

July 2010

# MÉRIDA INITIATIVE

## The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures



GAO

Accountability \* Integrity \* Reliability



Highlights of [GAO-10-837](#), a report to congressional requesters

## Why GAO Did This Study

Crime and violence related to drug trafficking in Mexico and Central America have increased in recent years and pose a threat not only to those areas but to the United States as well, particularly along the Southwest border. The Mérida Initiative, announced in 2007, provides about \$1.6 billion in law enforcement support to Mexico and Central American countries. The Department of State (State) manages the Initiative while other U.S. agencies play key roles in implementation. This report examines (1) the status of Mérida program implementation; (2) State's strategy for implementation; and (3) coordination mechanisms in place for Mérida. To address these objectives, GAO reviewed agency documents; interviewed officials at State, the U.S. Agency for International Development (USAID), the Department of Defense, and other relevant agencies; and conducted fieldwork in Mexico and Central America.

## What GAO Recommends

GAO recommends that the Secretary of State incorporate into the strategy for the Mérida Initiative outcome performance measures that indicate progress toward strategic goals and develop more comprehensive timelines for future program deliveries. State agreed with the recommendations.

[View GAO-10-837 or key components.](#)  
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## MÉRIDA INITIATIVE

### The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Measures

#### What GAO Found

The United States has delivered various equipment and training to Mexico under the Mérida Initiative. While the pace of delivery has been slowed by a number of implementation challenges, it has increased recently. As of March 31, 2010, 46 percent of Mérida funds for fiscal years 2008 to 2010 had been obligated, and approximately 9 percent had been expended. In Mexico, U.S. agencies have delivered major equipment including five Bell helicopters, several X-ray inspection devices, law enforcement canines and training for their handlers, and training for over 4,000 police officers. In Central America, U.S. agencies have delivered police vehicles and non-intrusive inspection equipment, and have provided various courses, including workshops on combating arms trafficking, and training on handling evidence from clandestine criminal laboratories. Deliveries of equipment and training have been delayed by challenges associated with an insufficient number of staff to administer the program, negotiations on interagency and bilateral agreements, procurement processes, changes in government, and funding availability. U.S. agencies are working to address these challenges. For example, the Embassy Narcotics Affairs Section in Mexico City has more than doubled its staff resources since Mérida was launched.

While State has developed some of the key elements of an implementation strategy for the Mérida Initiative, including a mission, strategic goals, and a resource plan, its strategic documents lack certain key elements that would facilitate accountability and management. For example, its strategic documents do not include outcome performance measures that indicate progress toward achieving strategic goals. In addition, State has not developed a comprehensive set of timelines for all expected deliveries, though it plans to provide additional equipment and training in both Mexico and Central America.

State has primary responsibility for coordinating the Mérida Initiative. GAO identified several mechanisms that incorporate decision-makers at various levels of government that facilitate coordination between State headquarters and posts, within posts, and bilaterally with foreign governments. For example, several State bureaus regularly coordinate with other U.S. agencies on Mérida policy and programmatic issues. State headquarters and U.S. embassies in Mexico and Central America have established mechanisms to coordinate and communicate on implementation. U.S. agencies at posts also have developed and adapted mechanisms to coordinate efforts within the U.S. Embassy community in Mexico and Central American countries. Moreover, State has established formal bilateral mechanisms to coordinate with Mexican authorities.

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# Contents

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<b>Letter</b>		<b>1</b>
	Background	3
	The United States Has Delivered Equipment and Training under Mérida and Is Working to Overcome Implementation Challenges	7
	State’s Strategy for Mérida Is Missing Elements That Would Improve Accountability and Management	22
	State Has Primary Responsibility for Coordinating the Mérida Initiative	27
	Conclusions	36
	Recommendation for Executive Action	36
	Agency Comments and Our Evaluation	36
<b>Appendix I</b>	<b>Scope and Methodology</b>	<b>38</b>
<b>Appendix II</b>	<b>Performance Measures for Mexico Corresponding to the Original Mérida Strategic Goals</b>	<b>42</b>
<b>Appendix III</b>	<b>Comments from the Department of State</b>	<b>44</b>
<b>Appendix IV</b>	<b>GAO Contact and Staff Acknowledgments</b>	<b>47</b>
<b>Tables</b>		
	Table 1: Selected Equipment and Training Delivered to Mexico and Central America under the Mérida Initiative, as of March 31, 2010	8
	Table 2: Mérida and CARSI Funding Status as of March 31, 2010	11
	Table 3: Selected Equipment and Training Pending Delivery to Mexico and Central America under Mérida, as of March 31, 2010	25
	Table 4: Mérida Coordination at Various Levels	29
	Table 5: Mérida Initiative Policy Coordination Group for Mexico—Key Actors by Mérida Initiative Pillar	33
	Table 6: Summary of U.S. Government and Foreign Entities Contacted	39

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## Figures

Figure 1: Total Mérida Funds Allocated by Region, FY 2008 through FY 2010 (in millions of dollars)	4
Figure 2: Mérida Initiative Timeline	19
Figure 3: State Estimates in Dollar Value of Major Equipment Deliveries to Mexico under Mérida as of March 2010	26

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## Abbreviations

ATF	Alcohol, Tobacco, Firearms and Explosives
CARSI	Central America Regional Security Initiative
CBP	Customs and Border Protection
CBSI	Caribbean Basin Security Initiative
CONADIC	Mexican National Addiction Council
DAO	Defense Attaché Office
DEA	Drug Enforcement Administration
DHS	Department of Homeland Security
DOD	Department of Defense
DOJ	Department of Justice
DTO	Drug Trafficking Organization
ESF	Economic Support Fund
FBI	Federal Bureau of Investigation
FMF	Foreign Military Financing
IAA	Interagency Agreement
ICE	Immigration and Customs Enforcement
ILEA	International Law Enforcement Academy
INAMI	Mexican National Migration Institute
INCLE	International Narcotics Control and Law Enforcement
INL	Bureau for International Narcotics Affairs and Law Enforcement
LOA	Letter of Agreement
MOU	Memorandum of Understanding
NAS	Narcotics Affairs Section
NGO	Non-government Organization
NSC	National Security Council
OASISS	Operation Against Smugglers (and Traffickers) Initiative on Safety and Security
OMB	Office of Management and Budget
ONDCP	Office of National Drug Control Policy
OPDAT	Overseas Prosecutorial Development Assistance and Training
PAS	Public Affairs Section
PGR	Mexican Office of the Attorney General
PM	Bureau of Political-Military Affairs
RSO	Regional Security Office
SAT	Mexican Customs Service
SEDENA	Mexican Army-Air Force

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SEMAR	Mexican Navy
SICA	Central American Integration System
SIEDO	Mexican Deputy Attorney General's Office for the Investigation of Organized Crime
SRE	Mexican Ministry of Foreign Affairs
SSP	Mexican Ministry of Public Safety
TAG	Transnational Anti-Gang Initiative
UIF	Mexican Financial Intelligence Unit
USAID	United States Agency for International Development
WHA	Bureau of Western Hemisphere Affairs

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United States Government Accountability Office  
Washington, DC 20548

July 21, 2010

The Honorable Eliot L. Engel  
Chairman  
The Honorable Connie Mack  
Ranking Member  
Subcommittee on the Western Hemisphere  
Committee on Foreign Affairs  
House of Representatives

The Honorable Charles E. Grassley  
Ranking Member  
Committee on Finance  
United States Senate

Crime and violence in Mexico and Central America have continued to increase in recent years and pose a threat to the United States, particularly along the U.S.-Mexico border. Recent estimates indicate more than 22,000 people have been killed in drug related violence in Mexico since December 2006. In March, three people connected to the U.S. Consulate in Ciudad Juarez were killed by gunmen believed to be linked to a drug trafficking organization. Other criminal incidents in border communities highlight the threat drug trafficking in Mexico poses to U.S. security. At the same time, gangs with ties to Central America have been specifically identified as posing serious threats to the public safety of communities in the United States and in Central American countries due to their extremely violent nature, the breadth and sophistication of their criminal activities, and their rapid expansion.<sup>1</sup>

To address growing narcotics and crime issues in the region, in October 2007, the United States and Mexico launched the Mérida Initiative, a \$1.6 billion effort aimed at supporting law enforcement activities.<sup>2</sup> The Initiative brought a shift in both scale and scope to U.S. support for Mexico. U.S. funding for counternarcotics and related law enforcement

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<sup>1</sup>GAO, *Combating Gangs: Federal Agencies Have Implemented a Central American Gang Strategy, but Could Strengthen Oversight and Measurement of Efforts* (Washington D.C.: April 2010).

<sup>2</sup>Legislation that provided the initial funding was enacted in June 2008; Supplemental Appropriations Act, 2008, Pub. L. No. 110-252, 122 Stat. 2323.

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activities in Mexico has increased significantly from pre-Mérida levels.<sup>3</sup> Moreover, the level of collaboration between the United States and Mexico is unprecedented, presenting the United States with a unique opportunity to address not only the mutual problem of drug trafficking and organized crime affecting the region, but also advance the bilateral relationship in other areas.

The Department of State (State) manages the Mérida Initiative and, in cooperation with several other U.S. agencies, is also responsible for its implementation. State outlined its strategy in the fiscal year 2008 Spending Plan and in other documents that define a mission, strategic goals, and a resource plan. As violence in Mexico and Central America continues, some members of the U.S. Congress have criticized the slow pace of delivery of training and equipment. Mexican officials have also cautioned that delays could undermine support for the Initiative and the Calderón Administration's decision to seek support from the United States.

In December 2009, we issued a correspondence detailing the funding status of the Mérida Initiative.<sup>4</sup> This report is a broad review of implementation and includes a funding update. Specifically, we examined (1) the status of Mérida program implementation; (2) State's strategy for implementation; and (3) coordination mechanisms in place for Mérida.

To conduct our evaluation, we reviewed State's spending plans for Mérida; State and U.S. Agency for International Development (USAID) budget documents and bilateral agreements between the United States and Mexico, the United States and the Central American countries;<sup>5</sup> and interagency agreements between State and other U.S. agencies implementing Mérida programs. We also interviewed officials at the Departments of State, Defense (DOD), Treasury (Treasury), Justice (DOJ), and Homeland Security (DHS); and USAID, the Office of National Drug Control Policy (ONDCP), and the Office of Management and Budget (OMB). In addition, we interviewed foreign government officials and reviewed documentation collected during site visits in Mexico, El

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<sup>3</sup>Average annual counternarcotics and related law enforcement funding increased from about \$57 million over the period of 2000 to 2006 to \$400 million for fiscal year 2008.

<sup>4</sup>GAO, *Status of Funds for the Merida Initiative*, GAO-10-253R (Washington D.C.: December 2009).

<sup>5</sup>The Central American countries include Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua, and Panama.

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Salvador, Panama, and Guatemala. Field work included visits to locations where programs and equipment have been delivered and included police and military and other law enforcement organizations.

We conducted this performance audit from September 2009 to July 2010 in accordance with generally accepted 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.

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## Background

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

- aircraft and boats to support interdiction activities and rapid response of law enforcement entities and other security forces;
- inspection equipment and canine units to facilitate interdiction of trafficked drugs, arms, cash, explosives, and persons;
- technical advice and training to strengthen the institutions of justice and law enforcement; and
- crime prevention programs that address the root causes of crime and violence, especially amongst youth.

The Mérida Initiative is one of several related U.S. government efforts to engage the battle against crime in the region. The Southwest Border Initiative, a cooperative effort by the Drug Enforcement Administration (DEA), the Federal Bureau of Investigation (FBI), Customs and Border Protection (CBP), Immigration and Customs Enforcement (ICE), and U.S. Attorney's offices, is designed to combat the substantial threat posed by Mexico-based trafficking groups operating along the Southwest Border. DOJ's Bureau of Alcohol, Tobacco, Firearms and Explosives (ATF) manages Project Gunrunner, which focuses on stemming the flow of firearms into Mexico, and has deployed a Spanish-language version of eTrace, a firearms tracking technology,<sup>6</sup> in Mexico City and five Central

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<sup>6</sup>GAO, *U.S. Efforts to Combat Arms Trafficking to Mexico Face Planning and Coordination Challenges*, GAO-09-709 (Washington D.C.: June 18, 2009).

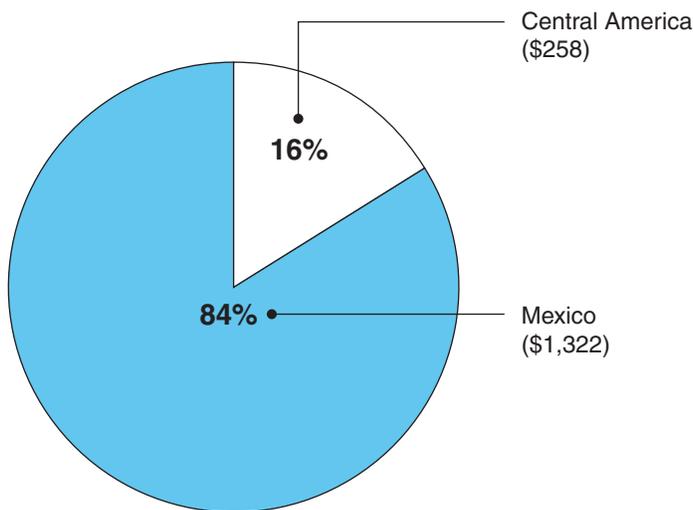
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American countries. Treasury is taking a comprehensive approach to countering the illicit financial activity that fuels the drug trade, and since 2000, DOD initiatives have facilitated coincidental maritime operations between Mexico and the United States and have resulted in greater cooperation between the two countries, particularly with respect to boarding, searching, and seizing suspected vessels transiting Mexican waters. In Mexico and Central America, DOD provides support to U.S. and foreign agencies with counternarcotics responsibilities which has increased in recent years and is separate from that provided under Mérida. This includes training, equipment, information sharing, technical advice, and related support. In Mexico, for example, DOD support includes pilot and maintenance training, surveillance aircraft, and various other training activities. In Central America, DOD support includes training and equipment for maritime communications and intelligence sharing, boats, and spare parts. DOD counternarcotics funding to Mexico totaled an estimated \$12.2 million in fiscal year 2008, \$34.2 million in fiscal year 2009, and \$34.5 million in fiscal year 2010. In Central America, DOD counternarcotics funding totaled an estimated \$16.8 million in fiscal year 2008, \$17.7 in fiscal year 2009, and \$22.4 million in fiscal year 2010.

Mexico will receive the bulk of the approximately \$1.6 billion in Mérida funding for Mexico and Central America (see fig. 1).

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**Figure 1: Total Mérida Funds Allocated by Region, FY 2008 through FY 2010 (in millions of dollars)**



Source: GAO analysis of State data.

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Initial appropriations used to fund Mérida included funding for Mexico, Central America, the Dominican Republic and Haiti. However, since the initial appropriation that funded Mérida in fiscal year 2008, Congress has acknowledged the importance of targeting the distinct needs of Mexico, Central America, and the Caribbean in combating narcotics trafficking and crime. As a result, Haiti and the Dominican Republic are now part of the Caribbean Basin Security Initiative (CBSI) and the Central American portion of Mérida funding is now part of the Central America Regional Security Initiative (CARSIS)<sup>7</sup>—two new initiatives under State. According to State, the policy framework for CBSI aims to strengthen Caribbean partner nations’ capabilities, including maritime security, law enforcement, information sharing, border and migration control, transnational crime, and criminal justice. In fiscal year 2010, Congress appropriated not less than \$37 million to CBSI.<sup>8</sup> Dominican Republic funding was also requested as part of CBSI in fiscal year 2011, but funding for Haiti—due to its unique post-earthquake needs—was requested as an independent line-item. CARSIS seeks to address the corrosive impact of narcotics and weapons trafficking, gangs, organized crime, porous borders, public safety, and rule of law issues that exist in many Central American countries. The initiative also facilitates further regional security cooperation among the Central American nations in coordination with the Mérida Initiative and CBSI.

To continue the Mérida effort in the future, the Obama Administration has submitted to Congress its fiscal year 2011 budget request, which asks for

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<sup>7</sup>State has renamed the “Mérida Initiative – Central America” as the “Central America Regional Security Initiative” in recognition of the Congress’ intent to draw attention to the region and its issues. See H. Rep. No. 111-366 (2009) (conference report to Pub. L. No. 111-117 using the term “Central America Regional Security Initiative (CARSIS).”) Conference report H. Rep. No. 111-366 states: “The conferees remain concerned with youth violence, criminal gangs, organized crime, drug trafficking and other forms of criminal activity and violence in Central America. The conferees support the budget request under the International Narcotics Control and Law Enforcement (INCLE) heading for the Central America portion of the Mérida Initiative and direct that such funds shall be made available from Western Hemisphere Regional funds for CARSIS.”

<sup>8</sup>Department of State, Foreign Operations, and Related Appropriations Act, 2010, Pub. L. No. 111-117, Div. F, § 7045, 123 Stat. 3034, 3372 (2009). Countries included in the CBSI are Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Dominican Republic, Grenada, Guyana, Haiti, Jamaica, St. Kitts and Nevis, Saint Lucia, St. Vincent and the Grenadines, Suriname, and Trinidad and Tobago. State and USAID consider Belize part of CARSIS for funding and programming purposes, but the legislation defining the countries that are CBSI includes Belize; therefore, State includes Belize in CBSI.

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\$310 million in assistance for Mérida in Mexico. The Administration has also requested \$100 million for CARSÍ and \$79 million for CBSI. In addition to the Administration's request, the Senate Appropriations Committee report on the fiscal year 2010 supplemental bill calls for an extra \$175 million for Mexico under Mérida to support judicial reform, institution building, anti-corruption, and rule of law activities.<sup>9</sup>

With the establishment of these new initiatives, State has revised its strategic goals for Mexico and Central America. In 2009, Obama Administration officials worked jointly with their Mexican counterparts to develop new goals for the Mérida Initiative in Mexico, known as the four pillars, which supersede the original goals developed in September 2008:<sup>10</sup>

1. *Disrupt Organized Criminal Groups.* This includes increasing coordination and information sharing to fight drug trafficking organizations (DTO) by focusing on intelligence collection and analysis, training and equipping special units, enhancing police and prosecutors' investigative capacity, conducting targeted investigations against money laundering, improving interdiction capability, and by supporting effective command and control centers across Mexico.
2. *Institutionalize Reforms to Sustain Rule of Law and Respect for Human Rights.* This involves continuing to build security and justice sector institutions at the federal level and expanding these efforts to additional federal, state, and local institutions.
3. *Create a 21st Century Border.* This involves advancing citizen safety while increasing global competitiveness through efficient and secure flows of two-way commerce and travel.
4. *Build Strong and Resilient Communities.* This includes programs that will leverage support for greater community involvement in developing a culture of lawfulness, as well as addressing socio-economic challenges in the community, including stemming the flow of potential recruits for the cartels by helping to promote constructive, legal alternatives for young people.

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<sup>9</sup>S. Rep. No. 111-188 (2010).

<sup>10</sup>The original four primary goals of the Mérida Initiative were to: (1) break the power and impunity of criminal organizations; (2) assist the Mexican and Central American governments in strengthening border, air, and maritime controls; (3) improve the capacity of justice systems in the region; and (4) curtail gang activity in Mexico and Central America and diminish the demand for drugs in the region.

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According to State officials, all U.S.-Mexico cooperation related to law enforcement and counternarcotics efforts have been folded into and are now considered part of the four pillars, regardless of whether any particular activity is Mérida funded or not. The four pillars are the guiding principles for law enforcement and counternarcotics activities in Mexico.

Efforts in Central America fell under the original September 2008 Mérida goals, but with the establishment of CARSI in 2010, State is in the process of developing goals that are specific to Central America. According to State, these goals are likely to reflect the following five concepts: (1) establishing safe streets; (2) disrupting the movement of criminals and contraband; (3) building strong, capable, and accountable governments; (4) embedding government presence in communities at risk; and (5) enhancing levels of intraregional cooperation.

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## The United States Has Delivered Equipment and Training under Mérida and Is Working to Overcome Implementation Challenges

The United States has delivered various equipment and training to Mexico and Central America under Mérida. For example, several helicopters and biometric equipment have been provided to Mexico, as well as contraband detection kits and police vehicles for some Central American countries. As of March 31, 2010, 46 percent of fiscal year 2008 to fiscal year 2010 Mérida funds had been obligated, and approximately 9 percent had been expended. The United States has faced a range of implementation challenges that have delayed delivery of equipment and training under the Initiative. U.S. agencies are working to address these challenges, which include insufficient number of staff to administer the program, negotiations on interagency and bilateral agreements, procurement processes, changes in government, and funding availability.

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## The United States Has Delivered a Range of Law Enforcement Equipment and Training

As of March 31, 2010, the United States had made several deliveries of equipment and training in Mexico and Central America under the Mérida Initiative. The United States has delivered items including five Bell helicopters, biometric equipment, immigration computer equipment and software, forensics lab equipment, and canines to Mexico. Table 1 provides a summary of equipment and training delivered to Mexico and Central America as of March 31, 2010. In addition, the United States has assisted in training over 4,000 police graduates from Mexico's federal police training facility, the academy at San Luis Potosí. In Central America, the United States has provided over 60 contraband detection kits, police vehicles, and training.

**Table 1: Selected Equipment and Training Delivered to Mexico and Central America under the Mérida Initiative, as of March 31, 2010**

	<b>Delivery date<sup>a</sup></b>
<b>Mexico</b>	
<b>Equipment</b>	
26 armored vehicles	May 2009
62 Plataforma Mexico computer servers	June 2009
Training equipment	July & December 2009
5 X-ray vans	August 2009
OASISS servers and software	August 2009
Biometric equipment	September 2009 & January 2010
Document verification software	September 2009
Ballistic tracing equipment (IBIS)	September 2009
30 ion scanners	October 2009
Rescue communication equipment & training	October & November 2009
Personal protective equipment	October & November 2009
5 Bell helicopters	December 2009
10 Mobile X-ray minivans	December 2009
Constanza software	February 2010
100 Polygraph units	March 2010
13 armored Suburbans	April 2010
<b>Training</b>	
230 Officials attending arms trafficking conferences	April 2009 to October 2009
187 Mexican Ministry of Public Safety (SSP) officers trained in corrections instruction and classification	April 2009 to December 2009
United Nation's human rights project inaugurated	July 2009
4,392 SSP investigators trained	July 2009 to January 2010
USAID training for capacity building programs throughout Mexico for over 10,000 Mexican officials in the following areas:	August 2009 to March 2010
<ul style="list-style-type: none"> <li>• Citizen participation councils</li> <li>• Victim protection and restitution</li> <li>• Judicial exchanges</li> <li>• Trafficking in persons</li> <li>• Human rights</li> <li>• Pre-trial services and case resolution alternatives</li> <li>• Continuing education for police, prosecutors and other officials</li> <li>• Penal reform</li> </ul>	
Over 200 Mexican prosecutors and investigators trained in trial advocacy, trafficking in persons, and extradition	September 2009 to March 2010
28 canine trainers trained	October 2009 to April 2010
293 mid-level and senior-level SSP officers trained	October 2009 to November 2009
45 Mexican state officials trained in anti-kidnapping	November 2009 to January 2010
<b>Central America</b>	
<b>Equipment</b>	
67 CT-30 kits	October 2009 to December 2009
3 police vehicles to Belize	April 2010

<b>Training</b>	<b>Delivery date<sup>a</sup></b>
52 students selected for U.S. study	Summer 2009
Workshop to combat illicit trafficking in arms	July 2009
8 corrections officers from Belize trained	January 2010 to February 2010
Training on handling and investigating clandestine criminal laboratories for 30 Guatemalan officials	February 2010
10 Investigative personnel from the El Salvador National Police trained on eTrace and firearms trafficking	February 2010
40 Costa Ricans trained on eTrace	March 2010

Source : GAO analysis of State Department data.

<sup>a</sup>Delivery of training may have occurred in more than one course during the time indicated.

The equipment and training the United States has delivered thus far have provided a variety of resources for recipient countries. For instance, in our field visits, we observed several of the programs that have been implemented:

- The canine program in Mexico has been implemented and several canine units have been trained and are in operation, with plans to expand the program to other areas in Mexico. According to State officials, with assistance from other U.S. agencies like CBP and ATF, State is helping to develop canine academies in Mexico so as to institutionalize this capability.
- State officials informed us that the Bell helicopters are currently in operation around Mexico, providing troop transport capabilities for Mexican military operations against DTOs.
- The initial phase for collecting immigration data that can be used to monitor and track the movements of criminals has been implemented, with information currently being collected in Mexico City. Several other cities will be receiving similar equipment, and data will eventually be stored and shared through a central database.
- The biometric equipment at Mexico's southern border is installed and in use, allowing Mexican officials to store information about individuals crossing into the country, to support immigration control. Eventually, the data from this facility will be connected to the Mexican national data system, which uses servers and software provided under Mérida.
- 115 Mexican corrections instructors were trained and certified at the New Mexico Corrections Academy; this cadre of instructors in turn trained almost 900 new corrections officers at the new Penitentiary Academy in Xalapa. According to State officials, the Mexican government intends to

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begin training Mexican state and local penitentiary officers at the Xalapa academy, as well as open it to Central American penitentiary systems, in the near future. These officials also indicate that the United States has provided essential technical assistance and training to modernize the Mexican prisoner classification system, to ensure proper prisoner tracking and management.

The Mérida Initiative has supported programs in Central America. Some of the programs that have been initiated in the Central American countries we visited are described below:

- In El Salvador, Mérida funding will enhance the Transnational Anti-Gang Initiative (TAG) by providing technical expertise and specialized equipment such as computers, software, protective gear, radios, and vehicles to law enforcement agencies. The funding will support the deployment of FBI agents not only to El Salvador but also to Guatemala and Honduras. The goal is to provide technical assistance to aggressively investigate, disrupt, and dismantle violent gangs whose activities rise to the level of criminal enterprises, and who pose the greatest transnational threat, while enhancing the capabilities of the law enforcement agencies involved. Other Mérida funds will support the International Law Enforcement Academy (ILEA) in El Salvador, which provides training and technical assistance, supports institution building and enforcement capability, and fosters relationships of American law enforcement agencies with their counterparts in the Central American region.
- In Guatemala, the Villa Nueva Model Police Precinct, which has reduced gang activity in that municipality, is being replicated in other communities. USAID supported the project with existing program funds in fiscal years 2008 and 2009 and will expand the effort to other communities with CARSI funds in 2010.
- In Panama, a USAID crime prevention and anti-gang program provides alternatives to narcotics use and gang membership for disadvantaged youth. This program, which entails cooperation between USAID, Panamanian authorities, civil society, and the private sector was initiated with USAID bilateral funds but will be funded under the Mérida Initiative as it proceeds. Under the program there is a proposal to develop a new governmentwide working group to coordinate all Panamanian government activities dealing with at-risk youth. This working group is intended to bring together approximately 45 at-risk youth programs and to facilitate assistance from donors, NGOs, and corporations, including continuation of funding under Mérida.

## Nearly Half of Mérida Funds Have Been Obligated

As of March 31, 2010, 46 percent of Mérida funds for fiscal years 2008 to 2010 had been obligated, and approximately 9 percent had been expended (see table 2). This represents approximately \$115 million more in expenditures since September 30, 2009, and nearly \$19 million in additional obligations during this time. Since our last report,<sup>11</sup> the pace of delivery of Mérida support has increased and Congress has appropriated an additional \$293 million for Mérida and CARSI activities for fiscal year 2010.<sup>12</sup>

**Table 2: Mérida and CARSI Funding Status as of March 31, 2010**

Dollars in millions			
	Allocated <sup>a</sup>	Obligated balance <sup>b</sup>	Expended balance
<b>Mexico</b>			
FY08 Supplemental <sup>c</sup>	\$398.0	\$290.9	\$107.1
FY09 Omnibus	300.0	44.1	2.7
FY09 Supplemental	420.0	330.1	6.4
FY10	204.3	4.6	5.0
<b>Mexico total</b>	<b>\$1,322.3</b>	<b>\$669.7</b>	<b>\$121.2</b>
<b>Central America</b>			
FY08 Supplemental <sup>c</sup>	\$69.8	\$49.5	\$19.8
FY09 Omnibus	104.8	14.9	0
FY09 Supplemental	-	-	-
FY10 <sup>d</sup>	83.0	0.1	0.2
<b>Central America total</b>	<b>\$257.6</b>	<b>\$64.5</b>	<b>\$20.0</b>
<b>Mérida total<sup>e</sup></b>	<b>\$1,579.9</b>	<b>\$734.3</b>	<b>\$141.2</b>

Source: GAO analysis of State Department data.

Note: Appropriated funds give budget authority to incur obligations and to make payments from the Treasury for specified purposes. Obligated funds are commitments that create a legal liability of the U.S. government for the payment of goods and services ordered or received. Expenditures are funds that have been spent.

<sup>11</sup>GAO-10-253R.

<sup>12</sup>Section 7045(e) of the State, Foreign Operations and Related Programs Appropriations Act, 2010, provides not more than \$210.25 million for assistance for Mexico only to combat drug trafficking and related violence and organized crime, and for judicial reform, institution building, anti-corruption, and rule of law activities. Section 7045(f) of the Act also provides up to \$83 million for the countries of Central America only to combat drug trafficking and related violence and organized crime, and for judicial reform, institution building, anticorruption, rule of law activities, and maritime security. However, State has not yet notified Congress of final fiscal year 2010 Central America funding levels, which are still pending as of this publication.

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<sup>a</sup>Includes amounts appropriated “to combat drug trafficking and related violence and organized crime, and for judicial reform, institution building, anti-corruption, rule of law activities” in these countries, amounts congressionally directed for programs for the aforementioned purposes in these countries, and amounts allocated by State to fund Mérida activities. For the purposes of this report, we consider “to combat drug trafficking and related violence and organized crime, and for judicial reform, institution building, anti-corruption, rule of law activities” to be Mérida activities. Amounts differ slightly from those previously reported in December 2009 ([GAO-10-253R](#)) due to reprogramming of some funds.

<sup>b</sup>Although the Bureau for International Narcotics and Law Enforcement Affairs reports both its bulk obligations and sub-obligations to the Office of Management and Budget, its bulk obligations, as the first record of a legal liability to pay for goods and services, are what we are reporting as its obligations. Obligated balance refers to unliquidated obligations.

<sup>c</sup>In the Supplemental Appropriations Act, 2008, Congress appropriated \$352 million into various accounts “to combat drug trafficking and related violence and organized crime, and for judicial reform, institution building, anti-corruption, rule of law activities” in Mexico for Mérida Initiative activities, in addition to \$48 million for the same purposes from the FY 2009 Supplemental Bridge. In addition to these amounts appropriated, State reprogrammed \$9 million of pre-fiscal 2008 funds to go toward Mérida programs.

<sup>d</sup>Section 7045(f) of the State, Foreign Operations and Related Programs Appropriations Act, 2010 provides up to \$83 million for the countries of Central America only to combat drug trafficking and related violence and organized crime, and for judicial reform, institution building, anticorruption, rule of law activities, and maritime security. However, State has not yet notified Congress of final fiscal year 2010 Central America funding levels, which are still pending as of this publication.

<sup>e</sup>While they are part of the Mérida Initiative for the Supplemental Appropriations Act, 2008, and the Omnibus Appropriations Act, 2009, Haiti and Dominican Republic are not included in this table.

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## State Holds That Expenditure Levels Are Not an Accurate Measure of Progress

State officials have indicated that expenditure levels alone are not an accurate measure of progress on program delivery. According to State, expended funds do not capture all program activity because of timing issues associated with procurement, billing and reporting systems of State and DOD. Officially, funds are considered expended when payment has been made from the U.S. Treasury. This action can be delayed significantly beyond the actual delivery of goods and services due to a variety of factors, including incomplete documentation, slow vendor invoicing, or other issues.

In addition, funds must be obligated before they can be spent, and State employs different obligation processes depending on the bureau that manages the funding account. For Mérida, three different State bureaus manage the funding accounts and obligate funds through distinct processes, as follows:

- The majority of Mérida funding has been appropriated under the International Narcotics Control and Law Enforcement (INCLE) account, which is administered by the State Bureau for International Narcotics Affairs and Law Enforcement (INL). INL can not begin to implement programs until a Letter of Agreement (LOA) that details the programs to be delivered is signed by both the United States and the beneficiary

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country. Once the LOA is signed, the funds and programs agreed to in the LOA are obligated, thus incurring legal liability to pay for goods and services. INL officials told us that they refer to this as a “bulk obligation” and consider this the first of two separate stages in their funding process in which they incur a legal liability to pay. Only a small portion of the fiscal year 2009 INCLE funds had been obligated as of March 31, 2010, because the LOA with Mexico had not been signed by this date.<sup>13</sup> After the LOA is signed, however, INL officials told us they have a second stage in which they incur legal liability to pay, which INL designates as a “sub-obligation.” During this second stage of obligation, the Bureau begins to implement projects by entering into contracts with suppliers or other agencies to deliver the planned equipment or service. As of March 31, 2010, about \$131 million of fiscal year 2008 INCLE funds had been sub-obligated to specific projects. Delivery of equipment is dependent upon the procurement process and negotiations with foreign countries (see below for a discussion of implementation challenges).

- Funds for Mérida programs have also been allocated from appropriations in the Economic Support Fund (ESF) account. The Bureau of Western Hemisphere Affairs (WHA) administers the ESF account, although USAID actually is responsible for implementation of programs supported by ESF funding. In most cases, USAID can begin to obligate the funds when they are apportioned from OMB. Although USAID also negotiates agreements with the recipient countries prior to implementing programs in the form of Assistance Agreements (or a memorandum of understanding (MOU) in the case of Mexico), in some Central American countries USAID has programs that were established before Mérida funding became available, and already had agreements in place.
- Funding for Mérida has been made available through the Foreign Military Financing (FMF) account, as well. FMF funds are administered by State’s Bureau of Political-Military Affairs (PM) and are obligated upon apportionment to DOD.<sup>14</sup> Delivery of equipment is dependent upon the procurement process and negotiations with foreign countries (see below for further discussion). Thus, while obligation of FMF funds can occur more quickly than obligation of INCLE funds, delivery may not occur for years due to the length of time required to manufacture the equipment

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<sup>13</sup>The fiscal year 2009 LOA with Mexico was signed on May 4, 2010, thus obligating \$208.2 million of fiscal year 2009 INCLE funds.

<sup>14</sup>See, e.g., Pub. L. No. 111-8, 123 Stat. 856. Funds are apportioned by the Office of Management and Budget when it distributes the amounts available for obligation to the fund account. In this case, FMF funds are apportioned directly to DOD.

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being provided. For instance, in September 2009, State obligated FMF funds to procure three Black Hawk helicopters and estimates that they will not be delivered until 2011.

While the timing of expenditures is not necessarily impacted by the account through which they are funded, using expenditures to interpret the status of program delivery can be misleading because expenditures do not necessarily indicate whether programs have, or have not, been delivered. Some funds may be expended throughout the course of a project, while others are not expended until final delivery. For instance, State officials indicated that some expenditures for training and equipment may occur in the form of administrative or progress payments prior to delivery, but the full amount of funds is not expended until after delivery takes place and the invoice is paid. In addition, State officials explained to us that, in some instances, it can take months for funds to be expended because the implementing agencies may not submit an invoice to be paid for their goods or services for several months or longer after delivery.

As noted in our December 2009 report,<sup>15</sup> tracking Mérida funds is difficult. This is because each of the three State bureaus managing Mérida funds has a different method for tracking. Each uses different budgeting terms as well as separate spreadsheets for the Mérida funds it administers, and State currently has no consolidated database for these funds. For example, each of the three accounts with funds for Mérida uses a different mechanism to reach obligation, and the three bureaus do not all refer to this stage of incurring legal liability to pay for services with the term “obligation.” While tracking funds remains a challenge, State is beginning to implement a new system for INCLE funds. State officials told us that State does not have an agencywide system that can track obligations and expenditures across all accounts by program, such as Mérida. Each bureau that manages the accounts must report these data separately for each program. Compiling this information for each account from which funding for Mérida is allocated is difficult, particularly for the INCLE account. INCLE funds for Mérida are tracked using separate spreadsheets for the post in Mexico (which includes some Central America funding information) and headquarters in Washington, D.C., since different portions of the funds are managed by both locations. State officials told us that INL recognized the need to develop a system that provides funding information by program and that can more quickly and easily produce

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<sup>15</sup>[GAO-10-253R](#).

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reports on the status of funds and provide relevant and timely information to Congress.

Since the new fund tracking system is still under development, it is too soon to determine whether it will assist State (specifically, INL) in providing timely information on the status of funds. We received a demonstration of the system's capabilities, which include the ability to report on allotments, obligations (both bulk- and sub-obligations that are unique to INL), and expenditures. State officials told us that they are hopeful that the system will come online in Mérida recipient countries in the coming months.

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### Various Implementation Challenges Have Contributed to Delays, but Agencies Are Working to Address Them

The United States has faced a range of implementation challenges associated with program administration that have slowed the pace of delivery of Mérida-funded equipment and training. These challenges include an insufficient number of staff to administer the program, negotiations on interagency and bilateral agreements, procurement processes, changes in government, and funding availability. U.S. agencies are working to address these challenges.

#### Staff

According to State, an insufficient number of staff to manage the sevenfold increase in support for Mexico under Mérida contributed to implementation delays. According to a January 2010 State Inspector General report, at State headquarters the Initiative has consumed many working hours of several WHA officials over the past 2 years, including the Regional Deputy Assistant Secretary and Mexico Office Director. In addition, INL officials indicated that they were not adequately staffed to handle the sudden expansion of Mérida activity and their capacity to process funding and to manage other essential related administrative tasks was limited. To address this issue, State has hired additional staff and plans to continue the effort until resource needs are better balanced. For example, in 2007, the total number of headquarters INL staff dedicated to supporting Mérida was 3, compared to a planned level of 18 at the end of 2010. In addition, to help remedy staffing issues, USAID is hiring a personal services contractor in Washington to assist in the management of CARSI and Mérida.

At posts in Mexico and Central America, State and other agency teams faced similar challenges. In 2008, the Narcotics Affairs Section (NAS) in Mexico City, which holds primary responsibility for implementing Mérida in Mexico, had a total staff of 19. NAS has been ramping up since then with 51 staff as of March 2010 and anticipates more than tripling its numbers to

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69 by the end of 2010. Some agency officials at post in Mexico also told us that personnel shortages constrained their ability to implement Mérida. For example, an ICE official at post indicated that nearly half the agency's in-country positions were vacant. According to ICE, recruiting efforts are underway but the limited pool of available senior agent applicants, the high demand for agents for domestic investigative initiatives, and the time consuming clearances needed to work in an overseas post have contributed to bottlenecks in deployment. In embassies in Central America, positions from all U.S. agencies dedicated to supporting Mérida programs totaled 42 in 2008 and are planned to increase to 54 by the end of 2010.

## Negotiations

Negotiating agreements with beneficiary governments and reaching understanding with other U.S. agencies on implementation logistics can be time consuming. According to State, negotiations with Mexican and Central American governments on key mechanisms used to stipulate the terms for major training and equipment programs, such as Letters of Agreement (LOA) and Letters of Offer and Acceptance, often take months and involve many steps such as identifying the most suitable foreign agency, determining the appropriate individual contact, assessing partner country needs, and conferring on specifications. State officials told us that it took several months to work with Mexican officials to finalize details of the initial 2008 LOA, which covered approximately \$200 million worth of equipment and training. It took even longer to complete the 2009 LOA with Mexico, ultimately signed in May 2010. In Mexico in particular, the unprecedented scope and need for both sides to learn respective ways of conducting business also contributed to the length of time it took to complete the LOA. State officials told us that, by leveraging lessons learned and best practices, future negotiations should take less time.

According to State, Interagency Agreements (IAA) are contracts used to formalize U.S. agency roles and responsibilities for major Mérida programs. This process involves several iterations of negotiation and requires the approval of multiple stakeholders, any one of which can hold up the sequence. While the process normally takes 4 to 6 weeks, State and agency officials told us that the process can be frustrating and slow in some cases. For example, it took State and Department of Justice (DOJ) approximately 10 months to complete an IAA regarding an Overseas Prosecutorial Development Assistance and Training (OPDAT) Mérida program. Proposed changes to the standard IAA template and disagreements over issues such as cost, roles, responsibilities, and reporting relationships contributed to delays. In another instance, according to Treasury, Treasury and State completed an IAA in about 3

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months, but it took an additional 3 months to resolve an issue related to the availability of funds before money could be allocated, effectively lengthening the total time to about 6 months.

## Procurement

U.S. government procurement processes are also time consuming. For example, according to State, it typically takes between 3 and 6 months to negotiate and sign a contract for the provision of aircraft, after the specific model and modifications have been identified and agreed upon with the beneficiary country. If the airframe is one that has not been purchased by State officials before, as of March 2009, they are legislatively required to submit an “Analysis of Alternatives” to Congress, which can take between 3 and 6 months to deliver.<sup>16</sup> Then, the aircraft are built to the agreed upon specifications. According to State, helicopters typically take 12 to 18 months to be built—though Black Hawks normally take longer to procure due to the high demand for the aircraft—and airplanes require 18 to 24 months. According to DOD, the negotiation and contracting process for aircraft generally takes 9 to 12 months and can take as long as 18 months depending on complexity. In addition, according to DOD and Mexican officials, Mérida marked the first time the United States and Mexico have entered into such large-scale arrangements on the provision of new equipment, so it took extra time for Mexican officials to understand the nuances and limitations of the U.S. government procurement process. For example, in some cases, Mexican officials initially did not properly fill out equipment request forms, which caused delays. In addition, negotiating agreements for the provision of CASA aircraft, to be used for maritime patrol, involved rework due to misunderstandings about the cost and availability of certain technical options. Still further, factors outside the control of the signatories may lead to snags, such as waivers and bid protests.<sup>17</sup> For example, according to DOD officials, because the CASA aircraft are more than 50 percent foreign made, regulations stipulate that the Department of Treasury must provide an offshore procurement waiver, which adds time. According to State, in another case related to State’s

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<sup>16</sup>Omnibus Appropriations Act, 2009, Pub. L. No. 111-8, Div. H, § 7045(e), 123 Stat. 524, 887.

<sup>17</sup>The laws and regulations that govern contracting with the federal government are designed to ensure that federal procurements are conducted fairly. On occasion, bidders or others interested in government procurements may have reason to believe that a contract has been, or is about to be, awarded improperly or illegally, or that they have been unfairly denied a contract or an opportunity to compete for a contract. A major avenue of relief for those concerned about the propriety of an award has been the Government Accountability Office, which has historically provided an objective, independent, and impartial forum for the resolution of disputes concerning the awards of federal contracts. See [GAO-09-471SP](#).

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provision of a particular set of nonintrusive inspection equipment, an ongoing series of bid protests has led to indefinite delays. Mexican officials told us that they were unaware of the impact that the U.S. procurement process would have on the timing of delivery.

The U.S. government has made efforts to address the pace of procurement processes. State officials told us that in recognition of the lengthy procurement processes for aircraft, Congress appropriated more than what was requested by the Administration for the Fiscal Year 2009 Supplemental Appropriations Act so that State would have the funds available to start those processes sooner. The Obama administration requested \$66 million in INCLE assistance for Mexico under Mérida, yet Congress appropriated \$420 million for Mexico. Of this amount, \$160 million is INCLE funding, which State plans to use to fund Black Hawk helicopters, and \$260 million is FMF funding for expedited aviation assistance to the Mexican Navy. In addition, State and DOD officials told us that they are making efforts to manage expectations and explain the procurement process so that their foreign counterparts have a better understanding of how long it takes, how best to approach it, and how to expedite it.

#### Changes in government

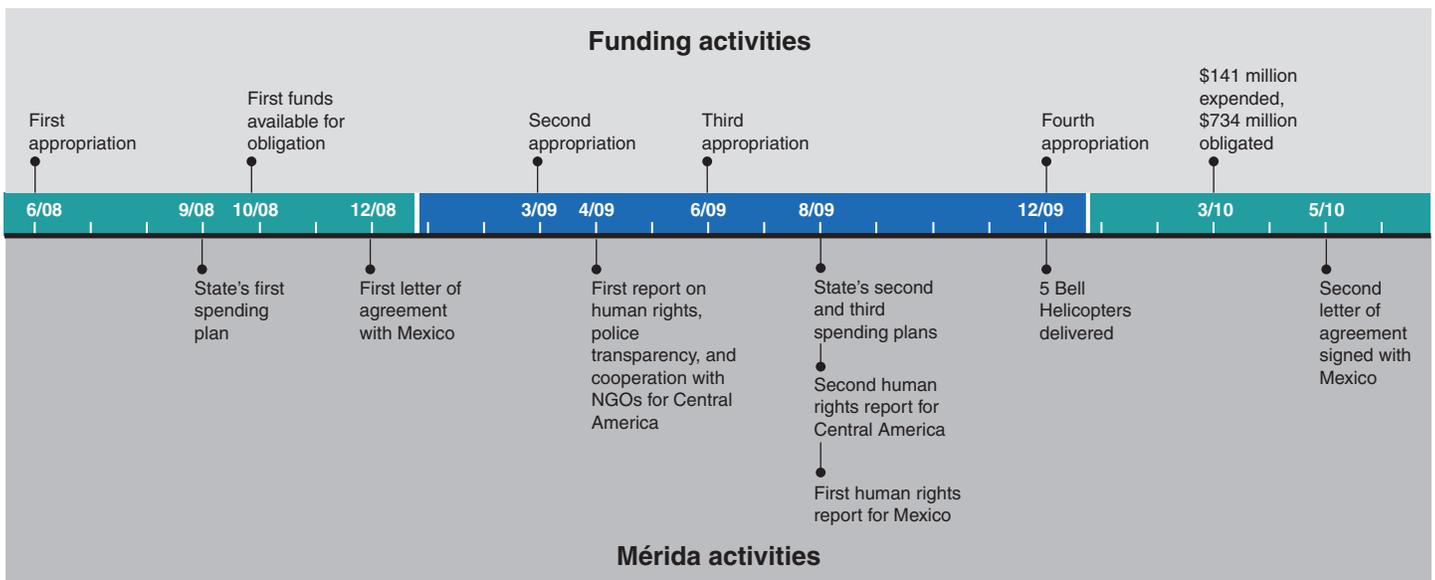
State must also contend with factors outside of its control, such as changes in government and lack of continuity in public administration. According to U.S. officials, frequent political changes and organizational restructurings present a challenge to implementation of Mérida programs. In Mexico, we learned from U.S. authorities that law enforcement officials who receive training may or may not stay in a position that makes optimal use of acquired skills. For example, one official told us that after his agency provided training at a cost of approximately \$250,000 to a cadre of Mexican investigators, the unit was disbanded. In El Salvador and Panama, new governments came to power in 2009, which meant that negotiations on the provision of Mérida equipment and training had to be restarted after the transition. In Guatemala, post officials explained that in recent months, repeated changes of top-level officials at both the Ministry of Interior and the National Civil Police have delayed implementation of Mérida plans and new Mérida initiatives as well as ongoing projects.

#### Funding availability

Timing of funding availability, due to statutory conditions and State processes for distributing funds, is another factor that has affected the pace of delivery of training and equipment. The United States and Mexico issued a Joint Statement announcing the Mérida Initiative on October 22, 2007, but funds were not appropriated until the Supplemental Appropriations Act of 2008 was signed on June 30, 2008. According to

State, signing Letters of Agreement with recipient countries, required for obligating INCLE funds, did not begin until Mexico's was completed in December 2008. Additionally, statutory requirements have affected the availability and delivery of funds (see fig. 2).

**Figure 2: Mérida Initiative Timeline**



Source: GAO analysis of Department of State data.

Congress requires State to submit notifications and reports before some of the funds used to finance Mérida activities in specific countries can become available for obligation. For example, some of the funds are not available for obligation until State meets a statutory requirement to submit a report detailing Mexican and Central American government progress relating to police transparency, cooperation with NGOs, and human rights.<sup>18</sup> In the Supplemental Appropriations Act for fiscal year 2008, 15 percent of the funds made available to Mexico under the INCLE and FMF accounts were not available for obligation until State submitted such a report, which included information on whether the Government of Mexico is ensuring that members of the federal police and military forces who have been credibly alleged to have committed violations of human rights are appropriately investigated and prosecuted. These human rights reports

<sup>18</sup>See, e.g., Pub. L. No. 110-252, §§ 1406-07.

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are sometimes referred to as the “15 percent reports,” as 15 percent of certain INCLE and FMF funds may not be obligated until State submits the reports.<sup>19</sup>

Under other conditions, State may have to comply with notification requirements regarding planned uses of appropriations as established by law. For example, under 22 U.S.C. § 2413(a), State is required to notify Congress regarding the type of assistance and level of funding to be provided to individual countries and international organizations. This is commonly known as the 653(a) consultation process.<sup>20</sup> Similarly, in the Supplemental Appropriations Act for fiscal year 2008, Congress required State to submit a spending plan for funds appropriated or otherwise made available for Mexico within 45 days of enactment of the appropriations act.<sup>21</sup> To comply with this particular requirement, State must submit a detailed spending plan that shall include a strategy with concrete goals, actions to be taken, budget proposals, and anticipated results. The conference report for the fiscal year 2010 appropriations act directs that State submit an additional report to Congress on the status of the programs.

Separate from statutory conditions, according to officials at Central American posts we visited, delays in funding have hindered planning and slowed implementation. For example, an official in Guatemala told us that his agency had built relationships and worked out plans for support with local community members on the expectation that funding would be forthcoming for a Mérida program. However, because State needed additional time to address certain congressional concerns, it did not provide funds within the official’s expected time frame. As a result, the program was stopped while waiting for funding to resume. According to

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<sup>19</sup>In the Fiscal Year 2009 Omnibus Appropriations Act, ESF funds for Mexico are also subject to the human rights conditionality. In the Fiscal Year 2009 Supplemental Appropriations Act, none of the funds are statutorily subject to the human rights conditionality.

<sup>20</sup>This process is named after Section 653(a) of the Foreign Assistance Act of 1961, now codified at 22 U.S.C. §2413(a). This section states that no later than 30 days after the enactment of a law appropriating funds to carry out a provision of this act (other than section 451 or 637 of the Arms Export Control Act), the President shall notify Congress of each foreign country and international organization to which the U.S. government intends to provide any portion of the funds under such law and the amount of funds under that law, by category of assistance, that the U.S. government intends to provide to each.

<sup>21</sup>Pub. L. No. 110-252, § 1406.

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Efforts to Expedite  
Implementation

this official, this delay compromised the program's credibility with host country counterparts. Another official in El Salvador relayed a similar experience and added that funding delays result in missed opportunities to provide support to address urgent issues.

To address issues associated with the timing of fund availability, agencies have sought alternative methods to initiate and speed the implementation of certain programs in Mexico and some Central American countries. In Mexico, for example, Treasury's Office of Technical Assistance used its own funds to start developing programs while an Amended Letter of Agreement was negotiated and signed with Mexico. In addition, according to USAID, it identified approximately \$2 million in existing program funds to initiate community involvement and training projects while waiting for Mérida funds to become available. Still further, according to OPDAT, it used funding advanced by NAS at post to begin implementing its Mérida initiatives. Specifically, in March 2009, 5 months before the receipt of any Mérida funding, OPDAT hosted a high-level official event on arms trafficking strategy and built on it with two subsequent working-level conferences.

Similarly, posts in some Central American countries have used existing programming funds to initiate activities because anticipated Mérida funding did not materialize when expected. For example, in fiscal year 2008, the FBI expended approximately \$133,000 from its operating account to support the Transnational Anti-Gang (TAG) unit in El Salvador. In Panama, post officials told us that NAS provided funding from the Andean Counterdrug Initiative to launch a community policing project that was originally slated to be funded under Mérida. In Guatemala, post officials said most law enforcement assistance programs initiated over the past 18 months have been implemented using existing programming funds with the expectation that Mérida funding will be coming soon.

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## State's Strategy for Mérida Is Missing Elements That Would Improve Accountability and Management

While State has developed some of the key elements of a strategy for implementing the Mérida Initiative, including a mission, strategic goals, and a resource plan, its strategic documents lack certain key elements that would facilitate accountability and management. For example, State's strategic documents do not include performance measures that indicate progress toward achieving the four strategic goals or timelines for all future deliveries and completion of Mérida programs. Our prior work has shown that including these elements is important because they enable decision-makers to determine whether the program is successful and if any adjustments need to be made and in what ways.<sup>22</sup>

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## State's Performance Measures Lack Key Attributes That Would Facilitate Assessment of Progress

State's current performance measures for the Mérida Initiative, revised in 2009 in consultation with Mexico, lack some of the key attributes that would facilitate assessing whether agencies are making progress toward meeting strategic goals. In general, State's performance measures do not align with existing strategic goals, do not provide measurable targets, and do not measure outcomes. We have reported before that performance measures that include such attributes are key characteristics of successful program management.<sup>23</sup> Such measures provide valuable information for decision-makers to identify strengths and weaknesses in programs, identify the factors that may be contributing to any problems, and adjust processes to address the problems.

The existing measures do not align with the strategic goals of Mérida or the agencywide goals for State. In its initial fiscal year 2008 Spending Plan for Mérida, State laid out four strategic goals and measures linked to these goals for both Mexico and Central America. For Mexico, State officials told us that these original goals have been superseded by new strategic goals, referred to as the four pillars.<sup>24</sup> However, State has not updated the original performance measures presented in its fiscal year 2008 Spending Plan to reflect the new strategic goals or pillars, which State officials told

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<sup>22</sup>GAO, *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans*, [GAO/GGD-97-180](#) (Washington, D.C.: Sept. 16, 1997); GAO, *The Results Act: An Evaluator's Guide to Assessing Agency Annual Performance Plans*, [GAO/GGD-10.1.20](#) (Washington, D.C.: April 1998).

<sup>23</sup>GAO, *Tax Administration: IRS Needs to Further Refine Its Tax Filing Season Performance Measures*, [GAO-03-143](#) (Washington, D.C.: November 2002).

<sup>24</sup>The new pillars for Mexico are to (1) Disrupt Organized Criminal Groups, (2) Institutionalize Reforms to Sustain Rule of Law and Respect for Human Rights, (3) Create a 21st Century Border, and (4) Build Strong and Resilient Communities.

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### **USAID Has Developed Some Performance Measures for Central America**

In the case of some ESF funds allocated for Mérida programs in Central America, USAID, with support from the Department of State, has developed a Mérida Initiative Central America Results Framework that includes an impact evaluation to be conducted by Vanderbilt University through a cooperative arrangement with USAID. USAID and State intend for this evaluation to assess the long-term effect and measure the results of its Mérida and CARSI programs in select, yet representative, Central American communities that are the focus of crime prevention efforts under CARSI. The evaluation consists of five elements: (1) community surveys, (2) reviews of demographic data in the communities, (3) focus groups, (4) interviews with stakeholders such as community leaders, and (5) community observations such as physical infrastructure. Vanderbilt University officials are to conduct the evaluations every 18 months in communities where CARSI-sponsored crime prevention activities have been implemented by USAID and communities where no activities have been implemented, with these latter communities serving as control groups in order to establish a baseline. Specifically, with respect to the surveys, USAID and State plan to use the results to gauge the effect of its CARSI crime prevention programs through community and citizen perceptions on safety and security, as well as to more effectively allocate assistance to programs that are likely to be contributing to communities that have experienced a perceived increase in the level of citizen safety. Building on the work of this survey, a State official informed us that State will seek to expand this and/or similar instruments, subject to the availability of funding, to further assess and measure the outcomes of CARSI's Economic and Social Development Fund strategic goals and objectives.

us are now the focus of U.S. strategy in Mexico. For CARSI, State officials told us that the new strategic goals would be somewhat distinct from those of Mexico since the issues needing to be addressed are different in each region. However, State has not updated the original performance measures to reflect progress toward these new goals and how they help to achieve State's agencywide goals for foreign assistance. See appendix II for a list of strategic goals and associated performance measures for Mexico under Mérida.

Additionally, almost all the performance measures do not provide specific measurable targets with milestones to indicate success in the short term and the long term. Without targets to strive toward, State cannot determine if it is meeting expectations under the Mérida Initiative. For example, one of the performance measures for Mexico under the first original strategic goal to "Break the Power and Impunity of Criminal Organizations" is to measure the percentage of vehicles and containers inspected by non-intrusive means at each port of entry. State indicates that it will measure the percentage difference from zero as a baseline: however, it did not develop an expected target to reach and a time frame within which such a target might be achieved. Thus, it is unclear what percentage of non-intrusive inspections indicates successful implementation of the program.

In addition, State is generally missing indicators to measure the outcome of the programs.<sup>25</sup> While some of the implementing agencies, such as USAID, DOJ, and DHS, have developed outcome measures for their Mérida programs, State has not developed such measures for many of the programs it is responsible for implementing under Mérida. Most of the indicators that State has developed for Mexico only measure the outputs of the Mérida Initiative, such as the number of officials trained. This limits State's ability to assess its performance under the Mérida Initiative, and does not provide valuable information to Congress regarding the success of the Initiative. For instance, State's performance indicators measure the number of Mexican law enforcement officials trained under Mérida, but do not measure the impact of the training and if it has been successfully employed.

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<sup>25</sup>The Results Act guidelines request outcome measures, not just outputs.

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## State Does not Have Comprehensive Timelines for All Future Deliveries

Although Mexican officials and some members of Congress have expressed concerns about the pace of delivery, State has not developed comprehensive timelines to estimate the time required to deliver all the equipment and training planned under Mérida. For Mexico, State has not developed a comprehensive timeline for all of the planned projects for fiscal years 2008 and 2009, though it has developed some limited timelines to track the status of major equipment and some training, including information on what has been delivered and when, estimated timelines for future deliveries, and intended recipients. For Central America, State does not have such timelines to track deliveries of equipment and training.

As described earlier, U.S. agencies have already provided major equipment and some training using Mérida funds, but, as of March 31, 2010, a significant amount of equipment and training intended to be provided under the Initiative is still pending delivery. For Mexico, this includes between 9 and 11 Black Hawk helicopters, 4 CASA aircraft, an additional 3 Bell helicopters, over 200 polygraph units, mobile gamma radiation inspection trucks, as well as railroad units to detect weapons and other contraband, and multiple professionalization programs and projects in various training and technical assistance (see table 3). Of the major equipment provided under the plans for fiscal years 2008 and 2009 State estimates that it will deliver about half of the funding associated with this equipment by the end of fiscal year 2010 (see fig. 3).<sup>26</sup> For Central America, some of the items that have not been delivered include up to 8 interceptor boats and maritime support equipment and various training and technical support, including for anti-gang activities.

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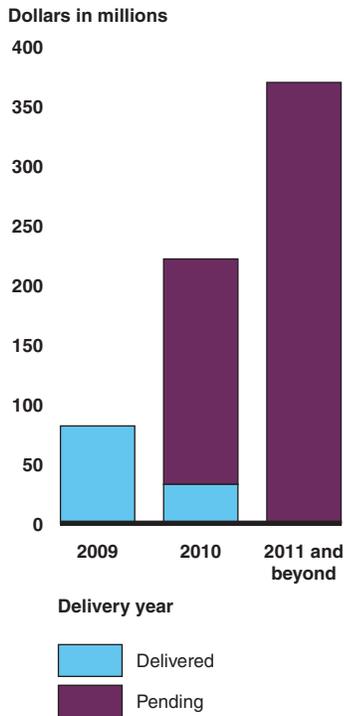
<sup>26</sup>Major equipment includes such items as Bell helicopters and other aircraft, armored vehicles, non-intrusive inspection equipment, and computers and software. Our analysis did not include major equipment for which State has not estimated a delivery date.

**Table 3: Selected Equipment and Training Pending Delivery to Mexico and Central America under Mérida, as of March 31, 2010**

	<b>Estimated delivery date</b>
<b>Mexico</b>	
<b>Equipment</b>	
218 Polygraph units	April 2010
2 Railroad x-ray inspection units	August 2010
2 Bell helicopters	October 2010
3 Black Hawk helicopters (SSP)	October to December 2010
Mobile gamma radiation trucks	2010
3 Black Hawk helicopters (SEMAR)	September 2011
4 CASA airplanes	September to December 2011
Intelligence, surveillance, and reconnaissance aircraft	2011
3 to 5 Black Hawk helicopters (SSP)	No estimated delivery date
Additional equipment for Mexican national data system	No estimated delivery date
Additional equipment for Mexican Communication and Transportation Secretariat	No estimated delivery date
1 Bell helicopter	No estimated delivery date
<b>Training</b>	
Various training expected, for example	
• Drug demand reduction	No estimated delivery date
• Financial intelligence unit & financial crimes	No estimated delivery date
• Support for law schools and bar associations	No estimated delivery date
• Institution building and rule of law	No estimated delivery date
• Stand up robust internal controls	No estimated delivery date
<b>Central America</b>	
<b>Equipment</b>	
Interdiction boats to Costa Rica, Belize, and El Salvador	No estimated delivery date
Various maritime interdiction equipment and support including refurbishment of interdiction and patrol boats, communications equipment, and spare parts	No estimated delivery date
INTERPOL connectivity	No estimated delivery date
<b>Training</b>	
DOJ resident legal advisor to San Salvador to provide training and technical assistance for prosecutorial capacity in Central America	May 2010
Various training expected, for example	
• Capacity enhancement	No estimated delivery date
• Financial crimes and bulk currency smuggling	No estimated delivery date
• Improved police academies and entry-level training	No estimated delivery date

Source: GAO analysis of State Department data.

**Figure 3: State Estimates in Dollar Value of Major Equipment Deliveries to Mexico under Mérida as of March 2010**



Source: GAO, based on Department of State data.

Mexican officials expressed concerns regarding the need for time frames for delivery of equipment and training under Mérida, and in a few cases, the Government of Mexico has purchased equipment on its own because it needed the equipment earlier than the United States could provide it. For instance, Mexican officials told us that they needed equipment for investigating money laundering, which they expected to receive from the United States under Mérida. However, rather than waiting for the United States to provide it, they went forward with the purchase on their own. When informed of this decision, U.S. officials stated that they redirected the funds intended for this equipment to other needs.

In response to these concerns, State recently developed a mechanism for tracking the status of these programs in the form of a spreadsheet that provides some timelines for delivery of major equipment and scheduled training as well as any delays with the programs. This spreadsheet is updated jointly by both U.S. and Mexican officials prior to a monthly

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bilateral implementation group meeting described below. In a separate document, State also tracks the status of the deliverables (notably equipment and training), including information on what has been delivered and when, estimated timelines for future deliveries, and intended recipients. While both of these documents address the current status of some of the major equipment provided under Mérida and the immediate training expected to be delivered, such as whether it is delayed or completed, they do not provide comprehensive timelines for all of the planned projects using fiscal year 2008 and fiscal year 2009 funds. For instance, State does not have an estimated target date for providing the rest of the training planned for Mexico. Both documents also do not provide a clear explanation to the Mexican government of the time needed to procure equipment and plan and initiate training programs. Mexican officials told us that they were frustrated by the lack of information on the time frame for delivery and said they need this information to be able to proceed with other programs that they are implementing in conjunction with Mérida. When asked about these concerns, a State official acknowledged that State could do more to educate the Government of Mexico on U.S. procedures, such as various agencies' procurement processes.

Other agencies to which State has provided Mérida funds for implementing specific programs are required to develop a workplan for each program that includes goals; objectives; plans for implementation, including detailed timelines; and performance measures to assess the success of the program. State did not provide us with all of the workplans for these programs as some were still being developed, so we were unable to completely assess how other agencies implement and monitor the progress of Mérida programs for which they are responsible. Of those we reviewed, several included timelines for implementing the programs and conducting evaluations. Of those that included performance measures, several included both output and outcome measures as well as some targets for the programs.

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## State Has Primary Responsibility for Coordinating the Mérida Initiative

The Mérida Initiative is an assistance package with diverse program components that is being implemented by a wide range of U.S. agencies under the leadership and management of the State Department. Although State has not comprehensively documented a coordinating structure for Mérida, we identified several mechanisms in place involving decision-makers at various levels of government. For example, several State bureaus regularly coordinate with other U.S. agencies on Mérida policy and programmatic issues. Headquarters and U.S. embassies in Mexico and

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Central America have established mechanisms to coordinate and communicate on implementation. Under the leadership of the U.S. ambassadors, agencies at posts also have developed and adapted mechanisms to coordinate efforts within the U.S. Embassy community in Mexico and Central American countries. Moreover, State has established formal bilateral mechanisms to coordinate with Mexican authorities.

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### State Bureaus, U.S. Embassies, and USAID Play Different Roles in Coordination

State bureaus, U.S. embassies in Mexico and Central America, and several other agencies play a role in coordinating various aspects of Mérida. According to State officials, the National Security Council (NSC) has a key policy role in coordinating the Initiative. State officials told us that the NSC leads the inter-agency policy effort on the U.S. government counternarcotics and law enforcement approach to the region, which includes the Mérida Initiative and domestic efforts, such as the Southwest Border Strategy. State has designated the Deputy Assistant Secretary for North America of WHA as the “principal” Mérida coordinator. However, other State offices, such as INL, and other agencies have also designated their own “coordinators” for Mérida. The WHA coordinator and her counterparts in other bureaus and USAID communicate programmatic activity via a weekly Mérida Initiative Core Group meeting, described below.

In Mexico, two State bureaus—WHA and INL—and the U.S. Embassy in Mexico City primarily share responsibility for coordinating policy and programs funded under the Initiative. In Central America, WHA, INL, and USAID, along with the U.S. embassies in each country, play key roles in coordinating Mérida implementation. Table 4 provides a description of the roles and responsibilities of the entities involved in coordinating Mérida.

**Table 4: Mérida Coordination at Various Levels**

Office	Role
NSC	NSC holds bimonthly Interagency Policy Committee meetings to coordinate on high-level international law enforcement issues, such as reducing illicit arms to Mexico and money laundering, as well as the Mérida Initiative. Specifically, State officials cited the role NSC played in approving the “Four Pillars” strategic goals that set the framework for bilateral collaboration with Mexico under Mérida.
State WHA	WHA is the policy lead which manages the separate elements of the Mérida Initiative for Mexico and Central America, and serves as the principal Mérida coordinator. In addition, the Central American Affairs Office, within WHA, plays the key role in overseeing and implementing Mérida Initiative programs specifically for Central America.
State INL	INL coordinates implementation of Mérida law enforcement and counternarcotics programs with NAS Mexico City and Narcotics Affairs Offices at Central America posts and supports WHA in the process of coordination with other U.S. agencies, also referred to as interagency coordination.
USAID	USAID coordinates implementation of Mérida economic and social development and rule of law programs with USAID Missions in Central America as well as Mexico and supports WHA in the process of interagency coordination.
U.S. Embassies	U.S. Embassies oversee on-the-ground implementation and coordination of the Initiative in beneficiary countries. At all posts, the ambassadors and/or Deputy Chiefs of Missions (DCM) have overall responsibility for coordinating the Mérida Initiative with other law enforcement activities in country and with State headquarters. In posts where there is a NAS presence, a NAS official has been designated to oversee coordination and implementation of the INCLE-funded Mérida programs. Where NAS is not present this responsibility is generally assigned to a Political Section officer. The NAS in Mexico also serves as account manager for Central America INCLE funds.

Source: GAO analysis of State data.

**Headquarters and Posts Have Established Mechanisms to Coordinate**

State officials described two formal coordination mechanisms between headquarters and the U.S. Embassy in Mexico, as follows:

- A weekly teleconference between NAS staff at the U.S. Embassy in Mexico City and INL officials at State headquarters to discuss implementation of the Mérida Initiative. Participants in these meetings include the INL and NAS designated Mérida coordinators. Issues discussed at these meetings include the status of procurement of equipment and implementation of training projects.
- The Mérida Core Group meeting, a broader weekly teleconference that includes not only INL officials but also USAID and other State offices, such as PM, Legislative Affairs, and the WHA Deputy Assistant Secretary Mérida Coordinator, who leads the meeting. U.S. Embassy, Mexico City, officials participating in this meeting include NAS, USAID, and the Political Affairs Section. The purpose of these meetings is to discuss Mérida budgets and programs, and other issues, such as following the status of the signing of the LOA with the Government of Mexico.

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In our field work, State officials at post in Mexico reported being generally satisfied with coordination between headquarters and posts, but also expressed some frustrations. For example, a U.S. Embassy Mexico official expressed concern with the slow pace of hiring additional staff at INL in State headquarters to expedite implementation of the Mérida Initiative.

For Central American countries, INL has a monthly call with posts that focuses on pragmatic aspects of Mérida implementation, such as procurement procedures. State officials at posts in Central American countries we visited also reported being generally satisfied with coordination between headquarters and posts but noted some frustrations. For example, officials at posts we visited expressed frustration with NAS Mexico serving as the account manager for INCLE funds destined for Central America because “it adds an extra layer” to an already complex funding process for Mérida activities. Some post officials in Central America stated that this situation has created a bottleneck on the progress of bilateral procurement, training, and Mérida-related travel. For example, officials at the post in El Salvador reported that they had to wait several months for clarification of procedures for accessing Mérida funds held in Mexico. U.S. officials in the three Central American countries we visited noted that returning Mérida funds to embassy control would speed up procurement, and facilitate Mérida travel, training, and exchange programs. However, officials at INL headquarters explained that NAS Mexico serves as the centralized account manager for all Mérida INCLE funds because it has the staffing and resources capabilities to carry out this task that are not present in Central America.<sup>27</sup>

For Central American countries there are currently no broader meetings on the level of Mexico’s Core Group meeting, but a State official told us of plans to create a weekly Core Group meeting for Central America countries under the CARSU umbrella, which would mirror the current Mérida Core Group meeting that focuses on Mexico. According to State officials, WHA would also lead these meetings.

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## U.S. Agencies at Posts Have Developed and Adapted Mechanisms to Coordinate Efforts

In response to the increase in funding and staffing associated with the Mérida Initiative, recipient countries have developed and adapted mechanisms at posts to coordinate efforts. At the U.S. Embassy in Mexico City, two formal mechanisms are in place to communicate and coordinate progress on Mérida activities:

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<sup>27</sup>CARSU INCLE funds are also expected to be managed by NAS Mexico City.

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- *NAS weekly meeting* – This group was formed to deal with the growth of NAS project portfolio due to the Mérida Initiative. These meetings provide NAS staff an opportunity to report to management on progress of projects and any difficulties encountered.
  - *Law Enforcement Committee* – This group pre-dates Mérida and coordinates the activities of all U.S. agencies and organizations that are involved in counternarcotics and law enforcement activities in Mexico. Since Mérida was launched, this meeting has evolved into a forum where U.S. agencies represented at the post discuss progress in implementing programs under the Initiative, as well as continue discussions on other law enforcement programs that are not funded under Mérida. A key participant in these meetings explained that whether programs are funded through Mérida or not, they are coordinated to further the four pillars for Mexico described above. For example, recently ATF rolled out its Spanish language electronic firearms tracing system, which is not funded under Mérida, and NAS provided Mérida funds to boost training for Mexican officials who will be working with this system. Similarly, NAS leveraged its Information Technology Team, which was created under Mérida, to facilitate implementation of a \$50 million DOD cross border communications project that will enable secure radio communications between Mexican and U.S. security entities along 10 southwest border locations. Participants in the Law Enforcement Committee meetings include NAS, USAID, DEA, ATF, DOJ, ICE, CBP, and DOD. The meeting is chaired by the Ambassador or DCM.

In all Central American countries, the embassies' Law Enforcement Committee meetings, which were also in place prior to Mérida, are used as a formal inter-agency mechanism to discuss progress on the Initiative. In some of the countries these meetings have been re-branded as a "Mérida" or "CARSI working groups," and meet, at minimum, on a monthly basis. In all Central American countries this group is chaired by the Ambassador or DCM. Participation in these meetings depends on the relevant agencies present at each post. In Panama, for example, this group includes ICE, DEA, CBP, NAS, FBI, USAID, Public Affairs Section (PAS), Defense Attaché Office (DAO), Political/Economic Section, and Regional Security Office (RSO). According to a State official, this group works exceptionally well in Central American countries, providing an opportunity to harmonize U.S. government policy on how to disburse Mérida Initiative support. Furthermore, State officials noted that a key outcome of this meeting is that it reduces redundancy across agency efforts in-country.

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## State Has Established Formal Bilateral Mechanisms to Coordinate with Mexican Authorities

Given the unprecedented opportunity the Mérida Initiative presents for bilateral collaboration, in Mexico formal structures to facilitate cooperation are necessary. According to State officials, there are intense efforts in Washington, D.C., and in Mexico City at the U.S. Embassy to coordinate Mérida efforts bilaterally with the Government of Mexico across every level of government. From our discussions with U.S. and Mexican officials, there appears to be a strong sense of co-responsibility and high level of cooperation in implementing the Mérida Initiative. To facilitate coordination on Mérida, the U.S. and Mexican governments have created a multi-level working group structure to develop and implement bilateral security efforts, as follows:

- *High-Level Consultative Group*—This is a cabinet-level group including all U.S. and Mexican officials with some responsibility for implementing aspects of Mérida. The group is chaired by the Secretary of State Hillary Clinton and Mexico’s Secretary of Foreign Affairs Patricia Espinosa. The purpose of this group is “to set strategic direction” for the Mérida Initiative; that is, reaffirm commitment and willingness of both governments to continue in this partnership. This group first met in December 2008 under the Bush Administration and again in March 2010 under the Obama Administration. Following the March 23, 2010, meeting in Mexico City, a joint statement declared “a strategic vision for the coming years to ensure continuity of bilateral actions already in place and advance new opportunities and areas of cooperation.” In particular, the March 2010 meeting highlighted plans to implement pilot programs in a coordinated manner in the Tijuana-San Diego and Ciudad Juárez-El Paso regions that will entail strengthening information exchange mechanisms and promote the social and economic development of these communities that have suffered the effects of violence.
- *Policy Coordination Group*—This group is chaired by national security representatives from both countries, the offices of the ambassadors from the United States and Mexico serve as “secretariats” for this group, and members are at the assistant secretary level from both governments. The focus of this group is to set policy and monitor the progress on the strategic direction—set by the High-Level Consultative Group—and the broad country and bilateral efforts. Initiated in August 2009 with the arrival of current Ambassador to Mexico, this was meant to be a mid-level group to bridge the policy and operational aspects of Mérida. This group was tasked by the High-Level Consultative Group to develop a new strategy for México that reflects the dual challenges of building national and transnational capabilities and effectiveness; and take into account the implementation of existing programs under the Mérida Initiative and present a framework to move beyond Mérida. The outcome was the development of the four pillars

also known as the new Mérida strategic goals for Mexico, discussed above. Given this expansion, many agencies from both sides are part of the discussion of the work to complete under each pillar. Table 5 lists the U.S. and Mexican key agencies working together under each pillar.

**Table 5: Mérida Initiative Policy Coordination Group for Mexico—Key Actors by Mérida Initiative Pillar**

Pillar	U.S. Government	Mexican Government
Disrupt Organized Criminal Groups	Director of National Intelligence (DNI) State DOJ DHS DOD ONDCP	Ministry of Foreign Affairs (SRE) Office of the Attorney General (PGR) Ministry of Public Safety (SSP) Army-Air Force (SEDENA) Navy (SEMAR)
Institutionalize Reforms to Sustain Rule of Law and Respect for Human Rights	State DOJ DHS DOD USAID ONDCP	SRE PGR SSP Customs Service (SAT) National Migration Institute (INAMI) SEDENA SEMAR
Create 21st Century Border	State DHS DOD DOJ USAID ONDCP	SRE SAT SSP INAMI SEMAR
Build Strong and Resilient Communities	State USAID DOJ ONDCP	National Addiction Council (CONADIC) PGR SRE

Source: NAS, Mexico City.

- Bilateral Implementation Group*—This group is chaired by the Deputy Chief of Mission and NAS Director on the U.S. side and SRE Undersecretary for North America for the Government of Mexico. This is a working-level group that meets once a month and gathers representatives from agencies of both governments working together on Mérida projects to review status of projects and comment on any successes or difficulties encountered. A notable outcome of these meetings has been the “project tracking mechanism” discussed above. Under the Bilateral Implementation Group working groups have been formed to address key issues. For

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example, a working group on Money Laundering is led by ICE for the U.S. government, and the Deputy Attorney General's Office for the Investigation of Organized Crime (SIEDO) and the Financial Intelligence Unit (UIF) for the Government of Mexico.<sup>28</sup>

In addition to this bilateral coordination structure, the Mérida Bilateral Implementation Office will provide a further step toward closer cooperation when the office opens in Mexico City. This office will provide a venue for officials from the United States and Mexico to work together on a daily basis on Mérida Initiative projects, strengthening coordination, and improving the pace of deliveries. This shared workspace will be used for the implementation of Mérida Initiative training and equipment projects but will not, in any way, have an operational or law enforcement focus. According to State officials, the office space was expected to be ready in May 2010. The main NAS implementing staff of the Initiative—project coordinators—currently located at the U.S. Embassy, will be located in this office, and the Government of Mexico will have liaisons located in this office from the Mérida Initiative partner agencies. Oversight of the office will be managed by the NAS Director and an official from SRE. The NAS Mérida Coordinator will also be located in this office to oversee the implementation of the projects. State officials stated that this space will not only help facilitate direct access and communication with the Government of Mexico liaisons, but also among U.S. officials. As a result of the increase in NAS staff from 19 to 51, the NAS coordinators are currently spread over two floors in the U.S. Embassy. According to NAS officials, bringing this staff together in this new space will also facilitate internal NAS coordination. In addition, while NAS is currently the only U.S. agency moving to this space, in the future U.S. partner agencies involved in implementing Mérida activities, such as DOJ/OPDAT, may also be located in this space to further enhance inter-agency and bilateral coordination, according to State officials.

Despite these multiple levels of bilateral coordination/communication, some Mexican officials said they lacked an understanding of aspects of the U.S. process for implementing the Initiative. In particular, Mexican officials we met with expressed frustration with the pace of the U.S. procurement process, and a need to have better knowledge of expected time frames for deliveries.

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<sup>28</sup>Other working groups include: Disrupting Drug Trafficking Organizations, Institutional Reforms, Border Vision, Social and Economic programming, Arms Trafficking, Ciudad Juarez-El Paso, and Strategic and Social Communication.

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## Coordination Mechanisms in Central America Are Less Formal Than in Mexico

For Central American countries, unlike Mexico, no formal coordination mechanism is in place between U.S. agencies and their host government counterparts working on Mérida implementation. According to State officials, while they have tried to coordinate the Mérida Initiative on a regional level for Central America, this has been difficult because there are seven recipient countries involved with distinct law enforcement priorities that necessitate different programs or strategies. For example, in El Salvador, the major issue is gangs. Guatemala also faces significant gang-related violence, but Mexican and locally based DTOs present a growing threat. In Panama, DTOs are escalating cocaine trafficking from South America, and their growing influence is seen as stimulating other criminal activities, such as kidnappings. Given these distinct challenges and priorities, each country carries out bilateral coordination with U.S. agencies differently and less formally.

In spite of this, State officials describe a high level of security dialogue and bilateral coordination between the United States and Central American Mérida recipient countries. For example, State officials reported that in Guatemala participating ministries have assigned high-level points of contact, usually cabinet-level officials, to work with U.S. agencies on Mérida implementation. Similarly, in Belize, U.S. officials meet with the Minister of national security regularly on Mérida and related law enforcement issues. In El Salvador, the lead diplomatic official at post reported meeting frequently with the President to discuss Mérida-related issues.

In addition, State officials informed us that the United States is looking for ways to use Mérida/CARSI programs to support Central American countries' efforts to work together on a regional level. For example, using fiscal year 2008 Mérida funds, U.S. officials are currently conducting assessments of border control capacities with their Central American counterparts. The idea is that U.S. officials will be able to use these assessments to work with the seven countries in different groupings, based on key criminal activities identified. State officials emphasized that this approach is necessary because each country has unique problems. To strengthen regional efforts, State also tries to work through the Central American Integration System (SICA), a multilateral organization whose goal is to coordinate and facilitate

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the gradual process of Central American integration through the adoption of common strategies and policies to meet regional challenges.<sup>29</sup>

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## Conclusions

The United States has made some progress delivering equipment and training to Mexico and Central America under the Mérida Initiative and supported efforts to combat crime and narcotics trafficking. Nevertheless, violence continues to grow and needs are changing across the region as criminals adjust their activities in reaction to increased law enforcement efforts. This year, State revised its strategy and defined new goals, but left out key elements that would facilitate management and accountability. State generally lacks outcome-based measures that define success in the short term and the long term, making it difficult to determine effectiveness and leaving unclear when the Initiative's goals will be met. Establishing better performance measures could provide Congress and other stakeholders with valuable information on outcomes, enabling them to make more informed decisions on whether or not policies and approaches might need to be revised and in what ways. Regarding program implementation, there are no timelines for future deliveries of some equipment and training, particularly for a range of capacity building programs that will take on a large role going forward. Provision of time frames for the commencement and completion of programs would set expectations for stakeholders, including the Mexican government, which has expressed concerns about the pace of delivery. It would also facilitate coordination and planning for all organizations involved in implementation.

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## Recommendation for Executive Action

We recommend that the Secretary of State incorporate into the strategy for the Mérida Initiative outcome performance measures that indicate progress toward strategic goals and develop more comprehensive timelines for future program deliveries.

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## Agency Comments and Our Evaluation

The Department of State, U.S. Agency for International Development, Department of Homeland Security, Department of Justice, and the Office of National Drug Control Policy provided technical comments and updates that we have incorporated throughout the report as appropriate.

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<sup>29</sup>SICA was established on February 1, 1993. Central American countries that belong to SICA are: El Salvador, Honduras, Nicaragua, Guatemala, Costa Rica, and Panama. Belize adheres to SICA principles, and the Dominican Republic is an associate. Mexico is a regional observer and China and Spain are observers outside the region.

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We received written comments from State, which are reprinted in appendix III. State concurred with our recommendations and noted that additional progress had been made since our data collection cut-off date. In particular, State indicated that it has created a weekly program implementation tracking report and has signed an Amended Letter of Agreement with Mexico in May. Regarding performance measures, State explained that it is working on how to best understand and manage indicators that may not always be linear. While determining meaningful performance measures may be challenging, we believe that they are critical for effective management and accountability and will help Congress and other stakeholders understand the extent to which the \$1.6 billion Mérida Initiative is achieving success.

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We are sending copies of this report to the Secretary of State and other interested parties. The report is also available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff has any questions about this report, please contact me at (202) 512-4268 or [FordJ@gao.gov](mailto:FordJ@gao.gov). Contact points for our Office of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

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

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# Appendix I: Scope and Methodology

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Our objectives were to examine (1) the status of Mérida program implementation, (2) State's strategy for implementation, and (3) coordination mechanisms in place for Mérida. Overall, we conducted our audit work in Washington, D.C., and at sites in Mexico, Guatemala, El Salvador, and Panama in February and March 2010. We traveled to Mexico because it receives the largest share of support, and we traveled to the three Central America countries that had expended the most Mérida funds so far to ensure that we observed a broad range of projects in different countries across the region. In the countries we visited, we directly observed or reviewed plans for law enforcement training activities, communications equipment usage, anti-gang efforts, sensitive investigation unit activities, foreign authorities vetting processes, border inspection training, community policing, youth-at-risk programs, and judicial system operations. In addition, we met with U.S. officials at the U.S. embassies overseeing the implementation of the Mérida Initiative, including NAS, USAID, DOJ, CBP, DOD, and DEA. We also interviewed foreign government officials responsible for program implementation in each country. In Mexico and some Central American countries we visited, we interviewed officials affiliated with the United Nations as well as members of nongovernmental organizations and citizen groups. Field work included visits to locations where programs have been implemented and where equipment has been delivered and included police, military, and other law enforcement organizations. In Washington, D.C., we interviewed officials at State, DOD, DOJ, Treasury, DHS, USAID, ONDCP, and OMB. Table 6 provides a summary of the U.S. government and foreign government entities we met with for our review.

**Table 6: Summary of U.S. Government and Foreign Entities Contacted**

U.S. government	State, USAID, DOJ, DHS, DOD, ONDCP, Treasury, OMB, and Congressional Research Service
Mexico	U.S. Embassy: NAS, ICE, USAID, ODC, DEA, FBI, and CBP Government of Mexico: Ministry of Foreign Affairs (SRE), Office of the Attorney General (PGR), National Migration Institute (INAMI), Mexican Customs Service (SAT), Mexican Army/Air Force (SEDENA), Mexican Navy (SEMAR), Ministry of Public Security (SSP), National Council against Addictions (CONADIC), and National Security and Investigation Center (CISEN) Other organizations: United Nations High Council on Human Rights, local nongovernmental organizations
El Salvador	U.S. Embassy: Mérida Initiative Working Group, Political/Narcotics Affairs Section, DEA, FBI, ICE, MILGROUP, ATF, DOJ, and USAID Government of El Salvador: National Civilian Police Other: International Law Enforcement Academy
Panama	U.S. Embassy: Law Enforcement Working Group, NAS, Political Affairs Section, USAID, ODC/DAO, FBI, ICE, DEA, CBP, IRS, RSA, and RSO Government of Panama: Coast Guard
Guatemala	U.S. Embassy: Mérida/CARSI Working Group, Political/Economic Section, DCM, NAS, DEA, USAID, ICE, DAO, and MILGROUP Government of Guatemala: Public Ministry, Ministry of Government, Ministry of National Defense Other organizations: Myrna Mack Foundation, The International Commission Against Impunity in Guatemala

Source: GAO.

To assess the status of training and equipment delivered under Mérida and how State is working to overcome administrative challenges that have led to delays, we reviewed State spending plans for Mérida;<sup>1</sup> we reviewed State budget documents; delivery status spreadsheets and reports; documents describing resource plans, policy and strategy development, and performance measures; bilateral agreements between the United States and Mexico as well as between the United States and the Central American countries; and interagency agreements between State and other U.S. agencies implementing Mérida programs. We also interviewed U.S. officials in Washington, D.C.; Mexico; Guatemala; El Salvador; and Panama to discuss how funds and training and equipment deliveries are tracked, the mechanisms in place to monitor implementation and delivery, as well as performance measures developed to track the success of the initiative. The funding data in this report is an update of data presented in our previous report on the status of funds for the Mérida Initiative.<sup>2</sup> To

<sup>1</sup>We reviewed three spending plans that State submitted to Congress. These included fiscal year 2008 supplemental, fiscal year 2009 omnibus, and fiscal year 2009 supplemental spending plans.

<sup>2</sup>[GAO-10-253R](#).

determine the quality of these data, we reviewed the four laws that appropriated funds which State allocated to the Initiative, primarily from three accounts—the International Narcotics Control and Law Enforcement (INCLE) account, the Economic Support Fund (ESF), and the Foreign Military Financing (FMF) account.<sup>3</sup> We collected data from each Bureau at State that administers those accounts—International Narcotics and Law Enforcement; Western Hemisphere Affairs; and Political-Military Affairs. We also collected data from USAID, which actually implements ESF. Each bureau administers the accounts separately using their own spreadsheets and budgeting terms. Since we had collected the data for our prior report, we were able to request similar data from the same officials to correspond to the data we reported previously. We carefully reviewed the data, including detailed line item information by project, and consulted with State officials on the accuracy and completeness of the information. When we found discrepancies, such as data entry errors, we brought them to State’s attention and worked with State officials to correct the discrepancies. We determined the data were sufficiently reliable for the purposes of this report. Finally, where possible, we checked the data against other information such as budget spreadsheets arranged either by project or by country; project plans detailing estimated expenses; and implementation agreements between State and other U.S. agencies. Furthermore, to describe the funding process and factors affecting the timing of the process as well as of delivery of goods and services under the Initiative, we interviewed State, DOD, and USAID officials, analyzed data provided to us, and reviewed documentation. We determined that these data were sufficiently reliable to demonstrate the actual and planned timing of major equipment deliveries by year and after 2011. To discuss the challenges, we interviewed U.S. officials and foreign government officials overseeing the implementation of the Mérida Initiative. We discussed challenges pertaining to administrative requirements, the surge in funds, and the timing of funds availability, as well as issues associated with foreign government’s capacity and continuity of public administration. In addition, we reviewed U.S. government documents, including law enforcement agency reports and strategies, that address narcotics and crime in the region. We also

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<sup>3</sup>State also allocated \$6.2 million from the FY08 Supplemental Appropriations Act Non-proliferation, Anti-terrorism, Demining, and Related Programs (NADR) account to fund activities for Mérida in Central American countries. We reflect this amount in table 2 in the text, but given the relatively small size of the appropriations and the fact that they did not receive any subsequent NADR appropriations for the Mérida Initiative, we did not include NADR in our description of the general funding process for Mérida.

reviewed studies by the Congressional Research Service and State Inspector General office and examined legislation related to Mérida.

To assess State's performance measures, we compared them to best practices identified in previous GAO reports, including work that defines key attributes of successful performance measures, and in the Government Performance Results Act of 1993. Due to the fact that State established its performance measures fairly recently and revised them last year, we were only able to assess its measures against some of the key attributes and focused on those that appeared most clearly lacking in general in State's measures: linkage, measurable targets, and outcomes. The operational definitions we used for our review are as follows:

- Linkage: Measure is specifically aligned with current program goals.
- Measurable targets: Measure has a numerical goal.
- Outcome: Measure provides an assessment of the results of a program activity compared to its intended purpose.

To describe coordination, we interviewed U.S. and foreign government officials overseeing the Mérida Initiative – including, State WHA, State INL, USAID, and NAS. In Mexico, we interviewed foreign government officials, such as, SRE, SSP, PGR, SEDENA, SEMAR, SAT, and INAMI. Based on this testimonial evidence, we identified roles, responsibilities, and mechanisms in place to coordinate the Mérida Initiative.

We conducted this performance audit from September 2009 to July 2010 in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

# Appendix II: Performance Measures for Mexico Corresponding to the Original Mérida Strategic Goals

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## Strategic Goal I: Break the Power and Impunity of Criminal Organizations

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Objective 1: Disrupt trafficking routes and interdict air, land and sea shipments of illicit contraband between Mexico and the United States

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Action	Support the Government of Mexico in creating downward cross-border trend in illicit narcotics, weapons, precursor chemicals and cash flows through the use of non-intrusive inspection equipment
Performance Measures	<ol style="list-style-type: none"> <li>1. Percentage of vehicles and containers inspected by non-intrusive means, per port of entry Baseline: 0% of vehicles and containers inspected by non-intrusive means, from the time equipment transferred under the Initiative is utilized</li> <li>2. Average time for inspection of commercial freight vehicles Baseline: 10 to 30 minutes to inspect a vehicle by traditional means</li> </ol>
Action	Contribute to the fight against transnational organized crime
Performance Measures	<ol style="list-style-type: none"> <li>1. Number of drug traffickers and criminal kingpins arrested Baseline 2008: 22,000 individuals</li> <li>2. Number of drug-related extraditions to the United States Baseline 2008: 95 individuals (S.R.E.)</li> <li>3. Extraditions from the United States to Mexico Baseline 2008: 32 individuals (U.S. DOJ)</li> </ol>

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Objective 2: Restructure and enhance law enforcement and intelligence capacities to combat criminal organizations

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Action	Strengthen the role of civilian federal law enforcement authorities in the fight against organized crime
Performance Measures	<ol style="list-style-type: none"> <li>1. 10 percent increase in specialized training courses on new procedures and penal investigations for Federal Police and Prosecutors Baseline 2008: 300 courses to 7,600 police personnel</li> <li>2. Increase the polygraph capacity of the Secretariat of Public Security's "Center for Background Checks" (measured in number of polygraphs) Baseline 2008: 0</li> <li>3. Increase in the number of Federal Police officials evaluated in the Secretariat of Public Security's "Center for Background Checks" with polygraph equipment acquired with Mérida Initiative funds Baseline 2008: 0</li> </ol>

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## Strategic Goal II: Assist Mexico in Strengthening Border, Air, and Maritime Controls

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Objective 1: Increase security of border areas and ports of entry

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Action	Improve the tracking, verification and collection of data to impede criminal activity
Performance Measures	<ol style="list-style-type: none"> <li>1. Number of checkpoints equipped with and operating non-intrusive inspection equipment and/or canine teams Baseline 2008: 160 NIIE units, 90 canine units</li> <li>2. Number of OASISS sites along the U.S.-Mexico border Baseline 2008: 9 sites</li> </ol>

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Objective 2: Enhance secure communications and shipping

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Performance Measures	<ol style="list-style-type: none"> <li>1. Provide technical capability for an operational strategic communications system for the Government of Mexico Baseline 2008: Backup infrastructure not in place</li> <li>2. Provide training in operating secure telecommunications system Baseline: 140 IT courses for 700 public security IT engineers</li> </ol>
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**Appendix II: Performance Measures for  
Mexico Corresponding to the Original Mérida  
Strategic Goals**

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**Strategic Goal III: Improve the Capacity of Justice Systems**

Objective 1: Support the Government of Mexico in improving criminal justice system efficiency and effectiveness

Action	Strengthen legal reforms that are already being implemented
Performance Measures	<ol style="list-style-type: none"> <li>1. Number of judicial personnel trained for the new federal judicial system with Initiative funds Baseline 2008: 0</li> <li>2. Number of organized crime cases successfully brought to trial Baseline 2008: 1,040 individuals brought to trial</li> </ol>

Objective 2: Bolster the rule of law while ensuring the protection of human rights

Action	Increase effectiveness, cooperation, and transparency
Performance Measures	<ol style="list-style-type: none"> <li>1. Number of Federal Police officials trained in human rights with initiative funds Baseline 2008: 0</li> </ol>

Objective 3: Comprehensive prison reform to modernize and inhibit the influence of incarcerated criminals on outside criminal organizations

Action	Specialized training to strengthen the procedures and regulations of prison administration
Performance Measures	<ol style="list-style-type: none"> <li>1. Train and certify corrections instructors in 2009 (in a U.S. corrections training academy) Baseline 2008: 0 instructors trained and certified</li> <li>2. Train and certify newly recruited corrections officials by the end of 2009 Baseline 2008: 0 prison officials trained and certified</li> </ol>

**Strategic Goal IV: Diminish the Demand for Drugs**

Objective: Assist the Government of Mexico in reducing the demand for drugs through information, educational programs, and rehabilitation

Action	Enhance public awareness of the danger of drugs and provide specialized attention
Performance Measures	<ol style="list-style-type: none"> <li>1. Percentage completed in the design, acquisition and installation of a digital communications network and a national database to serve vulnerable population Baseline: 0 %</li> <li>2. Percentage of the target population served by "New Life Centers" Baseline: 0 % of the population at the time the new network was launched</li> <li>3. Percentage of "New Life Centers" reporting to RENADIC Baseline: 0 %</li> </ol>

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Source: Department of State.

# Appendix III: Comments from the Department of State



United States Department of State

*Chief Financial Officer*

Washington, D.C. 20520

JUL -9 2010

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

Dear Ms. Williams-Bridgers:

We appreciate the opportunity to review your draft report, "MERIDA INITIATIVE: The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Metrics," GAO Job Code 320706.

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 Mark Smith, Senior Program Officer, Bureau of International Narcotics and Law Enforcement Affairs at (202) 663-1653.

Sincerely,

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

James L. Millette

cc: GAO – Jess Ford  
INL – David T. Johnson  
State/OIG – Tracy Burnett

**Department of State Comments on GAO Draft Report**

**MERIDA INITIATIVE:**  
**The United States Has Provided Counternarcotics**  
**and Anticrime Support but Needs Better Performance Metrics**  
**(GAO-10-837, GAO Code 320706)**

Thank you for the opportunity to comment on your draft report entitled "*Merida Initiative: The United States Has Provided Counternarcotics and Anticrime Support but Needs Better Performance Metrics.*" We commend GAO for preparing a thorough report that shows insight into the development and implementation of the Merida Initiative. The report goes far in documenting the obstacles to implementation and the significant steps the Department has taken to overcome them, resulting in accelerated implementation of programs.

The Department of State agrees with the main findings and conclusions of the report, including the recommendation that "the Secretary of State incorporate into the strategy for the Mérida Initiative outcome performance measures that indicate progress toward strategic goals and develop more comprehensive timelines for future program deliveries."

The Department has worked hard to increase our capacity to implement the Mérida Initiative, including through the development of program planning tools, which we look forward to strengthening even further. One example of our efforts in this respect is the creation and management of a program implementation tracking report that provides weekly reporting on progress in delivering this assistance. The Department has added a full-time staff member to the Narcotics Affairs Section in Mexico City to track, maintain, and update this report – which is currently tracking 66 equipment deliveries and 306 training and other capacity building programs. We are also developing automated reporting tools to track funding.

Regarding the pace of obligations and expenditures, an Amended Letter of Agreement (ALOA) was signed with Mexico on May 4, for an additional \$287 million in FY 2009 program funds. This ALOA increased significantly the overall percentage of obligated funds. GAO's report notes that expenditures have accelerated since their December 2009 report, and also mentions that expenditures lag, especially on major equipment, because expenditures are recorded only once equipment is delivered.

2

GAO's report recommends that the Merida strategy should incorporate outcome performance measures. A set of goals and performance measurements was agreed to in December 2008 following close collaboration with the Government of Mexico. Appropriately, these metrics assess U.S. assistance – not the overall strategy of the Mexican government. However, as GAO noted in its Report, these metrics have not been updated since the new Four-Pillar strategy was developed earlier this year and affirmed in May by Presidents Obama and Calderon during their meeting in Washington. We are currently exploring how best to update program performance measures to reflect this new strategy.

As was discussed during the GAO's completion of the report, we have progressed in identifying indicators that should be tracked, but progress against these indicators will not always be linear, and we are working on how to best understand and manage against these indicators. For example, the activities undertaken under Merida should result in the eventual reduction of homicides, but there will likely be a period where transnational criminal organizations (TCOs) will resist the increased pressures against them and seek to affirm their control over plazas and border crossings against other TCOs. This may well result in an increase in violence despite making progress on the program. To manage successfully against these indicators, we need to understand and predict how and why the trends will change and possibly reverse, and avoid the temptation to incorrectly adjust policies because we did not understand how to interpret the indicators. Completing this task will take some time in order to produce indicators that go beyond tracking inputs and outputs, and provide a meaningful understanding of outcomes.

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# Appendix IV: GAO Contact and Staff Acknowledgments

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## GAO Contact

Jess T. Ford (202) 512-4268 or [fordj@gao.gov](mailto:fordj@gao.gov)

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## Staff Acknowledgments

In addition to the contacts named above, Juan Gobel, Assistant Director; Marc Castellano; Marisela Perez; Erin Saunders Rath; Debbie J. Chung; Grace Lui; Martin De Alteriis; and Judith Williams made key contributions to this report. Elizabeth Curda, Victoria Green, Jena Sinkfield, and Doug Cole provided technical assistance.

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