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Highlights

Highlights of [GAO-06-641](#), a report to the Chairman, Committee on Foreign Relations, U.S. Senate

Why GAO Did This Study

In response to 2 bombings of U.S. embassies in Africa in 1998, the Department of State embarked on a \$21 billion program to replace 201 insecure and dilapidated diplomatic facilities. In November 2004, GAO reported that State's Bureau of Overseas Buildings Operations (OBO), which manages the construction program, had implemented reforms to its planning, design, construction, and funding processes designed to expedite the construction process and prevent cost overruns that were common to previous State diplomatic construction programs. This report updates GAO's earlier report, by discussing OBO's completion rates and costs for embassy construction projects and the impact the reforms and other factors have on completion rates. It also discusses the changes in the costs for operating and maintaining these new facilities.

What GAO Recommends

GAO recommends that the Secretary of State develop an integrated and comprehensive facilities plan that clearly specifies the immediate and long-term resource needs for operating and maintaining new embassy compounds.

We received comments from the Department of State, which generally agreed with our findings and reported that it plans to implement our recommendation. State's comments are reprinted in appendix III.

www.gao.gov/cgi-bin/getrpt?GAO-06-641.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Jess T. Ford at (202) 512-4128 or fordj@gao.gov or Terrell G. Dorn at (202) 512-6923 or dorn@gao.gov.

EMBASSY CONSTRUCTION

State Has Made Progress Constructing New Embassies, but Better Planning Is Needed for Operations and Maintenance Requirements

What GAO Found

State has made significant progress constructing new embassy compounds (NEC). The average time to design and construct the 18 embassies and consulates completed from 1999 to 2005 is nearly 3 years faster than for embassies built during the 1980s and 1990s, despite these new facilities being significantly larger and more complex. Although only half of the 18 projects were completed according to planned schedules, 15 of the 18 NECs were opened ahead of, on, or within 1 month after their scheduled move-in dates, and approximately 8,700 U.S. government employees were relocated to these secure and modern facilities. Construction costs for 14 of the 18 completed projects were significantly lower than budget estimates OBO provided to Congress. Strategic and procedural reforms implemented by State, including elevating the former Foreign Buildings Office to bureau status, switching to the design-build contract delivery method, and developing a standard embassy design have had a cumulative positive effect on project cycle times; however, it is still difficult to quantify the effects of any single reform. GAO found that factors specific to individual projects affected OBO's ability to complete work on time and on budget, including the experience levels of OBO and contractors' projects teams, unforeseen conditions at construction sites, and weather conditions, among others.

Due to increased size and complexity, annual operations and maintenance costs for NECs are significantly greater than the costs for previous locations; once all 201 NECs are completed, annual operations and maintenance costs could increase by at least \$111 million, and possibly several times more. These costs include increases in utility usage; the need to hire highly qualified technical staff; new maintenance needs; and costly equipment, supplies, and spare parts. State does not clearly identify the projected operations and maintenance costs for NECs it builds. Thus, there is currently no mechanism that allows decision makers to determine whether NEC operations and maintenance needs are being adequately planned for and funded. A lack of a comprehensive long-term plan that clearly identifies the significant increases in resources that are likely to be needed as more NECs come online could increase the risk of earlier-than-expected deterioration of NECs.

Previous and New U.S. Embassy in Zagreb, Croatia



Source: U.S. Department of State.

Previous embassy



New embassy