



Highlights of [GAO-04-100](#), a report to the Chairman, Committee on Foreign Relations, U.S. Senate

Why GAO Did This Study

Since the 1998 bombings of two U.S. embassies in Africa, the State Department has done much to improve physical security at overseas posts. However, most overseas diplomatic office facilities still do not meet the security standards State developed to protect these sites from terrorist attacks and other dangers. To correct this problem, State in 1999 embarked on an estimated \$21 billion embassy construction program. The program's key objective is to provide secure, safe, and functional compounds for employees overseas—in most cases by building replacement facilities. In 2001, State's Bureau of Overseas Buildings Operations (OBO)—which manages the program—began instituting reforms in its structure and operations to meet the challenges of the embassy construction program. This report discusses (1) OBO's mechanisms for more effectively managing the embassy construction program and (2) the status of and challenges facing the program.

We received comments from State, which said that the report is a fair and accurate representation overall of the Department's overseas construction process.

www.gao.gov/cgi-bin/getrpt?GAO-04-100.

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

EMBASSY CONSTRUCTION

State Department Has Implemented Management Reforms, but Challenges Remain

What GAO Found

OBO in 2001 began instituting organizational and management reforms designed to cut costs, put in place standard designs and review processes, and reduce the construction period for new embassies and consulates. OBO now has mechanisms to more effectively manage the embassy construction program, including

- an annual Long-Range Overseas Buildings Plan to guide the planning and execution of the program over a 6-year period;
- monthly project reviews at headquarters;
- an Industry Advisory Panel for input on current best practices in the construction industry;
- expanded outreach to contractors in an effort to increase the number of bidders;
- ongoing work to standardize and streamline the planning, design, and construction processes, including initiation of design-build contract delivery and a standard embassy design for most projects;
- additional training for OBO headquarters and field staff; and
- advance identification and acquisition of sites.

State's program to replace about 185 vulnerable embassies and consulates is in its early stages, but the pace of initiating and completing new construction projects has increased significantly over the past two fiscal years. As of September 30, 2003, State had started construction of 22 projects to replace facilities at risk of terrorist or other attacks. Overall, 16 projects have encountered challenges that have led or, if not overcome, could ultimately lead to extensions in the completion date or cost increases in the construction contract. According to OBO, project delays have occurred because of such factors as changes in project design and security requirements; difficulties hiring appropriate American and local labor with the necessary clearances and skills; differing site conditions; and unforeseen events such as civil unrest. In addition, the U.S. government has had problems coordinating funding for projects that include buildings for the U.S. Agency for International Development. None of the projects started since OBO instituted its reforms has been completed; thus GAO believes it is too early to assess the effectiveness of the reforms in ensuring that new embassy and consulate compounds are built within the approved project budget and on time.