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and the Broadcasting Board of Governors
Office of Inspector General

Report of Inspection

Embassy Phnom Penh,
Cambodia

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KEY JUDGMENTS

- The Ambassador and deputy chief of mission (DCM) provide active leadership to all embassy elements. Morale at post is quite good. High quality public diplomacy and policy promotion activities are closely targeted on key goals and objectives. In particular, the relationships the Ambassador has developed with Cambodia's leadership have enabled him to lobby assertively for democratic reforms and improved human rights performance.
- In late 2005, the embassy moved into a spacious new chancery. However, approval of new direct-hire positions to expand other agency programs in Cambodia has generated some problems with funding and provision of support to serviced agencies.
- High quality reporting on political and economic developments is well received by Washington policymakers and analysts. The embassy's efforts in labor affairs and the garment sector are outstanding, and they represent a case study in successful transformational diplomacy.
- Public diplomacy activities are woven into all aspects of embassy programmatic interactions with the Cambodian public. Coordination with public diplomacy activities conducted by other U.S. government agencies in Cambodia is productive and mutually supportive.
- The consular section is in the midst of an almost complete renewal following the recent loss of several locally employed staff due to malfeasance, plus the return of immigrant visa (IV) processing after a five-year hiatus. Consular management has taken important steps toward rebuilding its capacity but has much more to accomplish.
- The management section is very well managed and provides excellent support to the mission.
- The mission has done an exemplary job of meeting the Department of State's (Department) goals of consolidating administrative services, though the greatest savings will only be realized when American direct-hire positions are eliminated.

- The security and personal security awareness program at Embassy Phnom Penh is comprehensive and effective.

The inspection took place in Washington, DC, between January 3 and 22, 2007, and in Phnom Penh, Cambodia, between January 26 and February 16, 2007. Ambassador Eileen A. Malloy (team leader), Thomas H. Martin (deputy team leader), Bo Dmytrewycz, Leslie Gerson, Marjorie Lynch, Ruth McIlwain, Janis Scorpio, Timothy Wildy, and Michelle Wood conducted the inspection. Deputy Inspector General William Todd accompanied the team in Phnom Penh from January 30 to February 2, 2007.

CONTEXT

Slightly smaller than Oklahoma, Cambodia borders the Gulf of Thailand and is wedged between Thailand, Laos, and Vietnam. The climate is tropical, with distinct monsoon and dry seasons but little seasonal variation in temperatures. The terrain is mostly flat, though the southwest and north are marked by low mountains. Nearly four-fifths of Cambodia's work force is engaged in agriculture. Much of the nation's cultural traditions, religious practices, and its language are traceable to India. Most Cambodians consider themselves to be Khmers, descendants of the Angkor empire that ruled nearly all of Southeast Asia from the 10th to the 13th centuries. Gradual collapse of the empire's elaborate irrigation system, coupled with repeated attacks by forces from present-day Thailand and Vietnam, ushered in a long period of decline. The country fell under French protection in 1863, and it experienced Japanese occupation in World War II. In 1953, Cambodia gained full independence from France.



Through the 1960's, King Sihanouk – whom the Guinness Book of Records later identified as the politician who has occupied the world's greatest variety of offices: king, sovereign prince, president, prime minister, head of state, and leader of government-in-exile – led Cambodia. During this period, the country was an oasis of peace while war raged in neighboring Vietnam. In 1969-70, it was pulled into the fighting when a coup led by General Lon Nol deposed Sihanouk. U.S. and South Vietnamese troops then invaded to flush out North Vietnamese and Vietcong forces operating from bases in Cambodia. Despite extensive U.S. bombing, an indigenous group of revolutionaries – which Sihanouk had dubbed the Khmer Rouge – managed to control the countryside. After five years of fighting, Phnom Penh fell to the Khmer Rouge, and its leader Pol Pot immediately embarked on a xenophobic campaign to transform Cambodia into an agrarian peasant cooperative. The centerpiece was a bloody purge aimed at Western and Vietnamese sympathizers, in which an estimated two million Cambodians perished in just four years. In 1979, Vietnam launched a full-scale invasion that toppled Pol Pot and installed former Khmer Rouge officers.

For the next 10 years, hardened remnants of the Khmer Rouge operated along the Thai border with assistance from China. In 1990, though, diplomatic efforts finally bore fruit. Vietnam withdrew its troops, and the warring parties agreed to a UN-monitored peace plan. Democratic elections in 1993 resulted in a coalition government consisting of Hun Sen and Prince Norodom Ranariddh, son of Sihanouk. In 1998, a second round of democratic elections produced another coalition government, which Hun Sen dominated. Meanwhile, the Khmer Rouge withered under internecine feuds, battlefield defeats, and the unceremonious death of Pol Pot. By the time of the country's third national elections in 2003, the Cambodian People's Party, led by Hun Sen, had fully consolidated its grip on power.

Fully normal relations between the United States and Cambodia have eluded the two countries for more than 50 years. While the U.S.-Cambodian relationship has greatly improved over the last few years, significant work remains. The shadows of the Khmer Rouge period linger on: forty percent of the population lives below the poverty line; many Cambodians are emotionally traumatized or physically disabled from wartime experiences; the backbone of what should be a growing middle class is simply not present; work around solutions developed during periods of dysfunctional governance have hardened into rampant corruption; and political parties frequently use the country's past to justify their current actions. More than 15 years of international assistance have also skewed expectations about the effective role that foreign donors, the government, and political parties will play in providing services.

The governments of the United States and Cambodia actively cooperate on a range of important issues: counterterrorism, prisoner of war/missing in action concerns, pedophilia and trafficking in persons, health (HIV/AIDS and avian flu) efforts, and education. Military-to-military ties have been improving. The U.S. market has been crucial to Cambodia's economy, representing the largest outlet for its garment sector and accounting for 70 percent of exports as well as some 300,000 jobs. Additionally, a lion's share of the high-revenue, non-Asian tourists arriving each year to view the majestic temples of Angkor Wat come from the United States.

In related developments, during 2005, the embassy moved into a new and entirely modern compound that now comfortably accommodates the offices of the Department and the U.S. Agency for International Development (USAID). During the inspection, a U.S. naval vessel made a port call in Cambodia for the first time in over 30 years. The embassy resumed issuance of IVs, which had been suspended five years earlier, and a first contingent of Peace Corps volunteers, numbering over 30, began arriving. The Federal Bureau of Investigation (FBI) had received approval to open a small office but had not indicated just when it might do so.

EXECUTIVE DIRECTION

The career Ambassador and career DCM exercise their post management responsibilities with a high degree of attention to interagency cooperation and a strong focus on the goals and objectives of the U.S. government in Cambodia. During his 18 months at post, the Ambassador has been an outspoken proponent of the need for Cambodian leaders to push ahead with democratic reforms, and he has been equally vocal on the need to tame the serious corruption problems in this small, impoverished country. He has been tireless in his efforts to target U.S. government resources designated to combat trafficking in persons at those Cambodian law enforcement and nongovernmental organizations with the power to reduce this global threat in Cambodia. Overall, policy advocacy efforts conducted by mission staff have been enhanced by the Ambassador's and the DCM's willingness to reach out to senior Cambodian officials, whenever needed, to reinforce demarches made by embassy staff. The resident nongovernmental community particularly appreciated the Ambassador's actions to spur government of Cambodia prosecution of notorious human trafficking operators.

Members of Embassy Phnom Penh's country team were unanimous in praising the Ambassador and the DCM for their leadership efforts to instill a greater sense of teamwork into the challenges facing the embassy. The Ambassador's and the DCM's success in brokering agreement on the embassy's consolidated input to the new foreign assistance process was especially welcome to the heads of agencies represented at post that were facing cut backs in their assistance budgets. This new assistance process took place at the same time as heads of agencies were coping with the embassy's merger of the two administrative support platforms previously run by the Department and USAID. The fact that this post has been able to move further ahead on consolidation of services than any other post inspected by the Office of Inspector General (OIG) is highly commendable. That it has done so without a high level of unnecessary friction is even more commendable. See the section on rightsizing for a discussion of this issue.

Prior to the embassy's move to a new embassy compound (NEC) in 2005, the embassy was housed in seven different commercially leased buildings in downtown Phnom Penh. U.S. agencies came together for country team meetings, but staff members report that it was only after colocation in the chancery that the different

heads of agencies began to think of their role more broadly as part of a team and less in terms of particular agency interests. This fact is apparent in the post's previous Mission Performance Plan (MPP) submissions. The text focuses on the right goals for this medium-size post, but the justification text is vague in terms of specifying exactly what role this embassy would play in achieving these goals. Also, the MPP does not give the reader a clear sense of the priority of each goal, something even more important in light of the embassy's declining budget. The MPP refers to other agency growth in Cambodia, but the full impact of expansion of U.S. direct-hire positions is not adequately brought out in the document. See the section on rightsizing for more on this issue. The OIG team discussed with the DCM ways to make the embassy's first submission under the revised Mission Strategic Plan (MSP) tighter and more focused on key goals and objectives. In addition, the OIG team and the DCM reviewed ways in which this embassy could use the National Security Decision Directive-38 (NSDD-38)¹ approval process more effectively, by producing a package of data detailing the real impact on mission resources of any increases in U.S. direct-hire positions at post for the Ambassador's use in deciding whether to approve the additional proposed positions.

The Ambassador is an activist who uses his public diplomacy resources to spread information on the U.S. government's position on key issues and to explain American culture and lifestyle to the average Cambodian. He frequently speaks in public and uses his remarks to target the embassy's MPP goals and objectives such as fostering a climate of democracy, fighting human trafficking, and empowering those forces within Cambodia that are prepared to battle against official corruption. He has incorporated public diplomacy into all aspects of the post's MPP and has also insisted that all activities in Cambodia by other agencies be coordinated with the public affairs office to control the official message emanating from the embassy. All temporary duty visitors from other agencies are required to visit their embassy control officer for briefings before engaging in bilateral programs or meeting with the Cambodian public. This discipline has been important in preventing U.S. government officials from meeting with those Cambodian officials who have less than stellar records on human rights or corruption. During the inspection, the Ambassador's orchestration of the first U.S. Navy ship visit to Cambodia since the Mayaguez incident of 1975, also showcased the embassy's strong public affairs focus.

¹National Security Decision Directive-38, Staffing at Diplomatic Missions and Their Constituent Posts, issued on June 2, 1982, assigns ambassadors the authority and responsibility to determine the appropriate size, composition, and mandate of all staffing operating under their authority.

The regional security program in Cambodia has the Ambassador's and the DCM's full support and cooperation. The regional security officer (RSO) reports complete satisfaction with the Ambassador's attention to the security and emergency preparedness programs and notes that he has open access to the Ambassador or the DCM whenever needed, any time of the day or night, to consult on urgent security matters.

Just as in many other small embassies that have recently grown into medium-size embassies, Embassy Phnom Penh has an Equal Employment Opportunity (EEO) process in place, but information about the program is not widely disseminated at post. In addition, the Foreign Service national (FSN) employee handbook is silent on the EEO program and its application to locally employed staff. When notified of these omissions the Ambassador and DCM agreed to move promptly to rectify the situation.

Morale at Embassy Phnom Penh is quite good. In the responses to the OIG team's workplace and quality of life questionnaires (WQLQ), ratings of overall morale at post – along with ratings of the Ambassador's and DCM's personal attentiveness to mission morale – were well above the average scores for the previous 41 posts that OIG teams had inspected. Interviews conducted by the OIG team confirmed that these scores are representative of the majority of U.S. direct-hire staff. Issues of greatest concern to embassy staff – such as the lack of adequate health care in Cambodia, the critical crime threat, and the paucity of entertainment options in Phnom Penh – were all viewed as problems beyond the control of post management. U.S. employees believed that the Ambassador and DCM have moved aggressively to remedy issues under their control and that they have sought support and resources from Washington for those beyond their control.

Embassy Phnom Penh's relatively small group of entry-level officers (ELO) report general satisfaction with the mentoring and career development assistance they have received from the Ambassador and DCM. The Ambassador knows each of them by name and often stops by the offices where they are assigned to talk informally with staff. The DCM, though new to post, has gotten to know each of the ELOs, generalists and specialists, and has made clear that her door is open to them whenever they might need advice or consultation. There is no formal ELO program in place to guide the ELOs in determining how often they should seek out career enhancing activities such as accompanying the Ambassador on travel, acting as control officer for a high-level visit, or conducting a public diplomacy event outside of the embassy. The OIG team provided the ELO group with suggestions for ways to organize themselves and also suggested that they make contact with a well-developed ELO group at another embassy to review that embassy's ELO program.

RIGHTSIZING AND CONSOLIDATION

The 2003 OIG inspection report on Phnom Penh (ISP-I-03-38, August 2003) noted that the embassy had an authorized strength of 47 Americans, 10 eligible family members (EFM) and 475 locally employed staff of whom 312 (66 percent) were guards. In this inspection, the embassy has 72 Americans, 17 EFMs, and 499 locally employed staff of whom 289 are guards (58 percent). In the intervening period, the embassy has moved from a ragtag group of seven residential buildings used as offices to a modern, secure NEC and began to move staff from oversized houses to full service apartments that require no guards and far fewer services from the general services officer. In addition, the entire mission has consolidated virtually all its administrative services. However, the embassy population has continued to grow.

This growth is largely in agencies other than the Department. With the exception of adding a Marine security guard detachment of six marines, the Department contingent has remained relatively constant with expansion or contraction limited to one position at a time. For example, the embassy has requested one assistant public affairs officer (PAO) and believes that it will lose one assistant general services officer position in FY 2008. The embassy uses the NSDD-38 process to provide the Ambassador the information to make a staffing decision with all programmatic and administrative issues presented, but the data provided to him is flawed. In addition, the Ambassador is not receiving the input of the International Cooperative Administrative Support Services (ICASS) council as required in the review process. There are four fundamental problems with the information reviewed by the Ambassador.

- 1) Decisions on American staffing levels to support the new joint administrative platform keep changing.
- 2) The management section has been using incorrect baseline information, probably understating costs.
- 3) The Ambassador has not received a full analysis of the impact on the security guard program of increases in the number of U.S. direct hires.
- 4) At least one NSDD-38 request did not make a convincing case that the work to be performed by the proposed new staff could not be performed by its Bangkok regional representatives.

The embassy has consolidated most administrative services as described below. The post-consolidation estimates were predicated on retaining one USAID executive officer and losing one USAID third-country national deputy executive officer as well as a Department assistant general services officer. However, Washington headquarters are changing decisions on American staffing that are key to estimating ICASS costs, making cost estimates a moving target. Soon after the embassy was required to provide cost estimates to headquarter agencies (January 31, 2007), the embassy was informed that the assistant general services officer position will be retained, and the executive officer position may remain, may be abolished, or may be transferred to Bangkok. This is a very fluid situation that precludes making rational cost estimates.

Due to this consolidation of administrative services and the move to a new, more efficient building, the embassy needs fewer locally employed staff, but no locally employed staff (except guards) were terminated. The mission calculated that the proposed growth in U.S. direct-hire positions would require approximately the same number of locally employed staff that existed prior to the consolidation and used that baseline when calculating support costs. The OIG team believes that this method understates the impact of any new direct-hire positions. A more correct baseline would be to use the theoretical post-consolidation/post-NEC move in staffing patterns without anticipation of growth. Equally important, the impact on the security program is hidden because the Bureau of Diplomatic Security (DS) now bills other agencies for the non-ICASS costs of providing local guard coverage to the residences of their U.S. direct-hire staff and guard coverage at other agency offices located off the chancery compound. Transfers received by DS go into a central pool rather than coming directly back to Embassy Phnom Penh. Due to the worldwide shortfall in DS's local guard program fund, each new U.S. direct-hire addition to the embassy adds yet another residence that must be guarded 24/7, and any agencies housed off the chancery compound (in the case of Phnom Penh that would include the newly established Peace Corps office) adds another office facility that must be guarded 24/7. DS has not increased the local guard funding for Embassy Phnom Penh to cover these new needs even though it has billed the other agencies. The Ambassador was not aware of the fact that even though Peace Corps agreed to fund these costs as part of their NSDD-38 agreement, most of these new local guard costs would have to be absorbed in the post's existing budget. See the classified annex to this report for a discussion of the impact on the local guard program.

The Ambassador has approved an NSDD-38 request to open a legal attaché office in Phnom Penh. The proposed staffing is for three to four U.S. employees. The FBI currently covers Cambodia out of their regional office in Bangkok, and the RSO in Phnom Penh provides facilitative assistance to FBI agents on their temporary

visits to Cambodia as well as performing liaison with host government officials on their behalf. Due to the relatively undeveloped state of law enforcement/judiciary in Cambodia and the serious corruption that exists in those entities, the FBI's ability to conduct cooperation activities with the government of Cambodia is constrained. The workload would result in only a small percentage of one officer's time, falling far below that needed to justify an office in Cambodia. The original proposal called for this new office to be a regional operation covering Vietnam in addition to Cambodia. The U.S. Ambassador to Vietnam said to the OIG team that the FBI had not contacted him to discuss the need for a new regional legal attaché in Phnom Penh. He did not believe that there was sufficient work to be done in Vietnam to justify a change in the present regional coverage out of Bangkok.

The OIG team reviewed with post management and with the management officer the NSDD-38 process, provided suggestions on ways to develop a more comprehensive decision package to enable the Ambassador to know the real costs underlying any increase in U.S. direct-hire staffing, and encouraged them to conduct a serious analysis of each and every NSDD-38 proposal, especially those positions with regional responsibilities, before making a decision.

CONSOLIDATION OF ADMINISTRATIVE SERVICES

This embassy was a pilot post for consolidation of administrative services. In spite of sometimes conflicting and often imprecise guidance from the Department, the embassy has done a remarkable and impressive job in consolidating services with USAID. At the time of this inspection, all services that were to be considered for consolidation had been combined. The Department managed most of the combined services, with USAID managing the motor pool. Intuitively, there have been savings, but quantifying them has been elusive. In addition to identifying new and significant costs associated with a NEC (an increase in building operating expenses in excess of one million dollars), modifying the structure of the guard force and adjusting to consolidated services, the lack of a decision regarding the disproportionate costs associated with American positions made analysis problematic. For example, according to the Department's Office of Rightsizing, losing one American position has an average worldwide impact of \$505,000. A decision on American staffing can affect the overall savings of the consolidation to the taxpayer ranging from \$200,000 to more than one million dollars. Irrespective of the ultimate decisions, savings have proven to be considerable.

The embassy has been directed to finalize consolidation by October 1, 2007. At that time, USAID will cease being the motor pool service provider. A decision on the exact split of information management (IM) and human resources (HR) duties between agencies will have to wait for guidance from the Department. Far more important, adjusting to a consolidated platform will depend upon the number and duties of the residual American management section staff. The only known factor is that the Department complement will remain the same for one additional year, a fortuitous decision that gives mission management 18 months rather than six to make adjustments to operations and portfolios irrespective of any decisions that USAID makes regarding the executive officer.

POLICY AND PROGRAM IMPLEMENTATION

POLITICAL AND ECONOMIC AFFAIRS

The combined political and economic section effectively provides coordinated and well-sourced reporting, develops local contacts and advocates U.S. policy positions, and supports a growing number of visits by senior level U.S. officials. The section also manages several small assistance programs that the Department centrally funds.

The section works closely with the front office and other agencies in the development of the MSP. One of the section's economic officers served as the post coordinator for the MPP in 2006 and will do so again in 2007. The embassy lacks a post reporting plan that closely tracks the goals and objectives of the MSP. However, the section chief has proven adept at anticipating Washington's interests in and needs for reporting. In addition, she has methodically ensured that mandated periodic reports and in-depth reporting are included in the work requirements statements of each political or economic officer.

Washington consumers of the section's reporting indicated they were very pleased with both quantity and quality. They particularly praised the section's on-the-ground analysis, useful detail, and helpful commentary. Some of the reports that were especially well received in the past year included: human rights violations and trafficking in persons, labor disputes and the garment sector, offshore oil development, foreign donors' efforts against local official corruption, Cambodia's outstanding bilateral official debts, and the rapidly growing local presence of China and Korea. In reviewing reporting in the especially sensitive area of trafficking in persons, the OIG team found that the section's coverage was clearly focused, timely and well-sourced, as well as balanced and hard-headed in its analysis. The OIG team also observed that spot reporting by the section was regularly drafted, cleared, and sent out the same day.

The section faces vexing workload challenges. First, as the embassy has grown from small to medium size, the number of high-level U.S. government visitors has steadily risen. Although such visits provide valuable opportunities to press U.S. positions on key issues, they also diminish the time remaining to perform other required duties. The political and economic staff underscored a mounting feeling within the past year of being perpetually spread too thin and thus unable to perform their jobs properly. Second, one of the ELO positions originally established as a one-time fill Diplomatic Readiness Initiative slot is disappearing in summer 2007. That portfolio will be merged with one of the other officers. On the positive side, the ELO incumbent is extending and will move into the latter position, providing a bit of short run relief and facilitating the consolidation. Third, locally employed staff are a dedicated but eclectic group. The more recently hired locally employed staff have strong English-language abilities and foreign academic credentials, while the more senior ones provide impressive local contacts and continuity but lack the skills of their younger colleagues. Neither cohort, though, is considered capable of fully assuming duties presently performed by the increasingly busy American staff. The OIG team suggested that the embassy actively explore ways to make more extensive use of qualified EFMs to address workload challenges.²

LABOR AFFAIRS

The embassy's effort in the area of labor affairs is exemplary. The officer handling the labor portfolio received the Department's 2006 labor officer of the year award. The locally employed staff member who is teamed with her maintains close daily contact with both the garment factory owners and leaders of the labor unions, serving as a mediating interlocutor. On several occasions, the Ambassador has unhesitatingly weighed in with public remarks carefully aimed at ensuring continued dialogue and constructive negotiations.

From 1999 to 2005, the United States had a special textile relationship with Cambodia. Under the terms of the accord, Cambodia received a special quota entitling it to export garments to the lucrative U.S. market. The International Labor Organization conducted factory inspections every six months, and it helped set up an impartial arbitration council to avoid corrupt Cambodian courts. If working conditions improved, the textile quotas automatically increased. The result was the birth of a

²See section on refugees and returnees for further discussion of this topic.

modern textile sector and creation of 300,000 new jobs in Cambodia. The workers, mostly young women from rural areas, supported another 900,000 people in the countryside. Wages were set well above those in other sectors of the economy, and factory conditions steadily improved. As a result, Cambodia has become a model for export-led development of light industry, as well as a case study in successful transformational diplomacy.

However, a postscript is in order. First, the bilateral quota program expired in 2005, although under previous understandings, the inspection program will continue through 2008. Second, amidst uncertainty that garment producers may shift production to other countries to reduce production costs, local labor tensions are percolating. Third, as noted above, the ELO position for labor is a one-time fill under the Diplomatic Readiness Initiative that is going away in summer 2007. Although the embassy has proposed retaining that position as part of the global repositioning initiative, the outcome is uncertain. In short, the future of Cambodia's labor model – along with the embassy's continued role in supporting its survival – is in doubt.

REFUGEES AND RETURNEES

The political and economic section also handles two humanitarian issues that have an impact on the U.S.-Cambodian bilateral relationship: refugee processing and the reintegration of criminal deportees from the United States (often called returnees). Although one mid-level officer coordinates both issues at present as part of a broader portfolio, any change in the number or type of refugees, staffing gaps in the political/economic section, or merging of the portfolio of that officer with another's would invariably reduce the time that the section as a whole has to devote to these issues.

Every year a number of Vietnamese Montagnards, an indigenous minority group, seek refuge in Cambodia, claiming persecution and discrimination in Vietnam. The UN High Commission for Refugees (UNHCR) reviews the applications, determines if the applicants meet universally accepted refugee criteria, and processes their cases to conclusion where qualified. More recent arrivals often do not meet UNHCR's criteria, yet there is considerable support in the United States for the acceptance of additional Montagnard refugees because they assisted the United States during the Vietnam conflict. Although refugee processing is coordinated by Embassy Bangkok, the section's refugee officer serves as a liaison with UNHCR and as an interlocutor with the Cambodian government, which does not welcome these refugees and essentially hosts them only because other governments will eventually accept them for resettlement. If other countries in Asia begin to generate significant numbers

of refugees entering Cambodia, especially cases that UNHCR does not process, the embassy could require additional positions to manage the process.

In 2002, Cambodia and the United States signed a memorandum of understanding on another group of travelers – Cambodians who are being returned to their country of origin because they have committed crimes in the United States that make them ineligible to remain as permanent residents. The United States levied considerable pressure to convince Cambodia to accept these returnees, many of whom have lived most of their lives in the United States, speak only English, and have great difficulty adjusting to Cambodia because of cultural differences. As part of the agreement, the U.S. government has been funding rehabilitation and reintegration programs for these returnees. Only 150 have been returned to date, but about 1,200 more await processing. At the time of the OIG inspection, USAID funding was on track to run out in a few months, putting the entire program at risk. The embassy already devotes considerable effort to facilitate the arrival of charter flights carrying returnees, but its ability to maintain that support to returnees will certainly be complicated if staffing of the political and economic section is reduced or if there is no more funding for the reintegration program.

Specifically, the section's responsibilities on returnee issues involve supporting a Department of Homeland Security (DHS) program that facilitates return to Cambodia of criminal aliens residing in the United States. This workload is sensitive, can be episodic but time-consuming, and does not all have to be done by a Foreign Service officer. The embassy may wish to reach out to other embassies with similar returnee programs to determine how they handle logistics and, in particular, evaluate the feasibility of a DHS-funded EFM for intermittent support to the political/economic section during large group repatriations.

ENVIRONMENTAL, SCIENCE, TECHNOLOGY, AND HEALTH ISSUES

A designated global biodiversity hotspot, Cambodia has unusually large and pristine unique ecosystems, especially in its mountainous southwest areas. Cambodia also is threatened with logging and deforestation, uncontrolled mining, and watershed degradation. When coupled with the confirmed presence of avian flu, Cambodia constitutes a rich target for reporting and programs on environmental, science, technology, and health (ESTH) issues. ESTH objectives have not been spotlighted in the embassy's MPP, but they do form an integral part of the embassy's good governance efforts.

The embassy indicated that it has not received feedback from the Department's Bureau of Oceans and International Environmental and Scientific Affairs on its ESTH reporting. The embassy has also had difficulty learning the status of the embassy-recommended nongovernmental organization applications for funding by the Bureau of Oceans and International Environmental and Scientific Affairs, a process that has proven very time consuming both for the embassy and interested nongovernmental organizations in Phnom Penh. The political and economic section's reporting has, therefore, chosen to focus on topics that it thinks will get highest value for the limited reporting assets available for covering ESTH issues. It seeks to help the Department's Bureau of East Asian and Pacific Affairs better understand forces at play within Cambodia. The result has been several high quality ESTH reports – on topics such as deforestation in the Cardamom Mountains and efforts to save Cambodia's fresh water dolphins – which have been enthusiastically greeted within the bureau. During the OIG inspection, the Bureau of Oceans and International Environmental and Scientific Affairs regional hub in Bangkok convened a three-day regional mini-conference. Embassy Phnom Penh's ESTH reporting officer attended and made a presentation on Cambodian dolphins that was the subject of extended discussion by the ESTH officers present.

As is the case with labor affairs, the cluster of ESTH issues is an integral part of the portfolio of the ELO whose position is slated to disappear in the summer of 2007. If the anticipated consolidation with an economic officer's portfolio occurs, both the level and frequency of ESTH reporting are certain to drop.

DEVELOPMENT ASSISTANCE PLANNING

USAID had a program budget of slightly over \$54 million, along with a staff of 14 Americans and 42 locally employed staff in 2006. This made USAID the largest agency at post in terms of program budget and second largest in size of total staff. Its programs cover the areas of anticorruption and local government, economic and environmental aid, human rights and rule of law, and health and education.

Interagency cooperation and coordination of development assistance at Embassy Phnom Penh is a model for other posts. The Department and USAID are colocated on a single compound, and the two agencies have almost completely consolidated their administrative functions, a process that the rightsizing discussion in this report describes in greater detail. This has placed the embassy at the forefront of the global effort at U.S. embassies to establish a single management platform for the Department and USAID. In addition, the new foreign assistance planning ("F") process has

provided an opportunity for the two agencies – and others represented at post, such as the Centers for Disease Control and Prevention and the Department of Defense office of defense cooperation (ODC) – to mesh their program planning and implementation efforts. In 2006, the post conducted an intensive, two-month long inter-agency process, cochaired by the mission director and DCM, to develop a USAID operational plan for FY 2008, integrating all the proposed development assistance funding to be implemented in country, including that centrally funded by the Department. The end product, a detailed document of over 250 pages, will lay much of the groundwork for the embassy’s preparation of next year’s MSP. The organizational structure for this process was a set of four committees, which the embassy also plans to carry over to the MSP process.

While much effort has gone into planning and coordination of the embassy’s assistance programs, there have at times been ripples on the operational side. For example, doubts have arisen regarding proper use of staff and support across agencies to assist with senior level official U.S. visitors wishing to visit sites of assistance programs in remote rural areas. Also, some requests by Department officers to local representatives of nongovernmental organizations – who may be USAID contractors or subcontractors – for information relating to human rights violations and trafficking in persons cases, which are often politically sensitive, have met with reluctance or unresponsiveness. The OIG team provided informal counseling to embassy staff on ways to address these concerns effectively and appropriately.

COUNTERTERRORISM AND MILITARY COOPERATION

Cambodia’s turbulent history sharply constrained earlier prospects for bilateral military cooperation, and Congressional restrictions relating to human rights concerns – arising from domestic political upheaval in 1997 and incidents over the years involving trafficking in persons – have further added to that. However, post September 11, 2001, concerns led Congress in 2004 to revisit earlier restrictions on U.S. assistance to the government of Cambodia and to permit significant new security cooperation with the Royal Cambodian Armed Forces (RCAF). What prompted this was growing recognition that, if counterterrorism efforts prove successful elsewhere in South East Asia – most notably in the Philippines, Indonesia, and Thailand – Cambodia would become a prime target for displaced international terrorists seeking new safe havens.

In 2005, the Department's Office to Monitor and Combat Trafficking in Persons (G/TIP) annual assessment designated Cambodia as a tier three country, resulting in sanctions and a suspension of U.S. direct military assistance to the government in Phnom Penh. In 2006, though, G/TIP raised Cambodia to the status of a tier two special watch, thereby permitting resumption of U.S. government assistance. As a result, the doors to bilateral military cooperation quickly reopened. In July 2006, Admiral Fallon, the commander of the U.S. Pacific Command (PACOM), made an official visit to Cambodia. A team of PACOM specialists, supported by the embassy's ODC then prepared an assessment of RCAF capabilities and needs, which was completed in October 2006. The areas of military cooperation that the assessment identified include training in counterterrorism, counternarcotics, and border controls, along with demining exercises and English-language courses to facilitate those training programs. Given the gendarmerie's unique role combining counterterrorism, civilian law enforcement, internal security, and border control, they were included, too.³

³The gendarmerie have explicit authorities for law enforcement and have in place a network of bases in remote rural areas. They are particularly well suited to assume a central role in counterterrorism efforts at home and possibly a limited role in international peacekeeping operations.

The following chart lays out approved funding levels for International Military Education Training and Foreign Military Financing for training, equipment, and mobility from FY 2005 onward.⁴

FY	Foreign Military Financing	International Military Education Training
Pre-2005	\$170 K	–
2005	\$990 K	0
2006	\$992 K	\$ 49 K
2007 ⁵	\$475 K	\$ 43 K
2008 ⁶	\$200 K	\$ 70 K

Within the embassy, ODC has the lead in planning and coordinating security assistance flows to ensure that they have a lasting beneficial effect on the RCAF and gendarmerie. Following the upgrading of Cambodia’s G/TIP status, ODC has become increasingly busy. At the time of the inspection, ODC had already submitted two excess defense articles requests, totaling \$990,000, which will draw upon available 2005 and pre-2005 Foreign Military Financing funds. Other outstanding Foreign Military Financing funds, which total over \$1.6 million, are likely to provide assistance in the form of surface mobility and new communications equipment for the gendarmerie and RCAF.

⁴These data, supplied by ODC, are from Congressional budget justifications for the respective years. During the period of October 2005 – May 2006, when G/TIP sanctions were in place, the Foreign Military Financing funds for Cambodia remained in trust fund status. In contrast, as International Military Education and Training funding is one-year money, some of the approved funds for Cambodia were lost as a consequence of the G/TIP sanctions.

⁵These numbers are from FY 2007 Congressional budget justifications during the period when G/TIP sanctions were in effect against Cambodia.

⁶As continuing resolutions were in effect during the inspection, the FY 2008 numbers are estimates, subject to subsequent revision based on later Congressional budget justification levels.

An officer in the political/economic section – the same one whose position is scheduled to go away in summer 2007 – has primary responsibility for handling INL issues and programs. In addition to preparing Congressionally mandated reports on counternarcotics and money laundering and conducting end-use monitoring of INL-funded equipment given to the Cambodian government, the officer also prepares the annual INL budget request, coordinates INL-funded training programs, and drafts substantive cables on narcotics issues. The RSO supports INL activities by selecting candidates for training in INL-funded programs and submitting cables requesting vetting for those candidates.

COMMERCIAL DIPLOMACY AND BUSINESS SUPPORT

Cambodia, a command economy well into the 1980's, only joined the World Trade Organization in 2004. It remains one of the poorest countries in Asia, with limited domestic demand for expensive imported goods. As Cambodia's economy has grown steadily in recent years,¹⁰ so has interest on the part of U.S. businesses and potential new investors. According to the embassy's PAO, the post's annual commercial guide – prepared by a mid-level reporting officer – was by far the most frequently downloaded document on the embassy's Internet site.¹¹

In July 2006, the United States and Cambodia signed a Trade and Investment Framework Agreement, to help enhance commerce and provide a forum to address bilateral issues. The first Trade and Investment Framework Agreement meeting was held in Siem Reap in mid-February 2007, while the inspection was under way. Future Trade and Investment Framework Agreement meetings will provide a convenient springboard for advocating on behalf of U.S. companies interested in pursuing business opportunities in Cambodia.

Within its own limited resources, the embassy has risen to the commercial challenge, forging a constructive alliance with the U.S. Foreign and Commercial Service (USFCS) – which is not represented in Cambodia. In 2006, the political/economic section sent an ELO and a locally employed staff member for commercial tradecraft

¹⁰ Cambodia's real gross domestic product growth averaged 7.7 percent during 1994-2005. ("Cambodia: 2006 Investment Climate Statement," prepared by Embassy Phnom Penh economic officers) It grew an estimated 8.8 percent in 2006. ("Cambodia Economic Watch," by the Economic Institute of Cambodia)

¹¹ In 2006, the commercial guide was downloaded over 1,100 times. Next highest was the human rights report, with 220 downloads.

training with USFCS in Bangkok. The senior commercial officer in Bangkok designated a locally employed staff member to specialize in Cambodia and travel regularly to Phnom Penh. The senior commercial officer also led a trade mission, comprised of U.S. company representatives based in Bangkok, to Phnom Penh and Siem Reap in February 2007.

Two approaching factors will shape the near-term commercial diplomacy environment in Cambodia. One factor is the mushrooming presence of China, and the other is the infusion of oil revenues into Cambodia's economy. China already rivals the United States as a source of investment funds and leading trade partner in Cambodia. During the OIG inspection, two Chinese trade missions visited Phnom Penh. One was ministerial-led, underscoring how closely interwoven are Beijing's business and political agendas. In that context, the stepped up efforts of USFCS Bangkok are most timely. They offer an effective platform to partner the embassy's on-the-ground knowledge and high-level contacts with USFCS Bangkok's regional expertise and back-reach to USFCS' resources in Washington. The second factor is the much-publicized development of offshore oil in Cambodia's territorial waters. At the time of the OIG inspection, Chevron's plans called for "first flow" from the platforms to take place in 2009-10. Although there will be very limited construction and little direct job creation on-shore, the impact on Cambodia of large new oil revenues is likely to be immense. Oil industry growth in Cambodia will put pressure on the political/economic section for additional output, particularly in the areas of resource (oil and gas sector) reporting, macroeconomic analysis, and coverage of related corruption/governance issues.

During the inspection, the OIG team briefed political/economic staff on how the Trade Policy Coordinating Committee process operates, solicitation and submission of the U.S. government's advocacy request form, and use of the web site of the Bureau of Economics, Energy, and Business Affairs.

A modest-sized American-Cambodian Chamber of Commerce has existed for some years in the capital. It reported that the Ambassador was always responsive to individual members' requests for support. The American-Cambodian Chamber of Commerce though, would welcome more regular contact, perhaps in the form of monthly or every-other-month breakfast briefings by the Ambassador and key embassy staff members.

EMBASSY CONTACTS

The OIG team learned from political/economic staff and representatives of other agencies that it is not possible to prepare guest lists for representational functions quickly as well as across sections and agencies. That is the case because the embassy does not have a centrally maintained database of contacts for protocol purposes and for use in public diplomacy. Instead, the pattern is to rely on the rolodex files and Microsoft contact lists in separate sections, attendance lists from recent previous events, and mounds of business cards carefully accumulated by individuals. The effects are predictable. In one case last year, when a Department officer decided to hold a welcome event for a newly arrived counterpart from another agency, the guest list emerged only after a rather extensive and time consuming set of exchanges between the two sections. Similarly, invitations to representation events for visiting high-level visitors often draw directly from very similar previous lists. Also, the embassy does not use the annual Fourth of July reception list to track systematically its interactions with key contacts during the year and help analyze audiences for further outreach. Good time management, effective use of official representation funds, and successful advancement of MSP goals and objectives dictate that the embassy adopt a more systematic approach to management of its local contacts. This is especially true as the level of representational activity and breadth of assistance programs are likely to continue growing well into the future.

Recommendation 1: Embassy Phnom Penh should assess its contacts management requirements and, based on those needs, design and implement a missionwide user-friendly contacts management system, and train all staff in the use of the system. (Action: Embassy Phnom Penh)

LEAHY VETTING

The embassy is nominally compliant with the Leahy amendment's requirements for vetting certain categories of host nation personnel selected for training at U.S. government expense. At present, ODC, the Defense attaché office, USAID, the RSO, and the political/economic section all have programs that require vetting of trainees. The number and frequency of vetting submissions is likely to grow as the bilateral relationship strengthens over time. An ELO in the political/economic section oversees transmission of cables submitting names of proposed trainees, maintaining a file of those messages and the Department's responses.

The process, as now conducted at post, is cursory and uneven. In reviewing the files, the OIG team observed several things. First, although outgoing cables referred routinely to the embassy's conducting local checks, there was no record of precisely what checks were conducted or when. Second, one agency may recently have inadvertently failed for several months to submit names for individuals to receive training. Third, several other agencies are not very well informed on the embassy's need to maintain its local sources and regularly update its files on suspect individuals and units believed to have committed human rights violations. Instead, the view of some other agency representatives seemed to be that the vetting process is solely the responsibility of the Department. Fourth, the embassy files did not contain the revised Department guidance that was transmitted to posts in January 2006. Instead, the embassy's cables repeatedly referred to the 2000 guidance.

Recommendation 2: Embassy Phnom Penh should develop a set of formal guidelines, based on the most recent Department guidance and approved in writing by the deputy chief of mission to establish a step-by-step process that clearly specifies who within the embassy does what and in what sequence, to ensure timely submissions and full compliance with requirements of the Leahy amendment. (Action: Embassy Phnom Penh)

PUBLIC DIPLOMACY

The public affairs section effectively supports the mission and its strategic goals and objectives, using the full range of public diplomacy tools. The PAO, the sole American direct-hire officer, successfully meets the public affairs challenges in Cambodia. In particular, he supports an activist Ambassador who frequently gives speeches, makes appearances, and conducts other outreach activities. The PAO advocates interagency cooperation and provides support to all mission elements, not just the Department.

Staffing

The mission has requested an assistant PAO position in the 2007 MPP to take advantage of opportunities to broaden the bilateral relationship and to assume part of the PAO's work load. From 2003 until 2005, there was a temporary position as assistant PAO. That officer made a major contribution to public affairs work. In 2005, the Department decided not to continue providing a temporary assistant PAO. The OIG team observed that the PAO works efficiently and delegates responsibilities to staff members; yet the PAO still consistently works extended hours.

The OIG team believes that the post could make good use of an assistant PAO to further its public diplomacy activities. The PAO travels outside of Phnom Penh less often than desirable because there is no other officer to manage the section and to handle pressing information activities. A second officer could develop and expand programs addressing audiences outside the capital. For example, the PAO explained that a program of Muslim outreach is underway. Although Muslims make up only about six percent of Cambodia's population, they are particularly vulnerable to recent overtures from religious hardliners, making outreach a priority. Establishing an assistant PAO position is one of the highest human resource priorities of both the mission and the Bureau of East Asian and Pacific Affairs.

Officers' Work Requirements

Officers serving at the mission in areas other than public affairs could expand public diplomacy outreach activities by making presentations and giving speeches to Cambodian audiences. Opportunities are available for officers to have a positive impact through such efforts. Some already are contributing in this area, but more can be done. All officers should participate, and such activity should be reflected in their work requirements. An informal recommendation addresses this matter.

Press

During the OIG inspection, the embassy supported the first visit to Cambodia by a U.S. Navy vessel since the Mayaguez incident in 1975. It chartered a bus for Cambodian journalists to travel from the capital to the port city of Sihanoukville. It also arranged simultaneous translation at a press conference given by the Ambassador and the ship's captain and a journalists' tour of the ship. On the way to the port,

there were stops at U.S. Navy community relations activities that renovated a village health clinic and provided medical and dental care to village people. The press had opportunities to observe, speak to, and photograph the crew in action. The result was extensive, positive coverage by international and Cambodian media.

Constructive relationships exist with local journalists. The public affairs section has worked with members of the press to improve their professionalism by nominating them for International Visitor programs and conducting skills workshops. Press coverage of the United States is usually positive, but at times journalists do not check facts with the embassy, and they often include incorrect information in their articles as discussed in this report's section covering the information resource center (IRC). Newspapers are for the most part affiliated with particular political parties and able to publish a variety of opinions. After a strong campaign by the Ambassador, including both public statements and private diplomatic exchanges, the government of Cambodia recently decriminalized defamation, an important step in advancing freedom of the press. Television is controlled by the government, as is most of radio. In order to measure the tone of newspaper coverage in the country, the section contracted with a local vendor to provide daily reports starting in FY 2007 regarding whether local articles present the United States in a favorable or unfavorable light. While it is now too soon to provide meaningful data, this will provide a basis for comparison in future years.

The Fulbright Program

Cambodia lacks a Fulbright Commission; consequently, the public affairs section operates the Fulbright Program. Overall the program is functioning well with Fulbright exchange students chosen on the basis of their study objectives and academic background. There is wide dissemination of information on grants throughout the country and open competition for candidates. One area for improvement, however, is the lack of consideration given to specific MPP goals and objectives in the Fulbright selection process.

Recommendation 3: Embassy Phnom Penh should develop and implement a procedure to include consideration of the mission's strategic goals and objectives as a factor in selecting candidates for Fulbright educational exchanges. (Action: Embassy Phnom Penh)

Information Resource Center

While successful in reaching host country government and university audiences, the IRC could do more to target the media and mission personnel. The IRC director has developed clever quizzes on America with promotional material prizes that have increased the numbers of university students taking advantage of IRC resources. About 45 visitors, most of them students, stop in the facility on an average day to conduct research. In addition, the IRC regularly conducts research for and provides information to various government officials. Yet, other groups such as the media and mission personnel make only occasional use of the IRC. A contributing factor to this situation is the lack of outreach efforts to these audiences. Upon arrival at post, officers are given material on the IRC, but that is not enough. While a few mission officers are aware of and do use the resources regularly, the majority do not. The public affairs section information staff also have widespread, positive contacts with all elements of the local media.

Recommendation 4: Embassy Phnom Penh should develop and implement a plan targeted to the media and mission personnel explaining the information resource center's available services and encouraging the center's use. (Action: Embassy Phnom Penh)

American Corners

American Corners are partnerships with host country institutions that feature a diverse collection of English language materials focusing on the United States, Internet access computers, bilingual staff, and space used for programming targeted toward the embassy's strategic goals. American Corners provide a low cost means of reaching large, diverse audiences.

At present, the mission supports two American Corners and has a strong justification for a third. The one at Pannasastra University of Cambodia located in Phnom Penh is active as a platform for programs holding an average of one event per month. The available space includes an auditorium with a capacity of 600 people as well as rooms for smaller groups. The university makes the auditorium as well as smaller meeting rooms available for programming on two weeks notice at no charge to the U.S. government. With limited ability to process visitors into the embassy compound, this is a significant benefit of the American Corners partnership with the university.

While successful in meeting local needs and attracting audiences, a second American Corners at the Khmer Institute for Democracy, located in Kompong Cham, is not receiving the expected host institution support. Consequently, the public affairs section is investigating the possibility of moving the operation to another site to better serve the chiefly Muslim population of this area. In addition, conditions appear auspicious for opening a third American Corners in Battambang, the country's second largest city and fertile ground for public diplomacy work. The regional information resource officer suggested that the embassy send a proposal to the American Corners Review Board in Washington, DC, to evaluate the idea fully. The OIG team concurs with the suggestion to have the board review this proposal.

English Language Teaching

The English language fellow program has proved a successful tool for democracy building in Cambodia. The spread of English increases opportunities for access to books, newspapers, and – most importantly – Internet sites not available in the Khmer language. Thus, English fosters the goal of freedom of information. Interest in learning English is high throughout the country, and the host government welcomes its spread.

Funded by the Bureau of Educational and Cultural Affairs, the English language fellow program provides American professional expertise in teaching English as a foreign language. It does so by sending American experts on 10-month fellowships to overseas academic institutions. By advancing mutual understanding objectives, the fellows also convey the concepts of American values, representative government, free enterprise, and the rule of law. Currently, a senior English language fellow works at the Royal University of Phnom Penh developing materials and curriculum for the university's professors of English. In addition, the fellow conducts a methodology course at the university and several courses for trainers of secondary school English teachers at six regional training centers located throughout the country. The fellow's efforts to prepare teachers and professors who conduct classes in English have exponential possibilities for promoting English in Cambodia.

The news bureau does not receive support from the embassy and is not part of ICASS. It leases an office of about 600 square meters for \$900 a month and provides its own security. Occasionally, the public affairs section facilitates customs clearance for equipment shipments.

CONSULAR AFFAIRS

Phnom Penh has a small to medium-sized consular section with management problems that rival those of larger sections. Only three of its 13 locally employed staff (FSN and EFM) have been on the job for over eight months, and only one over two years. During the inspection and after a five-year hiatus, IV processing returned to Phnom Penh without experienced staff to help restart the operation. The section is only just recovering from a nonimmigrant visa (NIV) fraud investigation that resulted in three firings. The rampant corruption in Cambodian society affects every aspect of consular processing (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2) (b) (2)(b) (2) Consular management has taken some important steps to rebuild the section's capacity, but there is much more to do.

Consular Management

The embassy's move to a new chancery gave the consular section very functional space. There is a spacious consular entrance, covered overflow waiting space in an attractive garden setting, and a well-designed interior waiting room. There are adequate interview windows, although all are occupied during the morning intake and interview hours. In the staff area, there is some wasted area, with an enclosed reception window the size of a small office and a privacy booth that is abnormally large and may be ideal, with minor alterations, for a fraud prevention unit and interview area. Staffing is also adequate, with one exception discussed in the fraud prevention section of this report, and will be generous once the locally employed staff are more experienced. Management has focused appropriately on the hiring and training of new FSN staff during the past three months, while ensuring that all have taken online training.

The consular section manages its own NIV appointments. Consular management is looking into participation in a regional call center or appointment management operation, although this may be difficult for a variety of reasons, including the lack of Khmer language skills elsewhere in the region, shrinking NIV workload, and potential limitations on pay for service telephone options in Cambodia. Because the section runs no appointment backlog most of the year, the scheduler gives out all appointments for the next day at 7:30 a.m. The National Visa Center handles all IV appointments, and initially the first two months of IV appointments were all scheduled for 7:00 a.m. Obviously having all the day's visa applicants arrive at virtually the same time causes congestion at the access door, where the applicants are security screened, as well as in the waiting room. Staggering its appointments would rationalize workflow, take pressure away from the security screeners, and reduce the amount of time individuals wait inside for service.

Recommendation 5: Embassy Phnom Penh should develop a standard operating procedure to stagger its nonimmigrant visa appointments and instruct the National Visa Center to stagger the immigrant visa appointments. (Action: Embassy Phnom Penh)

There is some inequity in the grade structure and the allocation of work. Until a couple of weeks before the inspection, the consular section chief was essentially running every unit in the section. She recently assigned responsibility and oversight of day-to-day operations in the NIV, IV, and American citizens services (ACS) units to the three full-time consular officers. That is a promising start to rationalizing the section's structure, devolving responsibility for routine tasks, and training the other officers – all consular core or aspiring consular core officers – to be future managers. The OIG team discussed ways to go even further in empowering the American staff while maintaining overall control of the section.

All but two of the locally employed staff are FSN-7s. One of the ACS positions is an FSN-6, yet that position, once the incumbent is fully trained, will be doing the same work as the FSN-7 ACS staff member. The ACS FSN-6 already has a much more responsible and complex job than most of the FSN-7 NIV assistants. Many consular sections with small ACS teams have two or more locally employed staff members at the same grade and cross train them completely on the full range of ACS work, even though each may have primary responsibility for discrete functions such as federal benefits and the warden system. There is more than enough complex ACS work and much to be done to enhance the warden network and outreach efforts. (See the ACS section of this report.)

RESOURCE MANAGEMENT

OVERVIEW

Agency	U.S. Direct-Hire Staff	U.S. Eligible Family Members	Local Staff*	Total Staff	FY 2006 Total Funding US\$
Department of State (D&CP)	24	6	17	47	2,872,162
ICASS	5	9	120	134*	4,865,300
Representation					54,290
Public Diplomacy	1	-	7	8	642,503
Diplomatic Security	3	1	286	290**	1,137,561
Marine Security Guard	6	-	4	10	100,000
State Dept Rent and Building Maintenance (Bureau of Overseas Buildings Operations (OBO))	1			1	2,346,762
USAID	14		42	56	54,046,866
Defense Attaché's Office	6	1	1	8	N/A
PACOM – Pacific Command	5			5	17,591
Defense Security Cooperation Agency	1		3	4	353,550
Naval Medical Research Unit - DOD	1		3	4	633,888
USDA – APHIS			1	1	
Peace Corp	4		2	6	594,456
Federal Bureau of Investigation (DOJ)	3			3***	
Centers for Disease Control and Prevention	4	-	13	17	583,178
Totals	78****	17	499	594	68,248,107

Source: Embassy Phnom Penh

*Includes 18 ICASS drivers managed by USAID

**Includes 283 local guards

*** Approved but not yet at post

****Includes 6 personal service contractors and fellows

MANAGEMENT OPERATIONS

The embassy management section is well managed, ably led, and provides excellent services to its customers. The WQLQs generated response scores well above worldwide norms. The section maintained a high level of services while managing the move to a new office compound, being a pilot post on consolidation of administrative support services with USAID, and changing its housing program to achieve significant savings. The OIG team found much to praise and only a few areas for improvement.

To its great credit, the embassy has begun to move staff from oversized houses to full service apartments. This move has saved up to \$40,000 in make-ready, rent, utility, and guard costs per unit. Initially, there had been some complaints as staff went from oversized houses to smaller units, but there have been cost savings to the government, along with increased availability to embassy staff of amenities such as swimming pools and tennis courts.

HUMAN RESOURCES

The HR section has no full-time HR officer. A regional HR officer in Bangkok provides services to the embassy. Two locally employed staff guided by the management officer currently provide HR services to the embassy. They are arguably understaffed, but until consolidation is finalized, the mix of staff and correlative duties cannot be determined. Irrespective of consolidation, HR policies for locally employed staff, as reflected in the locally employed staff handbook, are out of date and need to be revised.

The embassy has an active locally employed staff executive committee that pointed out to the OIG team embassy policies and Cambodian law that are in conflict. It appears that current policies were written and adopted in 1995 shortly after the embassy was reestablished, probably in a vacuum, as Cambodian labor law may not have existed at that time. The policies contain elements of American practice that are rarely found overseas, and the locally employed staff committee was able to provide sections of current local law that contradicted or were more detailed than current embassy policies. Equally important, the handbook had not been changed to address mandatory policies that the Department has adopted since 1995. Most notable is application of EEO principles to locally employed staff, as issues raised by FSNs should be handled at post consistent with post-established procedures for

FSN discrimination complaints and guidance available from the Department. The embassy has neither appointed locally employed staff EEO counselors nor provided written policies to its employees. Given the documented changes in local law and the omission of departmental policy, the OIG team believes that a complete overhaul of embassy human resources policies is in order.

Recommendation 9: Embassy Phnom Penh, in coordination with Embassy Bangkok, should review its locally employed staff policies to make them consistent with local law and Department of State policy and should issue them in a new employee handbook. (Action: Embassy Phnom Penh, in coordination with Embassy Bangkok)

Recommendation 10: Embassy Phnom Penh should establish Equal Employment Opportunity procedures for locally employed staff, appoint and train counselors, and conduct training on Equal Employment Opportunity principles for all locally employed staff. (Action: Embassy Phnom Penh)

FINANCIAL MANAGEMENT

The financial management section effectively supports its ICASS users. The section's scores on all of the financial management categories on the WQLQ were very high. The OIG team provided guidance on setting up procedures for conducting reviews of locally employed staff certifying officers and handling military inter-departmental procurement requisitions. Informal recommendations were made to improve operations.

As part of year-end spending in 2006, the mission used diplomatic and consular program funds to purchase \$53,000 worth of playground equipment for use inside the chancery. Diplomatic and consular funds were also used to purchase over \$8,000 of Cambodian artwork to decorate the new chancery. This was in addition to approximately \$12,000 of ICASS funds spent on Cambodian art for the chancery. Diplomatic and consular program funds are provided primarily for the missions' administrative expenses – such as personnel costs for both local staff and U.S. employees, allowances for American employees, official residence costs, and other operating costs. The appropriate account to charge for both playground equipment

and artwork for the chancery would be the ICASS fund because these items benefit the mission community as a whole. Accordingly, the OIG team counseled the management team on proper use of diplomatic and consular program funds.

Overall, ICASS is functioning well. The embassy provides quality administrative services to seven agencies. The ICASS council has published performance standards and monitors compliance with its performance standards quarterly. The ICASS council meets regularly and on an ad hoc basis as needed. Relations among agencies are professional and productive. Duplication is being eliminated.

Some agencies, however, do not have signed memoranda of agreements on file. The ICASS council is not involved in NSDD-38 requests. Also, it is unaware of its role and responsibility in the NSDD-38 process. The OIG team suggested ways to correct these deficiencies.

GENERAL SERVICES OPERATIONS

The general services section functions well. All general services categories received high WQLQ scores. American and FSN supervisors have taken leadership training. A robust training program has prepared FSN staff for their official duties. The consolidation of all general services functions has resulted in estimated annual cost savings of about \$200,000.

Van Service

Since 2002, Embassy Phnom Penh has been subsidizing personal travel of its American staff. The OIG team's review of the general services section revealed that by providing a contract van service below cost, the embassy was violating provisions of the Foreign Affairs Manual. While this practice has been good for morale and safety at this critical crime threat post, subsidizing personal travel is not allowable under current security conditions. The OIG team's analysis indicates that the mission has subsidized personal travel by about \$39,000 over a six year period. The current practice of charging \$1 per trip does not come close to covering the actual charges incurred while performing this service. Although the van service is provided by a contract, the provisions of 14 FAM 418.2-4 can be used for establishing charges that are based on actual costs incurred.

Recommendation 11: Embassy Phnom Penh should establish shuttle charges that are based on actual costs incurred. (Action: Embassy Phnom Penh)

Facilities and Facilities Management

The entire mission, except for the Peace Corps and the warehouse, has moved into the new compound. This modern facility is a welcome change from the hodgepodge of houses occupied previously. The move was well organized, but inevitably any complex move causes some problems and angst. For example, on turn over of the buildings from OBO to the embassy, there had to be a single date for transferring costs from OBO to the embassy, but the actual move into the new chancery compound took several weeks. Because ICASS absorbs much of the expenses, agencies had to contribute to the ICASS costs supporting the move even though they had not yet moved their agency's operation onto the chancery compound, and in some cases were paying for the old and new facilities at the same time. Also, after the move construction-related problems were brought to the Department's attention, and some have been corrected. The classified annex to this report addresses the most serious of those.

The Bureau of East Asian and Pacific Affairs complained to the OIG team that the bureau was surprised to learn that electric bills rose by over one million dollars per year, and some agencies expressed dissatisfaction about higher overall ICASS costs. Some of those costs were inevitable because there was an almost doubling of floor space, additional security lighting on a larger compound, and, unlike on the old compound, many systems in the new compound cannot be turned off after working hours. OBO advised the Bureau of East Asian and Pacific Affairs and other agencies in general terms of the likely additional costs in moving to a new compound. However, there still appears to have been confusion and miscommunication with some agencies. Complicating this issue was the fact that cost projections were made based on parameters, some of which proved wrong when the annex was completed six months after the chancery, and the new compound's generators did not come on line when scheduled, causing additional costs.

OBO and the ICASS interagency working group both provided guidance that was lacking in specifics. The Embassy hosted a conference for representatives of posts where embassy compounds were scheduled to be built. The embassy then transmitted a cable on lessons learned (06 Phnom Penh 001193), which presented numerous points for OBO consideration. To the OIG team, the most significant

employed staff and the ISO have received Windows 2003 training; one locally employed staff member has Windows XP training; and none has received Microsoft Office 2003 training. With the exception of the IPO, everyone else has minimal training on Windows 2000, the previous software. Information technology is in a perpetual state of change, with the Department frequently upgrading technology to meet evolving needs. Information technology staff must maintain and upgrade their skills so that they can provide efficient and effective support to their customers.

Recommendation 12: Embassy Phnom Penh should design and implement a plan to provide information technology staff with needed training on Microsoft Windows 2003, Microsoft XP Professional, and Microsoft Office 2003. (Action: Embassy Phnom Penh)

The section should improve management of the post's dedicated Internet networks (DIN) workstations. The DINs, stand-alone workstations that provide Internet access, are commonly used in Information Resources Centers. Embassy Phnom Penh has 16 DIN workstations. None of those has the proper licenses for the software being used on them. Some of the software is not approved by the local configuration control board (LCCB), and the post has not requested waivers for three of the workstations. Guidance in cable 06 State 166377 states that the Department's enterprise licenses do not apply to DINs, that posts must purchase their own software and submit waiver requests for DINs. The IMO and the ISO misinterpreted that cable, not realizing that DINs require their own licenses and not understanding that the workstations at the residences of the Ambassador and DCM are considered DINs. These points were corrected while the OIG team was at post.

Recommendation 13: Embassy Phnom Penh should conduct a review of all software on the dedicated Internet networks workstations and purchase the appropriate licenses or remove the software for which the embassy does not have an appropriate license. (Action: Embassy Phnom Penh)

Not all software on the embassy's unclassified network and DIN workstations has been properly approved for use. The OIG team identified over 20 software packages that had not been approved by the Department or the LCCB. In accordance with 5 FAM 862.1, every post/bureau must have an LCCB, and 5 FAM 864 d. requires that software be approved by the LCCB or the Department. There was no

embassy LCCB until 2005, when the IMO created one, designated voting members, and began creating standard operating procedures. Having now learned of unapproved software on the unclassified network and the DIN workstations, the IMO plans to address this at the next LCCB meeting. On a related note, some of the unapproved software on the workstations was provided by the Bureau of Information Resource Management, which supplies software and hardware to bureaus and posts. The IMO had assumed that such software had been approved by the Department's information technology configuration control board. The OIG team left an informal recommendation for the LCCB to address the issue of unapproved software on the unclassified network and the DIN workstations.

Recommendation 14: The Bureau of Information Resource Management should develop a management control to ensure that software it provides to Department personnel has been approved by the Department's Information Technology Configuration Control Board. (Action: IRM)

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SECURITY

For the most part, the embassy has an effective and comprehensive security and personal security awareness program. The classified annex to this report addresses specific security issues. The regional security office, with the support of mission management, has implemented a personal security awareness program that mission personnel fully embrace. The regional security office performs all required emer-

gency drills, and mission personnel feel confident they understand what to do in case of an emergency. Mission management, employees, and other agencies represented in the embassy gave high marks to both the RSO and assistant RSO.

MANAGEMENT CONTROLS

The Chief of Mission's certification of management controls for Embassy Phnom Penh dated July 6, 2006, did not report any material weaknesses. Overall, management controls are in place and effective, as are controls over the use of premium travel. The embassy issued 48 business class tickets between October 1, 2005, and September 30, 2006. Business class tickets issued were for travel in excess of 14 hours, and were properly authorized using form DS-4087, Authorization Request for Business Class Air Travel. The embassy did not issue any first class tickets during this period.

EDUCATION GRANTS

Since 2004, the Office of Overseas Schools has provided (b) (6)(b) (6) (b) (6)(b) (6)(b) (6) with six grants totaling a little over \$165,000. The embassy executed these educational grants for teachers' salaries, materials, and security improvements in accordance with Department regulations.

PUBLIC DIPLOMACY GRANTS

PAS effectively and properly administers its grants program. The section periodically checks grants files for completeness. Those files contained required financial expenditure reports, biographical sketches, and performance completion reports. For FY 2006, the section awarded 57 grants totaling about \$700,000. The grants were issued to support the Fulbright program, local democracy and empowerment projects, and English language training programs.

QUALITY OF LIFE

Cambodia is very much a developing country, and Phnom Penh is deservedly a 25 percent hardship differential post. The overriding concern is inferior local medical care. Even though Bangkok is only an hour away by air, there is no such thing as a minor emergency in Phnom Penh because local medical services are so poor. The embassy has established a health unit in the new chancery, and a medical professional will be permanently assigned this summer. In the interim, the embassy has hired a locally employed nurse, and the Department is providing a series of temporary staff to help get the health unit started and provide basic care. There are, though, some positive quality of life points: two English language schools and good housing. As a result, most people seem content with their tours of duty.

AVIAN INFLUENZA PREPAREDNESS

The mission has developed an avian influenza plan. There is a task force chaired by the DCM that includes all mission elements. Even though Cambodia is a high risk country with limited infrastructure to handle an epidemic, the embassy is better prepared than most to handle an influenza problem because the Centers for Disease Control has a presence. The primary focus of the Centers for Disease Control in Cambodia is the global fight against HIV/AIDS, but helping the government of Cambodia strengthen the country's capacity to cope with an outbreak of avian influenza is a secondary focus. Furthermore, later in 2007, the mission will have a U.S. Department of Agriculture veterinarian working out of the Centers for Disease Control offices with Cambodian counterparts to develop an effective response to the threat of avian influenza.

EQUAL EMPLOYMENT OPPORTUNITY AND FEDERAL WOMEN'S PROGRAM

Although the embassy has two trained EEO counselors and recently designated a Federal Women's Program coordinator, there has been little effort to publicize either of the federally mandated programs or to explain their relevance to the FSNs. Both EEO counselors were enthusiastic about their training and committed to the EEO function. Their names are included on the annual designation of authority list, but there is no EEO information displayed in the embassy, included in the embassy's weekly newsletter, or provided in the employee's handbook. The counselors have requested training and bulletin board notices from the Department's Office of Civil Rights, which were to be promptly dispatched to post. The OIG team informed the EEO counselors about expertise at other posts having active EEO programs.

Recommendation 15: Embassy Phnom Penh should issue an administrative notice, publicize the names of the Equal Employment Opportunity and Federal Women's Program counselors in the weekly newsletter, and conduct an outreach event that publicizes the programs and demonstrates management's commitment to a diverse, fair, and respectful workplace. (Action: Embassy Phnom Penh)

FORMAL RECOMMENDATIONS

Recommendation 1: Embassy Phnom Penh should assess its contacts management requirements and, based on those needs, design and implement a missionwide user-friendly contacts management system, and train all staff in the use of the system. (Action: Embassy Phnom Penh)

Recommendation 2: Embassy Phnom Penh should develop a set of formal guidelines, based on the most recent Department guidance and approved in writing by the deputy chief of mission to establish a step-by-step process that clearly specifies who within the embassy does what and in what sequence, to ensure timely submissions and full compliance with requirements of the Leahy amendment. (Action: Embassy Phnom Penh)

Recommendation 3: Embassy Phnom Penh should develop and implement a procedure to include consideration of the mission's strategic goals and objectives as a factor in selecting candidates for Fulbright educational exchanges. (Action: Embassy Phnom Penh)

Recommendation 4: Embassy Phnom Penh should develop and implement a plan targeted to the media and mission personnel explaining the information resource center's available services and encouraging the center's use. (Action: Embassy Phnom Penh)

Recommendation 5: Embassy Phnom Penh should develop a standard operating procedure to stagger its nonimmigrant visa appointments and instruct the National Visa Center to stagger the immigrant visa appointments. (Action: Embassy Phnom Penh)

Recommendation 6: Embassy Phnom Penh should rewrite the position description of the American citizens services FSN-6 to make it parallel to that of the other American citizens services assistant and cross train them fully. (Action: Embassy Phnom Penh)

Recommendation 7: Embassy Phnom Penh should establish a procedure to conduct annual validation studies of their referral cases. (Action: Embassy Phnom Penh)

INFORMAL RECOMMENDATIONS

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

Public Diplomacy

Officers serving at the mission in areas other than public affairs can expand public diplomacy outreach activities by making presentations and giving speeches to Cambodian audiences. Opportunities are available for officers to make a positive impact through such efforts. Some already are contributing in this area, yet, more can be done.

Informal Recommendation 1: Embassy Phnom Penh should incorporate participation in public diplomacy outreach activities into the work requirements of all mission officers.

Consular Affairs

Although there is a warden network in Cambodia, there is a limited amount of consular outreach outside Phnom Penh. Little has been done to establish emergency contacts at hospitals, hotels, hostels, and morgues in the remote areas favored by tourists.

Informal Recommendation 2: Embassy Phnom Penh should develop and implement a robust consular travel and outreach plan to enhance contacts and emergency preparedness training in the outlying tourist centers.

Human Resources

Embassy Phnom Penh uses the acronym "LES staff" incorrectly when describing locally hired employees. The embassy uses locally engaged, rather than locally employed.

Informal Recommendation 3: Embassy Phnom Penh should correct its internal publications' use of the term "LES" to mean locally employed staff.

General Services

Moving to serviced apartments has saved the government significant amounts of money but at some cost in staff morale. Even though apartments are fully furnished by the landlord, some tenants would like small amounts of embassy furniture of a type that landlords do not provide.

Informal Recommendation 4: Embassy Phnom Penh should be liberal, within the constraints of the regulations, in supplying nonlandlord furnished furniture and equipment to the residents of serviced apartments given the cost savings.

The embassy and USAID motor pool drivers, although consolidated, receive reimbursement for travel expenses under two different formulas depending on which agency funds the passenger.

Informal Recommendation 5: Embassy Phnom Penh should adopt one uniform method to calculate travel per diem for all locally employed staff.

The embassy has changed its housing pool to include a number of apartments, but information regarding these units is not included in the Housing Handbook.

Informal Recommendation 6: Embassy Phnom Penh should include information regarding the apartments in its housing pool in its Housing Handbook.

Information Technology and Security

Embassy Phnom Penh has three dedicated Internet networks workstations that have not received the Department waivers required for operation. State 166377, dated October 4, 2006, mandates in paragraph 16 B. that embassies must submit waiver requests for all such dedicated Internet networks workstations.

Informal Recommendation 7: Embassy Phnom Penh should submit a waiver request for all dedicated Internet networks workstations that do not have a current waiver to operate.

The 5 FAM 862.1 requires every post/bureau to have an LCCB, but Embassy Phnom Penh's LCCB did not come into being until 2005. As a result, not all of the software on the embassy's unclassified network has been approved by the LCCB.

In some instances, travel advances are not settled in a timely manner. 4 FAH-3 H-463.4-1 a., b., and c. requires all outstanding travel advances to be settled within 30 calendar days of completion of travel.

Informal Recommendation 13: Embassy Phnom Penh should develop and implement procedures to process all outstanding travel advances in accordance with Department requirements.

In some instances, serviced Department of Defense agencies do not always follow financial procedures outlined in 4 FAM.

Informal Recommendation 14: Embassy Phnom Penh should provide a briefing to Department of Defense agencies on 4 FAM financial procedures.

Informal Recommendation 15: Embassy Phnom Penh should develop and implement standard operating procedures for handling serviced Department of Defense agencies' military interdepartmental procurement requisitions, travel advances, and travel vouchers.

PRINCIPAL OFFICIALS

	Name	Arrival
Ambassador	Joseph A. Mussomeli	09/05
Deputy Chief of Mission	Piper A. Campbell	09/06
Chiefs of Sections:		
Management	Daniel G. Brown	09/05
Consular	Anne W. Simon	09/06
Political and Economic	Margaret B. McKean	08/05
Public Affairs	John J. Daigle	09/05
Regional Security	John P. Davis Jr.	08/04
Other Agencies:		
Department of Defense	Col. Terence M. Tidler (USA)	06/05
U.S. Agency for International Development	Martha Erin Soto	07/06
Peace Corps	Vernon A. Nelson	07/06
Centers for Disease Control	Bradley S. Hersh	08/05
Naval Medical Research Unit (NAMRU)	Thomas F. Wierzba	06/06
PACOM	Major Eric C. Self, USA	11/06
ODC	Major Chris D. Mills, USA	09/06

ABBREVIATIONS

ACS	American citizens services
CNP	Cambodian National Police
DCM	Deputy chief of mission
DEA	Drug Enforcement Administration
Department	Department of State
DIN	Dedicated Internet networks
DHS	Department of Homeland Security
DS	Bureau of Diplomatic Security
EEO	Equal Employment Opportunity
EFM	Eligible family member
ELO	Entry-level officer
ESTH	Environmental, science, technology, and health
FBI	Federal Bureau of Investigation
FSN	Foreign Service national
G/TIP	Office to Monitor and Combat Trafficking in Persons
HR	Human resources
ICASS	International Cooperative Administrative Support Services
IM	Information management
IMO	Information management officer
INL	Bureau of International Narcotics and Law Enforcement Affairs
IPO	Information program officer
IRC	Information resource center

ISO	Information systems officer
IV	Immigrant visa
LCCB	Local configuration control board
MPP	Mission Performance Plan
MSP	Mission Strategic Plan
NEC	New embassy compound
NIV	Nonimmigrant visa
NSDD-38	National Security Decision Directive-38
OBO	Bureau of Overseas Buildings Operations
ODC	Office of Defense Cooperation
OIG	Office of Inspector General
PACOM	U.S. Pacific Command
PAO	Public affairs officer
RCAF	Royal Cambodian Armed Forces
RSO	Regional security officer
WQLQ	Workplace Quality of Life Questionnaire
UNHCR	UN High Commission for Refugees
USAID	U.S. Agency for International Development
USFCS	U.S. Foreign and Commercial Service

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