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United States Department of State  
and the Broadcasting Board of Governors  
Office of Inspector General

# Report of Inspection

## Limited-Scope Inspection of Embassy Malabo, Equatorial Guinea

Report Number ISP-I-08-33, July 2008

### ~~IMPORTANT NOTICE~~

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## **PURPOSE, SCOPE AND METHODOLOGY OF THE INSPECTION**

This inspection was conducted in accordance with the Quality Standards for Inspections, as issued by the President's Council on Integrity and Efficiency, and the Inspector's Handbook, as issued by the Office of Inspector General for the U.S. Department of State (Department) and the Broadcasting Board of Governors (BBG).

### **PURPOSE**

The Office of Inspections provides the Secretary of State, the Chairman of the BBG, and Congress with systematic and independent evaluations of the operations of the Department and the BBG. Inspections cover three broad areas, consistent with Section 209 of the Foreign Service Act of 1980:

- **Policy Implementation:** whether policy goals and objectives are being effectively achieved; whether U.S. interests are being accurately and effectively represented; and whether all elements of an office or mission are being adequately coordinated.
- **Resource Management:** whether resources are being used and managed with maximum efficiency, effectiveness, and economy and whether financial transactions and accounts are properly conducted, maintained, and reported.
- **Management Controls:** whether the administration of activities and operations meets the requirements of applicable laws and regulations; whether internal management controls have been instituted to ensure quality of performance and reduce the likelihood of mismanagement; whether instance of fraud, waste, or abuse exist; and whether adequate steps for detection, correction, and prevention have been taken.

### **METHODOLOGY**

In conducting this inspection, the inspectors: reviewed pertinent records; as appropriate, circulated, reviewed, and compiled the results of survey instruments; conducted on-site interviews; and reviewed the substance of the report and its findings and recommendations with offices, individuals, organizations, and activities affected by this review.



**United States Department of State  
and the Broadcasting Board of Governors**

*Office of Inspector General*

PREFACE

This report was prepared by the Office of Inspector General (OIG) pursuant to the Inspector General Act of 1978, as amended, Section 209 of the Foreign Service Act of 1980, the Arms Control and Disarmament Amendments Act of 1987, and the Department of State and Related Agencies Appropriations Act, FY 1996. It is one of a series of audit, inspection, investigative, and special reports prepared by OIG periodically as part of its oversight responsibility with respect to the Department of State and the Broadcasting Board of Governors to identify and prevent fraud, waste, abuse, and mismanagement.

This report is the result of an assessment of the strengths and weaknesses of the office, post, or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG, and have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in black ink, appearing to read "H. W. Geisel", written in a cursive style.

Harold W. Geisel  
Acting Inspector General

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## KEY JUDGMENTS

- The U.S. government has well-defined interests in both oil and gas exploration and exploitation in Equatorial Guinea's territorial waters, and security and stability in the Gulf of Guinea, that justify a broad and serious engagement with the government of Equatorial Guinea.
- Engagement with the government of Equatorial Guinea also offers the opportunity to promote a more open democratic society where the benefits of the oil boom bring transparency, respect for human rights, and effective delivery of social services. Embassy Malabo has identified its priorities to advance these goals.
- In its efforts to strengthen ties with the government of Equatorial Guinea, Embassy Malabo meets opposition from Washington, which is based on a legacy of negative thinking about the country that stems from serious human rights abuses of the past.
- The embassy also meets opposition from those who insist that, despite the importance of U.S. interests in Equatorial Guinea, the embassy must remain small. U.S. staffing at Embassy Malabo is not commensurate with the level of U.S. interests in the country.
- Staffing to achieve U.S. goals in Equatorial Guinea is very small. The Office of Inspector General (OIG) team concurs with Embassy Malabo's 2008 Mission Strategic Plan request for increased staffing.
- The current U.S. government work and living facilities in Equatorial Guinea do not provide an appropriate diplomatic platform for advancing U.S. goals in the country. The construction of a new chancery building, scheduled to begin in FY 2009, will solve workspace issues.
- Staff housing, however, remains problematic in Malabo. Identifying an appropriate residence for the Ambassador is a priority for the Department and Embassy Malabo.
- Regional support for Embassy Malabo is uneven. Embassy Malabo and regional service providers should draw up agreements that spell out the specifics of regional coverage and sources of funding.

This limited-scope inspection took place in Malabo, Equatorial Guinea, between March 11 and 15, 2008.

It was part of a

pilot project to determine whether a limited-scope inspection performed by a small team visiting small posts for a short time could adequately evaluate their performance in policy implementation and resource management. The inspection did not include a full review of security or information technology programs. This memorandum report sets forth the team's observations, informed impressions, findings, and recommendations.

## CONTEXT



The United States has growing economic and security interests in Equatorial Guinea. The two are related. U.S. focus on Equatorial Guinea is part of a broader strategy to improve the reliability of world energy supplies, and its specific desire to ensure that the Gulf of Guinea remains an area of stability. Roughly 15 percent of U.S. oil imports are produced and transported through this region. Equatorial Guinea has emerged as a major African oil

and gas producer. U.S. trade and investment have soared. From a virtual zero base ten years ago, Equatorial Guinea has become the seventh largest U.S. trading partner in sub-Saharan Africa. Total bilateral trade now exceeds that of much larger African countries such as Ethiopia and Senegal. U.S. direct investment in the oil and gas sector now exceeds \$11 billion. Several hundred American citizens, mostly employees and dependents of U.S.-based oil companies, now live in Equatorial Guinea. In January 2008, a U.S. military vessel made a port visit to Malabo, the first in more than a decade.

In addition to the clear U.S. focus on energy, security, and stability in the Gulf of Guinea, the bilateral agenda with Equatorial Guinea also includes strengthening of democracy, good governance, and human rights; improving the delivery of social services such as health and education; and protecting Equatorial Guinea's unique and fragile environment. The U.S. government underscores its commitment to these goals through a program of technical assistance for project activity financed by Equatorial Guinea. A modest public diplomacy program also highlights the scope of U.S. interest in the country.

Staffing to achieve U.S. goals in Equatorial Guinea is very small. There are currently three direct-hire Americans assigned to Embassy Malabo, the Ambassador, the deputy chief of mission (DCM), and an entry-level officer responsible for consular

and management operations. Upon assumption of duties in November 2006, the Ambassador became the first resident chief of mission in Malabo in more than ten years. U.S. Agency for International Development (USAID) has assigned a personal services contractor to oversee its technical assistance. The Department also sent a series of temporary duty officers to manage the general services office and work on facilities issues; one left prior to the OIG team's arrival. Medical support comes from the regional medical officer in Lagos. From Yaoundé, both the regional security officer and regional human resources officer provide support to Embassy Malabo. Post management projects modest growth over the next three years, with a target of up to ten direct-hire positions.

The construction of a new chancery building is slated for FY 2009, with funds to be committed at the beginning of that fiscal year. With the promise of a new office building, the question of residential facilities, including an ambassador's house, must be addressed. Post management and the Department are grappling with how best to proceed in response to a very high rental market in Malabo and budget constraints in Washington.

## EXECUTIVE DIRECTION

The leadership team at Embassy Malabo fully understands the primacy of the energy and security interests that have been at the core of the growing engagement by the United States with Equatorial Guinea. The draft Mission Strategic Plan was nearly completed during the inspection. It clearly addresses these interests, and the facts and figures that underpin them are compelling. At the direction of the Ambassador, the emphasis that the mission's small workforce accords to energy and security issues reflects this clear priority. The Mission Strategic Plan request for the addition of an economic-commercial officer and a regional security officer in Malabo as soon as possible also reflects this priority.

The bilateral agenda with Equatorial Guinea does not stop with energy and security, however. The Ambassador clearly describes the opportunities available for the United States to engage the government and people of Equatorial Guinea, as the country works through the challenges posed by the growth of an economy that is now 20 times larger than it was in 1995. The Ambassador believes that the United States is uniquely positioned to be a partner and an ally in promoting positive change towards a more open democratic society, where government decisionmaking is transparent, human rights are respected, the delivery of social services is effective, and the benefits of the oil boom are widely and equitably shared. In sum, the United States should envision Equatorial Guinea as a model for the region in the effective use of its oil wealth to raise its social indicators, improve its human capital, and protect its environment.

To achieve these goals, the Ambassador has been an implacable advocate for a solid and active diplomatic presence in Equatorial Guinea. The Ambassador makes the argument that this is not the case now, and his views are compelling. Neither staffing nor facilities are sufficient for the job at hand. The disengagement that characterized U.S. ties to Equatorial Guinea for many years after 1995 as the economy grew and prospered, did not usher in satisfactory outcomes. Engaging Equatorial Guinea "on the cheap" will likewise bring in its wake, missed opportunities and lost potential.

The Ambassador has allies in this view, including the American oil companies that have been instrumental in discovering and exploiting the country's oil and gas resources. At the same time, the Ambassador faces at least two strong opposing forces. First, there is a legacy of negative thinking about Equatorial Guinea in

Washington that stems from the serious and flagrant human rights abuses of the past. Some members of Congress and the Administration still have harsh judgments about engaging Equatorial Guinea. As an example, recent legislation specifically excluded Equatorial Guinea from receiving any funding for International Military Education and Training. The number of congressional and staff delegations visiting Equatorial Guinea has been very small to date. The embassy would be well served by increasing the number of such visits in order to demonstrate progress in human rights and other fields.

A second impediment to strong engagement is the view generally held in the Department that reopening a resident mission in Malabo was conditioned on its remaining small. This sentiment was in part a compromise to face down the opposition to engagement of any kind with Equatorial Guinea. The Department provided the five positions now approved for Malabo, of which three are currently filled, from its global repositioning exercise. The incumbent of a fourth position will arrive in Malabo this summer. Filling the fifth position is dependent on identifying suitable housing. Despite the weight of U.S. government interests in Equatorial Guinea, there is a reluctance to move beyond this quota. It is nonetheless time to advance a question about what is the appropriate size.

## RIGHTSIZING AND FACILITIES

In the 2008 Mission Strategic Plan, the Ambassador is requesting that the number of positions increase to accommodate eight direct-hire Department positions and two for other agencies, or double the number of positions approved to date. The OIG team concurs in this request and asks that the Bureau of African Affairs (AF) give serious consideration to providing additional staff over the next three years in the following priority order: economic/commercial officer, regional security officer, information management specialist (when the post has classified communications), and lastly, given the able locally employed (LE) staff currently working the portfolio, public affairs officer. During consultations the OIG team learned that a needed office management specialist position has been established.

A solid and active diplomatic presence, in the Ambassador's view, also includes the identification of work and living facilities commensurate with the importance we attach to the relationship. In this regard, he argues that the United States is in competition for influence and image with other diplomatic missions, most notably the Chinese, the French, and even the Nigerians. By any objective measure, U.S. facilities are inadequate. The current chancery, a converted residential villa, is barely

adequate to house all the employees, but the Ambassador and the DCM are currently dislodged from their offices because of major leaking and structural damage. The issue of adequate office space should disappear, however, when a new chancery is built. Construction is scheduled to begin early in FY 2009. Embassy personnel must ensure their views on space are incorporated during the design phase so that the building meets their needs when completed.

The problem of housing is proving more difficult to solve, and has absorbed an inordinate amount of the time and energy of the executive office. At the center of this conundrum is leasing or building an appropriate residence for the Ambassador. The embassy and the Bureau of Overseas Buildings Operations (OBO) continue to seek a solution to this problem. During the inspection, the embassy received a formal request from OBO to initiate a justification cable for on-compound housing with appropriate certifications.

## MORALE AND QUALITY OF LIFE

Only three American officers (two direct-hire Americans and one personal services contractor) were in Malabo during the inspection, so that generalized conclusions about morale are based on a very small sample. In general, people seemed content to be in Equatorial Guinea, where the tour of duty is two years, the post differential (hardship) allowance is 35 percent, and the cost of living allowance is 42 percent. It is important that individuals be able to organize their own leisure hour activities.

All of the officers currently assigned to Malabo speak Spanish well so that access to the local society is relatively easy. There is also a surprisingly large expatriate population, both American and foreign, that allows for social interaction outside of the official American community. There is no adequate English language school, so that those with school age dependents will not readily seek an assignment to Equatorial Guinea.

The city of Malabo is manageable, with a cordial welcome, light and orderly traffic, a historic core district of some charm, several good restaurants, and a plethora of natural riches for the outdoorsperson. While street crime and house break-ins are a cause for some anxiety (with embassy staffers the victims of both), the atmosphere is more relaxed than in larger West African cities.

Getting away from the island on vacation is possible, but costs are steep. The best flight connections are daily departures to several European destinations. Intra-African flights are less frequent and less reliable, with connections to Nigeria, Benin, Cameroon, and Gabon at the time of the inspection. Few people opt for holiday time in these neighboring African countries and foot the bill for more expensive trips elsewhere.

## FOREIGN ASSISTANCE COORDINATION

In addition to the three U.S. direct-hire Department officers at Embassy Malabo, there is one officer heading up a small USAID office. He is serving in Malabo on a personal services contract, and has been in Equatorial Guinea for a year and a half. The \$15 million program he manages is atypical in that it uses nonappropriated funds. The government of Equatorial Guinea covers all of the program costs. Based on a memorandum of understanding between the two governments, the United States has initiated a Social Development Fund. Its aim is to strengthen the Equatorial Guinean government's capacity for effective human development through surveys to provide baseline demographic data, and capacity building programs in ministries in fields such as primary health care, primary education, and school renovation.

USAID works in conjunction with nongovernmental organizations and other experts on a contract basis. Differences of perception have surfaced between the U.S. government and the Equatorial Guinean government on what the latter's expenditures were actually designed to buy, but as the program has entered its second year, there is general satisfaction that it is now on the right track. Several of the American oil companies in Equatorial Guinea are also funding development programs in health and education in a positive example of corporate social responsibility. USAID's efforts to coordinate these development initiatives have not gone far because of ministerial competition within the government of Equatorial Guinea. USAID's program is under the general purview of the Ministry of Foreign Affairs, while the Ministry of Mines and Energy oversees the corporate programs.

Absent an International Cooperative Administrative Support Services structure at Embassy Malabo, cost recovery for services the Department supplies to USAID is to be formalized in a memorandum of understanding between the embassy and USAID's West Africa Regional Mission in Ghana. The OIG team saw the draft text of this memorandum, which closes the issue of cost recovery.

## POLICY AND PROGRAM IMPLEMENTATION

### POLITICAL AND ECONOMIC REPORTING AND ANALYSIS

The Ambassador is the primary drafting officer for most periodic and spot reporting on political and economic subjects. The DCM takes the lead in ensuring the completion of required annual reports such as the human rights report, the international religious freedom report, and the investment climate report, among others. One priority task that has the attention of the embassy is providing accurate reporting on the situation in Equatorial Guinea regarding trafficking in persons. The embassy believes that its trafficking-in-persons Tier 3 ranking reflects more the lack of information on the subject when the embassy submitted the last report, than the actual situation in the country. They hope to remedy this information void by providing a more complete picture of the migrant worker environment in Equatorial Guinea in this year's report.

The embassy has no capability for sending classified material so that all reporting and comments must be at the unclassified level. The volume of reporting is low, which is appropriate for a mission the size of Embassy Malabo. Both the depth and nature of the reporting is likely to change when classified communications are in place in the new chancery slated to begin construction in FY 2009.

The staffing for political reporting will also change this coming summer when a new officer will arrive at post to fill a midlevel consular/political position. This reflects a realignment of current portfolios to delink the consular and management functions, and will provide additional resources for post reporting. The municipal and legislative elections scheduled for later this year will provide challenging subject matter for the new officer. The LE political-economic assistant has become an increasingly valuable asset for the embassy's reporting as he has gained the confidence of more individuals within both the local government and the political opposition.

## PUBLIC DIPLOMACY

The public diplomacy function in Malabo rests primarily with the LE staff member who also works on the political and economic portfolios. He receives guidance, supervision, and direction from both the Ambassador and the DCM, and benefited from a training visit to the public affairs section at Embassy Madrid. The Ambassador also plays a direct role in public diplomacy. He has put his excellent Spanish to good use in television interviews and discussions with the print media. The ability of the LE public diplomacy assistant to move around town is limited by the availability of cars and drivers.

There are no program funds routinely allotted to the embassy for its public diplomacy programs. AF's Office of Public Diplomacy and Public Affairs has made public diplomacy program funding available to the embassy to cover the costs of ad hoc small cost projects, such as a recent poster show with a value of \$4,000. The embassy has also received funding through USAID's West Africa Regional Mission in Ghana for project grants under the Ambassador's self-help fund (\$19,000), the Human Rights and Democracy Fund (\$25,000), and the Ambassador's girls scholarship program (\$70,000 over three years). The embassy is covered by AF's public diplomacy program. Even though the embassy's ability to manage more substantial public diplomacy activities will remain limited with current staffing, the OIG team suggested that the embassy in Malabo familiarize itself with the benefits it might receive from this program.

Although the press in Equatorial Guinea is neither large nor vibrant, the embassy has had success in getting placements aimed at informing the public that U.S. interests in Equatorial Guinea are broader than its focus on the oil and gas sector. These placements include an interview with the Ambassador that clarified American security interests in the Gulf of Guinea, Barack Obama's campaign for the White House, the recent visit of the USS Fort McHenry to Malabo, and an upcoming article in National Geographic on the environmental riches of Equatorial Guinea. The embassy also has a bimonthly column in the bulletin published by the National University of Equatorial Guinea. This initiative accords with the embassy's identification of university students as a prime target audience. A recent edition carried an interview by the Director General of Human Rights, a returned International Visitor Program participant to the United States.

The embassy has had success in sending individuals from Equatorial Guinea on the International Visitor Program, but suffers from the fact that regional programs for Africa generally take place in either English or French. As Spanish speakers, par-

ticipants from Equatorial Guinea are often unable to benefit from these programs. The embassy is exploring the possibility that future candidates might be included in Spanish language programs designed for Latin American participants.

## CONSULAR AFFAIRS

The consular section is under the direction of a first-tour entry-level officer who also has responsibility for the overall management of the embassy. The consular officer devotes 40 percent of the working week to consular affairs. A talented LE consular assistant, who brings several years of experience from another U.S. consular section, supports the consular officer. The consular officer is satisfied with the support offered from the regional consular officer in Frankfurt, who made one very useful visit to Malabo in April 2007. Informal support also came from the consular staff in Yaoundé during two training trips to Malabo in 2006, soon after the arrival of the new consular chief.

Most of the recommendations left at post after the April 2007 regional consular officer visit have been implemented. A written designation of the consular chief as the accountable consular officer is now in place. The DCM now has easy access to nonimmigrant visa issuances to facilitate his periodic review of these issuances. The disposition of remains report is on file. The section will update it based on experience gained with a 2007 American citizen death. The consular section is also updating its registrations of American citizens resident in Equatorial Guinea and its warden profile. It uses the resources of the Overseas Security Advisory Council, managed directly by the oil companies, to reach out to the greatest number of American citizens in country, and tested this system recently, with satisfactory results. The consular staff has also done validation studies on two segments of the visa population, with positive results. The arrival of the appropriate printing and laminating equipment in July will enhance the section's ability to issue emergency passports. The section is facing some technical difficulties in processing its first routine passport applications, and is working them out with the National Passport Center.

The embassy has made progress in three important areas since the April 2007 report. First, the post has modified the interviewing area for visa and passport applicants, doubling the number of windows in use, and building a wall to protect applicants from the elements. These arrangements will suffice pending construction of the new embassy building. Second, a fourth position at the embassy is to be filled during the summer of 2008, allowing the realignment of portfolios to join consular work with political reporting rather than the more time consuming management

portfolio. Third, the consular officer has actively disseminated information on the visa process to the public and reached out to the local American oil companies to clarify how they might facilitate travel of their employees to the United States. She also used American exchange students at Equatorial Guinea's national university to explain the benefits of studying at American universities, and getting student visas.

The section uses its locally designed appointment system to schedule the modest number of applicants that come to the embassy each week to apply for visas. This involves web or telephone contact with the consular assistant who maintains the appointment ledger. Given the small numbers involved, this local system works well, and provides the section with the flexibility it needs to respond to staff absences and other exigencies at post. The section must be prepared, however, to adopt the Washington-based appointment system that is being implemented worldwide.

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**Recommendation 1:**

## RESOURCE MANAGEMENT

An entry-level consular/management officer handles the management portfolio with periodic regional assistance. About 60 percent of the officer's time is spent on management; the remaining time is spent on consular affairs. With only three American direct-hires, 16 local staff, and a program budget of \$1.2 million, this arrangement is usually sufficient to handle routine management duties. Tasks that require specialized technical skill are better suited for seasoned temporary duty personnel or regional officers. For example, the Department sent a temporary duty officer to oversee general services and the search for new facilities. This type of assistance is very beneficial and more may be needed to set up the warehouse, update the local employees' handbook, set up a pension plan, and train the local guards.

In 2008, position realignment will occur. A mid-level management position has been established, and the mission will benefit by having a mid-level in-cone officer devoted solely to handling management issues. Sending entry-level officers to fill mid-level positions in small embassies such as Malabo, where mentoring and supervisory oversight are thin, is inadvisable. This practice has been the subject of frequent criticism in the Department, and yet it continues. It is not advantageous for either the officer or the Department.

## REGIONALIZATION

Regional Service	Post	Frequency per year	Level of Support
Consular	Frankfurt	1 visit	Adequate
Medical – Nurse Practitioner	Yaoundé	1 visit	Adequate
Financial Management	Charleston	1 visit	Adequate
Information Technology	Yaoundé	None	Inadequate
Security	Yaoundé	2 visits	Inadequate
Human Resources	Yaoundé	3 visits	Adequate
Facilities	Yaoundé	None	Inadequate
Regional Medical Officer	Lagos	1 visit	Adequate
Regional Psychiatrist	Accra	1 visit	Adequate

The lack of reliable commercial air service is a handicap for African posts that provide regional services to Embassy Malabo.

**Recommendation 2:** Embassy Malabo, in coordination with the Bureau of African Affairs and Embassy Yaoundé, should review and revise the current memorandum of understanding for each regional administrative support platform [redacted] Embassy Malabo, in coordination with AF and Embassy Yaoundé)

## HUMAN RESOURCES

Regional support for human resources is generally sufficient; however, one item requires corrective action. The LE staff does not have a retirement plan and does not participate in the local social security plan. As the level of corruption is high in Equatorial Guinea, the LE staff is concerned that if they and the mission make contributions into the local social security system, these contributions might not be available for retirement. In countries with high fraud indexes and unreliable pension systems, the Department allows LE staff to participate in Department-approved offshore retirement programs. Although LE staff expressed concern about this issue, there is no documentation to support this conclusion. In addition, the mission might be violating host country law by not making contributions. To justify any departure from a host country's mandatory retirement system, an embassy must conduct an assessment to determine whether the local retirement plan for local staff is adequate and viable.

**Recommendation 3:** Embassy Malabo should submit required documentation, and the Bureau of Human Resources should make a determination of the eligibility of Embassy Malabo to participate in the Department's defined contribution plan. (Action: Embassy Malabo, in coordination with HR)

## EQUAL EMPLOYMENT OPPORTUNITY

With only three direct-hire Americans and 16 local hires, setting up an active Equal Employment Opportunity and Civil Rights Program has not been a priority. The OIG team discussed this deficiency and provided the embassy with a check list and counsel on this function.

## GENERAL SERVICES

The general services staff provides the full range of administrative services. To expedite procurements, the management officer is requesting a purchase card and travel card. The one area that needs improvement is the warehouse where the staff is installing shelving for better organization and retrieval of supplies.

## Facilities

The chancery is located in a short-term leased residential villa, a short drive from the city center. Designed as a residence, the configuration is not suitable for commercial office space.

In FY 2009, construction of a new embassy compound is slated with funds to be committed at the beginning of that fiscal year. The chancery will be located on a 12.3-acre site donated by the government of Equatorial Guinea. With adequate coordination during the design phase of this project, the new building should solve all workspace issues.

## Housing

There is a shortage of quality leased housing in Malabo that is suitable for representational purposes. Beginning in 2006, OBO real estate teams conducted several unsuccessful searches for an ambassadorial residence. Again in 2007, the Ambassador led his own unsuccessful search for a residence. The embassy viewed about 60 homes, and only found one possibility, which was eliminated because of security concerns. Malabo landlords request and receive very high lease prices, ranging between \$100,000-300,000 for average residences. The Ambassador and his spouse live in a small 1,200 square foot apartment unit adequate for entry-level officers. The DCM has considerably more space, but the residence and grounds are shabby and unsuitable for representational entertaining.

The OIG team learned during post inspection consultations that OBO plans to build government-owned multi-unit staff residences in addition to a new chancery. These buildings will be located on the new embassy compound. The Government of Equatorial Guinea donated 12.3 acres for this purpose. The number of residential units planned for construction is unknown at this time.

## Facilities Management

Two maintenance staff perform all preventative and routine maintenance on the chancery and short-term lease residences. Landlords are responsive and perform all major repairs.

## Financial Management

Embassy Malabo outsourced most of its financial management function to the Charleston Global Financial Services' Distressed Post Support Unit. The arrangement works well and costs \$35,000 annually. The mission retained its budget function.

## INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The embassy provides administrative support for the one USAID contractor. In lieu of a formal system, a memorandum of understanding is in place. This agreement establishes the terms and conditions by which the mission will provide administrative services and receive reimbursement.

## INFORMATION TECHNOLOGY

Information technology equipment is new and functions properly. The embassy has installed cost-saving measures for telephony such as International Voice Gateway and Voice Over Internet Protocol, and thus saved on the very high costs of land telephone lines. At no additional cost to the Department, direct-hire staff have Internet capability at their residential units. One LE staff ably handles the unclassified communication systems under the minimal supervision of the entry-level officer who also acts as information systems security officer.

## MANAGEMENT CONTROLS

The chief of mission's certification of management controls for Embassy Malabo dated July 7, 2007, reported one material weakness. As the mission was newly reopened, inventory records were not maintained. This deficiency has been corrected and inventory items are recorded in the nonexpendable property application. Additional work is needed to comply with processing travel vouchers and advances.

Embassy Malabo does not always follow Department procedures (4 FAH-3 H-460) for processing travel vouchers and travel advances. A financial report shows that LE staff owes approximately \$7,136. These arrears occurred because advance amounts were overestimated. The management officer has implemented a repayment plan for these arrears. The OIG team provided advice on this issue.



## FORMAL RECOMMENDATIONS

**Recommendation 1:**

**Recommendation 2:** Embassy Malabo, in coordination with the Bureau of African Affairs and Embassy Yaoundé, should review and revise the current memorandum of understanding for each regional administrative support platform  
(Embassy Malabo, in coordination with AF and Embassy Yaoundé)

**Recommendation 3:** Embassy Malabo should submit required documentation, and the Bureau of Human Resources should make a determination of the eligibility of Embassy Malabo to participate in the Department's defined contribution plan.  
(Action: Embassy Malabo, in coordination with HR)



## INFORMAL RECOMMENDATION

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.

LE staff do not know when the LE staff handbook was last updated, but management believes it is at least 10 years old. Because of the lack of guidelines, American and local staff do not know what personnel procedures to follow. Lack of policies and procedures could lead to poor personnel decisions and possible lawsuits.

**Informal Recommendation 1:** Embassy Malabo should update its locally employed staff handbook to reflect current conditions of employment, ethical standards, and disciplinary processes, including terminations.



## PRINCIPAL OFFICIALS

	<b>Name</b>	<b>Arrival Date</b>
Ambassador	Donald C. Johnson	11/06
Deputy Chief of Mission	Anton K. Smith	09/07
Chiefs of Sections:		
Consular/Management	Maureen McGovern	05/06
Other Agencies:		
U.S. Agency for International Development	William T. Gelman*	09/06

\*Personal Services Contractor



## ABBREVIATIONS

AF	Bureau of African Affairs
DCM	Deputy chief of mission
LE	Locally employed
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
USAID	U.S. Agency for International Development



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