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PROGRESS ON IMPLEMENTING OVERSEAS PRESENCE ADVISORY PANEL RECOMMENDATIONS

HEARING

BEFORE THE

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PROGRESS ONIMPLEMENTING OVERSEAS PRESENCE ADVISORY PANEL RECOMMENDATIONS

THURSDAY, JUNE 15, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Committee met, pursuant to notice, at 11:40 a.m. in room 2172, Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN. The Committee will come to order.

Today we are continuing our hearings on the important recommendations of the Overseas Presence Advisory Panel. The panel's report, entitled "America's Overseas Presence in the 21st Century," provided many useful, and in some cases, far reaching recommendations to improve the efficiency and effectiveness of our State Department and the conduct of diplomacy.

We started this series of hearings in February 2000 and we heard from the panel members at that time. I believe the panel highlighted important issues and we continue to support many of the recommendations as a means for creating a stronger State Department.

Mutual scheduling difficulties delayed hearings from the State Department until today but that is probably to our benefit, as we can discuss what has been done in the intervening months as well as reviewing the recent report on the rightsizing project. We want to see how the State Department is measuring its progress on these recommendations.

Upon the release of the panel's report, the President announced that the Secretary of State would lead a cabinet committee to implement the recommendations on rightsizing. We have heard about the need for employing the management strategy of matching policy with resources for many years. It seems this idea of rightsizing may finally be gaining traction because of the high level involvement of the White House and the State Department. I recognize that developing a rightsizing policy with its implications across government agencies is difficult. For this undertaking to be effective, it requires continued interest and top level direction supporting interagency coordination with those agencies who have representatives overseas.

It is a given that diplomacy requires an overseas presence. Yet recent studies indicate that the State Department needs to modernize its domestic and overseas operations.

There are reasons, such as technology improvements, changing policy priorities or security concerns, that demand a reassessment of how that overseas presence is designed, who has the authority to manage these issues, and a need to articulate a mission with a results-oriented perspective. The State Department should have the lead in directing foreign policy structure with a strong chief of mission authority.

A review of your statement indicates you are laying the groundwork for an incoming administration. However, I also hope the Department and the White House will try to take some decisions so as not to delay necessary management improvements. I am interested in supporting those efforts and intend to keep congressional interest alive so that the energy spent now will in fact be a worthwhile investment.

Having visited many of our posts overseas, I know that we have talented people who can adapt and probably would welcome a new approach to diplomacy and serving our interests, as suggested by the panelist's report.

I will now turn, before turning to our witnesses, ask Mr. Gejdenson for any comments he may have.

Mr. GEJDENSON. Mr. Chairman, I will waive opening comments so we can get to the witnesses.

Chairman GILMAN. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. I appreciate this hearing very much and the fact that you are trying to keep this good product alive and move it toward implementation. I think we can all agree that the Overseas Presence Advisory Panel [OPAP] did an outstanding job in reviewing the way the United States conducts its overseas activities and making recommendations for reform. I frankly have been concerned that implementation of the panel's recommendations has been proceeding more slowly and unevenly than we would have liked. I hope that the Under Secretary can relieve my concerns in regards to the implementation of the recommendations.

A particular concern of mine has been embassy security. I have been disappointed that the State Department has not requested adequate funding for enhanced security despite the Crowe panel's recommendation. I was pleased to see the increased request of almost $1 billion this fiscal year and the appropriate Committee decision to meet that request.

I know the Department has worked hard to improve physical security. However, a fundamental problem remains largely unaddressed. That problem is a threat posed to our embassies overseas from large vehicular bombs. Admiral Crowe's report, the OPAP report, and numerous senior State Department officials have emphasized that such devices represent the greatest physical threat to the lives and welfare of our citizens and our employees. Over 80 percent of our overseas missions lack the adequate 100-foot setback to protect against such attacks.

There is no substitute for purchasing, constructing, or leasing property and new facilities that give us the necessary setbacks. Unfortunately, it is also true that the Office of Foreign Buildings, [FBO] for a variety of reasons described in the OPAP report and elsewhere, is not and never will be able to address this problem in

a timely manner unless some very major changes are implemented. It often takes literally decades to work through the labyrinth of bureaucracy associated with constructing a new embassy.

In part, the problem stems from the scoring rules imposed by the OMB that require all the costs of construction or lease purchase be scored in the first year. This makes it extremely difficult to get the necessary appropriations. It also costs taxpayers millions of dollars by forcing the Department to rely on short-term lease arrangements which are far more expensive in the long run than to either lease purchase or sales leaseback.

I have tried repeatedly but unsuccessfully to exempt the Department from this scoring rule. My efforts will continue. It is not simply a problem with the Democratic Administration. It is a problem that has existed in the administrations of both parties, and the OMB policy simply has to be changed.

The OPAP report proposes an innovative approach toward dealing with the problem by establishing a performance-based government corporation, the Overseas Facilities Authority, the OFA, to replace the FBO. Such a corporation should have the ability to use the full range of financial tools and receive funds from rents, appropriations, asset sales, forward funding commitments, Treasury loans, and retainer service fee revenues. It should also have authority to engage in cost effective financing alternatives such as lease purchase and sales leaseback.

The OPAP report concludes that "in order to undertake the fundamental change in the funding and management of U.S. Government overseas assets, the FBO should be replaced by an OFA with more authority, more flexibility and increased participation by U.S. Government agencies."

The report makes a compelling case for why a public corporation would be a more efficient and effective way of managing U.S. Government facilities overseas and of dealing with the urgent issues of making these facilities more secure. Yet the Department appears to have rejected the idea. I don't know why. I don't understand it. I want to know why this is the case.

It seems to me that there would be many advantages in proceeding with the OPAP recommendations to replace the FBO with a government corporation. One of these advantages is we will have to secure embassies and consulates years earlier than would otherwise be the case. All we are really doing is making more American lives vulnerable for longer periods of time.

I hope the State Department will look again at this excellent recommendation from people whose opinions you ought to respect and that the Department staff study and act on capital improvements and then move expeditiously toward implementing the proposal. There are many outstanding features of this report, but I do hope that you are going to focus on this one because American lives are at stake.

Thank you, Mr. Chairman.

Chairman GILMAN. Thank you, Mr. Bereuter. We want to welcome Ms. Bonnie Cohen, the Under Secretary of Management. Ms. Cohen holds an MBA from Harvard and prior to coming to the State Department in 1997 she was Assistant Secretary for Policy Management and Budget at the Interior Department. We appre-

ciate your coming here today to discuss the progress on the implementation of the Overseas Presence Advisory Panel. We look forward to your statement and appreciate your efforts to establish these ideas within the State Department throughout the government.

We want to apologize for the delay in your testimony. We had these markups that were important for us today.

I also want to recognize Ambassador Elizabeth Raspolic, who is serving as the Director of the Interagency Rightsizing Committee. Ambassador Raspolic has been in the Foreign Service for 27 years and most recently was Ambassador to Gabon. We just had the Minister of Defense from Gabon visit yesterday.

We welcome Ambassador Chamberlin, who is representing the International Narcotics Bureau, and we thank Ms. Chamberlin for being with us today.

So please proceed. If you would like to put your full statement in the record, we will accept it without objection. You may summarize your statement. Ms. Cohen.

STATEMENT OF THE HONORABLE BONNIE R. COHEN, UNDER SECRETARY FOR MANAGEMENT, U.S. DEPARTMENT OF STATE

Ms. COHEN. Thank you very much, Mr. Chairman, and Members of the Committee. I will submit the statement for the record and summarize, although I am going to read the first page because I think it is very important.

Many experts heralded the end of the Cold War as ending the need for American global engagement. As the last 10 years have demonstrated, the dramatic changes in the world's political and economic landscape have meant just the opposite. Today we are confronted with a host of international problems that affect America's security and domestic welfare, from financial crises and the closing of markets to global environmental challenges, AIDS, terrorism, drug trafficking, money laundering and the spread of weapons of mass destruction. These foreign policy problems are America's national security challenges.

Our overseas presence provides the essential underpinnings of our ability to defend America's security, to promote its prosperity and to meet the new global challenges. It is our first line of defense ahead of the military. It is when diplomacy fails that the military comes in, and recognizing this, we must reinvest in the conduct of our foreign policy. The OPAP panel recognized this and said "The U.S. overseas presence, which has provided the essential underpinnings of U.S. foreign policy for many decades, is near a state of crisis. Insecure and often decrepit facilities, obsolete information technology, outmoded administrative and human resources practices, poor allocation of resources and competition from the private sector for talented staff threaten to cripple our nation's overseas capability with far reaching consequences for national security and prosperity. The condition of U.S. posts and missions abroad is unacceptable. The panel fears that our overseas presence is perilously close to the point of system failure."

The Secretary of State welcomed OPAP's emphasis and its urgency in improving the conduct of our foreign policy, our overseas mission infrastructure and capital plan, the importance of invest-

ing in human resources and the indispensable nature of universal representation. We strongly agreed with the panel's focus on the need to ensure stronger interagency teamwork under chiefs of mission abroad and the President and the Secretary of State.

I have a few handouts—I don't know if they have been handed out—that give you some historical perspective on what has happened to the State Department in the last 4 years, and I actually remember the charts.

You will see from those charts that in the last decade the State Department opened approximately 40 new posts overseas with no real increase in the budget. The Department was in the process of cannibalizing its resources.

The second chart shows you that the State Department is only one of the agencies overseas, and indeed, while it is the biggest, much of its size is to provide administrative support to the other agencies. So it is very important that we work on an interagency basis, which the panel emphasized, I think you have emphasized in your remarks, and is the reason that I am with the two people who are chairing our interagency panels.

The third chart shows you the crisis management exercises in the State Department starting in 1998. I think that this is a particularly startling chart because it shows you that in the process of reducing the budget and opening new embassies decisions were made that we now all recognize as too short-sighted, including the total dismemberment of crisis management training. We have been in the process, with bipartisan support, of rebuilding the kinds of efforts we have to do, management efforts, to have a strong department and be able to protect our people.

The final chart, I think, directly supports the point that you were making, Mr. Chairman, about the FBO and the need for capital appropriations. You see from this chart that the only time in the last decade that the State Department has gotten substantial infusions of funds has been after bombings, when people, both Americans and foreigners, embassy employees and civilians, have lost their lives. That is simply not acceptable. We have to have sustained funding, as Admiral Crowe so eloquently put it.

When I first came to the Department, 3 years ago now, I received approximately two feet of studies on what needed to be done at the Department. We now have Admiral Crowe's excellent report and the OPAP report, and we welcome your support for the OPAP report. This is an important time. We are in the process of implementing the OPAP recommendations. The Secretary has accepted them enthusiastically, although there are some details to be worked out. I think all of us are concerned that, as we transition administrations, this effort does not lose its momentum and we don't have to have additional studies.

Now, I will go to the recommendations and give you a sense of where we are. The Secretary chaired a cabinet level meeting of all of the agencies who operate overseas and there was unanimous support for the interagency implementation of the rightsizing recommendations. We were very heartened to get that support and have moved forward. One of the most important recommendations was from the Attorney General, who suggested that we organize an

interagency law enforcement rightsizing group, which Ambassador Chamberlin is heading up.

That is critically important because, as you know, the most rapid growth in overseas presence today is law enforcement and it is very important that that be coordinated. The Attorney General even went so far as to suggest that there may be opportunities for memoranda of understanding with some of the law enforcement agencies who are present in specific posts to assist in the responsibility of other agencies so that we wouldn't have to have as many people overseas.

We have had a very active interagency group looking at rightsizing. They visited six embassies, Amman, Bangkok, Mexico City, New Delhi, Paris and Tbilisi. The idea was to develop both general recommendations that we could apply across embassies and then recommendations for these six posts. They have reports on each embassy and they have done, I think, an outstanding job. An interagency group visited each embassy, and the more general recommendations are that we can begin to bring back administrative functions to the United States with appropriate communications to support them.

The final report from the interagency group will be available soon and then will go to the Secretary. So the Secretary has not had the chance to review and endorse the recommendations, but the interagency group is recommending, for example, that our financial center, which is in Paris in its own large facility, can be brought back to the United States and operate out of Charleston, where we also have a financial facility. Our finance people also think that is possible. So that type of recommendation is on the table.

In addition, there are recommendations for agencies to share certain administrative functions overseas that would permit staff reductions. For example, in Mexico City every agency has a personnel specialist who classifies people, and I don't want to get into that because it is really detailed and very bureaucratic, but it appears with the right computer support that we could have just one agency do it for everyone and bring back the other support people. We are very encouraged by that.

In addition, we have specific recommendations for each embassy.

Ambassador Rohatyn, who has been in the forefront of this effort, is now in the midst of working with his interagency group at Embassy Paris. We will be complementing his work here by developing a plan this summer that will substantially change the structure of that embassy and be a model for other embassies.

In the FBO area, which I know is a particular interest of yours, quite honestly, I endorse everything you said. I think we need more money; we need sustained funding. We need a better functioning FBO and we need the kinds of financial reforms that you talked about. We have had a group working on it. They are making proposals that will, with the Secretary's endorsement, be taken forward in the Administration.

We may have what I hope is not a real difference over this corporation. The OPAP report is recommending a performance-based organization, which requires legislation and is the route that the Internal Revenue Service took in their reform.

Mr. BEREUTER [presiding]. Madam Secretary, may I interrupt you to tell you that as long as you don't eliminate the FBO, no matter how sustained the funding is, you are not going to be able to cope with the huge backlog of security-related consulate and embassy construction, reconstruction, and retrofitting. But you don't agree with me entirely because my basic point is that so far the State Department is rejecting that fundamental reform, am I correct? You are not endorsing a replacement for the FBO?

Mr. GEJDENSON. Would the gentleman yield for a second?

Mr. BEREUTER. Yes, I yield.

Mr. GEJDENSON. Not to defend the State Department, but my question is, what is the difference between creating a new kind of department to do this or just getting the authorities and structural reforms in the existing operation? Sometimes I find the disruption——

Mr. BEREUTER. The difference is that the current FBO is not allowed to engage in the more innovative lease and purchase arrangements, and we can't given the current arrangements, escape the OMB scoring mechanisms. Therefore all capital construction costs are up front immediately.

Mr. GEJDENSON. If the gentleman would yield, then what if you simply gave those same powers to the existing operation?

Mr. BEREUTER. Then you still are left with the requirement to change the law and make an exception of scoring on OMB, and that seems to be very difficult for OMB to accept because they are concerned about the precedent. Of course, it is always more expensive for the government to construct a building by far than for the private sector to build that same building, and the gentleman knows some of the reasons.

Under Secretary, please proceed. I went farther in this than I intended in interrupting you.

Ms. COHEN. The rest of my testimony is quite brief. In information technology the State Department has made enormous progress, again with bipartisan support. Two years ago we had no Internet. Now we have 85 percent of overseas post on the Internet. Yet we are still concerned. You are considering our budget; we had asked for $17 million to wire two embassies overseas to allow agencies to speak to each other, and to demonstrate the benefit of information sharing. We were authorized in your markup to do this, but it was to come out of our existing budget base. But our existing budget base is really inadequate for our current needs.

In the human resources area you will be hearing from our new Director General of the Foreign Service and Director of Human Resources. We have completed the McKinsey and Company study on the war for talent. We are in the process of implementing the recommendations from that study, and yesterday I went to a very exciting half-day session at FSI where we introduced the new Center for Leadership and Management Training. In the past the State Department has not had management training, and management is key to the Department's future success. So we are excited about that.

I know you have heard about the Consular Affairs Bureau. That is an outstanding example of a bureau that has strong leadership, is very sensitive to the American public and the kinds of services

they need. We are considering the OPAP recommendations in this area, particularly the ones that give consular services control of their own people.

The OPAP Report called for Ambassadorial authority to be strengthened and made more clear. Carolyn Lowengart is here. She is in charge of this issue for the Department and will answer any questions. Before you is a letter that goes to new Ambassadors, giving them their charge. We will be working to reform that letter, but we will wait to make it final until there is a new administration, since it will be theirs. I know that you have had quite a few presentations on the efforts we have made in overseas security in the last 2 years under Dave Carpenter and with FBO. I could share with you the many cables I am now getting back from Ambassadors saying that they really feel, even in facilities that don't have adequate setback, that they are getting the kind of attention they need and are better protected than they had been in the past.

Thank you very much. I would be glad to answer any questions.

[The prepared statement of Ms. Cohen appears in the appendix.]

Mr. BEREUTER. Thank you, Madam Under Secretary. I want to turn first to the distinguished Ranking Member, the gentleman from Connecticut, before we go to vote.

Mr. GEJDENSON. Thank you. Let me ask a couple of quick questions. I think I like your idea on the back office. If you look at modern businesses, they don't place in the field every function that they have, and obviously in smaller areas you might only need two-thirds of a person but it is a little hard to achieve that. I also suggest you look at not putting it all in Washington, D.C., but look at spreading it around to other places where we might have facilities existing, former military bases, whatever, where we may have some other functions together.

Some functions that you might need travel for you might look at regional facilities, for instance, a lot of back offices for American companies are now someplace else. For functions that might need some visits, you could pick obviously countries that are friendly countries, that pose less of a security threat. Countries that speak the English language or have good access to educated people obviously make it easy. So I think that makes a lot of sense.

Congressman Bereuter and I have, I think, some difference on the funding issue because I think that it is a general problem through government that we buy an aircraft, an engine, we pay for it in 1 year. The advantage obviously for State to pay for these embassies over the long haul is that you can get a lot more of them started and done, but then we have the general problem with procurement, whether it is a bridge, a building, or something else I think it is something you have to work out.

Let me ask you, I was not a supporter of the reforms that occurred in the last session of Congress, taking into State a number of other departments and agencies, and I am getting some information that says that State is now looking at taking over more of USAID's functions and ESF and other areas and creating repetitive, in a sense, systems. In some cases maybe USAID doesn't have enough staff to do it, but it seems to me now that when you merge, rather than create a duplicate function to manage these systems in State, that what you might need to do is add some per-

sonnel to USAID. But it makes more sense, I think, to keep USAID functioning and not to just have State and USAID doing the same kinds of things. Am I wrong in the information that I have that State is seriously looking at a number of USAID functions and management of development programs?

Ms. COHEN. Yes.

Mr. GEJDENSON. That is very good news. I have very few other questions and it is so seldom that you get such an absolute answer so that, I will just have to——

Ms. COHEN. Would you like me to go on?

Mr. GEJDENSON. Actually, I would like you not to have any qualifications to that.

Ms. COHEN. I don't have any.

Mr. GEJDENSON. OK. Great. Go ahead.

Ms. COHEN. This has to do with grants management. What has happened is that we found, more and more, what had been in the past grants management from USAID, was drifting over to us as we spent the money. We really aren't staffed to do that adequately or to do it in a way that ensures the protection of the resources. This first came to our attention as different divisions asked for staff to do grants administration. So under the CFO we put together a group to look at this issue with USAID, and quite honestly, our preference is that the functions stay with USAID. We will work with them, but we have no intention of duplicating their very good efforts. I think we have the same objective you have.

Mr. GEJDENSON. That is reassuring. Let me say that information I have been getting was that people at State thought they could move a number of these functions to State from USAID without authorization, just by simply taking the action. I think that would be a long-term mistake, that the idea of having an aid operation that is focused on its traditional responsibilities makes a lot of sense for the country; and in every administration it forces a focus not just on the short-term geopolitical interests of the aid-recipient but the long-term development interests.

So I thank you for that response and say to you that it is something that I am going to continue to watch.

I think—again, I was not a supporter of the changes and hope that some lines will be kept there so that there is an aid agency with a traditional commitment to helping the poor and doing the right kinds of things there.

I commend you for many of the other proposals you are making in the area of rightsizing and trying to make the agencies more efficient.

The last thing I would like to say, one of the great frustrations, as oftentimes we know, the agencies are understaffed. In some ways, the most visible part to the average citizen of the operation of the State Department are the consular services, like the Motor Vehicle Department is the public face by which the people judge their government. You stand in line for 3 hours at the Motor Vehicle Department, and they tell you to go to another line. It tends to give you a bad taste for government. I can't tell you how many times, and I know they are understaffed, and I know it is difficult.

We had one case where a young lady, a dual citizen, was robbed of all her belongings in a Latin American country. She could get

nowhere with the American embassy. Her other citizenship was Israeli. She got a passport the same day.

I then called the embassy to get her a visa, the paperwork because now she was traveling on an Israeli passport to come back to Connecticut. Yes, 5 days later, after several calls from me, she finally got a visa.

I know people are overburdened. I know that we are—a lot of it is our fault. We don't give them the funding. But when Americans are stuck, and they get no help—we have got to get our consular officials to understand in a lot of ways what people think about the State Department, what we do overseas, is a function of that consular office. They still have got to be a friendly face to American citizens.

Ms. COHEN. If I could just answer that.

I think Mary Ryan has put a lot of attention on this. In fact, the whole consular bureau is rated one of the top areas by the American people in terms of service to the public. When something like this happens, it is somebody not doing their job well. Because however overworked they are, their first response is to an American citizen in trouble.

I would ask you if this happens again to just give me or Mary a call because that is not the way she wants that office to operate.

Mr. GEJDENSON. Thank you.

Mr. BEREUTER. Thank you very much for your comments.

I do think that the way we fund our oversees presence is unworthy of the United States, and there is a lack of confidence in the State Department on Capitol Hill. It is not a surprise to you, despite the good people—long-term employees, foreign service officers or otherwise—and my concern is that this report will not receive the attention and implementation that it deserves in part because of inertia, in part because of the bureaucratic battles that you will have to fight within the Department, and in part because of lack of support here on the Hill.

Commerce, Justice, State and the Judiciary Appropriations Subcommittee, Chairman Hal Rogers and I met with Secretary Albright at a breakfast to discuss about the report; and I really think we need to keep in close contact with you to build an acceptance and a positive sense of inertia about the implementation of the report.

I would think we ought to have you up here more often—frankly, about every quarter—and that there ought at the beginning of the new Congress to be established a more coordinated fashion to work with you on the part of the authorizing Committees. Right now, we are just holding things together with Scotch tape, and it is no wonder that people won't respond to the concerns of the gentleman's constituent, for example, because they are moving from one crisis and one special demand to another because of the lack of capabilities. That is my assessment. Things are just gradually grinding to a halt.

I do want to come back and, if possible after recessing for this vote, talk a little bit about the organization, reorganization, and decentralization initiative of our Ambassador to France and hear more about the Financial Services Office move that you contemplate there. I would also like to focus a little bit on information

technology where I have just heard terrible stories about how bad our capabilities are within the State Department. I think that is recognized by you probably and certainly by the report.

With those comments, I think I need to recess, and we will resume in approximately 15 minutes. I think Chairman Gilman will probably be back at that time.

The Committee will be in recess.

[Recess.]

Mr. BEREUTER. The Committee will be in order.

Madam Under Secretary, I wonder if you or one of your two colleagues can address your attitudes, first of all, about the recommendations concerning information technology and what it is you have been able to or intend to implement in the immediate future with respect to upgrading the quality of the information technology and communication technology you have among the personnel stationed abroad.

Ms. COHEN. Thank you.

First, I have to say that I think that the Department's information technology is not as abysmal as you had heard. We have a new chief information officer who, for the first time in the history of the State Department, is an experienced information technology specialist. He came to us from the Institute of Medicine which is well known for its information technology, and we have made substantial progress.

I have spoken about the Internet. In addition, the Department, with the exception of a couple of mainframes, is off the dreaded Wang that used to be the chief complaint, and we are on a standard platform. So we have made progress.

We are offering additional training to information technology specialists, and we have bonus compensation plans. So we have reduced the turnover of these people, and we have also begun to be able to recruit new people.

I know you will be hearing from Fernando Burbano, our chief information officer, next week. He has a very comprehensive, long term plan for correcting the remaining deficiencies of the Department.

I think that the most critical deficiencies are currently overseas. One is the inability of different agencies to communicate with each other within an embassy. Because the Department of Agriculture, for example, will have its own separate computer system making it easier for them to communicate back to Washington than it is for them to communicate to the FBI or the Ambassador down the hall. That is a real deficiency.

The second deficiency is bandwidth overseas. We really need to upgrade that and get all embassies more bandwidth. We have a plan to do so and we have the capability, but we are short of the funds. I endorse the OPAP report wholeheartedly in that area.

Mr. BEREUTER. Thank you.

I wonder, Ambassador Raspolic, if you can talk about the rightsizing and the risk involved in implementing the recommendations for the personnel involved, if any, but mostly about what the Department intends to do to act upon the recommendations with respect to rightsizing and consulates.

AMBASSADOR ELIZABETH RASPOLIC, DIRECTOR, INTERAGENCY RIGHTSIZING COMMITTEE

Ms. RASPOLIC. I would be glad to speak to that.

The Committee—the rightsizing committee is very much an interagency committee. It is not just State Department. I want to make that clear because that is what exactly the original OPAP panel has recommended. We have had a very active group with representatives from every department that you can think of who are active overseas. We have been working on the project since the beginning of February. We visited each of the six posts with a team that fluctuated from 10 to 12 to 16 people; and, in fact, we had one of the appropriations subcommittee staff members visiting with us when we went to Bangkok.

We are in the process now of negotiating our Committee report through the various agencies that are involved, and we will then submit it to Under Secretary Cohen, who will then submit it to the Secretary.

One of the major recommendations that we are supporting is one that appeared in the original OPAP report, and that is the creation of an interagency senior government board that would create a possibility here for an interagency review in Washington of proposed major staffing changes overseas, either up or down. It would be a reflection here in Washington of a process that already exists overseas in the Ambassador's country team when the Ambassador, he or she, sits and meets with representatives of all agencies at post. This would be a mirror image of that here in Washington.

That could be—we are suggesting that it be convened in November, because at that point several of our other recommendations would have come into being and the various reports and various actions would have been taken through September and October.

This board would also be used to look at things like when there is a construction of a new embassy facility overseas, this board could review the staffing implications for that given post and say, look, is the construction adequate for the projected staffing over X number of outyears; and this is something that Under Secretary Cohen has already put into implementation. Our Committee has been invited to participate in several reviews that Secretary Cohen is conducting on construction of facilities overseas in the near future.

We have also recommended—we have discussed the recommendation that the Attorney General has proposed creating a law enforcement pilot project; and we have—on the basis of our visits have recommended that the law enforcement project take place at Embassy Mexico City and Embassy Bangkok because we felt that those posts offered the most productive mix of law enforcement agencies and the fact that those agencies had a certain amount of depth at each of those posts.

Mr. BEREUTER. Those are meant to be tests or prototypes?

Ms. RASPOLIC. Correct. I believe that was Attorney General Janet Reno's original implication, that these would be—that whatever is developed from these projects could be used elsewhere. But I am sure Ambassador Chamberlin can speak more adequately on that subject.

One thing we have found, though, if you can assume that our visits to six posts are illustrative of all posts overseas, which perhaps is a major jump, that it makes no sense to implement some cookie-cutter template and force all posts overseas to, in effect, look alike. Because in effect what we found is each post is absolutely unique, depending on the strategic goals of that post, depending on the mix of agencies at that post, depending on what it is that the Secretary and the Department of State have and the Ambassador have chosen to emphasize at that post; and the mix is constantly changing and requires different staffing of each agency at each embassy.

Mr. BEREUTER. Thank you, Mr. Chairman. If you are ready, I will take another time later.

Chairman GILMAN [presiding]. Thank you, Mr. Bereuter.

Ms. Cohen, your statement mentions your monthly interagency meetings. Have you prepared an action plan to implement the OPAP recommendations and are you measuring progress on the various recommendations. Also what measures are being used to evaluate the progress on implementation?

Ms. COHEN. We do have monthly meetings, and it depends on the specific area. I have seen a draft report, and the draft report does have action steps recommended in each area, and it says the status of each area and the timing. It doesn't necessarily have monthly objectives.

For example, in FBO, I receive quarterly reports on our high-priority projects. I receive similar updates on our personnel initiatives. As we go forward with the rightsizing, the additional reforms of FBO and the other recommended steps, I anticipate that we will have quarterly progress reports.

Chairman GILMAN. Does the Department have a structured timetable for implementation as it relates to the OPAP's recommendations and can it be made available to this Committee if you have such a program? Has the President been briefed on the progress that the Department is making on OPAP recommendations?

Ms. COHEN. The interagency task force, when established by the Secretary, was asked to report back to her at the end of this month. We anticipate that it is on schedule and that she will get a report. She will review the report, and then share it with the Administration. Then I am sure it will be available to you.

Chairman GILMAN. Has the President expressed interest in the report?

Ms. COHEN. We have had very strong support from the White House all along, and we have had a senior official from OMB sitting in on our monthly meetings.

Chairman GILMAN. With regard to the Chief of Mission authorities, the Department's March report on the panel's recommendations states that, given the time required to complete interagency review coordination clearance, and I quote, "we should defer new documentation outlining Chief of Mission authority until next year when it can be taken up by the next administration." Can you elaborate on the COM authority and how it is conveyed and what is the interagency role in that matter and is the authority under discussion by your rightsizing Committee?

Ms. COHEN. I think I will defer to Carolyn Lowengart, who is our expert.

Chairman GILMAN. Ms. Lowengart, will you step up to the mike and indicate your title? Did you hear the question, Ms. Lowengart? Please identify yourself.

CAROLYN LOWENGART, DEPUTY DIRECTOR OF THE OFFICE OF MANAGEMENT POLICY AND PLANNING, U.S. DEPARTMENT OF STATE

Ms. LOWENGART. I am the Deputy Director of the Office of Management Policy and Planning. I have been with the Department nearly 30 years, so I have seen this Presidential letter of instruction through several administrations.

Chairman GILMAN. Thirty years and still learning.

Ms. LOWENGART. The reason for the timeline is that it historically takes between 12 and 24 months to get this letter written and negotiated interagency, so there isn't enough time left in this Administration to get it all the way through.

Chairman GILMAN. How long a time does it take to get a letter written?

Ms. LOWENGART. The last one took 18 months to get it negotiated. Written, it takes about a day.

Chairman GILMAN. It is a little faster than what we do up here, I guess.

Is the authority under discussion by the rightsizing committee?

WENDY CHAMBERLIN, PRINCIPAL DEPUTY ASSISTANT SECRETARY, INTERNATIONAL NARCOTICS AND LAW ENFORCEMENT AFFAIRS, U.S. DEPARTMENT OF STATE

Ms. CHAMBERLIN. No, sir.

Chairman GILMAN. Not under discussion.

What recommendations for changes in the Chief of Mission authority would you make to the next administration? Any of the panelists.

Ms. COHEN. We have not developed those yet. We are in the process of getting the report, and then over the summer and into the fall we will be implementing what we can and developing strong recommendations for the next administration. We agree with you that it is really an outstanding report, and our major objective is to see that additional studies don't get done but rather that implementation is carried forward.

Chairman GILMAN. We don't want to study this to death.

Ambassador Raspolic, what criteria are you using to evaluate the posts for the purposes of determining appropriate staff levels?

Ms. RASPOLIC. Mr. Chairman, that is a very interesting question because it has been the source of much discussion among our Committee Members. We have tried various criteria. We have tried to look at the mission's strategic goals which is—in bureaucratic terms—part of the mission performance plan. It is a document that is negotiated at every post around the world by the Ambassador and the various interagency members of the country team.

We have looked at the goals that have been given top priority at each individual post. Then we have looked at how the various agencies are selected to implement each of these goals and how a goal cuts across agency lines and what kind of cooperative effort is taking place at a given post. We have looked at whether or not a

post is providing regional services, because this directly affects their staffing, also.

We have looked at whether a post uses a process that was initiated by Ambassador Rohatyn in Paris, and that is the American presence post. Are they using satellite post activities? We have found this in two or three posts but in different variations.

In France, it is one American and two Foreign Service national employees at a given post, very low budget, very low key, and in most instances quite effective.

In India, they have been doing this for an even longer period, but it does not—in their implementation it does not involve an American officer. It is Foreign Service nationals who are running small outlying foreign commercial service operations, and then they report back to the local consulate.

It seems to be very, very effective; and it has proved very useful for American business overseas.

In Mexico, I believe, we saw some operations—some DEA activities in cities where there formerly had been a consulate, where the consulate has been closed but a DEA officer operates independently.

So there are many variations. These are all some of the criteria that we looked at, and this ultimately is what brought us back to what I had referred to earlier and that is that each post is so very different and so unique that we felt we could not simply sit back in Washington and apply some template that would be appropriate to all overseas posts.

Chairman GILMAN. Ms. Cohen, it seems to me it would be useful to institute some market forces such as a capital surcharge for agencies at posts noted in your statement and to make certain the Department captures the full cost of staff presence at the post. Presumably, that would influence the decision process of other agencies that are increasingly responsible for growth overseas. Do you think a capital surcharge or other like ideas would provide an incentive to encourage participation in rightsizing?

Ms. COHEN. Absolutely. We have support from the other agencies for such a concept as long as the first time we apply it they get a budget bump-up to cover the surcharge. But I think in the long run that would be money well spent for America. I anticipate that we would, with the Secretary's support, go forward with that recommendation in our budget proposals and our suggestions to the next administration.

One of the real problems we have is that space in our embassies is free to agencies. So when a department, and I won't mention any departments, decides to send five people to an embassy and then wants three Foreign Service nationals as support, they think only of the salary costs and not of the space. As you know full well, space in our embassies is unbelievably expensive because of the security requirements.

Chairman GILMAN. Speaking of security, recent press reports indicate that there are seven Ambassadorial nominees that have incurred over 100 security violations and infractions. What are your thoughts on that and what personnel actions should be instituted against those who commit egregious security violations? Do you think there ought to be a change in the regs that govern the ac-

tions taken against those individuals? Should there not be more severe consequences?

Ms. COHEN. Diplomatic security and personnel are in the process of working out again changes with the legal office right now. I think that the history of the State Department has been that the penalties have not been as clear as they should be, they haven't been applied uniformly, and in some instances they probably haven't been as stringent as they should be. But this is a different security environment and I anticipate we will have recommendations for action.

Chairman GILMAN. Thank you.

Mr. Houghton.

Mr. HOUGHTON. No questions, Mr. Chairman.

Chairman GILMAN. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman.

I am very interested, by the way, in what our Ambassador of France is attempting to do with the decentralized effort. Despite some of the people who aren't enthused about leaving Paris, I think that probably we are providing better and more effective service to our constituents, to business, and to interfacing with the French public.

Madam Under Secretary, I think your statement says you are recommending a capital surcharge to agents at post to assist with capital costs. You mentioned a personnel cost just a minute ago. What is the status of that recommendation and do you have an estimate of how much money this would generate for the Department?

Ms. COHEN. The status of that recommendation is that the FBO subcommittee of the interagency task force has, in a preliminary report, indicated that they will be strongly recommending a capital surcharge. We haven't had the final meeting, it will be held next week, but I anticipate that there will be a recommendation and that it will have interagency support. They may have numbers that give an estimate of that, but I don't have them today.

Mr. BEREUTER. What are your thoughts about creating an OPAP czar to oversee the OPAP's recommendation and track the Department's progress? Or are you the czar?

Ms. COHEN. Up here or down there? At the State Department?

Mr. BEREUTER. At the State Department.

Ms. COHEN. I am opposed to that. I am opposed to all these special things. I think there are people at the Department who have responsibility for whatever the specific things are, and they should be held accountable for implementing them. If you created a special czar, then I would have the opportunity to relax.

Mr. BEREUTER. I did not hear, unless you pursued it when I was out of the room, the issue of the Chief of Mission authorities. Did, in fact, you then ask for recommendations for changes in the Chief of Mission authority? You got their impressions of recommended changes in Chief of Mission authorities?

COUNSEL. They deferred.

Mr. BEREUTER. Are you in a position to give me an indication of what rank and file Foreign Service officers think about the recommendations of the report? For example, where might they take greatest exception or have the greatest concerns, if at all? I know

they are going to be generally supportive, but if you had to say where they had particular concerns, any, distinguished ladies, where would it be?

Ms. COHEN. If I can start, I would not speak for the Foreign Service. You will have Mark Grossman up here who is our new Director General of the Foreign Service and Director of Human Resources in a month or so. I have only been at the Department for 3 years and don't have the background, but I will say this.

We have had a town meeting where Lew Kaden came and talked about the report. We videotaped it. We sent it overseas. We sent the text of the report overseas. He has met with AFSA. My impression is, on the whole, it has very strong support because it is meant to strengthen the State Department and the Foreign Service and training and our attention to their personnel needs. There may be specific things that are at issue which he would address, but perhaps you have different ideas.

Mr. BEREUTER. Ambassador Chamberlin, you are our Foreign Service Officer. You can't speak for them all, but you can give your impression.

Ms. CHAMBERLIN. I can't speak for them all, but I can speak from 25 years of experience. As the newest member of this team, I am, I guess, the closest thing to an outsider on the OPAP team.

The Kaden report was not done haphazardly, and it was not done piecemeal. It was exhaustive. They even came to Laos.

Mr. BEREUTER. They even came to Capitol Hill.

Ms. CHAMBERLIN. Wow. They really reached far and wide to gather our thoughts and our impressions. Believe me, Foreign Service Officers around the globe offered very candid views. A year later, when I read the final report, I was extremely impressed. I was enormously impressed and can say personally I wouldn't be able to answer your question. I don't know what I would object to in that report. I am not just saying this because I am sitting next to Under Secretary Cohen. It is a personal view that I believe.

But to echo what you have said, implied in some of your questions, I think the rank and file's view would be, OK, we have seen a lot of these reports in the past. We would also like implementation. Because, let's face it, the results of this report would strengthen security and this means security for not only ourselves but our families. So I find support, but I would find a restlessness to see it implemented.

Mr. BEREUTER. Ambassador, would you care to comment?

Ms. RASPOLIC. If I can add a few words. I agree with what both of my colleagues have said.

I would also add, in our visits to posts overseas, we were struck by the enormously welcoming approach that every post had. Individual officers are very interested in sitting back and looking at how the Department works and how the Foreign Service operates and what can be done to improve it. These are thinking, intelligent individuals who understand that technology has changed the world, perhaps not as quickly within the Department. They are very, very interested in the idea of an IT subcommittee looking at these issues, and they see how it could be used to improve their own output. I think they are very, very interested in supporting OPAP.

Mr. BEREUTER. If I could switch questions on you, in particular, Ambassador, just as my final question here today at least, will the rightsizing group make recommendations about specific embassies that perhaps, given the qualified personnel we have spread around the world, should be downsized—actual embassies or consulates?

Ms. RASPOLIC. Sir, if I may say, I think our recommendations are a mixed bag, just as the initial report was. In some instances, we are recommending a downsizing in the sense of changing—eliminating some positions and transferring some positions overseas back to the United States to decrease or lower the official presence overseas. In a couple of instances, we are questioning whether or not these posts need more people to perform the many obligations that had been laid on them. So it will be some of each, I suspect.

Mr. BEREUTER. Do you think the way the world is evolving and with the information technology we have and with the multiagency reputation in our embassies today that the Ambassador's job is more challenging or that it is less manageable, that is, less attractive for a political appointee or for a career officer? Are you looking in any detail as a result of this data yet, the Ambassador's duties?

Ms. COHEN. I meet with almost every Ambassador who goes overseas or comes back to the United States, and they find it very challenging. They find it some of the most interesting work they have ever done, and it is very special in a foreign country to represent the United States. But, as a person, they are shocked when they get overseas to see the condition of our embassies, which I know you all have seen, to see the condition of our data processing equipment, to see that they have positions that they consider critical that go empty because we don't have people to fill them. So they are more challenged than they would like to be.

Chairman GILMAN. Would the gentleman yield for a point? What would it take to bring all our data processing equipment up to date in all of our embassies? It seems to me that is a basic tool we have today. Why can't that be a priority?

Ms. COHEN. It is a priority for us. That is why I mentioned the $17 million. I met with your staff yesterday. They cited I think it is the CSIS report that said it would take $400 million. My experience prior to the government is that you never really know the cost in data processing. That is why we wanted $17 million, to be able to implement two large embassies and a small embassy and then come back to you and say, all right, this is exactly what it will cost. It will be, a couple hundred million dollars. But as I said in my beginning statement and, I suppose after——

Chairman GILMAN. Let me interrupt you. It seems Microsoft could use a little goodwill these days. You might approach them. They are doing it for schools. Why not do it for our embassies? We go out and reach out to the art community to furnish the State Department. It seems to me that we could welcome some donations from the telecommunication industry.

Ms. COHEN. I defer to you, sir.

Chairman GILMAN. I defer to you. You are the czarina in charge of this.

Ms. COHEN. I have very strict, stringent fund-raising restrictions on me.

Chairman GILMAN. I think we ought to explore it. Mr. Houghton is in charge of mainstream business people. We will work with him and see what can be done in that direction.

But, seriously, it should be a priority and not just wait for an example of what happens in one embassy. These are serious problems in all of our embassies.

Ms. COHEN. Honestly, we really appreciate your support, all of your support. This is, for me, very refreshing to hear. This is a Department that needs investment, and I said at the beginning our diplomats are there ahead of the military, and it is hard to explain why there is as little investment as there is in our personnel——

Chairman GILMAN. Time we got rid of the smoke signals and got some real telecommunication.

Mr. Bereuter, any further questions?

Mr. BEREUTER. No. I would just say this is a Department whose overseas presence, as it is funded, is not worthy of this great country. I said that earlier. It is not, and it is getting relatively worse. Thank you, Mr. Chairman.

Chairman GILMAN. I want to welcome this update. I want to keep communication open with you on your recommendations and the implementation. Rightsizing has been talked about for years, and maybe we are finally getting some traction on that issue. Properly aligning our posts to the policy mission is fundamental to modernizing the State Department.

We thank our panelists for being able to be here. Sorry you were delayed today because of our markup. I want to thank our colleagues who stood with you to the end. Thank you.

The meeting stands adjourned.

[Whereupon, at 1:05 p.m., the Committee was adjourned.]

A P P E N D I X

JUNE 15, 2000

Opening Statement of Hon. Benjamin A. Gilman
June 15, 2000, 11:00 A.M.

Today we are continuing our hearings on the important recommendations of the Overseas Presence Advisory Panel. The panel's report, titled "America's Overseas Presence in the 21st Century" provided many useful and in some cases far reaching recommendations to improve the efficiency and effectiveness of the State Department and the conduct of diplomacy.

We started this series of hearings in February 2000 when we heard from the Panel members. At that time, and today, I believe the Panel highlighted important issues and we continue to support many of the recommendations as a means for creating a stronger State Department.

Mutual scheduling difficulties delayed hearing from the State Department until now. But, that is probably to our benefit as we will can discuss what has been done in the intervening months and as well as review the recent report on the right-sizing project. We want to see how you are measuring your progress on these recommendations.

Upon the release of the Panel's report the President announced that the Secretary of State would lead a cabinet committee to implement the recommendations on rightsizing. We have heard about the need for employing this management strategy of matching policy with resources for many years. It seems this the idea of "rightsizing" may finally be gaining traction because of the high level involvement of the White House and the State Department. I recognize that developing a rightsizing policy with its implications across government agencies is difficult. For this undertaking to be effective, it requires continued interest, and top level direction supporting interagency coordination with those agencies who have representatives overseas.

It is a given that diplomacy requires an overseas presence. Yet recent studies indicate that the State Department needs to modernize its domestic and overseas operations. There are reasons such as technology improvements, changing policy priorities, or security concerns that demand a reassessment of *how* that overseas presence is designed, who has the authority to manage these issues, and a need to articulate a mission with a results oriented perspective. State should have the lead in directing foreign policy structure, with a strong Chief of Mission authority.

A review of your statement indicates you are laying the groundwork for an incoming Administration. However, I also hope the Department and the White House will try to take some decisions so as not to delay necessary management improvements. I am interested in supporting those efforts, and intend to keep congressional interest alive so that the energy spent now will in fact be a worthwhile investment.

Having visited many posts, I know we have talented people who can adapt and probably would welcome a new approach to diplomacy and serving American interests as suggested by the Panel's report. Now, I would like to turn to our witnesses and have the chance to further discuss these issues.

Statement of Bonnie R. Cohen
Under Secretary for Management
U.S. Department of State
Before the House Committee on International Relations
June 15, 2000

Introduction

Good morning, Mr. Chairman and Members of the Committee. Thank you for the opportunity to appear before you to discuss the interagency efforts underway in response to the recommendations of the Overseas Presence Advisory Panel (OPAP).

Many experts heralded the end of the Cold War as ending the need for American global engagement. As the last ten years have demonstrated, the dramatic changes in the world's political and economic landscape have meant just the opposite. Today, we are confronted with a host of international problems that affect America's security and domestic welfare, from financial crises and the closing of markets to global environmental challenges, AIDS, terrorism, drug trafficking, and the spread of weapons of mass destruction. These foreign policy problems are national security challenges, and we must think about the work that we do to meet them in those terms.

Our overseas presence provides the essential underpinnings of our ability to defend America's security, to promote its prosperity, and to meet the new global challenges. OPAP's principal conclusion is stated in its November 1999 report: "The U.S. overseas presence, which has provided the essential underpinnings of U.S. foreign policy for many decades, is near a state of crisis. Insecure and often decrepit facilities, obsolete information technology, outmoded administrative and human resources practices, poor allocation of resources, and competition from the private sector for talented staff threaten to cripple our nation's overseas capability with far reaching consequences for national security and prosperity.... The condition of U.S. posts and missions abroad is unacceptable.... The Panel fears that our overseas presence is perilously close to the point of system failure."

This succinct statement accurately captures the seriousness of the situation we face, one which requires substantial reform in the way we deploy America's representatives overseas and adequate funding to support their work. To put this in national security terms, we are face-to-face with a crisis of "diplomatic readiness." If we do not address the problems OPAP outlined, then, just like the Armed Forces in the early 1970s, we risk relying on an ineffective, "hollow" diplomatic force to defend America's interests. The consequences would be serious:

- less effective representation and advocacy of US interests abroad;
- a loss of US exports, investments, and jobs;
- inadequate political and economic information, leading to unexpected crises;
- less effectiveness in promoting democracy and the rule of law;
- a weakening of the fight against international terrorism and drug trafficking; and
- a failure to provide US citizens traveling abroad with the assistance they need.

We recognize that substantial reform is required to restore diplomatic readiness and rebuild our hollow diplomatic forces. Well before the OPAP report's release, we at the Department of State were working to adapt our foreign policy institutions to a new era in which the international political and economic landscape has changed, security threats are unpredictable, many USG agencies are represented overseas, and the use of modern technology is essential. In recent years, we have undertaken an historic reorganization of the foreign affairs agencies, integrating the Department of State, the United States Information Agency, and the Arms Control and Disarmament Agency into a single institution, and strengthening the relationship between the Secretary of State and the United States Agency for International Development. We have placed increased stress on the protection of our employees and their families, improved training, upgraded communications, increased our emphasis on public diplomacy, and reached out to groups such as OPAP for independent advice.

We welcomed OPAP's emphasis on the urgency of improving our overseas mission infrastructure and capital plant, the importance of investing in human resources, and the

indispensable nature of universal representation. We strongly agreed with the Panel's focus on the need to ensure stronger interagency teamwork under chiefs of mission abroad and the President and the Secretary of State at home.

Supporting America's diplomacy in the 21st century requires more than reform. It requires resources. The percentage of the US budget devoted to international affairs has been declining for four decades. The international affairs budget is now about 20 percent less in today's dollars than it was on average during the late 1970s and the 1980s. In this context, OPAP's conclusions are hardly surprising. While more money is not a substitute for an effective foreign policy, an effective foreign policy will simply be impossible without more money. Spending on foreign affairs is spending for America's national security. We must develop a national consensus that sees the international affairs budget as part of our national security budget and provide the resources to support the diplomacy America must have to meet the new challenges of the 21st century.

OPAP made recommendations in eight areas: right-sizing America's overseas presence, facilities, human resources and training, information technology, consular services, administrative services, ambassadorial authority, and security. Under Secretary Albright's leadership, we have spent the months since the report's release looking at all the recommendations, in consultation with the other Cabinet Secretaries whose agencies operate from US diplomatic facilities worldwide.

Our response to the OPAP report is not simply a Department of State initiative. We are approaching it on an interagency basis with input from OMB, particularly in the three key areas of right-sizing, capital needs, and information technology. We could not ask for better cooperation from our colleagues in other agencies. In the monthly interagency OPAP meetings, I have been very impressed by the interest, enthusiasm, and commitment that participants from all the agencies bring to this process. In April, Secretary Albright met with her Cabinet colleagues to brief them on our interagency efforts and to enlist their support.

I am pleased to give you an update today on our efforts. We are making good progress overall in addressing the core issues OPAP raised. We must keep in mind, however, that it will take time to reverse unacceptable trends and correct deficiencies. Much of what we are now doing lays the groundwork for the next Administration and Congress.

Let me address each area of the OPAP report in turn.

Right-sizing

OPAP recommended creating a process "to right-size our overseas presence, reduce the size of some posts, close others, reallocate staff and resources, and establish new posts where needed."

We agree with OPAP that the right-sizing recommendations are a critical element in implementing an overarching framework to guide the allocation of interagency staff and resources in our overseas posts. The President supported these recommendations in his February statement on OPAP. We need to take into account new foreign policy priorities such as law enforcement and trade issues and new methods of communication like the Internet.

To implement the recommendation on right-sizing, early this year we formed an interagency committee. The committee visited six US missions that agreed to serve as pilots: Amman, Jordan; Bangkok, Thailand; Mexico City, Mexico; New Delhi, India; Paris, France; and Tbilisi, Georgia. The purpose of the pilot studies was to make recommendations for right-sizing those posts and to determine if it were possible to develop decision criteria that could be applied universally at all posts.

One thing that impressed the teams visiting the six missions is the validity of OPAP's conclusion that "a universal, on-the-ground overseas presence is more critical than ever to the nation's well-being." They came away with a clear sense of the importance of the

work USG agencies are doing overseas. While "right-sizing" will in some instances permit staff reductions, the term is not synonymous with "down-sizing." In some locations right-sizing may lead to a reduction in staff. True right-sizing, however, may well require new staffing and new resources at posts that are currently ill-equipped with both.

In terms of the size of agency and department staffs overseas, committee members found that their departments and agencies had spent the 1990s coping with budget cuts which forced severe staffing adjustments. All had been doing their jobs in a no-growth budget environment which continues today.

The right-sizing committee concluded that an Interagency Overseas Presence Board should be established to provide a forum in which major overseas programmatic changes with staffing implications could be reviewed. This senior interdepartmental board would provide advice to the agency proposing the change, and to the concerned Chief of Mission. The interagency committee believes the new board should look at selected posts for right-sizing. These posts could be chosen at the request of a Chief of Mission; at the request of any of the departments or agencies represented on the board; on the occasion of major planning events such as final preparations for construction of new chancery office buildings, or for other reasons as the board itself might determine.

Facilities

In its visits to 23 posts, OPAP "saw numerous facilities that lacked adequate security and were poorly maintained, overcrowded, and inefficient." OPAP identified the causes as factors such as inadequate funding levels and the lack of cost sharing among agencies. The Panel recommended major changes in the way the US Government builds, renovates, maintains, finances, and manages our overseas diplomatic facilities. As OPAP pointed out, 88% of our overseas facilities do not meet current security standards. The challenge of beginning to correct that situation will require many new office buildings and chanceries, as well as a major commitment of resources. We project a price tag of over

$15 billion over the next 10 to 15 years to acquire the sites and to design and construct new buildings and a significant requirement for additional funds for facility operation and maintenance.

We have established an interdepartmental Subcommittee on Overseas Facilities, chaired by the Department of State, to provide a forum to identify and implement secure facility solutions for our representatives overseas. It will recommend new construction and renovation project requirements and priorities and promote improved coordination, communications and cooperation in the planning, design and construction of new overseas facilities and in the efficient use, renovation and maintenance of existing facilities. It will serve as a forum to obtain customer feedback and to resolve significant customer concerns regarding the Department's overseas facilities. Finally, it will help to identify and implement solutions to the long-standing problem of ensuring adequate, predictable funding levels for the construction, renovation and maintenance of overseas facilities.

We have also looked carefully at how to address OPAP's proposals on the Office of Foreign Buildings Operations' organizational structure. OPAP proposed replacing A/FBO with an Overseas Facilities Authority (OFA) using a performance based organization (PBO) management structure to manage the USG overseas capital assets. It further recommended the creation of a Board of Governors to govern the OFA and for the OFA to report to the Secretary of State. Recommendations are being finalized and will be submitted upon completion of the interagency review process.

Information Technology

The thrust of OPAP's information technology (IT) recommendations was to put all overseas USG employees from all agencies on common unclassified and classified computer and telecommunications platforms to enable interagency collaboration. We have wanted that for a long time. Within State we have already made considerable progress, such as with the worldwide deployment of our ALMA system.

As part of the right-sizing effort, we established an Interagency Technology Subcommittee, chaired by the Department of State's Chief Information Officer, with membership drawn from those Cabinet Departments that have a significant presence overseas. The interagency cooperation and collaboration exhibited has been extraordinary. To date, the subcommittee has developed architectural concepts for a common IT platform and a Knowledge Management system. It identified best practices and saw demonstrations of Knowledge Management systems at government agencies (Defense Intelligence Agency, Navy, and General Services Administration) and in private industry (KPMG, PriceWaterhouseCoopers, and AMS).

With timely and sufficient funding, next year State, in cooperation with the IT Subcommittee, plans to conduct a pilot program at the US missions in Mexico and India to demonstrate how the common IT platform and a knowledge management system would work.

The President's FY 2001 budget includes $17 million in support of the recommendation for a common information technology platform overseas. Under the proposal the Department of State would fund all costs associated with the pilot program, including establishing the appropriate backbone for a common platform. After the pilot program, continued Congressional support will be needed for the State Department and other agencies in future years for full global implementation of OPAP IT solutions and for IT life cycle costs.

Human Resources and Training

As the Secretary of State has said, and the OPAP report reaffirmed, the core of our overseas presence is a talented, highly trained, dedicated, and motivated staff. The men and women serving at our posts overseas are on the frontlines; they are protecting America's security, promoting its prosperity, and helping its citizens every day. I want to

take this opportunity to thank them for the risks they take and the hard work they do. They have earned our gratitude and deserve our support.

The OPAP human resources recommendations echoed those of the 1999 "War for Talent" report McKinsey and Company prepared for the Department of State. Both studies make clear that leading and supporting America's diplomacy in the 21st century will not be the same task it has been for the past 50 years. To be effective, we must change from an organization whose main job is to observe and report into an organization that promotes America's interests, tells America's story, and confronts new dangers to our democracy and prosperity. To get ready for the 21st century, to meet these challenges, we must focus on our people. We must recruit, train, and retain the best. We must provide them opportunities to succeed early in their careers and reward them when they do.

The Department of State has taken a number of steps to address issues raised by the OPAP report and the "War for Talent" study. We continue to pursue a variety of initiatives focused on recruitment, promotion, and quality of life issues. We have:

- begun to develop new human resource planning models that will allow the Department to meet future workforce needs;
- Negotiated bilateral work agreements with 126 nations in order to enhance the employment opportunities for spouses of employees working overseas;
- implemented a pilot Alternative Examination Program to broaden and diversify the pool of Foreign Service Officer candidates; and
- developed a pilot 360 evaluation process, which we will use in the assignment process.

These initiatives are important first steps in making sure our "diplomatic readiness" is at a level it needs to be to make sure American diplomacy is ready for the 21st century.

The OPAP report also correctly underscores the importance of training. The Foreign Service Institute (FSI) offers more training than ever before. In addition to expanding language, area studies, and tradecraft training, FSI has increased training for Office

Management Specialists and foreign national personnel. Just yesterday, I co-chaired with Under Secretary Pickering the inaugural symposium for FSI's new School of Leadership and Management Training. We have expanded "distance learning" that permits employees to receive training in the field as well as at FSI, with particular emphasis on providing training for IT professionals. OPAP emphasized the need to better utilize our cadre of foreign national employees, and FSI has significantly increased professional training for these employees. Currently, we have underway an outreach program to make other agencies aware of the training we can offer their employees and families as they prepare for their overseas assignments. Further, we agree with OPAP that all employees and their family members – regardless of employing agency – must receive required security training before reporting to post for an overseas assignment.

Success will also require that we address larger workforce structure problems highlighted by the OPAP recommendations on training: we do not have enough people to do the job America expects us to do every day and have people train for their next responsibilities. We choose between getting today's job done and training for the future. We need to fix this or we will have a "hollow diplomatic force." We must work to make sure that we have the personnel resources to allow the Department to meet critical staffing needs and provide training. This is a "best practice" from our colleagues in the Armed Forces that we should apply to the Department of State.

The President's FY 2001 budget includes $3 million to support OPAP-related training initiatives. We see this as a down payment on training improvements to meet OPAP goals. Our goal should be to eliminate the need to choose between getting today's job done and training for the future. To do that, OPAP points out, we will need a workforce structure that takes "into account the 10 to 15 percent of employees who will be in training or travel status at any given time."

Consular Issues

OPAP recommended increased staffing flexibility covering consular positions to meet surges in service demand; permanent retention by the Department of State of all fee-generated consular revenue, uncoupled from the Department's overall obligation authority; continued improvements in customer satisfaction; and an expanded best-practices program.

We welcomed OPAP's proposal that State retain all fee-generated consular revenue. We will discuss the OPAP fee retention recommendation with OMB within the context of the budget process.

State is also studying OPAP's recommendation to transfer the control of consular positions overseas from the regional bureaus to the Bureau for Consular Affairs. This is an issue that we have previously considered. There are good arguments both for retaining the current organizational structure and for moving the positions to the control of Consular Affairs. We have not yet made a decision on the final disposition of this recommendation.

The Bureau of Consular Affairs continues to pursue the customer service initiatives and the best-practices program already underway at the time the OPAP report was prepared. We take enormous pride in noting that Consular Affairs is ranked in the top quintile of customer satisfaction by the American public, as tracked by the National Partnership for Reinventing Government Review Initiative. OPAP's endorsement of these efforts is well-deserved.

Ambassadorial authority

OPAP made several useful recommendations related to chief of mission authority, including reform of the mission performance planning (MPP) process, an enhanced interagency role for deputy chiefs of mission (DCMs), and greater flexibility in the organizational structure of diplomatic posts. Given the time required to complete

interagency review and coordination, we will defer new documentation outlining COM responsibility and authority until next year, when it can be carried out as part of the normal transition to the new administration.

Security

I have left to last the very important issue that helped bring OPAP into being: security. OPAP fully endorsed the recommendations of the Accountability Review Boards (ARBs) that looked at the August 1998 bombings of the US embassies in Nairobi and Dar es Salaam. This includes the need worldwide for sustained investment in capital improvements, operational security upgrades, and maintenance.

The Department of State accepted the ARB's recommendations after their 1999 release and welcomes OPAP's endorsement of them. We continue to make solid progress toward full accomplishment of the ARB recommendations. We support OPAP's call for a "pro-security culture," including expanded security training for employees and their families. As never before, we are making the point that security is the responsibility of all employees, underscored most recently by the Secretary's "town hall" meeting on security.

We have made progress with bipartisan support for the funding we have. Yet the risk is still there. Last year, for example, we had 128 incidents of surveillance detection and 397 threats attributed to Usama Bin Ladin. The President's FY 2001 budget request for the Department of State seeks over one billion dollars for post security initiatives, including $500 million for new diplomatic facility construction, $200 million for additional steps to protect existing buildings from terrorist attack, and $344 million for maintaining and enhancing operational security. We are also requesting an advance appropriation through FY 2005 totaling $3.35 billion to ensure we can continue these necessary efforts.

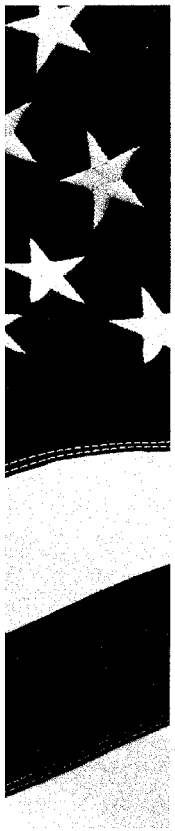
Conclusion

We have many initiatives underway in response to the OPAP report. When implemented, the changes OPAP recommended will modernize and better position America to conduct foreign policy in the 21st century and attract and keep the brightest talent. The OPAP report has given this and future administrations a valuable roadmap for building the sort of overseas presence that will meet America's needs in the new century. If we are going to make these initiatives a success they must be adequately funded. Turning the current situation around – something we all know must be done – can't be done for free.

Some have questioned whether we are tying the next Administration's hands by moving forward on several of these proposals now. I see it as an issue of good governance. OPAP made many good recommendations that make sense regardless of who occupies the White House or who controls the Congress. It would be simple for us to ignore the OPAP report and let our successors deal with it – or not – next year. I do not think, however, that that is an acceptable choice for us now or a helpful choice for those who will come after us.

As a final note, I want to emphasize again that this is a State-led effort but not a State-only effort. We are very pleased with the very active involvement of our colleagues in other agencies.

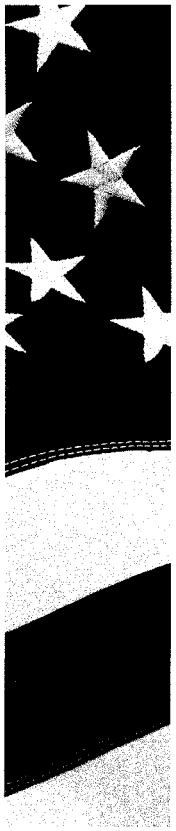
I welcome your questions.



Overseas Building Program

Forty New Posts in the 1990s

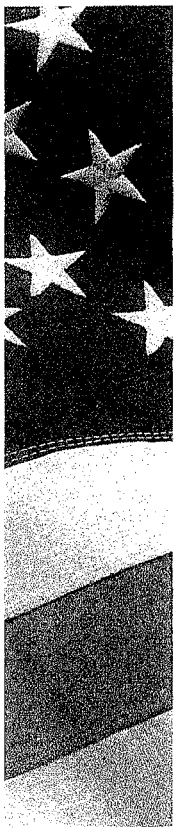
Abuja, Nigeria • Almaty, Kazakstan • Ashgabat, Turkmenistan • Asmara, Eritrea • Baku, Azerbaijan • Banja Luka, Bosnia • Bishkek, Kyrgyzstan • Bratislava, Slovakia • Chisinau, Moldova • Cluj-Napoca, Romania • Douala, Cameroon • Dushanbe, Tajikistan • Dusseldorf, Germany • Hanoi, Vietnam • Ho Chi Minh City, Vietnam • Kiev, Ukraine • Leipzig, Germany • Ljubljana, Slovenia • Luanda, Angola • Lyon, France • Minsk, Belarus • Mogadishu, Somalia • Mostar, Bosnia • Nagoya, Japan • Nogales, Mexico • OSCE Vienna, Austria • Phnom Penh, Cambodia • Pristina, Serbia-Montenegro • Riga, Latvia • Sarajevo, Bosnia • Skopje, F.Y.R.O.M. • Tallinn, Estonia • Tashkent, Uzbekistan • Tbilisi, Georgia • Tirana, Albania • Vilnius, Lithuania • Vladivostok, Russia • Windhoek, Namibia • Yekaterinburg, Russia • Yerevan, Armenia



U.S. Government Overseas Presence by Agency

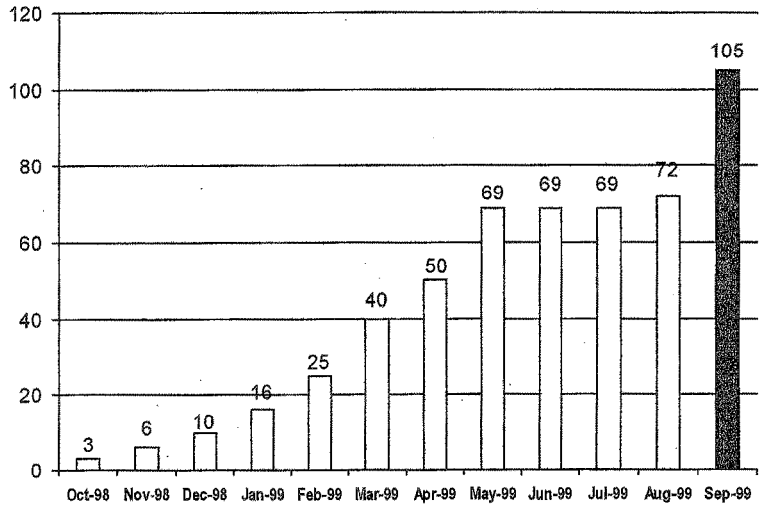
State	**42%**	**Treasury**	**2%**
Defense	**37%**	**Peace Corps**	**1%**
USAID	**6%**	**Agriculture**	**1%**
Justice	**6%**	**Commerce**	**1%**
Transportation	**3%**	**Other**	**1%**

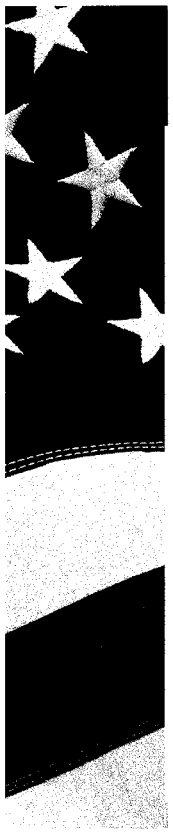
Source: Department of State for FY 1998
(The Report of the Overseas Presence Advisory Panel)



Foreign Service Institute (FSI)

Crisis Management Exercises in FY 1999





A/FBO Capital Appropriations: FY 1983 - 2000
(Excludes Moscow)

