. military requirements that are also aligned with the countries’ security interests. DOD officials we interviewed described the Section 1206 program as a way to meet U.S. military priorities that they may not have been able to address without the Section 1206 program. For example, in Kazakhstan, according to a U.S. embassy official, DOD and State have used Section 1206 funds to address its priority of enhancing the country’s counterterrorism capacity in the Caspian Sea, while Kazakhstan has requested FMF funding for its priority to develop its military airlift capability. In Pakistan, U.S. officials used Section 1206 funds to increase special operations capacity to support counterterrorism operations on its western border, a U.S. military counterterrorism priority for which DOD and State had not been able to persuade the country to use FMF resources.

Responding to Urgent and Emergent Needs

DOD and State can use Section 1206 funds to respond to urgent and emergent needs more quickly than they have been able to do with FMF and other security assistance programs. With the Section 1206 program,

²²The U.S. Special Operations Command is responsible for preparing special operations forces to carry out assigned missions and to plan and conduct special operations. Its mission is (1) to provide fully capable special operations forces to defend the United States and its interests and (2) to synchronize global operations against terrorist networks, including receiving, reviewing, coordinating, and prioritizing all DOD plans that support the global campaign against terror.

DOD and State have often formulated and begun implementing projects within 1 fiscal year, while FMF projects have usually required up to 3 years of planning. U.S. geographic combatant commands and embassies submit project proposals early in the fiscal year, and DOD and State select projects for funding in the months that follow. DOD and State had already approved Section 1206 project proposals for fiscal year 2009 when we interviewed most SAOs, some of whom told us that equipment associated with those proposals had already begun to arrive in country. For example, radios approved as part of a fiscal year 2009 equipment package for Mali arrived and were installed in September of that same fiscal year. In contrast, several SAOs we interviewed in fiscal years 2009 and the beginning of 2010 were either drafting or had recently submitted FMF requests for fiscal year 2012. This requires the SAOs to plan for training and equipment relatively far in advance, without necessarily knowing what the geopolitical context will be when the countries receive the assistance. According to DOD and State officials, this process, including consultation and negotiation with partner nations, incorporating funding requests into State's budget, and obtaining appropriations, can take up to 3 years. Because DOD and State can review and approve Section 1206 project proposals more quickly than this, SAOs have used Section 1206 projects to begin addressing new requirements that DOD may not have not foreseen when it submitted the FMF request for the same fiscal year.

Avoiding Overlap with Other Train and Equip Programs

DOD officials we interviewed stated that the narrower goals of the Section 1206 program prevent overlap with the FMF program. They indicated that FMF program objectives have traditionally been to achieve a variety of U.S. foreign policy and partner nation military goals, which have not necessarily included counterterrorism and stability operations. For example, State has used the FMF program to strengthen bilateral relationships, gain access to foreign governments, foster long-term defense modernization of partner nations, and achieve other broad foreign policy objectives. Eight of 15 SAOs we interviewed noted that the Section 1206 projects they were implementing addressed objectives substantially different from those of the FMF program. SAOs further explained that there is no guarantee that partner nations will use FMF to fund counterterrorism and stability operations. For example, the SAO in Kazakhstan explained that FMF has been used to enhance diplomatic relations with that key ally by responding to its request for helicopters.

The Section 1206 program is also distinct in that it allows the United States to provide partner countries with complete assistance packages, whereas other funding sources might provide only a portion of the aid needed to build a counterterrorism or stability operations capability. Eight of the 15

SAOs we interviewed noted that the Section 1206 program offered a unique means to provide bundled training and equipment, such as operations and maintenance training and spare parts. Agency officials in Washington, D.C., also attested that one of the unique strengths of the 1206 program is that it allows the United States to provide partner countries with comprehensive assistance packages. Of the 53 countries receiving assistance in fiscal years 2006 through 2009, 50 (94 percent) received spare parts or training, and 40 (75 percent) received both. SAOs we interviewed indicated that other programs, such as FMF, may be used to fund spare parts, or that Joint Combined Exchange Training might be used to provide additional training for foreign troops, but those programs may not be able to independently provide all the equipment and training components typical of a Section 1206 package.

Although DOD and embassy officials we interviewed consistently explained why there was no overlap between Section 1206 projects and other programs, project proposals we reviewed have not always documented the distinctions. DOD and State revised program guidelines in fiscal year 2009 in response to congressional concerns regarding program overlap with counternarcotics and other funding sources. However, in reviewing the 25 approved Section 1206 project proposals for fiscal year 2009, 11 identified similar ongoing efforts that were funded by FMF or other U.S. programs. Only 1 proposal clearly explained why there was no overlap with other programs, and the remaining proposals did not specifically address this issue. Also, during our overseas visits, we observed some potential overlap between Section 1206 projects and other U.S. security assistance programs that was not explained in corresponding project proposals. In the Bahamas, DOD and State used Section 1206 program funds to provide that country with the same type of boats that State had previously provided with International Narcotics Control and Law Enforcement funding. (See fig. 6.)

Figure 6: Boat, Ground Vehicles, and Portable Command Center Provided to the Bahamas under Section 1206 Program to Conduct Counterterrorism Operations, September 2009



Source: GAO.

In Kazakhstan, DOD and State used both the Section 1206 program and the Global Peace Operations Initiative to provide equipment to a Kazakh peacekeeping unit.²³ The Global Peace Operations Initiative has also funded training and equipment for at least 572 foreign troops worldwide for deployments to operations in Iraq and Afghanistan, which could overlap with Section 1206 program stabilization objectives.²⁴ Figure 7 shows an example of U.S. assistance to Kazakhstan to build its capacity for conducting stability operations, in part by providing spare parts for its ground vehicles.

²³The U.S. Department of State Global Peace Operations Initiative addresses gaps in international peace operations support by building and maintaining the capabilities, capacities, and effectiveness of peace operations.

²⁴GAO, *Peacekeeping: Thousands Trained but United States Is Unlikely to Complete All Activities by 2010 and Some Improvements Are Needed*, [GAO-08-754](#) (Washington, D.C.: June 26, 2008).

Figure 7: Spare Parts Provided to Kazakhstan to Maintain Ground Vehicles for Potential Stability and Peacekeeping Operations, October 2009



Source: GAO.

Using a Dual Key Interagency Approach

DOD and State have used a dual key decision-making process for selecting Section 1206 projects, and in doing so have addressed three key practices for interagency collaboration we have previously identified.²⁵ DOD and State incorporate interagency input at several stages of the Section 1206 proposal development and selection process. First, SAOs at recipient country embassies have typically developed Section 1206 project

²⁵GAO, *Results-Oriented Government: Practices That Can Help Enhance and Sustain Collaboration among Federal Agencies*, GAO-06-15 (Washington, D.C.: Oct. 21, 2005). We have identified eight key practices for enhancing interagency collaboration, the first three of which are relevant in this context: (1) defining and articulating a common outcome; (2) establishing mutually reinforcing or joint strategies to achieve the outcome; (3) identifying and addressing needs by leveraging resources; (4) agreeing upon agency roles and responsibilities; (5) establishing compatible policies, procedures, and other means to operate across agency boundaries; (6) developing mechanisms to monitor, evaluate, and report the results of collaborative efforts; (7) reinforcing agency accountability for collaborative efforts through agency plans and reports; and (8) reinforcing individual accountability for collaborative efforts through agency performance management systems.

proposals—including objectives and implementation strategies—with input from State and other colleagues. For instance, 12 of the 15 SAOs we interviewed indicated that they had requested country team counterparts to at least review, if not help draft, Section 1206 proposals before submitting them. Through this process, DOD and State have defined common outcomes and joint strategies for achieving them, two key practices for interagency collaboration. Second, the relevant regional U.S. geographic combatant commander and ambassador have approved each proposal before officially submitting them to the Joint Staff for consideration. Once a proposal is submitted, a DOD-State working group reviews it and considers how Section 1206 projects will support U.S. foreign policy and foreign assistance goals. Last, the Secretary of State concurs with the Secretary of Defense’s approval of Section 1206 projects, thereby leveraging resources for mutually beneficial projects—another key practice for enhancing interagency collaboration.

Section 1207 Projects Are Largely Indistinguishable from Other State and USAID Activities, but Add Implementation Costs and Funding Delays

DOD and State guidelines indicate that Section 1207 projects should fund activities that are distinct from those of other U.S. government foreign assistance programs, and address urgent or emergent threats or opportunities that conventional foreign assistance programs cannot address in the required time frame.

Funding Distinct Activities

Section 1207 program-funded projects are consistent with the purposes stated in the law but are not distinct from activities funded by other foreign assistance programs. Overall, Section 1207 projects achieved objectives commonly addressed through a variety of other programs. In our country visits to Haiti, Georgia, and the Philippines, we observed many Section 1207 program-funded activities with objectives similar to those of prior or existing State and USAID programs in those countries. Moreover, according to State and USAID officials in those countries, the same activities implemented through Section 1207 funding could be accomplished with additional funding from traditional foreign assistance accounts, such as Economic Support Funds and Assistance for Europe, Eurasia, and Central Asia.

- Haiti’s Section 1207 project in fiscal year 2007 was aimed at stabilizing Cité Soleil, an urban area of Port-au-Prince, Haiti’s capital, through rapid implementation of short-term job creation activities, infrastructure improvements, and security enhancement through police training and equipment. However, from 2004 to 2006 (prior to the Section 1207 project)

USAID had implemented the Haiti Transition Initiative, which attempted to stabilize urban areas, such as Cité Soleil, by rebuilding local services and infrastructure and providing short-term employment. In 2005, USAID also began the Urban Peace-Building Initiative, which attempted to stabilize urban areas, including Cité Soleil, through economic development. According to a USAID official in Haiti, this initiative was the precursor to Haiti's Section 1207 project. USAID used existing contracts with nongovernmental organizations implementing other projects to carry out the short-term job creation and infrastructure improvements in Haiti's Section 1207 project (see fig. 8).

Figure 8: Construction and Renovation of Police Buildings under Section 1207 Program to Help Stabilize the Cité Soleil Neighborhood in Port-au-Prince, Haiti, September 2009



Source: GAO.

- Georgia's Section 1207 project in fiscal years 2008 and 2009 provided reconstruction assistance after the August 2008 Russian invasion, including support for resettlement of internally displaced persons (see fig. 9), police training and equipment, and removal of unexploded ordnance. However, according to State and USAID embassy officials, the Section 1207 project funded some activities with objectives that were previously being addressed through existing programs. For example, by amending a cooperative agreement with a nongovernmental organization partner, USAID carried out its Section 1207-funded school rehabilitation activities through an infrastructure initiative that had been operating since 2004. Also, State's Bureau for International Narcotics and Law Enforcement's (State/INL) plans to use Section 1207 funds to upgrade the Ministry of Interior's emergency communications system and national criminal database were continuations of previously established State/INL programs in Georgia. The removal of unexploded ordnance to facilitate the return of

internally displaced persons was carried out through a State humanitarian demining program that had been operating in Georgia for several years.

Figure 9: Food Distribution and Well Construction to Aid Internally Displaced Persons in Skra, Georgia, under Section 1207 Program Following 2008 Conflict with Russia, October 2009



Source: GAO.

- The Philippines' Section 1207 projects in fiscal years 2007 and 2009 attempt to stabilize the region of Mindanao through economic development, with a focus on infrastructure development activities as well as police training and equipment. However, USAID implemented the Section 1207 infrastructure development activities in Mindanao through an existing program—Growth with Equity in Mindanao—which had been carrying out similar activities in the region since 1995 (see fig. 10). Also, the Department of Justice has been conducting similar police training and equipment activities in the Philippines, including in Mindanao, since 2006.

Figure 10: Road Construction and Airport Runway Extension in Mindanao Region of the Philippines Provided under Section 1207 Program to Promote Economic Growth and Stability, November 2009



Source: GAO.

In addition, we reviewed all 28 approved Section 1207 proposals for fiscal years 2006 through 2009, including the 6 proposals for the countries we visited. We found that 22 proposals expand on recent or ongoing State and USAID activities funded through other foreign assistance accounts. For example, Colombia's Section 1207 project in fiscal year 2007, which aimed to stabilize regions of that country recently freed from insurgent control, supported an interagency body of the Colombian government that the U.S. Southern Command had funded 3 years earlier.²⁶ In addition, Tajikistan's Section 1207 project in fiscal year 2008, intended to reduce the potential for conflict in unstable areas, supports community policing and local government development activities that build upon previous and continuing USAID and State initiatives. Finally, Uganda's Section 1207 project in fiscal year 2009, aimed at reestablishing the rule of law in the north of the country, includes training for police and construction of community justice centers, which have both been implemented under previous and current USAID initiatives.

In December 2009, the Congress established the Complex Crises Fund, which provides greater flexibility to USAID to prevent or respond to emerging or unforeseen complex crises overseas. The Congress appropriated \$50 million for this fund, with which the Administrator of USAID can fund such programs and activities, in consultation with the Secretary of State. Furthermore, in its proposed budget for fiscal year

²⁶U.S. Southern Command is the U.S. geographic combatant command responsible for Central and South America and most of the Caribbean island nations.

2011, released in February 2010, State requested another \$100 million in flexible contingency funding to meet unforeseen reconstruction and stabilization needs. This request is intended to transition the funding of the Section 1207 program from DOD to State. DOD has not requested Section 1207 funding for fiscal year 2011.

Addressing Urgent or Emergent Threats or Opportunities More Quickly than Other Programs

We found that State and USAID can provide funding to address urgent or emergent threats or opportunities just as quickly, or more quickly, through other foreign assistance programs, than through the Section 1207 program. For example, in Georgia, where DOD and State allotted \$100 million in Section 1207 funds for reconstruction projects after the 2008 Russian invasion, State provided over \$50 million in Economic Support Funds to start similar projects before the full amount of Section 1207 funds was available. In the Philippines, when faced with an initial delay in receiving approved Section 1207 funds in fiscal year 2007 for police training in Mindanao, State reprogrammed International Narcotics Control and Law Enforcement funds for this purpose. Furthermore, our review of Section 1207 project proposals shows that the proposals for projects in Lebanon in fiscal year 2006 and Kenya in fiscal year 2009 describe using reprogrammed funds from conventional accounts alongside Section 1207 funds to help achieve similar stabilization goals.

Additional Implementation Costs and Funding Delays

Using Section 1207 funding for reconstruction, stabilization, and security-related projects has created a new layer of program management through State's Office of the Coordinator for Reconstruction and Stabilization (State/S/CRS)—the office responsible for oversight of the Section 1207 program—which has entailed additional implementation costs and funding delays with negative consequences.

- In addition to State and USAID's normal administrative costs for implementing an assistance project, State/S/CRS charges a fee for oversight of Section 1207 projects to cover the cost of program support and coordination from Washington, D.C., and in the field. For fiscal years 2008 and 2009, this fee totaled nearly \$2.5 million, which State/S/CRS deducted from the project funds DOD transferred to State. When added to State and USAID administrative costs of nearly \$5.4 million during the same period, the State/S/CRS fee represents an increase of 46 percent for overall administrative costs for Section 1207 projects during these 2 years. Furthermore, according to embassy officials we spoke to in Haiti, Georgia, and the Philippines, State/S/CRS oversight over Section 1207 has not necessarily improved project implementation or effectiveness. State and USAID officials at these embassies questioned the added value of State/S/CRS's oversight of the Section 1207 program. According to the

officials, State/S/CRS offers to coordinate interagency efforts and facilitate interagency collaboration within the country teams to help develop and execute Section 1207 projects. However, the embassy officials stated that interagency collaboration is already a part of how their country teams operate, through country team working groups and the development of mission strategic plans, and that the ambassador or deputy chief of mission can encourage such collaboration when necessary. In our discussions with State/S/CRS officials, they identified their ability to facilitate a whole-of-government approach for embassy country teams as their key added value and cited six countries—Lebanon, Nepal, Panama, Sri Lanka, Tajikistan, and Uganda—where their involvement brought benefits. However, they did not provide any documentation to support this claim.

- We also found that addressing urgent or emergent threats or opportunities through the Section 1207 program has caused funding delays, which have had some negative consequences. In two countries we visited, funding for State/INL-implemented activities was significantly delayed compared with funding for USAID activities within the same project. In the Philippines, U.S. embassy officials told us that State borrowed funds from an existing police assistance project in order to start its Section 1207-funded police training on time, with an understanding that Section 1207 funds would arrive quickly for reimbursement. However, the Section 1207 funds took 6 months longer than expected to arrive, which subsequently delayed the existing police assistance project by 18 months and decreased the overall quantity of equipment procured. According to officials at the U.S. embassy in Georgia, a 6-month delay in receiving State’s Section 1207 funds for law enforcement activities interfered with the embassy’s goal of simultaneously improving the security and economy in the conflict zone. We also found in our review of quarterly reporting documents for all Section 1207 projects that funding delays for State activities was an issue in at least three other countries—Bangladesh, Kenya, and Malaysia. For example, in Kenya, U.S. embassy officials reported that the delay of Section 1207 funds for State’s police assistance resulted in the postponement of a State/INL assessment visit necessary to begin providing assistance.

In contrast, DOD and State implement the 1206 program within the existing management structure of FMF, under the auspices of the Defense Security Cooperation Agency. Hence, the Defense Security Cooperation Agency charges the same administrative fees for both programs and

procures training and equipment at least as quickly for Section 1206 projects as for FMF.²⁷

Long-term Impact of Section 1206 Projects at Risk without Sustainment Planning

The long-term impact of Section 1206 projects is at risk, because it is uncertain whether funds will be available to sustain the military capabilities that these projects are intended to build. U.S. law and DOD and State policies limit the use of U.S. government funds for sustainment of Section 1206 projects, and most participating countries have relatively low incomes and may be unwilling or unable to provide the necessary resources. For the Section 1207 program, since State, USAID, and DOD are not restricted by law or agency policy from drawing on a variety of overlapping funding sources to continue and expand Section 1207 projects, sustainment risks are not as significant.

Availability of Funding to Sustain Section 1206 Projects Is Uncertain

According to State planning documents, including department- and bureau-level performance plans, helping partner nations achieve sustainable counterterrorism capabilities is a key foreign policy objective.²⁸ In addition, the joint DOD and State Inspectors General report on the Section 1206 program found that continued sustainment is essential to achieving the intended objectives of the Section 1206 program and that long-term sustainability of Section 1206 projects depends on continued investment by the partner nations or U.S. government.²⁹ DOD officials have noted that some Section 1206 projects are intended to address an immediate threat and may not require long-term sustainment. Nevertheless, according to Section 1206 project proposal instructions, proposals must explain how projects will be sustained in future years.

²⁷According to fiscal year 2009 NDAA, Section 1206 program funds must be obligated by the end of the fiscal year after which they are appropriated. FMF funds are generally available for obligation for four years after the end of the fiscal year for which they were appropriated.

²⁸U.S. Department of State, *Fiscal Year 2008 Performance Summary, Strategic Goal 1: Achieving Peace and Security*; Department of State and U.S. Agency for International Development, *Fiscal Year 2007 Joint Performance Summary, Strategic Goal 2: Counterterrorism*. See also GAO, *State Department's Antiterrorism Program Needs Improved Guidance and More Systematic Assessments of Outcomes*, [GAO-08-336](#) (Washington, D.C.: Feb. 29, 2008).

²⁹U.S. Department of Defense and U.S. Department of State Inspectors General, *Interagency Evaluation of the Section 1206 Global Train and Equip Program*, DOD Report Number IE-2009-007 and State Report Number ISP-I-09-69 (August 31, 2009).

However, we found that the availability of sustainment funds from the U.S. government is uncertain. DOD and State policy has potentially constrained the use of U.S. government funding for Section 1206 project sustainment. According to fiscal year 2009 program guidelines, the Section 1206 program should not fund projects that must be continued over long periods (more than 3 years) to achieve a capability for a partner nation. However, Section 1206 projects are highly dependent on U.S. funding for long-term sustainment. Prior to fiscal year 2009, 62 (56 percent) of 110 approved Section 1206 proposals we reviewed indicated that FMF resources would be used to sustain projects. Other potential sources of sustainment funds identified in proposals include partner nations' own resources and other U.S. programs.

Despite the new guidelines, 13 (52 percent) of the 25 approved fiscal year 2009 Section 1206 proposals we reviewed indicated that partner nations would use FMF resources to sustain Section 1206 projects. Furthermore, 11 (73 percent) of the 15 SAOs we interviewed had already requested or planned to request FMF resources to sustain Section 1206 projects. However, several SAOs were not certain that State would award the funds they had requested. State determines FMF allotments to recipient countries based on congressional direction and availability of funds, and at the time of our interviews, State had not finalized fiscal year 2010 allotments. Moreover, in fiscal years 2006 through 2009, 18 (34 percent) of the 53 Section 1206 recipient countries did not receive any FMF funding. While proposals continue to cite FMF for Section 1206 project sustainment, a provision of the fiscal year 2009 Omnibus Appropriations Act potentially further constrains the use of FMF to sustain Section 1206 projects.³⁰ This provision, which prohibits the use of FMF funds to support or continue any Section 1206 projects unless the Secretary of State justifies such use to the Committees on Appropriations, may limit the availability of FMF for Section 1206 project sustainment.

The ability of partner nations to sustain Section 1206 projects in the absence of U.S. funding is also uncertain. DOD and State have not required countries to sign formal commitments to sustain Section 1206 projects, and only 35 (26 percent) of the 135 proposals we reviewed for fiscal years 2007-2009 projects explicitly address the recipient country's ability or willingness to bear sustainment costs. Furthermore, only 9 (7 percent) of those 135 proposals provided estimates of the project's maintenance,

³⁰Pub. L. No. 111-8, 123 Stat. 855 (2009).

operation, or other sustainment costs. Moreover, DOD and State have implemented 113 (76 percent) of 149 Section 1206 projects in low- or lower-middle-income countries, as classified by the World Bank, where funding for sustainment efforts may be scarce.³¹ Only 1 of the SAOs we interviewed in 15 countries indicated that he believed his partner nation had the ability to sustain its Section 1206 projects independently; 6 SAOs said that they did not believe their partner nations had this ability, and 8 were uncertain. For example, the SAO in Nigeria was concerned about that country's ability to support long-term maintenance activities for the vehicles, surveillance, and other Section 1206-funded equipment. Similarly, the SAO in Mali noted that sustainment of the Section 1206 project to train and equip that country's light infantry units would be problematic if the country had to find its own funding. Only the SAO in Malaysia believed that the partner nation would fund the necessary sustainment of its maritime surveillance projects, based on that government's stated intention to do so. Furthermore, Section 1206 program managers at U.S. geographic combatant commands also questioned the likelihood of partner nations to sustain Section 1206 projects. For example, at the U.S. Africa Command, the Section 1206 program manager explained that while the command would prefer that partner nations budget for sustainment activities, it was unlikely this would happen.³²

State and USAID Can Leverage Other U.S. Assistance Program Resources to Sustain Section 1207 Projects

Since the Section 1207 program does not have the same statutory or policy constraints as the Section 1206 program on using other U.S. assistance program resources to sustain projects, State and USAID use other U.S. assistance program resources for this purpose. State and DOD acknowledged in fiscal year 2008 guidelines that Section 1207 projects should seek to achieve short-term security, stabilization, or reconstruction objectives that are coordinated with longer-term development efforts to be sustained by the host government, international organizations, or other forms of U.S. foreign assistance. In our visits to Haiti, Georgia, and the Philippines, we found that State and USAID have provided assistance through other projects that are similar to Section 1207 projects and help

³¹The World Bank is an international organization that fights global poverty by providing low-interest loans, interest-free credits, and grants to developing countries for a wide array of purposes that include investments in education, health, public administration, infrastructure, financial and private sector development, agriculture, and environmental and natural resource management.

³²The U.S. Africa Command is the U.S. geographic combatant command responsible for U.S. military activities in African countries.

sustain and consolidate their impacts. For example, in Haiti, USAID's implementing partners have helped support the goals of the fiscal year 2007 Section 1207 project by funding assistance activities in Cité Soleil and neighboring areas through other ongoing USAID projects. In addition, in September 2009, State and USAID officials in Haiti told us that they planned to continue efforts to stabilize Port-au-Prince by using Economic Support Funds and International Narcotics Control and Law Enforcement funding. In the Philippines, where the Section 1207 project in fiscal year 2007 has attempted to stabilize the region of Mindanao through economic development, USAID applied funds from an ongoing project in the region to supplement a Section 1207 activity—an upgrade to a local water distribution system—that required additional support.

Furthermore, in our review of all 28 proposals for Section 1207 projects, we found that 21 proposals address the issue of sustainment by identifying possible sources of funding to sustain or build on project results. Among the 21 proposals, 17 identify additional U.S. foreign assistance funding as a source, 10 cite host government resources, and 5 mention other donors, such as other countries and international organizations.³³ Only 3 proposals identify host government resources as the sole source of possible sustainment funding: Two of these are for upper-middle-income countries and the third is in a lower-middle-income country. Not every project goal funded through the Section 1207 program requires sustainment funding. For example, in Georgia's Section 1207 project in fiscal year 2008, USAID funded a "winter wheat" initiative, which was designed as onetime assistance to provide seed, fertilizer, and other supplies so that farmers disrupted by the 2008 Russian invasion could produce a wheat crop in the months after the conflict. As a result of this initiative, the farmers harvested a better than expected wheat crop in the fall of 2009, according to the Georgian Deputy Minister of Agriculture.

³³The breakdown of proposals identifying possible sources of sustainment does not add up to 21 because some proposals mention more than one source. For example, one proposal may identify funding from both the U.S. government and other donors.

Section 1206 and 1207 Program Monitoring and Evaluation Is Weak

DOD and State have conducted little monitoring and evaluation of the Section 1206 and Section 1207 programs. DOD and State have not carried out systematic program monitoring for the Section 1206 program, and reporting has generally consisted of anecdotal information, although DOD has taken initial steps to establish such a system. For the Section 1207 program, State requires quarterly reporting on project implementation but has not analyzed this information or reported results to DOD to inform program management and funding decisions. As a result of these deficiencies, U.S. agencies have made decisions to sustain and expand both Section 1206 and 1207 projects without formal assessments of project progress or impact.

The Government Performance and Results Act of 1993 requires agencies to develop objective performance measures, monitor progress on achieving goals, and report on their progress in their annual performance reports.³⁴ Our previous work has noted that the lack of clear, measurable goals makes it difficult for program managers and staff to link their day-to-day efforts to achieving the agency's intended mission.³⁵ Furthermore, according to *Standards for Internal Control in the Federal Government*, U.S. agencies should monitor and assess the quality of performance over time.³⁶ In addition, we have previously reported that key practices for enhancing and sustaining interagency collaboration include developing mechanisms to monitor, evaluate, and report the results of collaborative programs; reinforcing agency accountability for collaborative efforts through agency plans and reports; and reinforcing individual accountability for collaborative efforts through agency performance management systems.³⁷ Also, the Congress has directed the Secretaries of Defense and State to report on the implementation and impact of Building

³⁴Pub. L. No. 103-62, as amended.

³⁵GAO, *Results-Oriented Government: GPRA Has Established a Solid Foundation for Achieving Greater Results*, [GAO-04-38](#) (Washington, D.C.: Mar. 10, 2004).

³⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

³⁷GAO, *Results-Oriented Government: Practices that Can Help Enhance and Sustain Collaboration among Federal Agencies*, [GAO-06-15](#) (Washington, D.C.: Oct. 21, 2005).

Global Partnership authorities provided under the Section 1206 and 1207 authorities no later than December 31, 2010.³⁸

Section 1206 Program Lacks Measurable Performance Objectives, Monitoring and Evaluation Plans, and Results Reporting

DOD and State have not consistently defined performance measures for their Section 1206 projects, although the agencies have made some improvement in doing so. Section 1206 program guidelines and instructions for fiscal year 2007 required project proposals to identify measures of effectiveness, and in fiscal year 2008, revised instructions required project proposals to identify the anticipated outcomes. However, we found that only 27 percent (30) of 110 approved proposals for fiscal year 2007 and 2008 provided this information.³⁹ DOD and State refined the instructions for fiscal year 2009 by requiring project proposals to identify measures of effectiveness.⁴⁰ As a result, 72 percent (18 of 25) of projects approved in fiscal year 2009 include this information. Overall, DOD and State have defined measures of effectiveness or anticipated outcomes for only 32 percent (48 of 149) of all projects approved from fiscal years 2006 through 2009.

Furthermore, DOD and State have not established a plan to monitor and evaluate Section 1206 program results systematically. DOD officials stated that they had not consistently monitored Section 1206 projects, and State officials were not involved with or aware of a formal evaluation process. In addition, only 34 (25 percent) of 135 approved fiscal year 2007-2009 proposals we reviewed documented an intention to monitor project results. Some SAOs we interviewed noted that embassy officials sometimes informally monitor Section 1206 project activities. For example, in Georgia, U.S. military trainers observed the use and

³⁸Section 1237 of the National Defense Authorization Act for Fiscal Year 2009 directs the Secretaries of Defense and State to report on the implementation of the Building Global Partnership authorities, including Sections 1206 and 1207, and must include an assessment of the impact of the assistance provided under these authorities. The report is due no later than December 31, 2010, to the Senate and House of Representatives Committees on Armed Services, Appropriations, Foreign Affairs (House), and Foreign Relations (Senate). Pub. L. No. 110-417, § 1237.

³⁹DOD and State were unable to provide proposals for the projects approved in fiscal year 2006; thus we were unable to determine whether those proposals identified performance measures.

⁴⁰In their 2009 review of the Section 1206 program, the DOD and State Inspectors General recognized the need for metrics of effectiveness and recommended that the agencies establish clearly defined Section 1206 project outputs and program outcomes.

maintenance of some Section 1206 program-funded equipment when they helped prepare troops for deployment to Afghanistan. Also, in Sri Lanka, DOD officials inspected some Section 1206 equipment when they hosted an Inspector General visit to the country.

Although regular reporting on performance is an established good management practice, DOD and State have not required Section 1206 program managers to report on progress or results. Only one of the six U.S. geographic combatant commands indicated that it routinely required SAOs implementing Section 1206 projects overseas to submit regular progress reports. Furthermore, 13 of the 15 SAOs we interviewed indicated that they do not routinely submit any formal reports to DOD or State on the Section 1206 projects they implement. For example, 1 SAO indicated that no reports were required and that he had not volunteered to write any. A few SAOs noted that they report the status of equipment deliveries, but not project results or impact. DOD and State have undertaken two evaluations of the Section 1206 program, focusing largely on initial projects. The first, prepared by a contractor in July 2008, addressed fiscal year 2006 and 2007 projects in Lebanon, Yemen, Pakistan, and São Tomé and Príncipe.⁴¹ The second, prepared jointly by the DOD and State Inspectors General, focused on seven countries with projects approved in fiscal year 2006.⁴² Since DOD and State had not established objective performance measures for most of the projects reviewed, these reports relied heavily on anecdotal information to assess progress and effectiveness.

These monitoring, evaluation, and reporting deficiencies may stem from DOD's and State's unclear assignment of roles and responsibilities for these tasks. We have previously reported that clearly identifying roles and responsibilities and establishing policies to operate across agency boundaries are key practices for enhancing interagency collaboration. However, DOD and State have not applied these practices for Section 1206 program monitoring and evaluation. Section 1206 program managers we spoke to at U.S. geographic combatant commands had varied opinions regarding who should be responsible for monitoring Section 1206 projects.

⁴¹CNA, *Assessments of the Impact of 1206-Funded Projects in Selected Countries: Lebanon, Pakistan, Yemen, São Tomé and Príncipe*, CRM D0017988.A4/1REV (July 2008).

⁴²U.S. Department of Defense and U.S. Department of State Inspectors General, *Interagency Evaluation of the Section 1206 Global Train and Equip Program*, DOD Report Number IE-2009-007 and State Report Number ISP-I-09-69 (August 31, 2009).

For example, officials at the U.S. Central Command indicated that monitoring and evaluation should be the joint responsibility of State, relevant embassies' chiefs of mission, U.S. geographic combatant commands, as well as the SAOs. The security assistance manager at the U.S. Africa Command understood that monitoring was a responsibility of the relevant embassy country teams. Meanwhile, DOD officials in the Office of the Secretary of Defense told us they thought the U.S. geographic combatant commands should evaluate Section 1206 projects. One project proposal indicated only that "the embassy" should be responsible for monitoring the project in question, without identifying any particular office for this task.

DOD and State lack a monitoring and evaluation system; nevertheless, they have requested additional funding to sustain Section 1206 projects without documented evidence of results. SAOs have sometimes submitted FMF requests for Section 1206 project sustainment before the projects are fully implemented in order to have those funds available by the end of the 2-year period for which spare parts are typically included in Section 1206 packages. For example, the SAO in Lebanon explained that the Lebanon Armed Forces planned to use FMF to sustain its Section 1206 projects, and that he had already submitted FMF requests to that end despite the fact that most Section 1206 projects in Lebanon have not yet been fully implemented. In Ukraine, the SAO has submitted FMF requests for fiscal years 2010 through 2012, although some of the Section 1206 equipment had not yet been shipped to the country.

According to a DOD official in the Office of the Assistant Secretary of Defense for Special Operations, Low Intensity Conflict, and Interdependent Capabilities—the office with overall responsibility for the Section 1206 program—DOD has begun to implement a new two-phase initiative to assess Section 1206 projects. This assessment process is intended to use both quantitative and qualitative performance-related data to form the basis for measuring progress toward desired project outcomes. For the first phase, DOD has hired a contractor to identify current Section 1206 roles, data sources, and ongoing assessment activities to develop a framework for implementing Section 1206 assessments. The contract was signed in January 2010 and the final deliverable is due 8 months later. According to the officer, the second phase will consist of using the newly designed framework to assess a sample of Section 1206 projects. In addition, the official indicated that resources would not be available to evaluate all Section 1206 projects, and that the agency had not yet determined what sample of countries would be assessed.

Section 1207 Projects Have Measures of Effectiveness, but State Has Conducted Limited Monitoring and Evaluation

In general, State and USAID have established measures of effectiveness for individual Section 1207 projects. In our review of all 28 approved proposals for the Section 1207 program, we found that 25 proposals identified measures of effectiveness or performance indicators. For example, in the Philippines, State and USAID indicated that they would assess the effectiveness of a Section 1207 project by measuring changes in private sector investment, the prevalence of waterborne diseases, and police response times, among other performance indicators.

State and DOD first issued guidelines for Section 1207 project monitoring in January 2008, 2 years after the program began. According to these guidelines, embassies with Section 1207 projects are responsible for submitting quarterly progress reports containing both narrative and financial data to State's Office of the Coordinator for Reconstruction and Stabilization (State/S/CRS) and to DOD's Office of Partnership Strategy and Stability Operations.⁴³ According to the guidelines, the reports should describe the project's progress against the measures of effectiveness established in the project proposal, identify any challenges expected over the next quarter, and describe the expenditure to date on different project activities.⁴⁴ State/S/CRS officials told us that, initially, embassies typically submitted these reports several months later than expected, but that punctuality improved after State/S/CRS hosted a Section 1207 program conference in May 2009. Since then, State/S/CRS officials said they usually receive reports within 30 days after the end of the quarter.

State/S/CRS officials told us that they had not fully analyzed the quarterly reports they received. According to these officials, State/S/CRS began systematically analyzing the financial information contained in the reports in April 2009, thereby monitoring the progress of project implementation by tracking the obligation and expenditure of funds over time for each

⁴³This office is located within the Office of the Under Secretary of Defense (Policy) and oversees DOD's capabilities to conduct reconstruction, stabilization, and security operations with interagency and international partners.

⁴⁴According to the guidelines, the Section 1207 quarterly reports should (1) provide a brief summary of the project's progress and any upcoming challenges or opportunities over the next quarter; (2) describe interagency cooperation involved in implementation, including challenges and successes; (3) highlight critical successes or challenges encountered during implementation; (4) discuss how the project demonstrates a whole-of-government approach in response to instability and improves U.S. government operations in reconstruction, stabilization, and security-related activities; (5) report against the measures of effectiveness established in the original project proposals; and (6) provide detailed financial data on funding obligations and expenditures to date.

component of the projects. However, State/S/CRS officials indicated that they routinely reviewed the reports when they arrived, but had not systematically analyzed them, because of staffing shortages. Thus, State/S/CRS was not systematically monitoring project effectiveness or implementation challenges described in the narrative section of these reports as a basis for providing program oversight. In December 2009, State/S/CRS assigned an additional employee to review the narrative reports.

Although Section 1207 program guidelines instruct embassies to submit quarterly reports to both State and DOD, embassies have not been sending these reports to DOD, and State/S/CRS has not forwarded them. State/S/CRS officials indicated that they have provided DOD information on problems with Section 1207 projects but not on progress or effectiveness. An official in DOD's Office of Partnership Strategy and Stability Operations responsible for the Section 1207 program issues told us that, as of mid-December 2009, he had not received any Section 1207 quarterly reports, but that he was working with State/S/CRS to develop an evaluation process for Section 1207 projects. Because of limited monitoring and evaluation, State and DOD have made decisions about sustaining Section 1207 projects without documentation on project progress or effectiveness. For example, officials at the U.S. Southern Command told us that they did not support a proposal from the U.S. embassy in Haiti for a second Section 1207 project in fiscal year 2008 because they were not aware of the implementation progress or results of the first project. Nevertheless, State/S/CRS officials told us that the information obtained from the quarterly reports informed decisions about proposal approval and funding at the decision-making level.

State/S/CRS officials told us that in January 2010 they began efforts to develop information for the congressionally required report on the implementation and impact of the Section 1207 program, which is due on December 31, 2010. In particular, State/S/CRS offered to hire evaluation specialists to help embassies receiving Section 1207 program funds in fiscal year 2009 meet the congressional reporting requirement by developing a monitoring strategy and carrying out data collection and analysis. State/S/CRS has not offered this assistance to embassies that received program funds in prior years, which represent 59 percent of all Section 1207 funding through fiscal year 2009.

Conclusions

The Section 1206 and 1207 programs are aimed at achieving high-priority counterterrorism, stabilization, reconstruction, and security objectives for the United States. Anecdotal evidence from some early Section 1206 and 1207 projects suggests that individual projects under both programs could achieve noteworthy results, but achieving long-term results from the projects is likely to require a sustained U.S. effort, especially in poorer countries. State and USAID can continue to draw upon traditional foreign aid programs to continue nonmilitary assistance initiated under Section 1207. However, as the appropriate funding source for sustaining military assistance under Section 1206 is unclear, given current legal restrictions and agency policy, DOD and State need guidance from the Congress on how to fund longer-term assistance. Furthermore, without a rigorous monitoring and evaluation system, DOD and State have gathered little evidence to prove that the programs have been effective and whether continued funding should be provided to sustain the efforts they have initiated. The Section 1207 authority has allowed DOD to infuse existing USAID and State programs with additional resources to help those agencies achieve their objectives. However, channeling these resources through the Section 1207 authority has created a new layer of program management, which appears to be largely redundant and entails additional implementation costs and funding delays. Moreover, a new funding source for projects similar to those of the Section 1207 program may supplant the need to continue Section 1207 funding.

Matter for Congressional Consideration

In preparing to reauthorize U.S. national defense programs, the Congress should consider requiring the Secretaries of Defense and State to document how Section 1207 projects are distinct from those of other foreign assistance programs and that these projects incur no additional implementation costs and experience no funding delays beyond those of other foreign assistance programs. In the absence of this documentation, the Congress should consider not reauthorizing the Section 1207 program for fiscal year 2011 and, instead, appropriate funds to State and USAID programs.

Recommendations for Executive Action

We are making five recommendations relating to the Section 1206 and 1207 programs. For the Section 1206 program, we recommend that the Secretary of Defense, in consultation with the Secretary of State, (1) develop and implement specific plans to monitor, evaluate, and report routinely on Section 1206 project outcomes and their impact on U.S. strategic objectives; (2) base further decisions about sustaining existing Section 1206 projects on the results of such monitoring and evaluation; (3)

estimate the cost of sustaining projects at the time they are proposed and, where possible, obtain a commitment from partner nations to fund those costs; and (4) seek further guidance from the Congress on what funding authorities are appropriate to sustain Section 1206 projects when the Secretary determines that (a) projects address specific terrorist and stabilization threats in high-priority countries, (b) reliable monitoring and evaluation have shown that projects are effective, and (c) partner nation funds are unavailable. For the Section 1207 program, we recommend that the Secretary of Defense, in consultation with the Secretary of State and the Administrator of USAID, develop and implement specific plans to monitor, evaluate, and report on their outcomes and their impact on U.S. strategic objectives to determine whether continued funding for these projects is appropriate under other authorities and programs.

Agency Comments and Our Evaluation

We provided a draft of this report to DOD, State, and USAID. We received written comments from all three, which we have reprinted in appendixes V, VI, and VII, respectively. The agencies also provided technical comments, which we incorporated throughout the report, as appropriate.

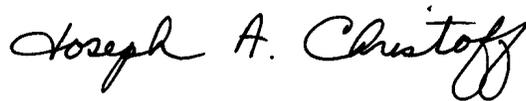
DOD concurred with all of our recommendations.

State indicated in its written comments that it appreciated the observations contained in our report and would take them into account when shaping the Complex Crises Fund, which State requested for fiscal year 2011 to replace the Section 1207 program. State noted that this new fund will solve many of the issues outlined in our report, including an unwieldy funds transfer process that has sometimes prevented as rapid a response to immediate needs as State would have preferred. State also indicated that our findings regarding the limited monitoring and evaluation for the Section 1207 program and additional administrative costs entailed by the program were contradictory, noting that State has increasingly developed and refined its monitoring and evaluation of Section 1207 projects, requiring adequate administrative costs to carry out. We disagree. While State/S/CRS had taken some steps to increase its monitoring of Section 1207 projects, it had neither systematically analyzed embassy reports on the effectiveness of Section 1207 projects nor provided these reports to its DOD counterparts responsible for the projects' funding. Accordingly, we do not believe that these efforts justified the additional fees this office charged beyond those that State and USAID already charged to implement the projects.

USAID noted in its written comments that our report highlights several issues of interest to all agencies participating in the Section 1207 process and that USAID looks forward to continuing to refine its business processes based on our review.

We are sending copies of the report to the Secretaries of Defense and State and other interested parties or interested congressional committees. In addition, the report will be available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have questions about this report, please contact me at (202) 512-8979 or at christoffj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VIII.



Joseph A. Christoff
Director, International Affairs and Trade

List of Congressional Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable John F. Kerry
Chairman
The Honorable Richard G. Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Daniel K. Akaka
Chairman
The Honorable George V. Voinovich
Ranking Member
Subcommittee on Oversight of
Government Management, the Federal
Workforce, and the District of
Columbia
Committee on Homeland Security and
Governmental Affairs
United States Senate

The Honorable Ike Skelton
Chairman
The Honorable Howard P. McKeon
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Howard L. Berman
Chairman
The Honorable Ileana Ros-Lehtinen
Ranking Member
Committee on Foreign Affairs
House of Representatives

Appendix I: Scope and Methodology

Our review encompassed all projects funded by the Department of Defense (DOD) under authorities in Sections 1206 and 1207 of the National Defense Authorization Act of Fiscal Year 2006, as amended, during fiscal years 2006 through 2009. For more in-depth project review, we focused on 18 of the 62 countries receiving assistance under these programs: Albania, the Bahamas, Georgia, Haiti, Kazakhstan, Malaysia, and the Philippines, where we visited with U.S. embassy officials and host country officials, as well as implementing partner representatives in Section 1207 recipient countries; Ethiopia, Pakistan, and Uganda, where we interviewed U.S. embassy officials in conjunction with other GAO work; and Honduras, Kenya, Lebanon, Mali, Mexico, Nigeria, Sri Lanka, and Ukraine, where we conducted interviews with security assistance officers (SAO) or other project managers via telephone. To select countries to visit, we ranked all 62 countries based on the following criteria: (1) the amount of Section 1206 and 1207 program funding a country had received in order to include countries representing a significant portion of total funding, as well as both large and small individual projects from each program; (2) the year when a country's projects began, in order to visit mature projects; (3) the presence of both Section 1206 and Section 1207 projects in a country, in order to use our time efficiently in visiting projects from both programs in single country visits; (4) DOD and State suggestions; (5) recent GAO or DOD and State Inspectors General visits, to reduce the burden on embassies; (6) congressional interest; (7) security considerations; and (8) opportunities to consolidate the fieldwork of multiple GAO engagements. We selected the highest-ranking countries within the areas of responsibility of each of the six U.S. geographic combatant commands. For telephone interviews, we selected the next-highest-ranking country within the area of responsibility of each combatant command and four additional countries of strategic importance.¹ The results of our work for the 18 countries we selected are not necessarily generalizable to all 62 countries receiving assistance under these programs.

To assess the extent to which the Section 1206 and 1207 programs have been consistent with U.S. government strategic priorities, we conducted the following work.

- We interviewed DOD, State, and U.S. Agency for International Development (USAID) officials involved in implementing Section 1206 and

¹Although Pakistan and Indonesia were ranked highly, because of logistical complications, we conducted limited work in Pakistan and did not visit or interview officials in Indonesia.

1207 programs and documented their views on how ongoing projects relate to U.S. strategies and priorities. At DOD we spoke to officials from the Office of the Secretary of Defense (OSD) and Joint Staff and the Defense Security Cooperation Agency, in Washington, D.C.; the U.S. Special Operations Command in Tampa, Florida; the six geographic combatant commands—the U.S. Africa Command and the U.S. European Command in Stuttgart, Germany; the U.S. Central Command in Tampa, Florida; the U.S. Northern Command in Colorado Springs, Colorado (by telephone); the U.S. Pacific Command in Honolulu, Hawaii; and the U.S. Southern Command in Miami, Florida; and the Africa Command Navy component, in Naples, Italy. At State we spoke to officials in the Bureau of Political-Military Affairs and the Office of the Coordinator for Reconstruction and Stabilization (State/S/CRS) in Washington, D.C. At USAID we spoke to officials from the Office of the Chief Operating Officer and the Bureau for Democracy, Conflict, and Humanitarian Assistance in Washington, D.C. We also interviewed U.S. embassy officials (by telephone or in person) in all 18 countries we selected.² To identify U.S. strategic priorities, we also obtained and analyzed documents, such as mission strategic plans and lists of priority countries identified by the U.S. intelligence community.

- We analyzed Section 1206 program funding data and DOD’s priority country list to determine the percentage of funding that has been allotted for countries on this list. We calculated this amount overall and for each year to identify any trends over time. Since the list of priority countries is classified, we aggregated the information we reported from our analysis to avoid disclosing classified information. We used funding data based on allotments for each Section 1206 project, in line with DOD’s notifications to the Congress, which we determined were sufficiently reliable for our purposes.
- We analyzed all written project proposals for approved Section 1206 program-funded projects to determine how many of them described specific terrorist threats. DOD officials consistently identified these proposals as the most authoritative and detailed documents about each project’s purpose and objectives. In all, DOD and State have approved 92 proposals, accounting for 149 projects. No formal proposals had been

²The 18 countries include Albania, the Bahamas, Georgia, Haiti, Kazakhstan, Malaysia, and the Philippines, which we visited (7); Ethiopia, Pakistan, and Uganda, where we conducted interviews with U.S. embassy officials in conjunction with other related work GAO was conducting (3); and Honduras, Kenya, Lebanon, Mali, Mexico, Nigeria, Sri Lanka, and Ukraine, for which we conducted interviews via telephone (8).

submitted for the 11 projects approved in fiscal year 2006 and 3 projects approved in fiscal years 2007 and 2008. We analyzed the proposals for 135 projects from fiscal years 2007-2009: 62 projects approved in 2007, 48 projects approved in 2008, and 25 projects approved in 2009. We determined that a project proposal addressed a specific threat if it (1) provided information indicating that some terrorist act had occurred, had been attempted, or had been or was being planned for in the country/region of the project, or (2) referred to a terrorist organization or individual in the country/region of the project that posed a threat that was being targeted by the proposed project. If project proposals did not meet these criteria, we determined that they addressed a nonspecific threat. Projects that we determined fell into this second category included those that addressed the global threat of terrorism, the existence of ungoverned territory, illegal fishing, smuggling, narcotics trafficking, human trafficking, piracy, or other illegal activities not specifically tied to observable terrorist-related activity in the country/region in question. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion.

- We reviewed applicable Section 1207 program guidelines to identify the requirements related to meeting U.S. stabilization priorities. We then analyzed Section 1207 program funding data and a U.S. government watchlist identifying countries vulnerable to state failure to determine the percentage of program funding that has been allotted for countries on this list. Since the watchlist is classified, we did not present specific data from our analysis to avoid disclosing classified information. We also analyzed political risk data compiled by IHS Global Insight, a private forecasting firm, to determine the percentage of project funds that were allotted to countries categorized as having high, very high, or extremely high short-term, internal political risk. This political risk score is a weighted average summary of probabilities that different political events, both domestic and external, such as civil war and trade conflicts, will reduce gross domestic product growth rates. The subjective probabilities are assessed by economists and country analysts at Global Insight on the basis of a wide range of information, and are reviewed by a team to ensure consistency across countries. The measures are revised quarterly; the measure we used comes from the first quarter of the year after each project proposal for the corresponding country was approved, except in the case of fiscal year 2009 projects, for which we used data from the third quarter of 2009 because data from the first quarter of 2010 were not yet available at the time of our review. We combined the results for all years to indicate what percentage of total funding was allotted to countries within each political risk category. To assess the reliability of the risk rating data, we

interviewed officials of IHS Global Insight and reviewed related documents describing the methods used to gather these data and the internal control mechanisms employed to ensure consistency and reliability. We also compared the risk scores of similar sources of data related to country political risk to assess overall consistency. We determined that these risk rating data were sufficiently reliable for the purpose of assessing the general level of political stability of countries receiving Section 1207 program assistance. In addition, we reviewed all 28 approved proposals relating to 25 projects in the Section 1207 program in fiscal years 2006 through 2009 and assessed the extent to which proposals were for projects to help countries recover from or prevent instability.³ We considered that a project proposal addressed the prevention of instability if (1) the project objectives described an attempt to prevent, deny, counter, or reduce threat(s) to stability, such as armed conflict, violence, extremism, or terrorism/terrorists, or (2) the project objectives described an attempt to strengthen or enhance stability, and (3) the project did not address recovery from a specific event or occurrence of instability. We considered that a project proposal addressed the recovery from instability if (1) the project objectives described a specific event or occurrence of instability (e.g., insurgency, war, or episodic or recurring violence) and supported postconflict reconstruction or rebuilding efforts, or (2) the project objectives described efforts to help foreign governments regain or reestablish control over territories or institutions that were previously ungoverned or under the control of criminals, terrorists, or insurgents. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion. We used funding data based on allotments for each Section 1207 project, in line with DOD's notifications to the Congress, which we determined were sufficiently reliable for our purposes.

To assess the extent to which the Section 1206 and 1207 programs are distinct from other U.S. programs, we conducted the following work.

- We reviewed applicable Section 1206 program guidelines to identify the requirements relating to project distinctness. We then reviewed all available written proposals for projects to which these requirements applied (e.g., we compared projects approved in fiscal year 2009 with

³Note that in the Section 1207 program from fiscal years 2006 to 2009, the 25 projects were based on 28 approved proposals; 23 projects were based on one proposal each, but one project (in Lebanon in fiscal year 2008) was based on two proposals, and another project (in Georgia in fiscal years 2008 and 2009) was based on three proposals.

fiscal year 2009 guidelines) and analyzed the information that the proposals provided to distinguish the proposed project from those funded by other security assistance programs. We categorized each proposal based on whether the proposal (1) explained the reason(s), other than the lack of available funds, that another program could not be used; (2) did not address whether the proposed project was distinct from projects funded by other programs, other than the lack of available funds; or (3) identified one or more similar or related projects funded by another program but did not explain how the proposed project was distinct. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion. We considered only those proposals meeting the first criterion to have documented that the proposed project was distinct.

- We also interviewed relevant staff—at OSD; State’s Bureau for Political-Military Affairs; all six geographic combatant commands; the Africa Command Navy component; and the U.S. embassies in Albania, the Bahamas, Georgia, Kazakhstan, the Philippines, Malaysia, Ethiopia, Pakistan, Honduras, Lebanon, Mali, Mexico, Nigeria, Sri Lanka, and Ukraine—in person or by telephone, and documented their views on the factors that distinguish Section 1206 projects from other train and equip projects that they help implement under other programs. To determine whether funding assistance under Section 1206, instead of other traditional security assistance programs, entailed additional costs or funding delays, we asked an official from the Defense Security Cooperation Agency overseeing the Section 1206 program about the fees and implementation timing under this program and Foreign Military Financing (FMF).
- We reviewed applicable Section 1207 program guidelines to identify the requirements relating to project distinctness. We then reviewed all proposals for projects to which these requirements applied (i.e., 28 approved proposals for fiscal years 2006 through 2009) and assessed the extent to which the proposals included information to distinguish the respective project from those funded under other foreign assistance programs. We considered a proposed project to be distinct from other projects if (1) no other related projects were identified in the proposal, or (2) the proposed project did not fund a continuation of a prior or existing program in that country, through expansion of its geographic scope or an increase in the number of identical or closely related activities. For example, we did not consider an initiative to increase funding for an existing school construction program to build additional schools in other regions of a country to be distinct. We did not consider projects to be

undertaken using existing contracting mechanisms, grants, or cooperative agreements to be distinct unless the type of proposed activity funded was described as being substantially different from ongoing activities. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion.

- We reviewed quarterly reports from countries that received Section 1207 program funding for State's Bureau of International Narcotics and Law Enforcement activities to determine if funding delays were an issue. We also reviewed Section 1207 program funding data to determine the administrative costs charged by State/S/CRS, State (at U.S. embassies), and USAID. In addition, we interviewed cognizant officials at the U.S. embassies in Georgia, Haiti, Malaysia, the Philippines, and Uganda, and documented their views of the factors that distinguish respective Section 1207 projects from other assistance activities that they help implement under other programs. We also interviewed cognizant officials at USAID, State/S/CRS, and five geographic commands and documented their views on this topic.

To determine the extent to which the Section 1206 and 1207 projects have addressed the sustainment needs of executed projects, we conducted the following work.

- We reviewed State and USAID documents describing U.S. foreign policy goals relating to sustainment of international counterterrorism-related efforts. We also reviewed Section 1206 program guidelines to identify requirements relating to project sustainment. We then reviewed all available written proposals for projects to which these requirements applied (i.e., projects approved in fiscal year 2009) and analyzed the information that each proposal included relating to project sustainment. We identified all the sources of funding that each proposal indicated would be used to sustain the project and categorized them as Foreign Military Financing, U.S. programs other than FMF, or host country funds. We also identified those proposals that indicated that host nation funds alone would be used for sustainment. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion.
- We also interviewed cognizant officials at OSD, State's Bureau for Political-Military Affairs, all six geographic combatant commands, the Africa Command Navy component, and the U.S. embassies in Albania, the Bahamas, Ethiopia, Georgia, Honduras, Kazakhstan, Lebanon, Malaysia,

Mali, Mexico, Nigeria, Pakistan, the Philippines, Sri Lanka, and Ukraine, and documented their views regarding sustainment of ongoing Section 1206 projects. We also used the World Bank's 2010 country income ratings to analyze the potential ability of recipient countries to independently sustain Section 1206 projects.

- We reviewed applicable Section 1207 program guidelines to identify the requirements relating to project sustainment. We then reviewed all available written proposals to which these requirements applied (i.e., all 28 approved proposals for fiscal years 2006 through 2009) and assessed whether each proposal included information relating to project sustainment. We identified all the sources of funding that each proposal indicated would be used to sustain the project and categorized them as U.S. government assistance, host nation funds, or non-U.S. donors or other sources. We also identified those proposals that indicated that host nation resources alone would be used for sustainment. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion. In addition, we interviewed relevant staff at U.S. embassies in Georgia, Haiti, Malaysia, and the Philippines, and documented their views regarding sustainment of ongoing Section 1207 projects. We also documented the views on this topic from cognizant officials at USAID, State/S/CRS, and five geographic combatant commands. For those projects where potential sustainment from U.S. or other donor sources was not addressed by project proposals, we used the World Bank's 2010 country income ratings to analyze the potential ability of the recipient countries to independently sustain Section 1207 activities. We determined that these data were sufficiently reliable for the purpose of this analysis.

To establish the extent to which the Section 1206 and 1207 programs incorporate plans for monitoring and evaluation to assess project impact and inform program implementation, we conducted the following work.

- We reviewed applicable Section 1206 and 1207 program guidelines, as well as authorizing legislation, the Government Performance and Results Act of 2003, and *Standards for Internal Controls in the Federal Government* to identify the requirements relating to project monitoring and evaluation.
- To determine what monitoring and evaluation has been conducted and what was planned for the Section 1206 program, we interviewed cognizant DOD and State officials in Washington, D.C., and at the six U.S. geographic combatant commands and the Africa Command Navy component, as well as U.S. officials in Albania, the Bahamas, Ethiopia, Georgia, Honduras, Kazakhstan, Lebanon, Malaysia, Mali, Mexico, Nigeria, Pakistan, the

Philippines, Sri Lanka, and Ukraine in person or via telephone. We also analyzed the 135 available written project proposals to determine the extent to which they identified measurable program objectives. We considered a proposal as having a measurable objective if (1) it identified an objective or an expected outcome and a means of quantitatively or qualitatively assessing achievement of that objective or outcome, or (2) it identified a specific expected outcome, such as the establishment of a particular military capability or deployment of troops in a particular stabilization operation, specific enough that an observer could reasonably be expected to determine by objective means whether the outcome had been achieved. We did not consider a proposal as having a measurable objective if (1) it did not identify any objective or expected outcome or (2) it described the objective or expected outcome in general terms, such as achieving long-term stability or establishing an effective deterrence against extremist incursions, without identifying potential indicators or other quantitative or qualitative means to assess the achievement of that objective or outcome. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion.

- To determine what monitoring and evaluation has been conducted and what was planned for the Section 1207 program, we interviewed cognizant DOD, State, and USAID officials, as well as agency officials at five U.S. geographic combatant commands. In addition, we interviewed relevant staff at U.S. embassies in Georgia, Haiti, Malaysia, and the Philippines, and documented their views regarding monitoring and evaluation of ongoing Section 1207 projects. We also analyzed all 28 approved proposals to determine the extent to which they identified measures of effectiveness. We considered a proposal to have measures of effectiveness if it identified either quantitative or qualitative measures or performance indicators that would be used to assess the results of the proposed project. We did not require the proposal to provide detailed information about every measure or indicator that would be used, but we considered a basic description of them or examples as adequate evidence to meet the criteria. We did not consider a reference to State's standard performance measurement structure as adequate evidence to meet our criteria unless the proposal identified which standard measures would be used. Two analysts independently reviewed all the proposals according to these criteria, and any disagreements in the determinations both made were resolved through discussion.

We conducted this performance audit from February 2009 to April 2010 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient,

appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Descriptions of Traditional DOD and State Assistance Programs

Table 3 describes selected U.S. foreign assistance programs and accounts that DOD, State, and USAID have traditionally used to fund training and equipment for counterterrorism and stabilization operation support and assistance related to reconstruction, security, and stabilization.

Table 3: Descriptions of Select U.S. Foreign Assistance Programs and Accounts

Assistance program	Description
Foreign Military Financing	Foreign Military Financing provides grants and loans to foreign governments and international organizations for the acquisition of U.S. defense equipment, services, and training. FMF assists the militaries of friendly countries to promote bilateral, regional, and multilateral coalition efforts, notably in the global war on terrorism; improve military capabilities to contribute to international crisis response operations, including peacekeeping and humanitarian crises; contribute to the professionalism of military forces to include the rule of law and military subordination to civilian control; enhance interoperability of military forces; maintain support for democratically elected governments; and support the U.S. industrial base by promoting the export of U.S. defense-related goods and services.
Development Assistance	The Development Assistance account is used to foster sustainable broad-based economic progress and social stability in developing countries through support of long-term projects in areas such as economic reform, private sector development, democracy promotion, environmental protection, and improvement of human health.
Economic Support Funds	The Economic Support Funds promote economic and political stability in strategically important regions where the United States has special security interests. The funds are generally provided as grants or loans provided on a grant basis and are available for a variety of economic purposes, such as infrastructure and development projects.
Assistance for Europe, Eurasia, and Central Asia	The Assistance for Europe, Eurasia, and Central Asia account supports assistance to the independent states of the former Soviet Union under the FREEDOM Support Act and supports East European democracy under the SEED Act.
International Narcotics Control and Law Enforcement	The International Narcotics Control and Law Enforcement account supports country and global programs for combating transnational crime, including the illegal drug trade, through projects such as judicial sector reform and police training and equipment.
Nonproliferation, Antiterrorism, Demining, and Related Programs	The Nonproliferation, Antiterrorism, Demining, and Related Programs account supports programs that address the spread of weapons of mass destruction, assist other countries in fighting terrorism, and support humanitarian assistance programs such as demining.
Peacekeeping Operations	The Peacekeeping Operations account supports multilateral peacekeeping and regional stability operations that are not funded through the United Nations, and also addresses gaps in capabilities to enable countries and regional organizations to participate in peacekeeping, humanitarian operations, or counterterrorism operations, and to reform security forces in the aftermath of conflict.

**Appendix II: Descriptions of Traditional DOD
and State Assistance Programs**

Assistance program	Description
Transition Initiatives	The Transition Initiatives account funds the activities of USAID's Office of Transition Initiatives for international disaster rehabilitation and reconstruction assistance, including strengthening democratic institutions, revitalizing basic infrastructure, and fostering conflict resolution
International Military Education and Training	The International Military Education and Training (IMET) program provides training to military and related civilian personnel. IMET training exposes foreign students to U.S. military organizations and procedures and the manner in which military organizations function under civilian control. IMET aims to strengthen democratic and civilian control of foreign militaries, improve their understanding of U.S. military doctrine and operational procedures, and enhance interoperability. IMET facilitates the development of professional and personal relationships, which aim to provide U.S. access and influence to foreign governments.
Global Peace Operations Initiative	The U.S. Department of State Global Peace Operations Initiative addresses gaps in international peace operations support by building and maintaining the capabilities, capacities, and effectiveness of peace operations.
Joint Combined Exchange Training	The Joint Combined Exchange Training program activities involve training U.S. Special Operations Forces with foreign forces to ensure readiness regarding language, culture, knowledge of foreign environments, combat and combat support, and instructor skills. Training ranges from land navigation, first aid, and basic rifle marksmanship to leadership techniques and special operations techniques and tactics. The primary purpose of the program is to train U.S. Special Operations Forces. Benefits to the host nation forces are incidental.
Combatant Commander's Initiative Fund	The Combatant Commander's Initiative Fund enables the Chairman of the Joint Chiefs of Staff to act quickly to support the combatant commanders when they lack the flexibility and resources to solve emergent challenges and unforeseen contingency requirements critical to joint war fighting readiness and national security interests. The strongest candidates for approval are initiatives that support combatant command activities and functions, enhance interoperability, and yield high benefits at low cost. Initiatives support authorized activities such as force training, joint exercises, contingencies, command and control, military education and training of foreign personnel, defense personnel expenses for bilateral or regional cooperation programs, urgent and unanticipated humanitarian relief and reconstruction assistance, and joint war fighting capabilities.

Source: DOD and State.

Appendix III: Section 1206 and 1207 Funding Allotments

Table 4 lists the recipient countries and their allotments of Section 1206 and 1207 funds for fiscal years 2006 through 2009, ranked according to total amount funding provided.

Table 4: Section 1206 and 1207 Recipients and Funding Allotments, Fiscal Years 2006-2009

Funding rank	Country	Section 1206 funding	Section 1207 funding	Total
1	Pakistan	\$203,388,677		\$203,388,677
2	Lebanon	105,461,059	\$30,000,000	135,461,059
3	Georgia	17,947,000	100,000,000	117,947,000
4	Yemen	97,284,553	8,845,200	106,129,753
5	Philippines	55,098,843	24,900,000	79,998,843
6	Indonesia	57,493,827	5,000,000	62,493,827
7	Bahrain	44,992,361		44,992,361
8	Malaysia	43,931,221	1,000,000	44,931,221
9	Kenya	29,048,763	8,000,000	37,048,763
10	Sri Lanka	18,283,008	18,280,000	36,563,008
11	Ethiopia	34,882,574		34,882,574
12	Kazakhstan	31,744,945		31,744,945
13	Bangladesh	15,744,500	15,100,000	30,844,500
14	Somalia		25,000,000	25,000,000
15	Kyrgyzstan	21,132,370		21,132,370
16	Haiti		20,000,000	20,000,000
17	Tunisia	18,525,758		18,525,758
18	Djibouti	17,324,183		17,324,183
19	Nigeria	16,023,915		16,023,915
20	Democratic Republic of the Congo		14,870,000	14,870,000
21	Mexico	13,945,854		13,945,854
22	Colombia		13,800,000	13,800,000
23	Albania	12,036,340		12,036,340
24	Ukraine	11,998,982		11,998,982
25	Panama	6,789,842	5,070,000	11,859,842
26	Mali	5,218,826	5,000,000	10,218,826
27	Afghanistan		10,000,000	10,000,000
28	Nepal		10,000,000	10,000,000
29	Tajikistan		9,900,000	9,900,000
30	Honduras	9,159,831		9,159,831
31	Bahamas	9,086,403		9,086,403
32	Dominican Republic	8,953,051		8,953,051

Appendix III: Section 1206 and 1207 Funding Allotments

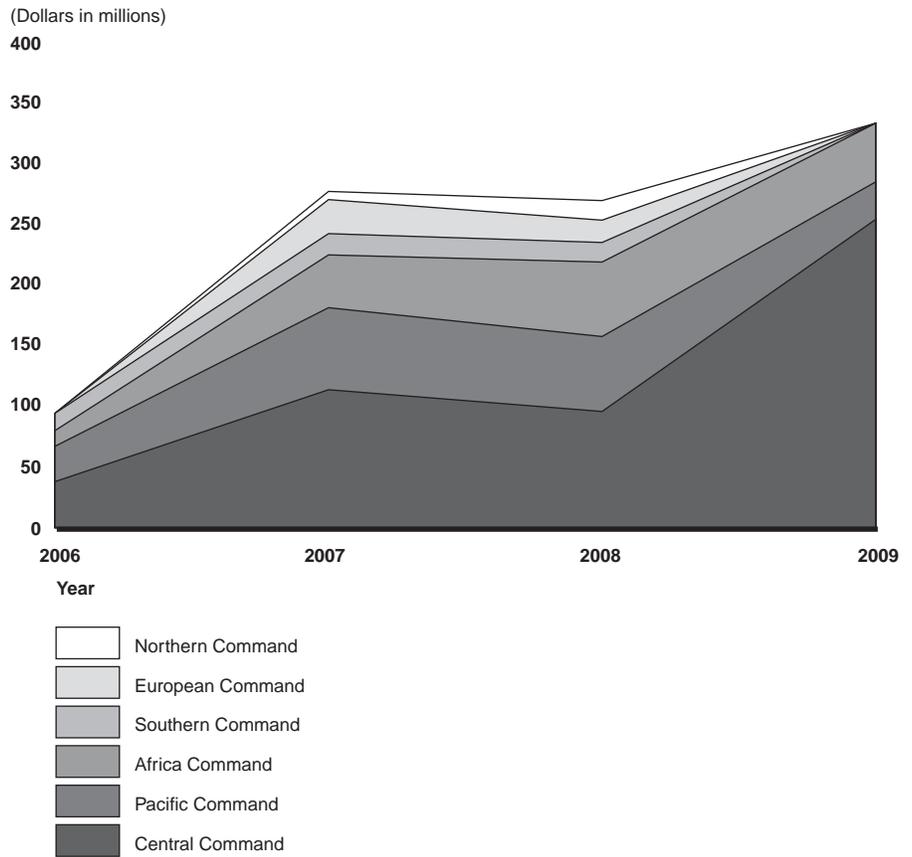
Funding rank	Country	Section 1206 funding	Section 1207 funding	Total
33	Nicaragua	6,731,518		6,731,518
34	Paraguay		6,690,000	6,690,000
35	Jamaica	6,546,396		6,546,396
36	Uganda		6,460,000	6,460,000
37	Belize	6,183,654		6,183,654
38	Niger	142,725	6,000,000	6,142,725
39	Cameroon	5,902,428		5,902,428
40	Chad	5,792,725		5,792,725
41	Morocco	321,318	5,080,000	5,401,318
42	São Tomé and Príncipe	4,960,564		4,960,564
43	Mozambique	4,853,356		4,853,356
44	Senegal	4,710,181		4,710,181
45	Gabon	4,242,509		4,242,509
46	Ghana	3,711,833		3,711,833
47	Tanzania	3,232,162		3,232,162
48	Macedonia	2,978,000		2,978,000
49	Sierra Leone	2,492,565		2,492,565
50	Suriname	2,063,009		2,063,009
51	Guyana	1,823,391		1,823,391
52	Azerbaijan	1,744,000		1,744,000
53	Mauritania	142,725	1,550,000	1,692,725
54	Cape Verde	1,403,481		1,403,481
55	Mauritius	1,229,501		1,229,501
56	Benin	1,145,148		1,145,148
57	Togo	966,555		966,555
58	Seychelles	179,654		179,654
59	Liberia	178,594		178,594
60	Guinea	178,593		178,593
61	Gambia	178,593		178,593
62	Algeria	142,725		142,725
Total		\$979,674,589^a	\$350,545,200	\$1,330,219,789

Source: GAO analysis of DOD and State data.

^aSection 1206 funding total excludes \$3,053,843 in transportation costs and \$2,117,059 in human-rights-training costs that could not be attributed to specific projects or countries.

Figures 11 and 12 show the allotments of Section 1206 and 1207 funds, respectively, to U.S. geographic combatant commands for fiscal years 2006 through 2009.

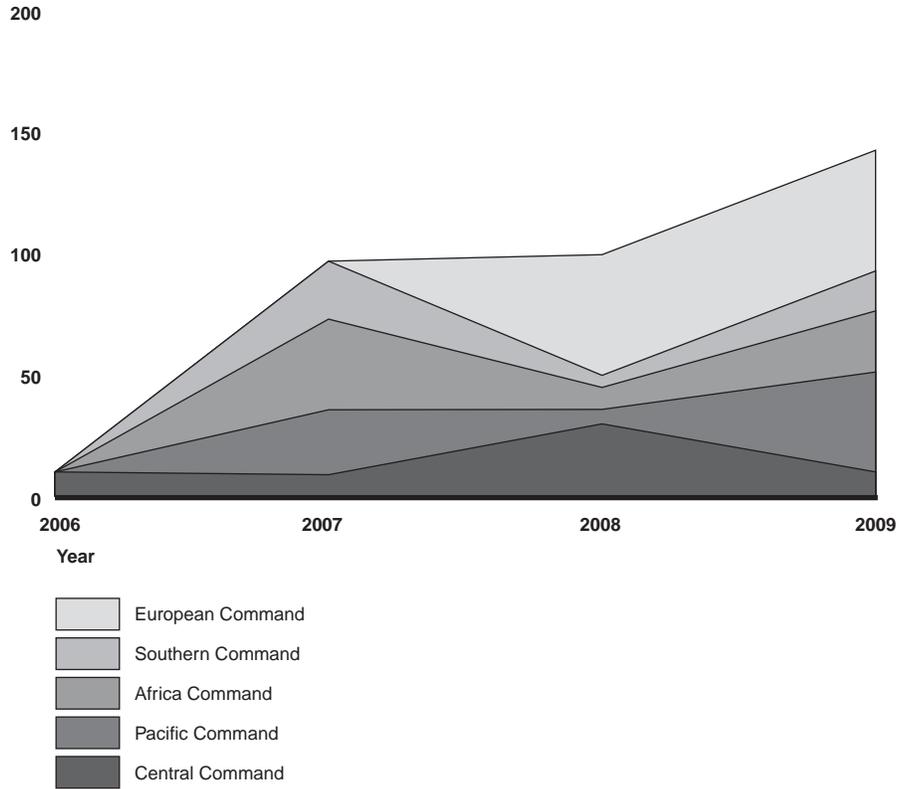
Figure 11: Section 1206 Funds Provided to U.S. Geographic Combatant Commands, Fiscal Years 2006-2009



Source: GAO analysis of DOD and State data.

Figure 12: Section 1207 Funds Provided to U.S. Geographic Combatant Commands, Fiscal Years 2006-2009

(Dollars in millions)



Source: GAO analysis of DOD and State data.

Appendix IV: Types of Assistance Provided through Section 1206 and 1207 Programs

Table 5 lists the recipients of Section 1206 funds and the type of equipment DOD and State have provided to each country for fiscal years 2006 through 2009.

Table 5: Types of Assistance Provided to Section 1206 Recipient Nations, Fiscal Years 2006-2009

Company	Type of assistance															
	Training/technical Assistance	Spare parts/tools	Communication equipment/Radios	Radar/surveillance equipment	Boats	Computers/software	Ground vehicles	Body armor/ individual equipment	Global positioning systems	Night vision devices	Facilities	Small arms/machine guns	Ammunition	Site survey/ assessment	Helicopters/aircraft	Miscellaneous equipment
Albania	x	x	x	x	x	x	x	x		x						x
Algeria	x															
Azerbaijan	x															
Bahamas	x	x	x	x	x	x	x									x
Bahrain	x	x	x	x	x		x	x				x		x		
Bangladesh	x	x			x			x		x		x				
Belize	x	x	x	x	x	x	x	x				x				x
Benin	x	x	x	x	x				x							
Cameroon	x	x	x	x	x	x			x		x					
Cape Verde	x	x	x	x	x				x							
Chad	x	x	x			x										
Djibouti	x	x	x	x					x	x			x			x
Dominican Republic	x	x	x	x	x	x	x									x
Ethiopia	x	x	x				x			x						x
Gabon	x	x	x	x	x	x			x		x					
Gambia				x												
Georgia	x	x	x	x			x									x
Ghana	x	x	x	x	x				x							
Guinea				x												
Guyana		x	x				x	x								x
Honduras	x	x	x	x	x	x	x	x				x				x
Indonesia	x	x	x	x		x					x					x
Jamaica	x	x	x	x	x	x	x									x
Kazakhstan	x	x	x		x	x	x	x		x	x					x
Kenya	x	x	x	x	x		x		x	x		x				

**Appendix IV: Types of Assistance Provided
through Section 1206 and 1207 Programs**

Company	Type of assistance															
	Training/technical Assistance	Spare parts/tools	Communication equipment/Radios	Radar/surveillance equipment	Boats	Computers/software	Ground vehicles	Body armor/ individual equipment	Global positioning systems	Night vision devices	Facilities	Small arms/machine guns	Ammunition	Site survey/ assessment	Helicopters/aircraft	Miscellaneous equipment
Kyrgyzstan	x	x	x				x	x				x				x
Lebanon	x	x	x	x		x	x	x	x	x		x	x	x	x	x
Liberia				x												
Macedonia		x					x									
Malaysia	x	x	x	x	x	x					x					
Mali	x	x	x				x	x					x			x
Mauritania	x															
Mauritius	x	x	x	x	x		x									x
Mexico	x	x	x		x			x		x			x			x
Morocco	x		x	x												
Mozambique	x			x	x	x	x				x					x
Nicaragua	x	x	x	x	x	x	x									x
Niger	x															
Nigeria	x	x	x	x		x	x	x					x			x
Pakistan	x	x	x	x		x		x	x	x	x	x	x	x	x	x
Panama	x	x	x		x	x	x									
Philippines	x	x	x	x	x	x		x	x	x	x	x	x			x
São Tomé and Príncipe	x	x	x	x	x	x			x							
Senegal	x	x	x	x	x	x			x		x					
Seychelles	x		x	x												x
Sierra Leone	x	x	x	x		x					x					
Sri Lanka	x	x	x	x	x		x	x		x						
Suriname		x	x				x	x				x				x
Tanzania	x	x		x	x	x	x				x					x
Togo	x	x	x	x	x				x							
Tunisia	x	x		x					x	x						
Ukraine	x	x	x			x					x					
Yemen	x	x	x	x	x	x	x	x				x				
Total recipients:	47	43	41	37	28	25	24	17	14	12	12	11	7	3	2	25

Source: GAO analysis of DOD and State data.

**Appendix IV: Types of Assistance Provided
through Section 1206 and 1207 Programs**

Table 6 lists the recipients of Section 1207 funds and the type of reconstruction, stabilization, and security assistance provided by State and USAID.

Table 6: Reconstruction, Stabilization, and Security Activities Provided to Section 1207 Recipient Nations, Fiscal Years 2006-2009

Country	Type of assistance											
	Local government capacity building	Police training and equipment	Infrastructure improvements	Public awareness campaigns	Youth-targeted jobs, training	Judicial sector reform	Border security	Education reform / school rehabilitation	Jobs, vocational training	National government capacity building	Demining, unexploded ordnance removal	Food, shelter assistance
Afghanistan						x						
Bangladesh	x	x						x		x		
Colombia	x		x	x	x					x		
DRC	x	x				x	x					
Georgia		x	x				x	x	x		x	x
Haiti	x	x	x	x		x			x			
Indonesia							x					
Kenya		x	x		x							
Lebanon		x									x	
Malaysia							x					
Mali	x		x	x	x			x				
Mauritania	x		x	x	x							
Morocco					x	x						
Nepal	x	x	x	x								
Niger			x	x	x			x				
Panama	x			x			x			x		
Paraguay	x	x							x			
Philippines	x	x	x	x								
Somalia	x	x	x	x	x	x				x		
Sri Lanka	x	x	x					x	x			x
Tajikistan	x	x							x			
Uganda		x				x						
Yemen					x							
Total recipients:	13	13	11	9	8	6	5	5	5	4	2	2

Source: GAO analysis of DOD and State data.

Appendix V: Comments from the Department of Defense



SPECIAL OPERATIONS /
LOW INTENSITY CONFLICT &
INTERDEPENDENT CAPABILITIES

ASSISTANT SECRETARY OF DEFENSE
2500 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-2500

MAR 29 2010

Mr. Joseph Christoff
Director, International Affairs and Trade
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Christoff:

Thank you for the opportunity to comment. Enclosed is the Department of Defense response to the GAO draft report, GAO-10-431, "INTERNATIONAL SECURITY: State and DOD Need to Improve Sustainment Planning, and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs," dated March 12, 2010 (GAO Code 320663).

The Department of Defense has reviewed the GAO draft report and concurs with all recommendations. We look forward to implementing these recommendations to improve the Section 1206 and 1207 assistance programs.

Michael Vickers

Enclosure:
Department of Defense Comments to the GAO Recommendations



GAO DRAFT REPORT DATED MARCH 12, 2010
GAO-10-431 (GAO CODE 320663)

“INTERNATIONAL SECURITY: STATE AND DOD NEED TO
IMPROVE SUSTAINMENT PLANNING, AND MONITORING AND
EVALUATION FOR SECTION 1206 AND 1207 ASSISTANCE
PROGRAMS”

DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS

RECOMMENDATION 1: For the Section 1206 program, the GAO recommends that the Secretary of Defense, in consultation with the Secretary of State develop and implement specific plans to monitor, evaluate, and report routinely on Section 1206 project outcomes and their impact on U.S. strategic objectives. (See page 34/GAO Draft Report.)

DoD RESPONSE: Concur.

RECOMMENDATION 2: The GAO recommends that the Secretary of Defense, in consultation with the Secretary of State, base further decisions about sustaining existing Section 1206 projects on the results of such monitoring and evaluation. (See page 34/GAO Draft Report.)

DoD RESPONSE: Concur.

RECOMMENDATION 3: The GAO recommends that the Secretary of Defense, in consultation with the Secretary of State, estimate the cost of sustaining projects at the time they are proposed and, where possible, obtain a commitment from partner nations to fund those costs. (See page 34 and 35/GAO Draft Report.)

DoD RESPONSE: Concur.

RECOMMENDATION 4: The GAO recommends that the Secretary of Defense, in consultation with the Secretary of State, seek further guidance from the Congress on what funding authorities are appropriate to sustain Section 1206 projects when the Secretary determines that: (a) projects address specific terrorist and stabilization threats in high-priority countries; (b) reliable monitoring and evaluation have shown that projects are effective; and (c) partner nation funds are unavailable. (See page 35/GAO Draft Report.)

DoD RESPONSE: Concur.

RECOMMENDATION 5: For the Section 1207 program, the GAO recommends that the Secretary of Defense, in consultation with the Secretary of State and Administrator of USAID, develop and implement specific plans to monitor, evaluate, and report on their outcomes and their impact on U.S. strategic objectives to determine whether continued funding for these projects is appropriate under other authorities and programs. (See page 35/GAO Draft Report.)

DoD RESPONSE: Concur.

Appendix VI: Comments from the Department of State



United States Department of State

Chief Financial Officer

Washington, D.C. 20520

MAR 30 2010

Ms. Jacquelyn Williams-Bridgers
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "INTERNATIONAL SECURITY: State and DOD Need to Improve Sustainment Planning, and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs," GAO Job Code 320663.

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 Caitlin Conaty, 1207 Oversight Program Officer, Office of the Coordinator for Reconstruction & Stabilization at (703) 875-6692.

Sincerely,

A handwritten signature in black ink, appearing to read "James L. Millette".

James L. Millette

cc: GAO – Jeff Phillips
PM – Andrew J. Shapiro
S/CRS – John Herbst
State/OIG – Tracy Burnett

Department of State Comments on GAO Draft Report

**INTERNATIONAL SECURITY: State and DOD Need to Improve
Sustainment Planning, and Monitoring and Evaluation for Section 1206 and 1207
Assistance Programs**
(GAO-10-431, GAO Code 320663)

Thank you for the opportunity to comment on this GAO report. The Department of State commends GAO for the thoughtful and complete analysis of the 1207 program; however, we would like to offer the following clarifications and comments in response.

One of the key objectives of the 1207 program was to provide timely funding to cope with emerging crises for which other appropriated funding was not available. 1207 was always intended to be a temporary transfer authority pending the creation of a similar stand-alone account for the Department of State. For FY11, however, the Administration has requested a 1207-like account for State, the Complex Crisis Fund. Having funds dedicated to conflict prevention, stability and security appropriated to State will eliminate the current unwieldy 1207 transfer process, which, at times, has prevented as rapid a response to immediate on-the-ground needs as State would have preferred. We believe that the appropriation of the Complex Crisis Fund to State will solve many of the issues outlined in the report.

The report notes that the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) has not done sufficient analysis of the effectiveness of the 1207 programs and has not been sufficiently aggressive in monitoring the programs, while also criticizing the charging of administrative costs. These findings are contradictory. Since the inception of the 1207 program in 2006, S/CRS has increasingly developed and refined the monitoring and evaluations of projects. Quantitative and qualitative evaluations of program effectiveness are ongoing and have been completed for 1207 projects that are in-progress or recently completed. Further, without adequate administrative support, S/CRS would be unable to provide any monitoring or evaluations thereby resulting in the very concern expressed. S/CRS's administrative costs for 1207 are also far lower than those charged by similar programs in the U.S. government.

Finally, because the 1207 authority will not be reauthorized in FY11, we appreciate the observations contained in this report and will take them into account when shaping the future 1207-like program under the Complex Crisis Fund.

Appendix VII: Comments from the U.S. Agency for International Development



MAR 31 2010

Joseph A. Christoff,
Director, International Affairs and Trade
U.S. Government Accountability Office
Washington, DC 20548

Dear Mr. Christoff,

I am pleased to provide the U.S. Agency for International Development's (USAID) formal response to the GAO draft report entitled: "International Security: DOD and State Need to Improve Sustainment Planning, and Monitoring and Evaluation for Section 1206 and 1207 Assistance Programs" (GAO-10-431).

The enclosed USAID comments are provided for incorporation with this letter as an appendix to the final report.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this audit review.

Sincerely,

Drew W. Luten
Acting Assistant Administrator
Bureau for Management

Enclosure: a/s

- 2 -

USAID COMMENTS ON GAO DRAFT REPORT No. GAO-10-431

USAID has worked closely with S/CRS and our interagency partners throughout the 1207 processes each year since FY 2006. As the draft GAO report points out, learning from the 1207 authority and incorporating lessons from one year to the next have been among the best features of interagency 1207 management and integration.

At the same time, there is still more work to be done to maximize the timeliness of funding availability, the use of reporting data, and our ability to incorporate necessary sustainment requirements for 1207 funded activities into base budgets, areas which are highlighted in the draft GAO report. These are, of course, issues of interest to all agencies participating in 1207 processes.

We have appreciated our strategic partnership with others from the Department of State and Department of Defense related to the exercise of the 1207 authority and management of 1207 resources and look forward to continuing to refine our business processes based on GAO's review.

Appendix VIII: GAO Contact and Staff Acknowledgments

GAO Contact

Joseph Christoff (202) 512-8979 or christoffj@gao.gov

Staff Acknowledgments

Key contributors to this report include Jeffrey Phillips, Assistant Director; James Michels; Kathryn Bolduc; Robert Heilman; Martin de Alteriis; Michael Silver; Mark Dowling; John Pendleton; Marie Mak; Alissa Czyz; Jodie Sandel; Erin Smith; Thomas Costa; Kathryn Bernet; John Neumann; Michael Rohrback; Sally Williamson; Jeff Isaacs; Ophelia Robinson; Jenna Beveridge; Joseph Carney; Lynn Cothorn; Anthony Pordes; and Jeremy Sebest.

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Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

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

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
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