



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

Inspection of Embassy Panama City, Panama



Exterior of Chancery, Embassy Panama

Mission Panama City's size and complexity reflect the significance of Panama's geographic location, the legacy of a century of close bilateral ties, and a reengineered security, commercial, and political relationship.

The Ambassador and deputy chief of mission (DCM) have established highly effective lines of communication and

coordination with members of the embassy's country team. The heads of U.S. agencies in the mission commend the transparency and collegiality of the country team, which they attribute to the Ambassador and DCM's desire for a collaborative approach.

The dispersion of the embassy's personnel among 11 buildings negatively impacts mission cohesion. The Ambassador and DCM are working actively to create a stronger sense of community well before most mission elements move to a new embassy compound in the summer of 2007. The Office of Inspector General (OIG) recommended that Embassy Panama develop a strategic plan for the relocation and engage all mission elements in the planning process. This is also an opportunity for the mission to consolidate the administrative services provided to its agencies and to conduct a rightsizing exercise.

Embassy Panama City's management operations are improving following the arrival of a new management team during the summer of 2005. The problems facing the section are the result of a history of management neglect, going back years. Current management needs to implement remedial action in the areas of ICASS, human resources, and some parts of the general services unit.

The Ambassador and DCM have an ambitious mentoring program for the embassy's entry-level officers. Successful implementation of the program will require continued front office involvement and gaining support from the embassy's middle management. These steps should staunch the attrition of talented entry-level officers experienced by Embassy Panama City over the last few years.

OIG Report ISP-I-06-30A, Inspection of Embassy Panama City, Panama

The fieldwork for this report was conducted by the Office of Inspections in Panama City from January 23 through February 7, 2006.

This is an unclassified summary of a full report, which receives limited official distribution. Both the report summary and the full report reflect the conditions reviewed during the fieldwork.

The embassy's consular section is well managed by a mid-level section chief who enjoys the respect and confidence of her staff and mission management. She is beginning to implement new procedures to increase operational efficiency, which will give her and the other consular officers time to do more out-of-office work. The front office supports the section as needed but yields to the consular officers' expertise as appropriate.

The embassy's public affairs section is exceptionally well integrated into all elements of mission activities, providing sound advice and strategies on how most effectively to advocate and explain U.S. positions and programs. Its outreach and public diplomacy programs are tied directly to mission priorities, as are its exchange, cultural, and education activities. The section head is a senior public diplomacy officer who will retire in February 2006; the current mid-level information officer will replace him, leaving at least some gap in that critical position.

Background: Panama

Panama's importance to achieving U.S. goals far exceeds its size or population and derives largely from its stewardship of the Panama Canal and its role as a key component of the U.S. homeland security strategy. Panama has surpassed all expectations as administrator of the Canal and has worked closely with the United States on international maritime security. Panama is served by two major U.S. airlines and a strong national air carrier, solidifying its status as a regional aviation hub. In addition to attracting an increasing number of American tourists and presenting a successful package of enticements for U.S. retirees, Panama also aspires to become a staging point for U.S. cruise ships serving Latin America.

Panamanians come from all over the world, including descendants of Spanish settlers, Mediterranean and Northern Europeans, Chinese laborers, Jewish merchants, West Indians, Arabs, North Americans, South Asians, Latin Americans, and indigenous groups. The country has a 92 percent literacy rate and the highest per capita income (almost \$4,000) in Central America. Although Panama's economy is recovering, unemployment stands at about 13 percent, and income distribution is among the hemisphere's worst, with more than 40 percent of the population living in poverty. Economic growth in 2004 was positive at six per cent, and the forecast for 2005 is equally promising but will depend heavily on fiscal and tax reforms now underway.

Office of Inspector General

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