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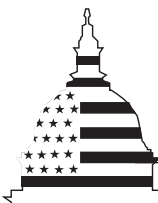
Report to the Honorable  
Ben Nighthorse Campbell,  
U.S. Senate

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August 2001

# INTERNATIONAL CRIME CONTROL

## Sustained Executive-Level Coordination of Federal Response Needed



G A O

Accountability \* Integrity \* Reliability

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**Abbreviations**

ATF	Bureau of Alcohol, Tobacco and Firearms
COE	Council of Europe
CSCE	Commission on Security and Cooperation in Europe
DEA	Drug Enforcement Administration
DOJ	Department of Justice
EPA	Environmental Protection Agency
EPIC	El Paso Intelligence Center
FATF	Financial Action Task Force on Money Laundering

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FBI	Federal Bureau of Investigation
FCPA	Foreign Corrupt Practices Act
FDA	Food and Drug Administration
FinCEN	Financial Crimes Enforcement Network
FLETC	Federal Law Enforcement Training Center
GPRA	Government Performance and Results Act
GRECO	Group of States Against Corruption
ICC	International Chamber of Commerce
ICITAP	International Criminal Investigative Training Assistance Program
ILEA	International Law Enforcement Academy
INL	Bureau for International Narcotics and Law Enforcement Affairs
INS	Immigration and Naturalization Service
INTERPOL	International Criminal Police Organization
IPR	Intellectual Property Rights
IRS	Internal Revenue Service
IRS-CI	Internal Revenue Service Criminal Investigation
NCIC	National Crime Information Center
NSC	National Security Council
NSPD	National Security Presidential Directive
OAS	Organization of American States
OECD	Organization for Economic Cooperation and Development
OFAC	Office of Foreign Assets Control
OIG	Office of Inspector General
ONDCP	Office of National Drug Control Policy
OPDAT	Overseas Prosecutorial Development, Assistance and Training
OSCE	Organization for Security and Cooperation in Europe
PCC	Policy Coordination Committee
PDD	Presidential Decision Directive
PME	Performance Measures of Effectiveness
SCG	Special Coordination Group on International Crime
UN	United Nations
USAID	U.S. Agency for International Development
USNCB	U.S. National Central Bureau
WMD	Weapons of Mass Destruction



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United States General Accounting Office  
Washington, DC 20548

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August 13, 2001

The Honorable Ben Nighthorse Campbell  
United States Senate

Dear Senator Campbell:

This report responds to your August 2000 request that we review the nature and extent of the federal response to international crime—including drugs and arms trafficking, terrorism, money laundering, public corruption, and other criminal activities that transcend national borders. Such crimes threaten American citizens and communities, businesses and institutions, as well as global security and stability. International crime and its impact on the United States—and the importance of having a coordinated and effective federal response—have been of longstanding interest to you and other members of the Senate Appropriations' Foreign Operations Subcommittee.

Specifically, in response to your request, this report provides overview-level information on the following topics:

- The U.S. framework for addressing international crime.
- The extent of international crime.
- Selected federal entities' roles in responding to international crime and issues related to the coordination of the response.
- U.S. efforts to combat public corruption internationally.
- U.S. programs for providing technical assistance to other nations to combat international crime.
- Issues related to measures of the effectiveness of U.S. efforts to combat international crime.

To address these topics, we interviewed responsible officials at and reviewed relevant documentation obtained from the National Security Council (NSC); the Departments of Justice, Treasury, and State; the U.S. Agency for International Development (USAID); and their components. As agreed with your office, we focused our efforts on these five entities and their components because of the breadth of the international crime topics and the extensive scope of the response. Accordingly, the information in this report does not reflect the full extent of the federal response to international crime. Also as agreed with your office, given the number and the breadth of the topics covered, our work focused on developing overview information rather than analyzing each topic in depth. As further agreed, we did not review any classified documents. We conducted our

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work from October 2000 to July 2001 in accordance with generally accepted government auditing standards. Appendix I presents more details about the scope and methodology of our work.

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## Results

Fueled by global markets, more open borders, and improvements in telecommunications, international crime has become a growing worldwide problem. In 1995, the President identified international crime as a threat to the national interest of the United States. Prior to and since then, the federal government has been engaged in a crosscutting effort to address various types of such crime, including money laundering, terrorism, and public corruption. Despite the multiagency nature of the federal response, no sustained executive-level coordination—for which NSC has the designated responsibility—has been apparent. Furthermore, in the past, the government has neither tracked nor prioritized the billions of dollars in spending on certain elements of the response, such as combating terrorism. In addition, because of the absence of governmentwide, outcome-oriented performance measures, the effectiveness and impact of the response are unclear. Our prior work on other national issues that involve crosscutting responses—ranging from employment training to counterterrorism—shows that, ultimately, achieving any meaningful results requires firm linkages of strategy, resources, and outcome-oriented performance measures. Otherwise, scarce resources are likely to be wasted, overall effectiveness will be limited or not known, and accountability will not be ensured. Accordingly, we are recommending that the Assistant to the President for National Security Affairs take appropriate action to ensure sustained executive-level coordination and assessment of the multiagency federal efforts in connection with international crime.

Presented below is summary information about each of the topics that we studied. More detailed information about each topic is presented in appendixes II through VII, respectively:

- **U.S. framework for addressing international crime.** The U.S. government's framework for addressing international crime was the result of several developments. For example, in October 1995, recognizing that international crime presented a direct and immediate threat to national security, Presidential Decision Directive 42 (PDD-42) directed the development of an effective U.S. response. As a key part of the response, in May 1998, the President announced the U.S. government's International Crime Control Strategy, which was formulated with input from multiple law enforcement agencies and was intended to serve as a dynamic, evolving roadmap for a coordinated, long-term attack on international

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crime. The strategy consists of 8 overarching goals (e.g., “counter international financial crime”) and 30 implementing objectives (e.g., “seize the assets of international criminals through aggressive use of forfeiture law”) and was intended to complement and not supplant related strategies, such as the National Drug Control Strategy. The crime control strategy has not been updated since its inception to reflect changes in the threat from international crime. In April 2001, in response to our inquiry, NSC officials told us that the issue of international crime and the framework for the U.S. response were under review by the new administration. The NSC officials had no estimate of when the review would be completed; however, the officials said that PDD-42 and the International Crime Control Strategy were still considered to be in effect during the ongoing review process. (See app. II.)

- **Extent of international crime.** While there is general consensus among law enforcement officials, researchers, and others that international crime is growing, there is also agreement that measuring the true extent of such crime is difficult. Nevertheless, several efforts have attempted to gauge the extent of and the threat posed by international crime to the United States and other countries. For example, in 1999 and 2000, threat assessments were prepared to support the International Crime Control Strategy. While the 1999 threat assessment was classified, a published version of the 2000 assessment<sup>1</sup> provided various indicators or measures of international crime within five broad categories—(1) terrorism and drug trafficking; (2) illegal immigration, trafficking of women and children,<sup>2</sup> and environmental crimes; (3) illicit transfer or trafficking of products across international borders; (4) economic trade crimes; and (5) financial crimes. Furthermore, within each of the five broad categories, specific types of crimes were discussed. Regarding the financial crime category, for example, the assessment noted that worldwide money laundering could involve roughly \$1 trillion per year, with \$300 billion to \$500 billion of that representing laundering related to drug trafficking. The assessment acknowledged, however, that there is little analytical work supporting most estimates of money laundering. According to NSC, whether the threat assessment would continue to be updated periodically is being considered as part of the new administration’s review of international crime and no decisions had been made in this regard. (See app. III.)

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<sup>1</sup>The 2000 threat assessment was prepared by an interagency group that included representatives from the Central Intelligence Agency; the Departments of Justice, State, Transportation, and Treasury; Office of National Drug Control Policy; and NSC.

<sup>2</sup>State has now designated this activity as “trafficking in persons.”

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- **Selected federal entities' roles in responding to international crime and coordination of the response.** In response to our inquiry, NSC identified 34 federal entities—including cabinet-level departments and their components, and independent agencies—that it considered as having significant roles in fighting international crime. The federal entities included those that are the focus of this report, namely the departments of Justice, Treasury, and State, and USAID.<sup>3</sup> Within Justice, for example, relevant components include the Criminal Division, Federal Bureau of Investigation (FBI), Drug Enforcement Administration (DEA), Immigration and Naturalization Service, U.S. National Central Bureau of the International Criminal Police Organization (INTERPOL), U.S. Marshals Service, and U.S. Attorney Offices. Relevant Treasury components include the Bureau of Alcohol, Tobacco and Firearms (ATF); Customs Service; Internal Revenue Service-Criminal Investigation; Secret Service; Financial Crimes Enforcement Network (FinCEN); the Federal Law Enforcement Training Center; and the Office of Foreign Assets Control. Within State, the Bureau for International Narcotics and Law Enforcement Affairs has a significant role, which includes coordinating and funding U.S. training assistance provided to foreign law enforcement entities; also within State, the Bureau of Diplomatic Security and the Coordinator for Counterterrorism have roles in combating international crime. To illustrate the broad interagency nature of international crime control, in 1997 we identified 43 federal entities with terrorism-related programs and activities.<sup>4</sup> Similarly, 41 federal entities have an interest or are involved in operations at U.S. seaports; 15 of these entities have some jurisdiction over criminal activities occurring at these seaports, according to an interagency commission report.<sup>5</sup>

Implementation of the International Crime Control Strategy inherently involves some jurisdictional overlaps, which necessitate coordination among agencies. To facilitate executive-level coordination of the strategy, PDD-42 established the Special Coordination Group on International Crime, composed of high-level officials from relevant agencies and chaired

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<sup>3</sup>In addition to those discussed in this report, the federal entities identified by NSC included the Department of Defense, the Federal Reserve, and the Securities and Exchange Commission. NSC cautioned that its compilation of federal entities responding to international crime was not intended to be exhaustive.

<sup>4</sup>*Combating Terrorism: Spending on Governmentwide Programs Requires Better Management and Coordination* (GAO-NSIAD-98-39, Dec. 1, 1997).

<sup>5</sup>*Report of the Interagency Commission on Crime and Security in U.S. Seaports* (Aug. 2000).



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by a senior NSC official. The Special Coordination Group was to meet periodically to ensure an integrated focus on the federal response to international crime. According to State and NSC officials, however, while the Special Coordination Group met 14 times in 1998, it met infrequently thereafter. At one point the Special Coordination Group did not meet at all for about 9 months (between September 1999 and June 2000) because some of its members were involved in other activities, such as preparing for year-2000 computer compliance and because of staffing shortages. In this regard, two NSC staff were assigned to coordinate international crime matters.

A Presidential directive issued in February 2001 (National Security Presidential Directive 1, or NSPD-1) reorganized NSC and abolished the existing structure of interagency groups, including the Special Coordination Group. The directive did not indicate how the overall response to international crime would be coordinated at the time under NSC's new structure. In April 2001, the Assistant to the President for National Security Affairs established a Policy Coordination Committee (PCC) for International Organized Crime.<sup>6</sup> The PCC is to be comprised of officials at the Assistant Secretary level from relevant federal entities and is to be chaired by the NSC Senior Director for Transnational Threats. The PCC is to coordinate policy formulation, program oversight, and new initiatives related to a number of international crime issues, including arms trafficking, trafficking in persons, and foreign official corruption. According to NSC, one of the PCC's priorities is to evaluate the 1998 International Crime Control Strategy.

Various other departmental and agency-level coordination mechanisms—such as coordination centers, interagency coordinators, and working groups—have been established over the years to address specific types of international crimes. For example, Justice and State recently created a center for combating trafficking in persons and migrant smuggling. (See app. IV.)

- **Efforts to combat public corruption internationally.** The International Crime Control Strategy addresses corruption in two contexts. One context involves efforts to eliminate the use of bribes in transnational business activities, such as government contracting. In this context, an international anti-bribery agreement adopted by the Organization for Economic Cooperation and Development (OECD)

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<sup>6</sup>In February 2001, NSPD-1 established 17 other geographic and functional PCCs.

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represents an effort to eliminate bribery of foreign public officials in business transactions. This agreement—the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions—entered into force in 1999. The Convention generally requires signatory nations to criminalize bribes to foreign public officials made to obtain or retain business or other improper advantage in the conduct of international business. Essentially, the Convention, according to State, reflects the long-term U.S. interest in creating a level playing field among the world’s major trading nations by internationalizing the anti-bribery principles of the Foreign Corrupt Practices Act (P.L. 95-213),<sup>7</sup> which the United States enacted in 1977. The Departments of State and Commerce are required to provide the Congress with annual reports on the implementation of the OECD Convention. In its third annual report, issued in July 2001, Commerce noted that progress has been made on the first priority of ensuring that all signatories deposit an instrument of ratification with OECD. As of July 2001, 33 of the 34 signatories to the Convention had deposited instruments of ratification and 30 have legislation in place to implement the Convention. The report pointed out that the United States continued to have concerns about the adequacy of countries’ legislation to meet all commitments under the Convention.<sup>8</sup>

The strategy’s other context on public corruption involves rule of law assistance, which focuses on U.S. support for legal, judicial, and law enforcement reform efforts undertaken by foreign governments. Generally, proponents view such assistance as being especially important in that widespread corruption among justice and security officials can potentially destabilize governments. In a 1999 report to congressional requesters, we noted that the United States provided at least \$970 million in rule of law assistance to countries throughout the world from fiscal years 1993 through 1998. Four regions—Latin America and the Caribbean, Africa, Central Europe, and the New Independent States—received about 80 percent of the total.<sup>9</sup> Our 1999 report also noted that at least 35 federal entities—consisting of 7 cabinet-level departments and 28 related agencies, bureaus, and offices—had a role in providing the assistance. Furthermore, the report recognized that, due to longstanding congressional concerns about ineffective coordination, in February 1999,

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<sup>7</sup>Codified at 15 U.S.C., 78dd-1, *et seq.*, 78ff.

<sup>8</sup>U.S. Department of Commerce, *Addressing the Challenges of International Bribery and Fair Competition: July 2001* (July 2001).

<sup>9</sup>*Foreign Assistance: Rule of Law Funding Worldwide for Fiscal Years 1993-98* (GAO/NSIAD-99-158, June 30, 1999).

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State appointed a rule of law coordinator to work with all the relevant U.S. governmental entities.<sup>10</sup> More recently, in April 2001, we reported that—after 10 years and almost \$200 million in funding—rule of law assistance to 12 countries of the former Soviet Union had shown limited results.<sup>11</sup> We recommended that program management be improved by implementing requirements for projects to include specific strategies for (1) achieving impact and sustainable results and (2) monitoring and evaluating outcomes. (See app. V.)

- **U.S. programs for providing technical assistance.** Much of the technical assistance that the United States provides to other nations for fighting international crime involves training, particularly training at law enforcement academies established abroad. For instance, State Department-funded academies have been established in Europe, Southeast Asia, and Southern Africa, and plans are underway to establish an academy to serve Central America. Also, the Department of Justice strives to strengthen justice systems abroad through training and assistance in developing criminal justice institutions provided through two programs—(1) the International Criminal Investigative Training Assistance Program and (2) Overseas Prosecutorial Development, Assistance and Training. In addition to training, federal agencies—particularly Justice and Treasury—help foreign nations combat international crime by providing technical assistance through specialized support services and systems, such as computerized databases and forensic laboratories. For example, the National Tracing Center—operated by ATF—traces firearms for foreign law enforcement agencies, as well as for federal and state agencies. (See app. VI.)
- **Measures of the effectiveness of U.S. efforts.** There are no standard measures of effectiveness to assess the federal government’s overall efforts to address international crime. As one of its objectives, the International Crime Control Strategy indicated that a governmentwide performance measurement system for international crime would be established—similar to the system for measuring the effectiveness of the nation’s drug control efforts implemented by the Office of National Drug Control Policy. However, according to NSC officials, no actions were ever taken to establish such as system. Rather, the task of developing

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<sup>10</sup>According to State, the rule of law coordinator position lapsed at the end of the Clinton administration and has not been reestablished.

<sup>11</sup>*Former Soviet Union: U.S. Rule of Law Assistance Has Had Limited Impact and Sustainability* (GAO-01-354, Apr. 17, 2001).

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performance measures was deferred to the individual federal entities with roles in combating international crime.

Under the Government Performance and Results Act of 1993 (GPRA), federal agencies are to prepare strategic and performance plans, which describe their respective program activities and how effectiveness will be measured. Regarding international crime, Justice's, Treasury's, and State's plans each have sections describing their efforts to combat specific types of crime, along with the performance measures to be tracked. In some cases, however, these measures do not adequately address effectiveness. For example, in June 2000, we reported our observations on key outcomes described in Justice's performance report and plan.<sup>12</sup> Among other things, we noted that Justice's performance measures focused on outputs rather than outcomes and did not capture all aspects of performance. Furthermore, in a broader context—despite the existence of GPRA-related reports and plans—there has been no effort to consolidate the various federal agencies' results into an overall performance measurement system, as envisioned by the International Crime Control Strategy.

Another performance measurement mechanism applicable to international crime involves focusing on selected types of crimes. That is, for a few types of international crimes, the government has developed separate strategies that include measures of results and effectiveness. The most notable such strategy is the National Drug Control Strategy, which identifies goals, objectives, and performance indicators to measure the effectiveness of the nation's war on drugs. Similar national strategies have been developed for money laundering and counterterrorism. These national strategies—although focused on specific types of crimes—are nonetheless similar to the International Crime Control Strategy in that challenges are presented in developing goals, objectives, and indicators that adequately measure results and effectiveness. (See app. VII.)

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## Concluding Observations

We believe it is appropriate that the new administration is currently reviewing the existing framework for addressing international crime and considering options for top-level coordination mechanisms. But, it is also important for systems to be in place to ensure that crosscutting goals are consistent, program efforts are mutually reinforcing—and, where appropriate, common or complementary performance measures are used as a basis for results-oriented management. In past reports, we have noted

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<sup>12</sup> *Observations on DOJ's FY 1999 Performance Report and FY 2001 Performance Plan* (GAO/GGD-00-155R, June 30, 2000).

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instances across a wide range of federal programs where a lack of executive-level coordination has led to inefficient and/or ineffective programs, including those to combat specific types of international crime such as terrorism.<sup>13</sup> Generally, at the field or operational levels in relation to specific types or aspects of international crimes, a wide range of inter- and intra-agency coordination activities arguably are being carried out routinely. However, these activities cannot take the place of top-level leadership in setting and implementing an overall strategy to ensure that priorities are being established, federal goals and objectives are being met, and governmentwide performance is being measured.

International crime is a complex and multifaceted issue of great national importance. Accordingly, the U.S. response to international crime involves a wide variety of federal entities spending a significant amount of time and money. We recognize that individual federal entities have developed strategies to address a variety of international crime issues. We also recognize that for some crimes, integrated mechanisms exist to coordinate efforts across agencies, and that, at the operational level, law enforcement and other personnel are working across agencies. However, we believe that without an up-to-date and integrated strategy and sustained top-level leadership to implement and monitor it, the risk is high that scarce resources will be wasted, overall effectiveness will be limited or not known, and accountability will not be ensured. Accordingly, we note that the establishment of the PCC for International Organized Crime in April 2001 is a step in the right direction and—on the basis of what is known about its role and priorities—appears to address some of the coordination and related issues discussed in this report, such as providing oversight of international crime issues.

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## Recommendation for Executive Action

Recognizing the establishment of the PCC for International Organized Crime and its intended responsibilities and priorities, we recommend that the Assistant to the President for National Security Affairs take appropriate action to ensure that this PCC provides sustained and centralized oversight of the extensive and crosscutting federal effort to combat international crime. Consistent with the coordination and related issues we have discussed in this report, we recommend that as the responsibilities of the PCC are defined, they include systematically

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<sup>13</sup>For example, see *Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000) and *Managing for Results: Using GPRA to Help Congressional Decisionmaking and Strengthen Oversight* (GAO/T-GGD-00-95, Mar. 22, 2000).

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- updating the existing governmentwide international crime threat assessment to maintain a thorough understanding of credible existing and emerging threats;
  - updating the International Crime Control Strategy, or developing a successor—to include prioritized goals and implementing objectives—as appropriate to reflect changes in the threat;
  - designating responsibility for executing the strategy and resolving any jurisdictional issues;
  - identifying and aligning the necessary resources with the strategy’s execution;
  - developing outcome-oriented performance measures linked to the strategy’s goals and objectives to track and assess progress, identify emerging challenges, and establish overall accountability; and
  - periodically reporting the strategy’s results to the President and the Congress.

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## Agency Comments and Our Evaluation

We requested comments on a draft of this report from the Assistant to the President for National Security Affairs, the Attorney General, the Secretaries of State and the Treasury, and the Administrator of USAID. In response, we received comments from NSC’s National Coordinator for Security, Infrastructure Protection and Counter-Terrorism; Justice’s Acting Assistant Attorney General for Administration; State’s Acting Chief Financial Officer; and USAID’s Acting Assistant Administrator, Bureau of Management. The comments are reprinted in appendixes VIII through XI and discussed briefly in the next sections. In addition to their comments, NSC, Justice, State, and USAID provided technical comments that are incorporated in this report where appropriate. Treasury did not submit written comments but provided technical comments.

NSC generally concurred with the thrust of the report’s recommendation, indicating that the coordination of the federal government’s efforts to combat international crime should be improved further; that NSC is the logical choice to provide enhanced coordination and policy direction at the most senior levels of government; and that comprehensive measures should be developed to assess the effectiveness of international crime control programs and form an iterative cycle of regular threat, strategy, and program reviews. NSC also indicated that the PCC for International Organized Crime would consider our recommendation as it reviews the International Crime Control Strategy and works to enhance the government’s approach to fighting international crime. At the same time, NSC expressed concern that the report did not adequately reflect a number of initiatives it led—including the establishment of the Special Coordination Group and the development of the International Crime

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Control Strategy—that were aimed at a more integrated U.S. government approach to fighting international crime. Furthermore, NSC indicated that the report overstated the Council’s proper role in international crime control efforts. In this regard, NSC said that senior-level interagency coordination by NSC and its formal committee structure is only part of the picture and that the overwhelming majority of coordination at that level—as well as at the operational level—occurs without any involvement by the Council.

Regarding NSC’s comment about the report not adequately reflecting the initiatives undertaken to integrate the government’s response to international crime, we believe that the report—in keeping with its intent to provide overview-level information on the subject—adequately identifies and describes, in a framework context, key components of the response. These include PDD-42, the International Crime Control Strategy, the International Crime Threat Assessment, and the now-defunct Special Coordination Group. Regarding NSC’s comment about its role in international crime control efforts, the report recognizes that extensive day-to-day coordination does occur at the operational and executive levels. The report’s discussion of NSC’s role in coordinating efforts to combat international crime centers on the delineation of that role in, among other documents, NSPD-1 and the memorandum establishing the PCC for International Organized Crime. For example, NSPD-1 states that the various PCCs shall be the main day-to-day mechanisms for senior interagency coordination of national security policy issues, of which international crime control is one.

Justice agreed with the report’s concluding observations regarding, among other things, the executive branch’s need to prioritize its response to the increasing threat from international crime. However, Justice expressed what it characterized as “serious reservations” about the report’s discussion and recommendation concerning interagency coordination of the federal response to international crime. Specifically, Justice believed that the report understated the extent of interagency coordination that has occurred in the past, especially at the lower levels where, according to Justice, law enforcement coordination has often led to successful international criminal investigations and prosecutions. Justice also said that the report’s recommendation for high-level coordination overestimated the importance of the Special Coordination Group and its sub-groups. Justice indicated that while high-level interagency coordination may be useful for general policy matters, such coordination is generally not appropriate for particular criminal investigations. Finally, Justice said that the report did not give proper recognition to what it

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characterized as the Attorney General’s “central role” in addressing international crime, especially in determining whether, and under what circumstances, to prosecute international criminal conduct. Consequently, according to Justice, the report’s recommendation appears to be an intrusion into the “traditional law enforcement responsibilities of the Attorney General.”

Regarding Justice’s statement that the extent of interagency coordination is understated, the report is not intended to be an exhaustive representation of the federal response to international crime and the coordination of this response. Rather, the report describes the various means through which coordination occurs—especially at the operational level—and presents illustrative examples, provided by a variety of federal law enforcement and other agencies, without reaching any conclusions about the effectiveness of coordination at this level. Regarding Justice’s statement that the importance of the Special Coordination Group and its sub-groups is overestimated, the report discusses the roles and responsibilities of the Group as envisioned by and delineated in PDD-42 and the International Crime Control Strategy. According to these documents—which form the framework of the federal response to international crime—the Group was intended as the high-level mechanism to ensure an integrated and sustained focus on the federal response to international crime. Regarding Justice’s statement that the report does not recognize the Attorney General’s central role in combating international crime and that its recommendation appears to intrude on his law enforcement responsibilities, we offer two points in response. First, the report, reflecting a consensus view, describes Justice’s role in combating international crime as “significant” and accordingly provides a detailed description of the relevant responsibilities and programs of its various components. Second, building upon a mechanism already put in place by NSC, the recommendation seeks to enhance executive-level coordination and oversight of the large-scale federal effort to combat international crime. The recommendation’s specific components—which focus on strategic-level matters—are not intended to delve into operational-level matters, such as decisions to prosecute specific instances of international criminal conduct.

State indicated that it agreed with the basic premise and recommendation of the report. It further indicated that centrally led coordination—focusing on general policy rather than particular criminal matters and issues—can be useful in sorting out and better delineating the many overlapping responsibilities of federal law enforcement agencies and avoiding duplications and gaps in anticrime programs that can waste limited



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resources and reduce program effectiveness. State did note that since some activities discussed in the report, such as nonproliferation and counterterrorism, involve broader political and national security issues that extend beyond international crime, they should remain under the jurisdiction of the appropriate PCC, such as the one for Nonproliferation, Counter-proliferation, and Homeland Defense. In this regard, we acknowledge this distinction and, to the extent that they continue to be considered also as part of the broader context of international crime, defer to the Assistant to the President for National Security Affairs to determine the appropriate PCC jurisdiction for activities such as nonproliferation and counterterrorism.

USAID submitted a letter with technical clarifications, which we included in the report where appropriate.

As indicated earlier, the Department of the Treasury had no written comments on a draft of this report. However, Treasury entities provided technical comments which we incorporated in this report where appropriate.

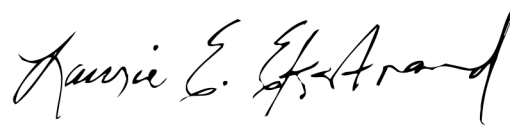
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As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time, we will send copies to the Chairmen and Ranking Minority Members of the Senate Committees on Appropriations, Armed Services, Finance, Foreign Relations, Governmental Affairs, and the Judiciary; and to the Chairmen and Ranking Minority Members of the House Committees on Appropriations, Armed Services, Government Reform, International Relations, the Judiciary, and Ways and Means. In addition, we will send copies to the Assistant to the President for National Security Affairs, the Attorney General, the Secretary of the Treasury, the Secretary of State, and the Administrator of USAID. We will also make copies available to others on request.

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If you have any questions about this report or wish to discuss the matter further, please contact me at (202) 512-8777 or Danny R. Burton at (214) 777-5600. Other key contributors are acknowledged in appendix XII.

Sincerely yours,

A handwritten signature in black ink that reads "Laurie E. Ekstrand". The signature is written in a cursive style with a large, stylized initial 'L'.

Laurie E. Ekstrand  
Director, Justice Issues

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# Appendix I: Objectives, Scope, and Methodology

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## Objectives

Our objectives in this review were to develop overview information on the following topics:

- The U.S. framework for addressing international crime.
- The extent of international crime.
- Selected federal entities' roles in responding to international crime and issues related to the coordination of the response.
- U.S. efforts to combat public corruption internationally.
- U.S. programs for providing technical assistance to other nations to combat international crime.
- Issues related to measures of the effectiveness of U.S. efforts to combat international crime.

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## Scope and Methodology

As agreed with the requester's office, given the number and potential breadth of the topics—and the time frames for conducting our review—we focused on developing overview information rather than analyzing each topic in depth. Also, while we tried to identify and contact as many relevant federal agencies as possible, most of our interactions were with officials in the National Security Council (NSC); the Departments of Justice, Treasury, and State; the U.S. Agency for International Development (USAID); and their relevant components. As such, the information contained in this report does not represent the full extent of the federal government's response to international crime. Nor does the information represent the full response to international crime by NSC, Justice, Treasury, State, and USAID—in that some of the information is based on examples, rather than an exhaustive listing of all relevant activities or programs.

To obtain background information and other contextual perspectives, we relied to a considerable extent on publicly available information—such as published reports or studies—and we also used the Internet to access information on the Web sites of various federal and other relevant entities. To obtain additional information about federal entities' roles and responsibilities for international crime, we also submitted a data collection instrument to Justice, Treasury, State, and USAID, and we submitted written questions to NSC.

As agreed with the requester's office, our work did not include reviewing any classified documents. In addition, we did not independently verify or evaluate the information we obtained, including strategies, threat assessments, international crime control initiatives, and assistance program descriptions.

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The following sections present more information about our scope and methodology for each of the six topics noted earlier.

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## U.S. Framework for Addressing International Crime

Regarding the U.S. framework for addressing international crime, we focused on key documents, such as

- Presidential Decision Directive 42 (PDD-42), which was issued in October 1995 to authorize development of an effective U.S. response to international crime and
- the International Crime Control Strategy (May 1998)—an integral part of the response—that was formulated with input from multiple law enforcement agencies.

For this report, we have defined “international crime” consistent with the International Crime Control Strategy, the “roadmap” document for federal law enforcement efforts. The strategy uses the term “international crime” to describe criminal conduct that transcends national borders and threatens U.S. interests in three broad, interrelated categories: threats to Americans and their communities, threats to American businesses and financial institutions, and threats to global security and stability. Using this characterization, the strategy (and the subsequent International Crime Threat Assessment prepared pursuant to the strategy) designate the following as the major international crimes from the U.S. perspective: corruption; terrorism; drug trafficking; illegal immigration and alien smuggling; trafficking in women and children; environmental crimes (including flora and fauna trafficking); sanctions violations; illicit technology transfers and smuggling of materials for weapons of mass destruction; arms trafficking; trafficking in precious gems; piracy; non-drug contraband smuggling; intellectual property rights violations; foreign economic espionage; foreign corrupt business practices; counterfeiting; financial fraud (including advance fee scams and credit card fraud); high-tech crime; and money laundering.

We discussed the International Crime Control Strategy’s development—and its continuing significance and use—with officials from various federal agencies, including NSC; the Departments of Justice, Treasury, and State; USAID; and their components. We also obtained and reviewed other key documents that address aspects of the federal government’s response to international crime, including the proposed “International Crime Control Act of 1998” (S. 2303), the International Crime Threat Assessment, and the United Nations Convention Against Transnational Organized Crime (and supplementary protocols).

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Extent of International Crime

To obtain information concerning the extent of international crime, we conducted a literature search and interviewed officials of various federal law enforcement agencies, including the U.S. National Central Bureau of the International Criminal Police Organization (INTERPOL).

We also summarized data from the International Crime Threat Assessment (Dec. 2000), which was prepared by a U.S. government interagency working group with membership from various federal law enforcement agencies, as well as the Central Intelligence Agency and NSC. Furthermore, we reviewed relevant documents from other sources—including the National Intelligence Council, the United States Commission on National Security/21st Century, and the United Nations.

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Selected Federal Entities' Roles in Responding to International Crime and Coordination of the Response

Regarding selected federal entities' roles and coordination, we focused on identifying and contacting the federal entities responsible for implementing the basic "framework" document mentioned previously—that is, the International Crime Control Strategy (May 1998). However, as also mentioned previously, most of our interactions were with officials in Justice, Treasury, State, and USAID—and their relevant components. Also, we contacted NSC to discuss the role of the Special Coordination Group on International Crime—a team whose members include high-level officials from, among others, Justice, Treasury, and State.

To obtain additional information about federal agencies' roles and responsibilities for international crime, we submitted a data collection instrument to Justice, Treasury, State, and USAID. Generally, we designed the instrument to request information about threat assessments, budgets and staffing, areas of responsibility and authority, interagency and intergovernmental coordination, performance measures, and foreign technical assistance. We also met with cognizant officials at these entities to discuss these issues.

Furthermore, we submitted questions to NSC concerning the agency's roles and responsibilities. However, because the issue of international crime and the framework for the U.S. response were still under review by the new administration, NSC officials declined to respond to our questions.

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Combating Public Corruption Internationally

In reference to combating corruption, the International Crime Control Strategy presents two related objectives:

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- Establish international standards, goals, and objectives to combat international crime, including corruption and bribery.
  - Strengthen the rule of law as the foundation for democratic and free markets in order to reduce societies' vulnerability to criminal exploitation.

We contacted officials at Justice, Treasury, State, and USAID to identify and discuss (1) the major obstacles or challenges in implementing these objectives and (2) what actions were being taken or planned to address these obstacles or challenges. Furthermore, we

- reviewed testimony presented at a July 1999 hearing before the Commission on Security and Cooperation in Europe<sup>1</sup> and
- reviewed relevant information from Transparency International, a leading nongovernmental organization that addresses corruption issues.

We analyzed national and international documents on corruption, bribery, and the rule of law—including the Foreign Corrupt Practices Act and documents associated with (1) the Organization for Economic Cooperation and Development Convention on Combating Bribery of Foreign Public Officials in International Business Transactions, (2) the First Global Forum on Fighting Corruption, and (3) the Council of Europe's Criminal Law Convention Against Corruption and the attendant Group of States Against Corruption.

Also, from several of our recent reports, we summarized data about U.S. rule of law worldwide funding and federal entities involved in rule of law assistance programs.

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## U.S Programs for Providing Technical Assistance to Other Nations to Combat International Crime

Regarding U.S. technical assistance to other nations to combat international crime, we contacted officials at Justice, Treasury, State, and USAID to identify and discuss relevant training programs and other forms of assistance, such as access to (1) automated criminal history records, (2) other computerized information systems, or (3) forensic or other laboratories. However, we did not visit any field or operational sites to observe training or other assistance programs. Nor did we contact any recipient nations to obtain the views of foreign government officials or law enforcement officers.

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<sup>1</sup> Hearing before the Commission on Security and Cooperation in Europe, 106th Congress, 1st Session, "Bribery and Corruption in the OSCE Region" (CSCE 106-1-10, July 21, 1999), U.S. Government Printing Office (Washington, D.C.: 2000).

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**Measures of Effectiveness  
of U.S. Efforts to Combat  
International Crime**

The International Crime Control Strategy (May 1998) called for the establishment of a performance measurement system for monitoring progress in meeting the strategy's goals and objectives. To determine the extent to which such a system had been established and was being used—and, if applicable, to identify and discuss other relevant performance measures—we contacted federal officials at NSC, Justice, Treasury, and State.

Also, to identify alternative approaches used for measuring the results of international crime control efforts, we reviewed department and agency strategic and performance plans that were prepared pursuant to the Government Performance and Results Act. That is, we reviewed these plans to determine whether and to what extent they contained performance measures for monitoring international crime control efforts.

Furthermore, we reviewed national strategies and related documents for three specific international crimes to determine whether and to what extent they contained performance measures. These crime-specific strategies were the National Drug Control Strategy, the National Money Laundering Strategy, and the Five-Year Interagency Counter-Terrorism and Technology Crime Plan.

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# Appendix II: U.S. Framework for Addressing International Crime

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The U.S. government's framework for addressing international crime is based on various initiatives involving President-directed federal law enforcement interagency actions, a proposal for additional statutory authority, and efforts to increase international cooperation:

- In October 1995, recognizing that international crime presented a direct and immediate threat to national security, Presidential Decision Directive 42 (PDD-42) was issued to authorize the development of an effective U.S. response.
- Also in October 1995, in a speech at the United Nations (UN), the President called for increased international cooperation to fight various aspects of international crime.
- In May 1998, the President announced the U.S. government's International Crime Control Strategy, which was formulated with input from multiple law enforcement agencies and was intended to serve as a roadmap for a coordinated, long-term attack on international crime.
- Also in May 1998, the White House announced proposed legislation that was intended to help implement the strategy. In July 1998, Senator Patrick J. Leahy introduced the proposed legislation—the International Crime Control Act of 1998 (S. 2303) in the 105th Congress.
- In 1999 and in 2000, as part of the International Crime Control Strategy, a U.S. government interagency working group prepared and issued assessments of the threat posed by international crime.
- In December 2000, the United States and many other countries signed the United Nations Convention on Transnational Organized Crime, along with supplementary protocols on migrant smuggling and trafficking in persons.

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## PDD-42 Issued in October 1995

On October 21, 1995, President Clinton issued PDD-42 to initiate certain federal efforts to counter international crime. The general purpose of PDD-42—as stated in the foreign Narcotics Kingpin Designation Act, P.L. 106-120, title VIII, section 802—was to order executive branch agencies to take the following actions:

- Increase the priority and resources devoted to addressing the threat that international crime presents to national security.
- Work more closely with other governments to develop a global response to the threat of international crime.
- Use aggressively and creatively all legal means available to combat international crime.

Specifically, PDD-42 required various agencies, including Justice, Treasury, and State, to integrate their efforts against international crime syndicates and money laundering. PDD-42 also established interagency



working groups to address aspects of international crime control—such as efforts to reduce money laundering by strengthening international cooperation with critical nations. Subsequently, according to a State Department official, to help implement PDD-42, the National Security Council (NSC) asked the Departments of Justice, Treasury, and State to take the lead in developing a comprehensive national strategy to attack international crime.

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## The President’s UN Speech Called for Cooperation in Fighting International Crime

According to a senior Justice official we interviewed during our review, the President’s 1995 UN speech—which was delivered the day after PDD-42 was issued—can also be considered reflective of the U.S. framework for addressing international crime. Specifically, on October 22, 1995, in a speech before the UN General Assembly to mark the organization’s 50th anniversary, the President called for cooperation in “fighting the increasingly interconnected groups that traffic in terror, organized crime, drug smuggling and the spread of weapons of mass destruction.”<sup>1</sup> The President indicated, for example, that nations needed to work together to negotiate and endorse a “no sanctuary pledge” to ensure that organized criminals, terrorists, and drug traffickers and smugglers have nowhere to run or hide.

Also, in his UN speech, the President enumerated several steps that the United States was taking to address international crime. For instance, the President noted that he had directed applicable U.S. government agencies to

- identify and work (using sanctions, if appropriate) with those nations that needed to bring their banks and financial systems into conformity with international antimoney-laundering standards and
- identify the front companies (and freeze their assets) of the Cali Cartel, the largest drug ring in the world.

Also, the President said that he had instructed Justice to “prepare legislation to provide our other agencies with the tools they need to respond to organized criminal activity.” The resulting proposed legislation—the International Crime Control Act of 1998 (S. 2303)—is discussed below.

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<sup>1</sup>The White House, Office of the Press Secretary, “Remarks by the President to the UN General Assembly,” (Oct. 22, 1995).

## International Crime Control Strategy Announced in May 1998

Developed with input from multiple federal law enforcement agencies, the U.S. government’s International Crime Control Strategy was released in May 1998. As summarized in table 1, the strategy consisted of 8 overarching goals and 30 implementing objectives. It should be noted that according to the federal officials we interviewed, the strategy—and its goals and objectives—is intended to supplement and not supplant related strategies, such as the National Drug Control Strategy.

**Table 1: International Crime Control Strategy: Overarching Goals and Implementing Objectives**

Overarching goals	Implementing objectives
Extend the first line of defense beyond U.S. borders	<ul style="list-style-type: none"> <li>• Prevent acts of international crime planned abroad, including terrorist acts, before they occur.</li> <li>• Use all available laws to prosecute select criminal acts committed abroad.</li> <li>• Intensify activities of law enforcement, diplomatic, and consular personnel abroad.</li> </ul>
Protect U.S. borders by attacking smuggling and smuggling-related crimes	<ul style="list-style-type: none"> <li>• Enhance our land border inspection, detection, and monitoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector.</li> <li>• Improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone.</li> <li>• Seek new, stiffer criminal penalties for smuggling activities.</li> <li>• Target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.</li> </ul>
Deny safe haven to international criminals	<ul style="list-style-type: none"> <li>• Negotiate new international agreements to create a seamless web for the prompt location, arrest, and extradition of international fugitives.</li> <li>• Implement strengthened immigration laws that prevent international criminals from entering the United States and provide for their prompt expulsion when appropriate.</li> <li>• Promote increased cooperation with foreign law enforcement authorities to provide rapid, mutual access to witnesses, records, and other evidence.</li> </ul>
Counter international financial crime	<ul style="list-style-type: none"> <li>• Combat money laundering by denying criminals access to financial institutions and by strengthening enforcement efforts to reduce inbound and outbound movement of criminal proceeds.</li> <li>• Seize the assets of international criminals through aggressive use of forfeiture laws.</li> <li>• Enhance bilateral and multilateral cooperation against all financial crime by working with foreign governments to establish or update enforcement tools and implement multilateral anti-money laundering standards.</li> <li>• Target safe havens of international fraud, counterfeiting, electronic access device schemes, and other financial crimes.</li> </ul>
Prevent criminal exploitation of international trade	<ul style="list-style-type: none"> <li>• Interdict illegal technology exports through improved detection, increased cooperation with the private sector, and heightened sanctions.</li> <li>• Prevent unfair and predatory trade practices in violation of U.S. criminal law.</li> <li>• Protect intellectual property rights by enhancing foreign and domestic law enforcement efforts to curtail the flow of counterfeit and pirated goods and by educating consumers.</li> <li>• Counter industrial theft and economic espionage of U.S. trade secrets through increased prosecution of offenders.</li> <li>• Enforce import restrictions on certain harmful substances, dangerous organisms, and protected species.</li> </ul>
Respond to emerging international crime threats	<ul style="list-style-type: none"> <li>• Disrupt new activities of international crime groups.</li> <li>• Enhance intelligence efforts against criminal enterprises to provide timely warning</li> </ul>

Overarching goals	Implementing objectives
Foster international cooperation and the rule of law	<p>of changes in their organizations and methods.</p> <ul style="list-style-type: none"> <li>• Reduce trafficking in human beings and crimes against children.</li> <li>• Increase enforcement efforts against high-tech and computer-related crime.</li> <li>• Continue identifying and countering the vulnerabilities of critical infrastructures and new technologies in telecommunications, financial transactions, and other high-tech areas.</li> </ul> <p>• Establish international standards, goals, and objectives to combat international crime by using bilateral, multilateral, regional, and global mechanisms, and by actively encouraging compliance.</p> <p>• Improve bilateral cooperation with foreign governments and law enforcement authorities through increased collaboration, training, and technical assistance.</p> <p>• Strengthen the rule of law as the foundation for democratic government and free markets in order to reduce societies' vulnerability to criminal exploitation.</p>
Optimize the full range of U.S. efforts	<ul style="list-style-type: none"> <li>• Enhance executive branch policy and operational coordination mechanisms to assess the risks of criminal threats and to integrate strategies, goals, and objectives to combat those threats.</li> <li>• Mobilize and incorporate the private sector into U.S. government efforts.</li> <li>• Develop measures of effectiveness to assess progress over time.</li> </ul>

Source: Information formatted by GAO based on the International Crime Control Strategy (May 1998).

### Strategy Has Not Been Updated Since Its Inception

The International Crime Control Strategy stated that its goals and objectives were dynamic and would evolve over time as conditions changed, new crime trends emerged, and improved anticrime techniques were developed. However, the strategy has not been updated since its inception in 1998, even though threat assessments (discussed below) were conducted in 1999 and 2000.

The International Crime Control Strategy was intended to build on and complement existing national security and crime control strategies, such as the National Security Strategy and the National Drug Control Strategy. These strategies are required to be updated periodically to reflect changes in the threat posed to the national security and other interests of the United States (see P.L. 105-277, Title VII, section 706(b); and P.L. 99-433, section 603). Our previous work has shown that the development of a national strategy to address a specific threat, such as terrorism, first requires a thorough understanding of the threat. This understanding can be obtained, in turn, by conducting threat and risk assessments.<sup>2</sup>

<sup>2</sup>See, for example, *Combating Terrorism: Linking Threats to Strategies and Resources* (GAO/T-NSIAD-00-218, July 26, 2000).

## Proposed Legislation to Help Implement Objectives of the International Crime Control Strategy

In May 1998, concurrent with the release of the International Crime Control Strategy, the White House announced a legislative proposal to help implement objectives in the strategy. In July 1998, Senator Patrick J. Leahy introduced the proposed legislation—the “International Crime Control Act of 1998” (S. 2303) in the 105th Congress. According to the White House, S. 2303 contained statutory provisions intended to “close gaps in current federal law, criminalize additional types of harmful activities, and promote a strengthening of both domestic and foreign criminal justice systems to respond to the new challenges posed by crime that crosses international boundaries.” Although not enacted by the 105th Congress, the proposed legislation contained provisions to

- establish jurisdiction in the United States over violent acts committed abroad against state and local officials while engaged in official federal business;
- authorize U.S. Customs Service officers to search international, outbound sealed mail if there is reasonable cause to suspect that the mail contains monetary instruments, drugs, weapons of mass destruction, or merchandise mailed in violation of enumerated U.S. statutes, including obscenity and export control laws;
- strengthen immigration laws to exclude international criminals from the United States;
- expand the list of money laundering predicate crimes to include certain serious foreign crimes, such as violent crimes and bribery of public officials;
- address the problem of alien smuggling by authorizing the forfeiture of its proceeds;
- provide extraterritorial jurisdiction for fraud involving access devices such as credit cards;
- expand the authority of the Treasury and Justice departments to transfer the forfeited assets of international criminals to eligible foreign countries that participated in the seizure or forfeiture of the assets;
- provide new authority, in cases where there is no applicable mutual legal assistance treaty provision, to transfer a person in U.S. government custody to a requesting country temporarily for purposes of testifying in a criminal proceeding, if both the foreign country and the witness consent; and
- establish a hearsay exception to admit certain foreign government records into evidence in U.S. civil proceedings.

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## Threat Assessments Prepared to Support International Crime Control Strategy

In 1999 and in 2000, as part of the International Crime Control Strategy, a U.S. government interagency working group prepared assessments of the threat posed by international crime. According to NSC and State officials, the first assessment—prepared in 1999—was a classified document and was not available to the public. An unclassified version of the second assessment was publicly released—*International Crime Threat Assessment*, December 2000. This document consists of the following five chapters:

- Chapter I addresses the global context of international crime, identifying the factors that have contributed to the growing problem of international crime.
- Chapter II gives an overview of specific international crimes affecting U.S. interests.<sup>3</sup>
- Chapter III addresses worldwide areas of international criminal activity, especially as source areas for specific crimes and bases of operations for international criminal organizations.
- Chapter IV addresses the consequences of international crime for U.S. strategic interests, including the ability to work cooperatively with foreign governments and the problem of criminal safehavens, failed states, and kleptocracies.<sup>4</sup>
- Chapter V gives a perspective on future developments anticipated in international crime.

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<sup>3</sup>We summarized this chapter in appendix III.

<sup>4</sup>Examples of kleptocracies, according to the threat assessment, are Nigeria under Sani Abacha, Zaire under Mobuto Sese Seko, and the Philippines under Ferdinand Marcos. In these cases—characterized by corrosive state-sanctioned criminality and corruption—top leaders use the resources of the nation solely to enrich themselves and keep themselves and their cronies in power.

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## UN Convention Against Transnational Organized Crime (and Supplementary Protocols)

In December 2000, the United States and over 120 other countries signed the UN Convention Against Transnational Organized Crime (including two supplementary protocols<sup>5</sup>). Before it comes into force, however, the Convention must be ratified by at least 40 countries.<sup>6</sup>

The main purpose of the Convention and its protocols is to enable the international community to better combat organized crime by harmonizing nations' criminal laws and promoting increased cooperation. For example, nations that sign and ratify the Convention would be required to establish in their domestic laws four criminal offenses—participation in an organized criminal group, money laundering, corruption, and obstruction of justice.

In December 2000, at a signing conference for the Convention and its protocols, the Department of State's Under Secretary for Global Affairs made the following remarks:

"While globalization has brought progress and expanded economic opportunities to the world, an unfortunate consequence of globalization is transnational crime. ... We must match the increasingly sophisticated means that organized criminal groups have found to exploit globalization if we are to win this battle. In particular it takes international agreements that are global to fight crime that is global.

"The Transnational Organized Crime Convention and its supplementary protocols include several common themes that characterize successful global agreements. Perhaps most important, they establish global standards that all countries must meet, and then provide for flexibility in the manner in which they meet them. For example, the Convention and Protocols define—for the first time in binding international agreements—organized crime, migrant smuggling and trafficking in persons; and they require all parties to criminalize this defined conduct under their domestic law. But they permit individual countries to tailor the manner in which they implement their obligations to the particular needs of their system. For example, the Convention recognizes that different countries have different approaches to the crime that we in the United States label as conspiracy.

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<sup>5</sup>The two protocols are (1) Protocol against the Smuggling of Migrants by Land, Sea and Air and (2) Protocol to Prevent, Suppress and Punish Trafficking in Persons, Especially Women and Children. A third supplementary protocol—Protocol against the Illicit Manufacturing of and Trafficking in Firearms—was still being drafted at the time that the Convention and the first two supplementary protocols were adopted by the UN General Assembly in late 2000.

<sup>6</sup>Under terms of the agreement, nations may be a party to the Convention only, but not to a protocol only.

“The international norms established by this Convention and its protocols lead to another common theme of successful global treaties—namely, they facilitate increased cooperation among governments, in this case law enforcement officials. Having accepted definitions of organized crime, migrant smuggling, and trafficking in persons makes international collaboration on these subjects easier. The Convention and Protocols build on these definitions, by including numerous mechanisms for cooperation. For example, rather than going through the time-consuming and expensive process of negotiating bilateral agreements, countries will be able to rely on these treaties for extradition and mutual legal assistance. ...

“We have taken the first steps together, and now we must bring these instruments to life as meaningful tools in our fight against transnational organized crime.”<sup>7</sup>

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## Framework Being Reviewed by New Administration

According to an NSC official, the issue of international crime and the framework of the U.S. response are currently under review by the Bush administration. The official could not estimate when the review would be completed. In the meantime, according to this official, the framework for the response—established primarily by PDD-42 and the crime control strategy—is still in effect, pending the outcome of the review. In this regard, it should be noted that, in February 2001, National Security Presidential Directive 1 (NSPD-1) was issued to reorganize the structure of NSC. NSPD-1 abolished the then-existing system of interagency groups but did not indicate which one, if any, of the 17 newly established policy coordination committees would coordinate the issue of international crime and the U.S. response.

In April 2001, the Assistant to the President for National Security Affairs established a multiagency Policy Coordination Committee on International Organized Crime (PCC) to be chaired by NSC to provide oversight of the federal response to international crime. According to an NSC official, one of the PCC’s first priorities—as part of the administration’s ongoing review—is to evaluate the International Crime Control Strategy to reflect any changes in the threat from international crime as described in the December 2000 threat assessment. The official did not provide a time frame for completion of the evaluation.

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<sup>7</sup>Speech by Under Secretary Frank E. Loy, U.S. Department of State (Dec.13, 2000).

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# Appendix III: Extent of International Crime

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According to law enforcement and intelligence officials, researchers, and others, the extent of international crime has been growing since the early 1990s—a growth fueled by a number of factors, including the end of the Cold War and increased globalization of commerce and trade and financial and communications technology. Criminal organizations have been able to exploit these developments to their advantage to further illicit activities and execute financial transactions related to these activities.

While there is general consensus that international crime is growing, there is also agreement that measuring the true extent of such crime is difficult. This is mainly because of the clandestine nature of criminal activity and the fact that criminals are not likely to self-report their activity. Nevertheless, a number of efforts have attempted to gauge and describe the threat posed by international crime to the United States and other countries. These efforts rely primarily on estimates of international crime activities as developed and reported by, among others, law enforcement entities, business groups, and researchers.

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## International Crime Threat Assessment

In December 2000, as called for by the International Crime Control Strategy, the U.S. government released an International Crime Threat Assessment. The assessment was developed by an interagency working group and provided various indicators or measures of international crime within five broad categories.<sup>1</sup> While the assessment did not address the crimes in any priority order to indicate severity of the threat to U.S. interests, the categories were (1) terrorism and drug trafficking; (2) illegal immigration, trafficking of women and children,<sup>2</sup> and environmental crimes; (3) illicit transfer or trafficking of products across international borders; (4) economic trade crimes; and (5) financial crimes. Furthermore, within each of the five broad categories, the threats posed by specific types of crimes were discussed. For example, within the financial crimes category—as shown in table 2, which summarizes the threat assessment—worldwide money laundering was estimated to be as much as \$1 trillion per year, with \$300 billion to \$500 billion of that representing laundering related to drug trafficking. The assessment acknowledged, however, that

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<sup>1</sup>The group included representatives from the Central Intelligence Agency; Federal Bureau of Investigation (FBI); Drug Enforcement Administration (DEA); U.S. Customs Service; U.S. Secret Service; Financial Crimes Enforcement Network (FinCEN); National Drug Intelligence Center; the Departments of the Treasury, Justice, State, and Transportation; the Office of National Drug Control Policy (ONDCP); and National Security Council (NSC).

<sup>2</sup> State has now designated this activity as “trafficking in persons.”



there is little analytical work supporting most estimates of money laundering.

**Table 2: Categories and Extent of Major International Crimes Identified As a Threat to U.S. Interests**

International crime categories <sup>a</sup>	Excerpts from the International Crime Threat Assessment regarding the extent of international crime
Terrorism and drug trafficking	<p><u>Terrorism</u></p> <ul style="list-style-type: none"> <li>In 1999, there were 169 terrorist attacks against U.S. targets worldwide, a 52-percent increase from 1998.</li> </ul> <p><u>Drug trafficking</u></p> <ul style="list-style-type: none"> <li>In 1999, Americans spent \$63 billion on illegal drugs, according to a study sponsored by ONDCP.</li> <li>The estimated total costs of drug abuse in the United States—including health care and lost productivity—were \$110 billion in 1995, the latest year for which data are available, according to the U.S. National Institute for Drug Abuse (NIDA).</li> <li>In 1999, the United States seized some 73 metric tons of cocaine at its borders, according to the U.S. Customs Service.</li> <li>About 875 kilograms of heroin were seized at U.S. ports-of-entry in 1999, according to Customs Service data.</li> <li>In 1999, some 536 metric tons of marijuana were seized entering the United States, most of which came from Mexico.</li> </ul>
Illegal immigration, trafficking of women and children, and environmental crimes	<p><u>Alien smuggling</u></p> <ul style="list-style-type: none"> <li>The U.S. government estimates that 500,000 illegal migrants are brought into the United States annually by organized alien smuggling networks; another estimated 500,000 enter without the assistance of alien smugglers. Most illegal migrants enter the United States overland from Mexico or Canada.</li> <li>Chinese smugglers, known as snakeheads, often move aliens into the United States by maritime vessels, including offshore transfers of migrants, but also transit South and Central America, Mexico, and Canada. The U.S. government estimates that 30,000 to 40,000 Chinese were smuggled into the United States in 1999.</li> <li>The United Nations (UN) estimates that migrant smuggling worldwide involves 4 million people and \$7 billion annually, according to a report in December 1997.</li> </ul> <p><u>Trafficking in women and children</u></p> <ul style="list-style-type: none"> <li>The U.S. government estimated in 1997 that 700,000 women and children were moved across international borders by trafficking rings each year. Some nongovernmental organizations estimate the number to be significantly higher.</li> <li>The worldwide brothel industry earns at least \$4 billion from trafficking victims, according to U.S. government estimates.</li> </ul> <p><u>Environmental crimes</u></p> <ul style="list-style-type: none"> <li>The tremendous costs for legally disposing of pollutants and dangerous chemicals have created new illicit business opportunities for criminal organizations, who earn \$10 billion to \$12 billion per year for dumping trash and hazardous waste materials.</li> <li>Criminal groups also smuggle environmentally harmful products, particularly ozone-depleting chlorofluorocarbons whose legal trade is subject to stringent international restrictions. The illegal trade of these substances into the United States and other markets is accomplished through false labeling, counterfeit paperwork, and bogus export corporations. The size of the global black market for ozone-depleting substances is estimated by the UN to range from 20,000 to 30,000 metric tons annually, with more than half entering the United States.</li> <li>The illegal trade in animal parts—in particular elephant, whale, and hawksbill</li> </ul>

International crime categories <sup>a</sup>	Excerpts from the International Crime Threat Assessment regarding the extent of international crime
Illicit transfer or trafficking of products across international borders	<p>turtle parts—and endangered animal species has also become a lucrative business, particularly for Chinese and other Asian criminal groups. The illegal trade in exotic birds, ivory and rhino horn, reptiles and insects, rare tigers, and wild game is estimated to earn criminal groups \$6 billion to \$10 billion per year.</p> <p><u>Sanctions violations</u></p> <ul style="list-style-type: none"> <li>Some states of concern use international criminal networks to help in their efforts to undermine U.S. and multilateral sanctions aimed at isolating those states from the global community.</li> </ul> <p><u>Illicit technology transfers and smuggling of materials for weapons of mass destruction</u></p> <ul style="list-style-type: none"> <li>There is no confirmed reporting that organized criminal groups have planned or attempted to steal nuclear warheads or weapons-usable nuclear material. Known thefts of weapons-usable nuclear material have primarily been committed by opportunists with insider knowledge of the facility storing nuclear material but without buyers identified before the theft.</li> </ul> <p><u>Arms trafficking</u></p> <ul style="list-style-type: none"> <li>The U.S. government estimates that military equipment worth several hundred million dollars is sold annually on the illegal arms market to countries under UN arms embargoes.</li> <li>Drug traffickers and organized criminal groups have increasingly turned to the illicit arms market in the 1990s.</li> </ul> <p><u>Trafficking in precious gems</u></p> <ul style="list-style-type: none"> <li>The lucrative market for diamonds, gold, and other precious gems has attracted the interest of organized crime groups as well as become the dominant source of revenue for warlords and insurgent groups in war-torn diamond-rich areas in Africa.</li> </ul>
Economic trade crimes	<p><u>Piracy</u></p> <ul style="list-style-type: none"> <li>Maritime piracy, which is particularly prevalent off the coasts of Southeast Asia and Africa, threatens the security of some of the world’s most important sea lanes as well as the safe and orderly flow of international maritime commerce.</li> <li>According to data made available by the U.S. Coast Guard, direct financial losses incurred as a result of high-seas piracy are estimated at about \$450 million per year.</li> <li>Reported incidents of maritime piracy have more than doubled since 1994, according to data from the International Maritime Bureau Piracy Reporting Center based in Malaysia, averaging between 200 and 300 per year over the last 5 years as compared to an average of less than 100 piracy incidents between 1990 and 1994. These figures, however, understate the extent of the problem because most piracy attacks go unreported. In particular, incidents involving coastal fishermen and recreational boaters are heavily under-reported.</li> </ul> <p><u>Nondrug contraband smuggling</u></p> <ul style="list-style-type: none"> <li>Nondrug contraband smuggling across international borders—including illegal import and export of legitimate goods such as alcohol, cigarettes, textiles, and manufactured products—is a highly profitable criminal activity that typically carries lighter criminal penalties than narcotics trafficking.</li> <li>Colombian drug traffickers often use illicit drug proceeds to purchase cigarettes that they smuggle into Colombia for black-market sales, avoiding high tariffs and taxes on legal tobacco imports, according to the U.S. Bureau of Alcohol, Tobacco and Firearms.</li> <li>The United States is most often the destination of illicit trade in protected wildlife and rare plants.</li> <li>Commodities smuggled out of the United States are often items restricted for export by U.S. law and involve munitions list items, firearms, and defense-related</li> </ul>

International crime categories <sup>a</sup>	Excerpts from the International Crime Threat Assessment regarding the extent of international crime
	<p>technologies tightly controlled for export by the U.S. government. Other items frequently smuggled out of the United States include stolen automobiles, dual-use items, and other goods that are difficult to obtain.</p> <ul style="list-style-type: none"> <li>• Illegal trafficking in U.S.-origin firearms has become a security issue of concern for many foreign governments. The U.S. Customs Service seized nearly \$4.6 million in arms and ammunition at U.S. ports-of-entry and exit in 1999.</li> <li>• In 1997, the FBI Uniform Crime Report estimated that 1.4 million to 1.6 million automobiles are stolen annually in the United States, of which 200,000 valued at approximately \$20,000 each are illegally transported out of the country—making the overseas black market for stolen U.S. vehicles worth about \$4 billion.</li> </ul> <p><u>Intellectual property rights (IPR) violations</u></p> <ul style="list-style-type: none"> <li>• Most IPR crimes affecting U.S. businesses involve the theft of trade secrets and copyright, trademark, and patent violations.</li> <li>• The American Society for Industrial Security, which conducts a comprehensive survey of Fortune 500 companies, estimated in 2000 that potential losses to all American industry resulting from the theft of proprietary information amounted to \$45 billion.</li> <li>• The International Intellectual Property Alliance estimated that, in 1998, trade losses suffered by U.S.-based industries due to copyright violations totaled nearly \$12.4 billion, with losses to the motion picture industry of \$1.7 billion, the sound recording and music publishing industry at \$1.7 billion, the business software industry at nearly \$4.6 billion, the entertainment software industry at \$3.4 billion, and the book publishing industry at \$685 million.</li> <li>• According to current estimates by the International Chamber of Commerce (ICC), counterfeit trademarked products account for approximately 8 percent of world trade—roughly \$200 billion annually. A recent survey of 10 leading apparel and footwear companies by the International Trademark Association indicated annual losses of nearly \$2 billion. Online counterfeit sales may exceed \$25 billion annually worldwide, according to ICC estimates.</li> <li>• In 1999, U.S. Customs seized a record \$98.5 million in counterfeit imported merchandise, an increase of \$22 million over the previous year.</li> <li>• The Pharmaceutical Research and Manufacturers Association estimates that the pharmaceutical industry loses more than \$2 billion annually due to counterfeit medications sold on the open market.</li> <li>• The International Anti-Counterfeiting Coalition estimated in 1998 that product and software counterfeiting costs the United States more than \$200 billion per year in lost sales, jobs, and tax revenues.</li> <li>• The World Health Organization estimated in 1997 that at least 7 percent of the medicines sold worldwide are counterfeit products.</li> </ul> <p><u>Foreign economic espionage</u></p> <ul style="list-style-type: none"> <li>• The stealing of trade secrets from the U.S. government and from U.S. businesses through economic espionage, in addition to industrial theft, is a growing threat to U.S. global economic competitiveness.</li> <li>• The potential losses to all U.S. industry resulting from economic espionage were estimated to be about \$300 billion, according to a 2000 estimate by the American Society for Industrial Security, which conducts a comprehensive survey of industrial theft. This figure is three times what it was a few years ago.</li> </ul> <p><u>Foreign corrupt business practices</u></p> <ul style="list-style-type: none"> <li>• Foreign corrupt business practices cost U.S. firms billions of dollars each year in lost contracts. Foreign firms often use bribes to win international contracts. About half of the known bribes in the last 5 years were for defense contracts, with the other offers directed at major purchases by governments and parastatal organizations for telecommunications, infrastructure, energy, and transportation</li> </ul>

International crime categories <sup>a</sup>	Excerpts from the International Crime Threat Assessment regarding the extent of international crime projects.
Financial crimes	<p data-bbox="630 516 779 541"><u>Counterfeiting</u></p> <ul data-bbox="630 543 1523 911" style="list-style-type: none"> <li>• International counterfeiting schemes include reproducing financial instruments such as commercial checks, traveler’s checks, and money orders.</li> <li>• About half of counterfeit U.S. currency is produced abroad, where many of the illicit financial transactions by terrorist, drug trafficking, and organized crime groups take place.</li> <li>• About one-third of U.S. counterfeit currency distributed in the United States in the past 3 years originated in Colombia, according to U.S. Secret Service data.</li> <li>• Counterfeit U.S. currency produced with advanced reprographic capabilities and distributed in the United States has increased from less than 1 percent in 1995 to 50 percent in 2000.</li> <li>• While, at present, the production and circulation of counterfeit U.S. currency present a minimal threat to the U.S. economy, technological advances in counterfeiting and the extension of counterfeiting knowledge to more criminal groups may, in some circumstances, undermine U.S. economic interests.</li> </ul> <p data-bbox="630 913 787 938"><u>Financial fraud</u></p> <ul data-bbox="630 940 1523 1230" style="list-style-type: none"> <li>• Financial fraud crimes have become more prevalent in recent years as greater amounts of personal and corporate financial information are made available through computer technology and access devices, such as credit cards, debit cards, and smart cards.</li> <li>• In addition, Internet-related financial crime is of growing international concern.</li> <li>• Regarding financial fraud against businesses, in 1996, the Association of Certified Fraud Examiners estimated financial losses from fraud perpetrated by domestic and international criminals in the United States at more than \$200 billion per year.</li> <li>• According to current industry estimates, fraudulent credit cards cost the U.S. banking industry at least \$2 billion annually; losses worldwide are estimated to be an additional \$1 billion each year.</li> </ul> <p data-bbox="630 1232 799 1257"><u>High-tech crime</u></p> <ul data-bbox="630 1260 1523 1761" style="list-style-type: none"> <li>• According to the joint 2000 FBI-Computer Security Institute survey of security practitioners in U.S. corporations, financial institutions, universities, and government agencies, 273 of the respondents cited financial losses of \$265.5 million from computer crime—almost double the reported losses of \$136.8 million in 1998. The number of U.S. businesses reporting computer intrusions through Internet connections rose from 37 percent in 1996 to 70 percent in 1998, according to the joint survey.</li> <li>• The Internet has also become the primary means used by international child pornography rings to disseminate their material worldwide.</li> <li>• In December 1999, there were about 100 ongoing U.S. Customs investigations involving the sale of counterfeit goods over the Internet.</li> <li>• According to a joint FBI-Computer Security Institute survey in 1998, 241 U.S. business respondents reported \$11.2 million in losses caused by computer financial frauds. Telecommunications fraud from computer attacks cost these companies an additional \$17.2 million in losses.</li> <li>• IPR violations through the penetration of computer networks are also an increasing threat to U.S. businesses. In responding to the 1998 survey, U.S. businesses reported losses of \$33.5 million in theft of proprietary information from computer attacks.</li> </ul> <p data-bbox="630 1764 820 1789"><u>Money laundering</u></p> <ul data-bbox="630 1791 1523 1898" style="list-style-type: none"> <li>• While international law enforcement, intelligence, and financial experts agree that the amount of illegal proceeds in the world is huge and growing, there is little analytical work supporting most estimates of money laundering. A few estimates have been attempted, but no consensus view has emerged about the magnitude</li> </ul>

International crime categories <sup>a</sup>	Excerpts from the International Crime Threat Assessment regarding the extent of international crime
	<p>of money laundering on a global, regional, or national scale.</p> <ul style="list-style-type: none"> <li>• According to one recent estimate, worldwide money-laundering activity is roughly \$1 trillion per year, with \$300 billion to \$500 billion of that representing laundering related to drug trafficking. A former Managing Director of the International Monetary Fund has estimated worldwide money laundering at 2 to 5 percent of the world's gross domestic product—some \$800 billion at the low end of the range and perhaps as high as \$2 trillion.</li> </ul>

<sup>a</sup>The crime categories are listed in the order presented in the source document, which states that the assessment addressed: "...the major international crimes identified as a threat to U.S. interests in the International Crime Control Strategy. This survey does not address them in any priority order indicating severity of threat to U.S. interests."

Source: International Crime Threat Assessment (Dec. 2000).

Based on our interviews with NSC and State officials, it is not clear whether the threat assessment will continue to be periodically updated—as part of an iterative process—and used to systematically measure trends and identify new threats posed by various types of international crime. According to an NSC official, the matter of updating the threat assessment is being considered as part of the Bush administration's ongoing review of the federal response to international crime. Our prior work shows that because threats to national security are dynamic and countermeasures may become outdated, it is generally sound practice to periodically reassess such threats.<sup>3</sup> Our work has also pointed out that national-level threat assessments—and accompanying risk assessments that attempt to determine the likelihood of a threat occurring—are decision-making support tools that are used to establish requirements, develop strategies, and prioritize program investments to help focus national efforts on achieving results. As indicated earlier, the December 2000 threat assessment did not prioritize the types of international crimes it discussed in terms of the severity of threat they posed to U.S. interests.

## Operational Threat Assessments

In responding to our survey, a number of federal law enforcement officials indicated that their agencies do not use the December 2000 threat assessment. The agencies have, instead, developed their own threat assessments based on information obtained through their own intelligence. Examples of agency assessments include the following:

<sup>3</sup>See, for example, *Combating Terrorism: Threat and Risk Assessments Can Help Prioritize and Target Program Investments* (GAO/NSIAD-98-74, Apr. 9, 1998), *Combating Terrorism: Need for Comprehensive Threat and Risk Assessments of Chemical and Biological Attacks* (GAO/NSIAD-99-163, Sept. 14, 1999), and *Combating Terrorism: Linking Threats to Strategies and Resources* (GAO/T-NSIAD-00-218, July 26, 2000).

- Annual assessments developed by the Immigration and Naturalization Service's (INS) District Offices that focus on activities such as alien smuggling.
- Country-specific corruption assessments prepared for the U.S. Agency for International Development (USAID) by a private firm. For instance, a March/April 2000 assessment on Nigeria concluded that corruption was pervasive in the private and public sectors and had become woven into the fabric of that country's society.

A forthcoming operational assessment represents a joint effort—among the Bureau of Alcohol, Tobacco and Firearms (ATF), the U.S. Customs Service, and the Canadian government—to determine the nature, size, and scope of the legal and illegal tobacco trade and the involvement of organized crime in this trade. According to ATF, this initiative is intended to identify emerging trends, threats to the legal tobacco trade and government revenues, and obstacles to effective enforcement.

In responding to our inquiries, several federal law enforcement and other officials identified a number of challenges in accurately and reliably determining the extent and impact of international crime. These challenges included (1) the reluctance among agencies to share information; (2) insufficient human resources deployed in foreign countries to gather information; (3) the accuracy of information supplied by some countries; (4) the clandestine and consensual nature of criminal activity (e.g., public corruption); (5) the use of sophisticated technology by criminals to avoid detection; and (6) the absence of a single designated entity to act as the lead or coordination authority on information/intelligence matters.

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## Other Sources Assess Threat Posed by International Crime

A number of other sources have attempted to assess and quantify the threat posed by international crime. For example, the President's December 1999 National Security Strategy For a New Century<sup>4</sup> identified international crime—such as terrorism and drug trafficking—as a threat to U.S. interests. The strategy outlined a number of actions, including the deployment of interagency teams to respond to terrorist incidents, designed to counter such crime.

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<sup>4</sup>The National Security Strategy is required annually by section 603 of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (P.L. 99-433).

Also, a December 2000 report by the National Intelligence Council (NIC)<sup>5</sup>—titled *Global Trends 2015: A Dialogue About the Future With Nongovernment Experts*—concluded that between now and 2015, one of the three main challenges facing countries would be to combat criminal networks and their growing reach. The report noted that criminal organizations would become increasingly adept at exploiting the global diffusion of information, as well as financial and transportation networks. As an example of criminal activity, the report estimated that corruption costs about \$500 billion annually—the equivalent of about 1 percent of global gross national product—in slower growth, reduced foreign investment, and lower profits.

The April 2000 *Phase II Report on a U.S. National Security Strategy for the 21st Century*, issued by the United States Commission on National Security/21st Century,<sup>6</sup> noted that international criminality—such as terrorism and drug trafficking—affected the global environment in which the United States acted. The report concluded that it was in the significant interest of the United States that international criminality be minimized.

A 1999 UN report—*Global Report on Crime and Justice*—estimated the extent of a variety of international crimes, such as the theft of art and antiquities (\$4.5 billion to \$6 billion annually) and theft of intellectual property, such as software (\$7.5 billion annually). In a related matter, the UN has initiated a 5-year project (Sept. 1999 to Aug. 2004) to assess the activities of organized crime groups worldwide and the level of danger that these groups pose to society.

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<sup>5</sup>NIC is comprised of senior experts from the intelligence community and outside of government. The experts are to concentrate on the substantive problems of particular geographic regions of the world and of functional areas, such as economics and weapons proliferation. NIC provides information to assist policymakers as they pursue foreign policy priorities.

<sup>6</sup>The congressionally mandated Commission was established by the Defense Department to provide the first comprehensive review of the national security environment, processes, and organizations since the National Security Act of 1947. The Commission's mandate was to identify threats emerging early in the 21st century and to recommend changes to the national security structure to meet those threats.

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## Congressional Testimony on International Crime Threat

Congressional testimony by various intelligence and law enforcement officials has also highlighted the threat posed by international crime. For example, in a February 2001 statement on the worldwide threat before the Senate Select Committee on Intelligence, the Director of Central Intelligence stressed that terrorism and drug trafficking, among other things, posed a real, immediate, and evolving threat to the United States. The Director also added that these two threats were intertwined since, in some instances, profits from drug trafficking funded terrorist operations.<sup>7</sup> Testimony in April 1998 by the Director of the Federal Bureau of Investigation before the Senate Appropriations Subcommittee on Foreign Operations indicated that international crime posed an immediate and increasing concern for the United States and the worldwide law enforcement community.<sup>8</sup> Furthermore, at a March 2000 hearing before the Commission on Security and Cooperation in Europe (CSCE)<sup>9</sup> on the impact of organized crime and corruption on democratic and economic

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<sup>7</sup> See Statement by Director of Central Intelligence, George J. Tenet, before the Senate Select Committee on the “Worldwide Threat 2001: National Security in a Changing World,” (Feb. 7, 2001).

<sup>8</sup> See Statement for the Record of Louis J. Freeh, Director, Federal Bureau of Investigation, on International Crime before the Subcommittee on Foreign Operations, Senate Committee on Appropriations, (Apr. 21, 1998).

<sup>9</sup> See Hearing Before the Commission on Security and Cooperation in Europe, 106th Congress, 2nd Session, “The Impact of Organized Crime and Corruption on Democratic and Economic Reform” (CSCE106-2-7, Mar. 23, 2000), U.S. Government Printing Office (Washington, D.C.: 2000). CSCE is a joint House-Senate independent government agency created in 1976 to encourage and monitor the implementation of the 1975 Helsinki Final Act (also known as the “Helsinki Accords”), especially in the areas of human rights and democratization.



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reform, several witnesses commented, among other things, that organized crime and corruption were significant threats to the political, economic, and social stability of countries in Southeast Europe and Central Asia.

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# Appendix IV: Selected Federal Entities' Roles in Responding to International Crime and Coordination of the Response

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In response to our inquiry, as shown in table 3, the National Security Council (NSC) identified 34 federal entities—including cabinet-level departments and their components, and independent agencies—that it considered as having significant roles in combating international crime. NSC cautioned that its compilation of federal entities was not intended to be exhaustive.

**Table 3: Federal Entities With Significant Roles in Combating International Crime**

<b>Federal entity</b>
• Department of State
• Department of the Treasury
• Department of Defense
• Department of Justice
• Department of Agriculture
• Department of Commerce
• Department of Labor
• Department of Transportation
• Environmental Protection Agency (EPA)
• Office of Management and Budget
• United States Trade Representative
• Office of National Drug Control Policy
• Central Intelligence Agency
• NSC
• U.S. Agency for International Development (USAID)
• Federal Reserve
• Joint Chiefs of Staff
• United States Coast Guard
• Federal Bureau of Investigation (FBI)
• National Security Agency
• Defense Intelligence Agency
• Customs Service
• Drug Enforcement Administration (DEA)
• Marshals Service
• Secret Service
• Bureau of Alcohol, Tobacco and Firearms (ATF)
• Internal Revenue Service (IRS)
• Immigration and Naturalization Service (INS)
• United States Army
• United States Navy
• United States Marine Corps
• United States Air Force
• Securities and Exchange Commission
• Financial Crimes Enforcement Network (FinCEN)

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**Appendix IV: Selected Federal Entities' Roles  
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Note: Beginning with the Department of State and ending with DEA, entities are listed in accordance with NSC's order of protocol. The Marshals Service through FinCEN are not listed in any particular order.

Source: NSC.

Given the large number of federal entities with a role in international crime (detailed in table 3), as agreed with the requester, this appendix presents an overview of the role of selected federal entities in responding to international crime and the coordination of the response. The specific federal entities are the Departments of Justice, Treasury, and State; USAID; and their respective components. NSC—as directed by Presidential Decision Directive 42 (PDD-42), discussed in appendix II—is to serve as the overall coordinator of the federal response to international crime. Because the focus of our work was limited to these particular entities, the information in this appendix does not reflect the full extent of the federal response. However, this appendix presents a number of examples to illustrate the federal response to specific types of international criminal activity (such as terrorism) and at particular physical locations (such as ports of entry).

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## Department of Justice and Its Components

Department of Justice components that have roles in addressing international crime include the Criminal Division, FBI, DEA, INS, the U.S. National Central Bureau of the International Criminal Police Organization (USNCB/INTERPOL), and the U.S. Marshals Service.

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### Criminal Division

Justice's Criminal Division is responsible for developing, enforcing, and supervising the application of all federal criminal laws except for those specifically assigned to other divisions. Fourteen offices or sections within the Criminal Division have responsibilities for international crime or other related activities, as table 4 indicates. All sensitive federal international criminal matters are coordinated through the Criminal Division. According to a Criminal Division Deputy Assistant Attorney General, responding to international crime is an increasingly critical responsibility for the Criminal Division. In this regard, in a 1999 speech, the then Assistant Attorney General stated that well over half his time was devoted to issues and cases that have foreign policy and national security implications. Furthermore, according to the Deputy Assistant Attorney General, while precise estimates are difficult, over the past few years, about 40 to 50 percent of the Division's workload has been associated with international crime matters. Examples of the Criminal Division's workload related to international crime include

**Appendix IV: Selected Federal Entities' Roles  
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- prosecuting cases involving international crime—such as organized crime, drug trafficking, money laundering, and international terrorism—often in cooperation with U.S. Attorneys' Offices;
- negotiating—in cooperation with State and other departments—and implementing bilateral and multilateral treaties with other countries, such as agreements for mutual legal assistance and maritime boarding agreements, and the recent United Nations Convention against Transnational Organized Crime; and
- providing training and other technical assistance to the law enforcement and justice sectors of foreign countries.

**Table 4: Types of International Crimes or Activities Handled by Sections or Offices in Justice's Criminal Division**

<b>Criminal Division section or office</b>	<b>Type of international crime or activity</b>
Alien Smuggling Task Force	<ul style="list-style-type: none"> <li>• Alien smuggling</li> </ul>
Asset Forfeiture and Money Laundering Section	<ul style="list-style-type: none"> <li>• Asset forfeiture</li> <li>• Money laundering</li> </ul>
Child Exploitation and Obscenity Section	<ul style="list-style-type: none"> <li>• Child pornography</li> <li>• International parental kidnapping</li> <li>• Sex tourism</li> <li>• Trafficking of women and children</li> </ul>
Computer Crime and Intellectual Property Section	<ul style="list-style-type: none"> <li>• Computer/high-tech crime</li> <li>• International intellectual property rights</li> <li>• Mutual legal assistance requests in electronic evidence cases</li> <li>• Treaties in the high-tech area</li> </ul>
Fraud Section	<ul style="list-style-type: none"> <li>• Bank fraud</li> <li>• Internet fraud</li> <li>• Foreign Corrupt Practices Act</li> <li>• Mail fraud</li> <li>• Securities fraud</li> <li>• Wire fraud</li> </ul>
Internal Security Section	<ul style="list-style-type: none"> <li>• Espionage</li> <li>• National security</li> </ul>
International Criminal Investigative Training Assistance Program	<ul style="list-style-type: none"> <li>• International law enforcement training programs</li> <li>• Law enforcement institutional development</li> </ul>
Narcotic and Dangerous Drug Section	<ul style="list-style-type: none"> <li>• Controlled substance offenses</li> <li>• Drug trafficking organizations</li> </ul>
Office of International Affairs	<ul style="list-style-type: none"> <li>• Extraditions (for all federal and state crimes)</li> <li>• Mutual legal assistance requests/treaties (for all federal and state crimes)</li> <li>• Negotiation of international law enforcement treaties, conventions, and agreements</li> </ul>
Office of Overseas Development, Assistance and Training	<ul style="list-style-type: none"> <li>• Justice sector technical assistance</li> </ul>
Office of Special Investigations	<ul style="list-style-type: none"> <li>• Crimes against humanity (jurisdiction over immigration aspects)</li> <li>• World War II-era war crimes</li> </ul>
Organized Crime and Racketeering Section	<ul style="list-style-type: none"> <li>• Organized crime</li> </ul>
Public Integrity Section	<ul style="list-style-type: none"> <li>• Campaign financing</li> <li>• Public corruption</li> </ul>
Terrorism and Violent Crime Section	<ul style="list-style-type: none"> <li>• Crimes against humanity (criminal jurisdiction)</li> <li>• Genocide</li> <li>• International kidnapping</li> </ul>

**Appendix IV: Selected Federal Entities' Roles  
in Responding to International Crime and  
Coordination of the Response**

Criminal Division section or office	Type of international crime or activity
	<ul style="list-style-type: none"> <li>• Terrorism</li> <li>• Torture</li> <li>• War crimes</li> </ul>

Source: Department of Justice, Criminal Division.

**Federal Bureau of  
Investigation**

The FBI is Justice’s principal investigative arm and is charged with investigating all violations of federal law, except for those assigned by statute to another agency. According to the FBI Director, the Bureau’s response to international crime consists of three key elements—maintaining an active overseas presence, training foreign law enforcement officers, and facilitating institution building. Within this context, the FBI identified five of its components as having roles in responding to international crime. These components are (1) Criminal Investigative Division, (2) International Training Assistance Units, (3) National Infrastructure Protection Center (NIPC), (4) International Operations Section, and (5) the International Terrorism Operations Section.

Examples of the international crime initiatives undertaken by FBI components include the following:

- **Project “Millennium.”** The FBI and law enforcement agencies from 23 other countries have provided INTERPOL with the names and profiles of thousands of subjects involved in Eurasian organized crime in order to establish a worldwide database. The database is intended to allow participating countries to cross-reference and coordinate leads involving Russian and Eastern European organized crime members.
- **U.S.-Mexico Fugitive Initiative.** This initiative—involving the FBI, Justice, and the government of Mexico—is designed to improve procedures for obtaining provisional arrest warrants for fugitives who have fled to the United States from Mexico.
- **Plan Colombia.** Under the umbrella of this broad-ranging initiative, the FBI and Justice are assisting Colombia in developing a program to investigate kidnappings. The program includes establishing a Colombian law enforcement task force consisting of specially trained investigators. The task force is intended to work with the FBI when appropriate, such as when cases involve U.S. nationals.
- **Middle Eastern Law Enforcement Training Center.** The Center is a joint law enforcement training initiative between the FBI and the Dubai, United Arab Emirate police department. The Center—funded entirely by the Emirate’s government—is being established to address transnational/cross-border crimes within the Middle East region; according to FBI, these crimes have an impact on the United States. Working with police officials in the region, the FBI identified a number of

crime issues to be addressed by the Center's training, including corruption, counterterrorism, organized crime, money laundering, drugs, cybercrime, and illegal immigration.

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## Drug Enforcement Administration

DEA is responsible for enforcing the federal drug control laws and is the single point of contact for coordinating international drug investigations for the United States in foreign countries. DEA's primary responsibilities include investigating major drug traffickers operating at interstate and international levels and working on drug law enforcement programs with its counterparts in foreign countries. According to DEA, targeting international drug trafficking organizations and their direct affiliates is one of its highest priorities. In July 1999, we reported on the major enforcement strategies, programs, initiatives, and approaches that DEA implemented in the 1990s to carry out its mission, including efforts to target and investigate national and international drug traffickers.<sup>1</sup>

According to DEA, four of its components have roles in responding to international crime: (1) the Office of International Operations; (2) the Office of Domestic Operations; (3) the Financial Operations Section, which deals with money laundering; and (4) the Office of Training, which trains drug enforcement officials in other countries. These components are involved in implementing provisions of the National Drug Control Strategy. These provisions entail, among other things, the implementation of interdiction and international programs. For example, DEA participates in the Southwest Border Initiative—a cooperative law enforcement effort—to combat Mexico-based drug trafficking along the U.S.-Mexico border. Internationally, DEA is involved in counternarcotics efforts with the governments of Bolivia, Colombia, Peru, and Thailand, among others.

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## Immigration and Naturalization Service

INS is charged with the administration and enforcement of U.S. immigration laws, including facilitating entry of those legally admissible into the United States and deterring the entry of those seeking to enter illegally. According to INS, four components within its Office of Field Operations have roles in responding to international crime. These components are (1) the Office of International Affairs; (2) the Office of Intelligence; (3) the Investigations Division, including the Smuggling and Criminal Organizations Branch, the INS component of the Organized Crime Drug Enforcement Task Force, the National Security Unit, and the

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<sup>1</sup>*Drug Control: DEA's Strategies and Operations in the 1990s* (GAO/GGD-99-108, July 21, 1999).

Fraud Section; and (4) the Border Patrol. Examples of the international crime initiatives undertaken by these components include the following:

- **National Border Patrol Strategic Plan.** In effect since 1994, this is the Border Patrol's attempt to deter illegal entries into the United States between ports of entry.
- **Southeast European Cooperative Initiative.** This is an interagency initiative to assist Southeastern European countries with, among other things, combating cross-border crime as it relates to alien smuggling.
- **Nigerian Crime Initiative.** This interagency initiative is intended to ensure the sharing of intelligence and providing training on Nigerian criminal enterprises and removing Nigerian criminal aliens from the United States.
- **Operation "Crossroads."** This is an interdiction operation being conducted along the Southwest Border in the Arizona Corridor (the area between Phoenix and Tucson, Arizona). The operation has branches stretching into Mexico and Central America.

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U.S. National Central  
Bureau of the International  
Criminal Police  
Organization

The U.S. National Central Bureau (USNCB) of the International Criminal Police Organization—as the U.S. component of the broader INTERPOL network—is intended as a point of contact for American and foreign police seeking assistance in criminal investigations that extend beyond their national boundaries. USNCB's staff is composed of representatives from various federal law enforcement entities, including Customs, ATF, Marshals Service, and DEA. In addition to providing operational coordination and training at the international, federal, and state level, examples of the services USNCB provides and the projects it is involved in include the following:

- **International Notice Program.** USNCB disseminates subject lookouts and advisories through the circulation of INTERPOL notices. The color-coded notices communicate various kinds of criminal information. For example, the Red Notice (International Wanted Notice) informs member countries that a warrant has been issued for a person whose arrest is requested with a view to subsequent extradition.
- **Project "Rockers."** This 28-country INTERPOL project is targeting outlaw motorcycle organizations involved in criminal activities. The project's main objective is to identify the organizations and their membership and to collect information on their criminality for analysis and dissemination to affected countries.

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U.S. Marshals Service

The Marshals Service is responsible for, among other things, apprehending federal fugitives and maintaining custody of and transporting federal

prisoners. The International Investigations Unit, within the Investigative Services Division, has responsibility over international crime matters. Specifically, according to a Marshals Service official, this unit is responsible for (1) apprehending fugitives (foreign and international),<sup>2</sup> (2) escorting extradited international fugitives back to the United States, and (3) training foreign police officers. For example, according to this official, the Marshals Service trains foreign police officers in investigating and apprehending fugitives. The training is held in the United States and is funded by the State Department.

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## Department of the Treasury and Its Components

Treasury components that have roles in addressing international crime include the Office of Enforcement; the U.S. Customs Service; ATF; the U.S. Secret Service; IRS Criminal Investigation (IRS-CI); the Federal Law Enforcement Training Center (FLETC); FinCEN; and the Office of Foreign Assets Control (OFAC).

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## Office of Enforcement

Treasury's Office of Enforcement has responsibility for several functions that relate to international crime control. These functions include

- coordinating all Treasury law enforcement matters, including formulation of law enforcement policies;
- providing oversight, monitoring, and/or guidance to Treasury enforcement bureaus—Customs, ATF, Secret Service, IRS-CI, and FLETC—and FinCEN;
- ensuring cooperation between Treasury law enforcement and other federal departments and agencies; and
- negotiating international agreements to engage in joint law enforcement operations and exchange financial information and records.

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## U.S. Customs Service

Within its dual missions of enforcing laws and regulating commercial activities, Customs has significant responsibilities for ensuring that goods and persons enter and exit the United States legally. Within these missions, Customs' strategic plan<sup>3</sup> identifies specific goals and objectives—such as disrupting the illegal flow of drugs and money—that are linked to international crime.

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<sup>2</sup>According to a Marshals Service official, a foreign fugitive is one who has committed a crime in another country and has fled to the United States. An international fugitive is one who has committed a crime in the United States and has fled to other parts of the world.

<sup>3</sup>*U.S. Customs Service: Strategic Plan (Fiscal Years 2000-2005)*.



Three of Customs' principal components have a role in responding to international crime. These components are (1) the Office of Investigations; (2) the Office of International Affairs, and (3) the Office of Field Operations. Within these offices, a number of divisions and other units have roles in responding to international crime. According to Customs, within the Office of Investigations, 10 divisions are actively involved in responding to various types of international crime. The divisions are (1) Investigative Services, (2) Covert Operations, (3) Special Operations, (4) Financial Investigations, (5) Fraud Investigations, (6) Strategic Investigations, (7) CyberSmuggling, (8) Smuggling Investigations, (9) Intelligence, and (10) Air and Marine.

Within the Office of International Affairs, three units have a role in responding to international crime. The units are the (1) Operations Division, (2) the Training and Assistance Division, and (3) the Policy and Programs Division. Within the Office of Field Operations, three units have roles in responding to international crime—(1) Outbound Enforcement Team, (2) Anti-Smuggling Division, and (3) Trade Programs.

Examples of international crime initiatives undertaken by various Customs components include the following:

- **Industry Partnership Programs.** These programs—the Carrier Initiative Program, the Business Anti-Smuggling Coalition, and the Americas Counter Smuggling Initiative (training program)—are designed to deter and prevent narcotics from being smuggled into the United States via commercial cargo and conveyances. These programs are also designed to enlist industry support in activities related to narcotics interdiction.
- **Border Coordination Initiative.** This initiative is a border management strategy involving Customs, INS, the U.S. Coast Guard, and the U.S. Department of Agriculture. The initiative is intended to increase cooperation among federal entities along the Southwest border of the United States to more efficiently interdict illegal aliens, drugs, and other contraband. The initiative has six core parts, including developing joint port management and community partnership plans.

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**Bureau of Alcohol,  
Tobacco and Firearms**

ATF enforces federal laws and regulations relating to firearms, explosives, arson, alcohol, and tobacco. ATF units that have international crime responsibilities are (1) the International Programs Branch, (2) the Alcohol and Tobacco Diversion Branch, and (3) the International Training Branch. ATF has a number of international crime-related responsibilities and initiatives. For example, ATF's Traffic in Arms Program is an enforcement effort to combat the illegal movement of U.S.-source firearms, explosives, and ammunition in international traffic. Also, ATF traces U.S. alcohol and

tobacco products recovered in foreign countries to identify individuals and/or organized crime groups involved in the purchase and smuggling of these items. In this regard, ATF assists foreign countries by assessing their tax systems as they relate to alcohol and tobacco products and educating foreign officials in how such products are regulated in the United States. ATF's National Tracing Center helps foreign law enforcement trace U.S.-sourced crime firearms. According to ATF, this trace information enables it to identify and target subjects responsible for illegally trafficking firearms in the United States.

Furthermore, ATF's International Response Team is the result of an agreement with the State Department's Diplomatic Security Service. The agreement originally provided for ATF investigative assistance at fire and post-blast scenes on U.S. property abroad, where the Diplomatic Security Service has investigative responsibility. The agreement has since been expanded to include responses in which ATF would provide technical/forensic assistance and oversight in arson and explosives investigations to foreign governments on their territory. Such requests for assistance are to be relayed to ATF through the Department of State, after receiving authorization from the U.S. ambassador of the affected country.

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## U.S. Secret Service

The Secret Service carries out two distinct missions: protection and criminal investigations. The investigative mission expanded from enforcement of U.S. counterfeiting statutes to include other financial crimes, such as financial institution fraud, computer fraud, financial identity theft, access device fraud, and computer-based attacks against the national's financial, banking, and telecommunications infrastructure. According to the Secret Service, these types of crimes have become increasingly international in nature, given the seamless interaction among monetary and economic systems around the world. Within the Secret Service's Office of Investigations, the following branches and divisions have roles in combating international crime: (1) International Programs Branch, (2) Financial Crimes Division, (3) Counterfeit Division, (4) Forensic Services Division, and (5) Investigative Support Division.

In its strategic plan for fiscal years 2000-2005,<sup>4</sup> the Secret Service established an investigative strategic goal of reducing crimes against the nation's currency and financial system. The goal comprises four strategic objectives, all of which have a link to international crime: (1) reduce

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<sup>4</sup>*U.S. Secret Service: Strategic Plan (FY 2000-2005).*

losses from financial crime, (2) reduce transnational financial crime, (3) enhance foreign and domestic partnerships, and (4) support the protective mission. To meet these objectives, the Secret Service is engaged in a number of activities. Examples of these activities include implementing the International Currency Audit Plan. Under this plan, the Secret Service—along with representatives from the Federal Reserve Board, the Bureau of Engraving and Printing, and the Federal Reserve Bank of New York—are to study the use of foreign currency abroad and develop estimates of counterfeiting levels outside the United States. Also, through the use of specialized task forces—such as the West African Task Force and the Asian Organized Crime Task Force—the Secret Service is targeting international organized crime groups and the proceeds of their criminal enterprises.

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## Internal Revenue Service

IRS-CI's mission is to investigate violations of the Internal Revenue Code and related financial crimes, such as money laundering, in order to enhance deterrence and compliance with tax laws. According to IRS-CI, tax evasion and money laundering are closely related and can involve similar activities. Money laundering can usually be considered as tax evasion in progress because illicit funds are rarely reported on subsequent tax returns. With the globalization of the world economy and financial systems, many of the complex evasion and money laundering schemes are employing international components, such as offshore banks, trusts, and corporations in "tax haven" countries. Although IRS-CI does not have specific jurisdiction over international crimes, the complex evasion and money laundering schemes require it to document evidence of the international movement of funds.

According to IRS-CI, its International Strategy complements the overall U.S. strategy to combat the growing trend of international financial crimes. In this regard, IRS-CI participates in the Financial Action Task Force for Money Laundering (FATF).<sup>5</sup> IRS-CI assists FATF in the development and implementation of strategies and laws that are intended to deter international financial crimes and enhance compliance with U.S. tax laws.

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<sup>5</sup> FATF was established in 1989 by the G-7 summit in Paris in response to then growing concern over money laundering. FATF's mission includes monitoring the implementation of the "Forty Recommendations," a set of countermeasures that the task force designed to be used against money laundering. The recommendations cover the criminal justice system and law enforcement, the financial system and its regulation, and international cooperation. FATF has 29 countries—such as Canada, Germany, Hong Kong, Turkey, and the United States—and 2 regional organizations—the European Commission and the Gulf Co-operation Council—as members.

As part of its international strategy, IRS-CI assigns special agents (attaches) in foreign posts that it considers “strategic,” such as Canada, China, Colombia, Germany, and Mexico. The attaches are responsible for, among other things, assisting IRS-CI special agents in gathering and developing foreign evidence related to investigations under IRS-CI’s jurisdiction and training host government personnel on financial investigative techniques. In this regard, as part of Plan Colombia (discussed earlier), IRS-CI is providing financial investigation training to Colombian law enforcement officials and prosecutors.

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## Federal Law Enforcement Training Center

FLETC serves as an interagency law enforcement training organization for more than 70 federal agencies. FLETC also provides services to state, local, and international law enforcement agencies. In its strategic plan,<sup>6</sup> FLETC noted that training must be closely linked to changing law enforcement challenges, issues, and needs. For one area of change—the nature of crime itself—FLETC identified three types of international-related crime that law enforcement training must address: terrorism (both foreign and domestic groups), internet-related crime (including money laundering), and organized crime (including foreign organizations).

In an effort to help combat international-related crime, FLETC offers a range of training programs to foreign law enforcement agencies. Most of these programs are offered at FLETC’s training campuses. Some are exportable to user locations or are available at respective International Law Enforcement Academies (ILEA). Under agreement with the Department of State and administered by FLETC’s International Programs Division, this training focuses on the following three areas:

- **Law and democracy.** Current initiatives under the United States Law and Democracy Program provide technical assistance and training to law enforcement personnel in Russia, Ukraine, and other Eastern European and Central Asian countries. The program funds training to combat white-collar crime, financial and computer crimes, and illegal narcotics trafficking. The program also supports human rights, free market economies, and the building of democratic systems and institutions.
- **Antiterrorism assistance.** The antiterrorism training programs conducted by FLETC and funded by the Department of State’s Office of Antiterrorism Assistance provide technical assistance and training to foreign law enforcement in an effort to combat world terrorism.

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<sup>6</sup> *Federal Law Enforcement Training Center (FLETC): Strategic Plan (2000-2005)*.

- **International academies.** The ILEAs in Hungary, Thailand, and Botswana offer opportunities for foreign prosecutors, police, and criminal investigators to interact with their U.S. counterparts. U.S. trainers share operational methods, investigative techniques, criminal trends, and current law enforcement issues with foreign law enforcement personnel. While FLETC provides support for the efforts of all of the ILEAs, it has lead responsibility for the Botswana academy and will also be responsible for a fourth academy planned for Central America.

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## Financial Crimes Enforcement Network

FinCEN's mission is to (1) support law enforcement investigative efforts and foster interagency and global cooperation against domestic and international financial crimes; and (2) provide U.S. policymakers with strategic analyses of domestic and worldwide money-laundering developments, trends, and patterns. Within its overall mission, FinCEN's strategic plan<sup>7</sup> identifies a number of strategic objectives, including preventing, detecting, and prosecuting money laundering and other financial crimes; and establishing and strengthening mechanisms for the global exchange of information to combat money laundering and other financial crimes.

Regarding international cooperation, FinCEN is to work closely with other components of the U.S. government and its global partners to counter the threat of transnational crime to financial institutions and governments. FinCEN activities include, for example, the following:

- **Developing Financial Intelligence Units.** FinCEN supports the development of Financial Intelligence Units in other nations to help facilitate the exchange of information in support of anti-money laundering investigations. These units—of which FinCEN is one model—have been established in various countries around the world to protect the banking community, detect criminal abuse of the financial system, and ensure adherence to laws against financial crime.
- **Implementing the National Money Laundering Strategy.** FinCEN supports Treasury's initiatives highlighted in the 2000 National Money Laundering Strategy.<sup>8</sup> Among other things, these initiatives include providing training and assistance to nations implementing counter-money laundering measures. FinCEN also plans to expand support of Treasury

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<sup>7</sup> *Financial Crimes Enforcement Network: 2000-2005 Strategic Plan.*

<sup>8</sup> The National Money Laundering Strategy was developed jointly by Treasury and Justice (the Criminal Division's Asset Forfeiture and Money Laundering Section).

initiatives concerning (1) efforts to identify those international jurisdictions that pose a money laundering threat to the United States and (2) expertise and analysis related to correspondent banking and offshore financial services.

- **Participating in the Financial Action Task Force.** FinCEN supports Treasury's efforts to promote the adoption of international anti-money laundering standards, such as those of the FATF. Formed by the G-7 Economic Summit of 1989,<sup>9</sup> the FATF is dedicated to promoting the development of effective anti-money laundering controls and enhanced cooperation in counter-money laundering efforts among its membership around the world.<sup>10</sup>

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## Office of Foreign Assets Control

Created in 1950, OFAC administers and enforces economic and trade sanctions against targeted foreign countries, terrorism sponsoring organizations, and international narcotics traffickers in accordance with U.S. foreign policy and national security goals. In its role, OFAC acts under Presidential wartime and national emergency powers to impose controls on transactions and freeze foreign assets under U.S. jurisdiction. Such sanctions are designed to immobilize assets and deny the targeted country, groups, or individuals access to the U.S. financial system and the benefits of trade and transactions involving U.S. businesses and individuals. Examples of OFAC's activities include administering prohibitions contained in congressionally mandated programs involving terrorism and narcotics—these include those required by the Anti-Terrorism and Effective Death Penalty Act of 1996, P.L. 104-132 and the Foreign Narcotics Kingpin Designation Act, P.L. 106-120, Title VIII.

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## Department of State and Its Components

The State Department's role in addressing international crime is both diplomatic and programmatic. In carrying out this role, the State Department's primary focal point for all international narcotics and international criminal matters is the Assistant Secretary for the Bureau for International Narcotics and Law Enforcement Affairs (INL). For drug control and anticrime issues, the Department's Bureau of International Organization Affairs works with INL in coordinating interactions with agencies of the United Nations system. Furthermore, State's geographic

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<sup>9</sup>The Group of Seven (G-7) originated in 1975 to provide a forum for discussion of economic issues among the leading industrialized nations—Canada, France, Germany, Italy, Japan, the United Kingdom, and the United States. In 1998, the name was changed to G-8 when Russia was integrated into the group.

<sup>10</sup>In addition to Treasury components, Justice and State components also participate in the Financial Action Task Force.

bureaus—such as the Bureau of European Affairs, and the Bureau of South Asian Affairs—have responsibilities in guiding U.S. diplomatic operations in their respective areas. The Office of the Coordinator for Counterterrorism—within the Office of the Secretary of State—is responsible for the overall supervision of international counterterrorism activities. The Bureau of Diplomatic Security manages multiple anticrime efforts and, according to State, is the primary point of contact for host nations' law enforcement entities in their efforts to work collaboratively with the United States in combating international crime. The Office of the Legal Adviser, in coordination with Justice's Office of International Affairs, is responsible for negotiating and bringing into force bilateral and multilateral agreements that provide for the extradition of fugitives and for assistance and cooperation by law enforcement authorities in criminal cases in U.S. or foreign courts.

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**Bureau for International  
Narcotics and Law  
Enforcement Affairs**

INL has broad responsibility for federal law enforcement policy and program coordination in the international area. INL funds various bilateral and multilateral international drug and crime control programs to accomplish its goals and objectives. In this regard, INL administers an annual budget of over \$200 million in assistance—appropriated under annual Foreign Operations bills—to foreign countries. INL played a central role in developing the 1998 International Crime Control Strategy. In 1999, INL organized and coordinated the Vice President's Global Forum on Fighting Corruption. This effort included participants from 90 nations and various multilateral and nongovernmental organizations. Since that time, INL has continued to coordinate a number of international anticorruption initiatives and activities.

According to State, INL's most important initiative in terms of funding is counternarcotics assistance in support of Plan Colombia, a combination of interdiction, eradication, and alternative development as well as rule of law and development assistance. State has sent to the Congress a proposal entitled the Regional Andean Initiative which expands key parts of Plan Colombia, primarily the rule of law and economic development portions, to Bolivia, Brazil, Ecuador, Panama, Peru, and Venezuela.

Regarding future initiatives, INL plans to pursue efforts to establish an ILEA for Central/South America, in addition to those already established in Budapest, Bangkok, and Gaborone (Botswana). According to INL, due to endemic widespread poverty, weak police and judicial infrastructure, and governmental corruption, Africa is a fertile ground for a growing international crime threat. A new graduate-level facility is set to open in Roswell, New Mexico, in September 2001.

A second initiative is to establish a reserve of up to 2,000 civilian police officers, similar in concept to the National Guard. According to INL, the United States currently contributes over 700 civilian police officers worldwide to international law enforcement operations. INL is to respond to requests by directing a contractor to recruit, select, and train U.S. law enforcement personnel for missions. In this endeavor, police officers are to volunteer but remain in their regular jobs until called for active duty. A third initiative involves the creation of an interagency Migrant Smuggling and Trafficking in Persons Coordination Center designed to develop strategies and coordinate intelligence and other information.

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## **Bureau of International Organization Affairs**

The Bureau of International Organization Affairs is charged with developing and implementing the policies of the U.S. government with respect to the United Nations and its affiliated agencies, as well as within certain other international organizations. The Bureau is to engage in what is known as multilateral diplomacy to promote and defend the various overlapping interests of the American people. More specifically, with respect to international crime-related issues, the Bureau is to support efforts in the areas of

- nonproliferation, nuclear safeguard, arms control, and efforts to combat terrorism, organized crime, and narcotics trafficking;
- democratic principles and the rule of law in government and politics; and
- human rights, including the advancement of women's rights.

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## **Geographic Bureaus**

On a less global scale, State's geographically defined bureaus—for Africa, East Asia and the Pacific, Europe, the Near East, South Asia, the Western Hemisphere, and the New Independent States<sup>11</sup>—are to guide the operation of the U.S. diplomatic missions within their regional jurisdiction. These bureaus are to work closely with U.S. embassies and consulates overseas and with foreign embassies in Washington, D.C. Unlike the Bureau of International Organization Affairs—which engages in multilateral diplomacy—the geographic bureaus are to coordinate the conduct of bilateral foreign relations. For example:

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<sup>11</sup>Although it functions as a geographic bureau, the New Independent States is located separately under the authority of the Office of the Special Advisor for the New Independent States. This office is responsible for developing, coordinating, and implementing U.S. foreign policy in the 12 countries of Eurasia, the Caucasus, and Central Asia.



- **Europe.** The Bureau of European Affairs<sup>12</sup> is responsible for developing, coordinating, and implementing U.S. foreign policy on a variety of issues dealing with national security, economic prosperity, democracy, human rights, protection of the environment, halting the proliferation of weapons of mass destruction, and combating terrorism and international crime. A key policy goal is the establishment of an integrated system to enhance regional stability and security, involving the North Atlantic Treaty Organization, cooperation with Russia, the Organization for Security and Cooperation in Europe, the European Union, and the treaty on Conventional Armed Forces in Europe.
- **Western Hemisphere.** The Bureau of Western Hemisphere Affairs is responsible for managing and promoting U.S. interests in the region by supporting democracy, trade, and sustainable economic development, and fostering cooperation on issues such as drug trafficking and crime, poverty reduction, and environmental protection. A key initiative supported by the Bureau is “Plan Colombia”—an integrated strategy for promoting the peace process, combating the narcotics industry, reviving the Colombian economy, and strengthening Colombia’s democratic society.

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## Office of the Coordinator for Counterterrorism

The Office of the Coordinator for Counterterrorism has the primary responsibility for developing, coordinating, and implementing U.S. international counterterrorism policy. The office chairs the Interagency Working Group for Counterterrorism—to develop and coordinate policy—and State’s own task force on counterterrorism to coordinate the response to international terrorist incidents that are in progress.<sup>13</sup> According to State, in order to ensure better interagency coordination, officers from the FBI and the Central Intelligence Agency are detailed to the office. In addition, the office coordinates U.S. government efforts to improve counterterrorism cooperation with foreign governments, including the policy and planning of State’s Antiterrorism Assistance Program. This program is intended to provide assistance, including training and

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<sup>12</sup>According to State, as of July 2, 2001, the Bureau of European Affairs was merged with that of the New Independent States to form the Bureau of European and Eurasian Affairs.

<sup>13</sup>The Interagency Working Group for Counterterrorism is sponsored by NSC. The group oversees a number of subgroups that coordinate certain terrorism-related research and development activities, exercises, international consequence management, and transportation security. In addition to State, members of the group include the Departments of Defense, Energy, Justice, Transportation, and the Treasury; also, the Central Intelligence Agency, the Federal Aviation Administration, the FBI, and the Joint Chiefs of Staff (within Defense).

equipment, to foreign countries to enhance the ability of their law enforcement personnel to deter terrorism and terrorist groups from engaging in international terrorist acts.

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## **Bureau of Diplomatic Security**

In addition to its security and protection roles both domestically and abroad, the Bureau of Diplomatic Security is responsible for the investigation of passport and visa fraud, which are often linked to the movement of international criminals. The Bureau also coordinates State's anti-terrorism and anticrime "Rewards" efforts; coordinates investigative leads overseas for State and other U.S. federal, state, and local law enforcement agencies; and provides anti-terrorism training to both U.S. and foreign government law enforcement agencies.

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## **U.S. Agency for International Development**

USAID has a twofold purpose of furthering U.S. foreign policy interests in expanding democracy and free markets, while improving the lives of the citizens of the developing world. In doing this, USAID is the principal U.S. agency to provide assistance to countries recovering from disaster, trying to escape poverty, and engaging in democratic reforms. Although USAID is an independent federal government agency, it receives overall foreign policy guidance from the Secretary of State.

With respect to narcotics and crime control, USAID is responsible for designing and implementing development assistance programs—for example, assistance to drug-producing countries to diversify their economies away from dependency on illegal drugs and towards open market economies. In the short term, USAID is responsible for alleviating the economic and social dislocation resulting from successful drug control programs. In the longer run, USAID's mandate includes strengthening democratic institutions and the respect for human rights. USAID sponsors anti-drug education programs designed to build institutions overseas to address the growing problem of drug abuse. USAID also funds justice programs to strengthen host nation capability to prosecute criminal cases in court and to develop and implement laws to deter criminal elements.

USAID identified four of its bureaus and five of their components—offices or centers—and its Office of the Inspector General (OIG) as having roles in combating various types of international crime. The four bureaus (and their relevant offices or centers) are the (1) Bureau for Policy and Program Coordination (which includes the Office of Program Coordination and the Office of Policy Development and Coordination); (2) Bureau for Global Programs (which includes the Center for Democracy and Governance and the Center for Economic Growth); (3) Bureau for Europe and Eurasia; and

(4) Bureau for Humanitarian Response (which includes the Office of Transitional Initiatives). The Center for Democracy and Governance is an example representative of USAID's efforts against international crime.

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## **Center for Democracy and Governance**

To further support and advance USAID's democracy and governance program, the Center for Democracy and Governance was founded in May 1994. The Center is to help USAID field missions design and implement democracy strategies, provide technical and intellectual leadership in the field of democracy development, and manage some USAID programs directly. The Center is organized along the lines of USAID's strategic framework for democracy and governance. The framework has four objectives: (1) rule of law (strengthening legal systems); (2) elections and political processes (conducting elections and developing political parties and educating voters); (3) civil society (promoting a politically active civil society); and (4) governance (promoting accountable and transparent government institutions).

Under the rule of law objective, the Center's efforts to strengthen legal systems—in conjunction with the activities of USAID missions—fall under three interconnected priority areas, each of which is to integrate human rights concerns: supporting legal reform, improving the administration of justice, and increasing citizens' access to justice. For example, the Center is represented on an advisory committee, which was established to enhance interagency communication and coordination in the areas of police and prosecutor training and development.

With respect to the governance objective, the Center is to concentrate on the following five areas: legislative strengthening, decentralization and democratic local governance, anticorruption, civil-military relations, and improving policy implementation. For example, the Center has provided financial support to Transparency International, a nongovernmental organization dedicated to generating public support and action for anticorruption programs and enhancing transparency and accountability in governments worldwide. Overall, USAID has anticorruption activities in 54 countries; and the Center manages country-specific, anticorruption programs valued at \$19 million.

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## **USAID Efforts Against Other Types of International Crime**

In addition to its efforts against corruption, USAID has activities that are designed to address other types of international crime and support the 1998 International Crime Control Strategy. For example, to counter narcotics, USAID has implemented "alternative development" programs in several coca-producing countries, such as Peru and Bolivia. Such

programs are intended to strengthen the coca-producing areas' licit economies and improve their social and economic infrastructure. According to USAID, since 1995, the areas used in Peru for coca cultivation have declined by 70 percent. USAID also supports efforts against trafficking in precious gems, violations of intellectual property rights, environmental crimes, trafficking in women and children, and financial fraud. In addition, the USAID OIG's Investigations and Audit Divisions have investigated incidents of financial fraud related to the agency's developmental, humanitarian, and reconstructive aid programs around the world. According to USAID, recent successful OIG investigations of entities involved in financial fraud related to USAID programs in the United States and overseas have resulted in the recovery of more than \$100 million in fines.

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## **Examples of the Federal Response to Specific Types of International Crime and at Specific Physical Locations**

Discussed below are examples that illustrate the federal response to specific types of international criminal activity—such as corruption and terrorism—and at particular physical locations—such as ports of entry. The federal response in these areas includes numerous entities within Justice, Treasury, and State, as well as various other federal departments and agencies.

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### **Response to Specific Types of Criminal Activity**

Regarding specific types of international crime, in an earlier report, we identified at least 35 federal entities—consisting of 7 cabinet-level departments and 28 related agencies, bureaus, and offices—that had a role in providing rule-of-law assistance to fight corruption during fiscal years 1993 to 1998.<sup>14</sup> Appendix V provides a complete listing of the 35 federal entities.

In terms of the response to terrorism, we previously identified 43 federal agencies, bureaus, and offices that have terrorism-related programs or activities.<sup>15</sup> These entities included the departments of Justice, Treasury, and State and their components (as discussed in this appendix), as well as other federal entities such as NSC and the Central Intelligence Agency.

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<sup>14</sup> *Foreign Assistance: Rule of Law Funding Worldwide for Fiscal Years 1993-1998* (GAO/NSIAD-99-158, June 30, 1999).

<sup>15</sup> *Combating Terrorism: Spending on Governmentwide Programs Requires Better Management and Coordination* (GAO/NSIAD-98-39, Dec. 1, 1997).

**Response to Criminal  
Activity at Specific  
Physical Locations**

In August 2000, responding to an April 1999 Executive Memorandum from the President, the Interagency Commission on Crime and Security in U.S. Seaports issued a report detailing, among other things, the missions and authorities of federal entities handling crime at seaports.<sup>16</sup> Many of the crimes cited by the Commission—such as terrorism and alien smuggling—fit our definition of “international crime.” On the basis of its review of 12 of the 361 U.S. seaports, the Commission identified 10 federal departments, 25 of their components, and 6 other federal entities that are involved or interested in seaport operations. Fifteen of these—including the Departments of Treasury and State,<sup>17</sup> the FBI and Customs, and EPA—were also identified as having jurisdiction over and a role in combating criminal activity at the seaports reviewed.

Table 5 presents information about the types of criminal activity encountered at seaports and the relevant federal (and state and local) entities with jurisdiction over these activities.

**Table 5: Jurisdiction for Criminal Activity at U.S. Seaports**

<b>Criminal activity</b>	<b>Agencies with jurisdiction</b>
Terrorism	FBI, Coast Guard, Customs Service, INS, Treasury, ATF, and state/local agencies
Crime against shipping, piracy	FBI, Coast Guard, ATF, and state/local agencies
Smuggling (importation) strategic/sensitive: Weapons of mass destruction and components Controlled substances Arms and munitions Monetary instruments Child pornography Counterfeit U.S. currency Precursor and essential chemicals	Customs Service, FBI, DEA, ATF, Coast Guard, Secret Service, and state/local agencies
Alien smuggling, unlawful entry, stowaways	INS, Coast Guard, and FBI
General smuggling (importation): Art and artifacts Endangered species and wildlife Chlorofluorocarbons Prohibited or restricted merchandise Commercial merchandise and alcohol	Customs Service, FBI, Fish and Wildlife Service, EPA, Food and Drug Administration (FDA), ATF, Coast Guard, and state/local agencies
Cargo theft: Inside seaport	Customs Service, FBI, and state/local agencies

<sup>16</sup> *Report of the Interagency Commission on Crime and Security in U.S. Seaports* (Aug. 2000).

<sup>17</sup> According to State, it has a policy role in a number of the types of criminal activity, in addition to the one identified by the Commission, namely “smuggling (exportation).”

**Appendix IV: Selected Federal Entities' Roles  
in Responding to International Crime and  
Coordination of the Response**

<b>Criminal activity</b>	<b>Agencies with jurisdiction</b>
Customs custody Outside seaport Outside Customs custody	
Cargo control: False manifesting Diversion Substitution	Customs Service, FDA, EPA, DEA, U.S. Department of Agriculture, and Department of Commerce
Trade crime: Revenue fraud Intellectual property rights Textile transshipment Antidumping/countervailing duties Child, forced, or indentured labor Trade agreements Country of origin marking	Customs Service, Department of Commerce, and FBI
Other serious criminal activity: Extortion Bribery Racketeering Racketeer influenced and corrupt organizations Money laundering Tax evasion Alcohol and tobacco diversion	FBI, Customs Service, DEA, IRS, ATF, and state/local agencies
Health and safety: Tainted foodstuffs and alcohol Pharmaceutical drugs Insects Dangerous organisms	Customs Service, FDA, EPA, U.S. Department of Agriculture, FBI, DEA, Coast Guard, and Fish and Wildlife Service
Environmental: Hazardous cargo Nonindigenous species Ballast water exchange Deliberate discharge (pollution)	Coast Guard, EPA, FBI, Customs Service, and U.S. Department of Agriculture
Smuggling (exportation) strategic/sensitive: Weapons of mass destruction and components Ballistic delivery systems State-of-the-art critical technology Military hardware and equipment Dual-use equipment Monetary instruments Arms and munitions Precursor and essential chemicals	Customs Service, Department of Commerce, Department of State, DEA, ATF, FBI, Coast Guard, and IRS
Smuggling (exportation): Stolen vehicles Stolen property Stolen securities U.S. trade secrets Economic espionage	Customs Service, FBI, Coast Guard, and state/local agencies
Economic sanctions and embargoes:	Customs Service, Treasury, and Department of Commerce

**Appendix IV: Selected Federal Entities' Roles  
in Responding to International Crime and  
Coordination of the Response**

<b>Criminal activity</b>	<b>Agencies with jurisdiction</b>
Trading with the Enemy Act Other	
Bribery (government officials)	The official's agency and the FBI
Assault on federal officer	The officer's agency and the FBI

Source: *Report of the Interagency Commission on Crime and Security in U.S. Seaports* (Aug. 2000).

## Coordination of Response to International Crime

We identified a group responsible for the executive-level coordination of international crime. We also identified a number of coordination mechanisms at the operational level focusing on specific types or aspects of international crime, as well as particular geographic areas. Various officials we contacted identified challenges involved in coordinating the response to international crime. Our prior work has stressed the need for sustained executive-level coordination of crosscutting efforts that address national issues.

## Executive-Level Coordination of Response to International Crime

Regarding coordination of the overall federal response to international crime, PDD-42 established the Special Coordination Group on International Crime (SCG) to ensure sustained and focused attention on international crime fighting. The SCG was comprised of high-level officials from relevant federal entities, including Justice, Treasury, and State and was chaired by a senior NSC official. A number of subgroups—one for each of the types of international crime enumerated in the crime control strategy—were also formed. Because the SCG's and its subgroups' proceedings—and any results and products—are classified, they are not discussed in this report.<sup>18</sup> Separately within NSC, the National Coordinator for Security, Infrastructure Protection, and Counter-Terrorism—as Special Assistant to the President—is intended to be responsible for interagency coordination on issues related to international organized crime.<sup>19</sup> In addition, the Office of Transnational Threats is intended to be the NSC point of contact on international narcotics issues. According to an NSC

<sup>18</sup>In commenting on a draft of this report, USAID noted that much of the information discussed and exchanged by the SCG Sub-group on Diplomatic Initiatives and Institutional Development was unclassified.

<sup>19</sup>In addition to international organized crime, the National Coordinator is responsible for interagency coordination on issues related to computer security, protection of critical infrastructure assets, counter-terrorism, continuity of government operations, national security special events, and preparedness for and responses to the use of weapons of mass destruction, including defense against chemical and biological weapons.

official, two NSC staff were assigned full-time to international crime coordination matters.

In response to our review, a number of officials identified some challenges faced by the SCG in implementing its role. For example, according to State and NSC officials, the SCG was to meet periodically to discuss matters related to the response to international crime. After meeting 14 times from about mid-1998 through mid-1999, the SCG did not subsequently meet very frequently. Specifically, according to an NSC official, the SCG did not meet at all for almost 9 months—from about September 1999 to June 2000—in part because some of its members were involved in other activities, such as working on year 2000 computer compliance matters; and in part, because of staffing shortages. According to this official, the SCG met four times each in 1999 and 2000. This official also noted that the coordination of the federal response to international crime—given its scope and number of participants—could be further improved. In this regard, he stated that the SCG had been a step in the right direction toward improving coordination and had worked reasonably effectively in certain instances. Separately, USAID officials pointed out that while SCG was an effective way to share information among agencies, it lacked the authority to broker differences between agencies or between headquarters and field units.

The SCG was abolished by National Security Presidential Directive 1 (NSPD-1)—which was issued in February 2001 by the new administration—and the directive did not designate a specific successor at that time. In addition, absent naming a successor for the SCG, the directive did not identify which of the 17 geographic and functional Policy Coordination Committees (PCC) it established were to handle coordination of federal efforts against international crime.<sup>20</sup> Subsequently, as discussed briefly in appendix II, in April 2001, the Assistant to the President for National Security Affairs—as part of the Bush administration's ongoing review of international crime, terrorism, and critical infrastructure—established a PCC for International Organized Crime. This PCC is to be comprised of officials at the Assistant Secretary level from relevant federal entities and is to be chaired by the NSC Senior

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<sup>20</sup>According to NSPD-1, the PCCs are to be the main day-to-day entities for interagency coordination of national security policy. These committees would be responsible for managing the development and implementation of national security policies by multiple agencies of the U.S. government. Geographic PCCs include those for the Western Hemisphere and the Near East/North Africa. Functional PCCs include those for international development and humanitarian assistance and arms control.



Director for Transnational Threats. The PCC is intended to coordinate policy formulation, program oversight, and new initiatives related to a number of international crime issues not directly related to counterterrorism, including arms trafficking, trafficking in women and children, and foreign official corruption.<sup>21</sup> According to an NSC official, as its first task, the PCC is expected to evaluate the 1998 International Crime Control Strategy to reflect changes in the threat from international crime as described by the December 2000 International Crime Threat Assessment. This official did not provide a time frame for beginning and completing the evaluation of the strategy.

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**Operational Level  
Coordination of Response  
to International Crime**

Regarding the coordination of specific types or aspects of international crime, a number of coordination centers, interagency coordinators, and coordination bodies and working groups have been established in recent years. For example, State and Justice created a Migrant Smuggling and Trafficking in Persons Coordination Center to achieve greater integration and overall effectiveness of the U.S. effort to combat trafficking in persons and smuggling of migrants. In addition, FBI and Customs formed a center to fight intellectual property rights violations. Among other things, the center is to coordinate all U.S. government domestic and international law enforcement activities involving intellectual property rights and to serve as the collection point for intelligence provided by private industry. Also, as discussed in appendix V, in 1999, State appointed a coordinator for rule of law assistance programs. According to State, the position lapsed at the end of the Clinton administration and has not been reestablished.

In addition, federal entities identified a variety of mechanisms, working groups, and organizations and law enforcement entities with which they coordinate their international crime activities. Within Justice, for example, the FBI coordinates its activities against financial fraud through the International Securities Working Group. Furthermore, the FBI coordinates its activities against various types of international crime with foreign police organizations—such as the Royal Canadian Mounted Police—and domestic law enforcement entities, such as Customs and INS. The FBI coordinates its training activities through a variety of means, such as the International Law Enforcement Academy Steering Committee. DEA coordinates its drug enforcement efforts through interagency coordinating groups or committees, such as “Linear” for cocaine and “Linkage” for

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<sup>21</sup>Other international crime issues to be coordinated by the PCC for International Organized Crime are intellectual property theft, international fraud, drug trafficking, money laundering, alien smuggling, and diamond smuggling.

heroin. INS' Border Patrol coordinates its alien smuggling efforts through the Justice Alien Smuggling Task Force and the Interagency Working Group on Smuggling and Trafficking.

Within Treasury, for example, Customs coordinates its high-tech crime efforts with the G-8's High Tech Crime Sub-Group,<sup>22</sup> as well as with DEA and FBI. Also, Customs coordinates its terrorism efforts through, among others, the Interagency Intelligence Committee on Terrorism and efforts against intellectual property crimes through the National Intellectual Law Enforcement Coordination Council. ATF coordinates its arms-trafficking efforts with, among others, Customs and INTERPOL. IRS-CI coordinates many of its anti-money laundering efforts with components of Justice and Treasury.

Within State, for example, INL coordinates, among other things, with the Departments of Justice and Defense and others the designation of major narcotics transit and trafficking countries, and the decisions on the certification of countries as cooperating with the United States in connection with counternarcotics efforts. As discussed earlier, the Office of the Coordinator for Counterterrorism coordinates the response to international terrorism with, among others, FBI and the Central Intelligence Agency.

Within USAID, the Global Bureau's Center for Democracy and Governance coordinates its public corruption activities through the SCG's Sub-Group on Diplomatic Initiatives and Institutional Development. Internationally, USAID coordinates with multinational entities, such as the Organization for Economic Cooperation and Development, and with nongovernmental entities, such as Transparency International, among others.

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### **Challenges Involved in Coordinating International Crime Efforts**

In addition to the challenges related to the SCG discussed earlier, various federal entities identified a number of challenges in coordinating their efforts against international crime. For example:

- Customs identified an absence of mechanisms to share data in a timely fashion and restrictions related to the sharing of sensitive information, especially with the intelligence community.

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<sup>22</sup>The G-8 Subgroup on High-tech Crime was formed in January 1997 to help enhance the abilities of law enforcement to investigate and prosecute high-tech and computer-related crime.

- The FBI cited challenges in obtaining evidence from foreign law enforcement agencies necessary to support U.S. criminal charges, such as predicate acts for money laundering.
- USAID noted that the large number of actors involved and the diffuse nature of decisionmaking—between field offices and headquarters and among the actors—posed particular coordination challenges for anticorruption efforts.
- State noted the challenge of overlapping responsibilities and competition of limited resources among federal agencies and the mismatch of institutions and expertise between U.S. and foreign law enforcement agencies, including different definitions of crime and the capacity to “absorb” training.

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### Previous Work Has Shown That Crosscutting Responses to National Issues Require High-Level Coordination

Our previous work has shown that extensive federal crosscutting responses to national issues—such as international crime—require a high level of sustained coordination. Our work has also shown that such high-level coordination can bring about the required firm linkages of threat assessments, strategy and prioritization of effort, resource allocation and tracking, and outcome-oriented performance measures. Otherwise, our work has concluded, scarce resources are likely to be wasted, overall effectiveness will be limited or not known, and accountability will not be ensured.<sup>23</sup> In this regard, we note that the establishment of the PCC for International Organized Crime is a step in the right direction in seeking to provide coordination and oversight of the federal response to international crime. On the basis of the known details about its role and priorities, the PCC appears to address some of the coordination and related issues we discuss in this report, such as evaluating the International Crime Control Strategy in light of any changes in the threat from international crime.

The federal effort to combat terrorism—one of the activities in our definition of international crime—illustrates some of the challenges involved in implementing crosscutting responses to complex public problems and national issues. Specifically, our work pointed out that the

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<sup>23</sup>See, for example, *Managing for Results: Using the Results Act to Address Mission Fragmentation and Program Overlap* (GAO/AIMD-97-146, Aug. 29, 1997); *Managing for Results: Using GPRA to Help Congressional Decisionmaking and Strengthen Oversight* (GAO/T-GGD-00-95, Mar. 22, 2000); and *Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000).

counterterrorism effort has been prone to problems with interagency coordination.<sup>24</sup> Our work pointed out, for example, that:

- The federal agencies were not tracking expenditures or developing priorities for the billions of dollars being invested in an increasing number of counterterrorism programs.
- These resources and programs, in turn, had not been clearly linked to sound threat analyses.
- This situation had created the potential for various federal entities creating their own programs without adequate coordination, with the further potential for gaps and/or duplication.

In response, we recommended that, among other things, the federal government conduct sound threat assessments to define and prioritize requirements and properly focus programs and investments in combating terrorism.

In commenting on a draft of this report, Justice—as it had done in commenting on our report that originally raised this issue—disputed the conclusions that there were major problems with interagency coordination of terrorism activities and that sound threat assessments were not being conducted and used to define, prioritize, and address current terrorism threats. Furthermore, as with the prior report, Justice reiterated its position that the Attorney General's Five Year Interagency Plan on Counterterrorism and Technology Crime included an articulation of goals, objectives, and time frames and that—together with a number of presidential directives—the Plan essentially constituted a baseline national strategy to counter terrorism.

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<sup>24</sup>See, for example, *Combating Terrorism: Issues in Managing Counterterrorist Programs* (GAO/T-NSIAD-00-145, Apr. 6, 2000) and *Combating Terrorism: Linking Threats to Strategies and Resources* (GAO/T-NSIAD-00-218, July 26, 2000).

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# Appendix V: Combating Corruption

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As presented in appendix II, the International Crime Control Strategy, announced in May 1998, consists of 8 overarching goals and 30 implementing objectives. Of these totals, one goal and two implementing objectives address the topic of corruption, as table 6 shows.

**Table 6: International Crime Control Strategy Goal and Objectives That Address Corruption**

Overarching goal	Implementing objectives
Foster international cooperation and the rule of law	Establish international standards, goals, and objectives to combat international crime, including corruption and bribery. Strengthen the rule of law as the foundation for democratic and free markets in order to reduce societies' vulnerability to criminal exploitation.

Source: Excerpt from International Crime Control Strategy.

In response to our inquiries regarding federal efforts to address international corruption, a senior Department of State official confirmed that the International Crime Control Strategy has two implementing objectives that address corruption. Furthermore, in providing perspectives on the two objectives, the official commented substantially as follows:

- One objective addresses corruption and bribery in the context of transnational business practices, particularly regarding government procurement contracts. This context may involve, in a hypothetical example, bribes resulting in the purchase of French Mirage versus U.S. F-16 military aircraft. In sum, this section of the strategy addresses the type of corruption that is of direct concern to competing transnational businesses.
- The other objective addresses corruption in a broader context—a rule of law context—wherein corruption among justice and security officials has a special significance.<sup>1</sup> These officials are charged with upholding the rule of law for governments, which establishes the basic framework within which all elements of society, including business, are to operate. Widespread corruption among justice and security officials can potentially destabilize governments.

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<sup>1</sup>According to the U.S. Agency for International Development (USAID), the rule of law is premised on a government being able to provide a predictable and transparent legal system. Fair and effective judicial and law enforcement institutions to protect citizens against the arbitrary use of state authority and lawless acts are also a basic part of such a system.

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## Corruption: Transnational Business Context

According to Commerce and State Department reports, the bribery of foreign public officials is a deeply embedded practice in many countries. For example, in the period from May 1994 through April 2001, Commerce received reports that the outcome of 414 contracts valued at \$202 billion may have been affected by bribery involving foreign firms. During this period, U.S. firms are alleged to have lost 101 of these contracts worth approximately \$30 billion because of this corrupt practice.

In recent years, a variety of anticorruption and transparency initiatives have been considered by various international governmental entities. Furthermore, a number of legal and business associations and nongovernmental organizations have had key advisory roles in developing the various anticorruption initiatives. Of the various initiatives, an international agreement adopted by the Organization for Economic Cooperation and Development (OECD) has been described as the “centerpiece of a comprehensive U.S. government strategy to combat bribery and corruption” in international business transactions. This agreement is the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

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## Development of the OECD Convention

In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), 15 U.S.C. 78dd-1, *et seq.*, 78ff, which makes it unlawful to bribe foreign government officials for the purpose of obtaining or retaining business. Subsequently, partly as a result of U.S. leadership efforts to create a level playing field among the world’s major trading nations, an international anti-bribery agreement was created and entered into force in 1999. This agreement—the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions—obligates its parties to criminalize the bribery of foreign public officials in order to obtain or retain business or other improper advantage in the conduct of international business.<sup>2</sup> In effect, the OECD Convention internationalizes the principles in the FCPA. The State Department’s Assistant Secretary for Economic and Business Affairs has described the OECD Convention as

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<sup>2</sup>As enacted in 1977, FCPA’s antibribery provisions covered only issuers with securities registered under the 1934 Securities Exchange Act and all other U.S. nationals and companies (defined as “domestic concerns”). In 1998, the Congress amended FCPA to conform to the requirements of the OECD Convention. Because the OECD Convention requires state parties to criminalize bribery by “any person,” the Congress expanded FCPA’s coverage to include all foreign persons who commit an act in furtherance of a foreign bribe while in the United States. See S. Rep. No. 105-277 and Signing Statement for the International Anti-Bribery and Fair Competition Act of 1998, P.L. 105-366, reprinted in 1998 U.S.C.C.A.N. 771-772.

“our principal weapon for combating a particularly damaging form of corruption, the payment of bribes to foreign officials in international business transactions, sometimes referred to as the ‘supply side’ of bribery.”

The OECD Convention provides a mechanism for monitoring—through a peer review process following the model used by the FATF—the quality of the implementing legislation enacted by each participating nation and the effectiveness of efforts to enforce relevant national laws. Also, under U.S. law, the Departments of State and Commerce are required to provide the Congress with annual reports on the implementation of the OECD Convention.<sup>3</sup> State and Commerce submitted their most recent annual reports in June 2001<sup>4</sup> and July 2001,<sup>5</sup> respectively. The State and Commerce reports presented similar key points and findings. For instance, in its July 2001 report, Commerce noted that:

- Further progress has been made on the first priority of ensuring that all signatories ratify the OECD Convention and enact implementing criminal legislation prohibiting the bribery of foreign government officials. Thirty-three of the 34 signatories had deposited instruments of ratification and 30 had legislation in place to implement the Convention. As of June 4, 2001, Brazil, Chile, Ireland, and Turkey had not ratified and/or enacted implementing legislation.
- Countries that have ratified the Convention had generally taken a serious approach to fulfilling their obligations on criminalizing the bribery of foreign government officials. During the Phase I monitoring procedure in the OECD’s Working Group on Bribery, all 28 signatories with implementing legislation have had such legislation reviewed. On the basis of its own review of implementing legislation, the U.S. government is concerned that some countries’ legislation—particularly, that of France, Japan, and the United Kingdom—may be inadequate to meet all of their commitments under the Convention.

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<sup>3</sup>The State Department’s reports are required by Paragraph (c)(1) of the Senate Resolution of Advice and Consent (dated July 31, 1998) to ratification of the Convention. Commerce’s reports are required by the International Anti-Bribery and Fair Competition Act of 1998, Pub. L. 105-366, section 6.

<sup>4</sup>U.S. Department of State, Bureau of Economic and Business Affairs, *Battling International Bribery 2001* (June 2001).

<sup>5</sup>U.S. Department of Commerce, *Addressing the Challenges of International Bribery and Fair Competition: July 2001* (July 2001).

- Since the Convention had been in force for only a short time, it was still too early to make judgments regarding the effectiveness of enforcement measures. According to Justice's Criminal Division, the OECD's Working Group on Bribery will embark later this year upon Phase II of the monitoring procedure. Phase II reviews will focus on the quality of enforcement under each signatory's implementing criminal legislation.

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## Other Anticorruption Initiatives

As mentioned previously, in addition to the OECD Convention, a variety of other anticorruption and transparency initiatives have been started by various international governmental entities, including the Organization for Security and Cooperation in Europe (OSCE), the Organization of American States (OAS), the Asia Pacific Economic Cooperation Forum, the Global Coalition for Africa, and the United Nations. An example of these initiatives is OSCE's Charter for European Security, Rule of Law, and Fight Against Corruption.

Furthermore, key advisory roles in developing the various anticorruption initiatives have involved a number of legal and business associations and nongovernmental organizations—such as the American Bar Association, the U.S. Chamber of Commerce, the International Chamber of Commerce (ICC), and Transparency International.<sup>6</sup> An example of these initiatives is ICC's Rules of Conduct and Bribery, which are to apply to business conducted across borders.

More information about these various initiatives is presented in a May 2000 brochure prepared by the State Department, in consultation and cooperation with other federal entities.<sup>7</sup> The brochure was developed as an outreach effort to provide U.S. companies and business associations with information about the benefits of corporate anti-bribery policies, as well as give guidance on the requirements of U.S. law and the OECD Convention.

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<sup>6</sup>Transparency International is a global nongovernmental organization. Its stated principal goal is to increase government accountability and curb international and national corruption.

<sup>7</sup>Department of State (in consultation and cooperation with the Departments of Commerce, Justice, and the Treasury; the U.S. Office of Government Ethics; and USAID), *Fighting Global Corruption: Business Risk Management* (Department of State Publication 10731) (May 2000). This publication was revised and updated in May 2001.



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## Corruption: Rule of Law Context

In recent years, in addition to the OECD Convention focusing on transnational bribery, a number of broad-based multilateral regional initiatives against corruption have been developed. According to Justice's Criminal Division, efforts in this area in Europe and the Western Hemisphere are currently the most developed. In this regard, the United States has provided assistance worldwide to support the development of democratic principles and institutions, although the effectiveness of some of this assistance has been recently questioned.

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## Council of Europe

In 1999, the Council of Europe's (COE) Criminal Law Convention Against Corruption was opened for signature. In general, the COE Convention obligates state parties to criminalize a wide variety of domestic and international bribery offenses and related money laundering offenses, as well as to adopt asset forfeiture and international legal assistance measures. The COE Convention also provides that the Group of States Against Corruption (GRECO) shall monitor parties' implementation of the Convention. GRECO is a peer review mechanism through which members evaluate each other's implementation of the COE Convention as well as a variety of preventative measures against corruption. The United States signed the Convention and joined GRECO in fall 2000. A number of Eastern and Central European countries—such as Romania, Croatia, Georgia, and Latvia—have also joined GRECO.

Several U.S. government agencies are providing corruption experts to participate in GRECO evaluations of other countries. The Departments of Justice and State expect that over time, the GRECO evaluations will not only encourage internal reforms but also help the United States and other donor countries better target anticorruption technical assistance.

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## Inter-American Convention Against Corruption

In 1996, negotiation of the Inter-American Convention Against Corruption was completed. The Convention obligates state parties to criminalize domestic bribery, including the fraudulent use or concealment of property derived from such acts of bribery, and to criminalize transnational bribery, if consistent with the state's constitution and legal system. It also encourages state parties to the Convention to adopt a broad range of preventive measures, including open and equitable systems for government hiring and procurement, standards of conduct for public servants, financial disclosure registration systems for certain public servants, and anticorruption oversight bodies.

Twenty-two OAS countries, including the United States, have ratified the Convention. In May 2001, the state parties to the Convention concluded

negotiation of a follow-up mechanism whereby international teams of experts are to review the level of implementation by each party. The mechanism was established by the state parties to the Inter-American Convention by means of a declaration signed on the margins of the June 2001 meeting of the OAS General Assembly.

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### Global Forum Against Corruption

Additional anticorruption efforts, outside the framework of a formal instrument, are reflected in the First Global Forum on Fighting Corruption, which was hosted by the Vice President and held in Washington, D.C., in February 1999. Forum participants—from 90 governments—agreed to a final conference declaration that called on governments to (1) adopt principles and effective practices to fight corruption, (2) promote transparency and good governance, and (3) establish ways to assist each other through mutual evaluation.

During May 28-31, 2001, 143 countries attended the Second Global Forum on Fighting Corruption at The Hague in the Netherlands. The Forum was hosted by the Dutch government and co-sponsored by the United States. The U.S. Attorney General led the U.S. delegation.

These global efforts have been characterized as important for securing public integrity and controlling corruption among government officials, especially those responsible for maintaining the rule of law.

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### U.S. Rule of Law Funding Worldwide

In the early 1980s, as a way to support democratic principles and institutions, the United States began helping Latin American countries improve their judicial and law enforcement organizations. Until 1990, such assistance was provided primarily to Latin American and Caribbean countries. Since the breakup of the Soviet Union, however, the United States has also provided rule of law and related assistance to Central and Eastern Europe and other regions of the world.<sup>8</sup>

Generally, the phrase “rule of law assistance” refers to U.S. efforts to support legal, judicial, and law enforcement reform efforts undertaken by foreign governments. The term encompasses assistance to help reform legal systems (criminal, civil, administrative, and commercial laws and regulations) as well as judicial and law enforcement institutions

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<sup>8</sup>The Freedom Support Act of 1992 (P.L. 102-511) and the Support for Eastern European Democracy Act of 1989 (P. L. 101-179) provided for U.S. assistance to the former Soviet Union and Eastern Europe.

(ministries of justice, courts, and police, including their organizations, procedures, and personnel). Also, the term includes assistance ranging from long-term reform efforts, with countries receiving funding over a period of years, to one-time training courses provided to the police or other law enforcement organizations.

In a 1999 report to congressional requesters, who asked us to identify the amount of U.S. rule of law funding provided worldwide (by region and country) in fiscal years 1993-98, we noted that such data were not readily available for various reasons, including the following:

- The departments and agencies involved did not have an agreed-upon definition of what constitutes rule of law activities.
- Some entities could not provide funding data for all the years of interest nor had other problems in compiling the information we requested.<sup>9</sup>

Nonetheless, based on data that cognizant departments and agencies made available, our 1999 report presented a funding summary (see table 7) and made the following observations:

- The United States provided at least \$970 million in rule of law assistance to countries throughout the world during fiscal years 1993-98. Some assistance—ranging from \$138 million for Haiti to \$2,000 for Burkina Faso—was provided to 184 countries.
- Over the 1993-98 period, the largest recipient of U.S. rule of law assistance was the Latin America and Caribbean region, which accounted for \$349 million, or more than one-third of the total assistance.
- However, in the more recent years of the period, Central European countries received an increasing share. In 1998, for instance, the largest regional recipient was Central Europe, which accounted for about one-third of all rule of law assistance.

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<sup>9</sup> *Foreign Assistance: Rule of Law Funding Worldwide for Fiscal Years 1993-98* (GAO/NSIAD-99-158, June 30, 1999). In another report, *Foreign Assistance: U.S. Rule of Law Assistance to Five Latin American Countries* (GAO/NSIAD-99-195, Aug. 4, 1999), we discussed assistance provided to Colombia, El Salvador, Guatemala, Honduras, and Panama.

**Table 7: U.S. Worldwide Rule of Law Assistance by Region, Fiscal Years 1993-98**

**Dollars in millions**

<b>Region<sup>a</sup></b>	<b>Countries receiving rule of law assistance</b>	<b>Rule of law funding amount</b>	<b>Percentage total funding</b>
Latin American and the Caribbean	40	\$349.1	36.0
Africa	45	145.8	15.0
Central Europe	15	144.9	14.9
Newly independent states of the former Soviet Union	12	142.4	14.7
Near East	17	65.1	6.7
East Asia and the Pacific	28	41.0	4.2
South Asia	6	16.9	1.7
Western Europe	21	15.4	1.6
Multiregional <sup>b</sup> activities	Not applicable	49.8	5.1
<b>Total</b>	<b>184</b>	<b>\$970.5<sup>c</sup></b>	<b>100.0<sup>c</sup></b>

<sup>a</sup>Based on information provided by the Department of State, we grouped countries receiving rule of law assistance into eight geographical regions.

<sup>b</sup>The term “multiregional” denotes rule of law assistance provided to several countries in two or more regions or when such assistance was not broken out by recipient countries.

<sup>c</sup>Details do not add to total due to rounding.

Source: Summary of U.S. agencies’ rule of law funding data, as we reported in *Foreign Assistance: Rule of Law Funding Worldwide for Fiscal Years 1993-98* (GAO/NSIAD-99-158, June 30, 1999).

### U.S. Departments and Agencies Involved in Rule of Law Assistance

In our 1999 report, we also noted that at least 35 federal entities—consisting of 7 cabinet-level departments and 28 related agencies, bureaus, and offices—had a role in providing rule of law assistance programs. These entities are listed in table 8.<sup>10</sup>

<sup>10</sup> State indicated that in addition to its components listed in table 8, the Bureau of Democracy, Human Rights, and Labor and the Bureau of European and Eurasian Affairs are involved in rule of law assistance. The latter became effective on July 2, 2001, when the Bureau of European Affairs and the Secretary’s Office of Newly Independent States were merged.

**Table 8: Federal Entities with a Role in Providing Rule of Law Assistance Programs**

<b>Departments and independent agencies</b>	<b>Component agencies, bureaus, and offices</b>
Department of State	<ul style="list-style-type: none"> <li>• Bureau for International Narcotics and Law Enforcement Affairs</li> <li>• Bureau of Diplomatic Security, Office of Antiterrorism Assistance</li> <li>• Bureau of Western Hemisphere Affairs</li> </ul>
USAID	
U.S. Information Agency <sup>a</sup>	
Department of Justice	<ul style="list-style-type: none"> <li>• Criminal Division<sup>b</sup></li> <li>• International Criminal Investigative Training Assistance Program</li> <li>• Office of Overseas Prosecutorial Development, Assistance and Training</li> <li>• DEA</li> <li>• FBI</li> <li>• INS</li> </ul>
Department of the Treasury	<ul style="list-style-type: none"> <li>• ATF</li> <li>• Federal Law Enforcement Training Center</li> <li>• Financial Crimes Enforcement Network</li> <li>• IRS</li> <li>• U.S. Customs Service                             <ul style="list-style-type: none"> <li>- Office of International Affairs</li> <li>- Office of Investigations</li> </ul> </li> <li>• U.S. Secret Service</li> </ul>
Department of Commerce	<ul style="list-style-type: none"> <li>• International Trade Administration</li> <li>• National Telecommunications and Information Administration</li> <li>• Office of General Counsel, Commercial Law Development Program</li> <li>• U.S. Patent and Trademark Office</li> </ul>
Department of Transportation	<ul style="list-style-type: none"> <li>• U.S. Coast Guard</li> </ul>
Department of Defense	<ul style="list-style-type: none"> <li>• U.S. Air Force</li> <li>• U.S. Army</li> <li>• U.S. Marine Corps</li> <li>• U.S. Navy</li> </ul>
Department of Energy	

<sup>a</sup>In October 1999, the U.S. Information Agency was merged with the Department of State’s Office of International Information Programs.

<sup>b</sup>The Criminal Division’s training programs are discussed in appendix VI.

Source: Summary of information we presented in *Foreign Assistance: Rule of Law Funding Worldwide for Fiscal Years 1993-98* (GAO/NSIAD-99-158, June 30, 1999).

Regarding overall responsibility for coordinating rule of law programs and activities, our 1999 report noted that:

- There have been longstanding congressional concerns that rule of law coordination efforts among the numerous departments and agencies in Washington, D.C., were ineffective.
- Thus, in February 1999, State appointed a rule of law coordinator, whose principal mandate is to work with all the relevant U.S. governmental entities to develop a framework for future U.S. international rule of law assistance efforts.<sup>11</sup>
- In addition, the coordinator is to be the principal U.S. liaison to other donors and private sector organizations involved in rule of law activities.

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### Our Report on Assistance to Former Soviet Union Countries

In April 2001, we reported on rule of law assistance to 12 countries of the former Soviet Union.<sup>12</sup> We concluded that—after 10 years and almost \$200 million in funding—such assistance had produced limited results. Also, the report

- questioned the sustainability—the extent to which the benefits of a program extend beyond its life span—of the rather limited results that had been achieved; and
- attributed the lack of impact and sustainability to a number of factors, such as limited political consensus on reforms in recipient countries, a shortage of domestic resources for many of the more expensive innovations, and weaknesses in the design and management of assistance programs by U.S. agencies.

The report recommended that program management be improved by implementing requirements for projects to include specific strategies for (1) achieving impact and sustainable results and (2) monitoring and evaluating outcomes.

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<sup>11</sup>According to State, the position lapsed at the end of the Clinton administration and has not been reestablished.

<sup>12</sup>*Former Soviet Union: U.S. Rule of Law Assistance Has Had Limited Impact and Sustainability* (GAO-01-354, Apr. 17, 2001).

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# Appendix VI: Technical Assistance Programs

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Much of the technical assistance that the United States provides to other nations for fighting international crime involves training, particularly training at law enforcement academies established abroad. The Department of Justice's technical assistance efforts include two units within the Criminal Division—(1) the International Criminal Investigative Training Assistance Program (ICITAP) and (2) the Overseas Prosecutorial Development, Assistance and Training (OPDAT)—which attempt to strengthen police and legal systems in foreign countries. Justice, Treasury, State, and the U.S. Agency for International Development (USAID) provide a number of other training programs. In addition to training, U.S. technical assistance includes providing foreign nations with information from computerized law enforcement databases and investigative and forensic services. An example of such assistance is the U.S. National Central Bureau of the International Criminal Police Organization's (USNCB/INTERPOL) Notice Program.

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## International Law Enforcement Academies

The International Law Enforcement Academies (ILEA) are a cooperative effort among the Departments of State (which provides funding), Justice, and Treasury. To accomplish overall coordination of the ILEAs domestically, a Policy Board was established that is comprised of members from each Department and appointed by the Secretary of State, the Attorney General, and the Secretary of the Treasury. The mission of these academies has been to support emerging democracies; help protect U.S. interests through international cooperation; and promote social, political, and economic stability by combating crime. ILEAs also are to encourage strong partnerships among regional countries to address common problems associated with criminal activities. ILEAs have been established in Europe, Southeast Asia, and Southern Africa, and plans are underway to establish an ILEA in the western hemisphere to serve Central America and the Dominican Republic. State plans to open a graduate-level ILEA in Roswell, New Mexico, in September 2001.

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## ILEA Europe

In 1995, the United States and the government of Hungary cooperated to create the first ILEA in Budapest, Hungary, under FBI leadership. This ILEA's purpose is to train law enforcement officers from Central Europe and the newly independent states of the former Soviet Union. The academy offers two categories of courses:

- **Core course.** An 8-week core course—a personal and professional development program—focuses on leadership, personnel and financial management issues, ethics, the rule of law, and management of the investigative process. Annually, according to the State Department,

approximately 250 to 300 mid-level police officers and managers receive this training, which is provided by various U.S. agencies and Hungarian and Western European law enforcement agencies.

- **Specialized short-term courses.** These courses provide law enforcement officers with training on combating various types of crime—for example, organized crime, financial crime, corruption, nuclear smuggling, illegal migration, and terrorism—including training on prosecuting criminal cases. Annually, according to the State Department, about 500 police, prosecutors, immigration specialists, and others participate in these courses.

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### ILEA Southeast Asia

ILEA Southeast Asia—located in Bangkok, Thailand—opened in March 1999, under DEA leadership. Like the ILEA Budapest program, the purpose of the Bangkok ILEA is to strengthen regional law enforcement cooperation and improve performance. According to the State Department:

- This academy’s curriculum and structure are similar to those of ILEA Budapest, with the exception of a shorter core course (6 weeks).
- In 1999, over 700 law enforcement personnel representing 10 countries participated in courses at the academy.

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### ILEA Southern Africa

In July 2000, the State Department announced an agreement with the Government of Botswana to establish the ILEA for Southern Africa in Gaborone, under the leadership of FLETC. Similar in overall format to the other academies, ILEA Southern Africa is to follow the model developed for ILEAs in Budapest and Bangkok by providing

- courses on a wide range of law enforcement skills, including police survival, forensics, basic case management, fighting organized crime, supervisory police training, police strategy, narcotics identification and evidence handling, customs interdiction, illegal migration, and public corruption; and
- a permanent location from which to address special topics, such as stolen vehicles, money laundering, crimes against women, domestic violence, terrorism, and other critical topics such as human rights and policing.

### ILEA Roswell, New Mexico

In September 2001, State will open a new ILEA in Roswell, New Mexico. This new facility, which will be open to graduates of the regional ILEAs, will offer shorter-term (4 weeks versus 8 weeks) advanced training with a greater focus on an academic versus practical or operational curriculum.



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**ILEA Western Hemisphere** Tailored to the regional needs of officials from Central/South America, pilot courses of ILEA Western Hemisphere have already been conducted at a temporary site in Panama. However, activities have been suspended until a permanent location can be selected.

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**Training:  
Strengthening Legal  
Systems Abroad** Two Justice units—ICITAP and OPDAT—are to work in tandem to strengthen justice systems abroad.

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**ICITAP: Development  
Assistance to Law  
Enforcement  
Organizations** The purpose of ICITAP—functionally located in Justice’s Criminal Division—is to provide training and development assistance to police organizations worldwide. That is, the mission of ICITAP is to support U.S. foreign policy and criminal justice goals by helping foreign governments develop the capacity to provide modern professional law enforcement services based on democratic principles and respect for human rights.

The program was first created in 1986 to train police forces in Latin America on how to conduct criminal investigations. ICITAP’s activities have expanded worldwide since then and now consist of two principal types of assistance projects:

- developing police forces in the context of international peacekeeping operations and
- enhancing the capabilities of existing police organizations in emerging democracies.

Specific ICITAP activities or projects are to be initiated at the request of the National Security Council and the Department of State, in agreement with the foreign governments requesting the assistance. Priority is to be given to countries in transition to democracy, where unique opportunities exist for major restructuring and refocusing of police and investigative resources toward establishment of the rule of law.

Regarding funding, according to Justice, ICITAP is unique among federal law enforcement assistance programs in that ICITAP is not listed as a “line item” in Justice’s budget. Rather, most of ICITAP’s budget consists of project-specific funding, which is provided to Justice by the Department of State and USAID. For fiscal year 2000, according to Justice’s Criminal Division, ICITAP received \$6.6 million for the Latin American Regional Program and \$23.6 million for training and development projects in Africa, the Middle East, Eastern Europe, and the Far East. According to State, it

has proposed to Justice that ICITAP be transferred to State. State believes that such a transfer would improve the linkage between policy and implementation, provide better financial and administrative support, and strengthen ICITAP's ability to respond to fast developing situations abroad.

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**OPDAT: Strengthening  
Criminal Justice Systems  
Abroad**

Created in 1991, the Office of OPDAT (also in Justice's Criminal Division) provides justice-sector institution-building assistance, including training of foreign judges and prosecutors, in coordination with various government agencies and U.S. embassies. Although part of the Criminal Division, OPDAT programs are funded principally by the Department of State and USAID.

OPDAT programs take place in South and Central America, the Caribbean, Central and Eastern Europe, Russia, the new independent states of the former Soviet Union, Africa, the Middle East, and Asia and the Pacific Region. In many of these countries, OPDAT has placed "Resident Legal Advisors." The advisors are experienced prosecutors who are intended to interact with local justice-sector officials and direct OPDAT assistance projects. These projects seek to strengthen the legislative and regulatory criminal justice infrastructure within the host country, and enhance the capacity of that country to investigate and prosecute crime more effectively, consistent with the rule of law.

Furthermore, USAID—through its Center for Democracy and Governance—has an agreement with Justice regarding OPDAT. The agreement allows USAID missions around the world to access the Office of OPDAT for help in activities such as

- conducting justice sector assessments,
- reviewing laws and legislation,
- designing rule of law programs, and
- providing other technical assistance.

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## Access To and Use of Specialized Support Services and Systems

Federal agencies—particularly Justice and Treasury—help foreign nations combat international crime by providing technical assistance in the form of access to and use of specialized support services and systems, such as computerized databases and forensic laboratories.<sup>1</sup> The following descriptions are examples—and not a complete or exhaustive listing—of this type of assistance.

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### Department of Justice Support Services and Systems

Examples of Justice support services and systems that foreign law enforcement entities may access or use for combating international crime include the following:

- **Federal Bureau of Investigation’s (FBI) National Crime Information Center (NCIC).** NCIC, the nation’s most extensive computerized criminal justice information system, consists of a central computer at FBI headquarters, dedicated telecommunications lines, and a coordinated network of federal and state criminal justice information systems. The center provides users with access to files on wanted persons, stolen vehicles, and missing persons, as well as millions of criminal history information records contained in state systems. Data in NCIC files are exchanged with and for the official use of authorized officials of the federal government, the states, cities, and penal and other institutions, as well as certain foreign governments.
- **Drug Enforcement Administration’s (DEA) El Paso Intelligence Center (EPIC).** Established in 1974, EPIC is a multiagency tactical drug intelligence center managed by DEA. EPIC’s mission is to support counterdrug efforts through the exchange of time-sensitive, tactical intelligence dealing principally with drug movement. Today, EPIC’s focus has broadened to include all of the United States and the Western Hemisphere where drug and alien movements are directed toward the United States. Through information sharing agreements with federal law enforcement agencies, the Royal Canadian Mounted Police, and the 50 states, EPIC can provide requesters with real-time information from different federal databases and EPIC’s internal database.
- **INTERPOL’s Notice Program.** Through the circulation of international notices, INTERPOL disseminates subject lookouts and advisories to member country police forces. These notices, color-coded to designate their specific purposes, are published at the request of a member country. INTERPOL members (such as USNCB) then receive and distribute the

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<sup>1</sup>For a variety of purposes, Justice and Treasury also provide technical assistance to state and local law enforcement agencies. See appendices III and IV in *Crime Technology: Federal Assistance to State and Local Law Enforcement* (GAO/GGD-99-101, June 7, 1999).

notices among appropriate law enforcement authorities within their respective countries. Ten different types of notices exist to communicate various kinds of criminal information. For example, a “red notice” indicates a wanted fugitive—that is, a subject for whom an arrest warrant has been issued and where extradition will be requested.

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Department of the  
Treasury Support Services  
and Systems

Examples of Treasury support services and systems that foreign law enforcement entities may access or use for combating international crime include the following:

- **Customs’ National Intellectual Property Rights Coordination Center.** Located at Customs Service headquarters in Washington, D.C., the center’s core staffing consists of Customs Service and FBI personnel. The center’s responsibilities include (1) coordinating all U.S. government domestic and international law enforcement activities involving intellectual property rights (IPR) issues and (2) integrating domestic and international law enforcement intelligence with private industry information relating to IPR crime. According to Customs, particular emphasis is given to investigating major criminal organizations and those using the Internet to facilitate IPR crime.
- **Bureau of Alcohol, Tobacco and Firearms’ (ATF) National Tracing Center.** Through its National Tracing Center, ATF traces firearms for federal, state, and foreign law enforcement agencies. The firearms are traced from the manufacturer to the retail purchaser for the purpose of aiding law enforcement officials in identifying suspects involved in criminal activity. By examining patterns in aggregates of traces, gun tracing can help identify opportunities for intervention on the supply side of illegal firearm markets. Such intervention can then reduce further trafficking and associated violent crime. For example, ATF’s Project LEAD—an automated data system that tracks illegal firearms—is designed to help identify recurring patterns of illegal firearm suppliers, both in the United States and across international borders, and provide evidence for prosecution.
- **Financial Crimes Enforcement Network’s (FinCEN) support of financial intelligence units.** FinCEN supports the development of financial intelligence units in other nations to help facilitate the exchange of information to assist anti-money laundering investigations, detect criminal abuse of the financial system, and ensure adherence to laws against financial crime. Working together, these financial intelligence units have created a secure communication network—developed by FinCEN—which permits the units and FinCEN to post and access information about money laundering trends, financial analysis tools, and technological developments.

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# Appendix VII: Measures of Effectiveness

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Existing frameworks for measuring the effectiveness of federal efforts to address international crime include (1) the International Crime Control Strategy, (2) Government Performance and Results Act<sup>1</sup> (GPRA) strategic and performance plans prepared by federal departments and agencies, and (3) crime-specific national strategies. As we have previously reported, for any given program area, virtually all the results that the federal government strives to achieve require the concerted efforts of two or more agencies.<sup>2</sup>

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## International Crime Control Strategy

The International Crime Control Strategy represents a national strategic plan for combating international crime and reducing its adverse impacts on the American people. The strategy articulates 8 overarching goals and 30 related objectives as a blueprint for a coordinated, long-term attack on international crime. Each of the eight general goals is associated with a number of specific implementing objectives—with the expectation that achieving the objectives will result in reaching the overall goal. To further describe how the objectives will be achieved, the strategy outlines specific programs and initiatives that will be carried out to address each identified objective.

To illustrate, goal 2 of the strategy is “Protect U.S. borders by attacking smuggling and smuggling-related crimes.” Four implementing objectives are associated with achieving this goal:

- Enhance our land border inspection, detection, and monitoring capabilities through a greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector.
- Improve the effectiveness of maritime and air smuggling interdiction efforts in the transit zone.
- Seek new and stiffer criminal penalties for smuggling activities.
- Target enforcement and prosecutorial resources more effectively against smuggling crimes and organizations.

Furthermore, for each of the four objectives, the strategy identifies programs and initiatives that are to take place to carry out the objective.

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<sup>1</sup>Under GPRA (P. L. 103-62, Aug. 3, 1993), federal agencies are to develop (1) long-term strategic plans describing their general program goals for major functions and operations and (2) annual performance plans describing how the agencies will meet their program goals and establishing performance targets for program activities.

<sup>2</sup>*Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000).

Regarding the first objective, for example—“Enhance our land border inspection, detection, and monitoring capabilities”—these programs and initiatives include the following: (1) implementing the Southwest border strategy,<sup>3</sup> (2) deploying new detection and identification technology, and (3) cooperating with the private sector.

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Performance Measurement System Required by Strategy

Under goal 8 of the International Crime Control Strategy (“Optimize the full range of U.S. efforts”), one of the objectives is to develop measures of effectiveness to assess progress over time. Specifically, the purpose of this objective is to establish a system to measure progress on the major goals of the strategy, provide feedback for the strategy refinement and system management, and assist the administration in resource allocation. Moreover, as stated in the strategy, the goals and objectives are dynamic and are expected to evolve over time as conditions change, new crime trends emerge, and improved anticrime techniques are developed.

As described in the strategy, the performance measurement system is to be designed to quantify the measurement of results in the following areas:

- Disrupting major criminal organizations.
- Reducing criminal activity at our borders.
- Improving coordination among U.S. agencies.
- Improving coordination with other nations against criminal targets.
- Increasing adoption of international standards and norms to combat crime.
- Securing passage and implementation of major anticrime conventions internationally.
- Reducing incidence and costs to the United States of intellectual property theft and economic crime.
- Improving the coordination of international investigations into and prosecutions of high-tech crime.
- Strengthening international capabilities against smuggling and raising the cost of smuggling activities to smugglers.
- Strengthening international cooperation against alien smuggling and reducing the flow of illegal migrants to the United States.
- Fighting money laundering and financial crime.

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<sup>3</sup>In 1994, the Attorney General announced a five-part strategy to strengthen enforcement of immigration laws. The strategy’s first priority was to strengthen enforcement along the Southwest border. See, *Illegal Immigration: Status of Southwest Border Strategy Implementation* (GAO/GGD-99-44, May 19, 1999).

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- Increasing the number of nations that extradite nationals and that provide mutual legal assistance.
  - Combating illicit smuggling in firearms.
  - Combating illicit trafficking in women and children.
  - Decreasing the production and distribution of child pornography.
  - Combating corruption and improving the administration of justice in foreign criminal justice systems.
  - Achieving the other goals and objectives of the strategy.

In describing the prescribed measurement system, the International Crime Control Strategy compared it to a similar performance measurement system being created and implemented by the Office of National Drug Control Policy (ONDCP) to measure the effectiveness of the nation's war on drugs. That system—ONDCP's Performance Measures of Effectiveness (PME)—was established in February 1998 and is designed to implement the National Drug Control Strategy and measure the effectiveness of the nations' drug control efforts through a framework of measurable goals, objectives, and targets.<sup>4</sup> Additional details on these performance measures appear later in this appendix.

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### No Progress Towards Measuring Effectiveness of Federal Efforts to Address International Crime

During our review, we found that no progress has been made towards establishing the performance measurement system described in the International Crime Control Strategy. According to a National Security Council (NSC) official, the set of performance measures envisioned under the strategy was never implemented. Rather, the decision to devise and implement performance measures was left up to the individual departments and their components. In response to our inquiries, the NSC official indicated that he was unaware of any specific measures used by departments or their components to gauge the success of their efforts to combat international crime, especially in the context of the strategy. Generally speaking, however, the official noted that the concept of measuring performance is farther along in the area of counterdrug efforts than for any other types of international crime.

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<sup>4</sup>For more information about ONDCP's performance measurement system, see *Drug Control: ONDCP Efforts to Manage the National Drug Control Budget* (GAO/GGD-99-80, May 14, 1999).

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## Federal Agencies’ GPRA Plans

In lieu of the performance measurement system envisioned in the International Crime Control Strategy, strategic and performance plans required by GPRA present an alternative approach for measuring the effectiveness of the federal government’s international crime control efforts. For example, we have previously reported that GPRA offers a framework for addressing crosscutting federal programs (such as international crime control) and could be used by the Congress, the Office of Management and Budget, and the agencies to ensure that such programs are being effectively coordinated.<sup>5</sup> Furthermore, we noted that agencies could use the GPRA planning processes to consider whether agency goals are complementary and common performance measures are needed.

Our recent reports on agencies’ GPRA reports and plans indicate that agencies are still challenged to develop meaningful goals, objectives, and indicators that adequately measure their own program results and effectiveness. Furthermore, despite the potential benefits, there has been no governmentwide effort by NSC or others to consolidate information from agencies’ GPRA plans into a single plan measuring the government’s overall results on international crime control. The following sections discuss in more detail how the strategic and performance plans of Justice, Treasury, and State address international crime and the extent to which these plans measure program performance.

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## Department of Justice

The Department of Justice’s 2000-2005 strategic plan identified 7 strategic goals and 34 related strategic objectives. For each of the strategic objectives, the plan further outlined various strategies for achieving the objectives. Among the goals most directly linked to international crime are goal 1 (“Enforcing federal criminal laws”) and goal 4 (“Administering immigration laws”). Although the plan does not discuss the International Crime Control Strategy or identify linkages between the two strategies, Justice highlighted several international crimes—including terrorism, worldwide drug trafficking, and immigration/border control—as key global challenges that it expected to focus its work on over the next 5 years. Table 9 illustrates how selected objectives and strategies in Justice’s strategic plan address similar overarching goals and implementing objectives in the International Crime Control Strategy.

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<sup>5</sup> *Managing for Results: Barriers to Interagency Coordination* (GAO/GGD-00-106, Mar. 29, 2000).



**Table 9: Similarities Between Justice Objectives and Strategies and the International Crime Control Strategy**

<b>Justice objective</b>	<b>Justice strategy</b>	<b>International Crime Control Strategy overarching goal</b>	<b>International Crime Control Strategy implementing objective</b>
Deter and detect terrorist incidents by developing maximum intelligence and investigative capability	<ul style="list-style-type: none"> <li>Identify, investigate, and prosecute suspected terrorists around the world</li> <li>Prevent and deter debilitating damage to U.S. infrastructure</li> </ul>	<p>Extend the first line of defense beyond U.S. borders</p> <p>Respond to emerging international crime threats</p>	<ul style="list-style-type: none"> <li>Prevent international crime planned abroad, including terrorist acts</li> <li>Continue identifying and countering vulnerabilities of critical infrastructure</li> </ul>
Reduce white collar crime in order to minimize negative social and economic impacts	<ul style="list-style-type: none"> <li>Investigate and prosecute high-technology crimes</li> <li>Investigate and prosecute international price-fixing cartels</li> </ul>	<p>Respond to emerging international crime threats</p> <p>Prevent criminal exploitation of international trade</p>	<ul style="list-style-type: none"> <li>Increase enforcement efforts against high-tech and computer crime</li> <li>Prevent unfair and predatory trade practices in violation of U.S. law</li> </ul>
Secure the ports of entry, land borders, and sea coast of the United States against illegal entry	<ul style="list-style-type: none"> <li>Prevent and deter illegal entry by implementing a comprehensive border enforcement strategy</li> </ul>	<p>Protect U.S. borders by attacking smuggling and smuggling-related crime</p>	<ul style="list-style-type: none"> <li>Enhance land border inspection, detection, and monitoring capabilities through enhanced resources, coordination of federal efforts, and cooperation with the private sector</li> </ul>
Deter illegal immigration and immigration-related crimes and remove individuals unlawfully in the United States	<ul style="list-style-type: none"> <li>Disrupt and dismantle alien smuggling and trafficking organizations</li> </ul>	<p>Respond to emerging international crime threats</p>	<ul style="list-style-type: none"> <li>Reduce trafficking in human beings and crimes against children</li> </ul>

Note: Justice’s objectives and strategies were judgmentally selected to illustrate areas where Justice’s strategic plan addressed similar goals and objectives outlined in the International Crime Control Strategy.

Source: *Fiscal Years 2000-2005 Strategic Plan*, U.S. Department of Justice (Sept. 2000); and *International Crime Control Strategy* (May 1998).

While Justice’s strategic plan provides overall direction and framework, its annual performance plan links the broadly stated goals and objectives with specific annual performance goals or targets. For example, for the strategic goal “Secure the land border, ports of entry, and coasts of the United States against illegal immigration,” Justice’s 2001 summary performance plan identified an annual goal to effectively control the border and thwart international alien and drug smuggling. This annual goal is to be measured by three performance indicators: (1) increased operational effectiveness within identified Southwest border zones, (2) interception of mala fide travelers and migrants (i.e., persons attempting illegal entry) en route to the United States, and (3) offshore prosecutions assisted by INS aided by fraudulent document detection.

Regarding performance measurement, in June 2000, we reported our observations on key outcomes described in Justice’s GPRA performance

report and plan.<sup>6</sup> Two of these key outcomes were most directly related to international crime: (1) less drug- and gang-related violence and (2) U.S. borders secure from illegal immigration. Overall, we found that Justice's performance plan did not contain sufficient performance goals and measures to objectively capture and describe performance results or measure progress towards desired outcomes. We reported that Justice's performance measures were more output-oriented than outcome-oriented and did not capture all aspects of performance. Also, we noted that Justice had not stated performance goals in some instances. For the international crime-related outcomes, we reported mixed results. For example, the performance measures for drug- and gang-related violence did not cover the full range of issues that the goal covers, and the performance measures also tended to be more output-oriented than outcome-oriented.

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Department of the  
Treasury

The Department of the Treasury's 2000-2005 strategic plan identified 14 strategic goals and 40 related strategic objectives, grouped into 4 broad departmental missions. The goals most directly linked to international crime control—money laundering and financial crime, border control, and violent crime and terrorism—are associated with Treasury's law enforcement mission. Although the plan does not discuss the International Crime Control Strategy or identify linkages between the two strategies, Treasury highlighted linkages between its own strategic plan and other national crime control strategies, such as the National Money Laundering Strategy and the National Drug Control Strategy. Table 10 illustrates how selected objectives and strategies in Treasury's strategic plan address similar overarching goals and implementing objectives in the International Crime Control Strategy.

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<sup>6</sup> *Observations on DOJ's FY 1999 Performance Report and FY 2001 Performance Plan* (GAO/GGD-00-155R, June 30, 2000).

**Table 10: Similarities Between Treasury Objectives and Strategies and the International Crime Control Strategy**

Treasury objective	Treasury strategy	International Crime Control Strategy overarching goal	International Crime Control Strategy implementing objective
Dismantle domestic and international money laundering networks	<ul style="list-style-type: none"> <li>• Work with federal, state, and local agencies to implement the National Money Laundering Strategy</li> <li>• Pursue bilateral and multilateral measures to strengthen anti-money laundering regimes in the international arena</li> </ul>	Counter international financial crime	<ul style="list-style-type: none"> <li>• Combat money laundering by strengthening enforcement efforts to reduce inbound and outbound movement of criminal proceeds</li> <li>• Enhance bilateral and multilateral cooperation against financial crime by working with foreign governments</li> </ul>
Deny the smuggling of illicit drugs at land borders, airports, and seaports	<ul style="list-style-type: none"> <li>• Identify, disrupt, and dismantle drug smuggling organizations by enhancing high- impact investigations and strengthening interdiction</li> <li>• Shield U.S. borders from foreign drug sources by utilizing air and marine resources to interdict drugs in the source, transit, and arrival zones</li> </ul>	Protect U.S. borders by attacking smuggling and smuggling-related crime	<ul style="list-style-type: none"> <li>• Enhance land border inspection, detection, and monitoring through greater resources, coordination of federal efforts, and cooperation with the private sector</li> <li>• Improve the effectiveness of maritime and air smuggling interdiction in the transit zone</li> </ul>
Strengthen the capability to fight terrorist threats to the United States	<ul style="list-style-type: none"> <li>• Prevent the entry of weapons of mass destruction into the United States</li> <li>• Foster increased interagency cooperation and information sharing to prevent and respond to terrorist activities</li> </ul>	Extend the first line of defense beyond U.S. borders	<ul style="list-style-type: none"> <li>• Prevent international crime planned abroad, including terrorist acts</li> <li>• Intensify activities of law enforcement, diplomatic, and consular personnel abroad</li> </ul>

Note: Treasury’s objectives and strategies were judgmentally selected to illustrate areas where Treasury’s strategic plan addressed similar goals and objectives outlined in the International Crime Control Strategy.

Source: *Department of the Treasury Strategic Plan for Fiscal Years 2000-2005* (Sept. 2000); and *International Crime Control Strategy* (May 1998).

Treasury’s strategic plan generally describes the department’s overall goals, objectives, and strategies. The plan also forms the baseline for the development of the Treasury components’ strategic and performance plans—which contain additional details on the specific performance goals and measures. For example, for the strategic objective “Deny the smuggling of illicit drugs,” there are two related bureau strategic goals: (1) reduce the amount of illegal drugs entering the United States and (2) effectively use asset forfeiture as a high-impact law enforcement sanction to punish and deter criminal activity. Progress towards these goals is to be measured via two performance goals—one to be reported by the Customs

Service (seized drugs) and one by the Treasury Forfeiture Fund (seized property).

Regarding performance measurement, in June 2000, we reported our observations on key outcomes described in Treasury's GPRA performance report and plan.<sup>7</sup> Among these key outcomes, two—for Customs and the Bureau of Alcohol, Tobacco and Firearms (ATF)—were most directly related to international crime: (1) reduced availability and/or use of illegal drugs and (2) criminals are denied access to firearms, and firearms-related crime is reduced. Overall, we reported that it was difficult to determine Treasury's progress towards these two outcomes because performance measures were generally output measures. At the agency level, for example, we noted that Customs' performance measures for illegal drugs had historically been output-related—such as, pounds of narcotics seized and number of drug seizures. Customs recognized that measures for some of its goals did not fully measure achievement of the goals and also indicated that it was working to develop outcome measures to better demonstrate the impact of its activities.

Regarding firearms, we noted that ATF's performance measures had also been primarily output-related (e.g., number of firearm traces, average trace response time, and number of persons trained). However, ATF's performance plan contained a refined measure of "future crimes avoided," as a way to measure progress towards reducing the risk of violent crime by estimating the number of crimes prevented through the incarceration of criminals and the elimination of crime gun sources.

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## Department of State

The Department of State's 2000 strategic plan identified 16 strategic goals, which were grouped into 7 areas of national interest. For each strategic goal, the plan further outlined strategies for achieving the goal, as well as State's specific responsibilities for each of the strategies. For those strategies that involved the cooperation of multiple agencies, the plan also identified the "lead" U.S. government agencies involved. Although the plan does not discuss the International Crime Control Strategy or identify linkages between the two strategies, it does identify how State's strategic planning process has considered other national and agency strategic plans—such as the National Security Strategy and the National Drug Control Strategy. Table 11 illustrates how selected goals and strategies in

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<sup>7</sup> *Observations on Treasury's FY 1999 Performance Report and FY 2001 Performance Plan* (GAO/GGD/AIMD-00-231R, June 30, 2000).

State’s strategic plan address similar overarching goals and implementing objectives in the International Crime Control Strategy.

**Table 11: Similarities Between State Goals and Strategies and the International Crime Control Strategy**

State goal	State strategy	International Crime Control Strategy overarching goal	International Crime Control Strategy implementing objective
Reduce the threat to the United States from weapons of mass destruction (WMD)	<ul style="list-style-type: none"> <li>• Combat nuclear smuggling, especially in the Newly Independent States</li> <li>• Defend against threats or use of WMD and cyberwarfare by terrorists</li> </ul>	Extend the first line of defense beyond U.S. borders	<ul style="list-style-type: none"> <li>• Prevent international crime and terrorism planned abroad, before they occur</li> <li>• Increase enforcement against high-tech and computer-related crime</li> </ul>
Reduce incidence and severity of international terrorist attacks		Respond to emerging international crime threats	
Facilitate travel to the United States, while deterring entry by those who abuse or threaten system	<ul style="list-style-type: none"> <li>• Coordinate among federal agencies to increase border security, identify and prevent the entry of criminals and terrorists, inhibit illegal immigration, and counter alien smuggling</li> </ul>	Protect U.S. borders by attacking smuggling and smuggling-related crime	<ul style="list-style-type: none"> <li>• Enhance land border inspection, detection, and monitoring through greater resource commitment, further coordination of federal agency efforts, and increased cooperation with the private sector</li> </ul>
Minimize the impact of international crime on the United States and its citizens	<ul style="list-style-type: none"> <li>• Preclude criminals engaged in illegal, transnational activities from fraudulently obtaining or using U.S. passports or visas to facilitate their criminal activities in the United States</li> </ul>	Deny safe haven to international criminals	<ul style="list-style-type: none"> <li>• Implement strengthened immigration laws that prevent international criminals from entering the United States and provide for their prompt expulsion when appropriate</li> </ul>
Open political systems to democracy, rule of law, good governance, and respect for human rights	<ul style="list-style-type: none"> <li>• Through assistance, exchanges, and international broadcasting, encourage the development of democratic systems and the rule of law</li> </ul>	Foster international cooperation and the rule of law	<ul style="list-style-type: none"> <li>• Improve cooperation with foreign governments and law enforcement through collaboration, training, and technical assistance</li> <li>• Strengthen the rule of law in order to reduce societies’ vulnerability to criminal exploitation</li> </ul>

Note: State’s goals and strategies were judgmentally selected to illustrate areas where State’s strategic plan addressed similar goals and objectives outlined in the International Crime Control Strategy.

Source: U.S. Department of State Strategic Plan (Sept. 2000); and International Crime Control Strategy (May 1998).

In its strategic plan, State identified various indicators to measure performance towards each goal. For example, regarding the national security goal “Reduce the threat to the United States from weapons of mass destruction,” State identified 12 performance indicators. However, these indicators were not associated with any particular strategy, such as combating nuclear smuggling. Rather, the 12 indicators—taken as a

whole—measure progress towards the overall goal of reducing the threat from weapons of mass destruction.

Regarding performance measurement, in June 2000, we reported our observations on key outcomes described in State’s GPRA performance report and plan.<sup>8</sup> Among these key outcomes, three were most directly related to international crime: (1) eliminate threats from weapons of mass destruction, (2) reduce international crime and availability and/or use of illegal drugs, and (3) reduce international terrorism. Overall, we found that State’s performance plan provided more detail on goals and measures than in previous years, but there were still some limitations. We reported that:

- Goals and measures were presented by individual bureau, making it difficult to obtain an agencywide perspective or sense of priority.
- Assessing performance against the many targets listed would be time-consuming and likely inconclusive about whether tangible results were achieved.
- There was no discussion about whether State coordinated with the numerous partner agencies listed in the plan.

For the international crime-related outcomes noted above, we reported mixed results. For example, regarding one of the expected outcomes—“Eliminated threats from [WMD]”—State’s performance plan covered a more complete range of activities than it planned to undertake to achieve the goal, as compared to prior years. However, some of the goals and measures did not provide valid indicators of progress. For example, one of the performance goals was to “be authoritative, relevant, and timely,” and measures were to “use technology and report on specific activities such as producing and maintaining [Internet] web pages.” Regarding the response to international terrorism, the performance plan referred to using diplomatic pressure, enlisting cooperation, and developing new technologies as general ways to address this goal. However, training was the only performance goal reported for this desired outcome. Furthermore, while the plan more clearly identified goals and measures for this outcome compared to prior years, some goals and measures would be difficult to quantify, such as the status of U.S. policies in various international forums.

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<sup>8</sup> *Observations on State’s FY 1999 Performance Report and FY 2001 Performance Plan* (GAO/NSIAD-00-189R, June 30, 2000).

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## Crime-Specific National Strategies

In addition to the International Crime Control Strategy, the federal government has developed national crime control strategies that focus on specific types of international crimes. Like the International Crime Control Strategy, these strategies are interagency in nature and identify national goals or objectives. However, they are specifically focused on a particular type of crime or related set of crimes. This approach can also provide a framework—not unlike GPRA—for developing performance indicators for measuring the effectiveness and results of efforts to combat specific types of international crime. Even with this targeted approach, however, the government is still challenged to develop crime-specific strategies containing meaningful goals, objectives, and indicators that adequately measure program results and effectiveness.

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## Drug Control

Probably the most well-known of the national crime control strategies is ONDCP's National Drug Control Strategy, which identifies long-range national goals and measurable objectives for reducing drug use, drug availability, and the consequences of drug abuse and trafficking. The development of this strategy was mandated by the Congress in 1988, when it created ONDCP in order to set priorities, implement a national strategy, and certify federal drug control budgets for the nation's war on drugs. The Congress later expanded ONDCP's mandate to require the establishment of a drug control performance measurement system.

In 1998, ONDCP established the PME system—to provide performance goals, objectives, and targets designed to implement the strategy and measure the effectiveness of the nation's drug control efforts. The PME system also identified intermediate and long-term impact targets—for example, "Reduce the Availability of Illicit Drugs by 25 Percent in 2002"—as a way to measure the strategy's overall impact on drug demand and supply, as well as the consequences of drug abuse and trafficking. ONDCP is required to report to the Congress annually on the implementation of the PME system. As noted above, the performance measurement system envisioned by the International Crime Control Strategy was compared with the PME system.

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## Money Laundering

Jointly developed by Treasury and Justice in 1999, the National Money Laundering Strategy outlined a comprehensive, integrated approach to combating money laundering in the United States and abroad, through both law enforcement and banking supervision. This strategy defined a framework of objectives and "action items" (performance goals) designed to advance four broad goals: strengthen domestic enforcement, enhance the engagement of banks and other financial institutions, provide more

effective assistance to state and local governments, and bolster international cooperation.

In 2000, an updated version of the strategy was released, setting forth a broad array of action items organized in a consolidated, governmentwide plan. Each action item included a designation of the government office/official accountable for implementation and for meeting specified goals and milestones. For example, under goal 1 of the strategy—“Strengthen domestic enforcement to disrupt the flow of illicit money”—one of the action items is to promote cooperation with the governments of Colombia, Aruba, Panama, and Venezuela to address black market currency exchanges. Treasury’s Deputy Assistant Secretary for Enforcement Policy is identified as the lead official responsible for establishing a multilateral task force to examine the issue and recommend policy options to the appropriate government officials.

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## Counterterrorism

To address the national and international problem of terrorism, Justice developed the Five-Year Interagency Counter-Terrorism and Technology Crime Plan in 1998, with funds appropriated by the Congress for this purpose. The resulting document was intended to serve as a blueprint for coordinating national policy and operational capabilities to combat terrorism in the United States and against U.S. interests abroad. The plan involved the implementation of three strategies: (1) identify, investigate, and prosecute suspected terrorists; (2) ensure domestic preparedness; and (3) prevent and deter damage to the U.S. information infrastructure. As discussed in appendix IV, Presidential Decision Directive 62 (PDD-62) had previously created within NSC the Office of the National Coordinator for Security, Infrastructure Protection, and Counter-Terrorism to oversee and report on the federal government’s efforts in such areas as counterterrorism, protection of critical infrastructures, and preparedness and consequence management for weapons of mass destruction.<sup>9</sup>

Despite this effort, questions remain about whether the counterterrorism plan functions as a true national strategy. A federally funded advisory panel, supported by research from the RAND Corporation, recently concluded that the plan could not be considered a national strategy because it did not synchronize existing government programs or identify future program priorities needed to achieve national objectives for

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<sup>9</sup>PDD-62 and PDD-63, issued simultaneously in May 1998, elaborated the federal government’s response to combating terrorism and protecting critical U.S. infrastructures, respectively.



domestic preparedness for terrorism.<sup>10</sup> Among other things, the panel recommended creating a comprehensive strategy that was truly national in scope, appropriately resourced, and based on measurable performance objectives. We reached a similar conclusion in our recent report on the federal response to terrorism.<sup>11</sup> We concluded that the counterterrorism plan, either taken alone or with other documents, did not constitute a fully developed national strategy. We further reiterated the need for a federal or national strategy that clearly identifies a desired outcome, provides a goal, and allows measurement of progress toward that goal. As discussed in appendix IV, in commenting on a draft of this report, Justice still considers the counterterrorism plan to be a baseline national strategy to combat terrorism.

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<sup>10</sup>*Second Annual Report of the Advisory Panel to Assess Domestic Response Capabilities for Terrorism Involving Weapons of Mass Destruction: Toward a National Strategy for Combating Terrorism* (Dec. 15, 2000), better known as the Gilmore Panel.

<sup>11</sup>*Combating Terrorism: Federal Response Teams Provide Varied Capabilities; Opportunities Remain to Improve Coordination* ([GAO-01-14](#), Nov. 30, 2000).

# Appendix VIII: Comments From the National Security Council

NATIONAL SECURITY COUNCIL  
WASHINGTON, D.C. 20504

July 11, 2001

Laurie E. Ekstrand  
Director, Justice Issues  
U.S. General Accounting Office  
Washington, D.C. 20548

Re: GAO Report on International Crime Control

Dear Ms. Ekstrand:

I am writing in response to your June 13 letter seeking comments from the National Security Council on the GAO's draft report on international crime control.

Your report does not adequately reflect that there have been a number of major policy initiatives in the last several years led by the NSC that are aimed at a more integrated U.S. government approach to fighting international crime -- including the issuance of a Presidential directive on this issue; the establishment and operation of the Special Coordination Group (SCG); the development of the International Crime Control Strategy; a comprehensive and crosscutting NSC/OMB program/budget review on international crime control programs; and development of the International Crime Threat Assessment. As your report notes, this Administration is already building on this foundation by establishing the new Policy Coordination Committee (PCC) on International Organized Crime, which is a senior-level interagency group charged with coordinating efforts to develop and execute integrated and effective international crime control policies among the many federal agencies involved in this issue. One area in which we have already made important progress is better integrating the national policy processes for counterdrug and for other international crime issues. We expect that this effort will promote better integration of the operational-level activities directed at the transnational crime problem which is increasingly driven by poly-crime organizations. We expect to develop additional new initiatives as the Administration's ongoing policy review proceeds.

We also believe that your report overstates the proper role of the NSC in international crime control efforts. Senior-level interagency coordination by the NSC and its formal committee structure is only part of the picture. The U.S.

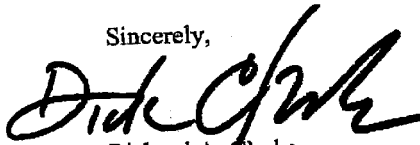
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Government's international crime control efforts involve thousands of federal employees at numerous federal agencies -- special agents, lawyers, intelligence analysts and many others -- who communicate and interact daily in cooperative efforts using informal interagency channels. When higher-level interagency coordination is required, the overwhelming majority of that coordination is achieved by a senior official in one agency reaching out to one or more counterparts at other agencies, without any involvement by the NSC. Even in the small fraction of issues in which NSC involvement is required and appropriate, much of what the NSC accomplishes takes place outside of the formal interagency committee process -- whether it be the SCG on International Crime in the last Administration or the PCC on International Organized Crime in this Administration. The NSC plays a critical role in coordinating our international crime control policies, but it is necessarily and properly a limited role.

That is not to say that we do not concur with the thrust of your report's recommendations: that coordination of the federal government's broad scope efforts to combat international crime should be improved further; that the NSC is the logical choice to provide enhanced coordination and policy direction at the most senior levels of government; and that comprehensive measures should be developed to assess the effectiveness of international crime control programs and to inform an iterative cycle of regular threat, strategy and program reviews. The PCC will consider each of your specific recommendations as it reviews the International Crime Control Strategy and works to enhance the government's approach to fighting international crime.

We look forward to working with the Congress in this important national security context, and we appreciate the opportunity to comment on your report.

Sincerely,



Richard A. Clarke  
National Coordinator for  
Security, Infrastructure Protection  
and Counter-Terrorism

# Appendix IX: Comments From the Department of Justice



U.S. Department of Justice

Washington, D.C. 20530

July 2, 2001

Ms. Laurie E. Ekstrand  
Director  
Administration of Justice Issues  
United States General Accounting Office  
441 G Street, NW  
Washington, DC 20548

Dear Ms. Ekstrand:

The Deputy Attorney General has asked me to convey the comments of the Department of Justice (Department) concerning your draft report entitled "International Crime Control: Sustained Executive Level Coordination of Federal Response Needed." The Department is pleased that the GAO has undertaken a review of the important area of international crime control, and agrees with the Draft Report's general conclusion that responding to the increasing threat of international crime must be a high priority of the Executive Branch. We have serious reservations, however, about the report's discussion and recommendations concerning the role of interagency coordinating committees.

First, we are concerned that the report understates the extent of interagency coordination that has occurred in the past, especially at lower levels where law enforcement coordination has often led to successful international criminal investigations and prosecutions. Second, we believe that the report's recommendation for more high-level coordination overestimates the importance of the former Special Coordinating Group and its many sub-groups. While high-level interagency coordination may be useful for general policy matters, such high-level coordination on particular criminal investigations is generally not appropriate.

Finally, the draft report does not give proper recognition to the central role of the Attorney General in addressing international crime. Although the Department coordinates with many other federal agencies in preventing or investigating international crime, the Attorney General, as the chief federal law enforcement officer, has the responsibility to determine whether, and under what circumstances, to prosecute international criminal conduct. In recommending an expanded role for coordinating committees led by the National Security Council in setting policy and allocating crime-fighting resources, the draft report appears to advocate an unwarranted intrusion into the traditional law enforcement responsibilities and prerogatives of the Attorney General.

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**Appendix IX: Comments From the  
Department of Justice**

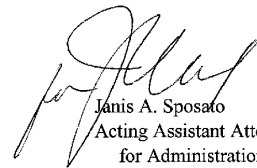
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Ms. Laurie E. Ekstrand

Page 2

We appreciate the opportunity to review and comment on the GAO draft report. If you should have any questions concerning our response, please do not hesitate to contact me.

Sincerely,



Janis A. Sposato  
Acting Assistant Attorney General  
for Administration

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# Appendix X: Comments From the Department of State

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**United States Department of State**

*Chief Financial Officer*

*Washington, D.C. 20520-7427*

JUN 29 2001

Dear Ms. Westin:

We appreciate the opportunity to comment your Draft Report, "INTERNATIONAL CRIME CONTROL: Sustained Executive Level Coordination of Federal Response Needed," GAO-01-629, Job Code 440003.

The Department of State agrees with the basic premise and recommendation of the GAO Report--that a stronger executive-level mechanism and effort is needed to coordinate policy among the many agencies and interagency working groups that play a role in combating international crime. Such a centrally led coordination can be useful in sorting out and better delineating the many overlapping responsibilities of USG law enforcement agencies and to avoid duplications and gaps in programs that can waste limited resources and reduce the effectiveness of USG anti-crime efforts. The newly created Policy Coordinating Committee (PCC) on Transnational Crime should serve this purpose but the key will be how it works in practice. Our experience has been that the central coordinating mechanism, in this case the PCC, works best when it focuses on general policy matters and avoids becoming involved in particular criminal matters and issues. The latter are best left to the extensive network of lower-level interagency coordination which has worked well in the past. It should also be noted that some activities included in the Report; e.g., nonproliferation and counterterrorism, since they involve broader political and national security issues that extend beyond international crime, currently fall under a different PCC-- Nonproliferation, Counter-proliferation, and Home Land Defense; we believe they should remain under than PCC rather than come under the newly created PCC on Transnational Crime.

With regard to the recommendation calling for development of outcome-oriented performance measures, it should be noted that the examples of success cited in the GAO Report--counternarcotics, money laundering, and counterterrorism--each involve single issues, which makes them more manageable. It will be much more difficult to develop such measurements across the broad range of international crime issues. Such efforts carry the risk of becoming a resource-intensive paper exercise that threatens rather than enhances the effectiveness

Ms. Susan S. Westin,  
Managing Director,  
International Affairs and Trade,  
U.S. General Accounting Office.

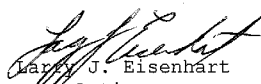
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of the programs and goals that it is intended to track and measure. A better approach might be to gradually extend and apply the performance measures to additional single issue areas with the aim of building a large database over time that could eventually support a broader approach.

Finally, we would like to call attention to two points raised in the Report concerning the Department of State's Strategic Plan. Citing an earlier GAO report on the Department of State's FY 2001 Performance Plan ("Observations on State's FY 1999 Performance Report and FY 2001 Performance Plan"), the Report recalled two problems: (1) goals and measures were presented by individual bureaus, which made it difficult to obtain an agency-wide perspective or sense of priority, and (2) there was no discussion about whether State had coordinated with the numerous partner agencies listed in the plan. With regard to the first point, we agree that goals and measures presented by individual bureaus can be confusing and we have taken steps to correct this. Under this year's plan (currently being cleared by our Under Secretaries), that will also supplant the FY 2001 Plan, each strategic goal is prepared by a goal team to provide a unified Department view. Concerning the second point--apparent lack of coordination with other agencies--we note that Strategic and Performance Plans required by the Government Performance and Results Act are agency-specific in that they are tied to the budget submissions of the agencies covered by the Act. Consequently, most plans do not focus on the question of coordination with other agencies. In fact, we regularly coordinate with all of our partners in the State plan and we work in concert with them to prepare the United States Strategic Plan for International Affairs. Our diplomatic posts use this plan in the preparation of the Mission Performance Plans (MPP), a process that includes participation by all agencies at post engaged in law enforcement issues. These same agencies participate in the Washington review of the MPPs. Post requests for resources in the law enforcement area are communicated to Washington primarily through the interagency-vetted MPPs.

Once again, the Department of State appreciates the opportunity to comment on the Draft GAO Report and looks forward to seeing the Report in its final form. If you have any questions concerning this response, please contact John H. Barger, Deputy Director of Policy Planning Coordination, Bureau of International Narcotics and Law Enforcement Affairs, at (202) 647-2827.

Sincerely,

  
Larry J. Eisenhart  
Acting

cc: GAO/TAJ - Ms. Ekstrand  
State/INL - Mr. Beers  
State/OIG - Mr. Atkins

# Appendix XI: Comments From the U.S. Agency for International Development



U.S. AGENCY FOR  
INTERNATIONAL  
DEVELOPMENT

JUN 26 2001

Ms. Laurie E. Ekstrand  
Director  
Justice Issues  
U.S. General Accounting Office  
441 G Street, N.W.  
Washington, D.C. 20548

Dear Ms. Ekstrand:

I am pleased to provide the U.S. Agency for International Development's (USAID) formal response on the draft GAO report, International Crime Control: Sustained Executive Level of Coordination of Federal Response Needed (GAO-01-629) GAO Code: 440003. USAID personnel met with the GAO team on February 14, 2001 and subsequently responded to a detailed questionnaire provided to the appropriate operating units. An exit conference was conducted via telephone on May 8, 2001.

Upon review of the report, USAID offers the following comments and suggestions:

On page 51, the report discusses the anti-corruption activities of the Center for Democracy and Governance, mentioning our grant to Transparency International. A fuller description of USAID's contribution in this area would note that overall, USAID has anti-corruption activities in 54 countries in addition to regional activities. The Center for Democracy and Governance assists in managing programs valued at \$19 million using competitively let contracts which offer a range of services designed to support country-specific anti-corruption strategies.

On page 55, the report states that because the Special Coordination Group's and its sub-groups' proceedings-and any results and products-are classified, they are not discussed in this report. In the case of the Sub-group on Diplomatic Initiatives and Institutional Development, much of the material discussed and exchanged was unclassified. For example, this group discussed how to respond to the newly created reporting requirement on international anti-corruption

1300 PENNSYLVANIA AVENUE, N.W.  
WASHINGTON, D.C. 20523



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**Appendix XI: Comments From the U.S. Agency  
for International Development**

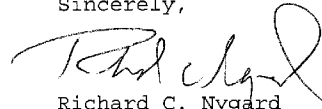
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efforts passed by the 106<sup>th</sup> Congress. That report was published in April 2001.

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

Sincerely,



Richard C. Nygard  
Acting Assistant Administrator  
Bureau for Management

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# Appendix XII: GAO Contacts and Staff Acknowledgments

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## GAO Contacts

Laurie E. Ekstrand, (202) 512-8777  
Danny R. Burton, (214) 777-5600

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## Acknowledgments

David P. Alexander, Seto J. Bagdoyan, Nancy A. Briggs, Philip D. Caramia, Christine F. Davis, James M. Fields, Anthony L. Hill, and Bethany L. Letiecq also made key contributions to this report.

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