

July 2012

IRAQ

U.S. Assistance to Iraq's Minority Groups in Response to Congressional Directives



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Why GAO Did This Study

Since 2003, minority groups in Iraq have experienced religiously and ethnically motivated attacks, killings, and forced displacements. Concern for Iraqi religious and ethnic minorities led various congressional committees and Congress as a whole to issue a series of directives to provide assistance to these groups.

The 2008 directive directed that \$10 million of unobligated ESF funds from prior years be provided to assist religious minorities in the Ninewa plain region of Iraq. The 2008 supplemental and 2010 directives directed that up to \$10 million be provided to assist religious and ethnic minority groups in Iraq for each directive. USAID and State reported to Congress that they met the provisions of these three directives by providing \$40 million in assistance to Iraqi minority groups.

Congressional requesters asked GAO to examine the extent to which (1) USAID demonstrated that the assistance it reported to Congress met the 2008 directive and (2) USAID and State demonstrated that the assistance they reported to Congress met the 2008 supplemental and 2010 directives. To address these objectives, GAO analyzed documents and interviewed officials from State and USAID in Washington, D.C., and Iraq. This report is a public version of a Sensitive But Unclassified report issued in May 2012.

GAO is not making recommendations. Both agencies provided technical comments on the draft that were incorporated, as appropriate. State did not submit an agency comment letter in response to the draft. In its agency comment letter, USAID stated that it met minority groups' needs to a greater extent than is presented in the report. GAO continues to believe that USAID could not demonstrate how its reported assistance met the provisions of the 2008 directive.

To view the full product, click on [GAO-12-834](#). For more information, contact David Gootnick at (202) 512-3149 or gootnickd@gao.gov.

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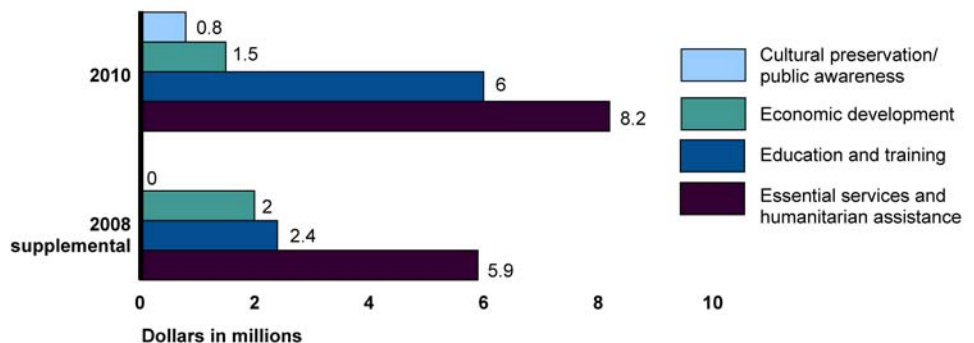
U.S. Assistance to Iraq's Minority Groups in Response to Congressional Directives

What GAO Found

GAO found that the United States Agency for International Development (USAID) could not demonstrate how the projects that it reported to Congress met the provisions of the 2008 directive because of three weaknesses. First, USAID documents—specifically, the list of projects the agency submitted to Congress—linked only \$3.8 million of the \$14.8 million in assistance (26 percent) directly to the Ninewa plain region. Second, USAID documents generally did not show whether the projects included minority groups among the beneficiaries of the assistance and specifically whether \$8 million of assistance was provided for internally displaced families. Third, USAID officials and documents did not demonstrate that the agency used unobligated prior year Economic Support Fund (ESF) funds to initiate projects in response to the 2008 directive.

USAID and the Department of State (State) generally could demonstrate how they met the 2008 supplemental and 2010 directives. According to USAID and State documents, the agencies approved \$26.9 million in assistance—primarily in essential services and humanitarian assistance—to meet the 2008 supplemental and 2010 directives' provisions to spend up to \$10 million for each directive to assist religious and ethnic minority groups in Iraq (see figure below). In addition, as directed by Congress, the U.S. embassy in Baghdad designated staff at the embassy to oversee and coordinate assistance to minority groups in 2008.

Assistance Provided to Iraq's Minority Groups, by Category, in Response to the 2008 Supplemental and 2010 Directives



Sources: GAO analysis of State and USAID data.

Note: The total does not add up to \$26.9 million due to rounding.

Using the Quick Response Fund (QRF) program, USAID and State took five steps that generally demonstrated how they met the 2008 supplemental and 2010 directives. First, the U.S. embassy in Baghdad directed that support of minority groups be made one of the thematic goals of the QRF program in 2008. Second, USAID and State categorized projects in their respective QRF databases by thematic goal. Third, the U.S. embassy in Baghdad and its Provincial Reconstruction Teams (PRTs) conducted outreach to inform potential beneficiaries of the availability of assistance through the QRF program. Fourth, PRTs or the QRF implementing partner conducted final site visits and prepared project close-out reports. Fifth, both USAID and State conducted third-party assessments at the close of their respective components of the QRF program. The QRF program closed and the PRTs ceased their operations by the end of 2011, as planned. According to USAID and State officials, the two agencies continue to assist minority groups through the obligation of an additional \$28 million in reprogrammed ESF funds from previous years.

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Abbreviations

ESF	Economic Support Fund
PRT	Provincial Reconstruction Team
QRF	Quick Response Fund
State	Department of State
USAID	United States Agency for International Development

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July 10, 2012

Congressional Requesters

Since 2003, religious and ethnic minority groups in Iraq have experienced attacks on holy sites, as well as religiously and ethnically motivated killings, abductions, and forced displacements. According to international aid groups, although religious minorities comprise only about 3 percent of the Iraqi population, they are overrepresented in the refugee and internally displaced populations. Concern for religious and ethnic minorities (hereafter referred to as minority groups) in Iraq led various congressional committees, as well as Congress as a whole, to issue a series of directives beginning in June 2007 to provide assistance to these groups. The directives accompanied the Department of State's (State) fiscal year 2008 appropriation (hereafter referred to as the 2008 directive)¹ and fiscal year 2008 supplemental appropriation (hereafter referred to as the 2008 supplemental directive),² and appeared in State's fiscal year 2010 appropriation (hereafter referred to as the 2010 directive).³ More recently, in the Senate Appropriations Committee report accompanying the fiscal year 2012 appropriations for State, the committee recognized the importance of providing assistance to religious and ethnic minorities in Iraq and directed State to report on assistance provided to these groups (hereafter referred to as the 2012 directive).⁴

As of November 2011, the United States Agency for International Development (USAID) and State reported to Congress that they had

¹H.R. Rep. No. 110-197, June 18, 2007, accompanying H.R. 2764, which later became the Consolidated Appropriations Act, 2008, Pub. L. No. 110-161, Dec. 26, 2007.

²See the Explanatory Statement submitted by the Chairman of the Senate Committee on Appropriations, Cong. Rec., June 28, 2008, S6239-6262, explaining the fiscal year 2008 Supplemental Appropriations Act, Pub. L. No. 110-252, June 30, 2008.

³See the Conference Report, H.R. Conf. Rep. No. 111-366, Dec. 8, 2009, accompanying the Consolidated Appropriations Act, 2010, Pub. L. No. 111-117, Dec. 16, 2009.

⁴See S. Rep. No. 112-85 accompanying S. 1601. The State, Foreign Operations, and Related Programs Appropriations Act for 2012 became part of the Consolidated Appropriations Act for 2012, Pub. L. No. 112-74. In the Conference Report, H.R. Conf. Rep. 112-331, accompanying the Act, the conferees stated that the departments and agencies shall comply with the Senate report 112-85 accompanying S. 1601 as though it were stated in that joint explanatory statement.

provided about \$40 million in assistance for Iraq's minority groups in response to these directives.⁵ According to the agencies, USAID provided \$14.8 million for the 2008 directive;⁶ USAID and State provided \$10.4 million for the 2008 supplemental directive; and State provided \$16.5 million for the 2010 directive. However, some members of Congress remained concerned about the transparency and distribution of the assistance to minority groups in Iraq.

In response to your request, we examined the extent to which (1) USAID demonstrated that the assistance it reported to Congress met the 2008 directive and (2) USAID and State demonstrated that the assistance they reported to Congress met the 2008 supplemental and 2010 directives. This report is a publicly releasable version of a prior GAO report, issued in May 2012, that State and USAID had designated Sensitive But Unclassified.

To address these objectives, we analyzed USAID's and State's reports to Congress summarizing assistance provided in response to the directives and reviewed supporting documents, such as project lists for the three directives, as well as proposals and final close-out reports for projects implemented in response to the 2008 supplemental and 2010 directives. We also interviewed USAID and State officials in Washington, D.C., and Iraq; their implementing partner;⁷ and Iraqi recipients of assistance, such as officials of religious and nongovernmental organizations. We conducted fieldwork in Baghdad and Erbil, Iraq, in October 2011. Due to security constraints, we were able to visit only one project site in Iraq, which is located in Baghdad. This site received one of the largest amounts of funds for the 2008 supplemental and 2010 directives.

⁵According to State and USAID officials, U.S. assistance to Iraqi religious groups was provided consistent with U.S. law and policy on providing federal assistance and laws and policies on assistance to faith-based organizations, which include requirements that organizations that receive such assistance not engage in inherently religious activities such as worship or religious instruction, as part of the program or service directly funded. We did not independently verify that all such funding was provided consistent with these requirements.

⁶Due to a mathematical error, USAID reported \$17.1 million instead of \$14.8 million in its report to Congress.

⁷This organization provided assistance in Iraq under contracts and cooperative agreements with State or USAID.

We conducted this performance audit from June 2011 to July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. Appendix I provides a more detailed description of our objectives, scope, and methodology.

Background

Iraq is ethnically, religiously, and linguistically diverse. Ethnically, Arabs comprise about 75 percent of the population of Iraq, with Kurds comprising around 15 percent and other ethnic groups, such as Turkoman and Assyrians, comprising the remaining 10 percent. Religiously, Shi'a and Sunni Muslims make up 97 percent of the population of Iraq, with non-Muslim groups—such as Baha'i, Christians, Sabean Mandaean, and Yazidis—comprising the remaining 3 percent of the population. Some communities may be an ethnic majority but a religious minority (such as Arab Christians), while other communities may be an ethnic minority but a religious majority (such as Shi'a Shabaks). For the purpose of this report, we refer to the following religious and ethnic communities as minority groups: Anglican, Armenian, Assyrian, Baptist, Chaldean, Coptic, Greek Orthodox, Latin Catholic, Presbyterians, Sabean Mandaean, Shabak, Syriac, Turkoman, and Yazidi.

Since 2003, Iraq's minority groups have experienced religiously and ethnically motivated intimidation, arbitrary detention, killings, abductions, and forced displacements, as well as attacks on holy sites and religious leaders. In August 2007, coordinated truck bombings killed some 400 Yazidis and wounded more than 700. In August 2009, a series of attacks in Ninewa province killed almost 100 and injured more than 400 from the Yazidi, Shabak, and Turkoman communities. In February 2008, a Chaldean archbishop was kidnapped and killed—the third senior Christian religious figure to be killed in the city of Mosul since 2006. A series of attacks against Christians occurred in 2010, including an attack in October on a Catholic church in Baghdad that left more than 50 dead and 60 wounded.

As a result of such violence, a significant portion of minority groups has fled either to other parts of the country, becoming internally displaced persons, or to neighboring countries, becoming refugees. According to nongovernmental organizations, religious minorities make up a significant portion of those migrating from locations in southern Iraq to locations in

northern Iraq, such as the Ninewa plain region. The International Organization for Migration reports that, in 2010, in the provinces of Dahuk, Erbil, and Ninewa, 49 percent, 24 percent, and 35 percent, respectively, of the internally displaced population were Christian. According to nongovernmental organizations, religious minority groups face increased marginalization and are less able to access public services or employment because of ethnic or religious prejudices.⁸ The United Nations reports that, between 2003 and 2005, 36 percent of the Iraqis seeking refugee status in Syria were Christian. In 2007, Iraq's Ministry of Displacement and Migration estimated that nearly half of the minority communities had left the country. According to the U.S. Commission on International Religious Freedom, at least half of the Christians in Iraq have left the country since 2003. Further, the commission reports that since 2003 nearly 90 percent of the roughly 50,000-60,000 Sabeen Mandaean have either fled Iraq or been killed.

Concern for Iraq's minority groups led Congress to issue a series of directives beginning in June 2007 to provide assistance to these groups. These directives are as follows:

- *2008 directive:* In December 2007, for fiscal year 2008, the House Committee on Appropriations directed that not less than \$10 million of unobligated Economic Support Fund (ESF) account funds provided in prior fiscal years for Iraq should be used to assist religious minorities in the Ninewa plain region of Iraq. Further, the Committee directed that \$2 million of such assistance should be provided for microfinance programs and \$8 million for internally displaced families in the Ninewa plain region.⁹

⁸Nongovernmental organizations, such as Human Rights Watch and the International Crisis Group, have reported on the violence against and manipulation of minority groups in northern Iraq by both Arab and Kurdish authorities. Specifically, Human Rights Watch reports that Kurdish authorities, in an effort to gain minority support for Kurdish rule in disputed territories, have provided financial support to religious communities while simultaneously coercing and repressing dissidents within these communities through intimidation, threats, arbitrary arrests, and detentions.

⁹The Joint Explanatory Statement attached to the 2008 Consolidated Appropriations Act also stated that "the Appropriations Committees support the use of prior year funds as proposed by the House to assist religious minorities in the Nineveh Plain region of Iraq."

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- *2008 supplemental directive:* In June 2008, the Explanatory Statement submitted by the Chairman of the Senate Committee on Appropriations explaining the fiscal year 2008 Supplemental Appropriations Act directed that up to \$10 million of funds made available under various accounts, including the Migration and Refugee Assistance account, should be made available for programs to assist vulnerable Iraqi religious and ethnic minorities. Further, the Explanatory Statement directed that the Secretary of State should designate staff at the U.S. embassy in Baghdad to oversee and coordinate such assistance.
 - *2010 directive:* In December 2009, in the fiscal year 2010 Consolidated Appropriations Act, Congress directed that up to \$10 million of ESF account funds should be made available to continue programs and activities to assist minority populations in Iraq, including religious groups in the Ninewa plain region.
 - *2012 directive:* In September 2011, the Senate Appropriations Committee report accompanying the fiscal year 2012 appropriations for the Department of State, Foreign Operations, and Related Programs directed the Secretary of State to submit a report detailing U.S. efforts to help ethno-religious minority communities in Iraq, including assistance to build an indigenous community police force and to support nongovernmental organizations in the Ninewa plain region.

As of November 2011, USAID and State reported to Congress that they had provided about \$40 million in assistance for minority groups in Iraq in response to these directives. According to the agencies, USAID provided \$14.8 million for the 2008 directive;¹⁰ USAID and State provided \$10.4 million for the 2008 supplemental directive; and State provided \$16.5 million for the 2010 directive.

¹⁰Due to a mathematical error, USAID reported \$17.1 million instead of \$14.8 million in its report to Congress.

USAID Could Not Demonstrate How It Met the 2008 Directive

In its report to Congress, in response to the 2008 directive, USAID officials identified projects that they believed were in support of minority groups from six existing programs that were designed broadly to assist all Iraqis. However, our analysis of documents found that USAID could not demonstrate how it met the provisions of the 2008 directive because of three weaknesses. First, USAID documents—specifically, the list of projects the agency submitted to Congress—linked only 26 percent of the \$14.8 million in assistance directly to the Ninewa plain region. Second, USAID documents generally did not show whether the projects included minority groups among the beneficiaries of the assistance and, specifically, whether \$8 million of assistance was provided for internally displaced families. Third, USAID officials and documents did not demonstrate that the agency used unobligated prior year ESF funds to initiate projects in response to the 2008 directive.

USAID Identified Projects from Six Existing Programs

According to USAID officials, USAID identified projects from six existing programs that were designed broadly to assist all Iraqis. These six existing programs were implemented countrywide; funded many types of activities; and had broad goals related to stabilizing communities and developing agriculture, the economy, and essential services. Accompanying its report to Congress on the 2008 directive, USAID provided a list of 155 projects totaling \$14.8 million of assistance to minority groups. USAID could not provide information on how the agency compiled the list of projects. Table 1 provides a description of the six programs and the reported amount of assistance provided in support of Iraq's minority groups for the 2008 directive.

Table 1: Reported USAID Programs That Included Assistance in Support of Iraq’s Minority Groups for the 2008 Directive

Program	Program purpose	Approximate program value^a	Reported amount of assistance provided in support of minority groups^b
Program 1	Advance private sector development.	\$174,000,000	\$2,000,000
Program 2	Support the development of agribusiness and agricultural markets.	\$170,000,000	\$3,115,000
Program 3	Reduce incentives for participation in violent conflict through employment generation and youth engagement.	\$648,000,000	\$132,305
Program 4	Strengthen local governance and capacity building for citizen participation in local decision making and development.	\$147,000,000	\$2,022,477
Program 5	Improve the capacity of communities to better identify their needs and of local district councils to meet these needs.	\$323,000,000	\$7,063,072
Program 6	Provide quick response projects to address and prevent community conflicts.	\$16,000,000	\$502,195
Total		\$1,478,000,000	\$14,835,049

Source: GAO analysis of USAID data.

^aThe total program value represents the contract value as of November 2011.

^bUSAID could not explain whether the amount represents actual disbursements or initial estimates.

The \$14.8 million in assistance that USAID reported in response to the 2008 directive represented about 1 percent of the \$1.5 billion in assistance provided through these six programs.

USAID Could Not Demonstrate How It Met the Provisions of the 2008 Directive

Our analysis of USAID documents found that USAID could not demonstrate that it met the provisions of the 2008 directive because of three weaknesses. First, although USAID reported that it provided \$14.8 million in assistance to minority groups through existing programs to meet the 2008 directive, its documents could link only \$3.82 million (26 percent) of that amount to the Ninewa plain region. The documents linked \$1.67 million (11 percent) of the assistance to areas outside of the Ninewa plain region. USAID documents did not provide sufficient detail to determine the location of the remaining \$9.35 million (63 percent).

Second, USAID documents generally did not show whether the projects included minority groups among the beneficiaries of the assistance and whether \$8 million was provided specifically for internally displaced families. According to USAID officials, the agency generally did not track its beneficiaries by religious affiliation. For \$14.7 million of the \$14.8

million in assistance, USAID documents did not provide sufficient detail for us to determine that Iraqi minority groups were among the beneficiaries of all of the projects. Only 1 of the 155 projects (\$66,707 out of \$14.8 million) provided sufficient detail in its documents for us to determine that the assistance was directed to internally displaced families; however, the location of that project was outside of the Ninewa plain region. While USAID documents listed \$2 million in funding for a microfinance institution, USAID officials were unable to provide detail on whether all of these loans were disbursed in the Ninewa plain region.

Third, USAID officials and documents did not demonstrate that the agency used unobligated prior year ESF funds to initiate projects in response to the 2008 directive. USAID could document that the agency used unobligated prior year funds for two of the six programs after the date of the 2008 directive. However, according to USAID officials, the agency did not use unobligated prior year funds for the remaining four programs.

USAID and State Generally Could Demonstrate How They Met the 2008 Supplemental and 2010 Directives

According to USAID and State documents, the agencies approved \$26.9 million in assistance¹¹ to meet the 2008 supplemental and the 2010 directives' provisions to spend up to \$10 million for each directive to assist religious and ethnic minority groups in Iraq. In addition, as directed by Congress, the U.S. embassy in Baghdad designated staff at the embassy to oversee and coordinate assistance to minority groups in 2008. Using the Quick Response Fund (QRF) Program, USAID and State took five steps that generally demonstrated how they met the 2008 supplemental and 2010 directives.¹² First, the U.S. embassy in Baghdad directed that the support of minority groups be made one of the thematic goals of the QRF program in 2008. Second, USAID and State categorized projects in their respective QRF databases by thematic goal. Third, the U.S. embassy in Baghdad and its Provincial Reconstruction Teams

¹¹The total approved amount of assistance represents the total of initial approved project estimates.

¹²In August 2007, State established the QRF program as a flexible mechanism to enable PRTs in Iraq to support local entities through short-term projects generally lasting no more than 1 year. The USAID component of the QRF program became known as the Iraq Rapid Assistance Program and the State component continued to be known as the QRF program. For the purposes of this report, we do not distinguish between these two components of the QRF program.

(PRTs)¹³ conducted outreach to inform potential beneficiaries of the availability of assistance through the QRF program. Fourth, PRTs or the QRF implementing partner conducted final site visits and prepared project close-out reports. Fifth, both USAID and State conducted third-party assessments at the close of their respective components of the QRF program. The QRF program closed and the PRTs ceased their operations by the end of 2011, as planned. However, according to USAID and State officials, the two agencies continue to assist minority groups through the obligation of an additional \$28 million in reprogrammed ESF funds from previous years.

USAID and State Approved \$26.9 Million in Assistance for Minority Groups

According to USAID and State documents, the agencies approved \$26.9 million in assistance for minority groups, primarily through the QRF program.¹⁴ Specifically, both agencies approved assistance totaling \$10.3 million in response to the 2008 supplemental directive and State approved \$16.5 million of assistance in response to the 2010 directive. For the 2008 supplemental directive, the agencies approved assistance in support of minority groups in four provinces. For the 2010 directive, State approved assistance in eight provinces. At least \$4.8 million of this assistance was linked to the locations mentioned in the directive.

USAID and State approved 36 projects in response to the 2008 supplemental directive and 90 projects in response to the 2010 directive. QRF projects utilized four funding mechanisms: micro-grants, micro-purchases, grants, and direct procurements. Micro-purchases and micro-grants were used for projects costing up to \$25,000; grants and direct procurements were used for projects costing over \$25,000. Projects included procuring hospital equipment, paving roads, and constructing water lines, among others and fell into four major categories (see table 2 below).

¹³PRTs were joint civilian-military groups consisting of diplomats, military officers, and other specialists with expertise ranging from development and entrepreneurship to engineering and the rule of law. They were created by the U.S. embassy in Baghdad, in 2005, to increase the capacity of Iraqi provincial and local governments to govern effectively. PRTs coordinated U.S. government efforts in Iraq through engagement with local communities. The Office of Provincial Affairs directed and supported the operations of PRTs and provided direction to its team members. Most PRTs were collocated with and supported by U.S. forces in Iraq.

¹⁴About \$940,000 of this assistance was approved through USAID's Civil Society Conflict Mitigation Program and Office of U.S. Foreign Disaster Assistance.

Table 2: State- and USAID-Funded Projects, by Category, for the 2008 Supplemental and 2010 Directives

	Initial estimate of assistance provided^a
2008 supplemental directive projects	
Essential services and humanitarian assistance	\$5,912,115
Education and training	\$2,434,120
Economic development	\$2,004,588
Subtotal	\$10,350,823
2010 directive projects	
Essential services and humanitarian assistance	\$8,202,229
Education and training	\$5,992,015
Economic development	\$1,532,958
Cultural preservation/public awareness	\$778,235
Subtotal	\$16,505,437
Grand total	\$26,856,260

Sources: GAO analysis of USAID and State data.

^aThe "initial estimate of assistance provided" equals the initial project proposal estimates that were approved by the U.S. embassy in Baghdad.

Reported projects varied in cost and scope, ranging from about \$2,000 to \$1.6 million. For example, in response to the 2008 supplemental directive, USAID reported that it initially approved \$1.3 million to assist in the reconstruction of a village that suffered significant damage from a coordinated car-bomb attack. In response to the 2010 directive, State reported that it initially approved \$458,000 for a project in a municipality that had an influx of internally displaced Christians.

According to State officials, the final disbursed amount of assistance likely will be lower than the amount of assistance initially approved and reported to Congress because many projects cost less than the initial approved estimate. State officials told us that they completed reconciling project disbursed amounts for the QRF program in early March 2012. According to these officials, the final disbursed amount was about the same as the approved amount for the 2008 supplemental directive and \$420,000 less than the approved amount for the 2010 directive.

State Designated Staff at the U.S. Embassy in Baghdad to Meet a Provision in the 2008 Supplemental Directive

State met the provision of the 2008 supplemental directive to designate staff at the U.S. embassy in Baghdad to oversee and coordinate assistance to minority groups. In 2008, the U.S. embassy in Baghdad announced the appointment of a special coordinator for minority issues and has since appointed only senior staff¹⁵ to that position, which is evidence—according to State officials—of State’s prioritization of assistance in support of minority groups. The current special coordinator, who is an ambassador as well as the Assistant Chief of Mission for Assistance Transition in Iraq, told us that he conducts outreach to Iraq’s minority communities, including religious leaders and members of the Iraqi diaspora in the United States. In addition, he said that State organizes dialogues and meetings for Iraqi religious minority group leaders in an effort to improve connections and interactions among Christian minority communities in Iraq.

Moreover, in January 2011, the U.S. embassy in Baghdad established a working group for minority issues to further coordinate interagency efforts and outreach to minority communities. This working group, led by the special coordinator, meets on a monthly basis and includes representatives from State, USAID, and the Departments of Justice and Defense. According to U.S. embassy officials, the special coordinator intends to continue to coordinate the U.S. embassy’s efforts in support of minority groups during fiscal year 2012.

USAID and State Took Five Steps That Generally Demonstrated How They Met the 2008 Supplemental and 2010 Directives

USAID and State could generally demonstrate how they met the 2008 supplemental and 2010 directives through their use of the QRF program, which served as the primary mechanism for the agencies to categorize, track, monitor, and report on minority directive projects, among others. Specifically, the agencies took the following five steps to provide assistance that supported minority groups through the QRF program:

- *Made minority directive projects one of the goals of the QRF program.* As directed by the U.S. embassy in Baghdad, the Office of Provincial Affairs made support of minority groups one of the thematic goals of the QRF program in 2008. Thus, USAID and State initiated new

¹⁵According to State officials, since 2008, three Deputy Assistant Secretaries of State for Iraq have served as the special coordinator for Iraq’s minority issues. State officials said this role enabled each of the Deputy Assistant Secretaries to maintain a close focus on the challenges facing Iraq’s minority groups while developing Iraq policy.

projects through the PRTs in support of this goal at that time. State established the QRF program in 2007 to enable PRTs in Iraq to support local entities through short-term projects to fill gaps that were not funded through existing programs. QRF projects under \$25,000 were implemented by PRTs and projects over \$25,000 mostly were implemented by USAID or State's implementing partner.

- *Categorized projects.* USAID and State officials categorized projects in the agencies' respective QRF program databases by thematic goal. The agency officials categorized projects in support of minority groups as "Minority Directive" upon initiation, which allowed them to track these projects for reporting purposes. For the 14 projects that we spot-checked, the agencies were able to provide supporting documents from their databases that included information about the projects and showed that projects were categorized as "Minority Directive." Further, as a result of categorizing projects, the agencies were able to produce lists that reported the amount of assistance approved in support of minority groups for each directive. These lists also showed that numerous minority groups were beneficiaries.
- *Conducted outreach to identify potential beneficiaries.* To inform potential beneficiaries of the availability of assistance through the QRF program, PRTs and the special coordinator for minority issues in Baghdad conducted informal outreach to community members, religious leaders, elected officials, and civil society groups. For example, the special coordinator met with minority group leaders to discuss funding needs for projects, such as promoting private investment opportunities. In addition, the agencies identified potential beneficiaries through existing U.S. military and USAID relationships with Iraqi officials and organizations.
- *Conducted final site visits and prepared close-out reports.* According to USAID and State officials, PRTs or the QRF program implementing partner conducted final site visits and prepared project close-out reports. We found that the implementing partner prepared close-out reports for all 14 projects that we spot-checked. In the close-out reports, the implementing partner reported on whether the grant objectives were met and whether the grantee met all of their responsibilities and reporting requirements, among others. In addition, the implementing partner received a final report from the grant recipient that included information on the project's impact and on its beneficiaries. Because the security situation hindered the agencies' ability to independently verify the implementing partner's reports, both agencies relied on American and local PRT staff and, in some cases,

the U.S. military to verify the implementing partner's reports through photographs and site visits. However, according to USAID and State officials, PRTs did not always complete or document site visits for all projects. State officials said that site visits by U.S. government personnel could compromise the security of project sites and Iraqi recipients.

- *Conducted third-party assessments.* Both USAID and State conducted third-party assessments at the close of their respective components of the QRF program. Completed in 2010, the USAID evaluation concluded that the information reported by the implementing partner was valid and recipients received the equipment that was agreed upon in the grant agreement. As of February 2012, State had not finalized its third party's QRF program evaluation. During our fieldwork in Iraq, Iraqi recipients told us that assistance reached their communities.¹⁶

The QRF program—which served, among other things, as USAID's and State's primary mechanism to provide, categorize, track, monitor, and report on assistance to minority groups in Iraq from 2008 to 2011—ended in December 2011. Further, PRTs—which helped identify and monitor QRF projects—ceased operations during the drawdown of U.S. forces from Iraq during 2011. U.S. forces completely withdrew from Iraq in December 2011.

USAID and State Continue to Provide and Track Assistance to Iraq's Minority Groups

According to USAID and State officials, the two agencies have continued to assist Iraq's minority groups through the obligation of an additional \$28 million in reprogrammed ESF funds from prior fiscal years. USAID officials told us they obligated \$18 million through a program for microfinance loans to members of minority groups in September 2011. State officials told us that they obligated \$10 million, in September 2011, to support one project outside of Baghdad. According to officials from both agencies, they have mechanisms in place to categorize, track, monitor, and report on assistance to minority groups.

According to State officials, State intends to continue providing assistance for minority groups in Iraq in fiscal year 2012. However, the officials could

¹⁶We met with Iraqi recipients of assistance who collectively represented about 30 percent of the total assistance provided in response to the 2008 supplemental and 2010 directives.

not discuss State's plans for providing assistance because, as of March 20, 2012, State had not yet determined its funding allocations for Iraq for fiscal year 2012.

Agency Comments and Our Evaluation

We provided drafts of this report to State and USAID. Both agencies submitted technical comments on the draft that were incorporated, as appropriate. State did not submit an agency comment letter in response to the draft. In its agency comment letter, USAID remarked that despite GAO's findings, USAID met the needs of internally displaced persons and religious minorities to a greater extent than is presented in this report (see app. II). However, USAID did not provide additional documentation to support its statement. We continue to believe that USAID could not demonstrate how its reported assistance met the provisions of the 2008 directive.

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

If you or your staff members have any questions, please contact me at (202) 512-3149 or gootnickd@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix III.



David Gootnick
Director, International Affairs and Trade

List of Requesters

The Honorable Christopher H. Smith
Chairman
Subcommittee on Africa, Global Health,
and Human Rights
Committee on Foreign Affairs
House of Representatives

The Honorable Thomas A. Coburn
United States Senate

The Honorable Richard J. Durbin
United States Senate

The Honorable Mark Kirk
United States Senate

The Honorable Sheldon Whitehouse
United States Senate

The Honorable Gus Bilirakis
House of Representatives

The Honorable Dan Burton
House of Representatives

The Honorable Dennis Cardoza
House of Representatives

The Honorable Anna G. Eshoo
House of Representatives

The Honorable Trent Franks
House of Representatives

The Honorable Jim Moran
House of Representatives

The Honorable Sue Myrick
House of Representatives

The Honorable Gary C. Peters
House of Representatives

The Honorable Ted Poe
House of Representatives

The Honorable Jan Schakowsky
House of Representatives

The Honorable Frank R. Wolf
House of Representatives

Appendix I: Objectives, Scope, and Methodology

Our objectives were to examine the extent to which (1) the U.S. Agency for International Development (USAID) demonstrated that the assistance it reported to Congress met the 2008 directive and (2) USAID and the Department of State (State) demonstrated that the assistance they reported to Congress met the 2008 supplemental and 2010 directives. This report is a publicly releasable version of a prior GAO report, issued in May 2012, that State and USAID had designated Sensitive But Unclassified.

To address the first objective, we reviewed the provisions of the 2008 directive and analyzed USAID's report to Congress and a list of projects summarizing the reported amount of assistance provided in response to the 2008 directive. To determine (1) the amount of assistance that USAID provided in the Ninewa plain region and (2) if minority groups were among the beneficiaries, we analyzed the list of projects and project descriptions to identify locations where possible and beneficiaries where identified. We also reviewed program documents, including program evaluations and contracts. We interviewed USAID officials in Washington, D.C., and Iraq, as well as former USAID-Iraq program managers in Washington, D.C., and via teleconference in Cairo, Egypt.

To address the second objective, we analyzed (1) the provisions of the 2008 supplemental and 2010 directives; (2) State's report to Congress summarizing assistance in response to the 2008 supplemental and 2010 directives; and (3) USAID and State's project lists. The project lists for the 2008 supplemental and the 2010 directives included information such as the project name, grant identification number, project description, project location, minority group served, and the initial approved estimate of each project's cost. We asked State to provide us with project lists that included the recipient's name. State officials told us that they could not provide us with this information due to security concerns. However, we determined that the project lists were sufficiently reliable for our purposes by interviewing agency officials in Washington, D.C., and reviewing the QRF database, in Iraq, that was used to create the lists. To address the second objective, we also (1) interviewed USAID and State officials in Washington, D.C., and Iraq; (2) conducted a spotcheck of project documents, such as proposals and close-out reports; and (3) conducted fieldwork in Baghdad and Erbil, Iraq, in October 2011. For the spotcheck, we judgmentally selected 14 of the 126 projects to include a crosssection of characteristics such as year (2008 or 2010), funding amount, and type of project (i.e., procurement, training, etc.). We also interviewed USAID and State officials in Washington, D.C., and Iraq (including former Provincial Reconstruction Team staff); USAID and State's implementing

partner; and Iraqi recipients of assistance, such as officials of religious and nongovernmental organizations. During our fieldwork, we met with 14 Iraqi recipients of assistance who received funding for 28 of the 126 projects and collectively represented about 30 percent of the \$26.9 million in assistance provided in response to the 2008 supplemental and 2010 directives. However, their views are not generalizable to all recipients of this assistance. Due to security constraints, we were able to visit only one project site in Iraq, which is located in Baghdad. This site received one of the largest amounts of funds for the 2008 supplemental and 2010 directives.

We conducted this performance audit from June 2011 to July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the U.S. Agency for International Development



April 18, 2012

David Gootnick
Director, International Affairs and Trade
Government Accountability Office (GAO)
Washington, DC 20548

Dear Mr. Gootnick:

I am pleased to provide the U.S. Agency for International Development's formal response to the GAO draft report "IRAQ: U.S. Assistance to Iraq's Minority Groups in Response to Congressional Directives" (Engagement Code 320852).

Please note that despite the GAO's findings of USAID deficiencies in the documentation related to the FY2008 base directive, USAID met the needs of Internally Displaced Persons (IDPs) and religious minorities to a greater extent than is presented in the GAO report. In order to assist those vulnerable populations in the most expedient manner possible, USAID utilized existing implementation mechanisms. Those mechanisms were designed to serve all Iraqis, including vulnerable populations.

Thank you for the opportunity to respond to the GAO draft report and for the courtesies extended by your staff in the conduct of this audit review.

Sincerely,

Angelique M. Crumbly /s/
Acting Assistant Administrator/Management Bureau
U.S. Agency for International Development

Appendix III: GAO Contact and Staff Acknowledgments

GAO Contact

David Gootnick, (202) 512-3149, gootnickd@gao.gov

Staff Acknowledgments

Key contributors to this report include Judith McCloskey (Assistant Director), Jenna Beveridge, Lisa McMillen, and Sushmita Srikanth. In addition, Debbie Chung, Martin De Alteriis, Etana Finkler, Mary Moutsos, and Michael Rohrback provided technical assistance.

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