

II. Management and Organizational Change

Introduction

During the Clinton administration, the Department of State underwent major organizational changes and the modernization of management policies and systems. Early in 1993, Secretary of State Warren Christopher (1993–1997) launched his Strategic Management Initiative (SMI), in response to Vice President Gore's National Performance Review calling for the reinvention of government. The Secretary's initiative included major management reforms in a number of areas. In February 1993, the Secretary announced a reorganization plan for the Department of State. A new Under Secretary for Global Affairs would oversee the Bureaus of Democracy, Human Rights, and Labor; Narcotics, Terrorism, and Crime; Population, Refugees, and Migration; and Oceans, Environment, and Science. A new Ambassador at Large would help manage policy towards the Newly Independent States of the former Soviet Union. The titles of two other Under Secretaries were broadened to "Arms Control and International Security" and "Economic, Business, and Agricultural Affairs." These and other organizational changes went formally into effect in May 1994. In January 1995, Secretary Christopher proposed a reorganization plan that would incorporate into the Department the U.S. Information Agency (USIA), the Arms Control and Disarmament Agency (ACDA), and the Agency for International Development (AID).

Secretary Christopher dealt with a number of issues involving modernization and reform of organizational management in the face of ever-declining budgetary resources. In 1993, the Department began a major modernization of information technology including new computerized information management systems, the consolidation of worldwide administrative support functions. It streamlined financial management systems and simplified reporting and analysis requirements from posts. The launching of Department's presence on the World Wide Web had a major impact on every aspect of the Department and the Foreign Service, from management to diplomatic communication to public affairs. The Secretary's Strategic Management Initiative encouraged personnel reforms, including team building, empowerment, delayering, and the National Foreign Affairs Training Center (NFATC), a major new training facility in Arlington, Virginia. The Bureau of Consular Affairs (CA) and the Bureau of Diplomatic Security (DS) introduced operational efficiencies (see chapters IX and III, respectively).

During Secretary Christopher's tenure, the Department reevaluated the U.S. overseas presence, and identified 20 or 25 posts that could be closed. The Office of Foreign Buildings began the construction or rehabilitation of additional overseas buildings to meet new needs in response to the end of the Cold War, resource constraints, and terrorist threats. The Department took steps to improve working and living conditions in the Foreign Service.

Secretary of State Madeleine Albright (1997–2001) continued the effort to reform and streamline the management of the Department of State and the Foreign Service. In April 1997, President announced plans to reorganize the Department of State and other foreign affairs agencies. The Arms Control and Disarmament Agency would be incorporated into the Department within one year; the U.S. Information Agency would be incorporated within 2 years. (These major changes are described below.) Certain

administrative functions of the Agency for International Development would be transferred to State within two years, and the International Development Cooperation Agency (IDCA) would be abolished.

Under Secretary Albright's leadership, major improvements were made in the Bureau of Diplomatic Security in the wake of the bombings of U.S. Embassies in Nairobi and Dar es Salaam in 1998, and the President and Congress approved a multi-year capital investment plan to replace the most vulnerable diplomatic missions. The Department continued to improve and expand information management systems and worldwide administrative support, and prepared extensively in 1999 for possible worldwide computer failures in a "Y2K Crisis". In 2000, the name of the Bureau of Personnel was changed to the Bureau of Human Resources, and Secretary Albright launched a major effort to improve the competitiveness of the Department of State in the "War for Talent".

During the entire Clinton administration, the Under Secretary of State for Management (M), served as the Secretary of State's principal adviser on management issues, and on the allocation of State Department resources in support of the President's foreign policy objectives. The Under Secretary for Management controlled positions, funds, and other worldwide Department resources required to implement U.S. foreign policy; directed Department management programs involving Congress, the Office of Management and Budget (OMB), and other foreign affairs agencies; was responsible for the organizational structure and assignment of functions within the Department; and managed the Department's information security program and audit follow-ups.

The following Department of State units reported directly to the Under Secretary for Management: the Bureau of Administration (A); the Bureau of Consular Affairs (CA); the Bureau of Diplomatic Security (DS); the Bureau of Finance and Management Policy (FMP); and the Bureau of Human Resources (HR).

Administration

Foreign Buildings Operations (A/FBO)

State's Foreign Building Operations changed significantly during the Clinton administration, in response to the end of the Cold War, resource constraints, and terrorist threats. The reunification of Germany, the emergence of the newly independent states from the former Soviet Union (NIS), the break-up of the Yugoslavian republics, and the reestablishment of diplomatic relations with Vietnam all spurred the demand for many new diplomatic missions during a period of budgetary austerity. During the 1990s, A/FBO rehabilitated 16 Cold War era buildings in the NIS and former Yugoslavian republics, converting them into chanceries. Two modular chanceries were erected in Ashgabat (1995) and Bishkek (1999). In addition, two new diplomatic missions were established in Vietnam: in Hanoi (1995) and Ho Chi Minh City (1997).

In August 1998, the tragic bombings of the U.S. embassies in Nairobi and Dar es Salaam heightened Congressional concern about embassy security to levels not seen since the terrorist bombings in Beirut in the mid-1980s. Admiral Crowe was asked to lead a commission to evaluate embassy security. The Crowe Report estimated that \$15 billion would be required to rebuild the destroyed embassies, relocate new facilities at high risk locations, and upgrade security at all posts. Following the Crowe Report

recommendations, President Clinton and Congress approved a multi-year capital investment plan to replace the most vulnerable diplomatic missions. The increased pace of constructing new embassies and consulates was dramatic: 29 new buildings were initiated during President Clinton's tenure, while only 27 new office buildings/annexes had been built during the 18-year period from 1980 to 1998. The new buildings will come on line in 2000 and the next 3 years.

In addition to this remarkable construction initiative, a variety of other real property projects were completed during the Clinton administration. Eight Marine Security Guard detachment activations, requiring office and residence renovations, were completed. A total of 77 major fire alarm systems were installed. A total of 74 additional major rehabilitation projects, including chancery facades, ambassadors' residences, consulate office buildings, HVAC, power upgrades, staff apartments, and annexes, were completed. Since the enactment of the Emergency Security Appropriation in FY 1999, worldwide security upgrades, such as berms, bollards, and barricades, have been completed at over 300 locations. Shatter-resistant window film was installed at 190 posts. From the combined efforts of A/FBO and the Bureau of Diplomatic Security, security at virtually every U.S. diplomatic and consular post in the world improved during President Clinton's tenure.

Records and Publishing Services (A/RPS)

One of the basic goals of the Clinton administration was to establish more effective communications with the American public, including adoption of new technologies. The Electronic Freedom of Information Act (E-FOIA), signed into law by President Clinton in 1996, made volumes of government documents more readily available to the public. State's FOIA Electronic Reading Room (www.foia.state.gov), established in 1998, was visited nearly 3 million times in 2000.

A/RPS undertook numerous major special declassification projects during the Clinton era, such as the Nazi gold, Nazi war crimes, and Pinochet documents, and handled innumerable Hill and Department of Justice taskings. The National Security Council asked that all U.S. Government agencies' declassified documents on Chile be posted on State's FOIA website, considered the best in government. The integration of USIA into State in 1999 enhanced the State Department's capabilities in managing information, bringing State and USIA publishing activities and printing centers under one roof.

Operations (A/OPR)

The significant achievements of the Office of Overseas Schools (A/OPR/OS) during the Clinton era included the establishment of 25 new schools in Africa and the NIS; training of over 1,000 school administrators and staff members in the use of technology in the instructional program; assistance through the Overseas Schools Advisory Council in generating over \$88 million in private donations directly benefiting Department-assisted schools; increasing the numbers of U.S. citizen children with learning disabilities receiving special assistance in the Department-assisted schools to approximately 2,700 students per year; and development of a curriculum for overseas schools based on the new domestic emphasis on "standards of learning" criteria.

During the Clinton administration, several projects set the groundwork for the facilities the Department would need in the 21st century. The process began in 1993 with completion of the National Foreign Affairs Training Center (NFATC) at Arlington Hall, Virginia, a modern facility that permitted the consolidation of State Department training programs. A state-of-the-art unclassified mail and pouch facility near Dulles Airport was also established.

Several major initiatives were undertaken during the Clinton administration including: the consolidation of key office space in Foggy Bottom, the establishment of various consular and financial management activities at regional centers, and the plans for a new state-of-the-art USUN Mission building. The renovation of Columbia Plaza, the cornerstone of the Foggy Bottom consolidation, was completed within budget and on schedule, permitting the closure of several annexes in Northern Virginia and the accommodation of former USIA personnel. It also included the Department's first child care center. These and other efforts to consolidate space permitted the Department to release a total of 15 annexes from 1993 to 2000.

In November 2000 Secretary Albright led the groundbreaking for the U.S. Diplomacy Center, the first facility of its kind devoted to the history and craft of diplomacy. This initiative was only a small part of the planned \$340 million renovations of the Main State building. It was only fitting therefore that in the year 2000 the President and Secretary of State Albright presided over a re-dedication of the Main State building, renaming it the Harry S Truman Building pursuant to Congressional legislation.

The Charleston Regional Center in South Carolina was expanded to include not only the Financial Services Center but also the new Charleston Passport Center. In 2000 the new Kentucky Consular Center was purchased and renovated. All these joined the existing Portsmouth and Fort Lauderdale centers.

The International Chancery Center (ICC), which the Department operated for the benefit of international organizations and foreign missions, was fully committed to leases. Substantial construction took place during this administration. Most recently, an agreement was reached with INTELSAT, the anchor tenant of the ICC. Negotiations were concluded for the Mission of the People's Republic of China, enabling FBO to negotiate successfully with the PRC for properties in China for construction of new U.S. Mission facilities.

All of these activities were carried out in the context of plans to implement as soon as feasible the physical consolidation and co-location of former ACDA and USIA employees.

In 1993, the Department of State developed a comprehensive Department-wide Energy Management Plan to implement Executive Orders 12759 and 12902, and applicable statutes. The Department became a leader in Energy Saving Performance Contracting: BIMC electronic lamping and variable speed drive installation (1995), Main State corridor electronic lamping and motion sensor installation (1994), Main State office lamping (1996-1997); Department of Energy Project Award Winner in Performance Contracting category, NFATC electronic lamping installation (1999); NFATC was selected as "Federal Energy Showcase Facility." In FY 2001, FMS was scheduled to complete solar projects at Florida Regional Center; nominated as "Federal Solar Energy

Showcase Facility," and the Department signed a Memorandum of Agreement (MOA) with Geothermal Heat Pump Consortium for geothermal technology application in Department properties.

Fleet Management met the President's Executive Order for acquiring alternative fueled vehicles (AFV) every year. The number of Alternate Fuel Vehicles (AFV) in the Department's fleet increased by 15 percent since 1992. Compressed Natural Gas (CNG) vehicles were introduced into the Department's shuttle bus and executive car fleets. During the Clinton administration GSM provided logistical support for special events including: the NATO 50th anniversary, ceremonies honoring the victims of the bombings of the American embassies in East Africa, and the Middle East peace talks at Wye River Plantation, Shephardstown, and Camp David.

After 1996 the Department developed the strongest Federal recycling program, donating \$242,782 in recycling rebates to the Department's Child Care Center, Diplotots, for a tuition assistance program.

Office of Small and Disadvantaged Business Utilization (A/SDBU)

The Department of State began setting goals for awarding contracts to small, women-owned firms (SWOB) a year before statute required it (1993), meeting or exceeding the minimum statutory goal (established in 1994) of 5 percent for awarding contracts to SWOB in all but one year of the Clinton administration. In every year from FY 1993 to FY 1999, State exceeded significantly its goals for awarding contracts to firms in the Small Business Administration's 8(a) business development program. In FY 1999, State ranked first among the 25 largest federal agencies in the percentage of contract dollars awarded to 8(a) firms and ranked second in the percentage of contract dollars awarded to women-owned businesses. A/SDBU successfully developed web sites to facilitate electronic commerce outreach to both our internal and our external customers.

In March 1999, Secretary Albright signed a Memorandum of Understanding (MOU) with Small Business Administration (SBA) Administrator Alvarez, recommitting the State Department to awarding at least 5 percent of procurement funds to SWOB. In her remarks during the signing ceremony (held in the Treaty Room), Secretary Albright stated that supporting women-owned small businesses "is clearly the smart thing to do, but it is also the right thing." (See Document II-1) The State Department exceeded that goal in FY 1999, achieving 8.3 percent. As a result, State received two awards from SBA: the Frances Perkins Vanguard Award (the second recipient since the award's creation) and the Dietra Ford Award (the first ever recipient), each established to recognize demonstrated commitment in awarding contracts to SWOB. The State Department also received SBA's Gold Star Award for overall exemplary performance in awarding contracts to all categories of small business.

Each year from 1995 to 2000, State Department presented a Small Business Prime Contractor of the Year Award, which recognized small business prime contractors who displayed exemplary performance, customer service, and management and technical capabilities. Winners included firms of diverse ownership and geographic location, including a small, woman-owned fencing company in Anchorage, Alaska, which

installed a secure fence around the perimeter of the construction site of the now-completed Moscow embassy building.

Office of the Procurement Executive (A/OPE)

Over the 8 years of the Clinton administration, use of the Government Purchase Card for the Department's procurements increased from a limited pilot program to become a major element in domestic and overseas acquisitions. In FY 2000, 900 card holders made over 67,000 purchases totaling \$38 million, representing approximately 30 percent of all of the Department's procurement transactions. These purchases were made at a savings of approximately \$100 per transaction over slower and less efficient methods, for an estimated FY 2000 savings of \$6.7 million. The system allowed Department employees throughout the world to use a Government Purchase Card to procure goods and services from GSA or other suppliers over the Internet.

In 1996 A/OPE launched the first Department-wide electronic commerce initiative by creating an acquisitions Web site on the Internet. It was enhanced in 1998 through an interagency agreement with the Army that produced the "Statebuy" interactive platform. Overseas missions could then post their procurement solicitation documents directly. By leveraging the Internet, A/OPE shortened procurement lead times and generated cost avoidance of over \$2 million. Any employee overseas with an Internet connection could post a solicitation on the "Statebuy" interactive platform, and notice was automatically given to interested companies.

Information Technology

Introduction

When the Clinton administration began, the Department of State faced imposing challenges in trying to modernize its increasingly outdated computers and to overcome administratively weak information management programs both in the Department and abroad. Through a series of bold initiatives, however, the Department progressively implemented dramatic changes in the area of information technology (IT). By the end of the Clinton administration it had largely overcome the deficiencies and had provided its diplomats with the modern, advantageous and secure IT to carry out successfully U.S. diplomacy in the information age.

The IT Revolution in Diplomatic Communications

For the first time during negotiations in 1995 between U.S. officials and Balkan leaders in Dayton, Ohio, to resolve the Bosnia crisis, the bulk of communications between the Department and U.S. negotiators in Dayton were conducted primarily via e-mail rather than telegraphic messages or telegrams. The Dayton negotiations also marked one of the first times the Department of State utilized computer-based Geographic Information Systems (GIS) to facilitate negotiations. Department negotiators at Dayton used GIS tools developed for the Department of Defense to display and manipulate data, maps and three-dimensional terrain imagery. U.S. diplomats participating in these negotiations said these systems helped the parties reach consensus on boundary lines and played an important role in facilitating the final peace agreement. Subsequently, the Department used similar GIS tools to assist in the resolution of a long-

standing border dispute between Ecuador and Peru, and to manage the resettling of refugees and the reconstruction of homes and civil infrastructure in Kosovo following the withdrawal of Serbian forces. The Department also used GIS applications on its award-winning Geographic Learning Site on the World Wide Web.

Other IT Support to U.S. Diplomacy

During the Clinton administration the Bureau of Information Resource Management (IRM) dramatically increased employees' access to the Internet and the World Wide Web. In 1992 virtually no State Department employees had access to the Internet. By the end of 2000, all employees had access to worldwide e-mail services and over 75 percent of employees had links to the Web via the newly-deployed Rich Internet Access (RIA) network or other stand-alone networks. The Nuclear Risk Reduction Center began to use advanced IT to provide instantaneous links among the United States, Russia, and several other states to reduce the risk posed by nuclear weapons. The Department's consular activities effectively exploit IT to protect America's borders by screening for terrorists and other unacceptable persons via instant, on-line background checks on all foreigners seeking visas to the United States. In addition the Bureau of Diplomatic Security used the Web to offer rewards, disseminate information abroad, and to further efforts bringing international terrorists and criminals to justice. These new information technologies enhanced the secure processing and communication of information for the President, the Secretary of State and other U.S. national security officials.

Enhancement of IT Management and Infrastructure

To promote IT and telecommunications effectiveness, in 1992 Congress created a new organization called the Diplomatic Telecommunication Service Program Office (DTS-PO). This organization was given authority for the management of global telecommunication infrastructure and resources for all foreign affairs agencies operating at U.S. diplomatic posts overseas. Congress also mandated the Department as one of two key "partners" responsible for staffing and supporting the new DTS-PO organization and required that all foreign affairs agencies rely on DTS-PO for their global telecommunications requirements. Since DTS-PO's creation there was a dramatic increase in the bandwidth, i.e., telecommunications capacity, serving overseas diplomatic facilities.

The introduction of the personal computer led to individual bureaus in the Department developing non-standardized computing "islands" that were not well integrated into an overall Department-wide computer network. To address these issues the Department established a "Joint Planning Process" in which bureaus presented their individual computer modernization requirements. A committee of peers evaluated the plans and the highest prioritized projects were funded to the extent possible with available resources. This initiative constituted the first step toward establishing a comprehensive IT capital investment plan.

As required by the Clinger-Cohen Information Technology Reform Act of 1996, the Department established the position of Chief Information Officer (CIO) at the Assistant Secretary of State level. The CIO became the principal adviser in this area to

the Secretary of State and the Under Secretary for Management (M), and was responsible for the development, implementation, and revision of policies, plans, and programs, to facilitate and strengthen the cost-effective, efficient, and timely application of information resources to achieve strategic Department missions. In 1996 Harold Geisel served as the Department's first acting CIO; later that year Eliza McClenaghan was appointed as the Department's first permanent CIO.

The Department published an IRM Strategic Plan to detail its high-level IT strategy for the 5-year period 1996–2000, and an IRM Tactical Plan to report and monitor all major IT modernization projects forecasted for the 2-year period 1996–1997. The Department also established a centralized Capital Investment Fund (CIF) to provide centralized resource management and oversight for major IT modernization investments. State also established an IT Program Board (ITPB) to approve IRM Strategic and Tactical Plans and to allocate resources and monitor progress of major IT projects supported by the CIF.

In March 1998, Secretary Albright created a new IT bureau—the Information Resource Management (IRM) Bureau. These responsibilities had previously been carried out as a sub-function within the Bureau of Administration. According to the Under Secretary of Management, this new bureau was elevated and established to “provide the organizational, management, and IT capabilities necessary to support the conduct of American diplomacy in the information age.” This reorganization also expanded the CIO's responsibilities to include management of Department-wide IT infrastructure and operations. Fernando Burbano was the first CIO to assume these expanded duties.

By adopting innovative recruitment efforts the Department of State was highly successful in recruiting and retaining an expert IT workforce despite the shortage of skilled IT workers. The Department was the first U.S. Government agency to provide both recruitment and retention incentives of up to 25 percent of salary for IT employees with advanced skills, and the Department also established a strong recruitment program and held two innovative, highly successful IT job fairs. As a result of these incentive and recruitment programs from 1998–2000, the Department's IT vacancy rate was cut to less than half of its crippling previous level of over 30 percent.

As a result of legislation merging the United States Information Agency (USIA) into the State Department in October 1999, USIA's existing public diplomacy IT systems were successfully integrated into the Department of State's established IT networks.

The Overseas Presence Advisory Panel (OPAP) identified advanced IT as a key to improved U.S. foreign policy coordination and decision making. To implement this concept, two U.S. Embassies were selected to serve as pilots for testing interagency IT integration and knowledge management projects. All foreign affairs agencies participated in identifying key technology and knowledge requirements with the goal of fielding a prototype Internet or Internet-like “collaboration zone” in Washington late in 2000 and agreed to complete pilot tests of collaborative systems and work processes at the pilot embassies during 2001. These significant steps toward building an inter-agency IT system constituted the first time that the foreign affairs community had committed to such an endeavor.

Initiation of Major IT Modernization Program

In response to reliance on obsolete computers at overseas missions and related information management weaknesses, as early as 1993 the Department of State formulated a major information technology modernization program called "A Logical Modernization Approach" (ALMA). The ALMA program was designed to replace the Department's obsolete mini-computer systems with modern, state-of-the-art personal computer systems. With Congressional approval, the ALMA pilot was initiated in U.S. diplomatic posts in Canada.

The Department gradually eliminated its obsolete mini-computers and installed a modernized, personal computer-based infrastructure. This transition constituted the largest single IT project in the Department's history, and it played a major role in the Department's successful resolution of all Y2K-related computer issues. ALMA involved the investment of over \$120 million and the deployment of approximately 20,000 computer desktops, servers, network routers, enhanced telecommunications services and software at over 230 U.S. embassies and consulates around the world. With the successful completion of the ALMA project the Department eliminated the computer systems management material weakness first reported to Congress in 1992.

The Department successfully resolved computer related year 2000 issues for all of its world-wide IT systems, including the repair of approximately 60 mission critical and some 120 critical IT applications with Y2K vulnerabilities. These successful Y2K repairs ensured continued operations at the beginning of the new century.

Elimination of Major IT Systems and Managerial Vulnerabilities

In 1998 the General Accounting Office (GAO) issued three reports highlighting IT systems and managerial vulnerabilities, and the Department reported to Congress four management material weaknesses related to IT. By 2000 the GAO and the Department closed all of these reports in recognition of the Department's progress, as detailed below:

The first of these reports was entitled "The Year 2000 Computing Crisis: State Department Needs to Make Fundamental Improvements to Its Year 2000 (Y2K) Program." Congress originally gave the Department a grade of "F" for Y2K preparedness and estimated that it would take until 2034 to finish repairs. The Department resolved all Y2K issues before they became an issue. Congress recognized this achievement and changed the Department's grade to an "A". In recognition of this outstanding accomplishment, Government Computer News (a leading publication covering IT issues in the Federal Government) awarded the Department's CIO the Deputy CIO for Y2K, and the IRM Bureau its prestigious 1999 Eagle Award for Y2K achievements.

The second GAO report was entitled "Computer Security: Pervasive, Serious Weaknesses Jeopardize State Department Operations." During the NATO air campaign against Serbian forces, the Department successfully thwarted millions of malicious e-mails and approximately 250,000 hacking attempts. Likewise, the Department was very effective in defending against other more widespread cyber attacks—including, in April 2000, the notorious "Love Bug"—which negatively affected many other organizations but caused no major disruptions or loss of data at State. Thanks to the Department's

strong IT security program, it was able to engage increasingly this new cyber world without compromising the integrity of its computer systems and critical information.

The third report was entitled "Department of State IRM: Modernization Program at Risk Absent Full Implementation of Key Best Practices." The Modernization Program at Risk report was completed when IRM developed and published the 1999 IT Capital Investment Board Process, the 1999 IT Architectural Document, the 1999 Configuration Control Board Process and the FY 2000 IT Strategic Plan, and for having completed in 1999 its world-wide unclassified modernization ALMA program.

When Secretary Albright took charge in 1997, IRM also had four serious managerial "material weaknesses" that the Department had reported to Congress as required by the Federal Managers' Financial Integrity Act of 1982 (FMFIA). These weaknesses were "Mainframe Computer Contingency Planning" (present since 1984), "Mainframe Computer Security" (present since 1987), "Computer Modernization" (weakness since 1992), and "Computer Security" (present since 1997). In 1999 the first three were closed, and the final issue was closed in 2000.

The Department also modernized extensively its voice systems in the period since 1997 with over 900 satellite phones deployed to provide international emergency communications to all U.S. missions. These satellite phones could communicate with Washington in all conditions, including a loss of telephone or electrical service in a foreign country. To improve emergency communications within foreign countries, the Department also deployed over 190 modern emergency and evacuation radio systems.

Improving Department Efficiency and Accountability

Introduction

Legislatively charged with improving the efficiency and effectiveness of the Department of State and the Broadcasting Board of Governors (BBG), detecting fraud, and preventing waste, fraud, and mismanagement, the Office of the Inspector General (OIG) embarked on a number of important initiatives during the Clinton administration. In addition to its functions of audit, inspection, and investigation, the OIG had a multidisciplinary office that focused exclusively on security and intelligence oversight. Through the inspections of overseas missions and domestic bureaus, in-depth audits of selected issues, and management implication reports from our investigations, OIG assessed the conduct of foreign relations, particularly the skills and capabilities of senior management. OIG reports provided a broad overview of the Department's effectiveness in implementing foreign policy and its use of a full range of diplomatic and public diplomacy tools including international broadcasting.

Reinventing Government

In 1993, the administration launched the Vice President's "Reinventing Government" initiative. Recognizing that business as usual was not sustainable in the face of existing foreign policy and budgetary realities, beginning in 1994 OIG and Department management collaborated on initiatives to reinvent the way the Department worked. The OIG continuously consulted with the Department in identifying and addressing significant management challenges. Examples included:

- OIG audit work and congressional testimony aided the Department in obtaining authority to collect and retain visa fees to pay the cost of expanding and automating the Consular Lookout and Support System. This provided the resources for essential improvements to the visa name check system to screen visa applicants who might pose a danger to national security;
- OIG security oversight inspectors helped the Department make better use of automated data processing resources by identifying sources and coordinating transfers of equipment to offices and missions where shortages existed; and
- OIG began issuing notices alerting all Department managers to potential management control problems. These bulletins provided examples of recent cases involving fraud, and recommendations for action. These bulletins covered cases involving travel vouchers, separate maintenance allowances and personal use of Department telecommunications systems.

The Guatemala Inquiry

On March 30, 1995, President Clinton directed the Intelligence Oversight Board (IOB) to conduct a government-wide review of allegations surrounding the 1990 death of U.S. citizen Michael DeVine and the 1992 disappearance of Efraim Bamaca Velasquez, a Guatemalan antigovernment guerilla married to a U.S. citizen. The review was in response to charges that a Guatemalan Army officer implicated in these events was a paid informant of the Central Intelligence Agency. The IOB requested that the Offices of Inspector General of the Central Intelligence Agency, and the Departments of Defense, Justice, and State investigate the roles and activities of their respective agencies in connection with the events in Guatemala.

In its classified report to the IOB, the Office of the Inspector General made a number of recommendations. The most significant were:

- strengthen Chief of Mission oversight of intelligence activities;
- change procedures and practices to facilitate intelligence information-sharing and improve policy coordination among agencies;
- reissue guidance to Department employees on the handling and dissemination of intelligence information; and
- provide mandatory intelligence briefings for ambassadors-designate prior to departure for post.

In 1996, OIG established an Intelligence Oversight Division to promote these practices through rigorous intelligence oversight reviews in each post management inspection.

Improving Accountability and Reducing Material Weaknesses

Congressional criticism of the Department for management controls weaknesses has been long-standing. Over the past six years, the Department had made a concerted effort to reduce the number of management control weaknesses. OIG partnered with the Department aggressively to address weaknesses identified by OIG and reported in the

annual accountability report. For fiscal year 1999, the Department reported closure of material weaknesses in personal property management, worldwide disbursing and cashiering, rehabilitation and maintenance of real property overseas, accounting for the working capital fund, strengthening immigrant and nonimmigrant visa processing, management of major acquisitions, and information management, specifically in the areas of contingency planning, main frame security, and systems modernization. At the end of the 1999 fiscal year reporting period, the number of reported material weaknesses had been reduced from 19 to 4.

Information Technology Management/Security

Rapid advancements in information technology (IT) and heightened interconnectivity through the Internet have revolutionized the way in which the world communicates and conducts business. Recognizing the critical role that security issues played in the IT arena, OIG realigned its resources to focus on emerging information technology issues. OIG audits of the Department's classified and unclassified computer systems identified numerous vulnerabilities that OIG worked with the Department to help correct. OIG security inspections of Western Hemisphere posts in 1997 and 1998 disclosed that five posts had inadequate information security programs and that the information systems security officers were inadequately trained. As a result of OIG findings and recommendations, the Department began offering a training course specifically tailored for information security officers in early 1999.

Beginning in 1998, OIG became an effective partner with the Department to address the management challenge created by the Y2K computer technology problem. In the period leading up to January 1, 2000, OIG worked closely with the Department, foreign governments, and international organization on the Y2K problem. OIG developed best practices and guidance that could be used to address other emerging global information technology management issues, such as computer security, critical infrastructure protection (Presidential Decision Directive PDD-63), Internet governance, and the digital divide. OIG's Y2K best practices and lessons learned report was based on data collection and dozens of meetings with senior executives, project managers, and information technology professionals at a variety of public and private organizations around the globe. (Documents II-2-5)

Sorting Out Chief of Mission (COM)/Commander in Chief (CINC) Security Responsibilities

Since 1996, OIG teams closely monitored the issue of COM/CINC security responsibilities. The Omnibus Diplomatic Security and Antiterrorism Act of 1986 (Public Law 99-399) assigned responsibility to the Secretary of State to provide protection of all U.S. Government personnel on official duty abroad (other than personnel under the command of a United States area military commander) and their accompanying dependents. The Departments of State and Defense (DOD) began negotiating a memorandum of understanding to delineate responsibilities pursuant to this after the Accountability Review Board released its report on the Office of Program Manager/Saudi Arabian National Guard (OPM/SANG) and al-Kobar Towers bombing in Saudi Arabia in 1995 and 1996. OIG argued that many military "stovepipe" organizations had not been placed under the protective umbrellas of either a COM or a CINC as required by law and

cited that most Chiefs of Mission were concerned about delays and wanted to negotiate their own agreements with CINCs.

In March 1999, OIG issued a summary report, *Results of Security Inspections of U.S. Diplomatic Posts in the Bureau of Western Hemisphere Affairs (SIO-1-99-18)*, of its security inspections of Western Hemisphere posts. OIG recommended that the Department ensure that all posts had country specific implementing agreements signed by the COMs and CINCs and that the Department provide additional guidance to COMs concerning their responsibility for protection of U.S. civilian and military personnel assigned to their jurisdiction.

Effective, Efficient, and Secure Operations and Infrastructures

The August 1998 bombings in Nairobi, Kenya and Dar es Salaam, Tanzania underscored the vulnerability of U.S. overseas posts and caused the Department and OIG to change their approach to security management and oversight. In the aftermath of the bombings, OIG reviewed previous security inspections and other documents to identify ways to make embassies safer from vehicle bomb attacks.

During the course of this review, it became apparent that a change in embassy bomb procedures could save lives and limit casualties. OIG recommended what became known as the "duck and cover" response and the imminent danger notification signal (IDNS). The recommendation was subsequently included in Admiral Crowe's report by the accountability review board and implemented by the Department.

Prior to the bombings in Africa, the Department generally allocated security resources to overseas posts based on the threat category of the city in which the diplomatic facility was located. The Department used threat information from a variety of intelligence and other sources and published a classified "Composite Threat List." Threats fell into four categories: political violence, human intelligence, technical intelligence, and crime. Threat levels in each of these categories ranged from critical to low. Embassies with a "critical threat" rating were generally allocated more funds for security enhancements than those assigned a "low threat" rating. The bombings caused the Department and the intelligence community to recognize that the threat had changed dramatically and that the allocation of resources based primarily on the use of the composite threat list was inadequate. The Department began to factor in the vulnerability of all posts to terrorist attacks when determining post threat assessments.

Protecting Classified Information

Following several incidents at Main State, the Senate Select Committee on Intelligence directed OIG to conduct a review of the effectiveness of Department policies and procedures for protecting classified documents at the Department's headquarters facility. OIG's report, *Protecting Classified Documents at State Department Headquarters (SIO/A-99-46)*, found that the Department had programs in place to evaluate an individual's need to handle classified information, but improvements were required to enhance security awareness and controls to prevent unauthorized access. Highly classified documents relating to intelligence reporting were not safeguarded in accordance with government regulations and significant numbers of uncleared visitors

were permitted unescorted access to the Main State headquarters facility. OIG also found that the Department's security incident program was not effective.

As a result of this review, the Department instituted a new escort policy in August 1999. Also, in October 2000 the Department revised and strengthened the Information Security Incident Program.

Beginning in 1997, OIG made 83 formal recommendations for embassies to perform the required emergency training drills. In a May 31, 2000, information memorandum to the Under Secretary for Management, OIG recommended that the Under Secretary remind COMs of their responsibilities to conduct emergency drills. In June 2000, an ALDAC message was issued to all ambassadors and principal officers emphasizing the importance of emergency drills.

Moscow Chancery Oversight

In October 1994, OIG created the Moscow Oversight team to work side-by-side with the Moscow Embassy Building Control Office. The two worked together from the decision to rebuild the Chancery (because bugs placed by Soviet intelligence had compromised the building) through the design and construction of a new, secure chancery facility, which opened May 15, 2000. Department management and congressional leadership commended this innovative oversight for its effectiveness in identifying potential vulnerabilities.

Merger of the Office of Inspector General

On April 26, 1996, President Clinton signed Public Law 104-134, an omnibus appropriations bill, which contained a provision that merged the Office of Inspector General of the United States Information Agency with the Office of Inspector General of the Department of State and the Arms Control and Disarmament Agency. As a result, the USIA Office of Inspector General ceased to exist and all personnel were transferred to the Department of State. The entire staff of the former USIA OIG relocated to existing State Department quarters within one working day of the President's signing of the appropriations bill. The merger allowed for broader, more efficient oversight within the U.S. foreign affairs community. OIG refashioned its mission, strategic plan, and organizational structure to handle new oversight responsibilities for public diplomacy and international broadcasting. The merger legislation also provided OIG with new flexibility for inspecting U.S. missions abroad by repealing the requirement to inspect each post or bureau once every 5 years. (Document II-6)

The Foreign Affairs Reform and Restructuring Act of 1998 in the Omnibus Consolidated and Emergency Supplemental Appropriations for fiscal year 1999 (Public Law 105-277) abolished the Arms Control and Disarmament Agency and the United States Information Agency and transferred their functions to the Department of State. It also established the Broadcasting Board of Governors as a separate entity within the Executive Branch and authorized the Inspector General of the Department of State to exercise the same authorities with respect to the Broadcasting Board of Governors and the International Broadcasting Bureau.

Anticorruption Outreach

In their efforts to fight government corruption and develop standards of ethical conduct, many countries looked to the United States as a model. At the request of the Bureau of East Asian and Pacific Affairs, the Office of the Inspector General in 1997 began a dialogue with the People's Republic of China (PRC). The Inspector General led a delegation that included representatives from OIG and the U.S. Office of Government Ethics to Beijing that same year. OIG anticorruption outreach initiatives expanded globally since the initial 1997 exchange with the PRC and by the end of 2000 included South Africa, Namibia, Uganda, Armenia, Hungary, Latvia, Israel, Ukraine, Vietnam, Kyrgyzstan, Georgia, and the United Nation's Office of Internal Oversight, among others. (Document II-7)

OIG participated in the Vice President's global forum on fighting corruption in February 1999. The Inspector General moderated a panel on Internal Oversight: Prevention, Detection and Investigation. (Document II-8)

In 1998, the United States signed a Memorandum of Understanding with the Republic of Chile establishing cooperation between the Inspector General of the Department of State and Chile's General Internal Auditing Advisory Board. The goal was to promote public policies that strengthen government administration and accountability to ensure the proper use of public resources. (Document II-9)

In 2000, the United States and Argentina signed an exchange agreement between the OIG and the Anticorruption Office of the Argentine Republic. OIG was charged with responsibility for providing information about mechanisms to enhance transparency, reinforce the highest standards of conduct and strengthen anticorruption efforts. (Document II-10)

The Anticorruption Act of 2000 (Public Law 106-309) required the United States to assist in improving accountability in foreign countries by supporting the establishment of audit offices, inspector general offices, third party monitoring of government procurement agencies and anticorruption agencies. The law also required the United States to promote responsive, transparent, and accountable legislative oversight and whistleblower protection.

A Regional Policy for Africa

In 1996-1997, the Office of the Inspector General conducted 18 post inspections in Africa. OIG found a need for improved policy coordination in Washington, a better policy coordination between the African posts and Washington, and, of immediate concern, numerous examples of a deteriorating resource base. The top priority policy goals for many of the missions inspected at that time included protection of U.S. citizens, democracy and economic reform, and human rights. These ambitious goals presented a management challenge for these underfunded posts.

In March 1997, the OIG issued an information memorandum making several recommendations which included: 1) revisiting the currency of national security policy for Africa and to improve policy guidance given to African post; 2) providing the posts with appropriate tools to do their jobs; 3) addressing the problems of staffing gaps with more service discipline in the assignments process; 4) providing training for post

administrative staff employees; and 5) expanding the client base to maintain essential support services for the African posts.

Export Licensing Controls Reviews

In 1993, OIG joined with the Inspectors General from the Departments of Commerce, Energy, and Defense to conduct a review of the Government's export licensing process. The review detailed a fragmented process for dual-use licensing responsibilities within the Department of State and confusion at overseas posts on responsibilities for end-use checks and verifications, and a lack of program files and documentation. The 1993 joint agency report called for the Department of Commerce, in cooperation with the Departments of Defense, Energy, and State, to provide a mechanism for resolving criteria for disputes at progressively higher levels and to periodically review the referral criteria.

In August 1998, the Senate Committee on Governmental Affairs requested an interagency review of the export licensing process for dual-use and munitions commodities by the Inspectors General for the Departments of Defense, Energy, Treasury, and the Central Intelligence Agency. The Committee specifically requested that OIG include in its report an assessment of four specific areas of export licensing at the Department of State: 1) reviewing the legislative authorities to determine if any inconsistencies or ambiguities existed; 2) reviewing the licensing process to determine whether it was consistent with national security and foreign policy objectives; 3) evaluating the adequacy of the databases and audit trails in the export licensing process; and 4) assessing the effectiveness of end-use monitoring.

This major undertaking concluded that the export licensing process was working as intended and that the Department consistently executed its export licensing responsibilities in accordance with established policies and procedures. (Document II-11)

The Laser Visa Program

Public Law 104-208 (1996) amended the Immigration and Nationality Act of 1952 (Public Law 82-414) to require that each border crossing identification document include a biometrics identifier (such as a fingerprint or handprint of the alien) that was machine readable. Thus, an alien presenting a border crossing identification card would not be permitted to enter the United States unless the biometrics identifier contained on the card matched the appropriate biometrics characteristic of the alien. The statute stipulated that this technology should be incorporated into any border crossing identification card by September 30, 1999.

The Departments of State and Justice implemented the Border Biometrics (Laser Visa) Program in April 1998. The Department of State's Bureau of Consular Affairs had responsibility for the adjudication of all Mexican nonresident alien border-crossing documents and INS had responsibility for production of the laser visa cards. The program consolidated all B-1/B-2 nonimmigrant visa adjudications at Embassy Mexico City and constituent posts and consular agencies. This replacement program was projected to replace approximately 5.5 million old border-crossing cards at an estimate of 900,000 per year. OIG conducted an inspection of the program in June 1998. As a result

of OIG recommendations in the report on the *Inspection of the Border Biometrics (Laser Visa) Program (ISP-I-99-12)*, Congress extended the timeline for completion of the border-crossing card replacement program to September 30, 2001.

Significant Investigations

- In early 1990 an OIG investigation of a conspiracy to steal fuel oil from Embassy Tokyo disclosed evidence that Foreign Service Nationals and contract employees systematically stole fuel oil from the embassy for resale on the black market. OIG and the Department of Justice's Office of Foreign Litigation aggressively worked to pursue civil action for damages against the thieves. Similar action was initiated against the two maintenance contractors whose negligence in overseeing their contractual duties allowed the scheme to operate undetected for 16 years. OIG worked jointly with the Tokyo Metropolitan Police that resulted in the Tokyo High Court executing a formal adjudication. In separate actions, co-conspirators agreed to provide restitution of approximately \$30,500 and \$10,500 respectively. OIG also determined that a lack of oversight by embassy maintenance contractors resulted in a loss of approximately \$6.4 million. A civil suit filed in the Tokyo District Court sought damages from the contractor as well as individuals involved in the theft scheme. In January 1994, one of the former contractors agreed to a \$2 million settlement with the U.S. Government. In April 1998, the second contractor agreed to pay a total of \$500,000 in restitution.
- OIG, the Immigration and Naturalization Service, and the Internal Revenue Service announced a 61-count indictment against two U.S. citizens who were principal officers of Interbank on charges of conspiracy, immigrant and visa fraud, conspiracy to commit money laundering, filing false tax returns, and bankruptcy fraud on August 11, 2000. From 1997 to 1998 approximately 320 false applications for alien investor visas were filed with the Immigration and Naturalization Service for adjudication. More than \$130 million was transferred back and forth through the Bahamas to create fraudulent accounts statements for their clients whom invested \$500,000 each. If convicted, the defendants would be required to forfeit \$17 million to the U.S. Government.
- A U.S. Embassy official assigned to Guyana and a Guyanese citizen were arrested in Chicago and Miami and charged with conspiracy to sell U.S. visas in Guyana. Agents of the Bureau of Diplomatic Security and OIG Investigators, together with U.S. federal and local law enforcement agencies, the Department of Justice's Public Integrity Section and the U.S. Attorney's Office, executed numerous search warrants over the weekend of March 18, 2000. Authorities seized more than \$500,000 in U.S. currency and 10 gold bars from safe deposit boxes controlled by the American embassy employee. Additionally, authorities restrained funds in 12 accounts controlled by the embassy employee at four different financial institutions and seized assets totaling more than \$535,000 on March 20, 2000.

Integration of the Arms Control and Disarmament Agency

Over the years the U.S. Arms Control and Disarmament Agency (ACDA) suffered a decline in the congressional support it had previously enjoyed. In 1995

Congress unsuccessfully sought to consolidate ACDA and the other foreign affairs agencies into the State Department. By 1997 the Clinton administration decided to merge ACDA and USIA into the State Department and to realign AID more directly with the State Department as part of a broad reorganization of the foreign affairs agencies.

Prior to the integration of ACDA into the Department of State in April 1999, the Under Secretary of State for Arms Control and International Security Affairs was responsible for integrating and prioritizing the full range of international security, nonproliferation, and arms control issues into the Department of State's conduct of foreign policy. The portfolio included directing and coordinating arms control policy; nonproliferation policy (including nuclear, chemical, missile, and conventional weapons proliferation); export control policy; and certain foreign assistance programs. The Under Secretary exercised and after the integration of ACDA continued to exercise various authorities relating to the imposition of proliferation sanctions as required by U.S. law.

Discussions on ACDA's future as part of a broader reorganization of the U.S. foreign affairs agencies (i.e., State, ACDA, the U.S. Information Agency (USIA), and the Agency for International Development (AID)) took place at the close of the Bush administration (1992) and at the start of the Clinton administration (1993). By July 1993 the President decided to retain an independent ACDA, and in 1994 Congress endorsed this approach and attempted to strengthen ACDA by amending the Arms Control and Disarmament Act of 1961 (ACDA's founding statute).

A major benefit for the administration of the decision was the agreement by the Senate leadership to allow a vote on Senate consent to the ratification of the Chemical Weapons Convention (CWC). The Senate consented to ratification on April 24, 1997. Six days earlier on April 18, the White House had announced the President's plan for reorganizing the foreign affairs agencies.

The 1997 negotiations among the ACDA Director, the Secretary of State, the National Security Adviser, and the Office of the Vice President on the merger of ACDA with the Department of State resulted in strengthening the position of the existing Under Secretary for Arms Control and International Security Affairs. The permanent title of Senior Adviser to the President and the Secretary of State for Arms Control, Nonproliferation and Disarmament was added to the Under Secretary's title to preserve much of the ACDA Director's statutory relationship with the President and the National Security Council.

In October 1998 Congress passed the Foreign Affairs Reform and Restructuring Act. This mandated that ACDA be merged into the State Department by April 1, 1999. Although morale in both the Department of State's Bureau of Political-Military Affairs (PM) and ACDA suffered, the employees continued to perform their own jobs while meeting the constant demands of preparing numerous papers and attending endless meetings in preparation for the merger. The transition itself was a smooth one. ACDA's entire personnel complement was transferred to State as were its four bureaus: Multilateral Affairs (MA), Strategic and Eurasian Affairs (SEA), Intelligence, Verification and Information Management (IVI), and Nonproliferation and Regional Affairs (NP), which were consolidated and transferred to State to create two new bureaus, Arms Control (AC) and Nonproliferation (NP). The first three ACDA bureaus were

merged to become the new Bureau of Arms Control. A small number of personnel from State/PM who had worked on similar issues were also transferred to this bureau. The Nonproliferation Bureau was created by merging ACDA's Bureau of Nonproliferation and Regional Affairs with those offices in PM that had nonproliferation responsibilities. The existing State PM Bureau was then refocused to concentrate on defense trade, defense export licensing, security assistance funding and other defense relationship issues (i.e., between State and the Department of Defense and the United States and other nations).

The two new bureaus along with the refocused PM Bureau constituted the State Department's Arms Control and International Security structure until February 1, 2000. On that date, pursuant to the Arms Control and Nonproliferation Act of November 1999 (a part of the State Department Authorization Bill for FY 2000), a fourth Bureau of Verification and Compliance (VC) was established. VC was created from the AC Bureau out of what had been the components of the former ACDA IVI Bureau. Strong bipartisan support on the Senate Foreign Relations Committee from Chairman Jesse Helms and Ranking Minority Member Joseph Biden for a separate component to monitor the verification provisions of arms control agreements and assure compliance with them spurred the creation of this bureau.

As Senior Adviser to the President and the Secretary of State for Arms Control, Nonproliferation and Disarmament, the Under Secretary during the Clinton administration attended and participated, at the direction of the President, in National Security Council (NSC) and subordinate meetings pertaining to arms control, nonproliferation, and disarmament and had the right to communicate, through the Secretary of State, with the President and members of the NSC on these issues. The Under Secretary led the interagency policy process on nonproliferation and managed global U.S. security policy, principally in the areas of nonproliferation, arms control, regional security and defense relations, and arms transfers and security assistance. By delegation from the Secretary, the Under Secretary performed a range of functions under the Foreign Assistance Act, Arms Export Control Act, and related legislation.

Integration of the U.S. Information Agency

The Foreign Affairs and Restructuring Act of 1998

The Foreign Affairs and Restructuring Act abolished the U.S. Information Agency effective October 1, 1999, and transferred all USIA functions, except those given to the Broadcasting Board of Governors (BBG), to the Secretary of State. The transfers to the Department included overseas information and cultural programs and functions associated with the Bureau of Information, the Bureau of Educational and Cultural Affairs, the Office of Research and Media Reaction, Worldnet interactive dialogues, and appropriate management and administrative support operations. (The Act also abolished the Arms Control and Disarmament Agency and transferred its functions to the Department of State effective April 1, 1999.)

Also effective October 1, 1999, the Act established a new entity, the Broadcasting Board of Governors, and transferred to the BBG international broadcasting functions associated with USIA's International Broadcasting Bureau, the Voice of America

Worldnet Television, Radio and TV Marti, Radio Free Europe/Radio Liberty, and Radio Free Asia, but excluding Worldnet interactive dialogues and similar overseas public diplomacy programs.

Other significant provisions of the Act established an Under Secretary of State for Public Diplomacy; provided that the Secretary of State would have access to BBG satellite facilities; and provided that all former USIA employees would be assigned positions in the State Department with retention of personal grade, salary, and seniority.

The Act required that the administration develop a detailed plan for implementation of the reorganization, with submission to Congress within 60 days. The plan was submitted December 30, 1998, with modification issued March 1999. (Document II-12)

The rationale for the reorganization initiative, announced by the President on April 18, 1997, was that public diplomacy should be at the heart of American foreign policy formulation within the Department of State. The Plan to Congress noted that:

Integrating USIA and bringing public diplomacy insights into play sooner will result in more effective policies that are persuasive to foreign audiences. The infusion of USIA's strategic approach to public diplomacy, open style, close ties with non-governmental organizations (NGOs), technology for open communications, and skillful Internet use will make U.S. foreign policy more agile.

Task Force for Reorganization Planning and Implementation

The Assistant Secretary of State for Administration, with the USIA Reorganization Coordinator, chaired the Task Force for Reorganization Planning and Implementation. Joint working groups were established to resolve major issues such as overseas operations; personnel; technology; space planning; legal issues; security; the role of public diplomacy in regional and functional bureaus; training, budget, and financial coordination; and a series of other issues affecting the integration of the public diplomacy function within the Department in Washington and the field.

An important Task Force goal was to maintain an open and transparent process. An outreach unit established regular communication with employees on the progress of the merger through Web sites, broadcast messages, and town hall meetings with reorganization principals. Representatives of employee unions were active participants.

Other significant Task Force goals included a respect for the Secretary's mandate to "preserve and strengthen" public diplomacy in the Department; establishment of clear public diplomacy program relationships with Department offices and the field; strengthening of technology, innovation and Internet capability; establishment of responsive customer service systems; the use of best practices; and equity in the treatment of all employees throughout the crosswalk assignment process.

At the time of the merger, USIA had 6,715 full-time permanent positions. The crosswalk was designed to transfer 1,294 U.S. positions, 652 American positions overseas, and 2,080 Foreign Service National positions to the State Department. The broadcasting entity received 2,689 positions. (See Document II-13)

Creation of an Under Secretary of State for Public Diplomacy and Public Affairs

The reorganization included the creation of a new Under Secretary of State for Public Diplomacy and Public Affairs to advise the Secretary on public diplomacy and public affairs and provide policy oversight for the Bureau of Public Affairs, the Bureau of Educational and Cultural Affairs (responsible for exchange and academic and cultural programs), and the Office of International Information Programs (which was accorded Bureau status and made responsible for development and production of information and policy advocacy programs for foreign audiences). The Under Secretary was also delegated authority for advising the Secretary on all facets of public diplomacy resources, including the allocation of those resources to the regional and functional bureaus and the oversight of their use in the bureaus. Evelyn S. Lieberman was sworn in as the first Under Secretary of State for Public Diplomacy and Public Affairs on October 1, 1999.

Integration of the Agency for International Development

The Foreign Affairs Reform and Restructuring Act of 1998 also affected the U.S. Agency for International Development (USAID), but to a lesser degree than ACDA and USIA. USAID remained a distinct agency with a separate appropriation. The Administrator of USAID was to be under the direct authority and foreign policy guidance of the Secretary of State. Under the President's direction, the Secretary of State was to coordinate all U.S. development and other economic assistance. As before, USAID continued its foreign assistance programs in the areas crucial to achieving sustainable development and advancing U.S. foreign policy interests: economic growth and agricultural development; population, health, and nutrition; the environment; democracy and governance; education and training; and humanitarian assistance.

The Secretary of State's coordinating activities included 1) approving an overall strategy for foreign assistance and economic cooperation; 2) ensuring program and policy coordination among U.S. government agencies in carrying out the Foreign Assistance Act of 1961, the Arms Control Export Act, and other relevant assistance acts; 3) pursuing coordination with other countries and international organizations; and 4) resolving policy, program, and funding disputes among U.S. government agencies. Activities relating to promotion of exports of U.S. goods and services would continue to be primarily the responsibility of the Secretary of Commerce. Coordination activities relating to U.S. participation in international financial institutions and multilateral efforts in the areas of currency stabilization, currency convertibility, debt reduction, and comprehensive economic reform programs continued to be primarily the responsibility of the Secretary of the Treasury.

The Act of 1998 provided that the press office and certain administrative functions of USAID be integrated into the Department of State. The Press Office was integrated into State's Bureau of Public Affairs (PA), which would be responsible for issuing all USAID statements and press releases and for providing media support services. Administrative services and such other areas as training, storage, housing, and security would be shared with State through the International Cooperative Administrative Support Service (ICASS). The Act also abolished the International Development Cooperation Agency (IDCA), established by Executive Order in 1979 as a coordinating mechanism, but not active in recent years.