

United States Department of State



Performance Report Fiscal Year 1999

*“Create a more secure, prosperous and democratic world
for the benefit of the American people”*

Madeleine K. Albright
Secretary

OVERVIEW OF THE DEPARTMENT OF STATE

The Department of State is the lead U.S. foreign affairs agency. It advances U.S. objectives and interests in shaping a freer, more secure, and more prosperous world through formulating, representing and implementing U.S. foreign policy. The Constitution vests with the President the responsibility for the conduct of our nation's foreign policy. The Secretary of State, the ranking member of the Cabinet and fourth in line of presidential succession, is the President's principal advisor on foreign policy and the person chiefly responsible for U.S. representation abroad. As a result of the Foreign Affairs Reform and Restructuring Act of 1998, two foreign

affairs agencies – the Arms Control and Disarmament Agency (ACDA) and the U.S. Information Agency (USIA) were integrated into the Department of State on April 1, 1999, and October 1, 1999, respectively. A third foreign affairs agency, the U.S. Agency for International Development (USAID) came under the Secretary of State's direct authority. USIA's former broadcasting activity was reorganized into an independent agency, the Broadcasting Board of Governors, on October 1, 1999.



MISSION OF THE DEPARTMENT OF STATE

Create a more secure, prosperous and democratic world for the benefit of the American people.

The diplomatic activities undertaken by the Department of State promote and protect the interests of Americans by:

- Managing our relations with other countries and international institutions;
- Promoting peace and stability in regions of vital interest;
- Creating jobs at home by opening markets abroad;
- Facing an array of global challenges that no nation can meet on its own; and
- Providing services to Americans travelling and living overseas.

To carry out these responsibilities, the Department of State maintains a global infrastructure. About forty-two percent of the Department's 26,000 employees are located throughout the U.S., with the remainder at some 253 embassies, consulates and missions in the 162 countries with which the U.S. maintains diplomatic relations. These overseas posts – staffed by Americans and foreign service national employees – provide most of the foreign affairs information

used by the U.S. Government in policy formulation. Information received from U.S. diplomatic posts – including in-depth analyses of the politics, economic trends, and social forces at work in foreign countries – is provided to some 60 federal agencies dealing with national security, intelligence, economic and commercial matters, or science and technology.

Polls conducted in the U.S. have demonstrated that the American public believes that the foreign affairs portion of the Federal budget is much larger than it actually is. Only a little more than one percent of the total federal budget is spent on foreign affairs, including foreign assistance programs. The entire international affairs budget has fallen by half in real terms since 1984. Yet this small investment protects the interests of the American people and allows the U.S. to maintain its position of international leadership. Diplomacy is our nation's first line of defense, and increasingly includes such diverse responsibilities as combating terrorism, nuclear smuggling, and narcotics trafficking.

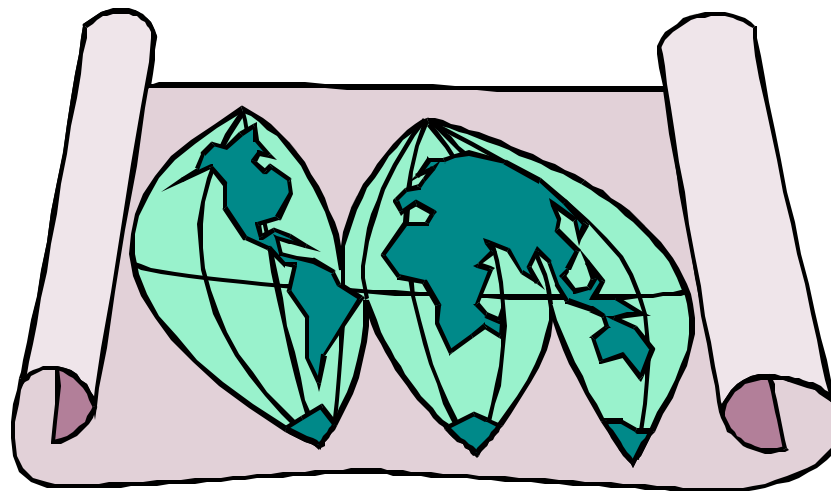
INTRODUCTION TO THE FISCAL YEAR 1999 PERFORMANCE REPORT

This Performance Report documents the Department of State's fulfillment of performance goals for 1999, as set out in its Performance Plan covering 1999 and 2000. The Report comes in two parts. The first is in narrative form, which highlights foreign policy accomplishments as they relate to our strategic and performance goals. The second part, issued as an annex, measures progress toward the achievement of each performance goal listed for 1999, using the indicators, baselines and targets which were also included in the Performance Plan. Also included, as a second annex, is the annual performance report for the Office of Inspector General, which was prepared independently. Additional information on

State, including the Strategic and Performance Plans, is available on the Internet at www.state.gov.

Issuance of this first ever Performance Report fulfills a legislative requirement of the Government Performance and Results Act of 1993 (GPRA). It is organized according to the seven *National Interests* identified in the Department's Strategic Plan and the 16 *Strategic Goals* that flow from them.

No formal program evaluations of the 1999 Strategic plan were completed during the year. There was no involvement of non-federal parties in the preparation of this report.



NATIONAL INTEREST: National Security

Strategic Goal: *Regional Security*

Ensure that local and regional instabilities do not threaten the security and well-being of the United States or its allies.

There was hard-won progress in many parts of the world towards reducing regional tensions. U.S. diplomatic and military leadership helped defeat a massive effort by Serbia to ethnically cleanse Kosovo and began the process of building a democratic Kosovo. The Department's efforts united NATO, convinced Russia to join a coalition to make and keep the peace, got the UN and NATO to establish a robust peacekeeping mission, and placed Balkan integration into the rest of Europe high on the international agenda.

With the election of Israeli Prime Minister Barak, the previously frozen Middle East Peace Process moved forward with renewed vigor. A breakthrough occurred in September with the signing of a new agreement in Sharm el-Sheikh, Egypt, committing Israel and the Palestinians to full implementation of the Wye River Accords and laying the groundwork for a permanent status agreement. Several Arab states took action to deepen ties with Israel, including through meetings and the exchange of visitors.

U.S. access to Persian Gulf oil resources continued uninterrupted. Several states in the region participated in an aggressive schedule of bilateral and multilateral military exercises with the U.S. UN sanctions on Iraq continued to deny Saddam Hussein the means to reconstitute his conventional and weapons of mass destruction arsenals.

The U.S. supported UN efforts to arrange a ballot through which Indonesia permitted the people of East Timor a choice

between autonomy and separation. When violence broke out after the announcement of the result, the U.S. joined in international efforts to quickly stop the bloodshed and provide humanitarian relief.

The Good Friday Peace Agreement in Northern Ireland remained on track during 1999. Greece and Turkey agreed to revive talks on selected Aegean confidence building measures. Military units trained under the Africa Crisis Response Initiative (ACRI) participated in peacekeeping operations in the Central African Republic, Guinea-Bissau, and Sierra Leone.

The conclusion and implementation of a comprehensive Peace Agreement between Peru and Ecuador in 1999, including border demarcation and demining, significantly contributed to overall regional security in the Western Hemisphere.

Trans-Atlantic mechanisms designed to deal with international crises were strengthened. At the April 1999 NATO Summit, the Heads of State and Government of the NATO member states approved a revised strategic concept that endorses new missions, outreach to partners, enhances the European Security and Defense Identity, transforms defensive capabilities and responds to the weapons of mass destruction.

On the negative side, Slobodan Milosevic maintained his increasing authoritarian grip on Serbia, threatening Montenegro's genuine democratic reform, and remaining a threat to peace and stability throughout the region.

In February 1999, the Lahore Summit in South Asia gave promise of improved relations between India and Pakistan. However, that dialogue was suspended in May when tensions in Kashmir took a severe turn for the worse after Pakistan supported forces moved into Indian territory and Indian troops fought to dislodge those forces. U.S. diplomatic efforts succeeded in

encouraging Pakistani withdrawal and Indian restraint, but, at the end of the year, relations between India and Pakistan were decidedly strained.

In 1999, with U.S. support, UN-authorized peacekeeping tripled in size, with new missions in Kosovo, East Timor, and Sierra Leone, and preparation for a new mission in the Democratic Republic of the Congo.

Strategic Goal: *Weapons of Mass Destruction*

Reduce the threat to the United States and its allies from weapons of mass destruction.

The United States was unable to fully achieve its 1999 strategic arms control objectives in part because the START II Treaty and 1997 protocols were not ratified by Russian and the U.S. The U.S. was unable to accomplish the following:

- Begin START III negotiations (discussions, however, began);
- Reach agreement on inspection procedures for observing/confirming elimination of conversion of heavy inter-continental ballistic missile silo launchers, as required by the START II Treaty;
- Reach agreement with the Russian Federation on steps to deactivate strategic nuclear delivery vehicles eliminated under START II, as required by the START II Treaty;
- Transmit signed September 1997 agreements related to Anti-Ballistic Missile/Theatre Missile Defense Demarcation and Treaty succession to the U.S. Senate for its advice and consent to ratification. The 154 signatories of the CTBT continue to take action to bring the Treaty into force by ensuring full support for the CTBT Preparatory Committee and expanding the international monitoring system. It remains the most likely means by which India and Pakistan will be able to formalize an agreement not to conduct nuclear tests. Twenty-three of the

necessary 44 ratifications for entry into force have been deposited.

The United States was much more successful in achieving its objectives related to implementing existing treaties. The U.S. and Russia met the phased reduction goals of START I and are, in fact, ahead of schedule. U.S. implementing legislation for the CWC was enacted.

Efforts to develop a strategic arms control dialogue with China were partially successful. The U.S. provided briefings to Chinese officials on several strategic arms control issues, which served as the basis for useful informal discussion. While willing to listen to U.S. presentation, the Chinese declined to provide comparable briefings of their own, indicated that U.S. development of missile defenses (and, in particular, the possibility of U.S. cooperation with Taiwan on theater missile defenses) is an impediment to such a dialogue. The accidental bombing of China's embassy in Belgrade resulted in the postponement of a senior level meeting planned for June 1999, at which arms control issues would have been discussed.

Efforts to prevent countries of proliferation concern from acquiring materials and equipment were partially successful during the year, principally by interdicting sensitive foreign exports. This was done both bilaterally and through multilateral export control regimes such as the Missile Technology Control Regime, the Australia Group, and the Wassenaar Arrangement.

After about a year of negotiation, the UN Security Council created a new arms control institution to inspect and monitor destruction of Iraqi weapons of mass destruction. The resolution also improved the Oil-for-Food program designed to assist the Iraqi population while keeping control of Iraqi oil revenue.

With U.S. assistance, a number of the countries in the Newly-Independent States of the former Soviet Union, including Russia, have improved internal physical and legal controls designed to prevent illegal transfers of nuclear materials. The Russian government adopted a new omnibus export control law in July, 1999. Licensing and tracking procedures have been improved, internal compliance programs have been installed at over 200 Russian nuclear and aerospace enterprises of particular nonproliferation concern and programs to install effective radiation detection equipment at key Russian border posts and international airports have begun. Nevertheless, the Department believes that continuing Russian and NIS economic problems have contributed to an increase in the number of nuclear smuggling incidents. The vast majority of these recent incidents are scams involving non-weapons usable material.

The U.S. helped bring Ukraine – a key potential supplier of missile technology – into the Missile Technology Control Regime, thereby cutting off proliferator access to Ukraine's key missile technologies.

To remove suspicions about the Democratic People's Republic of Korea's compliance with the Agreed Framework, the U.S. sought and successfully gained access to the suspect underground facility at Kumchan-ni. The inspection found no violation of the Agreed Framework.

NATIONAL INTEREST: Economic Prosperity

Strategic Goal: *Open Markets*

Open world markets to increase trade and free the flow of goods, services and capital.

Current U.S. economic prosperity stems to a large degree from the opening of the world trading system which can be traced to

the success of the Uruguay Round of trade negotiations which ended in 1994. There was additional progress during 1999 in extending existing international rules and agreements to new areas such as services, corruption core labor standards, transparency in government procurement, competition and selected sectors.

The world economy remained stable and growing as crises in Russia and Brazil were dealt with without causing broader disruption. There was improvement in the performance of several countries which were at the center of the Asian Financial Crisis, particularly Korea and Thailand. The U.S. initiative to strengthen social policies for growth, a key initiative in response to the crisis, gained momentum. Assistant Secretary for Economic and Business Affairs Larson held talks with officials in Korea, Japan, Thailand, and Indonesia and worked closely with the World Bank on its conference in Bangkok on this issue in early FY 1999. The OECD Anti-Bribery Convention came into force on February 15, 1999. The Multilateral Agreement on Investment (MAI) talks were suspended in fall 1999, but work on this issue continues in other forums.

The World Trade Organization's membership expanded to 135 nations with the accession of Latvia and Estonia. There was significant progress in negotiations on China's accession to the WTO; in November, the U.S. and China concluded a bilateral market access agreement. Nontariff issues such as labor, human rights, the environment and consumer health and safety continue to grow in importance in trade disputes. A major Washington Ministerial with sub-Saharan Africa and a trade initiative with the countries of North Africa highlighted the Administration's intent to bolster trade with Africa.

In addition to discussions in global fora, progress was made in a number of regional venues. These include: a) a focus on enhancing transparency and sustainable reforms in the Asia-Pacific Economic Cooperation (APEC) region; b) agreement with the European Union to create a high-level group on biotechnology issues

to deal with market access problems for agricultural products; and c) successful conclusion of the first round of negotiation for the Free Trade Area of the Americas and agreement on an agenda for the second round.

Reviews of legislation of ratifying signatories implementing the Anti-Bribery Convention, which came into force in February 1999, commenced at the Organization for Economic Cooperation and Development (OECD). The OECD also hosted discussions on guidelines on model corporate governance.

The U.S. concluded negotiations of four Open Skies agreements (Bahrain, Italy, Pakistan, UAE) and agreements with China and Mexico that further liberalize air services markets. The China agreement, signed during Premier Zhu's visit, doubles capacity over two years. Multilateral negotiations in ICAO produced a new convention to replace the Warsaw Convention, meeting U.S. objectives for modernizing the liability regime for international air transport. Negotiations with the EU Commission gained a one-year deferral of an EU rule that would have limited use of aircraft with U.S. manufactured "hushkitted" engines.

The U.S. hosted a successful plenipotentiary conference of the International Telecommunication Union, among its achievements being a greater private sector role in the organization's decision-making. The International Mobile Satellite Organization (INMARSAT) was privatized along lines acceptable to the U.S. Both the OECD and APEC adopted action programs on electronic commerce that are consistent with U.S. goals and interests.

Strategic Goal: U.S. Exports

Expand United States exports to \$1.2 trillion early in the 21st century.

The United States is the world's largest exporter and importer, trading over \$2 trillion worth of goods and services each year. Our country has benefited greatly from the expansion of world trade since the conclusion of the Uruguay Round in 1994. Markets have opened, and a more open world economy has helped American exports to rise by well over \$200 billion. In 1999, U.S. exports of goods reached \$678 billion, somewhat below expectations due to the Asian economic crisis.

There is a direct link between U.S. investment abroad and the level of U.S. exports. The U.S. encourages such investment by negotiating bilateral and multilateral agreements that create a network of binding investment protections that will provide a degree of stability and predictability for investors.

The Department concluded three new Bilateral Investment Treaties (BITs) with Mozambique, Bahrain, and El Salvador. We continue negotiations with another 17 countries. These agreements serve two basic purposes. First, they protect U.S. investment abroad in those countries where U.S. investors' rights are not protected through existing agreements. Secondly, they encourage adoption in foreign countries of market-oriented domestic policies that treat private investment fairly. They also support the development of international law standards consistent with these objectives. In the aftermath of the cessation of negotiations on the Multilateral Agreement on Investment (MAI) in the spring of 1999, the OECD Committee on International Investment continues analysis of issues related to the establishment of investment rules.

Working closely with U.S. Embassies abroad, the Coordinator for Business Affairs helped support numerous bids by U.S. firms. Some of the more important success in 1999 included support for: Bechtel in overcoming obstacles in its bid for a \$600 million highway construction contract; a U.S. firm in the first-ever privatization of power and desalinated water valued at \$700 million;

extension of exploration/production rights in Bangladesh for Unocal and Occidental Petroleum.

Strategic Goal: *Increase Global Economic Growth*

Other countries and international financial institutions adopt policies designed to achieve global financial stability and restore economic growth.

In the past year, key members of the IMF (particularly the G-7), have worked to strengthen the international financial architecture to improve institutional ability to predict and respond to financial disruptions in the global economy. Recommendations have been made that will strengthen and reform the International Financial Institutions (IFIs); enhance transparency and promote best practices; strengthen financial regulation; improve crisis prevention and management; and promote responsive and responsible social policies. G-7 finance ministers announced significant progress in these areas at the Cologne Summit in June. In fall of 1998, Congress appropriated the full U.S. payments due to the IMF and the World Bank. A few arrears still remain, but by and large, the U.S. has met its assessments to international financial institutions.

Congress has also passed legislation authorizing limited debt swaps and debt relief for the poorest, most heavily indebted countries, and has appropriated funds for that debt relief. G-8 leaders agreed to a new and expanded HIPC program of debt relief, largely reflecting U.S. proposals, at the Cologne Summit in June. A number of African and Latin American nations have benefited from debt relief under the HIPC initiative, including Mozambique, Uganda, Bolivia, and Guyana.

There was notable progress in the promotion of new oil and gas sources. Progress was made developing East-West pipeline corridors for the Caspian and Central Asia, with the goal of reinforcing the economic independence of these countries. The

Department was also instrumental in organizing a seminar highlighting the obstacles to and opportunities for increasing oil production in Sub-Sahara Africa, and State also participated in an Africa Energy Ministerial hosted by the U.S.

Strategic Goal: *Promote broad-based economic growth in developing and transitional economies.*

Developing and transitional economies make the necessary policy changes to create environments capable of supporting sustained economic growth.

In the past year, the U.S., along with the international financial institutions, has worked with Russia to promote structural and legislative reform that would stabilize and redirect the economy toward free market mechanisms, transparency and equity. In spring of 1999, the Russian Duma responded by passing a significant part of the economic reform program developed in consultation with the IMF. Progress has continued in other transition countries, and has reached a point where some will "graduate" from the U.S. assistance program (SEED) in FY 2000. Cooperation is ongoing with other transition countries.

During this period, IFI lending and technical assistance played critical roles in helped cushion the impacts of the Asia financial crisis and other severe economic shocks on vulnerable populations. In addition to ongoing poverty reduction programs, the IFIs lent nearly \$25 billion last year to Asian financial crisis countries, linking lending to specific structural reforms social sector spending. The World Bank's operations in Russia have been focused on promoting policy improvements and addressing the inadequacies of the social benefits system. The Bank's \$28.6 million Social Protection Adjustment Loan, for example is directed to improving the inadequate unemployment insurance system and targeting of social welfare benefits system. For Brazil, social security and social protection loans totaling \$1 billion were approved by the World

Bank. during the last two years. The World Bank is also playing a key role in post conflict Kosovo, particularly in developing a short-term reconstruction and recovery program, including: (1) preparation of damage assessments and development of a program for physical and institutional rebuilding; (2) planning, preparing and co-hosting donor conferences to mobilize donor assistance; and (3) aid coordination and monitoring.

In Central Europe, significant bilateral economic assistance was provided to Albania, Bosnia, Bulgaria, Croatia, Romania, the Former Yugoslav Republic of Macedonia, and Montenegro. The Congress appropriated emergency funding for these countries to help cope with the refugee crisis in Kosovo and to help them withstand the negative economic impact of the war in Kosovo.

Since the Dayton Peace Agreement, SEED and humanitarian funding in Bosnia has helped create the conditions for over 600,000 people to return to their homes. However, about 1.2 million Bosnians remain displaced internally or abroad.

The U.S. joined with the European Union, the major International Financial Institutions, and the countries of Southeast Europe to promote economic and democratic reform throughout that region through the Stability Pact. Framework Agreements were reached designed to increase investment, combat corruption, and other reform initiatives.

In Asia, Cambodia and Mongolia were the top priorities for Economic Support Funds. Indonesia and the Philippines remain our top priorities for development assistance geared to democratic and economic structural reforms necessary to create a self-sustaining market economy. The independence of East Timor posed a notable challenge to our bilateral assistance program. Working with other U.S. agencies, the World Bank, and the UN, we put in place a fully coordinated program of reconstruction and institution building to which we contributed \$33.5 million.

The Asian financial crisis, which began in 1997, hit Indonesia, Korea, Malaysia, and Thailand hard, producing significant declines in economic output. These countries returned to positive economic growth by end of 1999, and produced renewed East Asian demand for U.S. goods and services.

Monitoring the fragile Russian economy and assisting in development of an economic reform program has been a priority of the U.S. Government, using bilateral funding provided under the Freedom Support Act and working with the IFIs on multilateral solutions. Russia needs to implement financial safeguards and focus on deep structural and institutional reform. The U.S. and other nations signed a debt rescheduling agreement with Russia for some \$8 Billion Russia owes to creditors.

NATIONAL INTEREST: American Citizens and U.S. Borders

Strategic Goal: *Enhance the ability of American citizens to travel and live abroad securely.*

U.S. Citizens will have the information and services they need to travel and reside abroad.

The Department of State faced record demands for passports, travel information and requests for assistance to American Citizens over the fiscal year. The Bureau of Consular Affairs' web site received 55.7 million hits, averaging 147,821 per day, compared to 25.7 million in 1998. Sections on student safety abroad, Y2K, and crisis awareness, preparedness and response were added to the web site, which earned more "best of the web" kudos. This web site has come to be known as the best place to obtain consular information and an authoritative source of travel safety information.

In 1999, 7 million passports were issued, up from 6.5 million in the prior year. Introduction of new technologies helped both to keep up with the passport demand and insure passport integrity.

Credit cards can now be used for payment of passports at all passport agencies.

Through the Department's Bureau of Diplomatic Security, the Secretary's Overseas Security Advisory Council (OSAC) continues to promote American investment abroad through a healthy exchange of security related information. Using this information informed corporate decisions can be made on how best to protect investment, personnel, facilities and intellectual property abroad. Analytical staff of the OSAC Research and Information Support Center (RISC) maintain an active database on the internet for over 1800 American companies and organizations as constituents. The electronic database is enormously successful and receives well over 40,000 hits per week.

OSAC country specific councils have been established in over 27 foreign cities to enhance the exchange of security related information abroad and serve as an effective partnership between the U.S. embassy and the American private sector in a given country. These councils encourage managers of U.S. enterprises to organize themselves to cope with security related problems by pooling resources. Key representatives of these country specific councils and U.S. Embassy security officers, as well as other post officials, develop close working relationships to create an open exchange of security related information in a timely fashion.

The Department actively promoted standardizing legal aspects of international adoptions and abduction of children. The President forwarded the Convention on Intercountry Adoption (The Hague Convention) to the Senate for advice and consent, and implementing legislation has been introduced in Congress. Resource constraints did not permit the reduction of caseloads per officer in abduction cases. Department of State officers handle 150 abduction cases each, compared to 50 cases per officer at the National Center for Missing and Exploited Children.

The Department's embassies and consulates assist ever-increasing numbers of Americans in foreign adoption cases. For example, from 1992 through 1998, Americans adopted 15,096 Russian children (4,000 last year alone), and Embassy Moscow processed them for visas. Americans adopt more children from Russia than from any other country.

Strategic Goal: Control how immigrants and non-immigrants enter and remain in the United States.

All persons using Border Crossing Cards to enter the United States after October 2, 2001, will use a card issued after April 1, 1999.

Under a work-sharing arrangement with the Immigration and Naturalization Service (INS), the Department of State is working to meet the provisions of the Illegal Immigration Reform and Immigrant Responsibility Act of 1996. That legislation requires that every Border Crossing Card (BCC) issued as of April 1, 1998 contain a biometric indicator (fingerprint) and be machine-readable. It also requires that every person using a BCC to enter the U.S. as of October 1, 2001, must have one of the new cards.

To comply with this legislation, the Department of State and Immigration and Naturalization Service will have to replace approximately 5.5 million existing cards, as well as keep up with new requests, which approach 1 million a year. 534,995 cards were issued in 1999. Because the INS is currently unable to issue more than 1.8 million BCCs per year, we anticipate seeking legislation to extend the deadline until at least the end of 2003. In 1999, six more posts in Mexico began adjudicating BCCs. Now all posts in Mexico except Guadalajara participate in the BCC program. Additionally, consular officers with mobile enrollment equipment regularly visit five border towns.

A number of steps were taken to streamline immigrant and non-immigrant visa processing. Accompanying these steps were a

number of name-check enhancements, improvement of anti-fraud training and information sharing, and other enhancements designed to deter visa and passport fraud.

NATIONAL INTEREST: Law Enforcement

Strategic Goals: *(A) Minimize the impact of international Crime on the United States and its citizens. (B) Reduce significantly from 1997 levels the entry of illegal drugs into the United States.*

Foreign governments have the political will and institutional capabilities to conduct more effective programs to combat international organized crime and to reduce the production of illicit drugs and their flow to the United States.

The Department of State played a key role in combating a variety of trans-national criminal activities during the fiscal year. Working with foreign governments and other U.S. law enforcement agencies, maritime anti-smuggling efforts have returned thousands of illegal aliens back to their homelands. Stepped-up visa fraud programs overseas are making it increasingly difficult for illegal immigrants to use fraudulent documentation to get to the U.S. Anti-trafficking efforts are saving women and children from exploitation worldwide.

International Law Enforcement Academies (ILEA) in Bangkok, established this past March, and Budapest are helping to build relationships for U.S. law enforcement agencies, helping them to break international criminal organizations. The Department's training programs in the areas of intellectual property rights, white collar crime, stolen cars, and anti-smuggling are protecting American commerce. Anti-money laundering programs presented by the ILEAs are protecting the U.S. financial system from potential exploitation by narcotics traffickers and organized crime organizations.

U.S. sustained crop control programs have reduced coca cultivation in many countries. In Peru, the coca crop was reduced by 24 percent, while in Bolivia this past year the reduction totaled 43 percent. However, overall cultivation increases in Columbia, primarily in regions of weak government control, need to be addressed. This was in spite of the fact that all the major drug kingpin organizations have been broken up as a result of U.S. diplomatic efforts and Colombian government assistance. In Mexico, the government intensified law enforcement and military actions against major drug cartels, strengthened its laws, and enhanced its cooperation with the U.S. and other countries to combat international narcotics trafficking.

Pakistan reduced poppy cultivation by 26 percent over the 1997/8 crop year. Its government approved a five-year Drug Abuse control Master Plan which provides specific objectives in the law enforcement, crop control and demand reduction areas. Opium production declined by 36 percent in Thailand, this past year, while cultivation decreased 18 percent. In Laos, targeted project areas have reduced poppy cultivation to minimal levels.

U.S. diplomatic efforts in the Caribbean and Latin America resulted in short-term agreements for the use of forward operating locations in Aruba, Curacao and Ecuador that will support U.S. counter-narcotics and monitoring flights.

In February, the Department organized and coordinated the Vice President's Global Forum on Fighting Corruption and Safeguarding Integrity among Justice and Security Officials. Over 500 delegates from 92 nations attended the conference, including one head of state, five vice-presidents, and more than fifty officials of ministerial or equivalent rank.

Nigeria continued to indicate that it would expand cooperation in anti-crime and narcotics control activities. During the year they hosted a joint U.S./EU counter-narcotics assessment team

and confirmed, after previous refusal, that they would recognize existing extradition treaties. In addition, a U.S. legal attaché office was opened at Embassy Lagos.

Strategic Goal: *Reduce international terrorist attacks, especially on the United States and its citizens.*

Foreign countries will become full partners with the United States in countering terrorism.

The Department of State, working with other agencies and nations, made a major successful effort to prevent a reoccurrence of major terrorist attacks such as the bombings of two U.S. embassies in East Africa in August 1998.

The Department continued its efforts to pressure states that sponsor or support terrorism to change their policies. The U.S. Government's efforts earlier in the year led the way toward obtaining passage, on October 15 1999, of United Nations Security Council sanctions against the Taliban regime in Afghanistan. This followed the Executive Order issued in July.

The Department of State helps strengthen international cooperation, political will and the operational capability of countries willing to counter terrorism. Some 2,100 foreign officials were trained in Anti-Terrorism Assistance Programs managed by the Department in 1999, a substantial increase from the 1,211 officials trained in 1998. In June, the Department sponsored the first major governmental international terrorism conference and mini-exercise. Two dozen countries, primarily from the Middle East and South Asia, took part. In addition to our annual bilateral exchanges with such key countries such as the United Kingdom, Canada and Israel, we also enhanced our bilateral relationship with India and Australia. We also shared information with other countries to help them counter possible terrorist actions.

Using funding from the Emergency Security Supplemental Appropriation, the U.S. greatly reduced the vulnerability of its embassies, consulates, missions and residences abroad during the fiscal year by improving perimeter security, establishing surveillance detection teams, and the purchase of specialized security equipment such as armored vehicles, metal detectors and x-ray devices.

Meanwhile, working with our allies, State Department diplomats put together a strategy that finally led Libyan leader Ghaddafi to surrender the two men suspected of bombing the Pan Am 103 flight over Lockerbie, Scotland, in which more than 100 Americans died.

The U.S. actively sought the adherence to existing international conventions on terrorism, including a new international treaty on the suppression of terrorist bombings, which the Department proposed. A new international convention against terrorist fund raising was also completed. This convention parallels the State Department's formal designation and redesignation of Foreign Terrorist Organizations, a major effort during the year, and the development of training programs to counter terrorist fund raising.

NATIONAL INTEREST: Democracy

Strategic Goal: *Increase foreign government adherence to democratic practices and respect for human rights.*

New democracies hold free and fair elections.

There were a number of positive developments during the year, including ongoing democratic transitions in Indonesia and Nigeria, and the passage of a landmark United Nations Commission on Human Rights resolution recognizing the right to democracy. Freedom House's authoritative annual Comparative Survey of Freedom identified seven new free countries and three new partly

free countries, a total of 117 electoral democracies at the end of calendar year 1999. Several countries made strides towards democracy. The Human Rights and Democracy Fund continued to provide critical assistance to democratization opportunities as well as human rights emergencies.

The U.S. continued its strong support for the International Criminal Tribunals for the former Yugoslavia and Rwanda. The U.S. is the leading provider of both financial and technical support to these tribunals, which investigate and bring to trial those accused of the most serious war crimes in the Balkans and Rwanda.

The U.S. also took the lead in documenting war crimes committed in Kosovo, compiling and publishing two reports documenting the extent of war crimes and crimes against humanity. Entitled *Erasing History* and *Ethnic Cleansing in Kosovo: An Accounting*, the reports marked the first efforts to comprehensively document the crimes committed by Serbian forces in Kosovo.

The 6,000-page *Country Reports on Human Rights Practices* documents human rights conditions in 194 countries around the world. It continues to be respected globally for its accuracy and objectivity.

Important advances were made to improve core labor standards globally. The United States supported the creation of an Apparel Industry Partnership, announced in late 1998, to help end the use of child and sweatshop labor by ensuring corporate compliance with a code of conduct. The United States helped secure passage by the International Labor Organization of a new convention banning the worst forms of child labor; in October, the United States became one of the first governments to ratify. To underscore the importance the U.S. places on international labor issues, the Department strengthened the advice given to the Secretary on labor matters by establishing an Advisory Committee on International Labor and a Special Representative on International Labor.

The Department of State also focused more resources on religious freedom issues through the establishment of a new Ambassador at Large for International Religious Freedom and a U.S. Commission on International Religious Freedom. In September, the Department published the first-ever *Annual Report on International Religious Freedom*, which documents violations of that right in 194 countries around the world.

NATIONAL INTEREST: Humanitarian Response

Strategic Goal: *Prevent or minimize the human costs of conflict and natural disasters.*

American values mandate offering assistance and international leadership to help alleviate human suffering from crises, whether man-made or natural, even when there may be no direct or indirect threat to U.S. security interests.

The year 1999 was a bad one for disasters – both natural and man-made. The U.S. was able to grant significant humanitarian, reconstruction and debt relief assistance to countries in the Caribbean in the aftermath of Hurricane George and to counties in Central American damaged by Hurricane Mitch. Generous levels of assistance were due in large measure to an emergency supplemental appropriation from the Congress.

The Department reacted quickly and effectively to the massive outflow of refugees from Kosovo to neighboring countries by providing help to temporarily feed, shelter and eventually return

home 700,000 refugees and displaced persons at the height of the Kosovo Crisis. Emergency consultations were held with the Congress to increase our refugee admissions ceiling and over 11,000 Kosovars were evacuated to the United States. All of this was supported by emergency supplemental appropriations of approximately \$1 billion by the Congress.

The U.S. was the largest single contributor to humanitarian programs run by international relief organizations worldwide, including programs of the UN High Commission for Refugees, the International Committee of the Red Cross, the UN Relief and Works Agency for Palestine Refugees in the Near East, the International Organization for Migration, and the World Food Program.

The United States provided a new home to 85,000 refugees worldwide in FY 1999, expanding the use of resettlement as a means to provide refugees in need of protection with a durable solution to their status as refugees. The Department was instrumental in transferring from the Democratic Republic of the Congo 2,000 Tutsi Congolese at risk of persecution; the United States has offered resettlement to all who qualify.

The U.S. also provided significant assistance to the World Food Program for its humanitarian feeding programs worldwide, in particular its effort to feed 8 million of the 22 million people in North Korea, helping avert widespread famine.

The number of countries receiving help in the U.S. Humanitarian Demining Program increased from 19 to 26 during the year. As a result of U.S. efforts, casualties in Cambodia have dropped by 90 percent in the last four years, and half of the mined areas in Chad have been cleared.

NATIONAL INTEREST: Global Issues

Strategic Goal: *Secure a sustainable global environment in order to protect the United States and its citizens from the effects of international environmental degradation.*

The U.S. is at a critical juncture in the effort to manage the planet's natural resources for current and future generations. We now face a wealth of opportunity to shape international rules and regulations to advance our national interests through the global negotiating agenda that includes efforts to protect the earth's atmosphere and oceans, preserve biological diversity, manage hazardous chemicals and hazardous wastes safely, and promote our access to space. In pursuing these opportunities, the U.S. often stands alone with few natural or consistent allies. In the developing world, we are confronted with a re-emergence of the North-South debate, and policy, which should be based on science and political reality, is instead bound to arguments about equity and redress. In the developed world, good will created through economic and security-based alliances with European and Asian nations does not carry over to the ideologically-charged discussion on when, how, and who should invoke environmental protections.

These dynamics limit the ability of the U.S., or any one country, to move issues unilaterally. We are dependent on new coalitions with "like-minded" countries, such as the Umbrella Group, which favors market-based mechanisms to reduce greenhouse gas emissions and the Miami Group, comprised of countries with export interests in agriculture and biotechnology. The process does not end when agreements are reached, but transforms itself into a negotiation for implementation and compliance. We therefore must sustain negotiating coalitions and continue USG scientific and technical assistance over the long term.

In FY 1999 the Department successfully engaged other nations and/or coalitions to support U.S. negotiating positions under the UN Framework Convention on Climate Change and its Kyoto Protocol. During 1999, a number of Latin American and African

countries expressed their support for an approach to the Clean Development Mechanism consistent with U.S. objectives. With the exception of a few detractors, the Parties to the Climate Convention reached a common view on the fundamental structure for emissions trading and the need for a registry system to track transactions, both based on U.S.-proposed models.

Substantial progress was made in implementation of the G-8 Forest Action Program. The U.S. secured G-8 support for collaborative remote sensing efforts; co-sponsored with the Government of Brazil a meeting to advance international understanding on issues related to forest protection; helped organize a World Bank symposium to increase regional cooperation on sustainable forest management, including illegal logging and cross border trade, especially in the Mekong region; and participated at the Roundtable on Sustainable Forests.

The Department forged a coalition of like-minded biotechnology exporting countries, the "Miami Group," to keep the Convention on Biological Diversity's Biosafety Protocol negotiations focused on protecting the environment while preventing adoption of a Protocol that would have hindered U.S. economic and trade interests. Regarding hazardous chemicals, the U.S. made substantial progress in developing a global agreement to minimize transboundary pollution from the use and emissions of persistent organic pollutants. In 1999, three of five necessary negotiating sessions occurred, with conclusion expected in 2000.

Finally, and after many years of negotiation, the Department of State resolved one of the longest-running contentious issues in the bilateral relationship with Canada: Pacific salmon. In June 1999, the U.S. and Canada signed a historic agreement that will establish a strong, ten-year regime for sharing and conserving intermingling salmon stocks in West Coast fisheries.

Strategic Goal: *Stabilize World Population Growth.*

In the year in which the world's population reached six billion, the United States was engaged actively in the five-year review of the Program of Action of the 1994 International Conference on Population and Development (ICPD). The review, in which over 180 countries participated, showed that significant progress has been made globally toward reducing maternal and infant mortality, increasing girls' education and women's empowerment, expanding the availability of reproductive health services, and slowing the rate of population growth. The review also highlighted the more serious than expected consequences of the HIV/AIDS pandemic, the challenges faced in meeting the needs of three billion young people, and the shortfall of financial resources needed to fully implement the ICPD goals.

While U.S. funding to the United Nations Population Fund (UNFPA) was restored in 1999, new restrictions and cuts were placed by Congress on U.S. bilateral funding for population activities. These restrictions, intended to be in place for one year only, will nonetheless hamper the work of family planning organizations, barring them from providing, and even debating reproductive health policies. The restrictions will make it significantly more difficult for the United States to contribute to the important goal of stabilizing world population growth.

Strategic Goal: *Protect Human Health and Reduce the Spread of Infectious Diseases.*

On March 16, 1999, Secretary Albright launched a Diplomatic Initiative on HIV/AIDS and emerging infectious diseases, raising this urgent foreign policy priority to a global priority. The Department of State, as coordinator of an interagency working group on HIV/AIDS, spearheaded action among U.S. Government agencies, industry, and non-governmental organizations in issuing the U.S. International Response to HIV/AIDS. Through the Diplomatic Initiative, the U.S. raised the attention of national leaders

around the world, especially in the countries of southern Africa. For the first time, the 14 Southern African Development Community countries are collaborating with the U.S. to develop and implement consistent HIV/AIDS policies to tackle the transborder issues that promote the spread of disease.

PUBLIC DIPLOMACY AND EXCHANGES

On October 1, 1999, USIA became part of the Department, with the bulk of USIA's programs going to two new Bureaus of the Department: International Information Programs and Educational and Cultural Affairs. Although the Department of State's 1999 Performance Plan contained no USIA goals, the following significant accomplishments are included, since State is the successor agency for most USIA programs.

Information Programs

During 1999, USIA's information programs supported key U.S. foreign policy goals, including a wide range of issues related to national security, economic prosperity, democracy and a variety of other global issues.

From March 24, through June 20, 1999, the Washington File supported airstrikes on Yugoslavia in defense of Kosovo by providing complete and accurate information to a worldwide audience. The File carried texts of all official statements by the President, Secretary of State and senior government officials, transcripts of press conferences, and other critical information. Translations into Russian, Arabic, Spanish, and French went as a standard part of the file to the appropriate regions, reaching out to key international audiences

USIA's Political Security and European teams, within 24 hours of the start of the air campaign, created a web site on Kosovo and it was updated several times a day through the duration of the NATO action against Yugoslavia. The site continued throughout FY 1999 to provide the latest information on Kosovo. USIA also produced a pamphlet, distributed electronically to U.S. missions, called "Erasing History," which documented Serbian human rights abuses in Kosovo. The Washington Foreign Press Center held briefings on Kosovo before, during, and after the action. For example, on 19 April, the Under Secretary of State for Political Affairs addressed the foreign press; and on 23 June, an Assistant Secretary of Defense briefed on "Kosovo and Beyond."

Additionally, USIA launched an innovative public-private Internet initiative to use information technology to support Kosovo humanitarian efforts. The effort linked government agencies, technology companies, foundations, and international relief organizations in a coordinated effort to bring refugee communities the information and technology tools necessary to help them "virtually" rebuilding their fractured communities. In addition to Internet Information Centers established in Albania, Poland, Germany, France and the United States – the effort provided Kosovar refugees in more than 33 countries with access to reliable, Albanian-language news and information via e-mail.

USIA similarly employed the file, web sites, and press briefings during the December 1998 action in Iraq.

USIA provided extensive coverage of the Washington commemoration of NATO's 50th anniversary. The Bureau produced the official U.S. government web site for the event; the Washington File covered NATO history; publications were distributed, including a pamphlet entitled "50th Anniversary of NATO," and an electronic journal called "NATO's 50th Anniversary."

USIA also actively supported U.S. foreign policy goals to expand exports, open markets, assist American business, and foster sustainable economic growth on a global scale.

The Bureau's Economic Security team maintained a web site detailing the multilateral effort to combat bribery and corruption and updated the web site on the Vice President's "Global Forum on Fighting Corruption." An additional web site provided the latest information on the global financial crisis in East Asia. In April, Under Secretary of Commerce David Aaron briefed at the Washington Foreign Press Center on "Rethinking Economic Globalization."

In preparation for the year 2000 changeover, USIA implemented a wide variety of programming – from speakers and conference participation to printed materials and web sites – designed to raise international awareness of the issue and encourage development of contingency plans. All together, USIA completed more than 50 projects in nearly 80 countries and two territories. These included: International Visitors from 35 countries who visited Y2K local and national programs and met with officials to discuss best practices; an e-mail listserv that distributed reports and articles to nearly 200 subscribers in 27 countries; a special Y2K web site that provided articles in Arabic, French, and Spanish; a separate web site that was produced completely in Russian; hundreds of Y2K articles and texts transmitted over the Washington File and through USIA web sites.

USIA-sponsored speakers participated in a public diplomacy event in Tokyo on "Economic Prosperity and Democracy: Equality, Growth, and Efficiency in a Globalized World."

USIA promoted U.S. foreign policy goals to combat international terrorism, crime, and narcotics trafficking.

Two U.S. speaker programs and a digital video conference in October with the Executive Director of the Greater New Orleans

Council on Drug and Alcohol Abuse led directly to the development of an inter-organizational strategy by Rio de Janeiro's Municipal Drug Coordination Office. At a 25 February ceremony, Rio's mayor thanked the U.S. consulate general for this and other public diplomacy support.

The summer '99 edition of *Global Issues*, the electronic journal published by the Global Issues and Communication Team, explored the contribution made by community initiatives toward combating drugs. Contributors included the Director of White House Drug Control Strategy and the Attorney General. The Director also briefed on drug issues in October and again in January at the Washington Foreign Press Center.

The Director of the Johns Hopkins Center for Civilian Biodefense Studies briefed at the Washington Foreign Press Center on bioterrorism on February 12.

The Bureau maintains standing web sites on "Responding to Terrorism" and "Narcotics and Substance Abuse." These web sites have proved to be a particularly useful way to provide information for overseas audiences.

Interior Secretary Bruce Babbitt contributed to *Troubled Waters*, an electronic journal on fresh water policies for the United States and other countries.

Within 36 hours of the August earthquake in Turkey, the European Team had established an Internet web page chronicling the U.S. Government's response and contributions to the relief effort, providing links to other sources of information, and listing agencies which were accepting contributions to aid the victims.

Similarly, the Western Hemisphere Affairs team responded to Hurricane Mitch and its potential for creating a sub-regional crisis by developing a Spanish-English web site focusing on U.S. relief efforts

with crucial links to other sites. The nonprofit Washington Office on Latin America described this web site as "the most comprehensive site on the net" dealing with the hurricane and its aftermath.

USIA contributed in a number of ways to the establishment and consolidation of democracies, and expansion of human rights.

The Democracy and Human Rights team arranged a digital videoconference (DVC) with an U.S. Supreme Court Justice and 300 Slovenian judges on the subject of judicial ethics. The DVC led to participation by the president of the Slovenian Judges Association in the USIA-sponsored multi-regional project, "The American Judiciary," and an invitation to the Supreme Court Justice to visit Slovenia in 2000 to discuss ethics issues with parliamentary committees, judges, and lawyers.

The President of the Bolivian Lower House of Parliament asked a Bureau-sponsored speaker to help draft a code of ethics for the Bolivian Congress.

The Bureau's Copyright and Print Publications Team published a new English edition of "Introduction to Human Rights" and premiered the first Arabic edition of the pamphlet. The team also produced a poster show and a brochure on the "Universal Declaration of Human Rights at 50."

Exchange Programs

USIA's educational and cultural programs are designed to establish a network of international cooperation that sustains and promotes current and future U.S. interests. Exchange programs make long-term investments in future leaders through strengthened mutual understanding and cooperation. Measures of success are expected to be shown in the future. To assess current programs independent evaluations are used. Also, the successes of former exchange visitors are a clear overall measure of the benefits of these

kinds of U.S. Government-sponsored exchanges. Some of those successes realized in 1999 are:

- In Sweden, elections in 1999 brought 6 former international visitors to the Moderate Party's new Presiding Committee of 13 members.
- In Nepal, the new cabinet is made up of six alumni of exchange programs, including the new Prime Minister.
- The Montenegrin Trade Representative in Washington was a participant of two exchange programs in the 1990s. She has praised the role that exchanges have played in keeping open the lines of communication to Central and Eastern Europe.
- In India, the Director of All India Radio for Jaipur credits her exchange experience with providing background and ideas for her programs on public health, legal issues for women, and farming.
- In Belarus, a former grantee has organized a "business incubator" which will give office space to 10-15 small businesses.
- In Moldova, a recent grantee from Moldova State University developed three new courses which will be included in their current American studies program. She also plans workshops for teachers on how to teach about America.
- In Nepal, former exchange visitors have established U.S.-style joint committees in Parliament. Issues which used to be the subject of rancorous debate in Parliament are now settled efficiently in committees.
- In Germany, an independent study showed that American high school exchange students 10-15 years ago still had direct contact with Germany.
- An independent study on foreign mid-career professionals who had a year of training in the U.S. found that the majority believed they had acquired "a lot" of cultural and field-specific knowledge about the U.S.

- An evaluation of the “Business for Russia” program noted that participants reported that they had significantly expanded their products and services, guided by customer input.
- An independent evaluator of Romanian alumni of American Studies Institutes found that 70% conducted seminars/lectures on American Studies outside their normal teaching duties.

DIPLOMATIC READINESS

The United States has important economic, security, political and humanitarian interests on every continent. At any time, around the world, U.S. representatives are engaged in negotiating treaties, responding to crises, supporting Presidential or other high-level visits, observing foreign elections, promoting American exports, providing relief to victims of natural disasters, assisting American citizens in emergencies, delivering sensitive government-to-government messages at the highest levels, assisting American citizens in emergencies, and enhancing border security.

Diplomatic Readiness, like the Military Readiness of the Armed Forces, is the strategic asset that enables the Department of State and other U.S. Government agencies abroad to carry out our mission. The embassies, consulates and other posts the Department manages are the principal platforms for the activities of the U.S. Government around the world. To carry out the diverse diplomatic responsibilities our Ambassadors, foreign service officers, and other U.S. Government employees abroad need extensive training in the language, culture and politics of a host country. They need safe and secure offices and housing in parts of the world where running water and electricity are the exception rather than the rule, and the ability to report to Washington through safe and reliable secure communications.

The Department of State’s Strategic Plan identifies three principal components of Diplomatic Readiness: Human Resources, Information, and Infrastructure and Operations.

DIPLOMATIC READINESS GOAL: *Enable the U.S. Government to achieve foreign policy objectives and respond to international crises by cultivating a skilled, motivated, diverse, and flexible workforce.*

A major achievement during the fiscal year was the implementation of the Foreign Affairs Reform and Restructuring Act of 1998, which mandated the integration of the Department of State, the United States Information Agency, and the Arms Control and Disarmament Agency into a single institution. The Act also strengthened the tie between the Department of State and USAID in order to enhance the cohesiveness of U.S. foreign policy.

The Department prepared and presented to the Congress a comprehensive plan, *Reorganization and Report*, designed to implement the provisions of this Act. Working groups were established within the Department of State and USIA to modify differences in personnel policy and integrate all of the Public Diplomacy functions and positions. Through these working groups, the Department developed comprehensive crosswalks of all USIA positions and personnel to specific bureaus. The Department also addressed all personnel policy differences and developed comprehensive personnel policies for review by all employees and their union representatives.

In order to better plan future personnel resource needs, the Department revised the criteria for all elements of the Overseas Staffing Model and prepared a preliminary plan for incorporating the Public Diplomacy functions within the Model in 2000. This included integrating staffing criteria developed in the clinical staffing model into the more comprehensive Overseas Staffing Model.

The Department developed a strategy to recruit highly skilled information management and telecommunications specialists, holding a successful job fair in February 1999 and preparing and

publishing a regulation establishing the regulatory framework for a recruitment bonus for these employees.

The Foreign Service Institute delivered more than 950,000 hours of language training in 1999, an increase of 200,000 hours over 1998. It also updated, revised and created new courses to meet the professional needs of foreign service officers and foreign service national employees. New or revised courses were offered in negotiating, international conflict, global issues, crisis management and economics. One disappointment was the lack of funding for the development of new contracting courses.

DIPLOMATIC READINESS GOAL: *Strengthen the ability of the United States to achieve its International Affairs goals and respond to crises through effective and efficient information resource management and information systems.*

One important initiative undertaken in support of the Department Diplomatic Readiness was the evaluation and remediation that was performed to meet the year 2000 (Y2K) challenge. The challenge was to have the evaluation and repair work completed by the Office of Management and Budget's March 1999 Y2K compliance deadline for all critical corporate applications. The success of this effort was reflected in the evaluation and grades received from Congressman Horn's Committee. The Department's Y2K effort received an 'F' following the initial evaluation. The grade was raised to 'A' during the final evaluation but most significantly, there were no major Y2K problems encountered.

Information technology (IT) infrastructure protection is another place where improvements in information security support diplomatic readiness. In FY 1999 the Information Systems Security Officer position was established - an initiative which centralized the information security authority and responsibility in the Department of State. Information security policies were updated to meet the demands and realities of current data processing. The anti-virus

program which was decentralized and inconsistently applied before was centralized for improved configuration management and deployment control. Finally, the Department deployed intrusion detection software for better protection of its unclassified networks.

The Department has made major steps in modernizing its information infrastructure and therefore in making its information technology accessible. The unclassified overseas modernization initiative (ALMA) was successfully completed in FY 1999. This initiative brought the more than 230 overseas posts up to a standard that supported the Department's world-wide unclassified network linking the Department's overseas employees to Washington. Domestically the Department has deployed Opennet providing unclassified network access to over 99 percent of the Department's domestic employees. ALMA and Opennet together form the infrastructure that allows employees to exchange electronic mail with colleagues in the Department as well as with others outside the Department across the Internet. This infrastructure has also provided the means for web-based document data sharing.

The success of the Department's modernization initiatives was documented in a recent survey in which 90 percent of the employees surveyed reported satisfaction with information systems service.

The Department completed installation of modernized consular systems at all 230 operating posts abroad and key data replication tasks at selected sites.

In order to support the Department's diplomatic efforts through the provision of accurate and timely geographic information, a four-person Geographic Information Unit was created. This enabled the Department to provide information to those involved in the repatriation of refugees to Kosovo using geographic information system tools linked with unclassified imagery. This information was also used to calculate damage to infrastructure, assisting greatly with

planning efforts related to reconstruction and economic revitalization for Kosovo.

The Department completed 24 major upgrades, 64 network upgrades and 300 customer requested upgrades to its telecommunications service during the year. All 59 mission critical Y2K upgrades, conversions, replacements and certifications were completed by the fall of 1999, with testing throughout the remainder of the calendar year. In addition, 70 satellite (INMARSAT) telephones capable of transmitting both voice and data were sent to high-risk posts in case commercial lease links suffered Y2K problems.

In 1999, the Foreign Service Institute provided over 280,000 hours of technology training to over 14,000 students, an increase of over 20 percent from the prior year. The main subjects taught to end-users were personal computer applications such as Microsoft Word, Excel, Power Point, Access, plus electronic mail and the internet. FSI also trained information management specialists in Microsoft NT, Exchange, and Systems Management Server (SMS), which form the backbone of the Department's new technology infrastructure. In addition to boosting hours of training significantly, FSI completely revised the curriculum for technology specialists. These courses are now the equivalent of courses taught by private industry training institutions. That is, they are taught by Microsoft Certified Trainers, use Microsoft-approved courseware, and culminate in students' taking the Microsoft Certification Examinations.

DIPLOMATIC READINESS GOAL: *Establish and maintain infrastructure and operating capacities that enable employees to pursue policy objectives and respond to crises.*

The most critical infrastructure need of the Department in Fiscal Year 1999 was to enhance the protection of our posts abroad in response to the increased security threat due to terrorism. In

response to the bombing of the U.S. embassies in Kenya and Tanzania, and with nearly \$1.5 billion in resources from a supplemental appropriation, the Department implemented a series of comprehensive security upgrades and countermeasures:

- Vehicle inspections at all posts;
- Surveillance detection programs at 154 posts;
- Purchase of 359 bomb detectors and shipping of 230;
- 200 new special agents hired and 65 security officers deployed overseas;
- Perimeter security enhancements funded at 50 posts;
- 157 new X-ray systems installed at posts;
- Ordering 129 fully armored vehicles and 799 partially armored vehicles;
- Residential security upgrades at 130 posts;
- Built new and secure embassies in Nairobi and Dar es Salaam.

A number of steps were taken to strengthen the Department's financial and accounting systems to meet internal and external financial management and programmatic requirements. The Department received an unqualified opinion from independent auditors on the Department-wide financial statements for 1999, continuing the results from 1997 and 1998. The Department received an "A-" rating, the second highest rating, in the June 1999 quarterly report issued by Congressman Horn.

Preliminary work began in FY 1999 on identifying the functional requirements for the Central Financial Planning System, which will be utilized to link actual financial performance with goals and performance indicators provided in compliance with the Government Performance and Results Act.

The Department completed implementation and contingency plans for Y2K-compliant versions of all 23 management systems and databases. It conducted end-to-end and additional regression testing

for mandatory systems changes. The Department was able to mobilize domestic and overseas resources to support Y2K Working Group and Day One Planning.

The Department made numerous strides in meeting the requirements of the Federal Financial Management Integrity Act (FFMIA) in FY 1999. Primarily, two material weaknesses, compliance with U.S. Standard General Ledger and Federal Accounting Standards Advisory Board (FASAB) standards, were eliminated in FY 1999. In addition, a FFMIA compliance review for financial systems was initiated, and progress was made toward implementing a standard account code structure by mandating the use of project codes and function codes in all financial management transactions.

Additional resources for the Regional Financial Management System (RFMS) were diverted to accomplish Year 2000 activities. Development of the disbursing portion of RFMS was completed and confirmation reviews and testing are currently taking place. FMP finalized a cross-servicing MOU with Treasury for RFMS accounting software and services. The upgrade to the most recent release of the Department's off-the-shelf accounting system (CFMS) was deferred due to Year 2000 activities and consolidation of foreign affairs agencies (ACDA and USIA).

The Department began referring debts that are more than 180 days old to Treasury for collection under a cross-servicing agreement. The percentage of payments made by means of EFT has exceeded targets both domestically and overseas.

A number of steps were taken relative to improving the financial management workforce during FY 1999. Extensive training has been provided to support the integration of USIA into the Department and the cross-servicing of the Board of Broadcasting Governors (BBG) as of October 1, 1999. Each of the Financial Service Centers in Paris, Bangkok, and Charleston has established

training centers, primarily for training Foreign Service National employees. The training provided at the FSCs has been highly commended by posts sending staff for training. The Department has updated training courses in the financial area, bringing them more into line with the latest laws, regulations and standards that all Federal agencies are required to follow. Funds for training have been protected from budget cuts to ensure adequate continuing education for budget staff.

Because of the Y2K moratorium, the implementation of the Travel Manager Plus 7.1 software was delayed, but work that could be accomplished took place in preparation for the implementation of TM+ 7.1 in FY 2000. With the change in charge card vendor, the Department successfully converted each of the three card programs (purchase, travel and fleet) to the Citibank Visa card.

The Central Resource Management System (CRMS) is being used to produce the FY 2001 OMB budget back up. Other modules of CRMS have been delivered and tested. After a period of dual operations legacy systems will be abandoned.

