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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 Tallinn, Estonia

Report Number ISP-I-08-38 June 2008

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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".

Harold W. Geisel
Acting Inspector General

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KEY JUDGMENTS

- The Ambassador and deputy chief of mission (DCM) together provide clear and effective leadership at Embassy Tallinn. They also maintain a close, cooperative relationship with the Estonian Government.
- The political/economic section is having difficulty managing the demands put on it by the Department of State (Department), post management, and its own ambitious reporting plan. Portfolios should be redistributed more equitably and the timeliness of reporting given priority over editing.
- A well-managed public affairs section (PAS) maintains an impressive mission-wide outreach program and has a close working relationship with the media, which gives the Embassy unusually broad opportunities to present U.S. views to the Estonian public.
- A low nonimmigrant visa (NIV) refusal rate coupled with Estonian progress on other legislative requirements of the revised Visa Waiver Program (VWP) make Estonia a good candidate to be included in the program early on under the security waiver. The consular section is well run; with post management support, it maintains a productive working relationship with the Department of Homeland Security on this issue.
- Embassy Tallinn has maintained the lean organizational structure envisioned when the Department opened posts across the former Soviet Union in the early 1990s. Outsourcing has resulted in a relatively small locally employed (LE) staff, and regional support provides many other services.

The inspection took place in Washington, DC, between January 4 and February 1, 2008, and in Tallinn, Estonia, between February 19 and 28, 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 limited-scope report sets forth the team's observations, informed impressions, findings, and recommendations.

CONTEXT

Estonia was in the middle of an exuberant celebration of the 90th anniversary of its first venture as an independent state (1918-1940) as the inspection occurred. Estonia is sometimes perceived as the most modern and westernized of the three Baltic states that emerged in the early 1990s as the Soviet Union collapsed. In recent years, its political agenda has been crowned by entry into the European Union (EU) and the North Atlantic Treaty Organization (NATO). Economically, success is seen in the new glass towers and building cranes that encircle the perimeter of its splendidly restored Old Town, its high annual rate of growth, and the fact that most of its well-educated population is wired, using computers, cell phones, and electronic banking at every turn. Estonia's population is small (1.36 million and still slowly declining) and labor shortages have emerged in some areas of employment.

Estonia's major ongoing challenge is how best to deal with its Russian minority. This is not an ancient population long settled on the land. As recently as 1934, 88.7 percent of the people here were ethnic Estonians, with Russians only one of several minorities making up the remainder. Following the Soviet reoccupation in 1944, tens of thousands of ethnic Estonians either fled westward or were deported to the East, and the Soviet Union moved in hundreds of thousands of ethnic Russians to Tallinn and the northeastern industrialized region centered around Narva. In 2008, the population is estimated to be 68.6 percent ethnic Estonian and 25.6 percent Russian, with the rest made up of other small groups. In the immediate aftermath of independence, about 100,000 ethnic Russians accepted citizenship offered by Russia itself; most are still here. About 130,000 others have been able to meet Estonian language and other citizenship requirements and now have full Estonian citizenship. In addition, slightly over 100,000 have alien travel documents, which allow them to vote in local, but not national, elections. The Estonian Government, in part learning from the negative reactions to the more rapid assimilation policy of its Latvian neighbor, over the years has moved slowly and effectively to reduce the total of this last group. For instance, it has funded special language training for those who are interested and provided automatic nationality to all children born after 1992 to parents in residence for five years or more. In education, the Estonian language is being introduced very gradually into the curriculum in Russian language high schools. There is also a legal framework in place whereby ethnic Russians can appeal if they believe they have suffered discrimination in the workplace.

However, from an ethnic Russian point of view that was shared by some LE staff, all of these carefully orchestrated efforts are not designed to create a multiethnic society, but rather are intended to submerge Russian identity into a unified Estonian ethnicity. Critics point out that there are few ethnic Russians in positions of leadership and that Russians would hesitate to use the legal framework provided for fear of retaliation. Yet, the government's policies have whittled away at the issue and in an isolated environment would probably bring the two communities into eventual harmony.

But Estonia is not an island; it shares a long border with a resurgent and resentful Russia. Yielding in April 2007 to a long-felt Estonian desire to remove a Soviet war memorial from central Tallinn, the government found itself faced with two days of rioting and two months of dislocation. Still unexplained cyber attacks on the Estonian Internet forced the government to briefly shut down the Internet. Just as importantly, Russia closed its border crossings into Estonia, seriously disrupting trade for a period of time. Estonia asked for and received quick support from its EU and NATO allies, including the United States, and the crisis slowly dissipated. It will be remembered, however, as a clear indicator of the country's relative fragility.

Estonia has been an active participant in international peacekeeping efforts. It provided forces in the past in Bosnia and still has small contingents in Kosovo, Iraq, and Afghanistan. A small assistance and training program, administered by an Office of Defense Cooperation in the Embassy, helps to maintain and strengthen the bilateral military relationship. Younger Estonians have an increasingly Eurocentric view of the world. Nonetheless, perhaps because of the looming Russian presence, Americans are popular in this country, and the media are open to the presentation of American views.

EXECUTIVE DIRECTION AND POLICY IMPLEMENTATION

EXECUTIVE DIRECTION

An Ambassador who arrived at post 10 months prior to the inspection, and a DCM who came a few months afterward, provide clear and effective direction to Embassy Tallinn. Their chief coordination vehicles are a weekly country team meeting, attended by section chiefs and other agency heads, and a second weekly meeting open to all interested American and LE staff. Both the Ambassador and DCM hold other regularly scheduled meetings with various sections as well as ad hoc sessions as needed.

Post management and Washington agencies should be commended for their quick response to an Estonian request for urgent help. In a visit to the White House just after the massive cyber attack on Estonian institutions in May 2007, the country's president asked for the assignment of American staff to the NATO Center of Excellence for Cooperative Cyber Defense established in Tallinn in 2004. The U.S. Navy located an appropriate individual, and the Embassy worked creatively to get him and his family in place. The National Security Decision Directive-38¹ process required for the creation of a trial position, initially for an overall period of two years, was completed during the inspection. Bringing an expert to Estonia first and then doing the paperwork has been a remarkably effective way to convince the Estonian Government of firm U.S. support.

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.

Mission Strategic Plan

Neither the Ambassador nor the DCM had arrived when the FY 2009 Mission Strategic Plan (MSP) was drafted. Officers present at that time find the document to be an accurate statement of U.S. goals but think the exercise lacked adequate face-to-face discussion and debate. Once prepared, it was not used further by Embassy Tallinn. The MSP for FY 2010 was under preparation during the inspection and is being written in a considerably more inclusive style. The DCM kicked off the process with a lessons-learned meeting based on the FY 2009 MSP. This was followed by an off-site discussion hosted by the Ambassador that included two senior LE staff. Goals are being recast to include discussion of major consular and management objectives not covered in last year's MSP. The DCM considers that, once approved by the Department, the MSP should be used as a management tool at post and should be reviewed on a quarterly basis. The Office of Inspector General (OIG) team could not agree more.

Mentoring Entry-Level Officers

The three entry-level officers and specialists at post all arrived after the DCM. As a group, the four have discussed and begun revising the thorough plan used by the previous DCM. The DCM has already held individual counseling sessions and plans a full mentoring program for the three, including meetings with section chiefs, public speaking engagements, and control officer assignments over the course of their two years here. In response to what the specialists see as a need for guidance on supervising LE staff, the DCM proactively engaged the Foreign Service Institute, arranging for the presentation of a two-hour videoconference session on the point. The OIG team had no doubt that the DCM fully accepts and welcomes mentoring responsibilities.

Locally Employed Staff

Embassy Tallinn has seen the attrition rate for its LE staff rise (13 percent in 2007) as it falls behind the rising local wage scale (plus 17 percent in 2007).

Coincidentally, Embassy Tallinn informed each of them of an 8.6 percent salary increase while this meeting was in progress. Despite repeated pleas from the OIG team for a meeting with interested LE staff, none could be arranged, a first-time occurrence for all three inspectors. Ironically,

the Ambassador, DCM, and newly arrived management officer all support ongoing dialogue with the LE staff. The OIG team counseled embassy management to keep attempting to revive the employee association and convince the LE staff of its utility.

POLICY IMPLEMENTATION

POLITICAL/ECONOMIC

The political/economic section has three officers and has requested a fourth American officer in the FY 2008 and FY 2009 MSP. This would make the section the same size as the sections in its sister embassies in Vilnius, Riga, and Helsinki that have similar workloads, issues, and responsibilities. Embassy Tallinn believes it is faced with serious resource shortfalls that make it difficult to provide the coverage and reporting to Washington that is called for given that Estonia is a member of NATO and the EU, is pressing to enter the Organization of Economic Cooperation and Development, and is present in both Iraq and Afghanistan.

According to figures provided by the Department to the Office of Management and Budget, each American officer abroad carries an average annual overall cost of approximately \$500,000. The OIG team does not support Embassy Tallinn's request for a fourth political/economic officer. However, the OIG team concludes that an additional political/economic LE position, which would only cost a small fraction of what would be required to sustain an additional officer position, in conjunction with the restructuring of portfolios in the section, would be the best way to meet the needs of the Embassy and the Department.

Washington readers expressed satisfaction with the quality of the Embassy's reporting, but there has been a very noticeable reduction in the number of reports. A significant number of items in the ambitious post reporting plan over the last year and a half have either not been done or delayed. The OIG team found that unlike an immediate predecessor, the chief of the political/economic section did not bear sole or primary responsibility for any significant substantive issue. Although editing and contributing to the work of the two other officers and talented LE staff in the section, the chief had not drafted any issue area cables to the Department, but had prepared scene setters for visitors, which by their nature tend to recycle much of their content. The OIG team counseled this first-time section chief on how to balance editing and reporting responsibilities better in a tight resource environment. The OIG team's limited review of officer drafts and final edited products determined that the value added did not justify the sometimes lengthy delays in getting

cables out. This was especially true when the information being sent to Washington was very perishable and timely reporting was imperative.

Recommendation 1: Embassy Tallinn should restructure the assignment of portfolios in the three-officer political/economic section to more evenly balance responsibilities for reporting. (Action: Embassy Tallinn)

Embassy Tallinn's reporting plan for 2007 was ambitious. As rioting in the streets, the cyber attack, and border disruptions by Russia broke out in the spring of that year, the Embassy found itself needing to cancel or postpone a number of those reports. The OIG team informally recommended that the Embassy take a careful look at its equally ambitious plan proposed for 2008, and consult with the Department desk to set a more modest and presumably attainable goal.

Estonia is a relatively small market, but its overall pro-U.S. orientation also helps provide a welcoming and transparent environment for U.S. business. At the same time, EU ties are becoming stronger thus requiring U.S. firms to work harder in order to compete for a share of that market. The United States does not even rank in the top 10 of countries trading with Estonia.

Although Estonia is largely energy independent, generating 90 percent of its power needs from the processing of its own oil shale in the northeastern part of the country, the terms of its accession to the EU in 2004 were that it should come in line with EU carbon emission regulations by 2012. Whether Estonia does so by cleaning up the oil shale process; becoming a net importer of energy from Russia, Finland, or Poland; becoming a consumer of a yet to be built new nuclear reactor in Lithuania; or by building a small nuclear reactor of its own, opportunities will present themselves for interested U.S. firms.

Embassy Tallinn is a non-Foreign Commercial Service post that receives some support from the senior commercial officer at Embassy Helsinki. The OIG team found an unfunded LE staff person doing up to 75 percent economic work, who is reporting and performing support work on energy, transportation, telecommunications, and trade, with the remaining time being devoted to commercial work. Much of the commercial work involved was the same type routinely done by Department LE staff in other non-Foreign Commercial Service posts such as preparing the Country Commercial Guide, providing advocacy on behalf of U.S. business, and

providing problem solving assistance to U.S. companies seeking to enter the market. The post did not have permanent funding in its budget base for a fourth political/economic LE staff person to complement the other LE staff person in the section who focused on economic issues. That LE staff person, a former Bureau of European and Eurasian Affairs (EUR) Foreign Service National of the Year award winner (2004), is 100 percent devoted to economic issues, especially environment, science, technology, and health; intellectual property rights; and agriculture. Without having a position added to its base, the Embassy has an unfunded priority that comes out of program funds, creating uncertainty for the incumbent and for the stable restructuring of overall workload.

Recommendation 2: Embassy Tallinn should request, and the Bureau of European and Eurasian Affairs should give favorable consideration to, the addition of a fourth political/economic locally employed staff position. (Action: Embassy Tallinn, in coordination with EUR)

PUBLIC DIPLOMACY

Embassy Tallinn has a very strong PAS consisting of two officers and six LE staff, including one LE staff (on maternity leave during the inspection) who was 2006 Foreign Service National of the Year. The PAS is led by a seasoned public affairs officer (PAO) with solid language skills in both Estonian and Russian. While in Russia on a previous assignment, the PAO developed the American Corners concept. American Corners are program locations set up with an initial donation of books and equipment in a host facility that is open to the public. Once set up, these locations are intended to be self-sustaining. The PAO is comfortable giving interviews to the media and speaks extemporaneously in Russian and somewhat less comfortably in Estonian. The PAO uses those Russian language skills to good effect as the lead person in the Embassy's outreach to the predominantly Russian ethnic area in the northeast that includes Narva, Estonia's third largest city. The section has an FY 2008 budget of \$400,000. PAS LE staff salaries and other mandatory costs for Tallinn are fairly modest as a proportion of the public diplomacy budget. Only 10 posts in EUR have larger proportional discretionary program budgets than Tallinn, while 41 EUR posts have a smaller percentage of their public diplomacy budgets available for programming. In addition, the Embassy Tallinn PAS had success in competing for additional one-time funding for specific programs that increase what the post spends on programming each year.

Regional Outreach Program and American Corners

Embassy Tallinn developed a regional outreach program in 2004, at the initiative of the then economic officer, which is listed as a public diplomacy best practice on the Department's INFOCENTRAL Intranet site. The regional outreach program is also included in the public diplomacy curriculum of the Foreign Service Institute. The assistant PAO manages the embassy-wide program that, on a voluntary basis, pairs officers and LE staff from all sections and agencies at post. With the exception of the Tallinn metropolitan area where the Embassy is located, the 14 other counties of Estonia are each assigned an officer and LE staff team. At least two visits a year are targeted for each county to include meeting with country, parish, and mayoral level officials, a required outreach visit to a primary or high school, and depending on the characteristics of the area, visits to universities, military facilities, or industrial complexes. The DCM is the key officer for the county that includes Tartu, Estonia's second-largest city. The program has been a success in developing and maintaining ties beyond the capital city and in generating positive regional and some national media coverage. An added benefit has been the resultant broadening and diversification of the international visitor program due to strong candidates who might not otherwise have been identified but who were encountered on these trips.

There are three American Corners in Estonia: one in Narva, one in Tallinn, and one in the Kuressaare public library on Saaremaa Island. The American Corners have been used as programming platforms and partners to hold conferences and film festivals, such as a conference held in November 2007 at the American Corner in Narva. That conference was translated into Russian.

Media Coverage, the Embassy Website, and the Russian Minority

Press relations in Estonia are warm. The local press is friendly toward the Embassy and the United States in general. The PAS had steady success in placing stories and op-ed pieces and in generating positive press coverage. Estonia has no homegrown English-language daily newspapers. The PAS provides the Ambassador with an extensive daily press briefing of both the local Estonian and Russian language press. In addition, PAS translates articles from the newspapers and periodicals for two regular products—the daily media summary, which is distributed within the mission, and the weekly highlights, which goes to EUR's Office of Public Diplomacy and Public Affairs and to the PAO-designate.

The Embassy's Web site, which is not yet part of the Department's uniform template known as the Content Management System (CMS), is basically bilingual (English and Estonian) with a small part in Russian. The current Web site is based on Bureau of International Information Programs templates from a few years ago. The transition to CMS is planned to occur in September 2008. However, the PAO fears that some of the post's limited Russian offerings would be lost on the new CMS-compliant site that permits fewer levels for the user to explore. This is a challenge because Russian-speaking Estonians already tend to get their news from sources based in the Russian Federation rather than from domestic Estonian ones. Those sources are not as warm in their treatment of U.S. policies and in the opinions of Americans as would be found on the Embassy's Web site. The Embassy has Russian-speaking LE staff in both the PAS and the political section. Reaching out to the Russian-speaking minority is an objective in the MSP. The previous chief of the political/economic section personally took on the Russian-relations portfolio of that section. The OIG team counseled the Embassy to maintain and look for ways to increase its efforts in this area. In fact, the current PAO has helped the Embassy recruit another strong Russian-speaking officer as his replacement when he departs later in 2008, and the PAO has outlined some PAS staff realignment to maintain its Russian capabilities.

One significant PAS project has been work to publish a history of U.S.-Estonian relations from 1919 to 1940. The U.S. Government and U.S. citizens played important supporting roles during both Estonia's War of Independence and the interwar Estonian Republic. This history has been all but forgotten by the current generation of Estonians. PAS took the lead in documenting this history and posting it to the new history page on its Web site as well as through a series of articles that have appeared in Estonia's major newspapers. This work has earned the praise of both EUR and the Department's Office of the Historian. The Embassy is currently working with an Estonian publisher to put this material in book form.

Information Resources Center

The PAS information resources center (IRC) is little more than a desk tucked away in the section. It conducts its business via the Internet in this very electronically connected country where there is a very high degree of Internet access, and the government is a leader in E-Government. The IRC coordinator is also the embassy webmaster. There are embassy plans to train the coordinator in CMS to effect the FY 2009 transition of the Embassy's Web site to CMS.

Exchange Programs

There is no Fulbright commission in Estonia. However, in December 2007, the Embassy signed a Fulbright memorandum of understanding with the Ministry of Education in which the Government of Estonia undertook to pay the airfares for all of the Estonian Fulbright participants going to the United States. The Ministry of Education is involved in the selection of candidates, and the Embassy continues to work on generating broader support for the program. PAS has an effective alumni program, part of which includes hosting an annual American film festival that is organized by U.S. Government program alumni to highlight a specific theme, such as freedom of speech.

CONSULAR

The consular section has two officers, two LE staff, and an eligible family member (EFM) consular associate. The staff, working area, and waiting room are adequate for Tallinn's workload. Three glass-enclosed interview booths provide a pleasant confidential environment for discussions with the consular officers and LE staff. Public access controls from the guard booth on the street into the waiting area are direct and efficient. Consular hours and days of service work well for the section's clients and make for an unstressed atmosphere for the section's staff. The visa application procedure in Tallinn is straightforward. Customers visit the Embassy's Web site to make an online appointment. No special arrangements have been made for visas to business travelers from American Chamber of Commerce Estonia member companies. The OIG team met with part of the chamber's leadership and found them to be fully satisfied with the embassy's visa services, which were so routine and speedy that no special procedures were used or required.

NIVs constitute the largest element of Tallinn's consular workload. NIV applications peak in the spring and early summer months, with a large proportion being summer work and travel exchange visitor visa applicants. The volume of exchange visitor visa applications has dropped in recent years, due largely to competing opportunities within the EU. In FY 2007, however, an increase in B-1/B-2 visitor visa applications more than made up for this decline, and overall NIV volume increased 14.5 percent over FY 2006. Unlike the case with Lithuanians, there is only a small Estonian community in the United States to draw family members for visits. The Embassy's regional outreach program, with participation from members of the consular section, is an important element in helping to maintain the Estonian youth's interest in traveling to and studying in the United States.

Visa referrals are not a problem. Although up to 90 NIV referrals are received in a year, most are from the Office of Defense Cooperation for applicants going to the United States for training purposes or they are from the PAS for embassy candidates in the International Visitor Program.

Embassy Tallinn sought and gained approval from the Bureau of Consular Affairs to take over Estonian immigrant visa processing, which had been handled by Embassy Helsinki. Since May 2007, the Tallinn consular section has processed Estonian immigrant visas, but Helsinki continues to process a number of cases that it started.

American Citizens Services

The consular section's passport and special consular services workload is not heavy because there are only 400 American citizens registered with the Embassy. However, American citizens services work increases drastically in the summer tourist and cruise ship season.

Visa Waiver Program

President George W. Bush visited Tallinn in November 2006 and addressed the issue of Estonia's entrance into the VWP and the roadmap for its inclusion. Estonia's accession to the VWP remains a high priority for the Estonian Government with visa free travel being a current topic of discussion in the bilateral relationship, particularly in light of Estonia's contribution of troops to NATO efforts in Afghanistan. Global adjusted NIV refusal rates for Estonians were four percent for FY 2007 and are currently even lower, counting Embassy Tallinn refusals only. This is still under the 10 percent ceiling specified in the revised Visa Waiver Permanent Program Act² for VWP accession based on the revised and liberalized security criteria, and higher than the old three percent criterion. Estonia is expected to be one of the first countries to meet the benchmarks of the roadmap for the inclusion of Estonia in the VWP under the provisions of the security waiver in the Implementing Recommendations of the 9/11 Commission Act of 2007.³ The roadmap still requires the Department of Homeland Security to certify Estonia to the Secretary for inclusion,

²Pub. L. No. 106-396, 114 Stat. 1637, 1637-50 (2000). See also the Enhanced Border Security and Visa Entry Reform Act of 2002, Pub. L. No. 107-173, 116 Stat. 543-65, and the Immigration and Nationality Act, 8 U.S.C. § 1187.

³Pub. L. No. 110-53 121 Stat., 266 § 711.

and the Department of Homeland Security also has to put in place certain systems and procedures required in the revised legislation. For its part, Estonia has made real-time online data for Estonian lost and stolen passports available to the consular section, which in turn passes the information on for entry into the consular lookout support system known as CLASS.

Plans for possible Estonian accession to the VWP have been worked cooperatively in the Washington interagency process with Embassy Tallinn being kept abreast of progress. In the meantime, the Department of Homeland Security is exercising due diligence to facilitate this process, including having a team visit Estonia in April 2008. Department of Homeland Security Secretary Chertoff was also scheduled to visit Estonia in March 2008 to sign a visa waiver memorandum of understanding with his counterpart, the Estonian Minister of the Interior.

Antiterrorist Coordination

The consular section chief coordinates the Visas Viper committee, which is chaired by the DCM. The committee meets regularly.

LAW ENFORCEMENT

A competent and highly-regarded regional security officer (RSO) coordinates law enforcement activities at Embassy Tallinn. The other law enforcement entity at post, the office of the legal attaché, has regional responsibilities for the three Baltic nations. Its two officers are away from post approximately 50 percent of the time. Space has been allocated for it in the new embassy compound now under construction in Riga. Three other law enforcement agencies — the Bureau of Immigration and Customs Enforcement of the Department of Homeland Security, the Drug Enforcement Administration, and the Secret Service — make occasional visits to Tallinn from their regional offices.

The two entities at post work closely together and meet as a law enforcement working group after country team meetings most weeks. Both the RSO and legal attaché office praised the professional quality of Estonian law enforcement officials. The RSO noted that a recent pay increase of more than 30 percent had restored police salary comparability, allowing Estonia to fill nearly all vacancies. He added that

U.S. assistance programs, now terminated, had allowed Estonia to raise the professional level of its forces. The legal attaché's office indicated that Estonia is building a state-of-the-art forensic center; the FBI planned to host Estonian leaders at a comparable site in the United States shortly after the onsite inspection. The RSO and nonresident law enforcement entities stay in regular contact through e-mails.

RESOURCE MANAGEMENT

Embassy Tallinn's management section functions well and is structurally lean, in large part due to its early adoption of rightsizing measures. Many services that are personnel intensive, such as virtually all of its motor pool, most of its warehouse staff, and its local guard force positions, have been outsourced. Some of the remaining staff members encumber mixed function positions, which also result in cost and human resource savings. Achieving remarkably lean status at an early stage, combined with exchange rate losses and the rising cost of doing business in a rapidly developing economy, make for a very slim margin to cope with budget cuts during recent years. The slim efficiency improvement margin also may disadvantage post when it comes to new programs, such as EUR's gainsharing program, which allows post to retain 70 percent of savings from management improvements.

Perhaps the greatest impact of an increasingly constrained budget has been on post's ability to maintain competitive salary levels for LE staff. Citing low wages as a reason, 11 percent of the LE staff (five employees) resigned in 2006, and 13 percent of the LE staff (six employees) resigned in 2007. During the inspection, post received a proposal from Washington for an 8.6 percent cross-the-board pay raise that fills a portion of the gap. All agencies at post agreed to the raise and were sufficiently funded to grant it.

The recently arrived management officer should bring stability and continuity to a position that has been filled during the past year by one permanent and three temporary duty incumbents. Management sections work collaboratively among each other and externally. The LE staff members are knowledgeable, proficient, and increasingly empowered by programs such as those that allow LE staff to serve as contracting officers and certifying officers.

Agency	Direct-Hire Staff	Local-Hire Staff	Foreign National Staff**	Total Staff	Total USD Funding FY 2007
State – D&CP	14	1	9	24	*\$1,349,000
State – ICASS	3	2	23	28	\$2,669,800
State – Public Diplomacy	2	-	6	8	*\$523,300
State – Diplomatic Security	1	1	1	3	\$323,163
State – Marine Security	6	-	4	10	\$172,246
State – Representation	-	-	-	-	\$30,400
State – OBO	-	-	-	-	\$774,486
Defense Attaché Office**	5	-	1	6	\$298,940
Office of Defense Cooperation	2	-	2	4	\$202,400
Department of Justice	3	-	-	3	***
Totals	36	4	46	86	\$6,343,735

*Includes one-time allotments to support presidential visit (\$306,100 State D&CP and \$177,000 State Public Diplomacy)

**Includes one Department of the Navy position attached to the Estonian cyberwarfare center

***Data not available

REGIONALIZATION AND RIGHTSIZING

Embassy Tallinn strongly supports Department programs that promote regionalization and rightsizing. Post now receives a wide range of services from other posts, including the following: facilities maintenance management from Helsinki; medical services from Warsaw; environmental technology from Moscow; information management and administrative management from Frankfurt; and some customs clearance from Riga. In the near future, Tallinn plans to use Blackberry services from Embassy Copenhagen and to share an assistant RSO with Embassies Riga and Vilnius. The management section has expressed an interest in regionalizing warehous-

ing and some information services if feasibility and cost benefit analyses are positive. This is particularly appealing if post would derive gainsharing benefits. At least one other agency at post has regionalization and rightsizing plans; the Department of Justice plans to move its legal attaché operations from Tallinn to Riga.

Embassy Tallinn traditionally has implemented outsourcing as a means to right-size its staff. It contracts out for taxi service, warehouse type moving of property, janitorial services, gardening, snow removal, electrical work, heating/ventilation/air conditioning maintenance, and generator maintenance. Tallinn continues to pursue outsourcing as a means to reduce staff while maintaining defined and agreed standards of service.

Responding with immediacy to a presidential commitment to assist the Government of Estonia on the cyberwarfare front, Embassy Tallinn moved forward swiftly in coordination with the Department of Defense to bring an expert aboard to fulfill the requirement. Post recently completed the National Security Decisions Directive-38 process to formalize the position under chief of mission authority.

GENERAL SERVICES OPERATIONS

The acting general services officer (GSO) is an EFM employee who has done a very good job under very difficult circumstances. With limited prior experience and training, the GSO assumed responsibility for the full range of general services operations. In the absence of a facilities maintenance manager, the GSO dealt with major chancery projects and systems problems, including the following: a renovation project that included every lavatory in the chancery building; a persistently leaking chancery roof after a contractor had sealed it; and generator breakdowns that threatened the chancery's backup electrical power source. The GSO also served as the management officer for almost eight weeks between temporary duty personnel, adding to the challenges of a very busy one-year tenure as acting GSO.

There are multiple split positions in the general services section, so unit boundaries are not clearly apparent. The general services office assistant is responsible for the housing program, contracts, and leases and holds a contracting warrant with an upper limit of \$50,000. Another general services office employee is responsible for customs and shipping, the credit card fuel program for official vehicles, vehicle maintenance and value added tax refunds to American employees, and is assisted by a colleague whose own job is split between vehicle maintenance and building maintenance (plumbing). Another general services office maintenance worker performs audiovisual and other technical support for the public diplomacy section, and still

Subsequent to the inspection, OBO discussed this situation with the facilities maintenance manager and advised OIG that he is aware of his responsibilities and duties concerning Embassy Tallinn.

American contractors periodically undertake major projects in the chancery building, such as generator installation and the ongoing lavatory renovation. If the LE staff is engaged in the process to the extent possible, they can help the contractor avoid pitfalls during the project. Moreover, familiarity with the project facilitates later maintenance, so the OIG inspector informally recommended that the LE staff be involved in chancery projects when at all possible.

HUMAN RESOURCES

The human resources section consists of two LE staff who manage its functions very effectively. LE staff within-grade increases, efficiency reports, and personal services agreements are tracked using WebPASS Post Personnel in conjunction with Excel spreadsheets to ensure that personnel actions are accomplished in a timely manner. The section also maintains up-to-date training records, using work and development plans completed by raters and employees as a basis.

Recruitment can be difficult in Tallinn, where the unemployment rate in 2007 dipped as low as 1.6 percent. The human resources section maximizes coverage by using Internet and print-based resources to advertise vacancies. Even then, some vacancies attract only a few applicants, which underscores the challenge of recruiting in the local labor market.

FINANCIAL MANAGEMENT

The financial management section is well-led by a senior LE staff member whose proficiency and trustworthiness have been recognized by designation as a certifying officer for amounts up to \$50,000. The financial management specialist also conducts cash verifications of the Class B cashier account, rotating with the management officer to maintain good internal controls. The section also includes one accountant and two voucher examiners. Together, they provide excellent support to

their customers in the areas of budget analysis/advice and voucher processing. They have reached out to empower the PAS and the Defense attaché office by providing them with access to the automated reporting tool, COAST, which grants direct access to daily updates on all financial transactions and the ability to analyze data using various queries and reports.

INFORMATION RESOURCES AND SECURITY

The information resources section is staffed with two U.S. direct-hire employees and two LE staff members who are technically proficient and have a clear focus on customer service. The section pioneered Voice over Internet Protocol telephony several years ago and continues to seek ways to cut costs while improving effectiveness. They work collaboratively with other sections and have earned specific praise from the RSO for developing applications that facilitate access control and background checks systems. The section maintains an Intranet Web site that is well-organized, current, and an effective knowledge management tool.

The information systems officer (ISO) also serves as the primary information systems security officer, an additional duty that is time-consuming but nonetheless extremely important in the area of information assurance. The ISO has developed a practical, methodical approach to performing information systems security officer duties and uses automated tools very effectively to exercise responsibilities. The ISO uses Outlook to schedule and set reminders to perform checks and monitor events. Restricted access Outlook folders serve to document checks and incidents, as well as to provide historical records that will be left for successors. The information systems security officer uses the Information Technology Change Control Board-approved application, Hyena, to perform such functions as filtering/checking event logs and examining workstation files four to five times faster than previously possible. The ISO also uses iPost, which compiles data directly from enterprise-level tool suites to enable monitoring of many aspects of the post's information technology infrastructure.

Post recently installed Contivity, which gives off-site technicians direct, secure, and fast access to troubleshoot and configure many aspects of the telephone system. It appears that service is limited to working hours in the U.S. Eastern Standard time zone, which can be problematic and untimely for overseas posts. The situation is exacerbated by elimination of access by LE staff members, who formerly could effect repairs. If the Regional Information Management Center in Frankfurt had the capability, or if Washington provided service more in sync with EUR duty hours, it

could provide more timely support to EUR posts that do not have knowledgeable telephone technicians with proper access credentials.

Recommendation 3: The Bureau of Information Resources Management, in coordination with Embassy Tallinn, should conduct a feasibility, cost-benefit and needs analysis study to determine the level and timeliness of remote telephone maintenance support that should be provided to Embassy Tallinn and other European posts from Washington or from the regional center in Frankfurt by means such as Contivity. (Action: IRM, in coordination with Embassy Tallinn)

Looking forward, Embassy Tallinn is scheduled in December 2008 to implement the State Messaging and Archiving Retrieval Toolset (SMART), which should further improve its information and knowledge management capabilities. The information resource section also expressed an interest in ongoing initiatives to transfer some information processing to a regional center, which could free staff time to cover other responsibilities.

SECURITY

The regional security office is staffed by only one officer whose daunting workload includes the full range of responsibilities for a local guard force, surveillance detection, physical/personnel/residential security, and liaison with local and U.S. Government law enforcement agencies. Estonia's recent accession to the Schengen Zone,⁴ increasing reporting requirements, rising local crime rates, and increasing liaison requirements indicate a future expansion in workload. The RSO's staff consists of only one part-time EFM employee who provides limited administrative assistance and one LE staff investigator. The Department's February 2008 rightsizing review of Embassy Tallinn supported post's projected need for one U.S. direct-hire assistant RSO and one LE staff surveillance detection program coordinator. The report indicated that the "Bureau of Diplomatic Security has supported these

⁴ A borderless zone of some member countries of the European Union.

requests.” The Department is establishing an assistant RSO position in Riga that will have regional responsibility for three posts, including Tallinn. While not an optimal solution, it should provide some relief for Tallinn’s RSO until its own assistant RSO position can be established once duties and responsibilities are clearly defined. In the meantime, the Department is working to better organize and improve such regional support, an issue addressed by OIG in *Rightsizing the U.S. Government Presence Overseas: A Progress Report* (ISP-I-06-11), December 2005.

Recommendation 4: Embassy Tallinn, in coordination with the Bureau of Diplomatic Security, should take the necessary steps to establish assistant regional security officer and security coordinator positions in accordance with its February 2008 rightsizing review. (Action: Embassy Tallinn, in coordination with DS)

The RSO deserves praise for efforts to improve operations and cut costs. The RSO has an extremely collaborative working relationship with the information resources section, which yielded automated solutions for access control and background checks. The RSO identified security improvements at the chief of mission residence that would maintain coverage at reduced costs with a return on investment in less than one year. The RSO has also suggested a different means to provide vehicular support to the surveillance detection team, again at substantially lower costs. In the area of the local guard force, the RSO is working closely with the GSO on the solicitation for a new contract. The current contract will expire in March 2008 and it is likely that an extension of 180 days will be necessary to complete the contracting process and ensure a potential transition to a different contractor is conducted as smoothly as possible. In terms of operations and equipment, the RSO coordinated closely with the management officer to procure an all-wheel drive, fully-armored vehicle, scheduled for delivery in March 2008. The new vehicle will be more suitable for the local driving conditions than the vehicle now on-hand and will provide more secure transportation for the Ambassador.

The RSO is currently coordinating the update of post’s emergency action plan. The current plan was completed in December 2004, with portions updated in 2006. Further updates were deferred due to a presidential visit and implementation of the automated Crisis and Emergency Planning Application. Post has undergone orientation on the new application, received logons, and is moving forward to complete an updated plan within a four to six month timeframe.

Schools

The school, which operates on the international baccalaureate system, has an American director and is thought to do a better job in the lower grades than in the upper grades where classes are smaller and some training is combined. The Embassy obtained two grants for the school totaling \$46,000.00 for use in FY 2008. The recently-arrived management counselor provides adequate oversight of those grants. The DCM is on the school board, which meets monthly, and the RSO has been actively involved in consulting with the school on security and obtaining funds for appropriate security upgrades.

MANAGEMENT CONTROLS

Management controls appear to be sufficient and effective. The Embassy would benefit from implementation of the WebPASS Procurement application, which would impose process control on the supply chain management system, as well as improve coordination between sections and functions. The number of mixed positions, particularly in the GSO, makes efficient and effective use of a relatively small staff. However, separation of duties is more difficult to impose and enforce, so Embassy Tallinn must monitor this aspect of management controls carefully and continuously.

Recommendation 5: Embassy Tallinn should develop and implement a plan to use the Web Post Administrative Software Suite Procurement application. (Action: Embassy Tallinn)

INTERNATIONAL COOPERATIVE ADMINISTRATIVE SUPPORT SERVICES

The new management officer has sought to reenergize the International Cooperative Administrative Support Services (ICASS) council and its processes, addressing a number of pending issues that affect the provision of services and funding thereof, at the latest meeting. The most pressing problem was the recent ICASS budget cut of eight percent and the need to make up the resulting \$100,000 shortfall. The management officer also raised issues relating to the management of the furniture pool that was formed seven years ago and its future viability, as well as the hiring of a nurse practitioner and changing the Embassy cashier's hours of operation. There are only a few agencies at post, and the council is relatively small, but it is clear that there are ICASS matters of concern to member agencies. The management officer and ICASS council chairperson's efforts to engage the council in the process should prove beneficial to all subscribers.

FORMAL RECOMMENDATIONS

Recommendation 1: Embassy Tallinn should restructure the assignment of portfolios in the three-officer political/economic section to more evenly balance responsibilities for reporting. (Action: Embassy Tallinn)

Recommendation 2: Embassy Tallinn should request, and the Bureau of European and Eurasian Affairs should give favorable consideration to, the addition of a fourth political/economic locally employed staff position. (Action: Embassy Tallinn, in coordination with EUR)

Recommendation 3: The Bureau of Information Resources Management, in coordination with Embassy Tallinn, should conduct a feasibility, cost-benefit and needs analysis study to determine the level and timeliness of remote telephone maintenance support that should be provided to Embassy Tallinn and other European posts from Washington or from the regional center in Frankfurt by means such as Contivity. (Action: IRM, in coordination with Embassy Tallinn)

Recommendation 4: Embassy Tallinn, in coordination with the Bureau of Diplomatic Security, should take the necessary steps to establish assistant regional security officer and security coordinator positions in accordance with its February 2008 rightsizing review. (Action: Embassy Tallinn, in coordination with DS)

Recommendation 5: Embassy Tallinn should develop and implement a plan to use the Web Post Administrative Software Suite Procurement application. (Action: Embassy Tallinn)

INFORMAL RECOMMENDATIONS

Informal recommendations cover matters not requiring action by organizations outside of the inspected unit and/or the parent regional bureau and are not 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.

Political/Economic

Embassy Tallinn had an ambitious reporting plan for 2007 that it was unable to fulfill because of the political unrest in the spring of that year. It has proposed a similarly ambitious plan for 2008. Reporting plans should be crafted keeping in mind that the unexpected will usually occur and require embassy comment for Washington readers. Coordinating the plan with the Estonian desk will ensure that the embassy and the Department agree on broad reporting goals.

Informal Recommendation 1: Embassy Tallinn should shorten its reporting plan for 2008 and seek the Department's views on its contents.

Management

The LE staff member in charge of maintenance is not always involved to the extent possible in the planning of projects, particularly those undertaken by American contractors. As a result, some pitfalls are not anticipated or avoided. Also, maintenance after project completion often falls to the LE staff member who may not have as-built drawings or plans, which can be problematic.

Informal Recommendation 2: Embassy Tallinn's general services officer should involve the locally employed staff maintenance foreman to the extent possible in project planning.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Ambassador Dave Phillips	04/07
Deputy Chief of Mission	Karen B. Decker	09/07

Chiefs of Sections:

Consular	Rodger Deuerlein	08/05
Political/Economic/Commercial	Jessica Adkins	07/06
Public Diplomacy	Eric Johnson	07/05
Regional Affairs	Harold Niebel	06/05
Regional Security	Matthew Shedd	07/05
Management	Andrew Graves	11/07
General Services (acting)	William Adkins	01/07
Information Management	David Haydter	10/07

Other Agencies:

Department of Defense		
Defense Attaché	Philip Enkema	05/07
U.S. Marine Security Guard		
Detachment Commander	Jasper Heilig	08/07
Legal Attaché	John Sylvester	04/06

ABBREVIATIONS

CMS	Content Management System
DCM	deputy chief of mission
Department	Department of State
DS	Bureau of Diplomatic Security
EFM	eligible family member
EU	European Union
EUR	Bureau of European and Eurasian Affairs
GSO	general services officer
ICASS	International Cooperative Administrative Support Services
ISO	information security officer
IRC	information resources center
LE	locally employed
MSP	Mission Strategic Plan
NATO	North Atlantic Treaty Organization
NIV	nonimmigrant visa
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
PAO	public affairs officer
PAS	public affairs section
RSO	regional security officer
SMART	State Messaging and Archiving Retrieval Toolset
VWP	Visa Waiver Program
WebPASS	Web Post Administrative Software Suite

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