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Office of Inspector General

Report of Inspection

Office of the Coordinator
for Reconstruction and
Stabilization

Report Number ISP-I-07-26, May 2007

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KEY JUDGMENTS

- Despite its broad mandate, the Office of the Coordinator for Reconstruction and Stabilization (S/CRS) has not yet carved out a leadership role in the management of reconstruction and stabilization crises. It has remained on the periphery in the interagency handling of such crises, playing only an incremental role.
- At present, S/CRS has four central issues on its agenda that will determine whether it will expand significantly the parameters of its present responsibilities and establish for itself a viable institutional role. These issues are: a new relationship with the Director of Foreign Assistance, a major role in implementing the S/CRS charter in National Security Presidential Directive-44 (NSPD-44), a lead role in developing the Civilian Reserve Corps (CRC), and management of the Department of Defense's (DOD) FY 2007 \$100 million transfer authority.
- Although S/CRS has not played the role its proponents hoped it would, the S/CRS divisions have continued to develop doctrine, manage exercises, and provide useful, albeit limited, assistance to embassies through the Active Response Corps (ARC). S/CRS has excellent leadership, an able committed staff, and surprisingly high morale.
- S/CRS needs to restructure. Its current organizational pattern does not adequately reflect the actual delineation of responsibilities within the office and inhibits coordination and communication.

The inspection took place in Washington, DC, between January 23 and February 9, 2007. Ambassador Daniel O'Donohue (team leader), Richard English (deputy team leader), Alan Berenson, Don Bramante, Eric Chavera, Siobhan Hulihan, Kristene McMinn, and Vandana Patel conducted the inspection.

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OFFICE OF THE COORDINATOR FOR RECONSTRUCTION AND STABILIZATION - STILL STRUGGLING FOR A VIABLE ROLE

S/CRS was formally created in June 2004 and placed in the Office of the Secretary in response to problems perceived by Congress, academia, and the executive branch in the organizing of a coordinated, civilian-agency approach to reconstruction and stabilization in Iraq and Afghanistan. However, its focus was to be on future crises, not Iraq/Afghanistan. The S/CRS mandate was broad and diffuse: to lead, coordinate, and institutionalize U. S. government civilian capacity to prevent or prepare for post-conflict situations and help stabilize and reconstruct societies that are in transition from conflict or civil strife.

In December 2005, that mandate was codified in NSPD-44, giving the Secretary of State, and at her direction S/CRS, responsibility for pulling together all U.S. government civilian agencies in an integrated government-wide effort to prepare, plan, and conduct reconstruction and stabilization assistance and related efforts. NSPD-44 assigns to the Secretary, with S/CRS assistance, the lead role in developing reconstruction and stabilization strategies, ensuring civilian interagency program and policy coordination, and carrying out a wide range of other actions, including development of a civilian surge capacity to meet reconstruction and stabilization emergencies. The Secretary and S/CRS are also charged with coordinating with DOD on reconstruction and stabilization responses, and integrating planning and implementing procedures.

Despite its congressional and presidential mandates, S/CRS, in its two and one-half years of existence, has struggled to find a viable institutional role within the Department of State (Department) and the interagency community. It has faced various problems that include:

- S/CRS has received adequate funding from the Department's operations budget, but in FY 2006 and FY 2007, congressional appropriation committees rejected Administration funding requests for major S/CRS program activities. (\$200 million was requested in FY 2006 and \$75 million in FY 2007.) The pending FY 2008 request is \$25 million.

- Whatever the language of the Secretary's broad mandate, S/CRS has found little traction within the Department, and with other key interagency players, in its efforts to play a lead role in reconstruction and stabilization of nations in crisis. Usually, it finds itself on the sidelines or marginally involved, in part because the other players have not seen what value or resources S/CRS could add.
- The original S/CRS approach was perceived by some major officials of the Department and other agencies as bureaucratically overreaching and overly theoretical. For its part, S/CRS encountered quiet, yet strong, bureaucratic resistance from entities that resented its efforts to carry out its responsibilities.

In sum, S/CRS has been unable to carve out the leadership role assigned to it. That inability has led to skepticism as to whether the office will be able to play a major role in managing reconstruction and stabilization, and some original proponents outside the Department are writing S/CRS off as a failed experiment. Although it has not yet achieved the role expected of it, S/CRS has achieved several significant accomplishments. Among them are:

- It created an office whose staff has grown from 20 to 74, giving it sufficient capacity to undertake responsibilities in planning, development of doctrines, and country engagements. The office has also attracted a well-motivated and capable staff.
- S/CRS has an embryonic ARC and a Standby Reserve Corps (SRC) and is creating a CRC to meet the eventual surge needs of civilian agencies.
- It has dispatched representatives to Darfur, Chad, Lebanon, Nepal, and Haiti. In Kosovo, S/CRS is, for the first time, playing the broad interagency planning role envisioned at its creation. It is also bringing its expertise to bear in contingency planning for a number of other at-risk countries
- It is now actively engaged in a range of planning, exercises, and other activities with the DOD, Joint Staff, Joint Forces, and other military commands.
- In the multilateral framework, S/CRS has added reconstruction and stabilization issues to the agenda of the Group of Eight major industrial democracies and is working closely with the United Nations and key bilateral partners, including the United Kingdom, Canada, and Japan.

S/CRS has 74 employees, including 15 authorized positions, 20 Foreign Service officers serving one-year tours, and 39 employees on detail from other agencies and on contract. It manages a budget of \$6.5 million and coordinates up to \$100 million provided by DOD under Section 1207 of Public Law 109-163.

PRESENT CHALLENGES AND FUTURE PROSPECTS

S/CRS hit its nadir in 2006. The office had been leaderless for five months after the December 2005 departure of the former Coordinator. Its staff had struggled unsuccessfully to find a meaningful role within the interagency arena. Furthermore, there was a general sense of drift as the key agencies and Department offices that originally supported S/CRS were seen expressing a lack of confidence by pulling back personnel they had assigned to the office.

Coincident with the arrival of the new Coordinator in June 2006, S/CRS has seen a reversal of its fortunes. After first reinvigorating S/CRS with a renewed sense of mission, the Coordinator actively sought engagement with regional bureaus by sending small groups of personnel to support bureau and embassy efforts in managing crises and near-crisis situations, most notably in Darfur and Lebanon. For the first time, S/CRS undertook operational tasks and had its first experiences in actual reconstruction and stabilization environments. The S/CRS contributions were at most incremental, but they elicited positive feedback from other Department players.

More importantly, four major developments are in play that, over the next months, will determine the parameters of the organization's future role and responsibilities. How S/CRS meets these challenges will largely determine its longer-term institutional viability and whether it will fulfill its role as the Department's central focus for coordination of reconstruction and stabilization planning, operations, and resource management. These issues center on the S/CRS relationship with the Office of the Director for Foreign Assistance (F), its response to NSPD-44, its ability to develop a civilian surge capacity, and its role regarding DOD support and Section 1207 transfer authority.

THE RELATIONSHIP WITH THE OFFICE OF THE DIRECTOR FOR FOREIGN ASSISTANCE

In response to the problems S/CRS was having in gaining traction within the Department and in the interagency framework, the Secretary made the Coordinator a deputy director in F, while preserving S/CRS's mandated direct reporting link to the Secretary. Attaching S/CRS to F was logical and was generally welcomed within

the Department as enhancing S/CRS's bureaucratic clout and giving the Coordinator a needed major interlocutory role in the development, packaging, and processing of integrated resource requests for nations that had been identified as targets for U.S. reconstruction and stabilization programs.

At the same time, there are potential pitfalls in the F relationship relating to S/CRS's broader responsibilities, should the relationship become a precursor to absorption into the larger F structure and subsequent diversion of S/CRS attention from its priorities outside of foreign assistance. Recognizing that the new F relationship will inevitably mean change in the S/CRS organizational alignment, the current S/CRS designation should be maintained as a structure that clearly contains the current range of S/CRS responsibilities and activities. The relationship with F should not impinge on S/CRS's capacity to meet its other crisis-management tasks. Further, designation of the Coordinator as an Ambassador at Large would also enhance his role. The Office of Inspector General (OIG) team has conveyed these views to F.

NATIONAL SECURITY PRESIDENTIAL DIRECTIVE-44

NSPD-44 is the bedrock document, codifying the role and responsibilities of the Secretary of State, with S/CRS assistance. The directive is not self-enforcing, and S/CRS has labored over a year to secure interagency consensus on a mechanism to implement the directive and define the roles of S/CRS, the regional bureaus, and other agency players. The consensus document, agreed on in a January 25, 2007, policy coordination committee meeting, has been viewed by S/CRS as a signal achievement for the office, a view shared by several regional bureaus and other major agency participants. That draft document provides, for the first time, a highly structured, uniform, interagency approach, with a well-defined, major role for S/CRS in responding to reconstruction and stabilization crises.

There is still more work to do on the NSPD-44 implementing document, and there are major challenges ahead. The S/CRS-designed structured approach to crises is still untested in a real-world situation. It may yet be found to be overly cumbersome, even unworkable, with its troika-like leadership, which includes the staffs of the National Security Council, S/CRS, and the involved regional bureau. Nevertheless, S/CRS deserves credit for persevering through protracted interagency negotiations to achieve consensus on the implementing document.

DEVELOPMENT OF A CIVILIAN SURGE CAPACITY

One of the major S/CRS mission objectives is the development of a civilian surge capacity to meet the demands of crisis reconstruction and stabilization. Besides the creation and development of the CRC, as discussed in this section, this report also addresses S/CRS's existing capacity to meet surge requirements via the ARC and SRC.

The Iraq situation, the President's decision to increase troop levels, and the concomitant need for a civilian agency surge, have raised the need for a CRC to priority status. The President touched on that issue in his 2007 State of the Union message, and the Secretary of Defense and the Chairman of the Joint Chiefs of Staff have also weighed in on the need for greater civilian capacity to meet the challenges of reconstruction and stabilization. The Secretary repeatedly outlined to Congress, and in her public statements, the need for a CRC that has diverse skills not found among Civil or Foreign Service personnel and that the Department could call on in reconstruction and stabilization crises. The Secretary also indicated the Department would submit specific proposals for congressional consideration.

On a priority basis, S/CRS, in concert with the National Security Council staff, is developing a fleshed-out CRC proposal, with an attendant legislative action strategy. In 2005-06, S/CRS did preliminary work on developing a CRC, commissioning the Bearing Point Company to produce an extensive report on the development of a governmental civilian reserve capability for deployment in stabilization and reconstruction operations. The report was delivered in May 2006 and was the basis for initial tentative efforts in December 2006 to move ahead on the civilian reserve concept. The OIG team has concerns about relying on that report as the foundation for developing the CRC, however, since the report has not been subjected to rigorous analysis within S/CRS, and other interested Department offices have not assessed the report's utility in meeting the Department's civilian reserve needs. Also, S/CRS has not yet set up a mechanism to secure the contributions of operational offices in the Department and other key agencies in the effort to design the Department's congressional presentation on the CRC.

S/CRS needs to establish a working group to engage key operational entities in the Department and other agencies in the creation and development of the CRC. Such a working group would allow early contributions of those offices in the planning process and enlist their help in the effort to secure congressional support and establish the CRC. Participants in such a group could include the Department of Justice, the Senior Advisor to the Secretary of State on Iraq, the U.S. Agency for International Development (USAID), and representatives of the Bureau of Interna-

tional Narcotics and Law Enforcement Affairs; Population, Refugees, and Migration; Near Eastern Affairs; and South and Central Asian Affairs. It would also assure that the CRC concept would be integrated into an overall approach of embracing the existing and future surge plans of individual operational offices. S/CRS agrees with the need to establish an effective dialogue with the major program and operational offices having experience in the field.

Recommendation 1: The Office of the Coordinator for Reconstruction and Stabilization should establish an ongoing mechanism by which the senior levels of the major program and operational offices of the Department and other agencies will engage in the development and establishment of the Civilian Reserve Corps. (Action: S/CRS)

DEPARTMENT OF DEFENSE SUPPORT AND SECTION 1207 TRANSFER AUTHORITY

DOD has been an active, vocal supporter of the concept of a strong S/CRS having broad authority. Although disappointed at the failure of S/CRS to play that role, DOD has remained an active supporter, most obviously through its transfer of Section 1207 authority funds for S/CRS programs.

Section 1207 of Public Law 109-163 authorizes the DOD to provide services, Defense articles, and funds to the Department of up to \$100 million annually in FY 2006 and FY 2007. The authority provides for reconstruction, security, and stabilization assistance to a foreign country to restore or maintain peace and security. Generally, a Section 1207 initiative may be proposed by any U.S. agency, and funding for such foreign assistance can be used by any agency at the direction of the Secretary of State. S/CRS is charged with coordinating submissions for funding under Section 1207 and monitoring project implementation.

In 2006, DOD transferred \$10 million to the Department under Section 1207, funds allocated entirely to projects in Lebanon. S/CRS, as coordinator for the U.S. effort in Lebanon, sent the director of its Office of Response Strategy and Resource Management to Beirut for two months to oversee the program and assure proper use of the funds. So far in 2007, \$20 million in Section 1207 funds is destined for

programs in Haiti, and the Haiti advisor in the S/CRS Office of Best Practices and Sectoral Coordination has been assigned as team leader to oversee project implementation.

In 2006, there was an initial period of bureaucratic confusion involving S/CRS, USAID, and other Department players as they grappled with DOD rules for Section 1207 transfer authority. S/CRS has since drafted comprehensive guidelines for handling submissions of Section 1207 funding requests. The guidelines are awaiting Department clearances. The OIG team informally recommended that S/CRS gain the needed clearances and publish and disseminate the guidelines to ensure maximum utilization of Section 1207 funds.

ORGANIZATION AND INTERNAL DYNAMICS

EXECUTIVE DIRECTION

In his seven-month tenure, the Coordinator has given strong leadership and effective policy direction to S/CRS. The office's staff speak highly of his personal qualities and give him full marks for having reinvigorated the office in the wake of the five-month hiatus after the departure of the previous Coordinator. He has also worked effectively to establish good relations with key officials of the Department and other agencies and entities having a role with S/CRS, including the regional bureaus. Those interviewed at the Department, DOD, USAID, and in Congress, including critics of the S/CRS role, expressed near-universal respect and appreciation for the Coordinator's performance.

The relationship between the Coordinator and his deputy is excellent, paralleling the traditional embassy pattern found between an Ambassador and deputy chief of mission. The deputy focuses primarily on internal management and coordination of the office's disparate elements and easily substitutes for the Coordinator in interagency forums. In the pattern of his predecessor, however, the Coordinator is very much the main actor and takes center stage in all major policy issues. Both officials are open and easy in their relationships with S/CRS personnel, working hard at ensuring good communication and coordination. Overall S/CRS performs impressively under the hands-on direction of the Coordinator and deputy.

The Coordinator and deputy are both adroit, confident interlocutors in the public arena. They actively and regularly engage congressional staff, the media, and academia in pursuit of S/CRS policy objectives. Public diplomacy is at the forefront of their activities.

At the same time, the front office and S/CRS, as a whole, suffer from a formal organizational structure that inhibits effective management, coordination, and communication. S/CRS functions well despite, not because of, its current internal organization. This report elsewhere deals with the need for an office-wide restructuring. The S/CRS executive office has 14 people, including seven substantive assistants,

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advisors, military liaison officers, and contractors, blurring lines of authority and communication. Within S/CRS there is a general sense that personnel not directly related to support of the Coordinator and deputy should be placed in the divisions appropriate to their responsibilities. S/CRS would function more effectively if the front office only consisted of direct support staff, a single military advisor, and a legislative and public affairs unit that coordinated outreach activities. The remaining staff could be assigned to the offices dealing with their areas of activity. S/CRS agrees with the need to reorganize the front office.

Recommendation 2: The Office of the Coordinator for Reconstruction and Stabilization should reduce the number of staff members who report directly to the Coordinator and the deputy coordinator to include only personnel that directly support the Coordinator and deputy. (Action: S/CRS)

One by-product of S/CRS organizational weakness is the excessive use of meetings to ensure coordination and communication. Both the Coordinator and deputy have too long a list of daily and weekly internal meetings. The OIG team informally recommended that they review and reduce the number of meetings.

The current increased pace of major program- and policy-related activities puts heavy demands on the Coordinator and deputy. Internally, S/CRS has grown in the past years from an original staff of 20 to 74. And the office is slated to grow more, with 57 additional positions requested for FY 2008. The office's yet-undefined relationship with F will put new responsibilities on the S/CRS leadership and on NSPD-44 implementation. The Coordinator will personally be increasingly absorbed in the high-priority Department campaign to create and secure congressional support for the CRC concept. Furthermore, the Coordinator and deputy are senior Foreign Service officers. Thus, the office needs a broader interagency leadership team. S/CRS agrees that the office needs a second deputy position, preferably a USAID senior officer with program/crisis management experience.

Recommendation 3: The Office of the Coordinator for Reconstruction and Stabilization should request that the Bureau of Human Resources ask the U.S. Agency for International Development to detail a senior officer to the Office of the Coordinator for Reconstruction and Stabilization to serve as a deputy coordinator. (Action: S/CRS, in coordination with HR)

Bureau Strategic Plan

S/CRS has faced great uncertainties about its role and responsibilities and the resources that will be available to it. In light of these uncertainties, S/CRS has had difficulty with planning. The Bureau of Resource Management's Office of Strategic and Performance Planning has criticized previous S/CRS Bureau Performance Plan submissions, and S/CRS needs to pay more attention to the Bureau Strategic Plan process and to future strategic planning.

OFFICE OF BEST PRACTICES AND SECTORAL COORDINATION

S/CRS's Office of Best Practices and Sectoral Coordination (BPC) is well managed and has a multifaceted character. In coordination with other government entities, the office produced several detailed, comprehensive lessons-learned guides for government planners about post-conflict stabilization, including an essential tasks matrix and a disarmament, demobilization, and reintegration guide. Besides its lessons-learned role, the office constructs country-specific strategic plans and undertakes operational activities abroad. The office developed a one-year strategic planning template for Haiti, a compact, yet complete listing of the elements needed to support U.S. policy goals. During the inspection, two officers left for a two-week operational visit to the U.S. embassy in Haiti. Overall, the office is congenial and has a skilled, motivated, and dedicated staff as well as efficient and generous management that deals well with a heavy and constantly shifting workload and unforgiving deadlines. The office director, besides managerial duties, has a significant operational portfolio, but has not had a deputy director. The last deputy director left in September 2006 and will not be replaced until a Foreign Service officer arrives in summer 2007.

There is some functional ambiguity in the office's structure. Country-specific operations consume over half of the office's time, with priorities changing as crises arise. The office shares these country workloads with other S/CRS elements. The Haiti team's organizational leader is in BPC, for instance, but the team members are spread out over three offices. The Cuba team, also led by BPC, encompasses team members spread over about four S/CRS offices. And plans for both country teams foresee the addition of significantly more staff. The result is a vague functional structure that blurs lines of authority, pulls too few positions in too many directions, and adds an element of unpredictability in an already unstructured environment.

The office structure is adversely affected by the inclusion of many temporary staff members. Ten of 11 positions in the office are filled by detailees, contractors, or Foreign Service officers on limited-tenure assignments. Only one staff member is a full-time employee. The advantage provided to the office's coordinating role by having detailees from other agencies is countered by a sense of instability and loss of continuity because of the many temporary employees.

The office's coordination role is being squeezed by its large country-specific duties. As a result, increasingly fewer hours can be devoted to sectoral coordination, and S/CRS has yet to firmly establish its preeminence in interagency coordination. Furthermore, the office must deal with other large governmental entities that also have planning, coordination, and operational responsibilities. USAID, for example, has an Office of Conflict Management and Mitigation, and the Bureau of International Narcotics and Law Enforcement Affairs has an Office of Policy, Planning, and Coordination.

In sum, the blurred lines of authority, increasing country-specific activity, and the significant coordination role imposed on a relatively small staff, all support S/CRS reorganization and restructuring, as recommended elsewhere in this report.

OFFICE OF EARLY WARNING AND PREVENTION (EWP)

The Office of Early Warning and Prevention (EWP) has seven employees, runs well, and has sound leadership. It is staffed by talented, experienced, and motivated officers who seem to thrive on a steady diet of conflicts around the world. As in other S/CRS offices, the staff spends over half its efforts on country-specific operations. But most of its country work fits into its primary early-warning role. Zimbabwe, for example, was the subject of an EWP-led prevention planning exercise. Though not specific to EWP, many regional operations cut across office lines and have changing priorities that respond to the crisis of the moment; this contributes to a sense of an unstructured, even amorphous, S/CRS organization.

One distinguishing feature of EWP is its concentration on near-term, emerging conflicts, as opposed to post-conflict stabilization, the concern of other elements in S/CRS. For example, in coordination with the interagency community, the office produced a broad-based methodology to assess instability and conflict; the guide covers such topics as diagnosing sources of conflict and understanding trends of conflict. The office is now engaged in the first test of that methodology, working

with an interagency committee. In another country-specific exercise, also part of its early warning and prevention mandate, the office played a major role in assessing the sources of instability and conflict in Chad.

The office has a strong coordinating role in its conflict assessment responsibility, involving the Department, DOD, USAID, the intelligence community, and others. Its success can be measured by the high quality of its major works and their implementation. The office's heavy workload rarely impinges on its effort on the important coordination process, mostly due to the high quality of its staff and leadership.

OFFICE OF PLANNING

The Office of Planning works with the interagency community and Department bureaus and offices to plan for stabilization, reconstruction, and conflict transformation arising from country crises, failed or failing states, or other unstable country conditions. For example, it provided leadership for the draft U.S. Planning Framework for Stabilization, Reconstruction, and Conflict Transformation, which was recently adopted as part of the NSPD-44 process. The office is well managed and performs effectively, but organizational problems that affect S/CRS as a whole tend to impede the office's performance.

The authorizing legislation for S/CRS and NSPD-44 provide for an S/CRS planning function. By statute, S/CRS must plan for such requirements as demobilization, policing, human rights monitoring, and public information, and to coordinate interagency plans for response efforts. Planning is aimed at diminishing destructive forms of conflict and developing local institutions to prevent a nation from falling back into violent conflict.

The office led collaborative efforts to develop a four-part set of planning and metric tools, including an update of the Planning Framework, the development of the Post-Conflict Reconstruction and Stabilization Essential Tasks Matrix, and a metrics framework to assess program progress and effectiveness. These tools form a major part of U.S. efforts at stabilization, reconstruction, and conflict transformation. But a major concern is whether the planning process produces analysis, strategy, and tactics that will, in fact, be useful and practical in the field. In that respect, there will be no substitute for constant, determined, managerial vigilance and energy to ensure realism and practicality in planning.

Many planning staff members work on country-specific projects. For example, S/CRS has engaged in several country-specific planning exercises that cut across office lines, including those for Haiti, Sudan, post-Castro Cuba, and Kosovo. The office also assigned one officer whose principal responsibility is to develop the use of metrics to measure results in these exercises and to teach and advise others in S/CRS on the use of metrics.

The Office of Planning's managerial problems are common to all of S/CRS. With the office actively engaged in an innovative field, prioritization of work is sometimes a problem. Staff members still encounter organizational ambiguity in this relatively new office. And the frequent turnover in staff, stemming from the use of contractors and Foreign Service officers on one-year tours, has made it more difficult to develop in-depth expertise and continuity.

In addition, S/CRS is in danger of losing the interagency character that it had immediately after its formation. At the time of the inspection, only two officers, out of the Office of Planning's staff of 12, were representing another agency. To be effective in interagency coordination the office needs to continue to recruit from other agencies.

OFFICE OF RESPONSE STRATEGY AND RESOURCE MANAGEMENT

The Office of Response Strategy and Resource Management encompasses two different functions under one directorate. Two of its sections, Concept Development and the ARC, have duties related to developing and implementing an integrated U.S. government civilian response to foreign crises and conflicts, while a third section, the management unit, performs traditional administrative functions for S/CRS and its staff.

This organizational structure is an awkward combination for one director to manage and will become more difficult as S/CRS continues to grow and its resource management responsibilities increase. The planned reorganization of S/CRS, discussed elsewhere in this report, addresses the problem. Overall, the office is plagued by some of the same problems faced by other S/CRS offices. These problems include rapid turnover, with many employees on one-year tours or temporarily detailed from other offices and agencies, and having functions that cross office lines, resulting in unclear lines of authority.

Concept Development Unit

The unit consists of five employees and a chief, who is also the deputy director for the Office of Response Strategy and Resource Management. The unit is involved in a number of other initiatives and projects related to improving the operational response to conflict. These include facilitating and serving on working groups to implement NSPD-44, coordinating with other agencies and Department offices to build a robust civilian response capability, developing operational doctrine for integrated interagency field teams (Advance Civilian Teams), and developing training to ensure that responders have the essential skills in each phase of reconstruction and stabilization. Working with the Foreign Service Institute and other S/CRS offices, the staff has designed five courses related to reconstruction and stabilization that have been attended by over 300 interagency personnel.

The Concept Development unit is a key player in developing a civilian surge capability, an S/CRS main objective. The first element in developing this capability, the ARC, has been up and running for the past year and represents a major accomplishment for S/CRS and the Concept Development staff. The second element is the SRC.

Active Response Corps

The ARC represents the Department's first-responder capability, those who will be the first employees on the ground in a crisis or post-conflict situation. The current corps consists of 11 S/CRS staff members, including a director who plans and executes operational deployments to support reconstruction and stabilization policy objectives. The ARC's establishment was an early success story for S/CRS. Its members have been deployed to hot spots such as Darfur, Lebanon, and Kosovo, and their work has garnered positive feedback from the regional bureaus and posts. When not deployed, ARC members are in training, participating in other U.S. government exercises, planning for possible future deployments, and working with other S/CRS offices and Department bureaus on related issues.

The ARC and other offices recognize that the ARC needs to be better integrated into S/CRS work. In the past, there have been misunderstandings about the role of the ARC, and ARC members have sometimes been excluded from planning activities and meetings where their participation would add value and that would aid them in their understanding of potential deployments. Coordination is improving, and a recent meeting between the ARC and the other S/CRS office directors was said to be educational for all parties.

Because ARC members are on the front lines of S/CRS reconstruction and stabilization efforts, there is always a danger of over-deploying ARC members when responding to requests from regional bureaus or embassies. The office has carefully offered assistance, when needed and when resources are available, and is avoiding work that is only marginally related to reconstruction and stabilization operations.

The Standby Response Corps

The second element is the SRC, which consists of over 350 active and retired Foreign Service officers who have volunteered for deployment in overseas crises. So far, two members of the SRC have been deployed, one to Chad and one to Darfur. The SRC is still very much a work in progress, as problems continue to be ironed out. Although the volunteers are available for deployment, and their home bureaus and posts have agreed in principle to their availability, S/CRS has encountered difficulty in getting bureaus and posts to release the volunteers.

Management Staff

As noted, the Management unit performs integral resource management functions for S/CRS, such as budgeting, financial management, human resources, and general services. A discussion of its operations is in the Resource Management section of this report.

ORGANIZATIONAL RESTRUCTURING

During the inspection, there was a general recognition in the S/CRS front office and the divisions, that S/CRS needs an organizational overhaul. The current structure does not adequately reflect the actual patterns of activity, and there is too much reliance on ad hoc working groups that are drawn from across S/CRS in hopes of surmounting the crossed lines of authority and communication. The formal designations of the individual divisions tend to obscure, rather than describe, their responsibilities.

In addition, S/CRS has grown well beyond its modest beginnings and is on track to grow further; current workloads are increasing, and S/CRS will be taking on new expanded responsibilities in such areas as NSPD-44 and the CRC. Prior to the inspection, S/CRS already had held informal meetings soliciting views within the office, and several restructuring proposals were circulating. S/CRS needs to move promptly to adopt a more effective organizational structure. The presently undefined relationship between S/CRS and the Director of Foreign Assistance will affect the office's organization, and there is more than one approach to reordering S/CRS's organizational structure. The OIG team suggested that S/CRS revise its portfolio in the following manner:

- Adopt a slimmed-down front office, as outlined in the Executive Direction section of this report;
- Establish three reorganized divisions that more closely align actual responsibilities along the lines of planning and policy, regional activities and programs, and resource strategies and programs;
- Create a Resource Strategies and Programs division to incorporate the ARC, SRC, and a new unit devoted to policy and program support for the CRC concept; and
- Establish a stand-alone Resource Management unit for the work now subsumed under the current Response Strategy and Resource Management division.

Recommendation 4: The Office of the Coordinator for Reconstruction and Stabilization should restructure its organization to more accurately reflect its responsibilities and improve coordination and communication. (Action: S/CRS)

RESOURCE MANAGEMENT

Program/Fund	FY 2004 Allocated	FY 2005 Allocated/Used	FY 2006 Allocated	FY 2007 Earmarked	FY 2008 Request
Diplomatic and Consular Programs	\$730,000	\$730,000	\$6,200,000	\$6,500,000	\$14,500,000
Supplemental	\$0	\$2,900,000	\$4,800,000	\$1,300,000 Requested	\$N/A
Conflict Response Fund	\$0	\$0	\$0	\$0	\$25,000,000
DOD Transfer Authority	\$0	\$0	\$10,000,000	\$100,000,000	\$0
Total	\$730,000	\$3,630,000	\$21,000,000	\$107,800,000	\$39,500,000

Organizationally, S/CRS is in flux. In all likelihood, its pending merger with F will affect S/CRS's structure and staffing. As of February 1, 2007, S/CRS had 74 employees, including 15 authorized positions filled by Civil Service employees, 20 Foreign Service officers serving one-year tours, and 39 other employees on detail from other agencies and on contract. But contract personnel are costly. From January 1, 2005, to February 1, 2007, S/CRS spent over \$3.6 million for such employees. Currently, the Department is requesting an increase of 57 full-time positions for S/CRS in FY 2008.

PERSONNEL ISSUES

The temporary and short-term nature of assignments in most positions in S/CRS has adversely affected operations. S/CRS's work is complex and requires coordination with Department organizations and outside entities. With the incumbents of most positions turning over every year, a considerable amount of staff time is spent bringing new employees up to speed on current issues and establishing the contacts needed to accomplish their work. S/CRS is aware of the problem and has requested additional full-time-equivalent positions to stabilize its staffing. Though creating permanent slots is important, the office also needs to preserve a mix of

personnel from the Department and other agencies to support its interagency role. The ratio of other-agency personnel to Department employees has been declining. The OIG team informally recommended S/CRS renew its efforts to have qualified detailees assigned to S/CRS from other agencies engaged in reconstruction and stabilization work.

THE MANAGEMENT UNIT, OFFICE OF RESPONSE STRATEGY AND RESOURCE MANAGEMENT

The Management unit has an executive director, budget officer, budget analyst, and a general services officer. S/CRS receives management support from the Bureau of Administration's Executive Office and the Office of the Executive Director in the Executive Secretariat (S/ES-EX), with the former assisting in human resources and S/ES-EX providing financial and general services operations. Though the Management unit cannot absorb a significant increase in workload, it can assume several functions currently provided by S/ES-EX, relieving that over-burdened staff. Functions that may be transferred include supplies procurement, accountable property officer responsibilities, government credit card use, and travel authorizations.

Recommendation 5: The Office of the Coordinator for Reconstruction and Stabilization should identify administrative functions that it can assume and coordinate with the Office of the Executive Director in the Executive Secretariat to transfer responsibility for the agreed-upon functions. (Action: S/CRS, in coordination with S/ES-EX)

The Management unit is performing satisfactorily. As noted, it can assume responsibility for additional administrative functions. However, if the number of S/CRS personnel, such as in the ARC, were to increase significantly, the unit's staffing would have to be increased.

Currently, there is no provision for S/CRS in the Foreign Affairs Manual. Though S/CRS has a foundation in statute and NSPD-44, those sources are less accessible than the Foreign Affairs Manual.

Recommendation 6: The Office of the Coordinator for Reconstruction and Stabilization should draft, obtain approval of, and arrange for publication of a Foreign Affairs Manual provision that describes its function and operations. (Action: S/CRS)

Office Space

S/CRS occupies part of the seventh floor in State Annex 3, directly across from the Harry S Truman building. That space is adequate for current S/CRS staffing levels. But if some or all of the Department's requested increase of 57 full-time positions is added to staffing, S/CRS will need additional space. In that case, Department planning calls for S/CRS to move to a building that is less convenient to the Department headquarters than its current location.

INFORMATION MANAGEMENT AND INFORMATION SECURITY

The Bureau of Information Resource Management (IRM) adequately provides information technology (IT) services for S/CRS. Currently, IRM provides one full-time employee and one full-time contractor for IT systems support. S/CRS has one full-time contractor and one full-time employee to provide systems and web site support. Although these four employees administer and manage IT support services well for more than 70 S/CRS employees, there is room for improvement. The service-level agreement (SLA) between S/CRS and IRM should be revised to more accurately describe the IT support provided. S/CRS should use the Universal Trouble Ticket (UTT) system more consistently and should establish and monitor user-security practices.

Information Technology Support Services

IRM provides S/CRS with IT support services and with administrative management from S/ES-EX. During S/CRS's formation in 2004, senior management decided that IRM could more efficiently provide IT support services to the new organization, because IRM had more IT staff resources and IRM InfoCenter staff members were located in the same building. As a result, IRM and S/ES-EX established an SLA outlining IT responsibilities. Under the current SLA, dated March 16, 2004, IRM provides IT support functions, including maintenance of desktop computers,

helpdesk services, server accounts, Internet connectivity, and backup services. In addition, IRM supports information security for S/CRS network services by conducting virus updates and maintaining systems documentation. S/ES-EX assists S/CRS with staff training, equipment procurement, and maintenance of its IT equipment inventory. According to the SLA, S/CRS pays IRM \$150,000 per year for IT support services, a cost based on the number of unclassified and classified users within S/CRS and on the number of IRM support staff required.

Since March 2004, IRM and S/CRS have not restructured the SLA to reflect changes in management, increased staff levels, or new technology, and IRM has not provided a copy of the SLA to S/CRS management. As a result, S/CRS officials must contact S/ES-EX representatives for clarification when IT support questions arise. An updated and properly disseminated SLA could improve communication and IT support services. In May 2006, IRM and S/ES-EX drafted a revised SLA, but it has not been finalized because IT consolidation changed the organizational structure.

Recommendation 7: The Office of the Coordinator for Reconstruction and Stabilization, in coordination with the Bureau of Information Resource Management and the Office of the Executive Director in the Executive Secretariat, should revise their service-level agreement to reflect information technology support services. (Action: S/CRS, in coordination with IRM and S/ES-EX)

S/CRS staff rated the quality of IT service, with 88 percent of respondents responding favorably. They said IT support teams from IRM and S/CRS are knowledgeable, skilled, provide efficient services, and are customer oriented.

Not all S/CRS employees follow consistent procedures when requesting IT support from IRM. Some contact the IRM support staff directly, and others contact the IRM InfoCenter to report a problem. This mixed approach for requesting assistance affects the level of service because IRM management uses the UTT system to determine work levels for its staff and to assess availability for other tasks. Without consistent use of the UTT system, IRM management cannot accurately determine the staff level needed to support S/CRS. With more consistent use of UTT in S/CRS, IRM management could provide better attention to problems requiring immediate action and more efficiently identify S/CRS system problems.

MANAGEMENT CONTROLS

S/CRS and S/ES-EX need better coordination and communication to improve controls in S/CRS. So far, S/CRS has not named a management controls coordinator, nor has it established a formal management controls program. It is also unclear whose employees are responsible for a number of key management control functions. Controls over labor services contracts, in particular, should be strengthened.

According to 2 FAM 022.6, the head of a Department office must designate in writing a management controls coordinator as the liaison and quality assurance officer to the Bureau of Resource Management (RM). It was unclear whether the S/ES-EX management controls coordinator serves, or even should serve, as the S/CRS management controls coordinator. Furthermore, S/CRS's management controls documentation has not always been submitted through S/ES-EX. For example, in August 2006, S/CRS submitted a Management Controls Statement of Assurance to S/ES-EX, but in December 2006 it submitted risk assessment questionnaires directly to RM without coordinating with S/ES-EX.

Recommendation 10: The Office of the Coordinator for Reconstruction and Stabilization, in coordination with the Office of the Executive Director in the Executive Secretariat, should formally designate a management controls coordinator and inform the Bureau of Resource Management of this action. (Action: S/CRS, in coordination with S/ES-EX)

Although S/CRS has fulfilled some management controls program requirements, it has not yet fully implemented a management controls program. According to 2 FAM 021.3.q, bureaus and offices must maintain a current file of written policies, procedures, manuals, organization charts, and other documentation, and must publish these responsibilities. Although S/CRS had some of the documentation on file, the information was not centrally maintained, and it was not clear who was responsible for several key management controls functions.

In December 2006, S/CRS completed RM's risk assessment questionnaires. The OIG team found that the S/CRS self-assessment was accurate. Some S/CRS employees noted that delegations of authority often overlapped, some formal policies and procedures needed work, position descriptions and work requirement statements were outdated, internal control policies were not documented, and most staff members had not had management controls training nor seen management controls documentation. Based on the risk assessment, RM recommended that S/CRS develop corrective action plans. At the time of the inspection, S/CRS had not assigned responsibility for this task nor had it developed corrective action plans.

Recommendation 11: The Office of the Coordinator for Reconstruction and Stabilization, in coordination with the Office of the Executive Director in the Executive Secretariat, should implement a formal management controls program that includes delegation of responsibility for key management control functions and should develop corrective action plans for deficiencies outlined in its risk assessment. (Action: S/CRS, in coordination with S/ES-EX)

Labor Services Contracts

In 2005 and 2006, S/CRS contracted for about \$3.5 million in labor services. To obtain the services, S/CRS coordinated with S/ES-EX and the Bureau of Administration's Office of Acquisitions Management (AQM) to issue task orders for current contracts and to establish new ones. But S/CRS did not adequately track funding availability for task orders and contracts. According to 14 FAH-2 H-517, contracting officer representatives must maintain working files that include copies of contractor invoices, a payment register indicating the remaining fund balance for the task order or contract, and other documents. The payment register ensures that government employees do not request or accept contractor services unless valid funding obligation documents exist. Some contracting officer representatives have not maintained a register of available contract funds and some have not had training or received AQM-generated letters of designation. Neither the contracting officer representatives nor the S/CRS budget officers have been comparing the contractor labor rates on invoices to the labor rates specified in the contract itself, though they are required to do so by 14 FAH-2 H-522.4(e) to ensure against being overcharged for services.

Recommendation 12: The Office of the Coordinator for Reconstruction and Stabilization, in coordination with the Bureau of Administration, should designate contracting officer representatives, designate responsibilities in writing, and provide required training. (Action: S/CRS, in coordination with A)

FORMAL RECOMMENDATIONS

Recommendation 1: The Office of the Coordinator for Reconstruction and Stabilization should establish an ongoing mechanism by which the senior levels of the major program and operational offices of the Department and other agencies will engage in the development and establishment of the Civilian Reserve Corps. (Action: S/CRS)

Recommendation 2: The Office of the Coordinator for Reconstruction and Stabilization should reduce the number of staff members who report directly to the Coordinator and the deputy coordinator to include only personnel that directly support the Coordinator and deputy. (Action: S/CRS)

Recommendation 3: The Office of the Coordinator for Reconstruction and Stabilization should request that the Bureau of Human Resources ask the U.S. Agency for International Development to detail a senior officer to the Office of the Coordinator for Reconstruction and Stabilization to serve as a deputy coordinator. (Action: S/CRS, in coordination with HR)

Recommendation 4: The Office of the Coordinator for Reconstruction and Stabilization should restructure its organization to more accurately reflect its responsibilities and improve coordination and communication. (Action: S/CRS)

Recommendation 5: The Office of the Coordinator for Reconstruction and Stabilization should identify administrative functions that it can assume and coordinate with the Office of the Executive Director in the Executive Secretariat to transfer responsibility for the agreed-upon functions. (Action: S/CRS, in coordination with S/ES-EX)

Recommendation 6: The Office of the Coordinator for Reconstruction and Stabilization should draft, obtain approval of, and arrange for publication of a Foreign Affairs Manual provision that describes its function and operations. (Action: S/CRS)

INFORMAL RECOMMENDATIONS

Informal recommendations cover matters not requiring action by organizations outside of the inspected unit and/or the parent regional bureau and are not be subject to the OIG compliance process. However, any subsequent OIG inspection or onsite compliance review will assess the mission's progress in implementing the informal recommendations.

S/CRS has an excessive number of meetings.

Informal Recommendation 1: The Office of the Coordinator for Reconstruction and Stabilization should review and reduce the number of meetings held in its front office.

The guidelines for submitting Section 1207 requests are still in draft form.

Informal Recommendation 2: The Office of the Coordinator for Reconstruction and Stabilization should gain the needed clearances and publish the guidelines.

S/CRS's ratio of other-agency personnel to Department employees has been declining.

Informal Recommendation 3: The Office of the Coordinator for Reconstruction and Stabilization should renew its efforts to have qualified employees from other agencies assigned to the office.

PRINCIPAL OFFICIALS

	<u>Name</u>	<u>Arrival Date</u>
Coordinator	Ambassador John E. Herbst	May 2006
Deputy Coordinator	Mark L. Asquino	July 2006
Office Directors:		
Early Warning and Prevention	Thomas H. Moore	August 2006
Best Practices and Sectoral Coordination	Michele Schimpp	June 2006
Planning	Oscar G. DeSoto	July 2006
Response Strategy and Resource Management	Patricia Nelson-Douvelis	July 2006

ABBREVIATIONS

AQM	Bureau of Administration, Office of Acquisitions Management
ARC	Active Response Corps
BPC	Office of Best Practices and Sectoral Coordination
CRC	Civilian Reserve Corps
Department	Department of State
DOD	Department of Defense
EWP	Office of Early Warning and Prevention
F	Office of the Director for Foreign Assistance
IRM	Bureau of Information Resource Management
IT	Information technology
NSPD-44	National Security Presidential Directive-44
OIG	Office of Inspector General
RM	Bureau of Resource Management
S/CRS	Office of the Coordinator for Reconstruction and Stabilization
S/ES-EX	Office of the Executive Director in the Executive Secretariat
SLA	Service-level agreement
SRC	Standby Response Corps
USAID	U.S. Agency for International Development
UTT	Universal Trouble Ticket

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