



April 2016

SECURITY ASSISTANCE

U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt

Accessible Version

GAO Highlights

Highlights of [GAO-16-435](#), a report to congressional requesters

Why GAO Did This Study

The U.S. government has allocated an average of about \$1.3 billion annually in security assistance for Egypt in fiscal years 2011 through 2015. DOD and State have established end-use monitoring programs to ensure that military equipment transferred to foreign countries is safeguarded and used for its intended purposes. In addition, legal requirements, known as the Leahy laws, prohibit DOD- and State-funded assistance to units of foreign security forces if there is credible information that these forces have committed a gross violation of human rights.

This report examines, for fiscal years 2011 through 2015, the extent to which the U.S. government (1) committed or disbursed funds allocated for security-related assistance for Egypt, (2) implemented end-use monitoring for equipment transferred to Egyptian security forces, and (3) vetted Egyptian recipients of security-related assistance for human rights concerns. GAO analyzed U.S. agency data and documentation; conducted fieldwork in Egypt; and interviewed U.S. officials in Washington, D.C., and Cairo, Egypt. This is the public version of a sensitive but unclassified report issued in February 2016.

What GAO Recommends

GAO is making six recommendations to strengthen State's implementation of end-use monitoring and human rights vetting, including utilizing its end-use monitoring outreach programs and developing time frames for establishing policies and procedures for equipment vetting. State generally agreed with these recommendations.

View [GAO-16-435](#). For more information, contact Charles Michael Johnson, Jr., at (202) 512-7331 or johnsoncm@gao.gov.

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What GAO Found

U.S. agencies allocated approximately \$6.5 billion for security-related assistance to Egypt in fiscal years 2011 through 2015. As of September 30, 2015, over \$6.4 billion of the \$6.5 billion total had been committed or disbursed. The majority of the funding (99.5 percent) was provided to Egypt through the Department of State's (State) Foreign Military Financing (FMF) account. The funds from this account were used to purchase and sustain a wide variety of military systems, including F-16 aircraft, Apache helicopters, and M1A1 tanks.

The Departments of Defense (DOD) and State implemented end-use monitoring for equipment transferred to Egyptian security forces, but challenges including obtaining Egyptian government cooperation hindered some efforts. DOD completed all required end-use monitoring inventories and physical security inspections of storage sites for missiles and night vision devices (NVD) in fiscal year 2015, but DOD lacked documentation showing that it completed physical security inspections for these sensitive items in prior years. Despite agreeing to give access, the Egyptian government prevented DOD officials from accessing a storage site to verify the physical security of some NVDs prior to 2015, according to DOD officials and documents. State conducted 12 end-use checks of U.S. equipment exported to Egypt in fiscal years 2011 to 2015, but State data indicate that the Egyptian government's incomplete and slow responses to some inquiries limited U.S. efforts to verify the use and security of certain equipment, including NVDs and riot-control items. Despite this lack of cooperation, since 2008, State has not used outreach programs in Egypt that are intended to facilitate host country cooperation and compliance with State's monitoring program. According to State officials, this was due to the small number of end-use checks conducted in Egypt and the lower priority assigned to Egypt than to other countries.

Examples of U.S. Military Equipment Subject to End-Use Monitoring in Egypt



Source: Department of Defense. | GAO-16-435

The U.S. government completed some, but not all, human rights vetting required by State policy before providing training or equipment to Egyptian security forces. State deemed GAO's estimate of the percentage of Egyptian security forces that were not vetted to be sensitive but unclassified information, which is excluded from this public report. Moreover, State has not established specific policies and procedures for vetting Egyptian security forces receiving equipment. Although State concurred with a 2011 GAO recommendation to implement equipment vetting, it has not established a time frame for such action. State currently attests in memos that it is in compliance with the Leahy law. However, without vetting policies and procedures, the U.S. government risks providing U.S. equipment to recipients in Egypt in violation of the Leahy laws.

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Abbreviations

ATA	Antiterrorism Assistance
DOD	Department of Defense
DRL	Bureau of Democracy, Human Rights, and Labor
EXBS	Export Control and Related Border Security
FMF	Foreign Military Financing
IMET	International Military Education and Training
INCLE	International Narcotics Control and Law Enforcement
INVEST	International Vetting and Security Tracking system
ISIL	Islamic State of Iraq and the Levant
MOI	Ministry of Interior
NADR	Nonproliferation, Anti-terrorism, Demining, and Related Programs
NEA	Bureau of Near Eastern Affairs
NVD	night vision device
OMC-E	Office of Military Cooperation-Egypt
PKO	Peacekeeping Operations
State	Department of State

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April 12, 2016

The Honorable Ileana Ros-Lehtinen
Chairman
Subcommittee on the Middle East and North Africa
Committee on Foreign Affairs
House of Representatives

The Honorable Gerald E. Connolly
House of Representatives

For over 30 years, Egypt has been a key strategic partner of the United States on a range of issues, including maintaining peace in the Middle East and countering terrorism and violent extremism in the region. U.S. officials cite significant benefits associated with the strategic partnership, including expedited transit through the Suez Canal for U.S. Navy ships, approval of U.S. military overflights, and cooperation with U.S. counterterrorism and counterproliferation efforts. Since the signing of the Egypt-Israel Peace Treaty in 1979,¹ the United States has provided Egypt with about \$41 billion in security-related assistance,² making Egypt one of the top recipients of such assistance in the world. Through programs administered by the Departments of State (State) and Defense (DOD), the United States has supplied the Egyptian military and law enforcement agencies with training and equipment, including, among other things, Apache attack helicopters, F-16 aircraft, Stinger man-portable air-defense missiles, and night vision devices.

Since January 2011, Egypt has been governed by three different elected presidents, the Egyptian military, and one interim president appointed by

¹Egypt-Israel Peace Treaty 1979, 1136 U.N.T.S. 116.

²For the purposes of this report, we consider accounts that fund overt security-related activities to be security-related assistance.

the military.³ Throughout this period, State and nongovernmental organizations have reported a wide range of human rights abuses and other repressive practices by the Egyptian government.⁴ Additionally, Egypt has faced terrorist threats from groups now affiliated with the Islamic State of Iraq and the Levant (ISIL), such as Ansar Bayt al-Maqdis. Concerns have been raised in Congress about whether the U.S. government is taking the necessary steps to safeguard and ensure the appropriate use of U.S. military equipment provided to Egypt—a process known as end-use monitoring—and to ensure that U.S. assistance is not provided to Egyptian security forces that have committed human rights violations.

You asked us to review various aspects of security-related assistance to Egypt.⁵ This report examines, for fiscal years 2011 through 2015, the extent to which the U.S. government (1) committed or disbursed funds allocated for security-related assistance for Egypt, (2) implemented end-use monitoring for equipment transferred to Egyptian security forces, and (3) vetted Egyptian recipients of U.S. security-related assistance for human rights concerns.

To address these objectives, we analyzed State funding data on assistance to Egyptian security forces in fiscal years 2011 through 2015.⁶

³After a transitional period of military rule following President Mubarak's resignation in February 2011, Mohamed Morsi of the Muslim Brotherhood-affiliated Freedom and Justice Party became Egypt's first democratically elected president in June 2012. In July 2013, the Egyptian military removed Morsi from power after widespread citizen protests against his rule and appointed Adli Mansour, the Chief Justice of Egypt's Supreme Constitutional Court, to serve as interim president. Former field marshal Abdelfattah al-Sisi was elected president in May 2014.

⁴State's 2013 and 2014 reports on human rights practices in Egypt describe incidents in which Egyptian security forces used lethal force to disperse protesters at Raba'a Square in Cairo and Nahda Square in Giza, killing 600 to 900 people. State's 2014 human rights report noted a number of ongoing problems in Egypt, including unlawful killings and torture and other excessive use of force by security forces; the suppression of civil liberties, such as restrictions on the freedom of expression and the press and the freedom of peaceful assembly and association; and limitations on due process in trials.

⁵We previously reported on U.S. democracy and governance assistance to Egypt and on strategic objectives and evaluations for U.S. security and economic assistance to Egypt. See GAO, *Democracy Assistance: Lessons Learned from Egypt Should Inform Future U.S. Plans*, [GAO-14-799](#) (Washington, D.C.: July 24, 2014); *Egypt: U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs*, [GAO-15-259](#) (Washington, D.C.: Feb. 11, 2015).

⁶For information on budget terms used in this report, see GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: September 2005).

We examined documents from State and DOD, such as agency guidance and procedures, apportionment memos, cables, purchase agreements, and compliance and inventory reports, and we analyzed end-use monitoring and human rights vetting data. We interviewed officials from State, DOD, the Department of Justice, and the Department of Homeland Security in Washington, D.C., Arlington, Virginia, and in Cairo, Egypt. We also conducted audit work in Cairo and interviewed officials from the Egyptian Armament Authority, which Egyptian officials described as a unit of the Egyptian Armed Forces responsible for procuring U.S. military equipment and communicating end-use monitoring requirements to units that use this equipment. During our fieldwork in Egypt, we requested to meet with officials of several Egyptian government ministries to discuss their understanding of U.S. laws that prohibit assistance to units that commit gross violations of human rights and U.S. government human rights vetting efforts; however, the Egyptian government did not respond to our request. To assess accountability and physical security, we selected a generalizable random sample of Stinger missiles that Egypt procured from the United States, and we inspected these items during audit work in Cairo. We also observed DOD officials conducting end-use monitoring for F-16 aircraft. To assess whether State completed human rights vetting before providing training to Egyptian security forces, we obtained training rosters for security-related training and selected a generalizable random sample of 166 names from these rosters. We then cross-checked these names with State human rights vetting data. To assess the reliability of the data that State and DOD provided, we reviewed information from the agencies regarding their underlying data systems and the checks, controls, and reviews the agencies used to ensure the data's accuracy and reliability. We determined that the data we used were sufficiently reliable for the purposes of this report.

This report is a public version of a sensitive but unclassified report that was issued on February 18, 2016.⁷ State and DOD regarded some of the material in that report as sensitive but unclassified information, which must be protected from public disclosure and is available for official use only. This public version of the original report does not contain certain information deemed to be sensitive but unclassified by State, including the details of some training the United States provided to Egyptian

⁷GAO, *Security Assistance: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt*, GAO-16-244SU (Washington, D.C.: Feb. 18, 2016).

security forces; our estimate of the percentage of Egyptian security forces that were trained with U.S. assistance from seven accounts in fiscal year 2011 through March 31, 2015, who were not vetted for human rights violations; and the details of challenges experienced by State officials implementing human rights vetting. This public version also excludes information on the number of defense articles purchased by Egypt from the United States, which DOD deemed to be sensitive but unclassified.

We conducted this performance audit from February 2015 to April 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

U.S.-Egypt Strategic Partnership and Security Assistance Accounts

Egypt is a key strategic partner of the United States and is among the top recipients of U.S. security-related assistance. According to U.S. officials, the U.S.-Egypt strategic partnership is based on shared interests of promoting a stable and prosperous Egypt, securing regional peace and maintaining peace between Egypt and Israel, and countering violent extremism throughout the region. For example, Egypt has been a member of the U.S. coalition against ISIL since September 2014.⁸ In support of this strategic partnership, the U.S. government provides security assistance to Egypt through a number of accounts.⁹ Table 1 describes these

⁸Terrorist groups affiliated with ISIL have carried out a series of attacks in Egypt, including multiple attacks on Egyptian security forces throughout the country, the assassination of Egypt's prosecutor general in Cairo in June 2015, and a bombing of the Italian Consulate in Cairo in July 2015.

⁹In response to human rights abuses committed by Egyptian security forces after Morsi's removal, along with other factors, the U.S. government suspended some assistance to Egypt in October 2013, straining the U.S.-Egyptian relationship. In March 2015, the U.S. government announced that it would resume assistance to Egypt for reasons of national security. We reported on these issues in February 2015, in a report publicly released March 12, 2015. See *Egypt: U.S. Government Should Examine Options for Using Unobligated Funds and Evaluating Security Assistance Programs*, [GAO-15-259](#) (Washington, D.C.: Feb. 11, 2015).

accounts, the agencies responsible for funding and implementing programs under these accounts, and the goals of these programs.

Table 1: Accounts Used to Fund U.S. Security-Related Assistance for Egypt in Fiscal Years 2011-2015

Account	Funding agency ^a	Implementing agency	Program description
FMF	State	DOD ^b	Provides grants to foreign governments for the acquisition of U.S. defense equipment, services, and training.
NADR ATA	State	State	Trains civilian security and law enforcement personnel from friendly governments in counterterrorism procedures.
NADR EXBS	State	State	Assesses countries' export control systems and provides a variety of assistance to help countries develop and improve their strategic trade and related border control systems.
INCLE	State	State	Supports country and global programs to strengthen criminal justice systems and minimize the impact of transnational crime and illegal drugs on the United States and partner nations.
IMET	State	DOD ^b	Provides training, such as technical and professional military education, on a grant basis to students from allied and friendly nations.

Legend: ATA = Antiterrorism Assistance; EXBS = Export Control and Related Border Security; FMF = Foreign Military Financing; IMET = International Military Education and Training; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs.

Sources: GAO analysis of information from the Departments of Defense (DOD) and State (State). | GAO-16-435

Notes: In addition to the accounts listed here, through which the United States funds bilateral security-related assistance for Egypt, the U.S. government also funds some assistance for Egypt through global or regional programs.

^aState transfers some of its funding to other agencies—including the Federal Bureau of Investigation, U.S. Customs and Border Protection, and Immigration and Customs Enforcement—to implement assistance programs in Egypt. For example, State reported that it has transferred funding for other agencies to implement programs focused on biosafety, border security, and nuclear safety, among others.

^bState is responsible for the continuous supervision and general direction of FMF and IMET, whereas DOD leads the day-to-day implementation of these programs.

By law, Foreign Military Financing (FMF) funds are obligated upon apportionment from the Office of Management and Budget. DOD therefore refers to the subsequent designation of FMF funds for a particular program or contract as a “commitment.” For programs funded with appropriations from the Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR); International Narcotics Control and Law

Enforcement (INCLE); and International Military Education and Training (IMET) accounts, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are the amount of obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations.

End-Use Monitoring Requirements for Security-Related Assistance

The Arms Export Control Act of 1976 authorizes the President to control the export of defense articles and services.¹⁰ The act authorizes the sale of defense articles and services to foreign countries through Foreign Military Sales and authorizes commercial exports of U.S. defense articles and services to foreign countries through direct commercial sales. State makes policy determinations for Foreign Military Sales, including which countries are eligible to participate, and DOD's Defense Security Cooperation Agency administers the Foreign Military Sales program. State's Directorate of Defense Trade Controls administers direct commercial sales by licensing exports of U.S. defense articles and services from U.S. companies to foreign entities.

In 1996, Congress amended the Arms Export Control Act to require the President to establish a program for monitoring the end use of defense articles and services sold, leased, or exported under the Arms Export Control Act or the Foreign Assistance Act of 1961, including through Foreign Military Sales and direct commercial sales.¹¹ The law required that, to the extent practicable, the program should be designed to provide reasonable assurances that recipients comply with restrictions imposed by the U.S.

¹⁰“Defense article” is defined, in part, as “any weapon, weapons system, munition, aircraft, vessel, boat, or other implement of war; any property, installation, commodity, material, equipment, supply, or goods used for the purposes of making military sales; any machine, facility, tool, material, supply, or other item necessary for the manufacture, production, processing, repair, servicing, storage, construction, transportation, operation, or use of any article listed.” 22 U.S.C. § 2794(3). With respect to commercial exports, “defense articles and defense services” means items designated by the President as part of the United States Munitions List. 22 U.S.C. § 2794(7); 22 U.S.C. § 2778. Throughout this report, we use the terms “military equipment” and “equipment” to mean any equipment that meets either definition of defense article above.

¹¹22 U.S.C. § 2785.

government on the use, transfer, and security of defense articles and defense services and that such articles and services are being used for the purposes for which they are provided. DOD's Defense Security Cooperation Agency administers the Golden Sentry program, which was established to monitor the end use of defense articles and defense services transferred through Foreign Military Sales, and officials at the Office of Military Cooperation–Egypt (OMC-E)¹² implement monitoring in Egypt. Under the Golden Sentry program, DOD implements two levels of end-use monitoring—enhanced and routine—and conducts periodic Compliance Assessment Visits. DOD requires enhanced end-use monitoring for sensitive defense articles, services, or technologies specifically designated by the military departments' export policy, by the interagency release process,¹³ or by DOD policy as a result of consultation with Congress. DOD requires routine end-use monitoring for all defense articles and services provided through government-to-government programs. Routine end-use monitoring is conducted in conjunction with other security cooperation functions and uses any readily available source of information.

State's Directorate of Defense Trade Controls administers the Blue Lantern program, which was established to monitor the end use of defense articles and services exported through direct commercial sales. State officials at the U.S. embassy in Cairo, Egypt—in this report, "Embassy Cairo"—are primarily responsible for conducting Blue Lantern checks in Egypt. Under its Blue Lantern program, State is required to conduct end-use monitoring checks on the basis of a case-by-case review of export license applications against established criteria for determining potential risks. To determine whether to conduct a Blue Lantern check, State considers 20 indicators, such as unfamiliar end users, foreign intermediate consignees with no apparent connection to the end user, and requests for sensitive commodities whose diversion or

¹²OMC-E is DOD's Security Cooperation Organization in Egypt. Security Cooperation Organizations are the DOD administrative offices in foreign countries under the legal authority of the U.S. Ambassador and are often colocated at the U.S. embassy. These organizations act as the linkage between partner nations and all DOD organizations for security cooperation issues, ranging from Foreign Military Sales to combined exercises.

¹³The U.S. government uses an interagency release process to review proposed arms transfers to foreign governments through Foreign Military Sales and direct commercial sales. As part of this process, various U.S. organizations review proposed arms transfers for their potential impact on regional security, human rights, and the preservation of critical U.S. military technologies, among other things.

illicit retransfer could have a negative impact on U.S. national security. See appendix II for an overview of the Blue Lantern and Golden Sentry end-use monitoring programs and for more details on DOD and State accountability efforts.

Restrictions on Security-Related Assistance Based on Human Rights Concerns

To help ensure that U.S. assistance is not used to support human rights violators, Congress prohibits the provision of certain types of assistance to foreign security forces implicated in human rights abuses. Section 620M of the Foreign Assistance Act of 1961, known colloquially as the State Leahy law,¹⁴ prohibits the United States from providing assistance under the Foreign Assistance Act or the Arms Export Control Act to any unit of the security forces of a foreign country if the Secretary of State has credible information that such unit has committed a gross violation of human rights. Section 1204(a)(1) of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, known colloquially as the DOD Leahy law,¹⁵ prohibits the use of DOD funds for any training, equipment, or other assistance for a unit of a foreign security force if the Secretary of Defense has credible information that the unit committed a gross violation of human rights.¹⁶ According to State, the Leahy laws and the corresponding policies developed to enforce and supplement these laws (see text box) are intended to leverage U.S. assistance to encourage foreign governments to prevent their security forces from committing human rights violations and to hold their forces accountable when violations occur.¹⁷

Key Terms of the Leahy Laws as Defined in State and DOD Policy

¹⁴22 U.S.C. § 2378d.

¹⁵10 U.S.C. § 2249e. Prior to the passage of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015, the DOD Leahy law was contained in annual appropriations acts. Prior to January 2014, the DOD Leahy law applied only to training. In January 2014, with the passage of the Consolidated Appropriations Act, 2014, the DOD Leahy law was expanded to cover training, equipment, and other assistance. Pub. L. No. 113-76, § 8057, Jan. 17, 2014.

¹⁶For the purposes of this report, we use the term “Leahy laws” to refer collectively to the prohibition on assistance to security forces in section 620M of the Foreign Assistance Act of 1961 and section 1204(a)(1) of the Carl Levin and Howard P. “Buck” McKeon National Defense Authorization Act for Fiscal Year 2015.

¹⁷We previously reported on global implementation of the Leahy laws. See GAO, *Human Rights: Additional Guidance, Monitoring, and Training Could Improve Implementation of the Leahy Laws*, [GAO-13-866](#) (Washington, D.C.: Sept. 25, 2013).

The State and DOD Leahy laws (22 U.S.C. § 2378d, 10 U.S.C. § 2249e) do not define several key terms used in the laws. State and DOD have sought to define these terms in policy documents.

Security forces of a foreign country. State guidance defines a “security force” as any division or entity (including an individual) authorized by a state or political subdivision to use force (including but not limited to the power to search, detain, and arrest) to accomplish its mission. Therefore, the guidance states that “security forces” could be units of law enforcement or the military. According to DOD’s Office of General Counsel, DOD also adheres to this definition. However, DOD may sometimes request vetting for individuals or groups that would not constitute foreign security forces, such as a government bureaucrat.

Credible information. State guidance notes that the legislative history indicates that credible information is not intended to mean only evidence that would be admissible in a court of law and that the standard should generally be regarded as low. The guidance provides latitude in evaluating the credibility of information and advises personnel conducting human rights vetting to exercise good judgment and common sense. It notes that major international nongovernmental organizations and most independent newspapers are considered to be relatively credible, whereas credibility among opposition groups and smaller nongovernmental organizations varies. According to DOD’s Office of General Counsel, while DOD retains legal authority for final decisions regarding specific cases funded with DOD appropriations, it relies on State’s judgment in assessing the credibility of available information.

Gross violation of human rights. State guidance notes that the Leahy laws do not contain a definition of “gross violations of human rights.” State therefore uses the definition included in Section 502B(d) of the Foreign Assistance Act of 1961 as its working standard: “Gross violations of internationally recognized human rights include torture or cruel, inhuman, or degrading treatment or punishment; prolonged detention without charges and trial; causing the disappearance of persons by the abduction and clandestine detention of those persons; and other flagrant denial of the right to life, liberty, or the security of person.” State guidance further clarifies that this definition includes extrajudicial killing and politically motivated rape.

Sources: GAO analysis of Department of State (State) and Department of Defense (DOD) documentation. | GAO-16-435

For a comparison of the provisions in the State and DOD Leahy laws, see appendix III.

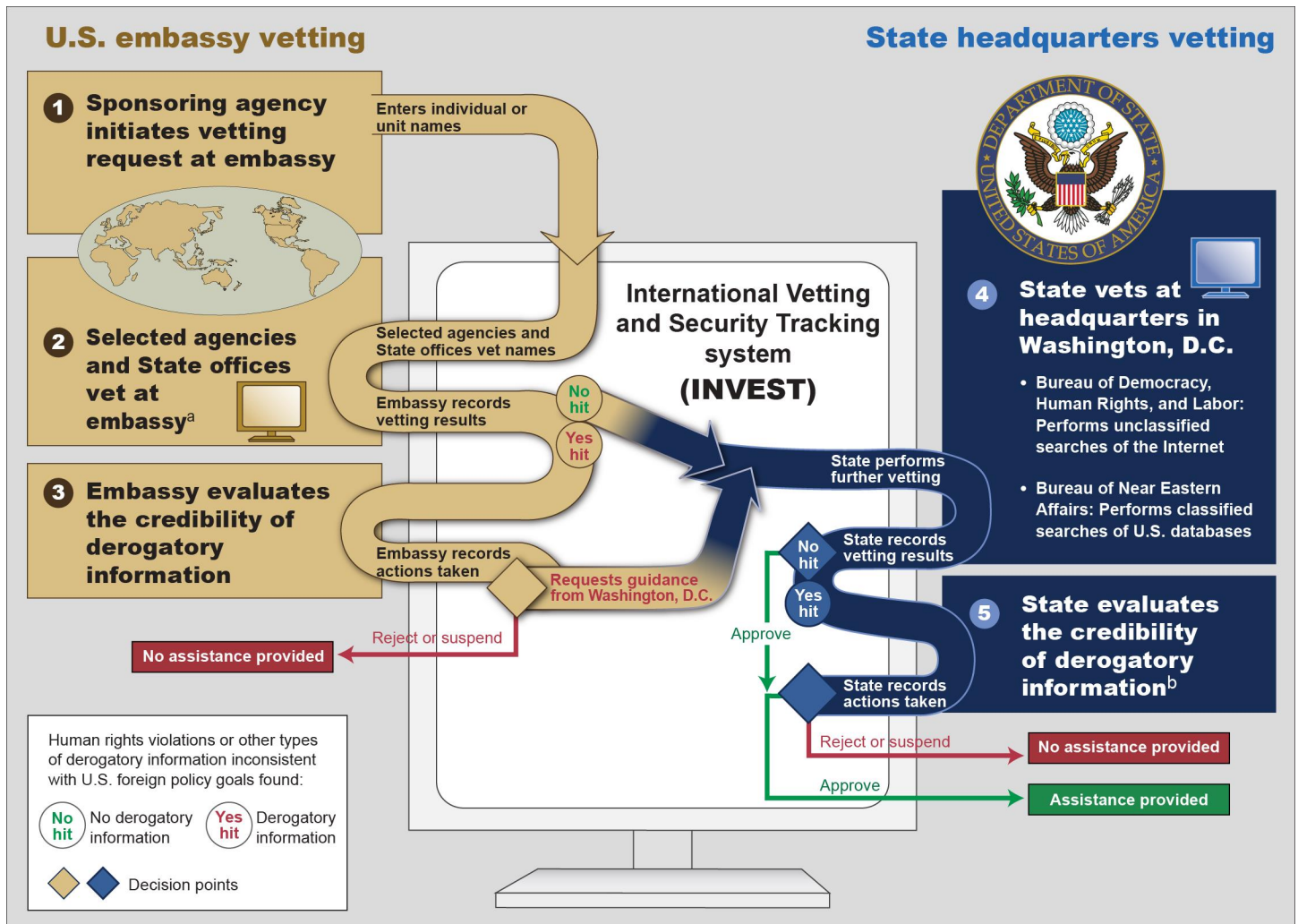
U.S. Human Rights Vetting Process

To determine whether there is credible information of a gross violation of human rights in accordance with both the State and DOD Leahy laws, State has established a human rights vetting process.¹⁸ As illustrated in figure 1, State’s process for human rights vetting in Egypt consists of vetting by personnel representing selected agencies and State offices at Embassy Cairo and at State headquarters in Washington, D.C., by State’s Bureau of Democracy, Human Rights, and Labor (DRL) and Bureau of Near Eastern Affairs (NEA). According to State officials, the State offices and other U.S. government agencies at Embassy Cairo that participate in the vetting process for Egypt are State’s Consular Section, Political Section, and Regional Security Office; the Department of Justice’s Office of the Legal Attaché and Drug Enforcement

¹⁸This process applies to recipients of training. As noted later in this report, State uses a different method to implement the Leahy laws for equipment and other assistance.

Administration; and the Department of Homeland Security. The embassy and headquarters personnel screen prospective recipients of assistance by searching relevant files, databases, and other sources of information for credible information about gross violations of human rights. State processes, documents, and tracks human rights vetting requests and results through its International Vetting and Security Tracking (INVEST) system, a web-based database. DRL is responsible for overseeing the vetting process and for developing human rights vetting policies, among other duties.

Figure 1: Department of State (State) Human Rights Vetting Process for Egyptian Security Forces Nominated to Receive U.S. Training



Sources: GAO analysis of State documentation; Map Resources (map). | GAO-16-435

^aAccording to State officials, the State offices and other U.S. government agencies at the U.S. embassy in Cairo, Egypt, that participate in the vetting process for Egypt are State’s Consular Section, Political Section, and Regional Security Office; the Department of Justice’s Office of the Legal Attaché and Drug Enforcement Administration; and the Department of Homeland Security.

^bIf State’s Bureau of Democracy, Human Rights, and Labor (DRL) or the Bureau of Near Eastern Affairs (NEA) finds derogatory information, it may request additional information from the embassy to determine whether there is sufficient credible information to deny assistance. Officials from DRL, NEA, and the embassy then attempt to reach agreement by conducting a dialogue through e-mail or INVEST. If they cannot reach consensus, the matter may be further elevated within State to make a final determination.

Agencies Committed All FMF Funds and Disbursed About 40 Percent of Other Security-Related Assistance Funds Allocated for Egypt in Fiscal Years 2011-2015

U.S. agencies have committed or disbursed almost all of the approximately \$6.5 billion allocated for security-related assistance for Egypt in fiscal years 2011 through 2015.¹⁹ The U.S. government allocated security-related assistance for Egypt from a number of accounts during this period; however, almost all of this funding—99.5 percent—was from the FMF account.²⁰ As of September 30, 2015, State had committed 100 percent of the FMF funds allocated for Egypt in fiscal years 2011 through 2015. Of the total of almost \$6.5 billion, State had disbursed about 40 percent of more than \$32 million allocated for Egypt from four other security-related assistance accounts during this period, as of the same date.

Agencies Committed or Disbursed More Than \$6.4 Billion of the Almost \$6.5 Billion Allocated for Egypt in Fiscal Years 2011-2015

Of the almost \$6.5 billion in security-related assistance funds allocated for Egypt in fiscal years 2011 through 2015, U.S. agencies had committed or disbursed more than \$6.4 billion, or almost 100 percent, as of September 30, 2015. Table 2 shows the status of U.S. security-related assistance funds allocated for Egypt over the 5 fiscal years from 2011 through 2015, as well as totals for the period, as of September 30, 2015. Some of the unobligated balances shown in table 2 are no longer available to incur new obligations. However, many of these unobligated balances remain available for obligation for an additional 4 years beyond their initial period of availability, by operation of law. For the full disposition of these unobligated balances for each account, see appendix IV.

¹⁹Disbursements are amounts paid by federal agencies, by cash or cash equivalent, to liquidate government obligations. We are unable to present data on FMF funding for Egypt in the same way as data on funding through the other security-related assistance accounts, because FMF funds are budgeted and tracked differently than the other account funds and the system used does not allow us to present FMF data in a format consistent with our presentation of data for the other accounts. For the purposes of this report, “uncommitted” amounts represent FMF obligations not yet committed for expenditure; “committed” amounts include funding that has been committed but not yet disbursed and also include FMF funding that has been disbursed to a case. For more information on budget terms used in this report, see GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: September 2005).

²⁰In addition to providing bilateral assistance to Egypt, the U.S. government has provided security-related assistance for Egypt under certain global or regional programs funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs account. We are only reporting data on bilateral assistance here.

Table 2: Status of U.S. Funds Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Allocations	\$1,302,715	\$1,305,093	\$1,241,806	\$1,308,660	\$1,305,800	\$6,464,074
Unobligated balances ^a	1,307	400	307	18	4,100	\$6,133
Unliquidated obligations/uncommitted ^b	70	1,435	2,797	6,852	1,700	\$12,855
Disbursements/committed ^b	1,301,337	1,303,257	1,238,701	1,301,790	1,300,000	\$6,445,086

Legend: FY = fiscal year.

Source: GAO analysis of Department of State (State) data. | GAO-16-435

Notes: The amounts shown reflect bilateral assistance allocated for Egypt from the Foreign Military Financing (FMF); International Narcotics Control and Law Enforcement (INCLE); International Military Education and Training (IMET); and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts. Of the almost \$6.5 billion in funds allocated for Egypt during this period, over \$6.4 billion was allocated from the FMF account. By law, FMF funds are obligated upon apportionment from the Office of Management and Budget. DOD therefore refers to the subsequent designation of FMF funds for a particular program or contract as a "commitment." For programs funded with appropriations from the NADR, INCLE, and IMET accounts, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are the amount of obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations. Agencies may have several years in which to obligate allocated funds. Under authority generally provided in the Department of State, Foreign Operations, and Related Programs Appropriations Acts, if funds from certain accounts are obligated within the initial period of availability, they remain available for obligation for an additional 4 years. During this time, agencies may deobligate and reobligate these funds; this is commonly referred to as deobligation-reobligation authority. Obligated funds generally then continue to be available for disbursement for an additional 5 years after the end of their period of availability for obligation. Because of rounding, amounts shown may not sum precisely to totals shown.

^aSome of these unobligated balances are no longer available to incur new obligations. However, many of these unobligated balances remain available for obligation for an additional 4 years beyond their initial period of availability, by operation of law.

^bWe are unable to present data on FMF funding for Egypt in the same way we present data on the other security-related assistance accounts, because FMF funds are budgeted and tracked differently than the other account funds and because the system used does not allow us to present information in a format consistent with our presentation of data for the other accounts. For the purposes of this report, "uncommitted" amounts represent FMF obligations not yet committed for expenditure; "committed" amounts include funding that has been committed but not yet disbursed and also include FMF funding that has been disbursed to a case.

State Committed All of Approximately \$6.4 Billion in FMF Funds Allocated for Egypt in Fiscal Years 2011-2015

In fiscal years 2011 through 2015, the U.S. government funded bilateral security-related assistance to Egypt from a number of accounts; however, almost all of this allocated funding (99.5 percent) was from the FMF account. As shown in table 3, State committed all of the approximately \$6.4 billion in FMF funding allocated for Egypt in fiscal years 2011 through 2015, as of September 30, 2015.

Table 3: Status of Foreign Military Financing (FMF) Funding Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Allocations	\$1,297,400	\$1,300,000	\$1,234,259	\$1,300,000	\$1,300,000	\$6,431,659
Unobligated balances	0	0	0	0	0	\$0
Uncommitted	0	0	0	0	0	\$0
Committed	1,297,400	1,300,000	1,234,259	1,300,000	1,300,000	\$6,431,659

Legend: FY = fiscal year.

Source: GAO analysis of Department of State data. | GAO-16-435

Notes: We are unable to present data on FMF for Egypt in the same way we present data on the other security-related assistance accounts, because FMF funds are budgeted and tracked differently than the other account funds and because the system used does not allow us to present information in a format consistent with our presentation of data for the other accounts. By law, FMF funds are obligated upon apportionment from the Office of Management and Budget. DOD therefore refers to the subsequent designation of FMF funds for a particular program or contract as a "commitment." For the purposes of this report, "uncommitted" amounts represent FMF obligations not yet committed for expenditure; "committed" amounts include funding that has been committed but not yet disbursed and also include FMF funding that has been disbursed to a case.

State was able to commit all of the FMF funding allocated for Egypt in fiscal years 2011 through 2015 in part due to unique authorities associated with FMF funding for Egypt. Annual appropriations acts for fiscal years 2011 through 2015 contain language stating that FMF funds shall be obligated upon apportionment.²¹ In addition, the U.S. government has historically provided Egypt with FMF assistance through a statutory cash flow financing arrangement that provides Egypt the ability to agree to the purchase of defense goods and services in a given year and then pay for them over time, using FMF funds allocated from future appropriations.²² Cash flow financing gives Egypt the flexibility to commit to major acquisitions in one year that will be paid for over time, similar to installment payments. Because of Egypt's payment schedules on existing contracts, much of its FMF funding for fiscal years 2011 through 2015 is committed shortly after being obligated, according to State and DOD

²¹Apportionment is the action by which the Office of Management and Budget distributes amounts available for obligation. An apportionment divides amounts available for obligation by specific time periods (usually quarters), activities, projects, objects, or a combination thereof.

²²The administration announced in March 2015 that the U.S. government would discontinue cash flow financing for Egypt beginning in fiscal year 2018.

officials. Egypt generally uses the majority of its allocated FMF funds to purchase defense goods and services through the Foreign Military Sales program. However, it also uses FMF funds to make some direct commercial sales purchases. Egypt is one of only 10 countries that Congress has made eligible to use FMF funds to make direct commercial sales purchases. Egypt has used FMF funding to purchase and sustain a wide array of military systems, including major systems such as F-16 aircraft, Apache helicopters, and M1A1 tanks (see fig. 2).

Figure 2: Examples of Military Systems Purchased by Egypt with Foreign Military Financing Funds



Source: Department of Defense. | GAO-16-435

State Disbursed About 40 Percent of Funds Allocated for Egypt from Four Other Security-Related Assistance Accounts in Fiscal Years 2011-2015

As of September 30, 2015, State had disbursed less than half of the funding allocated for Egypt in fiscal years 2011 through 2015 from the IMET, INCLE, and NADR Antiterrorism Assistance (ATA) accounts and had disbursed about 56 percent of NADR Export Control and Related Border Security (EXBS) account funding (see table 4). In total, State disbursed about 40 percent of the more than \$32 million allocated for Egypt from these four accounts during this period. Table 4 provides detailed information on the amount of funds allocated, unobligated, and disbursed for each of these accounts for fiscal years 2011 through 2015.

Table 4: Status of IMET, INCLE, NADR ATA, and NADR EXBS Funds Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

Account	Allocations	Unobligated balances	Unliquidated obligations	Disbursements	Percentage of allocations disbursed
IMET	\$7,621	\$0	\$3,990	\$3,630	47.6%
INCLE	10,687	1,151 ^a	4,730	4,806	45.0%
NADR ATA	8,167	3,654 ^b	2,832	1,682	20.6%
NADR EXBS	5,940	1,328 ^c	1,303	3,309	55.7%
Total	\$32,415	\$6,133	\$12,855	\$13,427	41.4%

Legend: ATA = Antiterrorism Assistance; EXBS = Export Control and Related Border Security; IMET = International Military Education and Training; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Anti-terrorism, Demining, and Related Programs.

Source: GAO analysis of Department of State data. | GAO-16-435

Notes: For programs funded with appropriations from the NADR, INCLE, and IMET accounts, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations. Agencies may have several years in which to obligate allocated funds. Under authority generally provided in the Department of State, Foreign Operations, and Related Programs Appropriations Acts, if funds from certain accounts are obligated within the initial period of availability, they remain available for obligation for an additional 4 years. During this time, agencies may deobligate and reobligate these funds; this is commonly referred to as deobligation-reobligation authority. Obligated funds generally then continue to be available for disbursement for an additional 5 years after the end of their period of availability for obligation.

^aThe period of availability for obligation of INCLE funds is 2 years, which is extended to 6 years if funds are obligated within the initial period of availability. Of the almost \$1.2 million in INCLE unobligated balances, \$151,000 is funding from fiscal years 2011 through 2014. The period of availability for obligation of \$17,000 of these funds has expired, and that amount is no longer available to incur new obligations; \$134,000 of the funds has been deobligated and may be reobligated. The remaining unobligated balances of \$1 million are from fiscal year 2015 and are available for obligation until September 30, 2016.

^bThe period of availability for obligation of ATA funds is 2 years, which is extended to 6 years if funds are obligated within the initial period of availability. Of the almost \$3.7 million in ATA unobligated balances, almost \$1.6 million is funding from fiscal years 2011 through 2014. The period of availability for obligation of \$954,000 of these funds has expired, and that amount is no longer available to incur new obligations; \$600,000 of the funds has been deobligated and may be reobligated. The remaining unobligated balances of \$2.1 million are from fiscal year 2015 and are available for obligation until September 30, 2016.

^cThe period of availability for obligation for EXBS funds is 2 years, which is extended to 6 years if funds are obligated within the initial period of availability. Of the over \$1.3 million in EXBS unobligated balances, almost \$328,000 is funding from fiscal years 2011 through 2014. The period of availability for obligation for approximately \$16,000 of these funds has expired, and they are no longer available to incur new obligations; over \$311,000 of the funds has been deobligated and may be reobligated. The remaining unobligated balances of \$1 million are from fiscal year 2015 and are available for obligation until September 30, 2016.

The majority of the funding that State had not disbursed as of September 30, 2015, was appropriated in fiscal years 2014 and 2015. However, each of the accounts also had funding dating back to fiscal years 2011 through

2013 that had not been disbursed. For example, as of September 30, 2015, State had not disbursed 22 percent of IMET funding, 34 percent of INCLE funding, 58 percent of ATA funding, and 27 percent of EXBS funding appropriated for Egypt in fiscal years 2011 through 2013. Of the amounts not disbursed from the four accounts, 95 percent of the funds allocated in fiscal years 2011 through 2015 remained available for obligation as of September 30, 2015. The majority of the remaining 5 percent had expired and was no longer available for disbursement, as of September 30, 2015.

State officials noted various challenges since the beginning of fiscal year 2011 that affected State's ability to obligate and disburse funds from these accounts for Egypt, including Egypt's political transitions, the security situation in Egypt, and various legal and policy restrictions on assistance for Egypt. For example, Embassy Cairo officials noted that concerns about the ability to clear key Egyptian interlocutors through the Leahy vetting process affected their ability to obligate and disburse funds from some accounts, such as NADR ATA. Appendix V provides more details on the status of funds for these four accounts.

The U.S. government has used funding from these accounts for a range of security assistance activities. For example, the U.S. government has used IMET funding to provide training to Egyptian military personnel on U.S. military doctrine and values, INCLE funding to train the Egyptian police on forensic investigative techniques and community policing models, and NADR funding to expand cooperation with the Egyptian government related to efforts to target and disrupt international terrorism and weapons smuggling groups.

DOD and State Completed End-Use Monitoring of U.S.- Provided Equipment but Faced Some Challenges Carrying Out These Efforts

DOD and State implemented end-use monitoring for equipment transferred to Egyptian security forces; however, challenges associated with obtaining Egyptian government cooperation sometimes hampered these monitoring efforts, and a lack of agency documentation limited accountability for some of them. Under its Golden Sentry program, DOD conducted required serial number inventories and physical security inspections for sensitive equipment in 2015 as well as routine end-use monitoring for less sensitive items, but the department lacked documentation of some prior year monitoring efforts. DOD officials also faced challenges in gaining access to Egyptian government storage facilities to conduct physical security inspections. Under its Blue Lantern program, State conducted 12 end-use monitoring checks in fiscal years 2011 to 2015, but slow and incomplete responses from the Egyptian

government and periods of limited staffing at Embassy Cairo limited the effectiveness of some checks.

DOD Met Golden Sentry End-Use Monitoring Requirements for Equipment in Egypt in Fiscal Year 2015 but Lacked Documentation of Some Monitoring for Prior Years

Under the Golden Sentry program in Egypt, DOD implements two levels of end-use monitoring and conducts compliance visits. In fiscal years 2011 through 2015, DOD conducted annual serial number inventories for sensitive equipment provided to Egypt, including Harpoon Block II missiles, night vision devices (NVD), and Stinger missile systems, as required by its enhanced end-use monitoring policy. In fiscal year 2015, DOD also completed physical inspections of storage sites for these items, as required by its enhanced end-use monitoring policy, but lacked evidence of having completed these required inspections in prior years. DOD officials in Cairo also noted challenges in gaining access to an Egyptian government storage facility for NVDs prior to 2015 to verify the physical security for these items. For less sensitive items, DOD documented 49 routine end-use monitoring observations since 2012, including observations of M1A1 tanks and Apache helicopters.

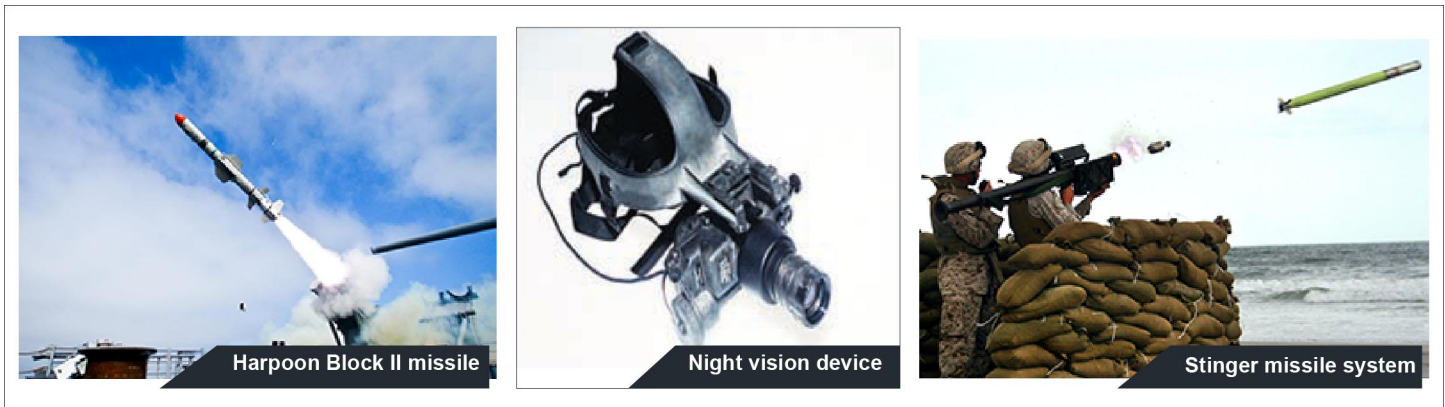
DOD Is to Conduct Two Levels of Golden Sentry End-Use Monitoring in Egypt, As Well As Periodic Compliance Visits

Under its Golden Sentry program, DOD has implemented two levels of end-use monitoring—enhanced and routine—and is to conduct periodic Compliance Assessment Visits.

Enhanced end-use monitoring. DOD requires enhanced end-use monitoring for sensitive defense articles, services, or technologies specifically designated by the military departments' export policy, by the interagency release process,²³ or by DOD policy as a result of consultation with Congress. As of November 2015, Egypt had three types of sensitive military equipment that require enhanced end-use monitoring—Harpoon Block II missiles, certain types of NVDs, and Stinger missile systems (see fig. 3).

²³The U.S. government uses an interagency release process to review proposed arms transfers to foreign governments through Foreign Military Sales and direct commercial sales. As part of this process, various U.S. organizations review proposed arms transfers for their potential impact on regional security, human rights, and the preservation of critical U.S. military technologies, among other things.

Figure 3: Types of U.S. Military Equipment Provided to Egypt Requiring Enhanced End-Use Monitoring



Source: Department of Defense. | GAO-16-435

DOD's policy in the *Security Assistance Management Manual* and corresponding standard operating procedures for end-use monitoring at the Office of Military Cooperation-Egypt (OMC-E) require DOD officials annually to

- physically inventory designated equipment by serial number and
- conduct physical security checks of storage sites where designated equipment is kept.

DOD policy requires DOD officials to conduct enhanced end-use monitoring using physical security and accountability checklists. Inventory results must be recorded in DOD's Security Cooperation Information Portal database—a web-based database that DOD designed to manage various security assistance activities, including Golden Sentry end-use monitoring. Completed checklists must be attached to inventory records and maintained for 5 years.

Routine end-use monitoring. DOD requires routine end-use monitoring for all defense articles and services provided through government-to-government programs. OMC-E personnel are required to observe and report any potential misuse, or unapproved transfer, of U.S. defense articles. Routine end-use monitoring is to be conducted in conjunction with other security cooperation functions and uses any readily available

source of information. For example, when visiting a military installation on other business, U.S. officials might observe how a host country's military is using U.S. equipment.²⁴ DOD policy states that routine end-use monitoring must be documented at least quarterly and records maintained for 5 years.²⁵ Inventories and physical security checks are not required as part of routine end-use monitoring.

Compliance Assessment Visits. In addition to enhanced and routine end-use monitoring, DOD is required to conduct periodic Compliance Assessment Visits to review and evaluate OMC-E's compliance with Golden Sentry end-use monitoring policy and the Egyptian government's compliance with specific physical security and accountability requirements and other terms of sale. Compliance Assessment Visits may include facility visits, records inspections, reviews of routine and enhanced end-use monitoring policies and procedures, and inventories of U.S.-origin defense articles. DOD may consider various factors when determining countries to be scheduled for visits, including the types and quantities of defense articles requiring enhanced end-use monitoring, the host nation's history of compliance with transfer agreements, and the region's political or military stability.²⁶ DOD conducted a Compliance Assessment Visit in Egypt in February 2012. DOD's overall assessment based on this visit was "needs improvement."²⁷ According to the manager of the Golden Sentry program, DOD planned to conduct another Compliance Assessment Visit in Egypt in February 2016.

²⁴To assist its personnel in conducting routine end-use monitoring, DOD has developed a "watch list" of specific categories of items to prioritize, including armored combat vehicles, fixed- and rotary-wing aircraft, and missiles and missile systems. Egypt has received a number of defense articles included on the watch list, such as armored personnel carriers, F-16 aircraft, Apache attack helicopters, and various missile systems. Other defense articles are still subject to routine end-use monitoring but receive a lower priority.

²⁵OMC-E and other Security Cooperation Organizations may document routine end-use monitoring using a Defense Security Cooperation Agency-provided template or memorandum for the record, which notes, among other things, the date and location of the observation, equipment monitored, and any potential end-use monitoring violations.

²⁶The Defense Security Cooperation Agency does not have specific targets for how frequently to conduct Compliance Assessment Visits in particular countries.

²⁷According to DOD policy, possible Compliance Assessment Visit ratings are "satisfactory," "needs improvement," and "unsatisfactory."

DOD Completed Annual Inventories for Sensitive Equipment Subject to Enhanced End-Use Monitoring in Fiscal Years 2011-2015

Under the Golden Sentry program in Egypt, DOD policy requires that its personnel conduct annual serial number inventories for certain sensitive equipment, including Harpoon Block II missiles, certain types of NVDs, and Stinger missile systems. As of June 1, 2015, DOD data indicate that OMC-E was compliant with required annual inventory requirements for fiscal year 2015 and was able to account for 100 percent of the items subject to enhanced end-use monitoring, including Harpoon missiles, Stinger missiles, and NVDs.²⁸ Furthermore, DOD data indicate that OMC-E was at least 98 percent compliant with annual inventory requirements at the end of each of fiscal years 2011 through 2014.

In an effort to further assess the quality of DOD's annual inventories, during our June 2015 audit work in Cairo, Egypt, we conducted an inventory check of serial numbers for a random sample of Stinger missiles and were able to account for all of the missiles in our sample.²⁹ We physically verified serial numbers for 95 percent of the missiles in our sample. For the remaining 5 percent, Egyptian officials provided documentation showing that, since DOD's previous inventory, the Egyptian Armed Forces had either fired the missiles in testing or deployed them, rendering them unavailable for observation. In advance of our trip, we also requested to inventory a sample of NVDs subject to enhanced end-use monitoring inventory requirements in Egypt. According to the OMC-E official responsible for implementing the Golden Sentry program in Egypt, OMC-E communicated our request to the Egyptian government along with a list of serial numbers for NVDs subject to annual inventory requirements. However, the NVD storage facility that the Egyptian government arranged for us to visit did not house these NVDs, but rather NVDs that did not require annual inventories. As a result, we were unable to complete the planned inventory of NVDs subject to enhanced end-use monitoring requirements. According to the OMC-E official responsible for Golden Sentry in Egypt, Egyptian government officials may have been

²⁸DOD deemed the number of missiles and NVDs purchased by Egypt from the United States to be sensitive but unclassified information, which is excluded from this public report. This information is included in the sensitive but unclassified version of this report (GAO-16-244SU).

²⁹Our sample constituted approximately 10 percent of Egypt's Stinger missiles, all of which are housed at one location. This report does not include the number of Stinger missiles in our sample, which DOD deemed to be sensitive but unclassified information. The number of Stinger missiles in our sample, our estimate of accountability for the population of Stinger missiles, and the confidence interval around this estimate are included in the sensitive but unclassified version of this report (GAO-16-244SU).

DOD Completed Required Annual Physical Security Inspections for Sensitive Equipment Subject to Enhanced End-Use Monitoring in Fiscal Year 2015

confused by our request and arranged for us to visit this facility because the NVDs stored there were subject to annual inventory requirements until December 2014.³⁰

Under Golden Sentry enhanced end-use monitoring, DOD personnel also are required to conduct annual physical security inspections of storage sites where sensitive equipment subject to enhanced end-use monitoring is housed. OMC-E officials said that they generally conduct physical security inspections when they make facility visits to complete required serial number inventories. DOD policy requires that a checklist must be completed and attached to inventory records and maintained for 5 years.³¹ OMC-E provided completed checklists to us showing that it had conducted all required physical security checks in fiscal year 2015. Completed checklists showed that DOD personnel verified the physical security of

- the two facilities housing Harpoon Block II missiles, in March 2015;
- the two facilities housing NVDs, in February and March 2015; and
- the facility housing Stinger missiles, in March and June 2015.

During our June 2015 fieldwork in Egypt, we visited the storage facility for Stinger missiles and independently verified the physical security of this facility.³² For example, we verified that the facility had clear zones and fences and had established procedures for accessing the bunkers where the missiles are housed, including three-key entry and sign-in, sign-out

³⁰In December 2014, the Defense Security Cooperation Agency changed end-use monitoring requirements for 96 percent of Egypt's NVDs provided through the Foreign Military Sales program—including those housed at the storage facility we visited—from enhanced end-use monitoring to routine end-use monitoring. According to the manager of the Golden Sentry end-use monitoring program, the Defense Security Cooperation Agency based this decision on updated end-use monitoring criteria for man-portable night vision devices, which were coordinated with State and the Defense Technology Security Administration and issued in April 2013. This official stated that the updated criteria were established to ensure that the most capable NVDs are subject to enhanced end-use monitoring in response to the export approval of increasingly capable NVDs by the Defense Technology Security Administration. See Department of Defense, *End-Use Monitoring Criteria for Man-Portable Night Vision Devices (NVD)*, April 12, 2013.

³¹This requirement took effect in April 2012.

³²As previously noted, we also visited an NVD storage site during our visit, but we determined that the NVDs housed at this location were among those that were no longer subject to enhanced end-use monitoring requirements, and therefore no longer required annual inspections to verify physical security.

DOD Lacked Evidence of, and Faced Challenges Conducting, Annual Physical Security Inspections for Sensitive Equipment Subject to Enhanced End-Use Monitoring before Fiscal Year 2015

procedures. We also noted certain deficiencies. For example, the alarm system and closed circuit TVs for the two bunkers were installed but not operational. According to OMC-E officials, they were aware of these issues, which were due to FMF funding shortfalls. As of October 2015, an OMC-E official stated that the Egyptian Ministry of Defense had allocated funds to resolve these issues and was working on a contract with the U.S. Army Corps of Engineers to complete the necessary work.

OMC-E lacked evidence (i.e., completed checklists), required for equipment subject to enhanced end-use monitoring, documenting any physical security inspections conducted during facility visits in fiscal years 2013 and 2014.³³ The OMC-E official responsible for Golden Sentry end-use monitoring in Egypt was unsure why checklists that may have been used to conduct physical security checks during these years had not been maintained along with the serial number inventory records, as required by DOD's *Security Assistance Management Manual*. OMC-E updated its operating instruction in June 2015 to note, among other things, the requirement to maintain records of completed physical security checks.

According to OMC-E officials and documentation, on at least two occasions before fiscal year 2015, Egyptian officials prevented U.S. personnel from conducting required physical security inspections at a storage site housing many of Egypt's U.S.-origin NVDs that at the time were subject to Golden Sentry enhanced end-use monitoring.³⁴ In each instance, Egyptian officials brought the NVDs to a central location, enabling DOD personnel to conduct serial number inventories.³⁵ While Egypt, as a sovereign nation, is not subject to U.S. government requirements unless it has agreed to them with the U.S. government, the Egyptian government has committed in writing to permit inspections of NVD storage facilities. The *Security Assistance Management Manual* includes standard terms

³³DOD data also indicate OMC-E completed facility visits in fiscal years 2011 and 2012 to perform inventories. We did not assess whether OMC-E maintained completed physical security checklists for these years because the requirement to document these checklists did not take effect until April 2012.

³⁴OMC-E officials did not cite any challenges accessing facilities housing Harpoon Block II missiles or Stinger missiles.

³⁵According to the OMC-E official responsible for Golden Sentry end-use monitoring in Egypt, the NVDs that were housed at this storage facility are among those that DOD moved from enhanced to routine end-use monitoring in December 2014. As a result, OMC-E is no longer required to conduct annual inventories for these items.

and conditions that must be included in a Letter of Offer and Acceptance,³⁶ including a provision in which the purchaser agrees to permit scheduled inspections or physical inventories upon the U.S. government's request, except when other means of end-use monitoring verification shall have been mutually agreed. Five of the six Letters of Offer and Acceptance covering NVDs subject to enhanced end-use monitoring physical security inspections as of December 1, 2014, included such a provision. According to the manager of the Golden Sentry program at the Defense Security Cooperation Agency, one Letter of Offer and Acceptance did not contain this provision because the NVDs were provided on a grant basis and the Egyptian government agreed to permit observation of the items under a separate exchange of letters. In addition to the terms and conditions in the Letters of Offer and Acceptance, a June 2012 control plan for the physical security and accountability of NVDs signed by the Egyptian Ministry of Defense notes that NVD storage facilities will be subject to compliance assessments, audits, and inventories by U.S. representatives.³⁷

Nonetheless, during a February 2012 Compliance Assessment Visit, Egyptian officials prohibited DOD inspectors from accessing an NVD storage facility, which prevented the inspectors from assessing whether the proper physical security measures were in place, according to DOD officials. This contributed to DOD's assessment that Egypt's procedures to comply with the conditions of the transfer agreements for U.S.-provided defense articles needed improvement. In October 2014, Egyptian officials again prohibited OMC-E personnel from accessing the same NVD storage facility to verify physical security, according to DOD documentation. A senior OMC-E official stated that he asked Egyptian officials to comply with the requirement to permit physical inspections of NVD storage facilities but the officials did not comply. According to another OMC-E official responsible for Golden Sentry end-use monitoring

³⁶Letters of Offer and Acceptance are Foreign Military Sales purchase agreements between the United States and a foreign purchaser.

³⁷According to the manager of the Golden Sentry program at the Defense Security Cooperation Agency, DOD has the ability to amend Letters of Offer and Acceptance to include additional terms and conditions if needed, but he noted that no country has prevented inspections on the basis of a Letter of Offer and Acceptance lacking these terms and conditions. According to this official, the Defense Security Cooperation Agency relies on the host countries' control plans for the physical security and accountability of NVDs to ensure that DOD has the ability to access NVD storage facilities to conduct required inspections.

DOD Completed Routine End-Use Monitoring for Various Types of U.S.-Provided Equipment between July 2012 and June 2015

in Egypt, the Egyptian Armed Forces told OMC-E officials that they brought the NVDs to a central location to be inventoried for OMC-E's convenience and security because the NVDs were deployed with units located around the country, including some unsafe locations. The same official noted that the OMC-E explained to its Egyptian counterparts that DOD's policy required them to either verify the physical security of the facilities where the NVDs were housed or review the Egyptian Armed Forces' log books to confirm that the NVDs were deployed with military units in the field and were no longer in storage. However, Egyptian officials were not responsive to either of these requests for reasons that are unclear, according to the OMC-E official.

DOD personnel are required to conduct routine end-use monitoring in conjunction with other security cooperation functions. According to DOD policy, routine end-use monitoring must be documented on a quarterly basis and the records must be maintained for 5 years. From July 2012 through June 2015, OMC-E documented 49 routine end-use monitoring observations for a variety of military equipment, including M1A1 tanks, Apache helicopters, and various types of fixed-wing aircraft. As shown in table 5, OMC-E documented these observations during 9 of the 12 quarters of this period, with most occurring in fiscal years 2014 and 2015. According to the manager of the Golden Sentry End-Use Monitoring program at the Defense Security Cooperation Agency, there may be circumstances when DOD personnel are not able to perform routine end-use monitoring, as was the case when Embassy Cairo was under ordered departure status from July to November 2013.³⁸

³⁸State defines ordered departure as an evacuation procedure by which the number of U.S. government employees, eligible family members, or both, at a Foreign Service post is reduced. Ordered departure is mandatory and may be initiated by the chief of mission or the Secretary of State.

Table 5: Number of Documented Routine End-Use Monitoring Observations in Egypt by Quarter, July 2012-June 2015

Fiscal year (FY)	1st quarter (Oct.-Dec.)	2nd quarter (Jan.-Mar.)	3rd quarter (Apr.-June)	4th quarter (July-Sept.)	FY total
2012	N/A ^a	N/A ^a	N/A ^a	0	0
2013	0	2	1	0 ^b	3
2014	5	3	9	13	30
2015	2	7	7	N/A ^a	16
Cumulative total	—	—	—	—	49

Legend: N/A = not applicable.

Source: GAO analysis of Department of Defense (DOD) documentation. | GAO-16-435

^aThe requirement to document routine end-use monitoring took effect in April 2012. Our analysis covers the 12 quarters from July 2012 to June 2015. We began our analysis in July 2012 because it was the start of the first full quarter after the requirement took effect.

^bIn October 2013, one DOD official documented that he did not conduct any routine end-use monitoring observations during the fourth quarter of fiscal year 2013 due to the ordered withdrawal of personnel from Embassy Cairo.

During our fieldwork in Egypt in June 2015, we accompanied OMC-E personnel on a routine end-use monitoring visit to observe F-16 aircraft at an airbase outside of Cairo. During this visit, we observed six aircraft parked on the tarmac and an emergency shelter constructed to house a new aircraft upon delivery from the United States. OMC-E officials conducted this visit in accordance with DOD policy, and we did not observe any end-use monitoring violations.

State Completed Blue Lantern End-Use Monitoring Checks in Egypt despite Egyptian Government’s Slow and Incomplete Responses and Embassy Staffing Challenges

Under the Blue Lantern program, in fiscal years 2011 through 2015, State conducted 12 end-use monitoring checks of Egyptian government entities that purchased U.S. equipment through direct commercial sales. However, State was unable to complete all but two of these checks within its self-imposed time frames, in part because of the Egyptian government’s slow responses to Blue Lantern inquiries. In addition, for some Blue Lantern checks, State received no response or partial responses from the Egyptian government to inquiries about the end use of equipment transferred through direct commercial sales. Although State has outreach programs to foster cooperation and compliance with Blue Lantern checks, it did not conduct any such outreach in Egypt in fiscal years 2011 through 2015.

State Conducted 12 Blue Lantern Checks on Egyptian Government Entities in Fiscal Years 2011-2015

Under its Blue Lantern program, State is required to conduct end-use monitoring checks based on a case-by-case review of export license applications against established criteria for determining potential risks. To determine whether to conduct a Blue Lantern check, State considers 20 indicators that may trigger a check, such as unfamiliar end users, foreign intermediate consignees with no apparent connection to the end user, and requests for sensitive commodities whose diversion or illicit retransfer could have a negative impact on U.S. national security. However, State is not required to conduct a particular number of Blue Lantern checks in a given fiscal year. State conducted two types of end-use monitoring checks in Egypt during fiscal years 2011 through 2015—prelicense checks and postshipment verifications (hereafter, postshipment checks).³⁹ State conducts prelicense checks prior to issuance of a license and conducts postshipment checks after an export has been approved and shipped. According to State's *Blue Lantern Guidebook*, prelicense checks are generally used to verify the security of facilities where items may be temporarily or permanently housed and to ensure that the details of a proposed transaction match those on a license application, among other things. Postshipment checks are used to inquire with the end user about the specific use and handling of exported articles or about other follow-up matters related to the transaction and compliance with U.S. regulations and laws, among other things.

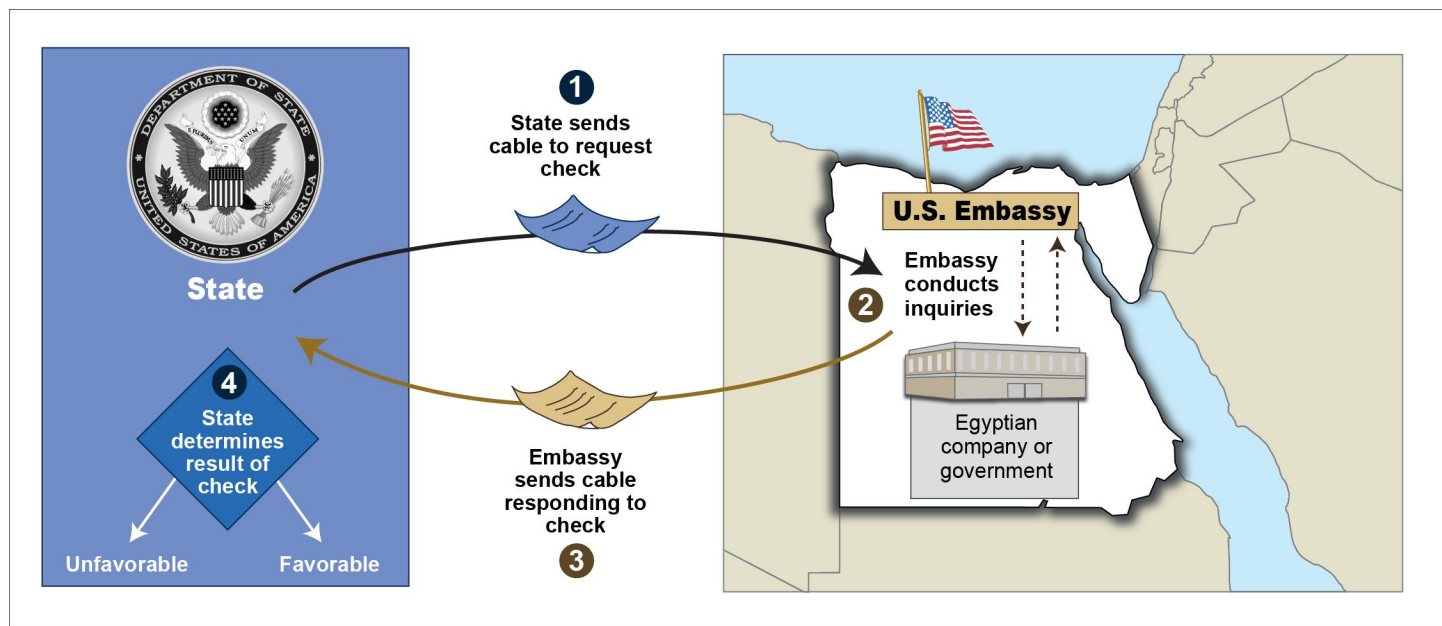
As shown in figure 4, State's Directorate of Defense Trade Controls requests a Blue Lantern check in Egypt by sending a cable to U.S. Embassy Cairo. The cable may request that embassy personnel make inquiries to confirm the *bona fides* of the end user or other party to the transaction and may include specific questions for the embassy to ask the subject of the check. State officials at Embassy Cairo conduct the check by sending letters to the Egyptian government or another entity.⁴⁰ When embassy personnel receive a response to their inquiries, they send a return cable with their findings. Directorate of Defense Trade Controls officials then determine whether to close the case favorably or unfavorably. The results of Blue Lantern checks inform decisions on whether to approve licenses

³⁹State also occasionally conducts postlicense/preshipment checks if new information comes to light indicating possible concerns about a transaction which were not known at the time the license was approved. The Blue Lantern data indicate that no postlicense/preshipment checks were conducted in Egypt in fiscal years 2011 through 2015.

⁴⁰During fiscal years 2011 through 2015, all of the Blue Lantern checks in Egypt were directed to Egyptian government entities.

for the export of U.S. defense articles. State officials at Embassy Cairo responsible for Blue Lantern checks in Egypt during fiscal years 2013 through 2015 reported never having conducted a site visit to physically verify the security and end use of the items.⁴¹ According to State officials, the Egyptian government has resisted such visits, and Blue Lantern guidance does not require them.

Figure 4: State’s Process for Conducting Blue Lantern End-Use Monitoring Checks



Sources: GAO analysis of Department of State (State) data; Map Resources (map); Nova Development (clip art). | GAO-16-435

From October 2010 to April 2015, 1,280 license applications were submitted for the permanent export of defense articles to Egypt through direct commercial sales. Of those 1,280 license applications, State approved 937 licenses for the export of defense articles to Egypt. In fiscal years 2011 through 2015, State conducted 12 Blue Lantern checks on Egyptian government entities that purchased a variety of security-related

⁴¹Blue Lantern guidance does not require site visits, but it notes that site visits may provide valuable information on the reliability of handling U.S. Munitions List items, security measures, and compliance with key licensing provisos, among other things not readily discernible through written or telephonic communication.

equipment through direct commercial sales, including missile equipment, explosives, satellite components, riot control items, and NVDs. Of these 12 checks, 8 were prelicense checks and 4 were postshipment checks, as shown in table 6.

Table 6: Number of Blue Lantern End-Use Monitoring Checks in Egypt, by Type Conducted in Fiscal Years 2011-2015

Fiscal year	Prelicense check	Postshipment check	Total
2011	0 ^a	0 ^a	0 ^a
2012	2	0 ^a	2
2013	3	4	7
2014	2	0 ^a	2
2015	1	0 ^a	1
Total	8	4	12

Source: GAO analysis of Department of State (State) data. | GAO-16-435

Notes: The counts of Blue Lantern checks shown reflect the number of checks that State's Directorate of Defense Trade Controls initiated and the U.S. embassy in Cairo was tasked with conducting. Some checks involved multiple licenses, but the counts shown are based on the number of checks conducted rather than the number of licenses involved. Excluded from the counts shown are two checks that involved either an Egyptian end user or an intermediary but for which a U.S. embassy other than the one in Cairo was tasked with conducting the check.

^aState is not required to conduct a particular number of Blue Lantern checks in each fiscal year.

State reported favorable results for 8 of the 12 checks and unfavorable results for 4. According to State guidance, if the critical questions have been answered satisfactorily, the transaction appears legitimate, and the *bona fides* of the end users or other parties are confirmed, the case will likely be closed as "favorable." If the transaction's legitimacy cannot be confirmed, the consignees or end user appear untrustworthy, or if there are other troubling discrepancies, the case will likely be closed as "unfavorable."⁴² The reasons for checks in Egypt closed as unfavorable include a lack of response from the Egyptian government and the government's denial that it had ordered the equipment subject to the check, according to our analysis of State data.

⁴²According to State guidance, State officials use their professional judgment to determine whether these conditions have been met and whether cases should be closed favorably or unfavorably.

State Faced Some Challenges Completing Blue Lantern Checks due to Egyptian Government’s Slow and Incomplete Responses and Limited Embassy Staffing

While State completed 12 Blue Lantern checks from fiscal years 2011 through 2015, it faced challenges due to slow and incomplete responses from the Egyptian government and other factors such as periods of limited staffing at Embassy Cairo.

Slow responses to Blue Lantern checks and limited embassy staffing. Embassy Cairo completed 2 of 12 Blue Lantern checks in Egypt from fiscal years 2011 through 2015 within State’s recommended time frames. According to the *Blue Lantern Guidebook*, prelicense checks are requested to be completed within 30 days and postshipment checks are requested to be completed within 45 days. In fiscal years 2011 through 2015, Embassy Cairo conducted 1 of its 8 prelicense checks within State’s 30-day goal, and completed 1 of 4 postshipment checks within State’s 45-day goal. On average, during this period, State completed its Blue Lantern checks on Egyptian entities in about 134 days, with prelicense checks averaging about 105 days and postshipment checks averaging 191 days. Seven of 12 Blue Lantern checks on Egyptian entities took 100 or more days to complete, and 1 of these 7 checks took over 300 days to complete during fiscal years 2011 through 2015 (see table 7). According to State guidance, State should defer making a decision on a license application until the results of prelicense checks are received. We found that State generally complied with this guidance for prelicense checks in Egypt. Lengthy delays in completing prelicense checks can be costly to U.S. exporters and foreign end users and ultimately harm U.S. competitiveness, according to State guidance.

Table 7: Number of Days Taken to Complete Blue Lantern Checks in Egypt, Fiscal Years 2011-2015

Number of days	Prelicense check	Postshipment check	Total
0-30 ^a	1	1	2
31-99	3	0	3
100-199	3	1	4
200-299	1	1	2
300 or more	0	1	1
Total	8	4	12

Source: GAO analysis of Department of State (State) data. | GAO-16-435

^aState guidance issued by the Directorate of Defense Trade Controls requests that posts complete prelicense checks within 30 days and postshipment checks within 45 days.

According to State officials, some of the delays in completing Blue Lantern checks in Egypt were due to the Egyptian government’s slow

responses to State's inquiries. For example, in one postshipment check requested in June 2013, the Egyptian government did not respond to questions related to this Blue Lantern check for over 8 months, according to our analysis of State cables. This check involved thermal imagers, which are considered to be sensitive night vision equipment. As a result, State experienced substantial delays verifying the location, security, and end use of these items. According to our analysis of State data, in another postshipment check requested in October 2013 involving satellite components, State did not receive information it deemed sufficient to close the check from the Egyptian government for more than 6 months and, according to State officials, the satellite was launched before State was able to complete the Blue Lantern check. Another two Blue Lantern checks requested in May and June 2013 took over 100 days to complete. According to State officials, political instability in Egypt and tensions in the U.S.-Egypt relationship at the time affected the timeliness of the Egyptian government's response to these four checks.⁴³ In the two most recent Blue Lantern preclearance checks, both of which involved NVDs going to the Egyptian Ministry of Interior, a State official noted that there were delays in obtaining a response because inquiries first had to be routed through the Ministry of Foreign Affairs. For one of these checks, State did not receive a response to two of its initial Blue Lantern inquiries, and as a result, completing the check took 4 months.

State officials also noted that Embassy Cairo was under ordered departure status from July to November 2013, which limited staffing at the embassy, and a staffing transition in 2014 also contributed to delays in completing some checks. For instance, limited staffing at Embassy Cairo during the latter half of 2013 affected the timeliness of four Blue Lantern checks active during that period. According to State officials, the lack of available staff at Embassy Cairo during the ordered departure caused embassy officials to request additional time to complete Blue Lantern checks and to request that at least one Blue Lantern check be put on a temporary hold during that period. As a result of the hold and the Egyptian government's slow response time, this check took 8 months to complete. A State official also noted that a staffing transition in the summer of 2014 affected another check. In this case, Embassy Cairo took 52 days to contact the Egyptian government after receiving the Blue

⁴³These four checks active in the latter half of 2013 averaged 221 days to complete, compared to 98 days for the 8 checks that were conducted outside of this period.

Lantern cable requesting the prelicense check, and as a result, the check took more than 60 days to complete.

Incomplete responses to some Blue Lantern checks. During fiscal years 2011 through 2015, the Egyptian government provided complete responses to 4 of 12 Blue Lantern checks. For 6 of the 12 checks, it provided partial responses to the questions asked by State officials from Embassy Cairo. For 1 of the 12 checks, the Egyptian government did not provide any response. For another 1 of the 12 checks, State officials from the Directorate of Defense Trade Controls did not receive a response from Embassy Cairo officials, so we were unable to determine whether Embassy Cairo made inquiries with the Egyptian government and whether the Egyptian government responded to any inquiries that may have been made. Directorate of Defense Trade Controls officials closed the 2 cases for which it received no response, both prelicense checks, as unfavorable and recommended that the license applications not be approved.⁴⁴ In the 6 Blue Lantern cases where the Egyptian government partially responded to the questions asked by State officials at Embassy Cairo, State closed the cases as favorable in 5 of the 6 cases. In one prelicense check, the Egyptian government did not respond to questions about the physical security of the storage site where they planned to store NVDs, nor did it specify the branch of the Ministry of Interior—an organization identified by State as having security force units of concern for human rights violations—that would be the end user of the NVDs. In another prelicense check, State asked the Egyptian government to confirm the involvement of intermediaries from two other countries in the transaction as well as the specific type and quantity of the items it had ordered; however, the Egyptian government only confirmed the involvement of one of the intermediaries and did not provide any information about the type and quantity of items ordered. In a postshipment check involving the transfer of riot control items, such as rubber ball cartridges and smoke grenades, to the Egyptian Ministry of Interior, the Egyptian government

⁴⁴A recommendation by the Directorate of Defense Trade Controls' Regional Affairs and Analysis officials to not approve a license generally means that the license will not be approved. However, a recommendation by these officials to approve a license does not necessarily mean that the license will be approved. Other offices at State and DOD review license applications, and the final determination on license approval takes these offices' views into account. For more information about other U.S. organizations involved in direct commercial sales license reviews, see GAO, *Persian Gulf: U.S. Agencies Need to Improve Licensing Data and to Document Reviews of Arms Transfers for U.S. Foreign Policy and National Security Goals*, [GAO-10-918](#) (Washington, D.C.: Sept. 20, 2010).

did not respond to a question about the disposition and use of the items, according to a cable from Embassy Cairo. State closed each of these three checks as favorable. Table 8 shows a breakdown of the response-completeness status for the 12 Blue Lantern checks and the corresponding count of favorable and unfavorable results.

Table 8: Completeness and Results of Blue Lantern End-Use Monitoring Checks in Egypt, Fiscal Years 2011-2015

Response status	Result	Total checks
Complete response (4 checks)	Favorable	3
	Unfavorable	1
Partial response (6 checks)	Favorable	5
	Unfavorable	1
No response (2 checks) ^a	Unfavorable	2
Total	Not applicable	12

Source: GAO analysis of Department of State (State) data. | GAO-16-435

^aFor 1 of these 2 checks, the Egyptian government did not provide a response. For the other check, State officials from the Directorate of Defense Trade Controls did not receive a response from Embassy Cairo officials, so we were unable to determine whether Embassy Cairo made inquiries with the Egyptian government and whether the Egyptian government responded to any inquiries that may have been made.

State officials offered various reasons to explain why the Egyptian government provided partial responses to Blue Lantern inquiries and why State did not make greater efforts to obtain complete responses. According to State officials, the Egyptian government is sensitive to questions that it views as possibly infringing on its sovereignty, including questions about its purchases of U.S. military equipment. In addition, one State official who has conducted Blue Lantern checks in Egypt noted that the Egyptian government may not entirely understand Blue Lantern inquiries. According to State officials, a response to every question posed in a Blue Lantern check is not necessary for a licensing determination. These officials also noted that if their key concerns have been addressed, they are generally comfortable closing the check. However, as previously noted, because State officials at Embassy Cairo do not conduct optional site visits, written responses from the Egyptian government provide the only available information on the use and security of equipment purchased through direct commercial sales. Without timely and complete information, State may not be able to provide reasonable assurance within its own recommended time frames that some recipients are storing, handling, and using this sensitive U.S. equipment properly.

State Has Not Utilized Outreach Programs in Egypt Designed to Elicit Host Government Cooperation with Blue Lantern End-Use Monitoring since 2008

State has two optional programs that are designed to facilitate cooperation and compliance with Blue Lantern end-use monitoring requirements. However, State has not used either program in Egypt since 2008, despite the Egyptian government's limited cooperation in providing complete and timely responses to Blue Lantern inquiries. One such program consists of outreach visits conducted by State officials from the Directorate of Defense Trade Controls, who travel to meet with U.S. embassy, host government, and local business officials to educate them about the Blue Lantern program and to elicit cooperation with Blue Lantern end-use monitoring. State guidance outlines six criteria that officials use when deciding whether to conduct a Blue Lantern outreach visit. We determined that Egypt meets the following three of these criteria:⁴⁵

- **High percentage of unfavorable results.** The average global rate of unfavorable checks for the Blue Lantern program over the last 4 years reported (fiscal years 2011-2014) was 21 percent. Over the same period, 36 percent of Blue Lantern checks in Egypt were closed as unfavorable. State conducted 1 Blue Lantern check in Egypt in fiscal year 2015 and closed it as favorable, which lowered the unfavorable rate for Blue Lantern checks in Egypt to 33 percent during fiscal years 2011 through 2015.
- **Need to provide education on U.S. export law and regulations.** According to our analysis of State documents and data, the Egyptian government provided partial responses to 6 Blue Lantern inquiries, gave no response to at least 1 inquiry, and did not respond to at least 5 inquiries within requested time frames in fiscal years 2011 through 2015. As previously mentioned, this resulted partly from a lack of understanding about the program, according to a State official.
- **No prior outreach visit.** According to State officials in Washington, D.C., and Cairo, Egypt, as of November 2015, no Blue Lantern outreach visit had been conducted in Egypt since 2008, prior to Egypt's political transitions in 2011 and 2013.

In addition, in July 2015, State introduced the Blue Lantern Post Support Program, which provides funding for outreach and educational activities and events hosted by U.S. embassies or consulates to improve compliance with U.S. export control laws and regulations, among other

⁴⁵The other three Blue Lantern outreach criteria are a high volume of defense trade, transshipment concerns, and ongoing defense trade problems.

things. State guidance for this program notes that when considering and prioritizing proposals to fund, State will consider various criteria, including the host government's cooperation with Blue Lantern checks and the government's level of understanding of U.S. commercial defense trade controls. According to a State official who conducted Blue Lantern checks in Egypt in 2013, outreach to the Egyptian government on the Blue Lantern program would be worthwhile. However, Embassy Cairo did not submit a proposal for funding under the Blue Lantern Post Support Program in 2015. According to State officials, they did not conduct any outreach in Egypt in fiscal years 2011 through 2015 because the number of Blue Lantern checks conducted in Egypt during this period was small and because they prioritized outreach to other countries. Without the cooperation of the Egyptian government, State may continue to face challenges in obtaining complete and timely responses to Blue Lantern inquiries.

U.S. Government Completed Some Human Rights Vetting in Egypt but Has Weaknesses or Gaps in Procedures, Documentation, and Policies

The U.S. government completed human rights vetting for 5,581 Egyptian security forces before providing U.S.-funded training in fiscal year 2011 through March 31, 2015; however, our analysis of a sample of names from training rosters of Egyptian security forces who received U.S.-funded training shows that the U.S. government did not complete all required vetting prior to providing training, in violation of State's and DOD's policies. In contrast to State's vetting requirements for training, State's policies and procedures encourage, but do not specifically require, vetting for foreign security forces that receive U.S.-funded equipment, including those in Egypt. The primary method State uses in Egypt to comply with Leahy law requirements when providing equipment is to attest in memos that State is in compliance with Leahy law requirements. Various factors have posed challenges to the U.S. government's efforts to vet recipients of U.S. assistance. Gaps and uncertainties in information have made it challenging for U.S. officials to vet some cases before providing training.⁴⁶ Additionally, State has not established procedures for clearing smaller units or individuals within a larger unit that has been deemed ineligible to receive assistance. Finally, Embassy Cairo has recorded little information on human rights abuses by Egyptian officials in INVEST since the beginning of fiscal year 2011, despite State requirements to do so.

⁴⁶The specific details of these gaps and uncertainties are excluded from this report because State deemed this information to be sensitive but unclassified. This information is included in the sensitive but unclassified version of this report (GAO-16-244SU).

The U.S. Government Completed Some but Not All Required Vetting before Providing Training to Egyptian Security Forces and Has Not Established Specific Vetting Policies and Procedures for Equipment Recipients

As shown in table 9, the U.S. government completed human rights vetting for a total of 5,581 Egyptian individuals or units before providing training from fiscal year 2011 through March 31, 2015.⁴⁷

Table 9: Results of U.S. Government Leahy Vetting of Egyptian Security Forces, Fiscal Year 2011 through March 31, 2015

	FY2011	FY2012	FY2013	FY2014	FY2015 ^a	Total
Approvals	871	1,520	1,410	856	347	5,004
Suspensions	22	205	108	185	5	525
Cancellations ^b	0	0	0	0	34	34
Rejections	2	12	4	0	0	18
Total	895	1,737	1,522	1,041	386	5,581

Legend: FY = fiscal year.

Source: GAO analysis of Department of State (State) data. | GAO-16-435

^aFiscal year 2015 data are through March 31, 2015. The fiscal year 2015 totals reflect cases that were initiated by March 31, 2015. For some of these cases, the final vetting disposition took place after March 31, 2015. The data State provided also included 40 additional cases in the International Vetting and Security Tracking (INVEST) system that were in the process of being vetted. We do not count these in our totals.

^bAccording to State guidance, cases are to be cancelled for administrative reasons only, while the “suspension” disposition is to be used “for cause” when derogatory information is found, whether human rights related or not, but there is insufficient time or no additional information for assessing veracity. Prior to the addition of the “cancellation” disposition to INVEST in November 2014, State used the suspension disposition for both administrative and “for cause” reasons.

Of the individuals and units submitted for vetting, State approved training for approximately 90 percent of the Egyptian security forces it vetted

⁴⁷ State may conduct individual or unit-level vetting, depending on the nature of the training. If the training is to be provided to a unit, State will vet the commander of the unit as well as the unit itself. From fiscal year 2011 through March 31, 2015, State conducted vetting for an entire unit in five instances. For the purposes of our analysis, we counted vetting of a unit and of its commander separately, because that is how the vetting was recorded in INVEST.

during this period.⁴⁸ State suspended about 9 percent of the vetting cases for Egyptian security forces, suspending some cases for administrative reasons and suspending other cases because of potentially derogatory information related to the individuals or units being vetted that could not be resolved before the start of the planned training.⁴⁹ In some cases, this potentially derogatory information related to human rights abuses, and in other cases it related to other types of potentially derogatory information, such as involvement in terrorism. For example, State suspended an individual in fiscal year 2015 because it was unable to clear the individual's unit from involvement in torture at a military prison prior to the start of the planned training. According to State, Embassy Cairo was able to subsequently provide additional information to DRL that cleared this individual's unit from involvement in the incident at the prison. Embassy Cairo then resubmitted the individual for vetting, and State approved him to participate in a different course, later in fiscal year 2015. State also suspended an individual in fiscal year 2015 because it had identified potential terrorism links that could not be ruled out prior to the start of the planned training. According to State officials, Embassy Cairo found no information credibly linking this person to terrorism activity; however, before further checks could be conducted, he was dropped from the course at the request of OMC-E to avoid holding up other participants. State also rejected training for Egyptian security forces in a limited number of cases due to credible information of gross violations of human rights.⁵⁰ State rejected a total of 18 cases in fiscal year 2011 through March 31, 2015—less than 1 percent of the total cases vetted. It has not rejected any cases since fiscal year 2013,

⁴⁸According to State officials, they do not submit names for training that are not expected to clear the vetting process. The "approval" disposition is to be used when Embassy Cairo, DRL, and NEA agree that there is no credible information of a gross violation of human rights or other derogatory information related to activities inconsistent with U.S. policy (e.g., drug trafficking, terrorism).

⁴⁹Prior to November 2014, the "suspension" disposition could be used for either administrative reasons, such as the cancellation of training or data entry errors, or in cases where there was potentially derogatory information that could not be confirmed or ruled out before the start of the training. In November 2014, State added the "cancellation" disposition in INVEST. According to State guidance, cases are to be cancelled for administrative reasons only, while the suspension disposition is now to be used "for cause" when derogatory information is found, whether human rights related or not, but there is insufficient time or no additional information for assessing veracity.

⁵⁰The "rejection" disposition is to be used when Embassy Cairo, DRL, and NEA agree that there is credible information that the individual or unit being vetted has committed a gross violation of human rights or is involved in other activities inconsistent with U.S. policy (e.g., drug trafficking, terrorism).

U.S. Government Did Not Complete Required Vetting before Providing Training in Some Cases and Did Not Maintain Training Records for One Account

including no cases since the removal of President Morsi in July 2013. According to State officials, these rejections were related to both acts committed by specific individuals, as well as credible information about gross violations of human rights involving an individual's unit. According to State officials, State has rejected a limited number of cases, including no cases since fiscal year 2013, due in part to problematic units and individuals being filtered out by the embassy before they are formally submitted for training. Finally, State cancelled 34 cases (less than 1 percent of the total cases vetted) for administrative reasons from November 2014, when this new disposition option was created in INVEST, through March 2015. According to State officials, these cancellations were due to issues such as training courses being cancelled and data entry errors.

We determined that the U.S. government did not conduct required vetting before providing training for some of the Egyptian security forces that were trained with U.S. security-related assistance from seven accounts in fiscal year 2011 through March 31, 2015.⁵¹ To make this determination, we selected a generalizable stratified random sample of 166 names from training rosters of Egyptian security forces who received training funded through these seven accounts during this period. We then cross-checked the 166 names in our sample with human rights vetting data from the INVEST system to verify that the Egyptian security forces were vetted before receiving the training. State deemed our estimate of the percentage of Egyptian security forces that were not vetted and some aspects of the methodology we used to generate this estimate to be sensitive but unclassified information. We therefore omitted that information from this report.⁵² By not conducting all required human rights vetting prior to providing U.S. training to Egyptian security forces, State and DOD are not in compliance with their policies regarding human rights vetting.

In addition to examining rosters for training funded through the seven accounts, we also requested training rosters from State for Egyptian security forces who had received training funded through the NADR

⁵¹These seven accounts included four State accounts—FMF, IMET, INCLE, and Peacekeeping Operations (PKO)—and three DOD accounts—the Combating Terrorism Fellowship Program, the DOD Regional Centers, and Joint Combined Exchange Training.

⁵²This information is included in a sensitive but unclassified version of this report (GAO-16-244SU).

State Policies and Procedures Encourage, but Do Not Specifically Require, Human Rights Vetting before Providing Equipment

account; however, State was unable to provide this information.⁵³ We therefore did not include this account in our analysis. While INVEST data show that State vetted a number of Egyptian security forces that received NADR-funded training in fiscal year 2011 through March 31, 2015, without the NADR training roster we were not able to assess the extent to which State completed all required human rights vetting for Egyptian security forces that were trained using funding from the NADR account.⁵⁴ State's *Foreign Affairs Manual* notes, among other things, the importance of producing and maintaining adequate documentation of the agency's activities.⁵⁵ In addition, federal *Standards for Internal Control in the Federal Government* states that agencies should clearly document transactions and all significant events, the documentation should be readily available for examination, and all documentation should be properly managed and maintained.⁵⁶ Without the training roster for the NADR account, State cannot provide assurance that all Egyptian security forces that received NADR-funded training were vetted as required.

The State and DOD Leahy laws' prohibition against providing assistance to units of foreign security forces for whom there is credible information of a gross violation of human rights also applies to equipment.⁵⁷ However, unlike its required process for vetting individuals and units nominated to receive U.S.-provided training (see fig. 1), State does not have policies or procedures specifically requiring vetting of Egyptian security forces slated to receive U.S.-funded equipment. State policy encourages the use of the INVEST system to conduct vetting for equipment recipients but allows posts the

⁵³State was also unable to provide requested training rosters for Egyptian security forces that had received training funded through the FMF and IMET accounts; however, we were able to obtain this information from DOD, which is responsible for implementing these programs.

⁵⁴According to INVEST data, State approved at least 525 Egyptian security forces to receive NADR-funded training in fiscal year 2011 through March 31, 2015. State conducted at least 26 NADR-funded training courses in Egypt during this period.

⁵⁵Department of State, *Foreign Affairs Manual*, 5 FAM 420, "Creating Records."

⁵⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

⁵⁷According to DOD officials, no DOD-funded equipment was provided to Egypt in fiscal years 2011 through 2015. Therefore, we did not include DOD policies and procedures for complying with Leahy law requirements for equipment within the scope of our review.

flexibility to use other methods to comply with the Leahy laws.⁵⁸ For Egypt, State uses memos to attest to its compliance with the Leahy laws for equipment provided to Egyptian security forces. While the memos declare State's compliance with the Leahy laws, State officials acknowledged that there is no required process used to support the statements in the memos and that INVEST is not used to vet Egyptian recipients of U.S. equipment.

We reviewed the eight memos that State drafted for fiscal years 2011 through 2015 that covered all FMF assistance allocated for Egypt during this period.⁵⁹ The purpose of these memos is to request the Office of Management and Budget's approval for the apportionment of FMF funds allocated for Egypt.⁶⁰ In each of the memos, State included a statement that it was not aware of any credible information of gross violations of human rights by any unit to which assistance would be provided. More recent memos also included a statement that State would ensure that FMF assistance for Egypt would be provided only to units the department had positively determined not to have been linked to human rights violations. None of the memos we reviewed specified particular Egyptian units that were authorized to receive the FMF assistance covered by the memo. However, two of the eight memos we reviewed identified particular Egyptian security forces that would not be receiving assistance covered by the memo. For example, a September 2013 memo requesting the apportionment of approximately \$584 million in fiscal year 2013 FMF funds stated that no funds would be used to support the Cairo military police. State's three memos requesting the apportionment of fiscal years 2014 and 2015 funds noted that violent incidents in Egypt in July and August 2013 and the Egyptian military's operations in the Sinai remained under review.

State's Bureau of Political-Military Affairs is responsible for drafting the FMF memos for Egypt, including the statements regarding compliance with the Leahy laws; however, the bureau said that it does not play a role

⁵⁸State's Leahy guide notes that vetting of equipment recipients through INVEST is encouraged, but not mandated. According to DRL officials, a limited number of posts use INVEST to conduct vetting for equipment recipients.

⁵⁹State officials said that FMF was the only account used to fund equipment for Egypt during fiscal years 2011 through 2015.

⁶⁰The amounts of FMF assistance to Egypt that the eight memos discussed ranged from about \$584 million to \$1.3 billion.

in supporting the statements in the memos and that this was the responsibility of DRL. The DRL official responsible for reviewing these memos told us that he may check the unit names of the prospective equipment recipients if that information is available at the time the memos are drafted, to see if he is aware of human rights concerns with any of the recipient units; however, State officials told us that the specific items to be financed and the specific units or individuals to receive the items are not generally known at the time the memos are circulated and may not be known until many months or even years later.⁶¹ According to State officials, this is due to the Foreign Military Sales process, which can involve lengthy negotiations with Egypt and other partner countries about their requirements and extended contracting processes for complex military systems. Also, according to State officials, the receipt of sale and transfer of equipment is often concluded in the United States, with the Egyptian government then responsible for freighting the equipment to Egypt. This can result in delays in the final Egyptian recipients receiving the equipment, according to State officials. In addition, State does not currently have policies or procedures in place to require vetting after the equipment has been furnished to the Egyptian government and the ultimate end-user unit or individual is known, according to State officials. State officials noted that in some cases, Egyptian security forces receive training in association with equipment that they are provided and are thus vetted through INVEST before receiving the training. Finally, State officials said that in cases where there is no direct recipient for U.S. assistance, such as when bulk equipment and other forms of assistance (e.g., ammunition, uniforms, radios, spare parts) are provided to a country's military services or the armed forces as a whole for general use, it is a challenge for State to verify the identity of the final recipients of this equipment.

Additionally, key officials with information about human rights violations in Egypt are not involved in drafting and reviewing these memos. Embassy Cairo officials who are responsible for managing Leahy vetting at the post stated that they do not play a role in the development of these memos. These Embassy Cairo officials stated that it was not clear what role, if any, the post should be playing in ensuring Leahy law compliance for Egyptian equipment recipients and that more guidance from State

⁶¹None of the eight memos we reviewed covering FMF assistance to Egypt in fiscal years 2011 through 2015 specified units that would be receiving the assistance.

headquarters on this issue would be beneficial. NEA and DRL officials in State headquarters who were responsible for conducting human rights vetting for Egyptian training recipients also stated that they do not play a role in ensuring Leahy law compliance for equipment provided to Egyptian security forces.

We previously reported on State's use of memos to comply with Leahy law requirements for equipment in a 2011 report examining human rights vetting in the Persian Gulf countries.⁶² In that report, we found that State did not conduct comparable human rights vetting for recipients of equipment as it did for recipients of training. We recommended that State implement individual- and unit-level human rights vetting for recipients of U.S.-funded equipment to reduce the risk that U.S.-funded equipment might be used by violators of human rights in the Persian Gulf countries. State concurred with our recommendation, but as of November 2015, State had not implemented it. DRL officials we interviewed acknowledged that the current approach to complying with the Leahy laws for equipment needs to be strengthened to ensure that equipment will not be provided to security forces that have committed gross violations of human rights. According to DRL officials, State is continuing to work to develop and implement a comprehensive policy on equipment vetting that is different from the current, memo-based procedure, but it has not established a specific time frame for doing so. In addition, a DRL official noted that DRL is working on a revised version of the INVEST system, to be completed in May 2016, that is expected to help facilitate equipment vetting. However, the DRL official stated that DRL has not made specific determinations about what functions related to equipment vetting will be included in the updated system or about time frames for developing agency policies and procedures that would require use of the updated system for equipment vetting. Standard practices in program management include, among other things, developing a plan to execute projects within a specific time frame.⁶³

⁶²See GAO, *Persian Gulf: Implementation Gaps Limit the Effectiveness of End-Use Monitoring and Human Rights Vetting for U.S. Military Equipment*, [GAO-12-89](#) (Washington, D.C.: Nov. 17, 2011).

⁶³The Project Management Institute, *The Standard for Program Management* (Newton Square, PA: 2013).

Because State has not developed policies or procedures specifically requiring vetting for Egyptian recipients of U.S. equipment, it is more difficult to reasonably ensure that U.S. equipment will not be provided to Egyptian security forces for whom there may be credible information that a unit has committed gross violations of human rights. This increases the risk that State may violate the prohibition in the Leahy laws as well as its own policy that it should ensure that its programs are efficiently and effectively carried out in accordance with applicable laws.⁶⁴

Various Factors Affected State's Efforts to Ensure Compliance with the Leahy Laws

Various factors affected State's implementation of the Leahy laws. For example, gaps and uncertainties in information have challenged U.S. efforts to vet for training.⁶⁵ In addition, the Egyptian government has routinely been unwilling to provide information that would facilitate the vetting process, according to State officials. Moreover, State has not established procedures for clearing smaller units or individuals within a larger unit that has been deemed ineligible to receive assistance. Finally, Embassy Cairo has populated little information about human rights abuses in Egypt in the INVEST system, despite State requirements to do so.

Lack of Information from the Egyptian Government Has Hampered U.S. Efforts to Vet for U.S. Training

Embassy Cairo and State officials noted that the Egyptian government has routinely been unwilling to provide information that would facilitate the vetting process. According to U.S. officials, the Egyptian government sometimes does not provide the unit-specific information necessary to complete vetting. Embassy Cairo and State headquarters officials also stated that the Egyptian government was unwilling to provide organizational charts and other information for certain key ministries that would facilitate the vetting process. For example, U.S. officials said that more detailed organizational charts for the Egyptian Ministry of Interior (MOI) would help the U.S. government differentiate between, on one hand, MOI subunits that were of concern for gross violations of human rights and thus were not able to receive U.S. assistance and, on the other hand, those MOI subunits that were not likely involved in the incidents for which State had credible information that human rights violations had occurred.

⁶⁴Department of State, *Foreign Affairs Manual*, 2 FAM 020, "Management Controls."

⁶⁵The specific details of these gaps and uncertainties are excluded from this report because State deemed this information to be sensitive but unclassified. This information is included in a sensitive but unclassified version of the report (GAO-16-244SU).

The State Leahy law requires that State develop procedures to ensure that when an individual is designated to receive U.S. training or other assistance, the individual's unit is vetted as well as the individual.⁶⁶ State guidance notes that country security assistance teams should be well informed about the force structure and unit descriptions for the security forces with which they work and thus should be able to provide the appropriate unit-level identification for vetting purposes. State guidance directs embassies to work with host-country counterparts to identify units for the purposes of vetting and notes the importance of host-country cooperation.

Embassy Cairo officials noted that issues related to Leahy vetting have been a significant source of tensions with the Egyptian government. In some cases, Egyptian agencies refused to allow any of their members to attend training events if any individuals from their organizational unit failed to clear vetting. In addition, embassy officials acknowledged that they stopped proposing training to the Egyptian government under certain programs, such as NADR ATA, because they did not want to risk causing further strain in the bilateral relationship if Egyptian officials were not approved through the vetting process. U.S. officials noted that this cessation in submitting candidates for training was one of the reasons that, since fiscal year 2013, no Egyptian security forces had been rejected through the Leahy vetting process due to credible information of a gross violation of human rights.

We requested to meet with several Egyptian government ministries to obtain their perspective on the Leahy vetting program during our fieldwork in Egypt, but the Egyptian government did not respond to our request, according to State officials. Additionally, although the Egyptian government initially approved our request to meet with officials of the Egyptian Training Authority to discuss Leahy vetting for Egyptian military students, the government subsequently decided not to hold the meeting.

⁶⁶This provision has also been applied to DOD-funded assistance as a matter of policy.

U.S. Government Has Not Established Procedures for Approving Training for Members of Subunits within Larger Units Prohibited from Receiving Assistance

When units have been rejected through the vetting process and deemed ineligible to receive assistance under the Leahy laws, the U.S. government cannot provide the unit further assistance unless the requirements for an exception have been met.⁶⁷ In February 2015, State and DOD issued a joint remediation policy that outlined standards for exercising these exceptions in the Leahy laws and allowing assistance to resume to units previously deemed ineligible. However, State officials we interviewed said that if a larger unit is rejected in INVEST, it is possible for smaller units within that larger unit to be subsequently approved for training without having to meet the standards in the February 2015 State-DOD guidance, if it can be demonstrated that these smaller units were not implicated in the gross violation of human rights. This is consistent with State's 2012 Leahy vetting guide, which states that the relevant unit for vetting purposes is the lowest deployable organizational element of a security force capable of exercising command and discipline over its members. State officials said the policy allows State to approve training for smaller units or individuals within a larger unit that is ineligible to receive assistance, if it can be demonstrated that the smaller units or individuals, by the nature of their duties, geographic location, or other circumstances, would not have been involved in the gross violation of human rights. According to U.S. officials, this approach has been used in Egypt on certain occasions. State has also used this approach in cases where units have not been officially rejected in INVEST but have been suspended because State has identified human rights concerns with the unit and there is a lack of sufficient information to complete vetting for the nominated individuals or units.

While this approach has been used in Egypt, and although State's policy allows smaller units to be identified as discrete units for purposes of Leahy vetting, State has not established specific procedures for clearing smaller units within a larger security force organization that has been

⁶⁷These exceptions relate to the "remediation" of units, and the specific language related to the remediation of units varies between the State and DOD Leahy laws. The State Leahy law states that the prohibition on assistance does not apply if State determines that the foreign government is taking effective steps to bring the responsible members of the security forces unit to justice. The DOD Leahy law states that DOD, in consultation with State, must determine that the foreign government has taken all necessary corrective steps or that the assistance is necessary to assist in disaster relief operations or other humanitarian or national security emergencies. DOD, in consultation with State, also has the authority to waive the prohibition in the DOD Leahy law if required by extraordinary circumstances.

Embassy Cairo Has Not
Complied with State
Requirements to Document
Information on Human Rights
Abuses in the INVEST
Database

rejected due to credible information of a gross violation of human rights. For example, State's Leahy vetting guide, Embassy Cairo's standard operating procedures, and State and DOD's joint remediation guidance do not specifically discuss the ability to clear such units and do not establish procedures for doing so. State's *Foreign Affairs Manual* highlights the importance of ensuring that key polices are documented.⁶⁸ Without established procedures for clearing smaller units within larger organizations that have been deemed ineligible to receive assistance due to a gross violation of human rights, Embassy Cairo and other embassies do not have clear guidance on the extent to which they are able to use this option and in what situations it is or is not appropriate to seek to do so.

The State Leahy law requires State to establish procedures to ensure that information on gross violations of human rights by security force units is evaluated and preserved. In addition, State's 2012 Leahy vetting guide states that embassies in particular are required to populate the INVEST system—in conjunction with vetting or otherwise—with information on human rights abuses as these abuses come to light. However, Embassy Cairo has recorded limited information on human rights abuses by security forces in Egypt in INVEST since the beginning of fiscal year 2011, despite State's findings of a range of human rights abuses by security forces in Egypt and despite State having vetted thousands of cases since then. As of October 2015, Embassy Cairo had uploaded only three documents to INVEST since fiscal year 2011 and no documents since fiscal year 2013, according to DRL officials.⁶⁹

DRL officials stated that it is common for posts to not use the document library function in INVEST despite the requirement in its Leahy guide that they do so and, instead, to maintain this information in other formats, such as spreadsheets. Embassy Cairo officials told us that they use to track individuals and units of concern. However, by not uploading relevant information into INVEST, Embassy Cairo is not maintaining a centralized repository of information on human rights abusers in Egypt that can be used by others in the agency. Without a centralized repository of this

⁶⁸5 FAM 420.

⁶⁹INVEST includes a document library that allows users at embassies and at State headquarters to upload relevant documents related to human rights abuses. Users can upload documents to the document library as attachments to specific vetting cases or can upload relevant human rights information that is not tied to a specific case. Embassies and State headquarters can then search the document library when conducting future vetting.

information, State cannot be assured that all current and future officials vetting cases in INVEST will have the information needed to make accurately informed and timely decisions regarding whether or not to approve Egyptian security officials for U.S.-funded training.

Conclusions

The United States provides about \$1.3 billion in security-related assistance to Egypt annually. DOD and State established the Golden Sentry and Blue Lantern programs, respectively, to provide reasonable assurance that military equipment transferred or exported to foreign governments is used for its legitimate intended purposes and does not come into the possession of individuals or groups who pose a threat to the United States or its allies. However, gaps in the implementation of these end-use monitoring programs—in part due to limited cooperation from the Egyptian government—hampers DOD’s and State’s ability to provide such assurances. For instance, the Egyptian government’s incomplete and slow responses to U.S. inquiries hindered State’s efforts to ensure that equipment sold through direct commercial sales is used as intended. State has recently made funding available for activities to foster greater host government cooperation with Blue Lantern requirements in some countries. However, such activities have not been used in Egypt to help improve the completeness and timeliness of these end-use monitoring checks targeting U.S. arms and other military items sold through direct commercial sales.

The United States has a policy interest in leveraging U.S. assistance to encourage Egypt and other foreign governments to prevent their security forces from committing human rights violations and to hold their forces accountable when violations occur. However, the U.S. government has not consistently vetted all individuals and units in the Egyptian security forces for human rights concerns before providing training, as required by its policies. State also does not have policies or procedures for vetting specific individuals and units before it provides equipment, even though military equipment constitutes the vast majority of U.S. assistance to Egypt. Without such vetting, the U.S. government risks providing U.S. equipment, in violation of the Leahy laws, to Egyptian security forces that have committed human rights abuses. Additionally, gaps in documentation and procedures may limit the effectiveness of State’s process for vetting prospective recipients of training. The absence of certain training rosters for Egyptian security forces that received U.S. training limits the ability of U.S. agencies and third parties to verify whether these forces were properly vetted in accordance with State’s policies. This also limits accountability over U.S. efforts to train and equip

Egyptian security forces. State's lack of procedures for determining when individuals or subunits may be eligible to receive training, despite being part of larger entities prohibited from receiving assistance under the Leahy laws, increases the likelihood that these determinations may be applied inconsistently. Finally, Embassy Cairo's minimal use of the INVEST system as a centralized repository for information on human rights abuses in Egypt limits the availability of relevant information to other U.S. officials conducting human rights vetting of candidates for U.S.-funded training in Egypt.

Recommendations for Executive Action

To strengthen assurances that military equipment sold through direct commercial sales is used as intended, we recommend that the Secretary of State take the following action:

- Utilize available Blue Lantern outreach programs to help improve the completeness and timeliness of responses from the Egyptian government.

To strengthen compliance with the Leahy laws and implementation of State's human rights vetting process and to help ensure that U.S. funded assistance is not provided to Egyptian security forces that have committed gross violations of human rights, we recommend that the Secretary of State take the following two actions:

- Determine, in consultation with the Secretary of Defense, the factors that resulted in some Egyptian security forces not being vetted before receiving U.S. training, and take steps to address these factors, to ensure full compliance with human rights vetting requirements for future training.
- As State works to implement a revised version of the INVEST system that is expected to help facilitate equipment vetting, develop time frames for establishing corresponding policies and procedures to implement a vetting process to help enable the U.S. government to provide a more reasonable level of assurance that equipment is not transferred to foreign security forces, including those in Egypt, when there is credible information that a unit has committed a gross violation of human rights.

To strengthen State's documentation and procedures related to its human rights vetting process, we recommend that the Secretary of State take the following three actions:

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- Take steps to ensure that State maintains training rosters or similar records of Egyptian security forces that have received U.S.-funded training to allow verification that required human rights vetting was completed before the individual or units received the training.
 - Issue guidance establishing procedures for determining when subunits—and individuals within those subunits—are eligible to receive U.S. assistance when they are part of a larger unit that has been deemed ineligible to receive assistance under the Leahy laws.
 - Direct Embassy Cairo to comply with the State requirement to record relevant information it obtains regarding gross violations of human rights in INVEST.

Agency Comments

We provided a draft of the sensitive but unclassified version of this report to the Departments of State, Defense, Homeland Security, and Justice for review and comment. State and the Departments of Homeland Security and Justice provided technical comments, which we incorporated as appropriate. State also provided written comments, which are reproduced in appendix VI. State generally concurred with our recommendations. DOD did not provide comments.

State agreed with our recommendation to utilize available Blue Lantern outreach programs to help improve the completeness and timeliness of responses from the Egyptian government and noted that it would do so, subject to restrictions on travel to Egypt and any limitations inherent in the United States' current political relations with the Egyptian government. State also agreed with our recommendation to determine and address the factors that led to some Egyptian security forces not being vetted before receiving training and asserted that the department remains committed to ensuring that perpetrators of gross violations of human rights do not receive U.S. training or assistance. Additionally, State agreed with our recommendation to develop time frames for establishing policies and procedures to provide a more reasonable level of assurance that the department is complying with the Leahy laws for recipients of equipment. Although State acknowledged challenges identifying recipients of equipment across the range of assistance activities, it noted that it would continue to update its systems—including a new version of the INVEST system—and procedures to facilitate human rights vetting for recipients of equipment.

State partially agreed with our recommendation to maintain training rosters or other records of Egyptian security forces that have received

U.S.-funded training. State indicated that it would attempt to implement this recommendation but noted resource constraints at Embassy Cairo may hinder its ability to do so. State also partially agreed with our recommendation to develop policies and procedures for determining when individuals and subunits may receive U.S. assistance while part of larger units that have been deemed ineligible to receive assistance. While State acknowledged that criteria for making these determinations are not covered in its guidance, it noted that it already takes such considerations into account on a case-by-case basis during internal policy deliberations to restrict or deny assistance and is currently discussing revisions to its guidance regarding this issue. State agreed with our recommendation that Embassy Cairo comply with the State requirement to record relevant information it obtains regarding gross violations of human rights in INVEST. Accordingly, State noted that it would maintain in INVEST, and periodically update, a version of the spreadsheet it uses to track Egyptian security force units of concern and other allegations of human rights abuses.

As agreed with your offices, unless you publicly announce the contents of this report earlier, we plan no further distribution of this report until 30 days from the report date. At that time, we will send copies of this report to the appropriate congressional committees; the Secretaries of State, Defense, and Homeland Security; and the Attorney General of the United States. In addition, the report will be available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff members have any questions about this report, please contact me at (202) 512-7331 or johnsoncm@gao.gov. GAO staff who made contributions to this report are listed in appendix VII.



Charles Michael Johnson, Jr.
Director, International Affairs and Trade

Appendix I: Objectives, Scope, and Methodology

The objectives of this review were to examine, for fiscal years 2011 through 2015, the extent to which the U.S. government (1) committed or disbursed funds allocated for security-related assistance for Egypt, (2) implemented end-use monitoring for equipment transferred to Egyptian security forces, and (3) vetted Egyptian recipients of U.S. security-related assistance for human rights concerns.

To determine the extent to which the U.S. government committed or disbursed funds allocated for security-related assistance to Egypt in fiscal years 2011 through 2015, we collected and analyzed data from the Department of State's (State) Office of U.S. Foreign Assistance Resources, by appropriation account, on allocations, unobligated balances, unliquidated obligations, and commitments or disbursements. Recognizing that different agencies and bureaus may use slightly different accounting terms, we provided State with definitions from GAO's *A Glossary of Terms Used in the Federal Budget Process* and requested that it provide the relevant data according to those definitions.¹ The data State provided were as of the end of fiscal year 2015. State provided data on bilateral security assistance from the Foreign Military Financing (FMF); International Military Education and Training (IMET); International Narcotics Control and Law Enforcement (INCLE); and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts. Because FMF funds are budgeted and tracked differently than for other foreign assistance accounts, State provided data on FMF funding that was uncommitted or committed rather than data on unliquidated obligations and disbursements. To assess the reliability of the data provided, we requested and reviewed information from State regarding the agency's underlying financial data systems and the checks, controls, and reviews used to ensure the accuracy and reliability of the data provided. We determined that the data State provided were sufficiently reliable for the purposes of this report. To gather additional information on the status of assistance to Egypt, we interviewed State and Department of Defense (DOD) officials and reviewed agency documents to identify factors that contributed to any unobligated balances and unliquidated obligations. Finally, we identified any relevant legal authorities related to these accounts, including the periods of availability for funds to be obligated from each of these accounts.

¹GAO, *A Glossary of Terms Used in the Federal Budget Process*, [GAO-05-734SP](#) (Washington, D.C.: September 2005).

To determine the extent to which the U.S. government implemented end-use monitoring for equipment transferred to Egyptian security forces, we reviewed agency guidance, analyzed end-use monitoring data and documentation, interviewed U.S. and Egyptian officials, and conducted on-site inspections of military equipment during fieldwork to Egypt in June 2015. To determine the extent to which DOD implemented Golden Sentry end-use monitoring for equipment transferred to Egyptian security forces through government-to-government programs, we reviewed relevant program guidance in the *Security Assistance Management Manual* and standard operating procedures used by the Office of Military Cooperation–Egypt (OMC-E). We also reviewed the terms and conditions of the Letters of Offer and Acceptance for transfers of U.S.-origin night vision devices (NVD) to Egyptian security forces, the Egyptian Ministry of Defense’s June 2012 control plan for the physical security and accountability of NVDs, and DOD’s April 2013 criteria for end-use monitoring of man-portable NVDs. We reviewed a report summarizing the findings from DOD’s February 2012 Compliance Assessment Visit in Egypt, two U.S. Central Command Inspector General reports for OMC-E, and correspondence from OMC-E to the Egyptian Ministry of Defense communicating end-use monitoring findings. We interviewed or obtained written information from DOD officials in the Defense Security Cooperation Agency, Defense Technology Security Administration, and U.S. Central Command. During fieldwork in Cairo, Egypt, from June 7 through June 11, 2015, we interviewed DOD officials from OMC-E and Egyptian officials from the Egyptian Armament Authority, a unit within the Egyptian Armed Forces responsible for overseeing the procurement of U.S. military equipment and communicating end-use monitoring requirements to units that use this equipment, according to Egyptian officials. We reviewed and analyzed data and management reports from DOD’s Security Cooperation Information Portal database to identify defense articles provided to Egypt and determine compliance with enhanced end-use monitoring inventory requirements. We compared the data with management reports and other documents and determined that the data were sufficiently reliable for the purposes of our analysis.

Using data provided by DOD, we drew a random sample of Stinger missiles out of the total number that the U.S. government had transferred to Egypt through government-to-government programs as of April 2015, and we inventoried the missiles in our sample by serial number during fieldwork in Egypt. Our sample was generalizable to the population of Stinger missiles available for observation. We also requested to inventory a sample of NVDs subject to enhanced end-use monitoring during our fieldwork in Egypt, but we were unable to complete this inventory

because the NVD storage facility we visited housed NVDs that were not subject to enhanced end-use monitoring. During our fieldwork in Egypt, we also observed DOD officials conducting routine end-use monitoring for F-16 aircraft. To assess evidence of enhanced and routine end-use monitoring in Egypt, we reviewed enhanced end-use monitoring physical security and accountability checklists and routine end-use monitoring reports.

To determine the extent to which State implemented Blue Lantern end-use monitoring for equipment transferred to Egyptian security forces through direct commercial sales, we reviewed State guidance on the Blue Lantern program, including the *Blue Lantern Guidebook* and the Standard Operating Procedures for the Blue Lantern program. We also reviewed relevant cables on the Blue Lantern program. To determine the timeliness and completeness of responses to Blue Lantern checks, we reviewed the cables associated with each Blue Lantern check conducted in Egypt in fiscal years 2011 through 2015. We also reviewed correspondence between the U.S. embassy in Cairo—in this report, “Embassy Cairo”—and the Egyptian government on Blue Lantern checks conducted from July 2014 to September 2015. To determine the number, type, and results of Blue Lantern checks conducted on Egyptian entities in fiscal years 2011 through 2015, we obtained and analyzed Blue Lantern data for Egypt. We also used these data in our analysis of the length of time it took to complete Blue Lantern checks, the commodities subject to the checks, and the reasons for unfavorable Blue Lantern checks in Egypt in fiscal years 2011 through 2015. We reviewed the information in the Blue Lantern cables for consistency with corresponding data in the Blue Lantern database and determined that the Blue Lantern data were sufficiently reliable for the purposes of our analysis. In addition, we analyzed State’s direct commercial sales licensing data on defense articles exported to Egypt to identify the number of licenses going to Egyptian end users and intermediaries from fiscal year 2011 to April 2015, as well as State’s determinations on such licenses subject to Blue Lantern checks during that period. We interviewed State officials in the Directorate of Defense Trade Controls in Washington, D.C., who are responsible for managing the Blue Lantern program as well as the State official at Embassy Cairo who is responsible for conducting Blue Lantern checks in Egypt. In addition, we interviewed a State official who conducted Blue Lantern checks in Egypt from December 2012 to April 2014 to obtain information on the extent to which Egypt’s 2013 political transition affected Blue Lantern checks conducted during that time.

To assess the extent to which the U.S. government vetted Egyptian security forces for human rights concerns, we reviewed both the State and DOD Leahy laws. In addition, we analyzed State documents establishing its policies and procedures for complying with the Leahy laws and conducting human rights vetting. For example, we analyzed State's 2012 Leahy vetting guide,² State's 2010 International Vetting and Security Tracking (INVEST) user guide, and a number of other relevant State cables and policy documents issued since the beginning of fiscal year 2011 that establish further requirements or provide additional guidance on various aspects of the human rights vetting process. We also analyzed DOD's 2014 implementation guidance for the DOD Leahy law. In addition, we assessed Embassy Cairo's 2014 *Guide for Leahy Law Human Rights Vetting*, which establishes the embassy's standard operating procedures for complying with the Leahy laws. To gather additional information on human rights vetting in Egypt, we conducted interviews with State officials from the Bureau of Democracy, Human Rights, and Labor (DRL) and the Bureau of Near Eastern Affairs (NEA) who are responsible for conducting or overseeing human rights vetting in Washington, D.C. DRL officials also provided us a demonstration of the INVEST system. At Embassy Cairo, we interviewed State officials from the Political Section who oversee human rights vetting at the post.

To gather further information on the human rights vetting process at Embassy Cairo, we interviewed State officials from the International Narcotics and Law Enforcement Section and the Regional Security Office, DOD officials from OMC-E, Department of Homeland Security officials from Immigration and Customs Enforcement and U.S. Customs and Border Protection, and Department of Justice officials from the Federal Bureau of Investigation and the Drug Enforcement Administration. These officials were responsible for vetting Egyptian security officials for training, for sponsoring training that required Egyptian participants to be vetted, or for both. During our fieldwork in Egypt, we also requested to meet with officials of several Egyptian government ministries to obtain their perspective on the Leahy laws and U.S. government human rights vetting efforts; however, according to an Embassy Cairo official, the Egyptian government did not respond to our request. The Egyptian government initially approved our request to meet with officials of the Egyptian

²Department of State, *Compliance with the State and DOD Leahy Laws: A Guide to Vetting Policy & Process* (Washington, D.C: September 2012).

Training Authority to discuss human rights vetting for Egyptian military students; however, the Egyptian Training Authority later declined to participate in the meeting.

We also analyzed State data on human rights vetting results in Egypt from the INVEST system for fiscal year 2011 through March 31, 2015, to determine the extent to which State approved, rejected, suspended, or cancelled vetting cases for Egyptian officials nominated for U.S.-funded training. To assess the reliability of the INVEST data, we reviewed documentation on the INVEST system and conducted interviews with State officials knowledgeable of the system. We determined that the INVEST data State provided were sufficiently reliable for the purposes of this report.

To assess the extent to which the U.S. government conducted required vetting of Egyptian security officials before they received U.S.-funded training, we collected rosters of Egyptian security forces that received U.S.-funded training from State and DOD in fiscal year 2011 through March 31, 2015. In total, we received rosters for training funded through seven appropriations accounts. These seven accounts included four State accounts—FMF, IMET, INCLE, and Peacekeeping Operations—and three DOD accounts—the Countering Terrorism Fellowship Program, the DOD Regional Centers, and Joint Combined Exchange Training. Using these training rosters, we developed a generalizable random sample of 166 names from a population of 3,743 Egyptian security forces that received training funded through these seven accounts during this period.³ The sample included names from the roster for each of the seven accounts. We then cross-checked the names in our sample with human rights vetting data from the INVEST system to verify that the Egyptian security forces were vetted before receiving the training. In addition to receiving

³With this probability sample, each member of the study population had a nonzero probability of being included, and that probability could be computed for any member. Each sample element was subsequently weighted in the analysis to account statistically for all the members of the population, including those who were not selected. State determined that our estimate of the percentage of Egyptian security forces that were not vetted to be sensitive but unclassified information. We therefore omitted the estimate from this report. On February 18, 2016, we issued a sensitive but unclassified version of this report, which included this estimate. In that report, the estimate of the percentage of Egyptian security forces that were not vetted before receiving U.S.-funded training is presented along with a margin of error at the 95 percent confidence level. GAO, *Security Assistance: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt*, GAO-16-244SU (Washington, D.C.: Feb. 18, 2016).

rosters for training funded through the seven accounts, we also requested training rosters from State on Egyptian security forces that had received training funded through the NADR account. However, State told us that it was unable to provide this information. As a result, we were not able to include the NADR account in our sample and we were not able to assess the extent to which State had completed required human rights vetting for Egyptian security forces that received training funded through this account.

To gather additional information on how State ensures compliance with the Leahy laws for equipment that it provided to Egyptian security forces, we also reviewed eight State apportionment memos covering all FMF assistance for Egypt in fiscal years 2011 through 2015.⁴ We assessed the extent to which each of these memos addressed Leahy vetting compliance in Egypt. Finally, we assessed State's actions to ensure compliance with the Leahy laws against standards in its *Foreign Affairs Manual* related to creating records and management controls.⁵ We also assessed State's actions against established internal control standards in the federal government⁶ and against standards established by the Project Management Institute.⁷

We conducted this performance audit from February 2015 to April 2016 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

⁴According to DOD officials, no DOD-funded equipment has been provided to Egypt since fiscal year 2011. We therefore did not include DOD policies and procedures for complying with Leahy law requirements for equipment within the scope of our review.

⁵Department of State, *Foreign Affairs Manual*, 2 FAM 20, "Management Controls"; 5 FAM 420, "Creating Records."

⁶GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

⁷The Project Management Institute, *The Standard for Program Management* (Newton Square, PA: 2013).

Appendix II: Overview of Department of Defense's (DOD) and Department of State's (State) End-Use Monitoring Programs

DOD's Defense Security Cooperation Agency administers the Golden Sentry program to monitor the end use of defense articles and defense services transferred through Foreign Military Sales. Under this program, DOD implements two levels of end-use monitoring—enhanced and routine—and conducts periodic Compliance Assessment Visits. DOD requires enhanced end-use monitoring for sensitive defense articles, services, or technologies specifically designated by the military departments' export policy, the interagency release process,¹ or by DOD policy as a result of consultation with Congress. DOD requires routine end-use monitoring for all defense articles and services provided through government-to-government programs. Routine end-use monitoring is conducted in conjunction with other security cooperation functions and uses any readily available source of information.

State's Directorate of Defense Trade Controls administers the Blue Lantern program to monitor the end use of defense articles and services exported through direct commercial sales. Under its Blue Lantern program, State is required to conduct end-use monitoring checks based on a case-by-case review of export license applications against established criteria for determining potential risks. To determine whether to conduct a Blue Lantern check, State considers 20 indicators that may trigger a check, such as unfamiliar end users, foreign intermediate consignees with no apparent connection to the end user, and requests for sensitive commodities whose diversion or illicit retransfer could have a negative impact on U.S. national security.

Table 10 provides an overview of the Golden Sentry and Blue Lantern end-use monitoring programs.

¹The U.S. government uses an interagency release process to review proposed arms transfers to foreign governments through Foreign Military Sales and direct commercial sales. As part of this process, various U.S. organizations review proposed arms transfers for their potential impact on regional security, human rights, and the preservation of critical U.S. military technologies, among other things.

Appendix II: Overview of Department of Defense's (DOD) and Department of State's (State) End-Use Monitoring Programs

Table 10: Overview of DOD's Golden Sentry and State's Blue Lantern End-Use Monitoring Programs

	Golden Sentry	Blue Lantern
Administering agency	DOD, Defense Security Cooperation Agency	State, Directorate of Defense Trade Controls
Arms transfer or export program	Foreign Military Sales—government-to-government arms transfers	Direct commercial sales—licensed arms exports from a U.S. commercial supplier to a foreign buyer
Implementing entity	Security Cooperation Organization ^a at the embassy	Embassy officials (varies by embassy)
Criteria for conducting end-use monitoring	Two tiers of end-use monitoring—enhanced and routine—depending on the sensitivity of the equipment.	State officials consider risk factors on a case-by-case basis to determine whether to conduct checks
Types of end-use monitoring	<p>Enhanced end-use monitoring—conducted on sensitive items and technologies that require greater physical security and accountability. Enhanced end-use monitoring includes delivery verification, regular inventories by serial number, and physical security checks of storage sites.</p> <p>Routine end-use monitoring—conducted on all defense articles and services provided through government-to-government programs, including Foreign Military Sales, with a particular emphasis on a “watch list” of items. Routine end-use monitoring is performed in conjunction with other security cooperation functions and must be documented by DOD personnel.</p> <p>Compliance Assessment Visits—conducted to evaluate compliance with the Golden Sentry program. They include facility visits, inventories, and reviews of the Security Cooperation Organization’s and host country’s end-use monitoring policies and procedures.</p>	<p>Prelicense checks—conducted before license issuance to, among other things, confirm the identity of an unfamiliar consignee or end user, ensure that the details of the proposed transaction match those identified on the license application, and confirm that the end user listed on the license application has ordered the items in question.</p> <p>Postshipment verification checks—conducted after the export has been approved and shipped to, among other things, confirm that the licensed defense articles have been received by the party listed on the license and determine whether those goods are being used in accordance with the provisions of the license.</p> <p>Postlicense/preshipment checks—sometimes conducted when new information comes to light indicating possible concerns about a transaction that were not known when the license was approved. These checks are relatively rare.</p>

Sources: GAO analysis of information from the Departments of State (State) and Defense (DOD). | GAO-16-435

^aThe Office of Military Cooperation-Egypt is DOD’s Security Cooperation Organization in Egypt. Security Cooperation Organizations are the DOD administrative offices in foreign countries, under the legal authority of the U.S. ambassador and are often colocated at the U.S. embassy. These organizations act as the linkage between partner nations and all DOD organizations for security cooperation issues, ranging from Foreign Military Sales to combined exercises.

Appendix III: Comparison of the Provisions in the Department of State and Department of Defense Leahy Laws

	Department of State Leahy law	Department of Defense Leahy law
Human rights prohibition	No assistance shall be furnished under the Foreign Assistance Act of 1961 or the Arms Export Control Act to any unit of the security forces of a foreign country if the Secretary of State has credible information that such unit has committed a gross violation of human rights.	Of the amounts made available to the Department of Defense, none may be used for any training, equipment, or other assistance for a unit of a foreign security force if the Secretary of Defense has credible information that the unit has committed a gross violation of human rights. The Secretary of Defense shall, in consultation with the Secretary of State, ensure that prior to a decision to provide any training, equipment, or other assistance to a unit of a foreign security force full consideration is given to any credible information available to the Department of State relating to human rights violations by such unit.
Exception	Prohibition does not apply if the Secretary of State determines and reports to specified congressional committees that “the government of such country is taking effective steps to bring the responsible members of the security forces unit to justice.”	Prohibition does not apply if the Secretary of Defense, after consultation with the Secretary of State, determines that the government of such country has taken all necessary corrective steps, or if the equipment or other assistance is necessary to assist in disaster relief operations or other humanitarian or national security emergencies. Not later than 15 days after the use of the exception, the Secretary of Defense shall submit to the appropriate congressional committees a report providing notice of the use of the exception and stating the grounds for the exception.
Waiver	None	The Secretary of Defense, after consultation with the Secretary of State, may waive the prohibition if he determines that such a waiver is required by extraordinary circumstances. Not later than 15 days after the exercise of any waiver, the Secretary of Defense shall submit a report to the appropriate congressional committees describing the information related to the gross violation of human rights; the extraordinary circumstances that necessitate the waiver; the purpose and duration of the training, equipment, or other assistance; and the U.S. forces and the foreign security force unit involved.
Duty-to-inform	In the event that funds are withheld from any unit pursuant to the law, the Secretary of State shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the foreign government in taking effective measures to bring the responsible members of the security forces to justice.	None

**Appendix III: Comparison of the Provisions in
the Department of State and Department of
Defense Leahy Laws**

	Department of State Leahy law	Department of Defense Leahy law
Additional procedural requirements	<p>The Secretary of State shall establish, and periodically update, procedures to</p> <ul style="list-style-type: none"> ensure that for each country the Department of State has a current list of all security force units receiving U.S. training, equipment, or other types of assistance; facilitate receipt by the Department of State and U.S. embassies of information from individuals and organizations outside the U.S. government on gross violations of human rights by security force units; routinely request and obtain such information from the Department of Defense, the Central Intelligence Agency, and other U.S. government sources; ensure that such information is evaluated and preserved; ensure that when an individual is designated to receive United States training, equipment, or other types of assistance the individual's unit is vetted as well as the individual; seek to identify the unit involved when credible information of a gross violation exists but the identity of the unit is lacking; and make publicly available, to the maximum extent practicable, the identity of those units for which no assistance shall be furnished pursuant to the law. 	<p>The Secretary of Defense shall establish, and periodically update, procedures to ensure that any information in the possession of the Department of Defense about gross violations of human rights by units of foreign security forces is shared on a timely basis with the Department of State.</p>
Reporting requirements	None	<p>The Secretary of Defense shall submit a report to congressional appropriations committees not later than March 31, 2015, and annually thereafter through 2024, providing information on</p> <ul style="list-style-type: none"> the total number of cases submitted for vetting, and the total number of such cases approved, suspended, or rejected for human rights reasons, non-human rights reasons, or administrative reasons; in the case of units rejected for non-human rights reasons, a detailed description of the reasons relating to the rejection; a description of the interagency processes used to evaluate compliance with vetting requirements; and any comments from commanders of the combatant commands about how the Department of Defense Leahy law affects their theater security cooperation plans, among other things.

Sources: GAO analysis of the Department of State and Department of Defense Leahy laws. | GAO-16-435

Note: For the Department of State Leahy law, see 22 U.S.C. § 2378d. For the Department of Defense Leahy law, see 10 U.S.C. § 2249e.

Appendix IV: Summary of U.S. Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Table 11 provides a summary of the status of all bilateral security-related assistance allocated for Egypt in fiscal years 2011 through 2015, as of September 30, 2015.

Table 11: Status of U.S. Funds Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Allocations	\$1,302,715	\$1,305,093	\$1,241,806	\$1,308,660	\$1,305,800	\$6,464,074
Unobligated balances	1,307 ^a	400 ^b	307 ^c	18 ^d	4,100 ^e	\$6,133
Unliquidated obligations/uncommitted ^f	70	1,435	2,797	6,852	1,700	\$12,855
Disbursements/committed ^f	1,301,337	1,303,257	1,238,701	1,301,790	1,300,000	\$6,445,086

Legend: FY = fiscal year.

Source: GAO analysis of Department of State (State) data. | GAO-16-435

Notes: The amounts shown reflect bilateral assistance allocated for Egypt from the Foreign Military Financing (FMF); International Narcotics Control and Law Enforcement (INCLE); International Military Education and Training (IMET); and Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) accounts. Of the almost \$6.5 billion in funds allocated for Egypt during this period, over \$6.4 billion was allocated from the FMF account. By law, FMF funds are obligated upon apportionment from the Office of Management and Budget. The Department of Defense therefore refers to the subsequent designation of FMF funds for a particular program or contract as a "commitment." For programs funded with appropriations from the NADR, INCLE, and IMET accounts, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are the amount of obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations. Agencies may have several years in which to obligate allocated funds. Under authority generally provided in the Department of State, Foreign Operations, and Related Programs Appropriations Acts, if funds from certain accounts are obligated within the initial period of availability, they remain available for obligation for an additional 4 years. During this time, agencies may deobligate and reobligate these funds; this is commonly referred to as deobligation-reobligation authority. Obligated funds generally then continue to be available for disbursement for an additional 5 years after the end of their period of availability for obligation. Because of rounding, amounts shown may not sum precisely to totals shown.

^aThese unobligated balances include \$95,000 in INCLE funds, almost \$1.2 million in NADR Antiterrorism Assistance (ATA) funds, and \$26,000 in NADR Export Control and Related Border Security (EXBS) funds. According to State, the period of availability for \$7,000 of these INCLE funds has expired, and that amount is no longer available to incur new obligations; \$37,000 of the INCLE funds has been deobligated and may be reobligated through September 30, 2016. Also according to State, an additional \$50,500 in fiscal year 2011 INCLE funds has been reapportioned and allocated for Egypt and is currently unobligated. In addition, according to State, the period of availability for \$918,000 of these ATA funds has expired, and that amount is no longer available to incur new obligations; \$268,000 of the ATA funds has been deobligated and may be reobligated through September 30, 2016. Finally, according to State, the period of availability for almost \$13,000 of these EXBS funds has expired, and that amount is no longer available to incur new obligations; approximately \$13,000 of the EXBS funds has been deobligated and may be reobligated through September 30, 2016. The period of availability for obligation of funds from all three accounts is generally 2 years, which is extended to 6 years if funds are obligated within the initial 2-year period.

^bThese unobligated balances include \$49,000 in INCLE funds, \$349,000 in ATA funds, and \$2,000 in EXBS funds. According to State, the period of availability for \$3,000 of these INCLE funds has

Appendix IV: Summary of U.S. Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

expired, and that amount is no longer available to incur new obligations; \$46,000 of the funds has been deobligated and may be reobligated through September 30, 2017. Also according to State, the period of availability for \$23,000 of these ATA funds has expired, and that amount is no longer available to incur new obligations; \$326,000 of the ATA funds has been deobligated and may be reobligated through September 30, 2017. Additionally, according to State, the period of availability for these EXBS funds has expired, and they are no longer available to incur new obligations. The period of availability for obligation of funds from all three accounts is generally 2 years, which is extended to 6 years if funds are obligated within the initial 2-year period.

^cThese unobligated balances include \$9,000 in ATA funds and \$298,000 in EXBS funds. According to State, the period of availability for \$3,000 of these ATA funds has expired, and that amount is no longer available to incur new obligations; \$6,000 of the ATA funds has been deobligated and may be reobligated through September 30, 2018. Also according to State, these EXBS funds have been deobligated and may be reobligated through September 30, 2018. The period of availability for obligation of funds from all three accounts is generally 2 years, which is extended to 6 years if funds are obligated within the initial 2-year period.

^dThese unobligated balances include \$7,000 in INCLE funds, \$10,000 in ATA funds, and over \$1,000 in EXBS funds. According to State, the period of availability for these INCLE, ATA, and EXBS funds has expired, and they are no longer available to incur new obligations. The period of availability for obligation of funds from all three accounts is generally 2 years, which is extended to 6 years if funds are obligated within the initial 2-year period.

^eThese unobligated balances include \$1 million in INCLE funds, \$2.1 million in ATA funds, and \$1 million in EXBS funds. The unobligated balances from all three accounts are available for obligation until September 30, 2016. If these funds are obligated within this initial period of availability, they will remain available for obligation until September 30, 2020.

^fWe are not able to present data for FMF for Egypt in the same way we present data for the other security-related assistance accounts, because FMF funds are budgeted and tracked differently than the other account funds and because the system used does not allow us to present data for FMF in a way that is consistent with our presentation of data for the other accounts. For the purposes of this report, “uncommitted” amounts represent FMF obligations not yet committed for expenditure and “committed” amounts include funding that has been committed but not yet disbursed, as well as FMF funding that has been disbursed to a case.

Appendix V: Status of U.S. Security-Related Assistance for Egypt by Account, Fiscal Years 2011-2015, as of September 30, 2015

The U.S. government provides bilateral security-related assistance to Egypt through a number of accounts, including the Foreign Military Financing; International Narcotics Control and Law Enforcement; International Military Education and Training; and Nonproliferation, Anti-terrorism, Demining, and Related Programs accounts.¹ Tables 12 through 15 provide information on the status of funds allocated for assistance for Egypt from these accounts for fiscal years 2011 through 2015, as of the end of fiscal year 2015.

Table 12: Status of Foreign Military Financing (FMF) Funding Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Allocations	\$1,297,400	\$1,300,000	\$1,234,259	\$1,300,000	\$1,300,000	\$6,431,659
Unobligated balances	0	0	0	0	0	\$0
Uncommitted	0	0	0	0	0	\$0
Committed	1,297,400	1,300,000	1,234,259	1,300,000	1,300,000	\$6,431,659

Legend: FY = fiscal year.

Source: GAO analysis of Department of State data. | GAO-16-435

Notes: We are unable to present data for FMF funding for Egypt in the same way as for funding from other security-related assistance accounts, because FMF funds are budgeted and tracked differently than the other account funds and the system used does not allow us to present data for FMF in a way that is consistent with our presentation of the data for the other accounts. By law, FMF funds are obligated upon apportionment from the Office of Management and Budget. The Department of Defense therefore refers to the subsequent designation of FMF funds for a particular program or contract as a "commitment." For the purposes of this report, "uncommitted" amounts represent FMF obligations not yet committed for expenditure and "committed" amounts include funding that has been committed but not yet disbursed, as well as FMF funding that has been disbursed to a case.

¹In addition to providing bilateral assistance to Egypt, the U.S. government has provided security-related assistance to Egypt under certain global or regional programs funded through the Nonproliferation, Anti-terrorism, Demining, and Related Programs account. We are reporting data only on bilateral assistance.

Appendix V: Status of U.S. Security-Related Assistance for Egypt by Account, Fiscal Years 2011-2015, as of September 30, 2015

Table 13: Status of International Military Education and Training (IMET) Funding Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Allocations	\$1,275	\$1,389	\$1,457	\$1,800	\$1,700	\$7,621
Unobligated balances	0	0	0	0	0	\$0
Unliquidated obligations	48	176	694	1,372	1,700	\$3,990
Disbursements	1,226	1,213	763	428	0	\$3,630

Legend: FY = fiscal year.

Source: GAO analysis of Department of State data. | GAO-16-435

Notes: For programs funded with appropriations from the IMET account, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are the amount of obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations. IMET funds are generally available for obligation for 1 year. Obligated IMET funds then continue to be available for disbursement for an additional 5 years after the end of their period of availability for obligation.

Table 14: Status of International Narcotics Control and Law Enforcement (INCLE) Funding Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011-2015, as of September 30, 2015

Dollars in thousands

	FY2011	FY2012	FY2013	FY2014	FY2015	Total
Allocations	\$1,000	\$686	\$5,001	\$3,000	\$1,000	\$10,687
Unobligated balances	95 ^a	49 ^b	0	7 ^c	1,000 ^d	\$1,151
Unliquidated obligations	22	53	2,027	2,628	0	\$4,730
Disbursements	883	584	2,974	365	0	\$4,806

Legend: FY = fiscal year.

Source: GAO analysis of Department of State (State) data. | GAO-16-435

Notes: For programs funded with appropriations from the INCLE account, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are the amount of obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations. INCLE funds are available for obligation for 2 years. Under certain authority generally provided in the Department of State, Foreign Operations, and Related Programs Appropriations Acts, if funds from certain accounts are obligated within the initial period of availability, they remain available for obligation for an additional 4 years. During this time, agencies may deobligate and reobligate these funds. Obligated INCLE funds then continue to be available for disbursement for an additional 5 years after the end of their period of availability for obligation.

^aAccording to State, the period of availability for \$7,000 of these funds has expired and they are no longer available to incur new obligations and \$37,000 of the funds have been deobligated and may be reobligated through September, 30, 2016. An additional \$50,500 in fiscal year 2011 funds were originally allocated and obligated for another program, and have been reallocated for Egypt.

Appendix V: Status of U.S. Security-Related Assistance for Egypt by Account, Fiscal Years 2011-2015, as of September 30, 2015

According to State, these funds are currently unobligated and may be reobligated through September 30, 2016.

^bAccording to State, the period of availability for \$3,000 of these funds has expired and they are no longer available to incur new obligations; \$46,000 of the funds have been deobligated and may be reobligated through September 30, 2017.

^cAccording to State, the period of availability for obligation for these funds has expired and they are no longer available to incur new obligations.

^dUnobligated INCLE balances from fiscal year 2015 are available for obligation until September 30, 2016. If they are obligated within this initial period of availability, they will remain available for obligation until September 30, 2020.

Table 15: Status of Nonproliferation, Anti-terrorism, Demining, and Related Programs (NADR) Funding Allocated for Security-Related Assistance for Egypt, Fiscal Years 2011- 2015, as of September 30, 2015

Dollars in thousands

	Category	FY2011	FY2012	FY2013	FY2014	FY2015	Total
NADR ATA	Allocations	\$2,340	\$1,518	\$109	\$2,100	\$2,100	\$8,167
	Unobligated balances	1,186 ^a	349 ^b	9 ^c	10 ^d	2,100 ^e	\$3,654
	Unliquidated obligations	0	748	5	2,078	0	\$2,832
	Disbursements	1,154	421	95	12	0	\$1,682
NADR EXBS	Allocations	700	1,500	980	1,760	1,000	\$5,940
	Unobligated balances	26 ^a	2 ^b	298 ^c	1 ^d	1,000 ^e	\$1,328
	Unliquidated obligations	0	458	71	774	0	\$1,303
	Disbursements	674	1,039	610	985	0	\$3,309

Legend: ATA = Antiterrorism Assistance, EXBS = Export Control and Related Border Security, FY = fiscal year.

Source: GAO analysis of Department of State (State) data. | GAO-16-435

Notes: For programs funded with appropriations from the NADR account, funds are considered to be obligated once a legal liability of the U.S. government for the payment of goods and services ordered or received has been created. An unobligated balance is the amount of budget authority that has not yet been obligated. Unliquidated obligations, also known as obligated balances, are the amount of obligations already incurred for which payment has not yet been made. Disbursements are the amounts paid by federal agencies to liquidate government obligations. NADR funds are available for obligation for 2 years. Under certain authority generally provided in the Department of State, Foreign Operations, and Related Programs Appropriations Acts, if funds from certain accounts are obligated within the initial period of availability, they remain available for obligation for an additional 4 years. During this time, agencies may deobligate and reobligate these funds. Obligated NADR funds then continue to be available for disbursement for an additional 5 years after the end of their period of availability. Because of rounding, amounts shown may not sum precisely to totals shown.

^aAccording to State, the period of availability for \$918,000 of these ATA funds has expired and they are no longer available to incur new obligations and \$268,000 of the ATA funds have been deobligated and may be reobligated through September 30, 2016. Also according to State, the period of availability for almost \$13,000 of these EXBS funds has expired and they are no longer available to incur new obligations and approximately \$13,000 of the EXBS funds have been deobligated and may be reobligated through September 30, 2016.

^bAccording to State, the period of availability for \$23,000 of these ATA funds has expired and they are no longer available to incur new obligations and \$326,000 of the ATA funds have been deobligated and may be reobligated through September 30, 2017. Also according to State, the period of availability for these EXBS funds have expired and they are no longer available to incur new obligations.

**Appendix V: Status of U.S. Security-Related
Assistance for Egypt by Account, Fiscal Years
2011-2015, as of September 30, 2015**

^cAccording to State, the period of availability for \$3,000 of these ATA funds has expired and they are no longer available to incur new obligations and \$6,000 of the ATA funds have been deobligated and may be reobligated through September 30, 2018. Also according to State, these EXBS funds have been deobligated and may be reobligated through September 30, 2018.

^dAccording to State, the period of availability for these ATA and EXBS funds has expired and they are no longer available to incur new obligations.

^eUnobligated ATA and EXBS balances from fiscal year 2015 are available for obligation until September 30, 2016. If they are obligated within this initial period of availability, they will remain available for obligation until September 30, 2020.

Appendix VI: Comments from the Department of State



United States Department of State
Comptroller

Washington, DC 20520
JAN 22 2016

Dr. Loren Yager
Managing Director
International Affairs and Trade
Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548-0001

Dear Dr. Yager:

We appreciate the opportunity to review your draft report, "SECURITY ASSISTANCE: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt." GAO Job Code 100073.

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 Sean Lane, Political-Military Affairs Officer, Office of Regional Affairs, Bureau of Near Eastern Affairs at (202) 647-3691.

Sincerely,

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

Christopher H. Flaggs

Enclosure:
As stated

cc: GAO – Charles M. Johnson Jr.
NEA – Anne Patterson
State/OIG - Norman Brown

Department of State Comments on GAO Draft Report

**SECURITY ASSISTANCE: U.S. Government Should Strengthen End-Use
Monitoring and Human Rights Vetting for Egypt**
(GAO-16-244, GAO Code 100073)

The Department of State appreciates the opportunity to comment on the draft report *Security Assistance: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt*.

The Department of State concurs with the GAO's recommendation to improve the Government of Egypt's responses to Blue Lantern end-use monitoring inquiries. The Department will use available outreach methods to improve the completeness and timeliness of replies, subject to restrictions on travel to Egypt and any limitations inherent in United States' current political relations with the Government of Egypt.

The Department agrees with the GAO's recommendation to work in consultation with the Secretary of Defense to identify and address the factors that resulted in no records being available for vetting conducted on a very small number of Egyptian security forces prior to receiving U.S. financial and material support. The Department remains committed to ensuring that perpetrators of gross violations of human rights do not receive U.S. training or assistance, as it has consistently done in the past. The Department will take all necessary steps to correct this inadvertent oversight.

The Department partially agrees with the GAO's recommendation that it issue guidance establishing procedures for determining when individuals and subunits may receive U.S. assistance while part of larger units that are of serious concern. While the criteria for narrowing the scope of allegations or ineligibility in this manner are not covered in the Leahy vetting guide, the Department already takes such considerations into account in internal policy deliberations, on a case-by-case basis, to restrict or deny assistance. The Department is also currently discussing revisions to the Leahy vetting guide regarding this issue.

The Department also concurs with the recommendation to develop timeframes for establishing policies and procedures for equipment vetting to provide more reasonable levels of assurance that we are complying with the Leahy Law. The Department will continue to update our systems and procedures to facilitate equipment vetting to ensure greater compliance with the requirements of the Leahy

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Law. The Department recognizes that this is not an issue limited to Egypt and notes that there are many challenges to identifying future recipients of equipment across the range of assistance activities. DRL is in the process of developing a new version of the INVEST system—INVEST 2.0—that will better-accommodate vetting beyond the delivery of training, and DRL will work with other bureaus to create policies and procedures to govern vetting through INVEST 2.0.

The Department partially agrees with the GAO's recommendation to ensure the proper maintenance of training rosters of Egyptian security force recipients of U.S.-funded assistance. State will attempt to implement these recommendations as best as it is able, but notes that full compliance with the recommendation will require hiring additional personnel at Embassy Cairo and, at present, the funding for such an action is not available.

The Department agrees with the GAO's recommendation for Embassy Cairo to record units of concern and allegations of gross violations of human rights in the INVEST document library. Embassy Cairo will maintain a version of the spreadsheet that it uses to track such units and allegations in INVEST and provide periodic updates as the Embassy receives new information. However, the Department notes that this spreadsheet exists independent of Leahy vetting: Embassy Cairo checks the entries on this list against names to be submitted for vetting and eliminates any matches before the vetting process begins. This list is *not* the result of units and individuals that have been formally rejected through the vetting process.

The Department of State thanks GAO for the opportunity to respond to the report draft and for the courtesies extended by GAO staff in the conduct of this review.

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

Charles Michael Johnson, Jr., (202) 512-7331, johnsoncm@gao.gov

Staff Acknowledgments

In addition to the contact named above, Jeff Phillips (Assistant Director), Drew Lindsey (Analyst-in-Charge), Ryan Vaughan, Rachel Dunsmoor, Ashley Alley, Tina Cheng, David Dayton, Justin Fisher, Jeff Isaacs, and Oziel Trevino made key contributions to this report.

Appendix VIII: Accessible Data

Agency Comment Letter

Text of Appendix VI: Comments from the Department of State

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United States Department of State

Comptroller

Washington, DC 20520

JAN 22 2016

Dr. Loren Yager

Managing Director

International Affairs and Trade

Government Accountability Office

441 G Street, N.W.

Washington, D.C. 20548-0001

Dear Dr. Yager:

We appreciate the opportunity to review your draft report, "SECURITY ASSISTANCE: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt." GAO Job Code 100073.

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 Sean Lane, Political-Military Affairs Officer, Office of Regional Affairs, Bureau of Near Eastern Affairs at (202) 647-3691.

Sincerely,

Christopher H. Flaggs

Enclosure: As stated

cc: GAO - Charles M. Johnson Jr.

NEA - Anne Patterson

State/OIG - Norman Brown

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Department of State Comments on GAO Draft Report

SECURITY ASSISTANCE: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt

(GAO-16-244, GAO Code 100073)

The Department of State appreciates the opportunity to comment on the draft report Security Assistance: U.S. Government Should Strengthen End-Use Monitoring and Human Rights Vetting for Egypt.

The Department of State concurs with the GAO's recommendation to improve the Government of Egypt's responses to Blue Lantern end-use monitoring inquiries. The Department will use available outreach methods to improve the completeness and timeliness of replies, subject to restrictions on travel to Egypt and any limitations inherent in United States' current political relations with the Government of Egypt.

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The Department of State thanks GAO for the opportunity to respond to the report draft and for the courtesies extended by GAO staff in the conduct of this review.

Accessible Text

Accessible Text for Figure 4: State's Process for Conducting Blue Lantern End-Use Monitoring Checks

1. State sends cable to request check
2. Embassy conducts inquiries
3. Embassy sends cable responding to check
4. State determines result of check i.e. favorable or unfavorable

Sources: GAO analysis of Department of State (State) data; Map Resources (map); Nova Development (clip art). | GAO-16-435

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