

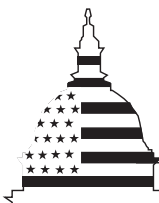
GAO

Report to the Ranking Minority
Member, Committee on Foreign
Relations, U.S. Senate

November 2001

OVERSEAS PRESENCE

More Work Needed on Embassy Rightsizing



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United States General Accounting Office
Washington, DC 20548

November 27, 2001

The Honorable Jesse Helms
Ranking Minority Member
Committee on Foreign Relations
United States Senate

Dear Senator Helms:

During 2000, an interagency effort led by the Department of State began to assess staffing of U.S. embassies and consulates to determine whether there were opportunities to improve mission effectiveness and reduce security vulnerabilities and costs by relocating staff. This process, called “rightsizing,” was initiated in response to the November 1999 recommendations of the Overseas Presence Advisory Panel (OPAP).¹ In the aftermath of the August 1998 bombings of U.S. embassies in Africa, OPAP determined that overseas staffing levels had not been adjusted to reflect changing missions and requirements; thus, some embassies and consulates were overstaffed, and some were understaffed. OPAP viewed the rightsizing of overseas posts as an essential component of an overall program to upgrade capabilities of embassies and consulates, and it recommended that rightsizing be a key strategy to improve security by reducing the number of embassy staff at risk. In addition, OPAP recommended the establishment of a permanent committee to regularly adjust the U.S. presence to U.S. goals and interests, and the adoption of explicit criteria to guide decisions on the size and location of posts. The September 11 terrorist attacks and subsequent reports of planned attacks against U.S. embassies have further highlighted the importance of rightsizing as a tool to lessen security vulnerabilities.

To move the rightsizing process forward, an interagency committee led by the Department of State conducted pilot studies at six embassies in 2000 to (1) develop a methodology for assessing staffing at all other embassies and consulates over the next 5 years, and (2) recommend adjustments, if necessary, to staffing levels at the pilot study embassies. In response to

¹ *America's Overseas Presence in the 21st Century*, Report of the Overseas Presence Advisory Panel (U.S. Department of State, Nov. 1999). OPAP was established by the Secretary of State following the 1998 embassy bombings in Nairobi, Kenya, and Dar es Salaam, Tanzania, to consider the organization of U.S. embassies and consulates.

your request, we are providing information on the scope of work and results of the pilot studies.

Results in Brief

The interagency committee formed teams comprising representatives from about 10 agencies that visited U.S. embassies in Amman, Jordan; Bangkok, Thailand; Mexico City, Mexico; New Delhi, India; Paris, France; and Tbilisi, Georgia, between March and May 2000. These diplomatic posts were selected because of their size, complexity, and broad geographical coverage. The interagency teams did not have written guidelines, and according to agency representatives, the teams did not systematically assess staffing at the pilot posts. The teams focused on obtaining the views of the ambassador and agency officials at each post regarding the need for rightsizing, and on obtaining information concerning what each agency does at the post, how each agency coordinates its programs, and how its staff are used. The teams spent 2 to 5 days at each location—too little time, according to study participants, to fully assess workload issues or to consider alternative ways of doing business.

The six pilot studies did not result in a methodology for assessing staffing levels at all embassies and consulates, as had been anticipated. In a June 2000 report to the Department of State's Under Secretary for Management, the interagency committee said it was not practical to develop a methodology with explicit criteria for determining overseas staffing levels at all posts because each post has unique characteristics and requirements. Contrary to the recommendations of the Overseas Presence Advisory Panel, the committee's report also questioned the need for rightsizing and establishing a permanent committee to adjust U.S. presence as OPAP had recommended. The report did recommend the relocation of the regional financial centers in Paris, France, and Bangkok, Thailand. In addition, it identified instances where additional study was needed to determine whether staff levels should be adjusted. If it is feasible to reduce staff levels at some embassies, for example by relocating some activities to the United States or regional centers, we believe it may be possible to reduce security vulnerabilities. In early August 2001, the Department of State issued its Final Report on Implementing the Recommendations of the Overseas Presence Advisory Panel.² State's report said that the interagency committee did not produce

² Report pursuant to the Conference Report accompanying the Departments of Commerce, Justice, and State, the Judiciary, and Related Agencies Appropriations Act, 2001, as enacted in PL 106-553.

major recommendations for change, except for the relocation of the regional financial center in Paris. The report did not comment on other conclusions or recommendations made by the study teams concerning the pilot study embassies. But it stated that the administration will make rightsizing a priority goal. On August 25, 2001, the President announced that the rightsizing of embassies and consulates would be one of 14 initiatives in the President's Management Agenda.³ The Office of Management and Budget is currently formulating a strategy for leading this initiative. In view of ongoing terrorist threats, the rightsizing of embassies and consulates has become a critical issue for the U.S. government.

Background

OPAP was established by the Secretary of State following the August 1998 bombings of U.S. embassies in Nairobi, Kenya, and Dar es Salaam, Tanzania. The panel was formed to consider the future of U.S. overseas representation, to appraise its condition, and to develop practical recommendations on how best to organize and manage embassies and consulates. Citing weaknesses in security, infrastructure, technology, human capital, and management, OPAP concluded that the U.S. overseas presence was "perilously close to the point of system failure." OPAP made recommendations in eight areas,⁴ including that of creating the right size and location for U.S. overseas presence. A key OPAP theme stressed that a rightsizing process should consider the relationship between embassy size and security. Specifically, OPAP recommended that rightsizing be used to reduce the number of people at risk overseas.⁵

OPAP made five additional recommendations regarding the size and location of overseas posts:

- Rightsize the U.S. overseas presence; reduce the size of some posts, close others, reallocate staff and resources, and establish new posts where

³ This agenda is the President's strategy for improving the management and performance of the federal government, announced on August 25, 2001.

⁴ The eight areas are security, size and location of posts, management of overseas buildings, human capital, technology, consular services, administrative services, and the role of the ambassador.

⁵ The *Report of the Accountability Review Boards on the Embassy Bombings in Nairobi and Dar Es Salaam* (Department of State, Jan. 1999) also concluded that the United States should consider reductions in the size and number of its embassies as a means of reducing security vulnerabilities.

needed to enhance the American presence where the bilateral relationship has become more important.

- Form a new Interagency Overseas Presence Committee—a permanent committee to regularly adjust U.S. presence to U.S. goals and interests.
- Adopt explicit criteria to guide size and location decisions.
- Support the concept of small posts.
- Encourage ambassadors to initiate rightsizing.

OPAP also recommended that some administrative services be performed at regional centers or in the United States—actions that would lessen the need for administrative staff at some posts, thereby reducing security vulnerabilities.

In February 2000, President Clinton directed the Secretary of State to lead an interagency effort to implement OPAP’s recommendations. In a March 2000 report to the Congress,⁶ the Department of State said that the interagency committee planned to complete pilot studies by June 2000 to assess staffing levels, to recommend necessary changes at the study posts, and to develop decision criteria applicable to subsequent rightsizing reviews to be conducted at all overseas posts over a 5-year period.⁷ State anticipated that reviews at half the posts (about 130 posts) would be completed within 2 years.

Scope of Work for the Pilot Studies

In early 2000, State organized an interagency rightsizing committee representing key agencies, including the Departments of Agriculture, Commerce, Defense, Transportation, Energy, Justice, the Treasury, and State; the intelligence community; and the U.S. Agency for International Development (USAID). Pilot studies were conducted at six embassies—Amman, Jordan; Bangkok, Thailand; Mexico City, Mexico; New Delhi, India; Paris, France; and Tbilisi, Georgia, from March to May 2000. Teams with representatives from State, the intelligence community, Defense, Justice, USAID, and the Treasury visited all six posts; officials from other agencies made some of the trips. These embassies were selected because

⁶ Report on Overseas Presence (Department of State, Mar. 2000) pursuant to section 607 of the Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001, as enacted in the Consolidated Appropriations Act for Fiscal Year 2000 (Public Law 106-113).

⁷ State maintains a worldwide network of operations at about 260 overseas posts and supports the activities of about 30 other U.S. agencies.

of the complexity of their missions and because they represented broad geographical and agency coverage.

The Department of State told us that the interagency teams did not have written guidelines. Moreover, according to agency representatives who participated in the studies, the teams did not systematically assess staffing at the pilot posts. According to the former interagency committee leader, the teams attempted to use the criteria that OPAP suggested for making staffing decisions, but found that the criteria were too broad to guide determinations on specific post size.⁸ Prior to travel, the teams reviewed each embassy's Mission Performance Plan describing objectives and priorities. In addition, the Department of State directed the teams to draft a list of general questions that linked staffing to the goals and objectives laid out in each embassy's Mission Performance Plan, as a discussion guide.⁹ At each embassy, the teams received a briefing from the ambassador and then concentrated on interviewing key agency representatives, to obtain information and opinions on agencies' staffing levels and workload.

The teams spent a few days at each post. For example, a team was in Tbilisi for 2 days, Paris for about 3 days, and Mexico City for 5 days. Some team members and representatives of the interagency rightsizing committee told us that 2 to 5 days at an embassy was too little time to permit detailed analysis of workload or to fully explore alternative ways of conducting business, such as regionalizing operations or outsourcing administrative functions.¹⁰ This is partly attributable to the size and complexity of embassy operations at the posts visited. Four of the embassies—Bangkok, Mexico City, New Delhi, and Paris—are among the largest and most complex in the world.¹¹ Though smaller, the remaining two embassies both have substantial numbers of U.S. and foreign national employees, from multiple agencies. The ambassador who led three of the pilot studies told us that a comprehensive review of staff levels would take

⁸ OPAP provided suggested criteria dealing with issues in five areas: U.S. strategic goals, overriding interests, threat factors, host-country environment, and adjustment factors.

⁹ The Department of State was unable to locate the list of questions used at each pilot study post.

¹⁰ OPAP recommended the increased use of regional operations for administrative functions, to reduce posts' staffing requirements and to save money.

¹¹ The embassy in Paris, for example, reported about 700 employees on board as of September 30, 2000, including about 300 U.S. and 400 foreign national employees.

much longer than the 2 to 5 days the teams spent at the embassies, and that the pilot studies were not designed for that purpose. However, he believed that the length of visit was sufficient to identify potential functions that warranted additional study to determine if staffing levels should be adjusted.

Results of the Pilot Studies

The interagency committee's June 2000 report to the Under Secretary of State summarizing results of the pilot studies concluded that it was impractical to develop a staffing methodology that would be applicable to all posts, as OPAP had recommended, because no two posts are sufficiently similar. In addition, the report questioned the need for additional rightsizing of overseas posts, stating that agencies had adjusted staff levels during the 1990s in response to budget constraints to ensure that only the most essential overseas functions were performed. As a result, the report concluded that agencies had already performed rightsizing.

The report also concluded that planned rightsizing reviews of additional posts over 5 years should not be conducted, as the benefits of rightsizing may not outweigh the costs of conducting the reviews. Regarding OPAP's recommendation to establish an interagency board to review staff levels at overseas posts, the committee's report concluded that an interagency advisory board could be helpful as a forum to discuss programmatic issues with major overseas staffing implications and to provide informal and nonbinding advice to agencies and ambassadors. However, some agencies opposed the establishment of an interagency board, even on an advisory basis, because they believed it was unnecessary and would limit agency independence in making staffing decisions.

Although the interagency committee did not recommend major changes in staff levels as a general theme in its June 2000 report, it did recommend that the regional financial service centers in Bangkok and Paris be relocated to the United States,¹² and that several other potential opportunities for staff level reductions be explored. In addition, the report raised concerns about heavy embassy staff workloads, an issue not

¹² Discussion regarding the need to consolidate the Department of State's financial service centers dates back to the early 1990s. In October 1999, prior to the pilot studies, the Congress directed State to determine whether some or all of the functions of the Paris Center could be transferred to State's Financial Service Center in Charleston, South Carolina. In December 2000, State decided to relocate most of the functions of the Paris center and certain functions of the Bangkok center to Charleston.

specifically addressed by OPAP. According to the committee's report, an expanded American role in promoting and protecting U.S. interests overseas has imposed a dramatic and often overwhelming burden of work and responsibility on embassy staff. The committee found a common perception at each post that "Washington's demands for reports, demarches, and other initiatives are numerous, un-prioritized, unrealistic, and insatiable." The report also noted concerns about the ambassador's ability to manage embassy staff and resources, noting that several ambassadors had indicated reluctance to challenge staffing levels of non-State agencies.

The summary report also endorsed the initiation of separate interagency law enforcement pilot studies that the Attorney General had recommended in April 2000. These studies were intended to determine a methodology for deciding the appropriate type and number of law enforcement personnel to be assigned overseas, and to review the law enforcement policy role and staffing requirements at U.S. diplomatic missions. As part of this pilot, the law enforcement working group visited Mexico City, Bangkok, and Paris. State officials are unclear as to how the results of the working group will eventually affect staffing levels or rightsizing efforts.¹³ They noted, however, that law enforcement agencies have significantly increased their presence at a number of overseas posts in recent years.

Table 1 summarizes the observations and conclusions for each post contained in the summary report on the pilot studies.

¹³ The law enforcement working group identified several factors that should be considered in determining the size and composition of law enforcement staff at overseas posts. These included transnational crime threat, non-crime control policy interests, host-nation law enforcement capability, host-nation commitment, geographic area of coverage, the role of U.S. law enforcement at post, the constraints of resources and security, and overlapping missions. In March 2001, State cabled posts having significant narcotics or crime control programs, or those whose countries posed significant narcotics or crime threats to the United States, asking them to produce comprehensive law enforcement coordination plans covering 3 years. These plans were to be developed in line with post mission plans, an approach to rightsizing endorsed in State's August 2001 response to OPAP.

Table 1: Key Observations and Conclusions for Each Embassy Visited

U.S. Embassy	Observations and Conclusions
Amman, Jordan	The post does not offer any reasonable opportunity for staff reductions, and an expansion of law enforcement and military assistance staff levels may be needed. USAID's ability to manage a vastly expanded program with no increase in U.S. direct hire staff may be a model for other posts.
Bangkok, Thailand	In the interests of decreasing overseas presence, the regional financial service center, employing 8 U.S. direct hires, 4 contractors, and 103 foreign service national staff, should be relocated to the United States. The Department of Defense has a substantial presence at the embassy (more than 300 U.S. and foreign national staff), and a senior Defense official intends to review the staffing of certain components to identify potential opportunities for consolidation. A separate rightsizing study of law enforcement agency representation should be considered.
Mexico City, Mexico	All mission staffing should be reviewed, particularly administrative functions, to determine if it would be appropriate to convert some American positions to local national personnel. Development of a personnel classification system should be expedited to abolish or reprogram some foreign national positions. Also, a separate study of law enforcement agency staffing and activities should be conducted.
New Delhi, India	Modest growth in staffing levels is expected. The post would be a good choice for a separate project on improving information technology.
Paris, France	The ambassador believes that embassy staffing could be cut. The regional financial service center, employing about 120 personnel, should be relocated to the United States. The post should prepare a plan to implement its suggestion to centralize processing for all euro currency-based vouchers in the region. This project should result in the savings of several administrative staff positions within European posts.
Tbilisi, Georgia	Although workload is high, staff levels are reasonable, given the limitations posed by an already overcrowded embassy building, security concerns, and weak logistical support. Post size tripled between 1998 and 2000.

Source: GAO analysis of the pilot studies' summary report.

Regarding staffing in Paris, the interagency committee's report noted that the ambassador had testified to the Congress that staff could be significantly reduced, but had not recommended which specific positions should be eliminated.¹⁴ The report recommended that the ambassador identify specific positions for elimination by September 2000. In addition, an informal "lessons learned" paper, prepared by the study team, suggested that staffing in Paris should be the subject of urgent, interagency review with a view toward reducing work demands, privatizing some administrative positions, and moving some functions to the United States. The ambassador who led the pilot study team said that reduction of work demands could be achieved if the White House, through the Office of Management and Budget, established relative policy priorities

¹⁴ Testimony of the Honorable Felix G. Rohatyn, U.S. Ambassador to France, before the House Committee on Appropriations, Subcommittee on Commerce, Justice, State, and Judiciary, on April 12, 2000.

and questioned, and perhaps overrode, staffing decisions made by individual agencies. The study team also cited examples of work that may not need to be performed in Paris, or that could be privatized, including some translation services and reporting on information available in public sources. In addition, the team noted that there may be ways to reduce the amount of embassy staff time spent in supporting the large number of official visitors.

After the pilot studies were completed, the ambassador at the U.S. Embassy in Paris asked headquarters agencies to review workload requirements, with a view toward reducing workload so that rightsizing could take place. In October 2000, State provided guidance to the ambassador on work requirements and priorities for the embassy. In November 2000, the ambassador said that this guidance would not permit him to reduce staff, as it would not be fair to cut staff and ask the remaining staff to take on an undiminished workload. Although the ambassador expressed disappointment in this effort to identify potential workload and staff reductions, he reiterated his position that staff reductions were needed in view of security concerns at the post, and in the interest of achieving operational efficiencies. The concern regarding embassy security in Paris was attributable to the absence of “setback” from public streets, making the embassy highly vulnerable to terrorist attack.

According to Department of State officials, the departure of the ambassador in late 2000, the November 2000 U.S. elections, and the change in administrations detracted from follow-up on the potential rightsizing actions in Paris, as well as on the rightsizing committee’s observations and conclusions concerning the other pilot posts. However, the current administration has made the embassy rightsizing process a priority by including it as one of the President’s management initiatives, and it may revisit the observations of the pilot studies as a part of this process.

State’s August 2001 Final Report on Implementing the Recommendations of the Overseas Presence Advisory Panel agreed with the recommendations of OPAP to rightsize the overseas presence, rather than with the positions taken in the interagency committee’s report on the pilot studies. State’s final report also stated that the administration will analyze and review overall U.S. government presence and will develop a credible and comprehensive overseas staffing allocation process. However, it did not include a timetable for implementation or indicate whether more reviews of staffing issues at specific posts will be conducted. State’s report

mentioned only one specific action taken that would directly affect staff levels at the pilot posts—the relocation of the Paris Regional Financial Service Center to Charleston, South Carolina, proposed by Congress prior to the pilot studies. State did not indicate any additional rightsizing actions taken or planned for the embassy in Paris, nor did it comment on any of the other five pilot posts.

On August 25, 2001, the President announced that the rightsizing of embassies and consulates would be one of 14 initiatives in the President's Management Agenda. The Office of Management and Budget is currently formulating a strategy for leading this initiative.

Conclusion

In view of the September 11 terrorist attacks, the rightsizing of embassies and consulates has become more important than ever. Regrettably, the pilot studies conducted in 2000 do not provide a strong basis upon which the administration can pursue rightsizing, as they did not result in a methodology or blueprint for rightsizing around the world. Nevertheless, the studies did suggest that there may be opportunities to reduce embassy size, for example by moving some activities to the United States or to regional centers. If these suggestions prove feasible, their implementation could reduce security vulnerabilities at some overseas posts and could potentially free up resources to meet foreign policy needs elsewhere. We are currently planning work to further examine the suggestions raised by the pilot studies, as well as other issues to be considered as the administration implements the embassy rightsizing initiative.

Agency Comments

The Director of the Department of State's Office of Management Policy and Planning, which has overall responsibility for rightsizing initiatives in the department, provided oral comments on a draft of this report. He said that the department agrees with the report's conclusion and, on the whole, agrees with the report's observations regarding the pilot studies. He said that the department is working closely with the Office of Management and Budget on rightsizing activities.

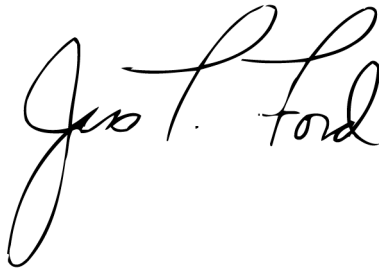
Scope and Methodology

We contacted officials in the Departments of State, Defense, the Treasury, Justice, and Commerce, and in the USAID, who participated in the interagency rightsizing committee effort, to discuss how the pilot studies, were carried out and the studies' observations and results. We also obtained internal reports on the studies from some of these agencies. We interviewed Department of State personnel involved in the rightsizing

studies, including the former Under Secretary of State for Management; the Director of the Office of Management Policy and Planning, which had responsibility for the pilot studies; and the former ambassador who led the pilot studies in Mexico City, Paris, and Tbilisi, and who was a co-chair for the overall pilot study exercise. We were unable to interview the other co-chair who prepared the June 2000 interagency report summarizing results of the pilot studies, as she is retired and unavailable. To explore the relationship between rightsizing and embassy security in OPAP's report, we interviewed the Chairman of OPAP. We conducted our review from April to September 2001, in accordance with generally accepted government auditing standards.

We are sending copies of this report to interested congressional committees and to the Secretary of State. We will make copies available to others upon request. Please contact me at (202) 512-4128 if you or your staff have any questions about this report. Major contributors to this report are John Brummet and Lynn Moore.

Sincerely yours,

A handwritten signature in black ink that reads "Jess T. Ford". The signature is written in a cursive style with a large, looping initial "J".

Jess T. Ford, Director
International Affairs and Trade

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