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United States Government Accountability Office
Washington, DC 20548

May 26, 2011

The Honorable Claire McCaskill
Chairman
Subcommittee on Contracting Oversight
Committee on Homeland Security
and Governmental Affairs
United States Senate

Dear Madam Chairman:

Subject: *Department of State's Counternarcotics Performance Management System*

Our recent reviews of U.S. counternarcotics programs in Mexico and Afghanistan highlighted the need to improve the programs' performance measures to track progress.¹ The Department of State (State) received over \$1 billion in its fiscal year 2010 appropriation for international counternarcotics assistance programs. The vast majority of this funding—about 90 percent in fiscal year 2010—supports counternarcotics programs in five countries—Mexico, Afghanistan, Colombia, Peru, and Bolivia. State's Bureau of International Narcotics and Law Enforcement Affairs (INL) is primarily responsible for implementing U.S. assistance programs involving eradication of illicit crops, interdiction of drug trafficking, and drug demand reduction, which represented about 85 percent of State's counternarcotics appropriation in fiscal year 2010.² INL implements a large share of its funding through contractors, primarily for aviation support for eradication and interdiction efforts.

You asked us to review State's performance measures for its counternarcotics programs. On March 10, 2011, we briefed your staff on our preliminary findings in which we described State's performance management system, including State's standard indicators for measuring the performance of counternarcotics assistance in recipient countries and

¹See GAO, *Merida Initiative: The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures*, [GAO-10-837](#) (Washington, D.C.: July 21, 2010), and *Afghanistan Drug Control: Strategy Evolving and Progress Reported, but Interim Performance Targets and Evaluation of Justice Reform Efforts Needed*, [GAO-10-291](#) (Washington, D.C.: Mar. 9, 2010).

²INL generally implements its counternarcotics programs with funding through the International Narcotics Control and Law Enforcement (INCLE) account. The U.S. Agency for International Development (USAID) implements most of the remaining State counternarcotics appropriation through either the Development Assistance account or the Economic Support Fund account for alternative development programs in Afghanistan and Andean countries.

requirements for posts to develop project-specific performance measures. Following the briefing, in subsequent correspondence with your office, we agreed to provide to you the information presented in the briefing, updated with additional material, that describes (1) how State measures the performance of its international counternarcotics assistance efforts, and (2) the nature of its counternarcotics contracts and whether these contracts are linked to State's performance management system. This report provides a summary of the observations conveyed at this briefing and updated briefing slides as an enclosure.

To conduct this work, we reviewed relevant State and Office of National Drug Control Policy (ONDCP) documents related to guidelines on performance measurement and analyzed State's appropriations for counternarcotics programs reported in State's annual Congressional Budget Justification document.³ We also interviewed INL and ONDCP officials regarding performance indicators for State's counternarcotics activities. In addition, we analyzed State's counternarcotics contracting data and discussed State's use and oversight of counternarcotics contracts with INL officials. To assess the reliability of the contracting data, we compared State-provided contract obligations in fiscal year 2009 for selected countries with information in the Federal Procurement Data System (FPDS). We found State's data on contracting and funding to be sufficiently reliable for the purposes of describing various types of State's counternarcotics contracts and the level of State's counternarcotics funding for recipient countries.

We conducted this work from November 2010 to May 2011, in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

Summary

State measures the performance of its counternarcotics activities based on information provided by the Narcotic Affairs Sections (NAS) at overseas posts on both high-level indicators and project-level indicators. State currently has nine standard indicators for its eradication, interdiction, and drug demand reduction programs, which overseas posts report on, if applicable, to the Office of the Director of U.S. Foreign Assistance in annual Performance Plans and Reports.⁴ These reports include targets and results, and form the basis for State's annual reporting of results to ONDCP.⁵ In addition to these standard indicators, INL requires posts to develop project-specific performance measures and

³ONDCP is a component of the Executive Office of the President established in 1988 to set policies, priorities, and objectives for the nation's drug control program.

⁴Additional standard indicators apply to alternative development programs implemented by USAID. According to a cognizant State official, the Office of the Director of U.S. Foreign Assistance is leading an effort to revise the standard indicators for all foreign assistance objectives by the summer of 2011.

⁵*ONDCP Circular: Drug Control Accounting*, (May 1, 2007) requires drug control program agencies to annually submit to the Director of ONDCP a performance summary report, which includes performance measures, targets, and results. As of April 2011, ONDCP was in the process of developing a new performance reporting system.

include them in letters of agreement (LOA) with recipient countries. According to State officials, INL is developing new guidelines for monitoring and evaluation, which would require posts to develop a performance management plan that defines each project's performance measures and establishes an approach for periodic monitoring.⁶ INL also reports results of its counternarcotics efforts for each country in its annual *International Narcotics Control Strategy Report* (INCSR), although this report does not necessarily identify performance targets in its country narratives.

According to INL officials responsible for contract management, INL generally does not link the performance of individual contracts to its overall program performance assessments, in part because performance measures in contracts relate specifically to fulfillment of contract requirements rather than broad program goals. For example, performance measures in the aviation equipment and support contracts define targets for availability of aircraft and the number of flights to be conducted, not drug interdiction or eradication targets. In addition to aviation equipment and support, which constitute the bulk of contract obligations related to counternarcotics efforts, other INL counternarcotics contract activities include meal services and lodging for counternarcotics personnel, and commodities, such as fuel and vehicles. According to INL officials, State does not have a centralized inventory of counternarcotics contracts. Instead, contract data at State are disaggregated between the Narcotics Affairs Sections at overseas posts and the governmentwide FPDS. An INL official noted that INL has begun the process of developing its own database of counternarcotics contracts. Overseas posts are generally responsible for setting contract requirements and conducting contract oversight of counternarcotics activities.⁷

Agency Comments

We provided a draft of this report to State, which provided technical comments that we incorporated as appropriate. State did not provide formal comments.

⁶As of April 2011, INL was piloting the use of these guidelines for new counternarcotics projects in the Caribbean and in West Africa, according to INL officials.

⁷In 2007, we found that State's oversight of its aviation support contracts met State's and contract-specific oversight and management requirements. See GAO, *State Department: State Has Initiated a More Systematic Approach for Managing Its Aviation Fleet*, [GAO-07-264](#) (Washington, D.C.: Feb. 2, 2007).

Should you or your staff have questions regarding this report, please contact me at (202) 512-4268 or fordj@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff that made key contributions to this report are listed in enclosure II.

Sincerely,

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J".

Jess T. Ford
Director, International Affairs and Trade

Enclosures (2)



Department of State's Counternarcotics Performance Measures

May 2011



Objectives, Scope, and Methodology

- Objectives
 - How does State measure the performance of its counternarcotics assistance efforts?
 - To what extent can State identify the nature of its counternarcotics contracts and are these contracts linked to State's performance management system?
- Scope and Methodology
 - To determine how State measures performance of its counternarcotics efforts, we reviewed relevant documents and interviewed officials from State and the Office of National Drug Control Policy (ONDCP) regarding standard and project-specific performance indicators.
 - To determine whether State links contracts to its performance management system, we interviewed State officials on the use and type of counternarcotics contracts, and reviewed State-provided data on contract obligations in fiscal year 2009 for selected countries, which we compared with information in the Federal Procurement Data System (FPDS), a governmentwide contracting database, to verify their reliability.



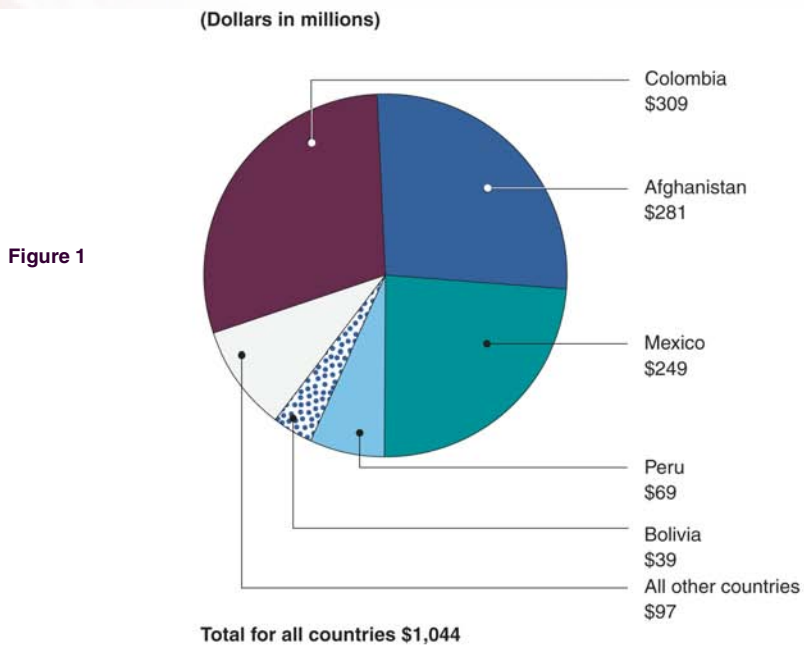
Background: Recent Relevant GAO Recommendations

- **Afghanistan** (*GAO-10-291, March 2010*)
 - State should develop performance measures and interim targets to assess Afghan capacity to independently conduct public information activities.
- **Mexico** (*GAO-10-837, July 2010*)
 - State should incorporate into the strategy for implementing the Mérida Initiative outcome performance measures that indicate progress toward strategic goals.¹
- **Transit Countries** (*GAO-08-784, July 2008*)
 - State should report the results of U.S.-funded counternarcotics initiatives more comprehensively and consistently for each country in the annual *International Narcotics Control Strategy Report (INCSR)*.

¹The Mérida Initiative provides training and equipment to help address the problem of increasing crime and violence in Mexico and Central America.



Background: Fiscal Year 2010 State Appropriations for Counternarcotics (All Accounts)

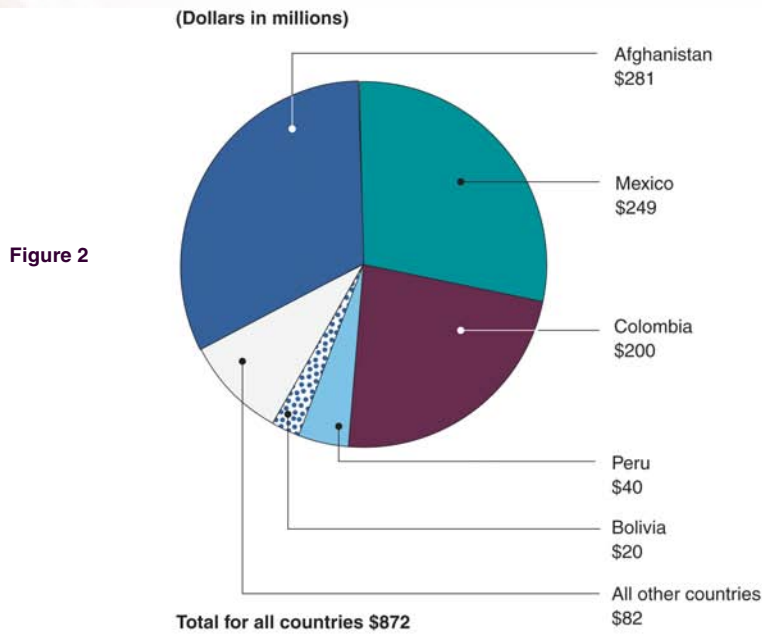


Source: GAO analysis of State data.

Note: The chart includes funding from Economic Support Fund and Development Assistance accounts, implemented by USAID for alternative development programs, but excludes centrally managed accounts and Overseas Contingency Operations funding.



Background: Fiscal Year 2010 State Appropriations for Counternarcotics (INCLE Account)



Source: GAO analysis of State data.

Note: The Bureau of International Narcotics and Law Enforcement Affairs (INL) implements counternarcotics programs with International Narcotics Control and Law Enforcement (INCLE) funds. The chart excludes funding implemented by USAID, centrally managed accounts, and Overseas Contingency Operations funding.



Background: State-Funded Counternarcotics Programs

The Foreign Assistance Standardized Program Structure defines four counternarcotics program areas:

- Implemented by State/INL:
 - 1) Eradication of illicit crops
 - 2) Interdiction of illicit drugs
 - 3) Drug demand reduction

- Implemented by U.S. Agency for International Development:
 - 4) Alternative development and alternative livelihoods in the Andean region and Afghanistan



Objective 1: State’s Standard Counternarcotics Indicators

Table 1

Eradication	Hectares (Ha) of drug crops eradicated in U.S. government (USG)-assisted areas
Interdiction	Kilos of illicit narcotics seized by host government in USG-assisted areas
	Kilos of precursor chemicals seized by host government in USG-assisted areas ²
Drug demand reduction	Number of drug demand research studies completed with USG assistance
	Number of drug prevention programs supported with USG assistance
	Number of people reached with drug prevention messages in USG-assisted areas
	Number of people trained as drug treatment counselors with USG assistance
	Number of new treatment beds created with USG assistance
	Number of treatment beds supported with USG assistance

Source: State.

²Precursor chemicals are used to make narcotic drugs and psychotropic substances.



Objective 1: State's System for Measuring Performance

Narcotics Affairs Sections in overseas posts are primarily responsible for assessing performance of counternarcotics efforts in recipient countries.

- Posts report to the Office of the Director of U.S. Foreign Assistance on applicable counternarcotics standard indicators in annual Performance Plans and Reports.
- Posts may report on counternarcotics-related targets and results in annual Mission Strategic and Resource Plans.
- State requires posts to develop and include performance measures for counternarcotics projects in letters of agreement with recipient countries.
- State's annual *International Narcotics Control Strategy Report* includes country narratives reporting results of counternarcotics efforts.



Objective 1: Efforts to Revise Counternarcotics Performance Indicators

- ONDCP is developing a new performance reporting system for drug control agencies, including State.
- The Office of the Director of U.S. Foreign Assistance is leading an effort to revise the foreign assistance standard performance indicators, including counternarcotics indicators.
- INL is developing new guidelines for monitoring and evaluation.
 - The guidelines would require project-level performance measures and a plan for periodic monitoring and evaluation.



Objective 2: State's Counternarcotics Contracting Activities

- Majority of fiscal year 2009 funding for State's counternarcotics contracts relates to aviation equipment and support.
 - The contractor provides global aviation support in seven countries.
 - Aviation contracts include output performance measures, such as number of flights conducted and availability of aircraft.
 - We found in 2007 that INL's oversight of these contracts met State and contract-specific requirements and standards (GAO-07-264, February 2007).
- Other contracting includes meals and lodging for counternarcotics personnel, and commodities.
 - Commodities purchased include fuel, vehicles, and office equipment.
 - The performance of commodity contracts is measured by whether a commodity was delivered according to contract requirements and delivery time frames.



Objective 2: State's Counternarcotics Contracting Activities (cont'd.)

Table 2

State Counternarcotics and Law Enforcement Contract Obligations for Selected Countries in Fiscal Year 2009	
Dollars in thousands	
Country	Fiscal year 2009 contract obligations
Colombia	\$295,380
Mexico	18,036
Bolivia	11,272
Peru	7,920
Guatemala	5,399
Ecuador	4,341
Haiti	\$130

Source: GAO analysis of State data provided to the Senate Subcommittee on Contracting Oversight, Committee on Homeland Security and Governmental Affairs for countries in the Western Hemisphere.

Note: State gathered these data beginning in February 2011 in response to an information request from the Senate Subcommittee on Contracting Oversight, Committee on Homeland Security and Governmental Affairs. Data do not include obligations for less than \$100,000. The data include contract obligations for law enforcement assistance, which State did not disaggregate from assistance specifically related to counternarcotics assistance.



Objective 2: State's Counternarcotics Contracting Activities (cont'd.)

- INL generally does not link individual contract performance metrics to overall assessments of counternarcotics program outcomes.
- Posts are generally responsible for setting contract requirements and conducting contract oversight.
- INL does not have a comprehensive inventory of counternarcotics contracts.
 - Data on contracts come from the Federal Procurement Data System and posts.
 - INL intends to develop its own database of counternarcotics contracts.

Enclosure II: GAO Contact and Staff Acknowledgments

GAO Contact

Jess T. Ford, Director, International Affairs and Trade, (202) 512-4268 or fordj@gao.gov

Staff Acknowledgments

In addition to the individual named above, Juan Gobel, Assistant Director; Howard Cott; Teresa Heger; Farhanaz Kermalli; and Adam Vogt made key contributions to this report.

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