



The Secretary of Energy
Washington, D.C. 20585

October 2, 2008

The Honorable Bart Stupak
Chairman, Subcommittee on Oversight
and Investigations
Committee on Energy and Commerce
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

I am writing to provide you with an update on the Global Initiatives for Proliferation Prevention (GIPP) program and the assessment that has been completed in response to the Government Accountability Office's (GAO) Report 08-189 and concerns raised by the House of Representatives Committee on Energy and Commerce (HECC).

I asked William Ostendorff, Principal Deputy Administrator for the Department's National Nuclear Security Administration (NNSA), to oversee a detailed assessment of GIPP, and wanted to update you on his findings. The enclosed assessment presents a path forward with GIPP program improvements that takes into account concerns raised by your Committee, and concludes that engagement of former Russian weapons scientists continues to serve U.S. nonproliferation interests by securing expertise and promoting transparency. The NNSA is to reevaluate GIPP by the end of fiscal year 2010 in concert with a similar evaluation planned for nuclear materials security cooperation with Russia by 2012.

I would note also that there has been some discussion of whether cooperative threat reduction programs with Russia will continue, given events in Georgia. We engage in such programs because they are in the national security interest of the United States, not as aid to Russia. We believe that Russia, likewise, pursues such cooperation because it is in Russia's security interest. Therefore, we believe such cooperation should and will continue.

The Department will continue to consult with and inform stakeholders in Congress to ensure consensus on an appropriate path for the program.

Should you have further questions, please contact me or Ms. Lisa E. Epifani, Assistant Secretary for Congressional and Intergovernmental Affairs, at (202) 586-5450.

Sincerely,

A handwritten signature in blue ink that reads "Samuel W. Bodman".

Samuel W. Bodman

Enclosure

cc: The Honorable John Shimkus
Ranking Member



Assessment of the Global Initiatives for the Proliferation Prevention Program

In response to the Government Accountability Office (GAO) Report GAO-08-189 and concerns raised by the House of Representatives Energy and Commerce Committee (HECC), the National Nuclear Security Administration (NNSA) has assessed the GIPP program and concludes that engagement of former weapons scientists in Russia and other former Soviet republics continues to serve U.S. nonproliferation interest and that reasonable program management controls are in place. Program improvements are also possible, which are detailed below.

The most damaging allegation concerning GIPP was that program fund payments to Russian institutes that also support Iran's Bushehr reactor project were in effect subsidizing Russian support for nuclear programs in Iran. Based on a thorough review of all project payments since the GIPP's inception in 1994, DOE/NNSA determined that there is no basis for this allegation and that the program has operated in conformance with U.S. law and policy.

To ensure appropriate and documented review of GIPP project proposals in the future, the U.S. interagency community recently established a committee to review nuclear and missile technology-related scientist engagement projects. (A similar interagency group reviewing scientist engagement projects that involve technologies related to chemical or biological weapons was established several years ago.) The committee is chaired by the State Department and includes representatives of the Departments of Energy, State, and Defense and the intelligence community. GIPP and the DOE Office of Intelligence have also reached agreement on procedures to ensure all project proposals receive appropriate internal review.

Additional steps are as follows:

1. Completion of a comprehensive institute risk assessment in order to direct resources to "high priority" facilities where they are most needed to prevent proliferation of Weapons of Mass Destruction expertise. This risk assessment has been developed with input and coordination of all relevant U.S. agencies, including the intelligence community.
2. Using the risk assessment, GIPP will fund projects at institutes in Russia and elsewhere that are assessed as "high priority." This includes projects funded in fiscal year 2008. All projects (roughly 50) not engaging such institutes are to be phased out by the end of fiscal year 2010 or sooner.
3. GIPP will pursue cost-sharing for all new projects in Russia and other countries, as appropriate. Russian officials have been made aware of this requirement. A precise quota for Russian or other contributions has yet to be established.
4. GIPP will implement program management improvements recommended by the GAO in its December 2007 report. This includes, for example, continued progress to reduce uncosted balances and verify and document the *bona fides* of former weapons scientists engaged in GIPP-funded projects. GIPP will also undertake to revise performance metrics to focus on high-risk institutes engaged rather than gross numbers of individuals employed or projects commercialized.
5. Advanced nuclear energy and fuel cycle-related projects have been terminated and two projects involving nuclear safeguards development are to be shifted to another unit in the

National Nuclear Security Administration's Office of Nonproliferation and International Security.

6. GIPP will by the end of this year complete a strategic plan to achieve the steps laid out in this document and articulate program goals and objectives, in consultation with core stakeholders (U. S. agencies, Congress, and industry).
7. NNSA is to reevaluate GIPP by the end of fiscal year 2010 in concert with a similar evaluation planned for nuclear materials security cooperation with Russia by 2012.

Taken together, these steps are responsive to concerns raised by the GAO and members of Congress, as well as the changing threat environment in Russia. They will help set the program on a solid foundation and provide a better basis for re-evaluating the program in two years.