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Office of Inspector General

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# Evaluation of Bureau of Democracy, Human Rights, and Labor Iraq Programs in Support of Line of Effort 1 of the President's Counter- ISIL Strategy

## BUREAU OF NEAR EASTERN AFFAIRS

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## Summary of Review

OIG evaluated all 12 active grants in Iraq from the Bureau of Democracy, Human Rights, and Labor (DRL), with a total award value of \$42.4 million. OIG found that all DRL grants files reviewed contained monitoring plans, risk assessment or contingency plans, and performance indicators. However, DRL did not report grant recipient performance indicator data but instead reported narrative performance summaries. Without the reporting of performance indicator data, the Department and Embassy Baghdad cannot determine whether DRL grants are meeting program objectives. The Bureau of Administration also improperly designated six contractors to serve as grants officer representatives, thus allowing contractors to perform inherently governmental functions. OIG recommended that DRL: (1) report performance indicator data for its Iraq grants to the U.S. Office of Foreign Assistance and (2) that the Bureau of Administration designate certified grants officer representatives for DRL grants in Iraq.

## OBJECTIVE

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OIG undertook this evaluation to assess Embassy Baghdad's implementation of Department foreign assistance programs conducted in support of Line of Effort (LOE) 1 in the President's strategy to counter the Islamic State in Iraq and the Levant (ISIL). This report was completed in accordance with OIG's oversight responsibilities, as described in Section 8L of the Inspector General Act of 1978, as amended. OIG prepared concurrently with this report a classified evaluation of Embassy Baghdad's diplomatic engagement in support of LOE 1 and an unclassified evaluation of Embassy Baghdad's implementation of public diplomacy activities under LOE 6 (Exposing ISIL's True Nature). OIG conducted this evaluation in Baghdad, Iraq, from October 18 to November 10, 2015.

## BACKGROUND

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On September 10, 2014, President Obama announced a comprehensive counterterrorism strategy consisting of nine LOEs to degrade and ultimately destroy ISIL. LOE 1, supporting effective governance in Iraq, is the only LOE focused on a single country and for which the Department is the sole lead agency. DRL is the primary implementer of Department-funded governance programs in Iraq.

DRL funds and manages foreign assistance programs intended to protect human rights, promote reconciliation and trust-building, protect

Nine Lines of Effort in the President's Strategy to Counter ISIL

**LOE1: Supporting Effective Governance in Iraq**  
LOE2: Denying ISIL Safe Haven  
LOE3: Building Partner Capacity  
LOE4: Enhancing Intelligence Collection on ISIL  
LOE5: Disrupting ISIL's Finances  
LOE6: Exposing ISIL's True Nature  
LOE7: Disrupting the Flow of Foreign Fighters  
LOE8: Protecting the Homeland  
LOE9: Humanitarian Support

vulnerable populations, and increase participation by minorities in the political process.

Embassy Baghdad participates in DRL requests for project proposals and grants recipient selection but has no formal responsibility for monitoring DRL-funded projects, which are managed from Washington. Neither DRL employees nor Embassy Baghdad employees have conducted site visits to Iraq grants recipients since 2013. Instead, DRL relies on local contractors to visit grant recipient sites. The Bureau of Administration, Office of Acquisition Management issued a notice to partially suspend all DRL project activities in Iraq in June 2014 because of a worsening security situation. DRL revised scopes of work and changed operational locations for grants recipients in 2014. All but one grant recipient resumed full operations by December 2014.

**Figure 1. Active DRL Governance Grants in Iraq**

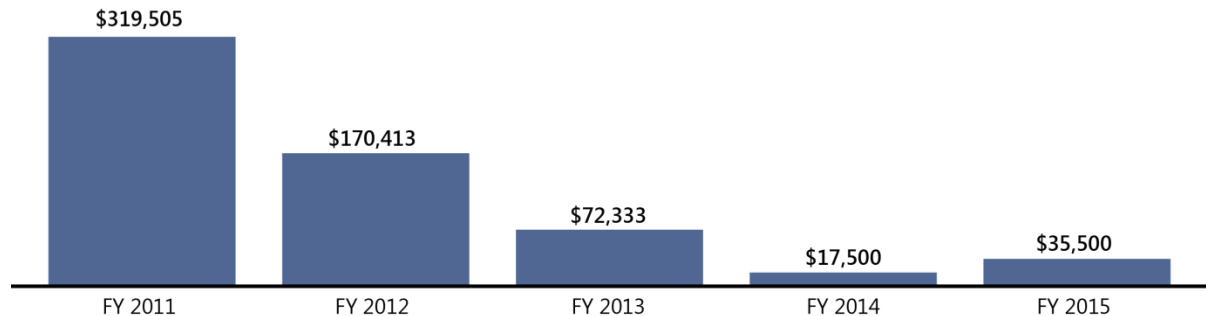
<b>Grant Program Description</b>	<b>Award Amount</b>
Women’s Empowerment in Politics	\$962,354
Supporting and Strengthening Rights of Victims of Enforced Disappearances	\$4,500,000
Consolidating Media Freedom	\$1,015,233
Supporting Human Rights and Rule of Law Through Enhanced Cooperation Between Police and Communities	\$1,945,148
Assisting Democratic Transformation	\$1,922,000
Documenting Human Rights Abuses	\$1,600,000
Capacity, Response, and Respect Initiative: Mitigating Conflict in Iraq Host Communities Due to the Influx of Iraqi Returnees, Internally Displaced Persons, and Syrian Refugees	\$2,490,000
Strengthening Iraq’s Religious and Ethnic Minority Communities	\$2,000,000
Supporting Iraq’s National Strategy and National Action Plan on United Nations Security Resolution 1335 (Women, Peace, and Security)	\$2,200,760
Victim Support and Reconciliation	\$1,500,000
Mobilizing Iraq Youth for Peace – Countering and Preventing Violent Extremism	\$1,735,000
Strengthening Political Institutions to Help Deliver Democracy	\$20,508,137
<b>Total</b>	<b>\$42,378,632</b>

**Source:** OIG analysis of the Bureau of Democracy, Human Rights, and Labor governance programs in Iraq.

## Foreign Assistance Funding for Governance Programs is Declining

U.S. Government funding for governance programs in Iraq declined from \$319.5 million in FY 2011 to \$35 million in FY 2015 as part of a phased reduction in assistance after the withdrawal of U.S. combat troops in 2011.<sup>1</sup>

**Figure 2. Economic Support Fund Resources for Governance Programs in Iraq  
Declining Levels of U.S. Foreign Assistance for Governance Programs**



**Notes:**

The Economic Support Fund provides economic aid to promote economic or political stability in areas where the United States has special security or other interests (22 U.S.C. §2346).

The numbers in Figure 2 are in \$ thousands.

**Source:** OIG analysis of the Office of U.S. Foreign Assistance Resources Data on Governance Funds to Iraq FY 2011–FY 2015

The Bureau of International Narcotics and Law Enforcement Affairs ended its Iraq programs in 2015. The U.S. Agency for International Development was scheduled to close out its governance programs in 2015 but extended programs that support decentralization, administrative reform, and humanitarian objectives. In September 2014, the Ambassador directed a review of remaining foreign assistance programming to ensure that programs aligned with strategic priorities. This process resulted in a decision to focus Department foreign assistance programs primarily on governance and humanitarian assistance objectives.

## FINDINGS

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### Grants Contained Monitoring Plans, Risk Assessment or Contingency Plans, and Performance Indicators

OIG evaluated all 12 active DRL grants, with a total award value of \$42.4 million. OIG found that all 12 grants files reviewed contained monitoring plans, risk assessment or contingency plans, and performance indicators, as required (see Purpose, Scope, and Methodology section). In

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<sup>1</sup> Totals do not include International Narcotics Control and Law Enforcement funds or programs.

addition, DRL grants contained financial and performance reports as well as specific goals and objectives linked to Embassy Baghdad's strategic planning documents.

## **The Bureau of Democracy, Human Rights, and Labor Did Not Report Performance Indicator Data**

DRL did not submit performance indicator data to the Office of U.S. Foreign Assistance in FY 2013 and FY 2014 for any of its Iraq grants through Embassy Baghdad's Performance Plan and Report.<sup>2</sup> Instead, DRL reported narrative summaries of grantee performance. DRL told OIG that it collects additional information on grants recipients' performance that is not reflected in Embassy Baghdad's Performance Plan and Report. DRL reports that it is developing a targeted performance management plan framework for its Iraq grants programs to help better measure, collect, and report on grant recipients' performance in future years using more detailed information specifically developed to capture the outputs and outcomes of DRL programs.

Performance indicator data are important measures that allow stakeholders to assess the progress of programs in meeting their goals. Performance indicator data can be standard indicators developed by the Office of U.S. Foreign Assistance or custom indicators developed for specific grants. The Office of U.S. Foreign Assistance's guidance for preparing the annual Performance Plan and Report requires that all Department and U.S. Agency for International Development operating units establish performance indicator data and report them in the Performance Plan and Report. Without the reporting of performance indicator data, the Department and Embassy Baghdad cannot fully determine whether grants are meeting their program objectives and are consistent with U.S. governance policy objectives.

**Recommendation 1:** The Bureau of Democracy, Human Rights, and Labor should report performance indicator data for Iraq grants in the Performance Plan and Report. (Action: DRL)

## **Improper Designation of Contractors as Grants Officer Representatives**

The Bureau of Administration, Office of Acquisition Management designated DRL Grants Officer Representatives (GORs) for all grants reviewed. However, the bureau improperly designated contractors to serve as GORs for 4 of the 12 grants. In two instances, the Office of Acquisition Management designated as GORs direct-hire employees who were not certified GORs. According to Grants Policy Directive 16, the Office of Acquisition Management must assign a certified GOR for all grants awards with an award value of more than \$100,000. In addition, according to Office of Federal Procurement Policy *Policy Letter 11-01*,<sup>3</sup> grant and cooperative

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<sup>2</sup> *FY 2014 Guidance for Performance Plan and Report*, pp. 5-6. The Performance Plan and Report is an annual data call for performance information that supports the Department's strategic planning processes.

<sup>3</sup> Office of Federal Procurement Policy *Policy Letter 11-01*, 76 *Federal Register* 56277, Vol. 76, No. 176, Appendix A, 16(d).

agreement performance monitoring is an inherently governmental function. The bureau may appoint only U.S. direct hires, re-employed annuitants, Foreign and Civil Service personnel, and other temporary direct hires as GORs. In the absence of such a designation, contractors are improperly performing inherently governmental functions. OIG's Office of Audits also discussed this issue in its June 2015 Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives<sup>4</sup>.

**Recommendation 2:** The Bureau of Administration, in coordination with the Bureau of Democracy, Human Rights, and Labor, should designate a certified grants officer representative for six Iraq grants. (Action: A, in coordination with DRL)

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<sup>4</sup> OIG, *Audit of Department of State Oversight Responsibilities, Selection, and Training of Grants Officer Representatives*. (AUD-CG-15-33, June 2015).

## RECOMMENDATIONS

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**Recommendation 1:** The Bureau of Democracy, Human Rights, and Labor should report performance indicator data for Iraq grants in the Performance Plan and Report. (Action: DRL)

**Recommendation 2:** The Bureau of Administration, in coordination with the Bureau of Democracy, Human Rights, and Labor, should designate a certified grants officer representative for six Iraq grants. (Action: A, in coordination with DRL)

## APPENDIX A: PURPOSE, SCOPE, AND METHODOLOGY

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OIG selected grants for review from a universe of 12 DRL grants with award values of \$42.3 million, a place of performance in Iraq, and a period of performance that included September 2014 to August 2015. To determine whether Embassy Baghdad's Department-managed foreign assistance programs related to LOE 1 were accomplishing their program goals, OIG reviewed all 12 active DRL grants. To determine whether DRL grantees were operating with appropriate oversight, OIG reviewed grants files to confirm that grants (a) contained monitoring plans required by Grants Policy Directive 42; (b) contained risk assessment/management plans required by Grants Policy Directive 57; (c) contained clear performance indicators; (d) contained required financial and performance reports from the grants recipient in accordance with the terms of the grants agreement; and (e) were tied to Embassy Baghdad's Integrated Country Strategy goals.

This inspection was conducted in accordance with the Quality Standards for Inspection and Evaluation, as issued in 2012 by the Council of the Inspectors General on Integrity and Efficiency, and the Inspector's Handbook, as issued by OIG for the Department and the Broadcasting Board of Governors.



## ABBREVIATIONS

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DRL	Bureau of Democracy, Human Rights, and Labor
ISIL	Islamic State in Iraq and the Levant
GOR	Grants Officer Representative
LOE	Line of Effort

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