United States General Accounting Office

GAO

Report to the Honorable Charles E. Grassley, Chairman, Caucus on International Narcotics Control, U.S. Senate

July 2004

DRUG CONTROL

U.S. Nonmilitary Assistance to Colombia Is Beginning to Show Intended Results, but Programs Are Not Readily Sustainable

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GAO-04-726

July 2004

DRUG CONTROL

U.S. Nonmilitary Assistance to Colombia Is Beginning to Show Intended Results, but Programs Are Not Readily Sustainable

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Highlights

Highlights of GAO-04-726, a report to the Honorable Charles E. Grassley, Chairman, Caucus on International Narcotics Control, U.S. Senate

Why GAO Did This Study

Since 2000, the U.S. government has provided a total of $3.3 billion to Colombia, making it the fifth largest recipient of U.S. assistance. Part of this funding has gone toward nonmilitary assistance to Colombia, including programs to (1) promote legitimate economic alternatives to coca and opium poppy; (2) assist Colombia's vulnerable groups, particularly internally displaced persons; and (3) strengthen the country's democratic, legal, and security institutional capabilities. GAO examined these programs' objectives, reported accomplishments, and identified the factors, if any, that limit project implementation and sustainability. We also examined the challenges faced by Colombia and the United States in continuing to support these programs.

What GAO Recommends

We recommend that the Secretary of State, in consultation with the Attorney General and the Administrator, USAID, develop a detailed plan for improving systematic coordination among the three nonmilitary assistance programs in Colombia. This plan should include a timeline for achieving stated objectives, future funding requirements, and a strategy for sustaining the results achieved. In commenting on this report, State, Justice, and USAID generally found the report helpful. State and USAID noted that they are exploring ways to improve coordination.

www.gao.gov/cgi-bin/getrpt?GAO-04-726.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jess Ford at (202) 512-4128 or FordJ@gao.gov.

What GAO Found

Although U.S. nonmilitary assistance programs have begun to produce some results, individual projects reach a relatively small number of beneficiaries, face implementation challenges, and may not be sustainable. For example:

- Projects designed to promote legitimate economic alternatives to illicit crop cultivation have helped about 33,400 families. However, the U.S. Agency for International Development (USAID) estimated in 2000 and 2001 that as many as 136,600 families needed assistance, and these projects face implementation obstacles, such as difficulty marketing licit products and operating in conflictive areas.
- U.S. assistance to Colombia's vulnerable groups has provided support to many internally displaced persons, but these program beneficiaries do not receive all of the assistance they need, and there is no systematic way for beneficiaries to transition from emergency aid to longer-term development assistance.
- The U.S. government has made some progress toward facilitating democratic reform in Colombia, but projects face certain obstacles, such as limited funding and security constraints.

Despite the progress made by the three nonmilitary assistance programs, Colombia and the United States continue to face long-standing management and financial challenges. The Colombian government's ability to contribute funds for nonmilitary assistance programs is limited by a number of domestic and foreign factors, and Colombia's longstanding conflict poses additional challenges to implementing and sustaining nonmilitary assistance efforts. The U.S. government has not maximized the mutual benefits of its nonmilitary assistance programs and has not established a mechanism for vulnerable groups to transition from emergency aid to longer-term assistance. Furthermore, the Departments of State and Justice and USAID have not established timelines for achieving their stated objectives, nor have State and USAID developed a strategy to turn programs over to the Colombian government or to the private sector.

U.S. Nonmilitary Assistance to Colombia Programmed in Fiscal Years 2000-2004 (dollars in millions)

	Fiscal years					
Program	**2000**	**2001**	**2002**	**2003**	**2004**	**Total**
Alternative Development	$43	0	$52	$56	$56	**$207**
Vulnerable Groups	30	0	24	57	38	**149**
Democracy/ Rule of Law	51	88	28	19	24	**210**
Total	**$124**	**$88**	**$104**	**$113**	**$118**	**$566**

Sources: State, Justice, and USAID.

Note: State's Bureau of International Narcotics and Law Enforcement did not provide complete funding data.

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Abbreviations

USAID	U.S. Agency for International Development
GAO	U.S. General Accounting Office

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

July 2, 2004

The Honorable Charles E. Grassley
Chairman, Caucus on International Narcotics Control
United States Senate

Dear Mr. Chairman:

Since the early 1970s, the United States has supported Colombia's efforts to reduce drug trafficking activities and stem the flow of illegal drugs, principally cocaine and heroin, entering the United States.[1] Recognizing the severity of illicit drug activities and the links between drug trafficking, illicit crop cultivation, and the violence affecting Colombia, the Colombian government announced a $7.5 billion plan in October 1999, known as Plan Colombia. This plan, among other things, proposed to reduce the cultivation, processing, and distribution of illegal narcotics by 50 percent over 6 years.[2] To assist Colombia's efforts, the United States substantially increased funding and material support to Colombia in 2000.[3] During fiscal years 2000 through 2004, the United States provided a total of $3.3 billion, making Colombia the fifth largest recipient of U.S. assistance since fiscal year 2002. For fiscal year 2005, the administration has requested a total of $571 million for Colombia.

A key component of U.S. strategy has involved providing nonmilitary assistance for programs to (1) promote legitimate economic alternatives to the cultivation of coca and opium poppy; (2) assist Colombia's vulnerable groups, particularly internally displaced persons; and (3) strengthen the country's democratic, legal, and security institutional capabilities. This assistance is provided through the Department of State (State), the Department of Justice (Justice), and the U.S. Agency for International Development (USAID). As of December 31, 2003, State, Justice, and USAID

[1]The leaves of the coca plant are the raw ingredient of cocaine, and opium poppy is used to produce heroin.

[2]Although the government of Colombia announced Plan Colombia in 1999, U.S. funding for counternarcotics purposes was not approved until July 2000, leading to some uncertainty about when the 6-year goal was to be achieved. The current Colombian government has announced that it intends to eliminate coca cultivation by August 2006.

[3]For a more complete explanation of U.S. assistance originally planned for Plan Colombia, see our report titled *Drug Control: U.S. Assistance to Colombia Will Take Years to Produce Results*, GAO-01-26 (Washington, D.C.: Oct. 17, 2000).

had programmed approximately $566 million for fiscal years 2000 through 2004 for nonmilitary assistance programs to Colombia. For fiscal year 2005, the administration has requested an additional $150 million for these programs.

In response to your request, we examined (1) the three U.S. nonmilitary assistance programs' objectives, reported accomplishments, and the factors, if any, limiting project implementation and sustainability and (2) the challenges faced by Colombia and the United States in continuing to support these programs.

To address these objectives, we analyzed program and project information from State, Justice, and USAID and their implementing partners both in Washington, D.C., and in Colombia. We also met with representatives of several independent organizations with specialized knowledge about the nonmilitary programs in Colombia. We traveled to Colombia in January 2004. While there, we met with cognizant officials of the U.S. Embassy and the government of Colombia. We reviewed how the data provided to us were compiled and determined that they are sufficiently reliable for the purposes of this report. Finally, we met with local nongovernmental organizations and project beneficiaries and observed projects in Bogotá and Soacha (near Bogotá), Medellín, and Puerto Asís and Villa Garzón in Putumayo. We performed our work from August 2003 through June 2004 in accordance with generally accepted government auditing standards. (See app. I for a more complete discussion of our scope and methodology.)

Results in Brief

U.S. nonmilitary assistance programs have begun to produce some of the results envisioned under Plan Colombia. However, individual projects reach a relatively small number of beneficiaries, face implementation challenges, and may not be sustainable.

- Alternative development provides legitimate economic alternatives to illicit crop production. According to USAID, during 2000 through December 2003, the alternative development program led to the voluntary eradication of almost 22,000 hectares[4] of illicit crops, established 647 small infrastructure projects in rural areas, supported the cultivation of nearly 44,000 licit hectares, and helped about 33,400

[4]A hectare is 2.47 acres.

families. However, USAID once estimated that as many as 136,600 families need assistance, and alternative development projects face implementation obstacles, such as difficulty marketing licit products and operating in conflictive areas. For example, a specialty coffee project has been able to market only a very limited amount of its product because of the requirement to meet specialty coffee industry standards—a process that can take 1 to 5 years due, in part, to the need to renovate coffee farms and implement more stringent quality control procedures. Moreover, according to the contractor, prior to February 2004, security concerns had prevented U.S. buyers from traveling to Colombia's coffee-growing regions to evaluate the product.

- U.S. assistance to Colombia's vulnerable groups, particularly internally displaced persons, encompasses both emergency humanitarian aid and mid- to long-term development assistance. State is responsible for providing emergency aid in Colombia and to refugees in neighboring countries, but State does not have a strategy incorporating objectives and performance goals, does not routinely track the number of individuals assisted, and does not have any systematic way for its beneficiaries to transition to longer-term aid from USAID. USAID reports that its program, among other accomplishments, has assisted more than 1.4 million individuals and reintegrated 1,375 former child soldiers. However, program beneficiaries do not receive all of the assistance they need, and USAID does not keep track of its beneficiaries after they have received assistance to determine whether they have assimilated into society.

- U.S. assistance for democracy and rule of law reform is designed to facilitate democratic reform in Colombia by promoting a more responsive, participatory, and accountable democracy; enhancing state presence and public security; and strengthening the country's justice sector. State, Justice, and USAID report that they have made progress toward each objective. However, projects often encounter obstacles, such as limited funding and security constraints, that limit their ability to achieve overall program objectives. For example, to enhance Colombian state presence, State helped organize, train, and equip more than 16,500 police officers. While this allowed the Colombian National Police to move into areas of the country that previously did not have a state presence, some police units cannot safely leave town limits, and some mobile squadrons have limited patrolling capability.

Although the U.S. nonmilitary assistance programs are beginning to achieve some of the results envisioned in 2000, Colombia and the United States must continue to address long-standing management and financial challenges. Specifically, USAID has not yet maximized the mutual benefits of its programs for alternative development, vulnerable groups, and democracy, and State and USAID have not coordinated their assistance programs to internally displaced persons to help those who need to transition from State's emergency assistance program to USAID's longer-term assistance. Moreover, with the exception of the program to enhance state presence and public security, State, Justice, and USAID have not established timelines for achieving their stated objectives, nor have State and USAID developed an overall strategy for turning programs over to the Colombian government or to the private sector. In addition, funding constraints adversely affect all three areas of nonmilitary assistance and complicate sustainability efforts. Finally, Colombia faces continuing challenges associated with its political and economic instability, which has been fostered by more than 40 years of civil war and human rights abuses.

We are recommending that the Secretary of State, in consultation with the Attorney General and the Administrator, USAID, develop a detailed plan for improving systematic coordination among the three nonmilitary assistance programs and between State and USAID for assistance to internally displaced persons. The plan should include a timeline for achieving the stated objectives, an estimate of future funding requirements, and a strategy for sustaining the results achieved.

Background

Colombia is the source of 90 percent of the cocaine and 40 percent of the heroin entering the United States. To assist the Colombian government in its efforts to implement Plan Colombia and reduce the cultivation and trafficking of illegal drugs, the United States has pursued a strategy emphasizing interdiction, aerial eradication and alternative development.[5] The strategy has resulted in a 33 percent reduction in the amount of coca

[5]Alternative development entails a broad range of development initiatives to generate legitimate employment alternatives, alleviate poverty, and spur investment and economic growth. Such efforts can involve substituting legitimate crops for illicit crops. However, they may also entail creating other employment opportunities, such as those provided by various types of agro-business.

cultivated in Colombia over the last 2 years[6]—from 169,800 hectares in 2001 to 113,850 hectares in 2003—and a 10 percent reduction in the amount of opium poppy cultivated over the last year. However, according to Drug Enforcement Administration officials and documents, cocaine prices nationwide have remained relatively stable—indicating that cocaine is still readily available—and Colombia dominates the market for heroin in the northeastern United States.

Despite improvements in Colombia's security situation in 2003—for example, the murder rate declined 20 percent that year—insurgent and paramilitary groups still control large parts of the countryside. According to State Department officials, the insurgents exercise some degree of control in up to 40 percent of Colombia's territory east and south of the Andes—which, as illustrated in figure 1, includes the primary coca-growing regions of Colombia. These groups, which include the Revolutionary Armed Forces of Colombia, the National Liberation Army, and paramilitary forces such as the United Self Defense Forces of Colombia, are involved in every facet of narcotics trafficking and are on the State Department's list of terrorist organizations. Recognizing that the insurgents and illicit drug activities are inextricably linked, the Congress provided "expanded authority" in 2002 for the use of U.S. assistance to Colombia. This authority enables the government of Colombia to use U.S.-provided equipment to fight groups designated as terrorist organizations as well as to fight drug trafficking.

[6]Estimates of the amount of cocaine produced in Colombia increased from 230 metric tons in 1995 to 839 metric tons in 2001 but have since declined to 460 metric tons in 2003.

Figure 1: Coca- and Poppy-Growing Areas in Colombia, 2003

Source: Created by GAO from information provided by the U.S. Director of Central Intelligence, Crime and Narcotics Center.

Beginning in fiscal year 2000, the United States substantially increased counternarcotics assistance to Colombia. For fiscal years 2000 through 2004, the United States provided a total of approximately $3.3 billion, making Colombia the fifth largest recipient of U.S. assistance since fiscal year 2002.[7] (See table 1.) Most of this funding was provided through the Andean Counterdrug Initiative, an appropriation provided annually that supports counternarcotics programs throughout the Andean region.[8] Much of this assistance was provided to the Colombian Army to conduct interdiction missions and to the Colombian National Police to conduct the aerial eradication of coca and poppy.[9] For fiscal year 2005, the administration has proposed an additional $571 million for assistance to Colombia.

[7]During this time period, only Iraq, Israel, Egypt, and Afghanistan received more assistance.

[8]The U.S. program to provide antinarcotics assistance to the Andean region, including Colombia, was called the Andean Regional Initiative from 2001 to 2003. This initiative encompassed the previous Andean Counterdrug Initiative as well as other assistance programs. For fiscal year 2004, the budget request returned to using the term Andean Counterdrug Initiative.

[9]For a more complete explanation of this assistance, see our report titled *Drug Control: Specific Performance Measures and Long-Term Costs for U.S. Programs in Colombia Have Not Been Developed*, GAO-03-783 (Washington, D.C.: June 16, 2003).

Table 1: Amount of U.S. Assistance Appropriated to Colombia, Fiscal Years 2000–2004

Dollars in millions

	Fiscal years					
Agency	**2000[a]**	**2001**	**2002**	**2003[b]**	**2004**	**Total**
State[c]	$774.9	$48.0	$275.4	$516.6	$495.8	**$2,110.7**
USAID[d]	123.5	0	104.5	122.2	122.2	**472.4**
Defense	128.5	190.2	119.1	165.0	122.0	**724.8**
Total	**$1,026.9**	**$238.2**	**$499.0**	**$803.8**	**$740.0**	**$3,307.9**

Sources: The Departments of State and Justice, USAID, and Congressional Research Service (data); GAO (presentation).

[a]Includes funds appropriated for Plan Colombia through the Emergency Supplemental Appropriations Act, 2000 (Division B of Public Law 106-246).

[b]Includes $93 million in Foreign Military Financing funds appropriated in the Foreign Operations, Export Financing, and Related Appropriations Act, 2003 (Division E, title III of P.L. 108-7); $34 million appropriated to State and $34 million appropriated to Defense in the Emergency Wartime Supplemental Appropriations Act (P.L. 108-11); and $37.1 million for Foreign Military Financing allotted from fiscal year 2003 supplemental appropriations.

[c]Includes $88 million in funding transferred by State to Justice for its rule of law programs.

[d]In fiscal years 2000 through 2003, State transferred $375 million to USAID for alternative development, democracy and rule of law, and internally displaced persons programs. In fiscal year 2004, the Congress directly appropriated money for these programs to USAID.

U.S.-provided nonmilitary assistance to Colombia indirectly assists in reducing narcotics cultivation and trafficking by providing alternatives to cultivating illicit crops, assisting vulnerable groups, and supporting democracy and rule of law reforms. As shown in table 2, for fiscal years 2000 through 2004, the United States has programmed about $566 million for nonmilitary assistance to Colombia, which represents about 17 percent of the total U.S. assistance to Colombia during the period. State, Justice, and USAID have obligated about $575 million and expended about $310 million of these funds. Most of the funding—about $210 million—has been programmed for democracy, rule of law, and enhancement of state presence programs. The administration has requested an additional $150 million for nonmilitary programs in fiscal year 2005.

Table 2: U.S. Nonmilitary Assistance to Colombia Programmed, Obligated, and Expended in Fiscal Years 2000–2004

Dollars in millions

	Fiscal years					
Program	**2000**	**2001**	**2002**	**2003**	**2004 (through 12/31/03)**	**Total**
Alternative development						
Programmed	$43	$0	$52	$56	$56	$207
Obligated	43	0	52	56	54	205
Expended	0	40	39	5	0	84
Vulnerable groups[a]						
Programmed	30	0	24	57	38	149
Obligated	31	10	32	57	46	176
Expended	1	36	26	23	21	107
Democracy/ Rule of law[a]						
Programmed	51	88	28	19	24	210
Obligated	51	14	67	39	23	194
Expended	0	54	32	31	2	119
Total						
Programmed	**$124**	**$88**	**$104**	**$113**	**$118**	**$566**
Obligated	**125**	**24**	**151**	**152**	**123**	**575**
Expended	**1**	**130**	**97**	**59**	**23**	**310**

Sources: The Departments of State and Justice and USAID (data); GAO (presentation).

[a]State's Bureau of International Narcotics and Law Enforcement Affairs did not provide complete funding data. As a result, the table may not reflect what was actually programmed, obligated, and expended for the programs it supports.

Our past reports have addressed each of these nonmilitary programs. In February 2002, we reported that USAID faced serious obstacles to developing alternatives to cultivating illicit crops in Colombia, among them the Colombian government's lack of control over many coca-growing areas.[10] In August 2001, we reported that international organizations generally met the emergency food and shelter needs of internally displaced persons in Colombia, but were less effective in meeting their longer-term needs, and that the U.S. government lacked an overall policy to coordinate

[10]For a more complete explanation of the obstacles faced by USAID in Colombia, see our report titled *Drug Control: Efforts to Develop Alternatives to Cultivating Illicit Crops in Colombia Have Made Little Progress and Face Serious Obstacles*, GAO-02-291 (Washington, D.C.: Feb. 8, 2002).

its efforts for dealing with the displaced.[11] In March 2003, we reported that U.S. democracy programs in six countries, including Colombia, had a limited effect as a result of various factors, and questions remained regarding the sustainability of the gains made with U.S. assistance.[12]

Nonmilitary Assistance Programs Have Begun to Show Intended Results, but Progress May Not Be Sustainable

A key component of U.S. counternarcotics strategy in Colombia has involved providing nonmilitary assistance for programs to promote legitimate economic alternatives to the cultivation of coca and opium poppy; assist Colombia's vulnerable groups, particularly internally displaced persons; and strengthen the country's democratic, legal, and security institutional capabilities. Each of the three U.S. nonmilitary assistance programs has begun to produce results envisioned in 2000 when U.S. funding for Plan Colombia was approved. However, each program has limitations.

- Alternative development projects often benefit only a few people or families; have difficulty marketing products; and, without additional sources of funding, likely cannot be sustained.
- The assistance for vulnerable groups program cannot address all the needs identified because of limited resources, and the number of individuals displaced and needing assistance is increasing.
- U.S. assistance for democracy and rule of law is a long-standing program, but progress has been limited because the government does not control large parts of the country, and many projects are small scale and have insufficient numbers of trained personnel and equipment.

[11]For a more complete explanation of problems affecting the provision of assistance to internally displaced persons, see our report titled *Foreign Affairs: Internally Displaced Persons Lack Effective Protection*, GAO-01-803 (Washington, D.C.: Aug. 17, 2001).

[12]Our report *Foreign Assistance: U.S. Democracy Programs in Six Latin American Countries Have Yielded Modest Results*, GAO-03-358 (Washington, D.C.: Mar. 18, 2003) discusses problems associated with democracy assistance. A prior report, *Foreign Assistance: U.S. Rule of Law Assistance to Five Latin American Countries*, GAO/NSIAD-99-195 (Washington, D.C.: Aug. 4, 1999), discusses problems specifically associated with rule of law programs.

Alternative Development Has Made Progress, but Projects Are Limited in Scope

USAID oversees and implements the alternative development program. According to the agency's strategy, the objective of the alternative development program is to provide economic and social alternatives to illicit crop production through short- and long-term projects involving crop substitution, infrastructure development, and income generation projects in rural parts of the country, as well as in secondary cities affected by illicit crop cultivation. The alternative development program has had some success promoting economic and social alternatives to illicit crop production, but individual projects are relatively localized and small in scale.

USAID's original alternative development strategy from 2000 focused primarily on encouraging farmers to manually eradicate illicit crops, and those who did received assistance in licit, short-term, income-producing opportunities. This assistance was intended to complement the eradication and interdiction components of Colombia's effort to eliminate coca cultivation in southern Colombia. USAID primarily supported initiatives in the departments of Caquetá and Putumayo, where, at the time, much of Colombia's coca was cultivated.[13] USAID (and its implementing partners) found it difficult to implement projects in the largely undeveloped south, where the Colombian government exercised minimal control. In addition, poor soil made growing licit crops a challenge, and farmers found it more lucrative to continue growing coca. Furthermore, the USAID/Colombia mission estimated that implementing such a comprehensive alternative development program could involve assisting as many as 136,600 families and cost up to $4 billion over 3 years.

As a result, USAID revised its approach in February 2002 to support long-term income-generating activities, focus more attention and resources outside southern Colombia, and encourage private sector participation. The agency's revised strategy is to promote and leverage significant private sector investment in longer-term, economically viable agro-business and forestry initiatives, as well as linkages to small- and medium-sized enterprises. Unlike the initial alternative development efforts, the program is no longer based on an explicit mandate to assist illicit crop growers whose crops had been eradicated or who agreed to manually eradicate

[13]Much of Colombia's coca is still cultivated in the departments of Caquetá and Putumayo; however, according to the Crime and Narcotics Center, as of 2004, the heaviest concentration of coca cultivation is in the Guaviare region, which includes the departments of Guaviare, Meta, and Vichada.

their illegal crops. Some current program participants were not directly involved in cultivating coca or poppy.

USAID has alternative development projects in 25 of Colombia's 32 departments. To assess its progress, USAID uses four measures: the number of hectares of illicit crops eradicated, the number of hectares of licit crops cultivated, the number of families benefited, and the number of small infrastructure projects established. Table 3 illustrates USAID's reported accomplishments.

Table 3: Alternative Development Goals and Accomplishments, Fiscal Years 2000–2005

Agency performance indicators	Accomplished as of December 31, 2003	Program targets through 2005	Percentage of target accomplished
Hectares of illicit crops eradicated[a]	21,838	20,000	109
Hectares of licit crops cultivated	43,951	65,042	68
Families benefited	33,399	80,000	42
Small infrastructure projects	647	610	106

Sources: USAID (data); GAO (presentation).

[a]USAID's original target was 30,000 hectares. USAID officials stated that they lowered the goal because of the program's shift in emphasis from crop substitution to more indirect forms of alternative development, such as the creation of jobs in secondary cities.

Based on these four measures, the alternative development program has started to produce results. However, USAID officials acknowledge that these indicators do not measure the agency's progress in reaching its primary objective of promoting economic and social alternatives to illicit crop production.[14] Individual alternative development projects may employ

[14]In June 2004, USAID's Bureau for Latin America and the Caribbean approved a 3-year amendment to USAID/Colombia mission's strategic plan. The amendment extends the mission's current 5-year strategy through fiscal year 2008, but outlines a more systematic and targeted approach that emphasizes prevention rather than the current strategy where the presence of illicit crops was largely the sole criterion for defining USAID's geographic focus. According to USAID officials, the amendment also permits USAID/Colombia to develop new performance measures to assess its progress, including for alternative development.

only a small number of people for a short period of time or benefit a relatively small number of families. Without broader participation and financial support, such projects may not be sustainable if U.S. support is reduced. Furthermore, as we reported in 2002, the lack of security in the project areas continues to seriously hamper the Colombian government's ability to develop infrastructure where illicit crop cultivation takes place, establish viable and reliable markets for licit products, and attract the private investment needed for long-term, income-generating development.[15] For example:

- In 2002, a contractor received about $1.4 million from USAID to build a water treatment plant in Villa Garzón in the department of Putumayo. The plant is designed to provide clean water for the town and to create employment opportunities for local residents. Construction began in December 2002, and when we visited the site in January 2004, it was nearing completion. Although the project provided jobs for some local residents, these jobs will end shortly.

- Another contractor received funding for a hearts of palm canning plant in Puerto Asís, Putumayo, which is intended to provide long-term employment opportunities for the workers and income to farmers who grow palm fronds. The United Nations Drug Control Program built the plant with the government of Colombia in the late 1990s, but it was dormant for several years. USAID took over the plant in 2002. When we visited the site in January 2004, it was operating at 30 percent capacity.[16] Although the plant had secured a buyer for its product, USAID support will end in September 2004, and the plant manager told us he did not know if the plant could maintain or increase its operating capacity when U.S. funding stops.

- The same contractor overseeing the hearts of palm plant also receives USAID funding to operate a woodworking center in Puerto Asís, where program participants make furniture parts. According to the project's annual work plan, the woodworking center will directly employ 25 people. The contractor plans to sell the furniture parts for assembly elsewhere, targeting the North American market. However, when we toured the center, we learned that the contractor has not been able to

[15]GAO-02-291.

[16]According to USAID, in June 2004 the plant had reached 67 percent operating capacity.

market the wood products outside Putumayo because when the products are shipped to less humid regions, the wood cracks.[17]

- An alternative development project outside Putumayo is designed to encourage families to cultivate specialty coffee rather than coca or opium poppy. To participate, farmers must commit to eradicate or not enter into illicit crop cultivation. However, the contractor has been able to market only a very limited amount of the product because before a specialty coffee can be marketed, measures must be taken to ensure that the coffee meets industry standards—a process that can take 1 to 5 years due, in part, to the need to renovate coffee farms and implement more stringent quality control procedures. Moreover, according to the contractor, before February 2004, security concerns prevented U.S. buyers from traveling to Colombia's coffee-growing regions to evaluate the product.

As we reported in February 2002, alternative development progress in Bolivia and Peru took 20 years of sustained U.S. assistance, and the host government agencies involved in the efforts continued to be heavily dependent on U.S. support.[18] The situation in Colombia is similar. As noted earlier, the USAID/Colombia mission once estimated that a comprehensive alternative development program could involve assisting as many as 136,600 families and cost up to $4 billion over 3 years. The agency has requested about $56 million for the program in fiscal year 2005, and for fiscal years 2006 through 2008, USAID planning documents call for a total of $234 million. In addition, according to USAID officials, recent funding and personnel cuts have hurt the Colombian alternative development agency's ability to support the USAID program.

Vulnerable Groups Program Has Aided Numerous Disadvantaged Persons, but Assistance Is Limited

State and USAID implement programs to assist Colombia's vulnerable groups—particularly its displaced population. Internally displaced persons—those forced to flee their homes because of armed conflict and persecution but who remain within their own country—are among the

[17]According to USAID officials, the agency is now introducing appropriate drying and cutting techniques to enable the production and sale of higher-value wood products.

[18]GAO-02-291.

most at-risk, vulnerable populations in the world.[19] They are unlikely to have adequate shelter, health care, and the ability to earn a livelihood. By many estimates, Colombia has one of the world's largest internally displaced populations. The U.S. vulnerable groups program has provided assistance to many internally displaced persons and others, but program beneficiaries may not receive all of the services they need, and State and USAID do not track individuals after they receive assistance.[20]

State's Emergency Assistance

In fiscal year 2003, State provided about $19 million[21] to seven organizations for assisting Colombia's internally displaced persons—generally for a 3-month period immediately following initial displacement. This emergency assistance included protection, shelter, medical assistance, and food and assistance targeted specifically to help displaced children. State also provided some emergency humanitarian assistance to Colombian refugees living in neighboring countries, primarily Ecuador. However, State does not have any written strategy outlining the objectives and performance goals of its vulnerable groups program. Furthermore, State does not routinely track the number of people its program supports. After several requests by us, State officials said the program assisted 763,000 internally displaced persons in 2003. State officials did not provide comparable figures for fiscal years 2000 through 2002.

State does not have a mechanism to "hand off" its program beneficiaries to USAID's longer-term assistance program after they have received the emergency aid. Although USAID's annual report for fiscal year 2003 states that USAID helped internally displaced persons gain access to basic services after short-term emergency relief provided by State had expired, this has not happened in any systematic way.

USAID's Longer-Term Assistance

During fiscal year 2003, USAID provided about $38.2 million to seven nongovernmental and international organizations for mid- to long-term

[19]Internally displace persons typically differ from refugees only because they have not crossed an international border.

[20]State and USAID pointed out that although they do not track program beneficiaries after they receive assistance, both agencies provide financial support to the Colombian government agency responsible for registering and tracking internally displaced persons, identifying unmet needs, and coordinating available and appropriate resources for this population.

[21]The two primary sources of funding for State's emergency assistance program are the Andean Counterdrug Initiative and the Migration and Refugee Assistance Act.

development assistance to Colombia's vulnerable groups. The agency reported that as of December 2003, its program had helped more than 1.4 million individuals. Following are examples of USAID's projects that assist vulnerable persons.

- One grantee received $5.1 million from USAID to alleviate child hunger and improve the health and well-being of displaced families. The project's two primary activities are a school feeding program and a health education project for mothers. While these services address a significant need, a relatively small number of beneficiaries will receive them. Children and adolescents account for half (at least 1 million persons) of Colombia's displaced population. According to agency documents, 113,000 displaced school children will benefit from this program.

- Another USAID project in Soacha (just outside Bogotá) is designed to address the health and education needs of displaced Afro-Colombian children and their families. An assistance center provides day care to children in the community, trains youth in life- and job-related skills, and provides information to mothers about childcare and nutrition. Colombia has at least 279,000 Afro-Colombian internally displaced persons; this project will provide services to 120 Afro-Colombian children and their families, 100 adolescents and their families, 210 fathers, and 50 lactating mothers and their families.

- Another USAID grantee received $16.7 million to, among other things, provide microenterprise loans (averaging $1,000) and home improvement loans (averaging $2,000) to internally displaced persons. However, grantee officials stated that they have had minimal success with both types of loans. Internally displaced persons often move to new locations with little notice or lack the financial knowledge to manage a loan. For these reasons, the grantee has decided to limit the number of loans it awards.

USAID's program to rehabilitate and reintegrate excombatant children into Colombian society provides specialized, individualized care, including medical attention and psychosocial counseling. Some receive formal education; others receive vocational or agricultural training. When they reach age 18 or are reunited with their families, the children are supported through regional reference centers that provide continued assistance through a network of social service providers. Types of assistance provided include employment assistance, legal aid, and general services available

through Colombia's social service system. USAID reports that it has assisted 1,375 former child combatants, or roughly 13 to 23 percent of Colombia's total child soldier population. About 450 to 500 children currently receive assistance through USAID's rehabilitation and reintegration program. The rehabilitation center we visited had 30 former child soldiers enrolled. Program participants were taking traditional classes and learning useful skills through more unconventional projects. Some students were learning how to make household cleaning products and were communicating with a local company about marketing the products to the local community. However, the program may face difficulty reintegrating its beneficiaries into society. Several students we met with expressed concern about what will happen when they leave the center. One student stated that he wanted to stay and become a teacher, rather than leave.[22]

Although USAID reports that it has provided at least some assistance to more than half of Colombia's estimated 2.5 million internally displaced persons, this does not mean that the individuals received all or even most of the services they needed. This is because most USAID grantees specialize in one or two areas of assistance and operate in different locations. Of the 27 departments in Colombia with vulnerable groups projects, more than half had just one or two grantees providing assistance. In addition, although USAID's most recent annual report (January 2004) identifies "durable solutions" for program beneficiaries as one of its performance goals, USAID officials acknowledged that they have no way to track program beneficiaries once they have received assistance through one of the agency's projects to determine whether they have been assimilated back into society or still need additional assistance.

State and USAID programs to assist Colombia's vulnerable groups are achieving some of the intended results, but U.S. assistance cannot address all the identified needs. One organization estimates that providing a basic package of services to all of Colombia's internally displaced persons would cost approximately $1 billion. However, U.S. government expenditures for assistance to vulnerable groups have declined each year since fiscal year 2001—from $36 million in fiscal year 2001 to $21 million in fiscal year 2004.

[22]According to USAID officials, the Colombian Family Welfare Institute has determined through an informal tracking program that the vast majority of children who have graduated from the program have been successfully reintegrated into society. However, USAID does not conduct any formal tracking and cannot verify the results of this study.

Nevertheless, the Office of the United Nations High Commissioner for Refugees estimates that in Colombia, 900 to 1,000 individuals are newly displaced everyday. In addition, USAID anticipates the demobilization of 30,000 insurgents and paramilitaries over a 5-year period. USAID estimates that the complete demobilization of all illegal armed groups in Colombia could cost between $254 million and $298 million.

Democracy and Rule of Law Programs Are Long-standing, but Progress Is Limited

USAID, State, and Justice provide support and oversight for the democracy and rule of law programs. In the 1980s, the United States began to help Colombia and other Latin American countries improve their judicial systems as a way to counter political instability and support democratic principles and institutions. According to planning documents from the three agencies, the objectives are to promote a more responsive, participatory, and accountable democracy; enhance state presence; and strengthen Colombia's justice sector. Democracy and rule of law programs are intended to increase the Colombian government's control over its territory and thereby help prevent the cultivation of illicit crops in those areas. In addition, a strengthened justice sector would help enforcement of Colombian laws that make cultivation of coca and opium poppy illegal and afford greater protections to vulnerable populations.

The United States has achieved some results in reaching its three main objectives in the area of democracy and rule of law reform in Colombia, but individual projects often produce limited results. USAID reports progress in promoting a more responsive, participatory, and accountable democracy in Colombia, but many of the projects are implemented on the scale of demonstration projects. State indicates that it has made progress toward enhancing state presence and public security through specially trained police units, but these units have limited equipment and show mixed results. Finally, Justice reports that it has made some progress in strengthening Colombia's justice sector, but budget cuts have impeded the Colombian government's ability to take over full program responsibility, and Justice has lowered its initial targets in some cases.

USAID's Program to Further Democracy

USAID's primary objective is to promote a more responsive, participatory, and accountable democracy in Colombia. Its Casa de Justicia (Justice House) program is designed to increase Colombians' access to legal services, as well as to enhance the presence of the state throughout the country. Justice houses are multi-agency centers of information, orientation, reference, and conflict resolution. People in poor, marginalized areas visit these centers to receive both formal and informal legal services.

To date, 37 justice houses have been built, and USAID plans to expand this number to 40 by 2005. Since the start of the program, more than 2 million cases have been handled in the justice houses. However, the USAID contractor told us some justice houses cannot provide services to residents on a daily basis because government of Colombia personnel do not always show up for work.

Another project supported by USAID is a public defense pilot center. Until recently, public defenders in Colombia worked on a part-time basis, were paid a low fixed salary, and handled less than 10 percent of cases involving poor defendants. In September 2003, USAID opened a public defense pilot center in Bogotá specifically designated to handle cases requiring a public defender. The center houses offices and a law library and makes it possible to have a permanent public defense service. USAID pays half the salaries of public defense lawyers, while Colombia has responsibility for the other half. As a pilot project, the center's benefits have been limited—the 15 full-time public defenders that the center employs are the only ones in the country.

USAID's Peace Initiatives Program consists primarily of support for the peace negotiations and implementation of coexistence and resolution activities. These activities include establishing self-determination projects and coexistence centers. Both are designed to provide basic government services at the municipal level.[23]

- The self-determination projects promote cooperation, coordination, and confidence building between citizens and the state in municipalities. These projects have two principal components: (1) training in peaceful coexistence, local governability, and civic education; and (2) financial and technical support for infrastructure. In Cauca, for example, the citizens of one municipality formed a committee to determine the community's needs. They decided that they needed a road connecting the various small towns in the area. Using USAID funds, the citizens are planning to build the road themselves. USAID has implemented self-determination projects in three municipalities; its goal is to have 40 projects by 2005.

- Coexistence centers, like justice houses, provide government services to marginalized populations. They are located in municipalities

[23]Colombia has more than 1,000 municipalities.

considered too small for justice houses.[24] Coexistence centers provide on-site administrative and legal assistance, educational opportunities for children, youth, and adults, and a neutral space for community meetings, dialogue, and events. Some of the services offered include libraries, *ludotecas* (which are similar to preschools), and municipal family services. Although USAID's goal was to establish 6 coexistence centers by September 30, 2003, 4 coexistence centers had been established through the end of 2003. USAID intends to establish 14 centers by the end of 2005.

State's Program to Enhance State Presence

State's primary objective is to enhance state presence and public security. Reestablishing a government of Colombia presence in all municipalities is also one of President Uribe's primary strategic objectives. When President Uribe assumed office in August 2002, 158 municipalities in Colombia lacked a police presence. As of February 2004, State reported that all municipalities in Colombia had a police presence for the first time in history. According to State's 2003 Human Rights Report, as a result of the Colombian government's emphasis on improving security, murders were reduced by 20 percent over the year, kidnappings by 39 percent, and forced displacements of persons by 49 percent.

State has assisted the Colombian National Police in organizing, training, and equipping more than 16,500 police officers. Once trained, special police units were sent to targeted municipalities to establish a secure base and begin the process of restoring public security. According to State, afterwards, permanent police units of a minimum of 46 police were sent in; the more conflictive municipalities received units of up to 180 police. Anecdotal evidence indicates that these units may have improved conditions in some areas. State officials say that judges and prosecutors will now be able to visit some municipalities that were previously deemed too dangerous and provide local justice services to citizens whose only prior recourse was appealing to the local insurgency leader.

However, some of the police units cannot safely leave their posts, and they face difficulty patrolling their areas of responsibility. For example, Colombian National Police mobile police squadrons, which are tasked with reinforcing security in rural conflict zones, have a limited ability to do so.

[24]Justice houses are generally located in municipalities with 100,000 or more residents.

The United States is providing basic equipment[25] to the squadrons, while the government of Colombia is responsible for maintaining them. To date, none of the mobile squadrons has been fully equipped.[26]

Justice's Program to Strengthen the Justice Sector

Justice's primary objective is to strengthen Colombia's justice sector. Its Justice Sector Reform Program is intended to help Colombia develop and sustain a modern, effective, and efficient criminal justice system. The program consists of 12 interrelated project areas, including developing human rights investigative units; combating organized financial crime; supporting joint case investigations and prosecutions; and providing witness and judicial officer protection. For example, Justice has supported satellite human rights units to investigate and prosecute human rights cases in Colombia. Investigations increased significantly in fiscal years 2002 and 2003; arrest warrants increased by 35 percent, accusations by 73 percent, and guilty pleas by more than 200 percent. However, Justice has reduced its original target to establish 32 satellite units to as few as 15 units; as of January 2004, 11 had been created. Justice officials expect funding for this program to decrease.[27] Although Justice has budgeted $4 million for fiscal year 2004 and requested $3 million for fiscal year 2005, the department plans to reduce the funding level to less than $2 million in later years.

Justice has also assisted the Colombian government in developing a new criminal procedure code. As we noted in a prior report, Colombia enacted constitutional reform in 1991 that called for criminal justice reform, but little progress had been made.[28] According to Justice, the new code provides the framework for an accusatory criminal justice system and oral trials. In order to prepare for and support the code's implementation, Justice trained 122 prosecutors in criminal trial techniques in fiscal year 2003 and plans to train 10,000 judicial police investigators by 2005 for their new roles as witnesses in oral trials. The department also plans to train an additional 3,000 prosecutors in the new procedural code and their changed

[25]Includes guns, ammunition, vehicles, communication devices, and special equipment such as night-vision goggles and medical kits.

[26]State officials said that the first U.S. government-supplied vehicles will arrive in July 2004, and other equipment orders are pending delivery.

[27]Funding for Justice's rule of law programs is provided through State's Bureau for International Narcotics and Law Enforcement.

[28]GAO-03-358.

roles in an accusatory system. Justice uses a "train-the-trainer" approach to encourage and facilitate the transition of program responsibility to Colombian personnel.

Management and Financial Challenges Continue to Complicate Project Implementation

Although the U.S. nonmilitary assistance programs are beginning to achieve some of the results originally envisioned, Colombia and the United States must address management and financial challenges. USAID has not yet maximized the mutual benefits of its programs, and State and USAID have not coordinated their assistance programs to internally displaced persons. State, Justice, and USAID have not established timelines, nor have State or USAID developed an overall strategy for turning programs over to the Colombian government or to the private sector. In addition, funding constraints and Colombia's long-standing conflict will complicate sustainability efforts.

Program Benefits May Not be Maximized Due to Lack of Coordination

As we reported in 1998, U.S. counternarcotics activities were hampered by a lack of planning and management coordination.[29] While U.S. agencies recognize the need for greater coordination to maximize program benefits, we found this was not always happening. USAID was not maximizing the interrelationships among its programs for alternative development, vulnerable groups, or democracy, and its implementing partners expressed concern that they were often not aware of one another's projects even when they were nearby. Moreover, State and USAID were not coordinating their programs for internally displaced persons.

The three nonmilitary assistance programs are interrelated. Alternative development can provide legitimate income generation for coca and opium poppy farmers. An increased state presence and strengthened judicial system can provide greater protection and a safer environment for those who want to grow licit crops and participate in other licit income-generating alternatives. A more secure situation can lead to fewer people leaving their homes and depending on assistance for internally displaced persons.

[29] *Drug Control: U.S. Counternarcotics Efforts in Colombia Face Continuing Challenges*, GAO/NSIAD-98-60 (Washington, D.C.: Feb. 12, 1998).

The USAID/Colombia mission recognizes this interrelationship among its programs. Its recently amended strategy for fiscal years 2006 through 2008 recognizes the need to explore opportunities for program synergies and efficiencies.

However, coordination among USAID's implementing partners is not always occurring. A February 2004 evaluation of USAID's alternative development projects in Putumayo concluded that the successful continuation of these projects depended, in part, on greater coordination among USAID's contractors and grantees.[30] Many of the grantees and contractors implementing USAID's three nonmilitary assistance programs told us they had never met as a group to discuss and coordinate their efforts. In our meetings with grantees working with vulnerable groups, the representatives also suggested that specific barriers limit coordination. For instance, if grantees from two different programs implement a joint project, only one of them can claim an achievement for having served the project beneficiaries. According to one grantee, this is a disincentive to cooperate with other grantees. Another barrier cited was general confusion among grantees about how to account for money taken from different programs—according to some grantees, USAID's rules and regulations about using funding from different strategic objectives are prohibitively complex.

USAID officials and representatives of many of its implementing partners told us that while USAID holds monthly meetings to ensure that alternative development grantees and contractors coordinate with one another, no mechanisms exist for ensuring that similar coordination occurs among grantees and contractors working in USAID's other assistance programs, even in areas of the country where several projects are taking place near one another. For example, in January 2004 we met with local USAID democracy grantees in Antioquia. All told us they had never met each other and did not know about one another's projects, even when they dealt with similar issues. They reported that as a result of their meeting with us, they would make a better effort to coordinate with one another.[31]

In addition to coordination problems among the nonmilitary assistance programs, coordination is weak within the vulnerable groups program.

[30]*Evaluation of USAID/Colombia Programs in Putumayo*, February 2004.

[31]USAID stated that in the past, it encouraged partners from the three programs to hold biweekly meetings and would continue to do so. However, the agency is considering other mechanisms that would more effectively deal with the issue.

Although State and USAID have agreed to split responsibilities for providing emergency aid and longer-term development assistance to internally displaced persons, respectively, they do not have any procedures for coordinating or transitioning from one to the other. USAID's and State's Strategic Plan for fiscal years 2004 through 2009 does not include any specifics for joint program implementation. We found that

- during a site visit to a USAID-funded project outside of Bogotá, an agency official was surprised to learn that State also funded a project in the same location; and
- half of the grantees involved in USAID's program were unaware of State's program to assist the displaced and did not know whether their project beneficiaries had first received emergency humanitarian assistance from State.

While State and USAID are not explicitly required to assist the same beneficiaries, agency officials and program documents indicate that their goal is to ensure that internally displaced persons who receive emergency aid are then provided longer-term assistance, if needed. In 2001, we reported that the U.S. government had difficulty coordinating and managing its programs to aid the internally displaced.[32] These challenges continue in Colombia.

Limited Financial Resources Continue to Affect Program Implementation and Sustainability

Under the original concept of Plan Colombia, the government of Colombia pledged $4 billion and called on the international community to provide $3.5 billion. We reported in June 2003 that this international assistance—apart from that provided by the United States—did not materialize as expected.[33] International donations not directly related to Plan Colombia have also been limited. For example:

- The United Nation's Consolidated Inter-Agency Appeal for $62 million in humanitarian assistance to Colombia is underfunded. Donations as of November 2003 amounted to approximately $14 million, of which the United States contributed about 42 percent.

[32]GAO-01-803.

[33]GAO-03-783.

- As we reported in August 2001, scarce or declining budgetary resources provided by the international donor community inhibit agencies from expanding their internally displaced person protection and assistance activities.[34]

The Colombian government has dedicated some of its own resources for nonmilitary assistance programs, although they are not sufficient to sustain ongoing programs. For example, according to a United Nations agency, Colombia is providing resources to support internally displaced persons, and Colombian law exempts internally displaced persons from paying fees for education, health, and other basic services. However, the report (dated May 2003) goes on to note that only 43 percent of the total number of internally displaced persons registered with the Colombian government received relief items. Furthermore, the government's response to displacement does not reach remote areas and is inadequate in urban areas. Similarly for democracy programs, the Colombia Human Rights Ombudsman's office agreed to produce a sustainability plan outlining its financial and technical responsibilities on a long-term basis by January 2004. As of May 2004, the plan had not been completed. Specifically within the rule of law program, Colombian nondefense budget reductions have prevented the government from taking control of the human rights investigative units as originally planned and funds for maintaining the justice houses may be in jeopardy.

A number of domestic and foreign factors have limited the Colombian government's ability to contribute more resources. In August 2003, President Uribe promoted a referendum designed to produce fiscal reform. However, voter turnout was short of the threshold required, and the referendum failed. To mitigate the effects of these failed cost-cutting measures, State said that the Uribe administration introduced new economic austerity legislation in the Colombian Congress. According to State officials, these measures included taxes on wealth, personal income, and financial transactions; creation of anti-evasion policies; and an expansion of the tax base. However, these measures will not entirely eliminate the fiscal shortfall. According to State, the tax bill that passed the Colombian Congress in December 2003 provided $817 million in added revenues, leaving a $286 million gap to be bridged by spending cuts.

[34]GAO-01-803.

Fiscal constraints due to revenue shortfalls and an International Monetary Fund requirement to reduce the combined sector deficit to 2.5 percent of gross domestic product will preclude the government from increasing both defense and nondefense spending in 2004. Because the success of President Uribe's democratic security policy depends in part on increasing the size of Colombia's security forces, President Uribe has announced that nondefense spending will be cut to enable the Colombian government to meet its fiscal targets. This strategy should enable the government to meet its short-term fiscal targets. However, without significant cuts in expenditures for pensions and other earmarks, U.S. embassy officials stated that the Colombian government may also need to reduce defense spending to meet its long-term goal of significantly reducing public debt. At a time when nonmilitary assistance programs are beginning to produce intended results, such budget cuts could impede project implementation and sustainability.

Colombia's Long-Standing Conflict Complicates Assistance Efforts

The government of Colombia has stated that ending the country's civil conflict is central to solving Colombia's problems, from improving economic conditions to stemming illicit drug activities. The continuing violence limits both the U.S. and Colombian government's ability to institute economic, social, and political improvements. A peaceful resolution to the decades-old insurgency would help stabilize the nation, speed economic recovery, help ensure the protection of human rights, and restore the authority and control of the Colombian government in the coca-growing regions.

Although the Colombian National Police, with U.S. assistance, have reestablished a presence in every municipality, rebel groups continue to exercise control in large geographic areas. State estimates that Colombia still does not control up to 40 percent of the country. Lack of government control intensifies the difficulty of implementing assistance programs. According to USAID officials, the agency is still prohibited from operating in certain parts of the country because of security concerns. Within the alternative development program, for example, it makes the process of verifying that communities are adhering to voluntary eradication agreements highly risky. Moreover, while many human rights indicators improved last year due to the Colombian government's efforts to improve security, both armed forces and insurgents continue to commit serious human rights abuses, according to human rights organizations, as well as State's 2003 Human Rights Report. The ongoing violence often prevents USAID and contractor officials from visiting project sites to implement and

monitor efforts. Furthermore, it discourages private business groups from traveling to and investing in remote parts of Colombia.

The long-standing insurgency also limits the government's ability to address the socio-economic conditions—including poverty, inadequate social services, and high unemployment—that encourage illicit activities. Several USAID officials emphasized the importance of job creation in the fight against violence and illicit activities, yet unemployment was over 14 percent in September 2003. In 2002, the World Bank estimated that 60 percent of Colombia's population lives below the poverty line, and rural poverty in Colombia is estimated at 79 percent. The World Bank also calculated that even if a positive growth path is reestablished and sustained, Colombia will require more than a decade to reduce poverty to the levels recorded in 1995—an economic performance that Colombia has not been able to achieve in recent years.

Conclusions

Colombia is a long-time ally and significant trading partner of the United States and, therefore, its economic and political stability is important to the United States as well as to the Andean region. Colombia's long-standing insurgency and the insurgents' links to the illicit drug trade complicate the country's efforts to tap its natural resources and make systemic economic reforms. Solving these problems is important to Colombia's future stability.

Colombia and the United States continue to face financial and management challenges in implementing and sustaining counternarcotics and counterinsurgency programs in Colombia. Namely, the government of Colombia does not have the capacity to sustain alternative development projects, provide the level of assistance needed for vulnerable groups, or implement democracy and judicial reform. Colombia's financial resources are limited and its economy is weak, and thus it will need U.S. assistance for the foreseeable future. In 2000 and 2001, USAID determined that an alternative development program for the estimated 136,600 families involved in illicit drugs could cost up to $4 billion. At least one organization has predicted that providing basic services to Colombia's displaced

population could cost $1 billion.[35] If demobilization occurs on a large scale, it could cost well over $250 million. In addition, we note that these estimates do not include future funding needed for other U.S. programs in Colombia, including support for the Colombian Army and Colombian National Police.

In recent years, world events—from the global war on terrorism to the massive reconstruction efforts in Afghanistan and Iraq—have diverted scarce U.S. resources and made it paramount that the United States fully consider the resources committed to its overseas assistance programs. Because of competing demands, the United States very likely cannot continue current levels of assistance to Colombia; in some instances, State, Justice, and USAID have already begun to limit or curtail their programs. Yet, State and USAID have not systematically coordinated their programs to maximize the interrelated benefits or developed a plan for turning program responsibilities over to the Colombian government and the private sector.

Recommendation for Executive Action

Because of Colombia's prolonged conflict and the limited financial resources available for nonmilitary assistance programs, we recommend that the Secretary of State, in consultation with the Attorney General and the Administrator, USAID, develop a detailed plan for improving systematic coordination among the three nonmilitary assistance programs in Colombia. The plan should include clearly defined objectives and future funding requirements for the programs; a timeline for achieving the stated objectives; and a strategy for sustaining the results achieved, including transitioning program responsibility to the government of Colombia and the private sector. Particular attention should be placed on establishing a coordination mechanism between State and USAID to facilitate internally displaced persons' transition from emergency aid to longer-term assistance. The Secretary of State should provide this information to the Congress for consideration in the fiscal year 2006 appropriations cycle.

Agency Comments

State, Justice, and USAID provided written comments on a draft of this report. See appendixes I, II, and III, respectively. Overall, the agencies found the report helpful, but none specifically commented on our

[35]The International Crisis Group.

recommendation. Justice did not address coordination. State and USAID noted instances of where coordination was occurring and said that they are looking for ways to improve. For instance:

- State reported that it is exploring ways in Washington, D.C., and the field to improve coordination between State and USAID on the hand-off of beneficiaries from State's emergency assistance to USAID's longer-term assistance.

- USAID acknowledged that more can be done to improve coordination and detailed new initiatives designed to do so, including the creation of a Joint Policy Council between State and USAID. USAID also noted that, with the start-up phase of its programs completed, it was developing approaches and programs that are more sustainable and relying on private sector support to leverage additional resources where possible.

Our recommendation was intended to help ensure that State, Justice, and USAID worked together to build on the progress that each of the nonmilitary programs is making by taking advantage of the synergies among the programs. Without a more formal plan for improving systematic coordination, we do not believe that the U.S. nonmilitary assistance to Colombia will be leveraged to the extent possible.

Each agency also provided additional information and elaborated on the status of their programs. In addition, the agencies provided us technical comments and updates that we have incorporated throughout the report, as appropriate.

As agreed with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days from the date of this letter. At that time, we will send copies of this report to interested congressional committees, the Secretary of State, the Attorney General, and the Administrator of the U.S. Agency for International Development. We will also make copies available to others on request. In addition, this report will be available at no charge on the GAO Web site at http://www.gao.gov.

If you or your staff have any questions about this report, please contact me at (202) 512-4128 or FordJ@gao.gov, or Al Huntington, Assistant Director, at (202) 512-4140 or HuntingtonA@gao.gov. Other key contributors to this report were José M. Peña, Elizabeth Singer, and Judith Williams.

Sincerely yours,

Jess T. Ford, Director
International Affairs and Trade

Scope and Methodology

To identify the objectives of each program; determine the programs' reported accomplishments; as well as the factors, if any, limiting their implementation, we

- analyzed project design documents, including funding documents and contracts and grant agreements, describing the projects from State, Justice, and USAID;
- reviewed project documentation, including progress reports and other documents prepared by the grantees and contractors implementing the projects;
- interviewed cognizant contractor and grantee officials both in Washington, D.C., and Colombia; and
- interviewed State, Justice, and USAID officials responsible for program oversight and implementation both in Washington, D.C., and at the U.S. Embassy in Bogotá.

We traveled to Colombia in January 2004. In Colombia, we held two roundtable discussions with representatives of most of the grantees and contractors responsible for alternative development and vulnerable groups projects. We observed U.S.-funded projects in Bogotá and Soacha (near Bogotá), Medellín, and Puerto Asís and Villa Garzón in Putumayo. During these site visits, we met with project beneficiaries and interviewed representatives of the nongovernmental organizations implementing the projects.

To determine the challenges faced by Colombia and the United States in sustaining these programs, we obtained program information and economic data prepared by a variety of sources and interviewed U.S. and Colombian government officials. In Washington, D.C., we interviewed agency officials from State, Justice, and USAID. We also examined political and economic reports prepared by the Congressional Research Service, the World Bank, and the International Monetary Fund. We reviewed several studies evaluating issues of concern and U.S. assistance to Colombia, particularly alternative development, vulnerable groups, and democracy and rule of law programs. In Colombia, we reviewed program documents, including USAID's draft 5-year strategic plan, a February 2004 evaluation of USAID's programs in the Putumayo, the U.S. Embassy's Mission Performance Plan, and contractor and grantee organization reports. In addition, we interviewed U.S. embassy officials knowledgeable about

Colombia's economic and political situation and met with Colombian government officials knowledgeable about the state of the Colombian economy and the Colombian government's budgetary constraints, including the director of the Office of National Planning, which is similar to the U.S. Office of Management and Budget.

To determine the reliability of the funding data used in this report, we examined State, Justice, and USAID quarterly progress reports and other financial management activity reports. Agency officials also verified the data. Moreover, we obtained copies of State, Justice, and USAID Inspector General audits of their respective agencies' consolidated financial statements, which reported, among other things, on their internal control structures. All three agencies received unqualified opinions. However, State's Bureau of International Narcotics and Law Enforcement Affairs did not provide complete funding data for the programs it supports. As a result, the funding figures may not reflect what was actually programmed, obligated, and expended for assisting vulnerable groups, promoting democracy and rule of law programs, and enhancing state presence and public security. Moreover, we did not audit the funding data and are not expressing an opinion on them. However, based on our examination of the documents received and our discussions with cognizant agency officials, we concluded that the funding data we obtained were sufficiently reliable for the purposes of this engagement.

To determine the reliability of the performance measurement data we obtained, we asked State, Justice, and USAID program officials how the data were collected and verified. We found that because of the difficult security situation in Colombia, U.S. agencies (USAID in particular) must often rely on third parties, including the United Nations, to document performance data, such as the number of hectares voluntarily eradicated. We also found that while U.S. embassy officials conduct oversight to assess the accuracy of program data submitted by grantees and contractors, not all do. For example, according to State, it does not independently verify estimates of the number of beneficiaries assisted by the international organizations it funds. In addition, any data collected by the agencies is subject to some limitations. For example, the November 2003 Inspector General report stated that the alternative development program might be overstating the number of families benefited due to the way program data are collected. In addition, the vulnerable groups program may double count project beneficiaries, and the statistics collected through the justice houses are generally not reliable because they are not equipped to collect data regularly on their own.

However, USAID has taken measures to address these limitations. For example, in response to its Inspector General's concerns, USAID agreed to separate the alternative development program data between crop substitution and infrastructure projects to avoid double counting. Similarly, to avoid the double counting in the vulnerable groups program, the agency asks grantees to jointly report on individuals assisted in areas where more than one grantee was present. Finally, to correct data collection difficulties associated with the justice houses, the USAID contractor plans to have a national automated information system by 2005.

Nevertheless, based on our discussions with State, Justice, and USAID officials, we concluded that the performance data we obtained were sufficiently reliable for the purposes of this engagement.

Comments from the Department of State

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

United States Department of State

Assistant Secretary and Chief Financial Officer

Washington, D.C. 20520

JUN 28 2004

Ms. Jacqueline Williams-Bridgers
Managing Director
International Affairs and Trade
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "DRUG CONTROL: U.S. Nonmilitary Assistance to Colombia is Beginning to Show Intended Results but Programs Are Not Readily Sustainable," GAO Job Code 320207.

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 Jeffrey Patmore, Program Officer, Bureau of International Narcortics and Law (202) 647-7827.

Sincerely,

Christopher Burnham for HP

Christopher B. Burnham

cc: GAO – Jose Pena
INL – Robert Charles
State/OIG – Mark Duda
State/H – Paul Kelly

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Department of State Comments on GAO Draft Report
"DRUG CONTROL: U.S. Nonmilitary Assistance to Colombia is Beginning to Show Intended Results but Programs Are Not Sustainable"
(GAO-04-726, GAO Code 320207)

The Department of State (DOS) thanks the General Accounting Office (GAO) for the opportunity to respond to their review of Nonmilitary Assistance to Colombia. In general, we found the Report to be supportive and the findings to be positive.

The main recommendations in the Report are that the coordination between State and USAID on the hand-off of beneficiaries from State's emergency assistance to USAID's longer-term assistance could be improved. Solutions to this are being explored on a working level both in Washington, DC and in the field.

Throughout the Report were specific items that the officers managing the projects felt misrepresented the details of their programs. We recognize that it is daunting to review a program of the size and complexity of U.S. Nonmilitary Assistance to Colombia, and it is to be expected that professionals spending every working hour on the program might be aware of some details that a review team overlooked due to their timeline and focus. Below are respectfully submitted the corrections we would like to see made to the text of the Report.

Clarifications of the text of the Report (in order of page number):

ONE
"State and USAID have not coordinated their assistance programs to internally displaced persons to help those who need to transition from State's emergency assistance program to USAID's longer-term assistance." [page 4]
and

"State officials told us that they have no mechanism to "hand off" their program beneficiaries to USAID's longer-term assistance program after they have received the emergency aid." [page 15, 22, 23, 24]

Clarification:

Page 2

The "formal" mechanism for transiting from emergency to longer-term assistance is difficult due to the marginalized and shifting nature of the recipients. State and USAID are working closely together on assistance activities, often traveling in the field to conduct site visits together, meeting with local and national government officials together and participate in many of the international forums, seminars and workshops together to assist the GOC or other IOs in the policies and strategies for assistance to the displaced population. It is the goal of both State and USAID to both provide appropriate assistance and to "graduate" recipients from emergency assistance, to long-term assistance and finally to self-sufficiency. This is an Augean task in the best environment, in the chaotic situation of modern Colombia the trade-off between administrative overhead and provision of services demands a professional judgment of when there are diminishing returns for the division of assistance recipients between "emergency" and "long-term" needy.

USAID and State officials have met numerous times to discuss this transition gap together and with their respective partners. For example, State/PRM and USAID have developed a formal consultation mechanism, meeting biweekly at the working level, quarterly at the Assistant Secretary/Assistant Administrator level. It should also be noted that USAID provides funding to three of PRM's partners (CHF International, UNICEF and UNHCR) that provide longer-term assistance. CHF is a prime example where many beneficiaries receiving emergency assistance (PRM-funded) move on to received long-term development assistance (USAID-funded) from CHF. CHF has also partnered with IOM to provide housing, water and sanitation assistance to Colombian repatriating from Panama. There are also many examples where UNICEF and the American Red Cross (both PRM-funded) have collaborated with IOM and PADF (both USAID-funded). ICRC is another example, where they have passed off some of their beneficiaries to CHF and IOM for follow-on long-term assistance programs.

It is important to realize that the partners working on emergency humanitarian assistance programs are set up to respond to emergency crisis, such as massive displacement, that require them to mobilize quickly to wherever the crisis is. They provide the emergency assistance and can assist many of the families return to their original communities. However, it is not always efficient for those implementing partners working on longer-term development programs to respond quickly to

attend to the displaced that have benefited from the emergency assistance. To carry out long-term socio-economic reintegration programs requires extended planning and development to ensure the best opportunity for their successful reintegration. Therefore, it should be noted that in some cases it is inappropriate to plan a "hand off" from the emergency assistance to the long-term program.

See comment 1.

The bottom line is, it should be noted in the Report that PRM and USAID are working closely together to narrow the transition gap. PRM and USAID will benefit from a more formal mechanism to address this transition gap, and are working to develop that mechanism, but this does not detract from the extensive informal mechanism currently active in the field today.

TWO
The GAO recommends that the Secretary of State and USAID develop a detailed plan for improving systematic coordination for assistance to internally displaced persons. The plan should include a timeline for achieving the stated objectives, an estimate of future funding, requirements, and a strategy for sustaining the results achieved. [page 5]

Clarification:
PRM and USAID currently work closely together on assistance to the displaced population in Colombia. GAO's recommendation to meld our respective strategies for assistance to the displaced population and develop a coordinated USG plan and policy for addressing USG assistance to the vulnerable population, primarily displaced, in Colombia is one that all parties are already working towards.

THREE
"State and USAID do not track individuals after they receive assistance." [page 14]

Clarification:
PRM grantees do track some individuals after receiving assistance as they become beneficiaries in other longer-term assistance programs with PADF, IOM, or CHF. In other cases it is inefficient to continue tracking beneficiaries.

Page 4

It should be noted that all of PRM's partners are required to coordinate closely with the GOC's Social Solidarity Network (RSS - Spanish acronym), to make sure there is no duplication of assistance and to try to make sure that registered IDPs are attended to. ICRC coordinates closely with the RSS on selection of sites for emergency assistance, to assure optimal coverage of vulnerable internally displaced persons and avoid duplication. The American Red Cross's partner organization, the Colombian Red Cross, was criticized last year for this lack of coordination, but has made this a priority for this year's program.

See comment 2.

Despite the RSS' lack of resources for direct implementation of activities, in most regions of the country they do provide viable coordination among implementing agencies willing to work with them.

FOUR
"State does not have any written strategy outlining the objectives and performance goals of its vulnerable groups program." (p. 15)

Clarification:

See comment 3.

The strategy is the Policy and Program Review Committee (PPRC) regional policy paper, a mechanism that, we understand, has been praised in earlier GAO reports. The current regional strategy paper is PPRC # 2004-38, signed by PRM A/S Dewey on February 10, 2004.

PRM prepares a Regional Policy Paper for the Western Region each year that is reviewed and approved by PRM's Policy Program and Review Committee (PPRC). This paper discusses the Key Factors impacting the region, reviews previous performance in each sub-region, sets goals for the year, and lays out an implementation plan for each of the sub-regions. It also addresses monitoring/evaluation and availability of funding. In previous reports, the GAO praised PRM's strategy mechanism. In addition to the annual Regional Policy Paper, there is a PPRC review of each grantee that is awarded a grant or cooperative agreement from PRM. In that review, PPRC reviews the project objectives, planned beneficiary numbers and program indicators. Grantees are required to submit periodic reports on their accomplishments and beneficiaries assisted to PRM. An Annual Program Evaluation is performed prior to the granting of any additional awards.

With regards to tracking program beneficiaries, this is easy to do with the US PVOs, but not as easy to carry out with the International Organizations

Page 5

(IOs), such as ICRC and UNHCR. IOs normally receive funds from many international donors and they do not itemize how many beneficiaries were assisted based on contributions from each donation country. We can only make a best estimate based on the total number of beneficiaries attended by the IO and the percentage of funds donated by the USG.

See comment 4.

FIVE
"State officials also told us that they have no mechanism to "hand off" their program beneficiaries to USAID's longer-term assistance program." (p 15)

Clarification:
Increasing coordination is one of the leitmotifs of the Report. However, there are also ample examples of good coordination between the programs. While more coordination is possible, it would be untrue to say there was no coordination.

See comment 5.

- Regional refugee coordinator corroborates our information from Bogotá: his own coordination with the AID Mission, OCHA and other system coordination mechanisms, sectoral meetings, the government's coordination, etc.
- For the Washington end, the ICRC (PRM-funded, emergency assistance) coordinates with IOM (USAID-funded, longer-term); CHF is funded by both PRM and USAID, for emergency and longer-term, respectively, and has no problem coordinating with itself.

The Humanitarian Action Plan – a joint coordination product of the UN system and the government of Colombia – is yet another excellent example of cooperation and coordination.

SIX
"According to one cognizant State official, the emergency assistance program is essentially being phased out." (p. 17)

Clarification:
There may be confusion between the source of funding for the program and the program itself. It is not being phased out, it is being mainstreamed into Migration and Refugee Assistance (MRA). As the money PRM receives from the Andean Counterdrug Initiative decreases – from around $10,000,000 annually in FY2000 through FY2003, to $5,000,000 in FY2004, and zero in FY2005 – the amount dedicated to assistance in the Andean region from the (MRA) is rising.

See comment 6.

Page 6

SEVEN
"Each of the three US nonmilitary assistance programs has begun to produce results envisioned in 2000 when US funding for Plan Colombia was approved. However, each program has limitations." ... "The assistance for vulnerable groups program cannot address all the needs identified because of limited resources, and the number of individuals displaced and needing assistance in is increasing." [page 9-10] "State and USAID program to assist Colombia's vulnerable groups are achieving some of the intended results, but US assistance cannot address all the identified needs. One organization estimates that providing a basic package of services to all of Colombia's internally displaced persons would cost approximately $1 billion." [page 17]

Clarification:

See comment 7.

The $1 billion price tag attributed by one NGO ought not to be accepted without further review from the GAO. I believe USAID and PRM could develop more realistic figures, however what country in the world wouldn't like to have the USG devote another billion dollars to providing basic services … including the USA?

EIGHT
"USAID and State's Strategic Plan for fiscal years 2004-09 does not include any specifics for joint program implementation. We found that

- During a site visit to a USAID-funded project outside of Bogotá, an agency official was surprised to learn that State also funded a project in the same location.
- Half of the grantees involved in USAID's program were unaware of State's program to assist the displaced and did not know whether their project beneficiaries had first received emergency humanitarian assistance from State.

While State and USAID are not explicitly required to assist the same beneficiaries, agency officials and program documents indicate that their goal is to ensure that internally displace persons who receive emergency aid are then provided longer-term assistance, if needed. In 2001, we reported that the US government had difficulty coordinating and managing its programs to aid the internally displaced. These challenges continue in Colombia." [p. 25]

Clarification:

Page 7

It is not surprising that organizations do not know which implementing agencies are funded by State. Many of our organizations, such as the UN agencies and ICRC, work in very chaotic zones of Colombia. If insurgent groups were to know that a good portion of their funding was from the US government, it could compromise their ability to be seen as a neutral entity and could come under attack by either insurgent group. Therefore, many of the USAID agencies may be working with the PRM-funded organizations, but not realize that they are funded by PRM. This PRM policy will continue for the protection of the IO staffs.

See comment 8.

NINE
"...Moreover, both armed forces and insurgents continue to commit serious human rights abuses, according to human rights organizations as well as State's 2003 Human Rights Report." [page 28]

Clarification:

Illegal armed groups cause most of the displacement, with a fraction attributed to public security forces. To lump both groups together in the above sentence seems to inaccurately portray the situation in Colombia.

See comment 9.

The following is a quote from the 2003 Human Rights report. "The Government's emphasis during the year on improving security resulted in significant improvements in many human rights indicators. Murders fell by 20 percent, kidnappings declined 39 percent, and forced displacements of persons were cut by 49 percent. The number of newly displaced persons appeared to decline for the first time since 1999. The overall number of large-scale massacres and other killings committed by AUC terrorists appeared to decline during the year. Labor leaders and activists continued to be victims of high levels of violence; however, the number of union leaders killed during the year declined significantly.

"The Government's human rights record remained poor; however, there were significant improvements in some areas. An increasingly small percentage of total human rights abuses reported were attributed to security forces.

Paramilitaries committed numerous political and unlawful killings, primarily in areas they disputed with guerrillas and generally in the absence of a strong government presence. According to the CCJ, paramilitaries were responsible for at least 892 such killings during the first 9 months of the year.

Guerrillas, particularly the FARC, committed hundreds of unlawful killings. According to the CCJ, guerrillas were responsible for 427 unlawful killings during the first 9 months of the year, 203 of them massacres. The MOD attributed 70 percent of civilian deaths to guerrillas in 2002.

According to the CCJ, state security forces were responsible for at least 101 politically motivated extra-judicial killings and 1 social cleansing killing during the first 9 months of the year.

The Colombian NGO, CODHES, which works on human rights and displaced issues reported the following causes for displacement in 2003.

Guerrillas	38%
Paramilitary	29%
Guerrilla - Paramilitary confrontations	17%
Guerrilla - Public Forces confrontations	3%
Paramilitary - Public Forces confrontations	<1%
Public Forces	<1%
Other	11%

The following are GAO's comments on the Department of State letter, dated June 28, 2004.

GAO Comments

1. Throughout this report, we acknowledge the many obstacles that the U.S. government faces in reaching its nonmilitary assistance objectives, including Colombia's long-standing conflict and limited financial resources. As such, we recognize that establishing a formal mechanism for transitioning beneficiaries of the vulnerable groups program from emergency to longer-term assistance is not an easy task. Nevertheless, State and USAID will benefit from a more formal mechanism to address this transition gap, as we recommended. Any informal coordination that already occurs is an important step toward implementing this recommendation.

2. While some of State's implementing partners may track some individuals after they receive assistance, not all do. Further, it should be noted that while the Colombian Government's Social Solidarity Network works to avoid duplication of assistance and to attend to registered internally displaced persons, both State's and USAID's implementing partners provide services to persons who are not registered with the Colombian government.

3. State is incorrect. GAO did not praise the Policy and Program Review Committee (PPRC) regional policy paper process in past reports. After we inquired about this point, a PRM official acknowledged that State's Inspector General and the Office of Management and Budget have complimented the process, but GAO has not. In addition, State declined to provide GAO a copy of PPRC #2004-38, and the same official said that State had not provided a copy to USAID, either.

4. We recognize that tracking beneficiaries assisted by international organizations may be difficult. However, we found that USAID tracks the number of individuals assisted each quarter by its grantees, including international organizations.

5. The report does not state that there is no coordination. Rather, we concluded that State and USAID can do a better job of "handing off" State's short-term beneficiaries to USAID's longer-term assistance program.

6. We modified the text to better describe State's funding.

7. The $1 billion figure was not intended to be a definitive estimate. The point is that U.S. assistance cannot address all identified needs.

8. We do not agree that better coordination between State and USAID would compromise the security of the staff.

9. We modified the text to acknowledge the government of Colombia's efforts to enhance public security and the improvement in human rights indicators over the past year. However, as State quotes from its own 2003 Human Rights report, "The Government's human rights record remained poor."

Comments from the Department of Justice

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

U.S. Department of Justice

Criminal Division

Deputy Assistant Attorney General *Washington, D.C. 20530*

June 23, 2004

Mr. A. H. Huntington III
International Affairs and Trade Team
U.S. General Accounting Office
441 G St., NW, Rm. 4440
Washington, DC 20548

Dear Mr. Huntington:

This will serve to transmit the Department of Justice's response/comments to GAO's Non-Military Assistance to Colombia report. We appreciate the opportunity for this preview and believe that the enclosure will add to the completeness and accuracy of this important report. The enclosure is a careful distillation of our substantive comments and we request that it be incorporated as part of the final GAO report.

Sincerely,

Mary Lee Warren

Enclosure

DEPARTMENT OF JUSTICE COMMENTS
GAO REPORT: U.S. NONMILITARY ASSISTANCE TO COLOMBIA

As an overview, the GAO report provides a helpful reminder of the often overlooked U.S Government non-military support and assistance to Colombia. However, from the Department of Justice's perspective, a few critical additions or corrections need to be made in order to provide an accurate and truly meaningful overview of DOJ's Justice Sector Reform Program. To this end, set out below are: a clear breakout of the very limited funding received by the JSRP, an answer to the sustainability concerns, raised in the report, a brief recitation of some of the JSRP project highlights and results, and a response to questions raised in the report about DOJ's priority for and work toward transition of the program to the Government of Colombia.

Funding:
The Department of Justice is concerned that the GAO report does not clearly and accurately reflect the very limited funding accorded to DOJ for assistance programs within the USG Democracy/Rule of Law sector. In discussing funding for Rule of Law programs and in the chart reporting funding by fiscal year, the DOJ amounts are simply subsumed within the larger State and USAID funds. DOJ has nevertheless developed extensive programs with minimal funding from the Plan Colombia allotments.[1] For convenience, the DOJ Justice Sector Reform Program funding over the period covered in the report is as follows:

See comment 1.

FY2000-01	$68 million
FY2002	$ 2 million[2]
FY2003	$ 6.5 million
FY2004	$ 7.5 million (DOJ has not yet received this funding)
TOTAL	$84 million

The development of effective and sustainable Colombian justice institutions is a USG priority. To realize this priority, DOJ funding levels should be increased, but, at the very least, need to be maintained.

Sustainability:
The Department of Justice is in full accord with the concerns raised in the report with respect to the difficulties facing the GOC with respect to sustainability of programs. However, these concerns with respect to justice sector institutions should not deter continued USG funding, particularly at this critical time of transition as the Colombian criminal justice moves in a constitutionally-mandated transition from an inquisitorial to a

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[1] The Department of Justice programs have relied upon DOJ direct appropriations (for Criminal Division oversight and administrative support, as well as for salaries of Assistant U.S. Attorney and federal agents as trainers) to augment the Plan Colombia funding levels for the Justice Sector Reform Program.

[2] In FY02, the only funding provided was for the Prison Security project that both the State Department Narcotics Affairs Section and DOJ have coordinated with the U.S. Bureau of Prisons.

more accusatorial system. The GOC will not succeed in this transition to a more effective, efficient, and open to public scrutiny, criminal justice system without substantial USG assistance. The narco-terrorists and other criminal groups do not want this transition to succeed. The present report does not contemplate any budget increments by the GOC, nor does it note the improved effort (assisted by the Justice Sector Reform Program projects) of the GOC to forfeit assets and employ those assets to enhance justice sector capacity. Each of these could have a significant impact on the current GOC justice system budget shortfalls.

See comment 2.

See comment 3.

In addition to budget concerns, the DOJ projects within the Justice Sector Reform Program each include a "train-the-trainer" component so that leadership provided in the first instance by the USG expert personnel will, in time, be supplanted by GOC professionals.

Results:
Although the report allows that "U.S. nonmilitary assistance programs have begun to produce some of the results envisioned under Plan Colombia," (Draft Report, Page 3), there is little discussion and no in-depth explanation of the diverse programs and actual results that appear to have been overlooked by the GAO team. Indeed, the report provides very little mention of the DOJ projects within its Democracy/Rule of Law review. When the DOJ Justice Sector Reform Program project descriptions and results are viewed, we believe that the importance of this assistance becomes patently clear.

See comment 4.

Examples of DOJ programs whose importance in developing a sustainable Colombian criminal justice sector are not mentioned or only briefly described:

Human Rights: DOJ has assisted the Colombian Prosecutor General's Office ("Fiscalia") develop a National Human Rights Unit as well as 11 mobile satellite units throughout the country now capable of effective investigations and prosecutions of serious human rights, such as massacres and multiple homicides, kidnappings, and bombings. As part of the Human Rights project, the Justice Sector Reform Program has provided state-of-the-art criminal forensic analytical equipment and training and has networked the disparate headquarters crime laboratories and criminal information databases in Colombia. DOJ has provided training, equipment and operational support to these units that has resulted in a significant increase of complex and sensitive cases investigated and prosecuted using the advanced techniques and forensic equipment. For example, DOJ has carried out 60 courses for a total of 2,432 human rights violation prosecutors, investigators, and technical experts. Guilty verdicts in human rights cases for equivalent timeframes have increased from 27 to 83 since DOJ's training and technical assistance has been provided.

Code Reform: Beginning in February 2003, DOJ has assisted the GOC in the development of a new Criminal Procedure Code that will introduce an accusatory style system mandated by the Colombian Constitution with the objective of improving the effectiveness of the Colombian criminal justice system.[3] DOJ has been able to provide

[3] The DOJ Justice Sector Reform Program has worked with USAID in coordinating the code reform and the training of judges projects in preparation for the criminal justice system transition.

the advice and counsel of current accusatorial practitioners who have also worked with other countries in the hemisphere in similar transitions. The drafting of this code has required the consensus of disparate groups, including the Colombian Fiscalìa, Procuraduria, congressional representatives, and academics. The introduction of this new code is considered in Colombia to be a dramatic and historic change to Colombian criminal justice. This code has been passed by the Colombian Congress and is expected to be implemented in January 2005.

Technical Assistance in the Implementation of an Accusatory System: Since FY 2001, DOJ has trained prosecutors, investigators, and judges. Through FY 2006, DOJ will have assisted the GOC in training over 3,000 prosecutors, 10,000 police investigators, and 1,000 judges. To date, 3500 of the combined total have been trained in the new system. The Colombian institutions view this training assistance from the USG as critical to its transitional efforts in successfully implementing the new criminal procedure code. The training is 1-2 weeks of presentations, workshops, and final mock trial with all parties playing their newly-assigned roles. An aggressive schedule has been set for the training of the remainder. An essential part of this training program is the development of a professional and permanent Colombian training capability.

Asset Forfeiture: DOJ has been working (a) to strengthen the GOC's capabilities in the seizure and forfeiture of assets, (b) to improve the GOC's tracking and management of seized assets, and (c) to press for use and proceeds from the sale of forfeited assets for the benefit of justice sector entities and programs, *e.g.*, prison construction and renovation, vehicle and communication equipment purchases, courtroom design and construction in preparation for oral trials. Since FY2001, with Plan Colombia funding, the Department of Justice has presented training programs for investigators, prosecutors and judges involving implementation of a new asset forfeiture law and financial analysis and investigations. This assistance has resulted in a dramatic increase in financial crime sentences and forfeiture judgments entered by the courts in Colombia. For example, in the nearly five years prior to the new law and DOJ's training assistance, only 25 forfeiture judgments (covering 315 assets) were entered by the courts. In the 21 months since the new law and the training, Colombian courts have entered 105 forfeiture judgments (covering 3,144 assets). Moreover, a vastly improved system to inventory and manage seized assets has been developed by DOJ (U.S. Marshals Service) for the GOC. Seized assets, shared with the GOC will be used to expand and enhance this system in the next two years.

Narcotics/Maritime Enforcement: Since FY 2001, DOJ, working closely with the U.S. Coast Guard and the Colombian Navy, Fiscalìa, and National Police, has assisted the GOC (and the United States) in maritime cases by developing protocols for boarding vessels, seizing narcotics and other contraband and sharing the information that is obtained in an expeditious and useful manner. These protocols have resulted in a substantial decrease in response time in maritime interdiction cases involving our two countries and are being used as models by other countries in the region. These protocols have been used in training courses and conferences sponsored by DOJ and provided to a total of 709 Navy and Coast Guard personnel, investigators, prosecutors, and judges.

In addition, these efforts have resulted in increased Colombian capability to bring successful prosecutions of maritime interdiction cases and to take appropriate administrative action to combat maritime narcotics trafficking and related activities.

Witness and Judicial Security: DOJ, through the U.S. Marshals Service (USMS), has trained over 400 security personnel tasked with providing protection to prosecutors, judges, the Prosecutor General, Minister of Defense, Minister of Justice and Interior, Mayor of Bogota, as well as the U.S. Ambassador. Over 800 such personnel will be trained by the end of FY 2005. In addition, with the introduction of an accusatory system and public oral trials, the USMS have committed to assist the Colombian Fiscalìa develop a more effective witness protection program. The witness and judicial security projects have provided armored vehicles, body armor, communications gear, and other equipment to these new protection cadres and for use by those they protect.

Multilateral Case Initiative: The Justice Sector Reform Program multilateral case initiative has provided specialized training and needed equipment to the elite GOC prosecutor/police task forces who work in collaboration with U.S. counterparts to investigate and then prosecute, in the U.S. or Colombia as deemed appropriate, the most significant drug trafficking and drug-related money laundering cases in either country. For example, MCI investigations have resulted in the prosecution of more than 30 Operation Millennium defendants, including Fabio Ochoa, and in narcotics trafficking charges being brought against the FARC and AUC leadership and chief lieutenants. Currently, there are 29 ongoing investigations and the project has expanded to reach 14 additional countries, as well.

Transition of Programs to GOC:
The report states that, "State, Justice and USAID have not established time-lines nor developed an overall strategy for turning programs over to the Colombian government or the private sector." (Draft Report, Summary Page) The Department of Justice is concerned that this stark statement, without clarification, fails to take into account DOJ's objectives and important and continuing efforts to turn programs over to the GOC. As mentioned above, in the major prosecutor, investigator, judge training assistance projects preparing for the transition to an accusatory system, DOJ is simultaneously focusing on developing a permanent professional Colombian justice sector training capability. The Justice Sector Reform Program works with the various Colombian training academies for police, prosecutors, and judges. Colombian trainers are being developed and are actively involved in the actual training sessions alongside their U.S. counterparts. The clear objective of this effort is for the training to become a fully Colombian training program. The U.S. Marshal Service judicial security program also pairs U.S. instructors with Colombian trainers developed by the project.

See comment 5.

In addition, some of DOJ's programs have already been turned over to the GOC. Others have been developed to the extent that the Colombian entities are managing or coordinating efforts. For example, DEA turned over a sophisticated electronic surveillance project to the Colombian National Police, Fiscalìa, and DAS in which multiple listening posts were developed, complete with the necessary equipment and

training. The maritime interdiction protocols, developed by DOJ, the U.S. Coast Guard and the Colombian Navy, are now actively utilized by the Colombian Navy and Fiscalìa in increased efforts in maritime narcotics interdiction. While the USG has continued to provide some additional operational expense funding to the Fiscalìa, the Colombian Human Rights National Unit and mobile sub-units are now, on their own, carrying out the most serious felony investigations and prosecutions of human rights offenses. The Asset Forfeiture and Money Laundering Unit, as a result of DOJ training and assistance, is also on its own, increasing its efforts to effectively investigation and prosecutions cases, resulting in significant increases in successful money laundering cases and forfeitures.

The following are GAO's comments on the Department of Justice letter, dated June 23, 2004.

GAO Comments

1. As we indicate in note "c" on p. 8, State transfers funding to Justice for its rule of law programs. We have added Justice's total originally appropriated figure of $88 million, which is approximately 16 percent of total U.S. nonmilitary assistance funding.

2. Rather than budget increments, President Uribe has announced cuts in nondefense spending.

3. GAO recognizes that the new asset forfeiture law referred to by Justice has strengthened the government of Colombia's ability to employ seized assets, but it remains to be seen to what extent that will benefit the justice sector's capacity.

4. We recognize that Justice has a variety of projects within its Justice Sector Reform Program and that these projects are instrumental in strengthening Colombia's justice sector. We did not focus on all of the projects in detail, however, because of their small size (in terms of funding) relative to State's and USAID's projects. We do highlight the human rights units, code reform assistance, prosecutor training, and judicial police training projects.

5. We modified the text to give Justice more credit for its efforts to turn programs over to the Colombian government.

Comments from the U.S. Agency for International Development

U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

JUN 25 2004

Mr. Jess T. Ford
Director
International Affairs and Trade
U.S. General Accounting Office
441 G St., N.W.
Washington, D.C. 20548

Dear Mr. Ford:

I am pleased to provide the U.S. Agency for International Development's (USAID's) formal response on the draft GAO report entitled "Drug Control: U.S. Nonmilitary Assistance to Colombia Is Beginning to Show Intended Results but Programs Are Not Readily Sustainable" (June 2004).

Overall, we find this report to be thorough and accurate, though there are a few areas of clarification which we have detailed in the enclosed commentary for your consideration. The report outlines several constraints affecting our development efforts in Colombia. USAID and other entities involved in planning and implementation have also identified many of these same constraints and are working to improve coordination and strategic planning between U.S. government agencies working in Colombia as well as among the three nonmilitary assistance programs in Colombia, and we will continue to do so, as recommended by your 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 review.

Sincerely,

John Marshall
Assistant Administrator
Bureau for Management

1300 PENNSYLVANIA AVENUE, N.W.
WASHINGTON, D.C. 20523

Letter to Mr. Jess Ford, Director, International Affairs and Trade, in response to the GAO Report, "U.S. Nonmilitary Assistance to Colombia Is Beginning to Show Intended Results but Programs Are Not Readily Sustainable"

Clearance:	SA: Beth Hogan _____(in draft)_____	Date: _06/22/04____
	DAA/LAC: Karen Harbert __(in draft)_____	Date: _06/22/04___
	M/FM/MPI: B McDonald _____	Date: _06/28/04___

Drafted: USAID/Bogota, STaylor: June 17, 2004

[LAC:SA:MLemargie/Djohnston:ml/dj:2-1527:June 23, 2004:LACSHARED\GAO\ 40628 Final Mission response to GAO Audit June 2004.doc]

2

USAID Response to GAO Report
"U.S. Nonmilitary Assistance to Colombia Is Beginning to Show Intended Results but Programs Are Not Readily Sustainable"
June 2004

Overall Recommendation for Executive Action:

"Because of Colombia's prolonged conflict and the limited financial resources available for non military assistance programs, we recommend that the Secretary of State, in consultation with the Attorney General and the Administrator, USAID, develop a detailed plan for improving systematic coordination among the three non-military assistance programs in Colombia. The plan should include clearly defined objectives and future funding requirements for the programs; a timeline for achieving stated objectives; and strategy for sustaining results achieved, including transitioning program responsibility to the government of Colombia and the private sector. Particular attention should be placed on establishing a coordination mechanism between State and USAID to facilitate internally displaced persons' transition from emergency aid to longer-term assistance. The Secretary should provide this information to the Congress for consideration in the fiscal year 2006 appropriation cycle."

Issue 1: Coordination. The GAO is recommending that the Secretary of State and USAID develop a detailed plan for improving the coordination of assistance, particularly to internally displaced persons.

Response: Close and effective coordination will continue to prove critical to furthering and sustaining our counter drug efforts in Colombia. Coordination is occurring in Washington through the recently constituted Joint Policy Council which is facilitating improved communication between the Department of State and USAID. As Plan Colombia formally ends in FY 2006, the Government of Colombia has recently prepared a Plan Colombia Consolidation paper that will be considered by the USG and may provide an excellent roadmap to begin laying out exactly the kind of detailed plan that the GAO is recommending. It should be noted that in addition to coordination in Washington, IDP partners are encouraged to meet on a bi-weekly basis in the field and that the PRM refugee coordinator in Bogota is an integrated member of the USAID IDP Strategic Objective team, participating in joint meetings and excursions to the field. The GOC's Social Solidarity Network (Spanish acronym: RSS) has overall responsibility for coordinating the delivery of general assistance to the internally displaced population in the country. State Department's Bureau for Population, Refugees and Migration (PRM), USAID and their partners coordinate activities with the Colombian Social Security Network (RSS) at the national, regional and local levels to identify unmet needs of Internally Displaced Persons (IDPs) in the country and coordinate available and appropriate PRM/USAID responses. Although there has been no formal mechanism in place to transition PRM emergency assistance beneficiaries to USAID's medium and long term assistance program, PRM and USAID are working closely to coordinate their complementary assistance packages through their implementers, several of which are common to both programs. For example,

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CHF International is both a PRM and USAID partner and transitions many beneficiaries from its PRM–funded emergency assistance program into its USAID-funded long-term development assistance program in the same geographical target area.

Issue 2: Funding. Numerous references are made to the need for additional funding. The report suggests that an additional $5.25 million may be needed to support high priority alternative development, internally displaced persons, human rights, demobilization and reinsertion, and other important activities.
Response: Excellent progress has been made, but the job is not done. Thus, continued support for Plan Colombia is warranted beyond the FY 2005 timeframe. The GOC continues to finance the larger share of Plan Colombia (Plan Colombia was originally designed as a $7.5 billion effort, of which the USG share was $1.5 billion), and the USG plays an important catalytic role by providing leadership within the broader donor community (i.e., we're not in this alone). USAID is also actively seeking additional funding from international non-government organizations (INGOs) and the Private sector, and USAID partners leverage both private Colombian and U.S. resource flows. For example, the Pan American Development Foundation (PADF) raises 91 cents for every dollar they receive from USAID. To date, PADF has committed counterpart financing in the amount of $20.2 million and has mobilized $4.2 million from private firms (U.S. and Colombian). Moreover, USAID is placing greater emphasis on corporate social responsibility as a way to both leverage more funds and achieve greater sustainability of our efforts. Counterpart contributions from the private sector in our agribusiness partnership program are another example, where USAID financing only covers approximately 10% of subproject costs. Similarly, our support to small and medium enterprise development excludes credit, which is more appropriately coming from the local banking system. Depending on how the peace process unfolds, the Mission would, however, require additional funds to support the demobilization/reinsertion process.

Issue 3: Sustainability. In the title page and throughout the report, the GAO states that "Programs are not readily sustainable." In the section titled "Management and Financial Challenges Continue to Complicate Project Implementation," the report states that "...funding constraints and Colombia's longstanding conflict will complicate sustainability efforts."

Response: At the outset, Plan Colombia was designed as a program that sought to establish greater GOC and international presence, particularly in southern Colombia where there was very little state presence and a high incidence of violence and illegal drug cultivation. With the start-up phase behind us, we can step back and develop new approaches and design new programs that will achieve greater sustainability. This is the focus of USAID's revised strategy for the FY 2006-2008 period. For example, under USAID's municipal development program, cadastres are increasing the local revenue base as a means of generating additional resources for social investment. As mentioned earlier, the Mission is also leveraging funds from local foundations, business associations, private firms, and over 500 local NGOs and a new equity fund has been approved that has the potential to leverage 5-7 times the USG contribution by tapping into the $8.5 billion pension funds. USAID's revised strategy seeks to more effectively deal with the root causes that gave rise to the illegal drug trade by focusing its efforts in key economic

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corridors of the country that offer the potential for creating thousands of new jobs, thus improving the prospects for increased sustainability over the medium and long term.

Issue 4: Results. In the title page and throughout the report, the GAO states that "U.S. nonmilitary assistance to Colombia is beginning to show intended results."

Response: As illustrated in the table on page 12 of the report, USAID is already exceeding several original PC targets and is well on the way to exceeding most of the others. The report also highlights the 33 and 10 percent reductions in coca and poppy cultivation, respectively – these are particularly impressive results considering the difficult circumstances under which programs are being implemented. The same is true for other aspects of the country program (e.g., according to the 2003 Human Rights Report, murders fell by 20 percent, kidnappings declined 39 percent, forced displacements of persons were cut by 49 percent, and the number of newly displaced persons appeared to decline for the first time since 1999). More importantly, a recent evaluation of the program showed clear indications that we are contributing substantially to human capital development and the social, economic and political empowerment of citizens (i.e., are winning the critical battle for hearts and minds).

Issue 5: USAID has not yet maximized the mutual benefits of its programs. The report states that "USAID was not maximizing the interrelationships among its programs for alternative development, vulnerable groups, or democracy, and its implementing partners expressed concern that they were often not aware of one another's projects, even when they were in close proximity." The report goes on to say, however, that "The USAID/Bogota mission recognizes this interrelationship among its programs. Its draft strategy for fiscal years 2006-10 directly proposes an integrated approach to promote stronger coordination."

Response: Certainly more can be done to take greater advantage of synergies between and among USAID programs and between USAID, DOJ and PRM. There are numerous examples, however, where this is occurring. With few exceptions, USAID's local governance program is complementing our AD activities. While we recognize that we could do a better job of maximizing the interrelationships, each of our SO teams have been hosting regular meetings of our partner organizations to discuss results, best practices, complementarities, and common issues. Moreover, we require that our partners present annual work plans, which establish benchmarks and reflect agreed upon targets for accomplishing our expected results.

Issue 6: Timeline. State, Justice and USAID have not established timelines nor developed an overall strategy for turning programs over to the Colombian government or the private sector. The timeline should include a brief description of the stated objectives, an estimate of future funding requirements, and a strategy for sustaining the results achieved

Response: The revised strategy, in fact, encompasses a results framework that lays out a timeline for achieving strategic objectives until 2008. Coordination is currently underway between State and USAID through the Joint Policy Council to examine the future of where our Andean Counter-drug Initiative should be going from now until 2010. In addition,

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USAID is currently participating in an OMB exercise, known as the Program Assessment Rating Tool (PART), in conjunction with the Department of State, to create regional indicators across the entire ACI account.

The GOC's Plan Colombia Consolidation places considerable emphasis on Colombian ownership of the process. Moreover, USAID is striving to ensure the sustainability of all its programs by building the institutional capacity of the GOC and working towards the eventual Colombianization of the majority of our activities. There is consensus among the donors that the process of addressing the underlying root causes of Colombia's conflict and narco-terrorism will not be completed without a long term effort and considerable external assistance. We have been working closely with the Colombian Agency for International Coordination (ACCI its Spanish acronym) and the G-24 (principal donor countries to Colombia) to sharpen our mutual efforts across a range of six donor tables. This effort was underway when the GAO team visited Colombia and has picked up considerable steam since. Through this effort, ACCI is taking the leadership role, involving civil society and reaching out to the donor community. ACCI coordination meetings acknowledge the important contributions that donors have made and also emphasize the considerable Colombian investments in social, economic and institutional development activities. For example, the GOC is already covering the bulk of the costs under the USAID-supported human rights protection program. Similarly, large agro-industrial projects by design require a minimum private sector contribution of 50 percent. Even such social investments as the Justice Houses program are now demanding private sector support. There is an even greater shift in this direction under USAID's revised strategy.

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