

~~SENSITIVE BUT UNCLASSIFIED~~

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

# Report of Inspection

Embassy Yerevan, Armenia

Report Number ISP-I-08-01A, October 2007

## ~~IMPORTANT NOTICE~~

~~This report is intended solely for the official use of the Department of State or the Broadcasting Board of Governors, or any agency or organization receiving a copy directly from the Office of Inspector General. No secondary distribution may be made, in whole or in part, outside the Department of State or the Broadcasting Board of Governors, by them or by other agencies or organizations, without prior authorization by the Inspector General. Public availability of the document will be determined by the Inspector General under the U.S. Code, 5 U.S.C. 552. Improper disclosure of this report may result in criminal, civil, or administrative penalties.~~

~~SENSITIVE BUT UNCLASSIFIED~~

# TABLE OF CONTENTS

KEY JUDGMENTS .....	1
CONTEXT .....	3
EXECUTIVE DIRECTION .....	7
Rightsizing .....	10
POLICY AND PROGRAM IMPLEMENTATION.....	11
Foreign Assistance Coordination .....	11
Political and Economic Section .....	12
Human Rights .....	13
Counterterrorism and Law Enforcement.....	13
Commercial Activity .....	15
Public Diplomacy .....	16
Consular Affairs.....	19
RESOURCE MANAGEMENT.....	25
Real Property .....	26
Management Operations.....	28
Human Resources .....	29
Equal Employment Opportunity and Federal Women’s Program .....	33
Financial Management.....	33
General Services .....	34
Information Management and Information Systems Security .....	37
QUALITY OF LIFE.....	39
Medical Unit.....	39
Schools.....	41
The American Embassy of Yerevan Employee Association.....	42
MANAGEMENT CONTROLS .....	43
FORMAL RECOMMENDATIONS .....	45
INFORMAL RECOMMENDATIONS .....	49
PRINCIPAL OFFICIALS .....	53
ABBREVIATIONS .....	55

## KEY JUDGMENTS

- Embassy Yerevan effectively carries out U.S. priorities in Armenia as reflected in the Mission Strategic Plan (MSP). The embassy has productive relations with Armenia's leadership and in 2007 mounted a successful effort to persuade Armenian officials and the public to make progress toward meeting international election standards.
- An officer four grades junior to the rank typical of an ambassador has been acting as chargé d'affaires (chargé) for 10 months due to the early departure of the last Ambassador and complex problems surrounding the nomination of a new Ambassador. The chargé managed U.S.-Armenian relations remarkably well in these unusual circumstances. At times, however, he failed to conduct his interpersonal relations with embassy staff appropriately.
- The Department of State (Department) has arranged for an interim chargé to lead the embassy in concert with the new deputy chief of mission (DCM) after the departure of the incumbent chargé. The Department plans to provide a continuing senior-level chargé or acting DCM to help lead Embassy Yerevan during an appropriate portion of the period of transition to a new ambassador.
- Embassy Yerevan leadership manages a complex U.S. assistance program with one of the highest per capita spending levels in the world. The embassy has an assistance coordination group, which would be even more effective with more formal information sharing mechanisms.
- The consular section provides good customer service, but consular management could implement some work flow improvements to increase efficiency in preparation for the FY 2008 loss of one officer position.
- Overall, the management section is providing excellent support to the embassy. The results of surveys of the section's clientele are extraordinarily positive. Much of the credit is due to the abilities and uniformly high level of expertise of the Armenian staff.

The inspection took place in Washington, DC, between April 2 and 27, 2007, in Frankfurt, Germany, between April 25 and 27, 2007, and in Yerevan, Armenia, between June 8 and 23, 2007. Ambassador Pamela Smith (team leader), Leslie Gerson (deputy team leader), Alan Berenson, Thomas Carmichael, Renee Francis, Vickie Huss, Michael Kirby, Dennis Matthews, and Charles Rowcliffe conducted the inspection.



## CONTEXT



Armenia is a small, resource-poor, land-locked country situated in an active seismic zone at the crossroads of Europe and Asia. As a nation with 3,000 years of continuous existence, and as the first country in the world to adopt Christianity as a state religion, Armenia is proud of its heritage and determined to sustain its unique culture. Its population of 3 million is 98 percent ethnically Armenian and is concentrated in Yerevan. The capital has a lively intellectual life and much greater wealth than the countryside and is now attracting back a few of the émigrés who left during the conflicts and economic freefall of the 1990s.

Armenia declared independence from the Soviet Union in 1991 and established a republic. Power is concentrated in the executive branch; the practice of good governance and the conduct of free and fair elections have been slow to evolve. Armenia maintains unusually friendly relations with Russia and is comfortable with a sizable Russian troop presence. Armenia's quest for energy security has led it to seek closer economic relations with Iran, making it politically difficult for Armenia to show strong support for international efforts to prevent Iran from acquiring nuclear technology.

Armenia's most serious problem remains the ongoing conflict with Azerbaijan – once bloody, currently dormant – over the disputed territory of Nagorno-Karabakh, a largely Armenian-populated enclave within Azerbaijan. The mutual ethnic cleansing that resulted from Armenia prevailing over Azerbaijan during the hostilities in the 1990's produced hundreds of thousands of refugees and internally displaced persons and the closure of Armenia's borders to its east (Azerbaijan) and west (Turkey). Armenia's isolation taxes the economy and constitutes a significant impediment to regional stability and economic integration in the South Caucasus. The United States works with Russia and France under the auspices of the Organization for Security and Cooperation in Europe to achieve a negotiated settlement to the dispute.

Speeding up and institutionalizing democratic and economic reform comprise the next greatest U.S. challenges regarding Armenia. The May 2007 parliamentary elections were the first to show progress toward meeting international standards and thus represent a step forward. Armenia still faces endemic corruption and a sporadic commitment to a vibrant civil society, human rights, the independence and professionalism of the judiciary, and improved standards of social services. Armenia's economy, despite the legacy of a centrally planned system, the breakdown of Soviet-era trading patterns, and a devastating collapse in the 1990s, has grown by more than 10 percent for each of the past five years. These are impressive gains, but they only return Armenia to its 1990 gross domestic product. Recent growth cannot be sustained long term, as it is based on construction and remittances from the Armenian Diaspora, lacks investment from abroad, and is largely centered in Yerevan.

In response to U.S. requests, Armenia now has contingents deployed in both Kosovo and Iraq and is considering joining the North Atlantic Treaty Organization-led force in Afghanistan. Armenia describes its foreign policy as one of "complementarity," where it seeks to accommodate the interests of larger partners in the region. Regarding counterterrorism and law enforcement, Armenia's police and security apparatus still demonstrate that they have much to learn to overcome three generations of Soviet legacy. The growth in transnational organized crime makes reform of Armenia's law enforcement agencies more urgent.

U.S. policy seeks to help Armenia become a stable partner, at peace with its neighbors, where principles of democracy are respected and the benefits of sustained economic growth are shared by all members of society. The United States also strives to sustain Armenia's contributions to global security, including counterterrorism and law enforcement, and to build support for U.S. policies among the Armenian public. Robust U.S. assistance programs, which now include significant funding from the Millennium Challenge Corporation (MCC), have had important successes, especially in strengthening Armenia's economy, but reforms aimed at promoting good governance and developing civil society have faced obstacles. The strong, politically engaged Armenian-American community has ensured extensive U.S. support for Armenia's development. In most areas, this support has advanced U.S. goals, but the Diaspora's disagreement with administration policy on how to describe Armenia's tragic history led the Senate to block confirmation of the Ambassador-designate to Armenia.

The embassy has been led by an FS-02 chargé since September 2006. Embassy Yerevan consists of several U.S. government agencies working together out of a state-of-the-art new embassy compound (NEC). The Department-U.S. Agency for International Development (USAID) Joint Management Council has designated

Yerevan as a Tier-1 post for combining administrative services, a process the post had nearly completed in advance of the Office of Inspector General (OIG) team's visit. Embassy Yerevan has approximately 70 direct-hire U.S. employees, including USAID and Peace Corps administrative staff. Just under one-half are Department employees, with the remainder representing other agencies. About one-third of the embassy's approximately 340 locally employed (LE) staff are security personnel. In FY 2006, U.S. government assistance from all agencies totaled about \$76.5 million, supplemented by MCC funding that totals \$235.65 million over a five-year period. Embassy Yerevan's annual multiagency operating budget of approximately \$11 million as well as foreign assistance funding have been affected negatively by the 29.2 percent appreciation in the value of Armenia's currency over the past two years.







Embassy Yerevan's physical working environment struck the OIG team as close to ideal: employees ranked the NEC's facilities as their top source of satisfaction in working at the embassy. The chargé supervised the completion and move to the NEC and involves himself in its operations in a very engaged, detailed manner. The OIG team also witnessed the chargé's active involvement in community events and noted that he works to improve the school as a nonvoting board member and often uses his own resources to host events for the embassy team.

For most of the past year, the chargé designated the USAID Director as acting DCM, a decision that strengthened Department-USAID cooperation. After that officer's departure, the chargé shared the opportunity to be acting DCM with a spectrum of mid-level embassy staff, to good effect. As in other small and mid-sized embassies in the former Soviet Union, in Yerevan ELOs carry an unusually heavy proportion of the workload. The chargé sets high standards for them, gives them substantive assignments, out-of-cone work experiences, unlimited access, and advice and support regarding onward assignments. He also uses his excellent analytical and writing skills as models to help all reporting officers grow professionally.

As chief of mission, the chargé has successfully forged and enhanced productive contacts with Armenia's government. The OIG team observed that top Armenian leaders accept him as a first-string representative and have complete confidence that he speaks with authority for the United States. The OIG team was impressed by his access to top-level officials and his fluent, colloquial Russian language ability, which enhances his effectiveness. The chargé has persuaded host government counterparts to take decisions more in line with U.S. objectives than otherwise would have been possible.

The May 2007 Armenian parliamentary elections present the best example of the chargé's success in leading Embassy Yerevan in the conduct of transformational diplomacy. The chargé and his team used personal advocacy, extensive public speaking engagements and television appearances, and well financed support to the nongovernmental organization sector to get out the vote and monitor the election process. Nearly every member of the embassy team worked together to convince Armenian government officials and the Armenian public that progress toward meeting international election standards was essential in ensuring continued MCC assistance. The success of their work was the chief U.S. policy objective of the year and a turning point for Armenia. This concerted effort was also striking because success depended on the embassy's eliciting adequate resources from the Department and USAID and overcoming deep suspicion in Armenia that the U.S. was trying to orchestrate an Armenian version of Georgia's "rose revolution."

The OIG team was impressed with the embassy's engagement in public diplomacy. The chargé is a skilled spokesman with the press, often using his fluent Russian to make his messages accessible. He involves himself and all relevant officers in the work of the Democracy Commission, Fulbright program, and other exchanges, and he encourages other officers to become public diplomats. He and the public diplomacy team effectively highlight U.S. assistance, the Peace Corps, and the embassy's many other contributions to Armenia's development on the embassy web site and when he travels. During the inspection, he built goodwill for the United States by hosting the year's premier representational event, an American jazz concert series attended by Armenia's president and influential elite as well as by a cross-section of the public.

Embassy management's attention to Equal Employment Opportunity (EEO), ethics, cost-savings, security, and emergency preparedness is conscientious. Some improvements in the security posture of the embassy will bring it more in line with current Department requirements (see the security annex for a discussion of these issues).

Shortly after the conclusion of the inspection, the chargé will transfer from Yerevan and a new DCM and interim chargé will arrive. The chargé-designate only has a 10-week term of appointment, however. The OIG team is concerned that, after his departure, another lengthy staffing gap could occur that would seriously undermine progress on U.S. goals. The current chargé drew heavily on his two years of experience as DCM to manage U.S.-Armenian relations; the new DCM, no matter how skilled, will not be able in two months to establish the trust and contacts necessary to advance interaction with the host government. Furthermore, autumn of 2007, when the interim chargé will leave post, begins another election season in Armenia, and the United States undoubtedly will need to orchestrate an embassy-wide campaign to help Armenia make further progress toward meeting international election standards. The OIG team believes that the demands of political outreach in a society that highly values long-term personal relationships, combined with the management of an embassy absorbing the turnover of 60 percent of its officer contingent this summer, are too much for any one person. Discussions with the Bureau of European and Eurasian Affairs (EUR) confirmed that EUR recognizes the need to augment embassy leadership in Yerevan and intends to provide a continuing senior-level chargé or an acting DCM during an appropriate portion of the period of transition to a new ambassador.

## RIGHTSIZING

The embassy has seen a 48 percent increase in the number of its U.S. direct-hire employees since FY 2002. Growth is not haphazard, however, and the embassy has also agreed to reductions in at least three offices since that time. An OIG review of the National Security Decision Directive-38 actions over the past several years confirms careful attention to requests for staff increases or decreases in line with overall MSP objectives.

As mentioned in the context section, Embassy Yerevan is a Tier-1 post that is well along in Department-USAID consolidation. In fact, even before the Department mandated consolidation worldwide, Embassy Yerevan was out in front with its own efforts. The embassy pioneered the use of USAID as an alternative service provider, with the attendant cost savings.

## POLICY AND PROGRAM IMPLEMENTATION

### FOREIGN ASSISTANCE COORDINATION

In FY 2006, the U.S. government's approximate \$76.5 million in foreign assistance to Armenia focused on improving the political process and assisting small- and medium-scale enterprise sector growth. Roughly \$57.3 million of the total went towards democratic, economic, and social reform projects. In addition, the MCC's five-year contribution focuses on rehabilitating regional infrastructure and improving the rural agricultural sector.

Embassy Yerevan is directing and coordinating this assistance effectively. The embassy's MSP goals are: achieving regional security and stability; fostering a transparent and decentralized government; poverty reduction and sustained economic growth; security reforms supporting peacekeeping partnership and counterterrorism operations; criminal justice reform; and mutual understanding to underpin support for U.S. government policies. U.S. assistance to Armenia is targeted appropriately at these goals.

The chargé leads this coordination through his crisp and efficient chairmanship of a biweekly assistance coordination group where he is insistent that all mission agencies cooperate. A political and economic section Foreign Service officer, aided by an experienced LE staff member, has been designated foreign assistance coordinator and tracks funding levels, provides reports, and organizes the meetings. Embassy representatives also attend and rotate the chairmanship of a bimonthly international donor coordination roundtable.

The OIG team discussed the embassy's plan to reassign many of the foreign assistance coordinator's duties to the LE staff employee, focusing the political and economic officer on his other advocacy and reporting work. Such an arrangement does not eliminate the need for American oversight of the LE staff member, but does free up more of the officer's time for other activities while maintaining effective assistance coordination.

Embassy Yerevan has an effective assistance coordination group to manage its robust, multiagency assistance program, but it could fine-tune communication

among mission agencies and offices. The OIG team observed an ease of communication on a host of assistance issues based on established relations among officers and agency representatives who have worked together for some time. A more formal structure for information sharing and coordination among assistance programs will be especially important in the coming months when 60 percent of the embassy's officer staff turns over. The OIG team found isolated instances of uneven coordination that Embassy Yerevan could address by implementing smaller working groups involving mission elements that need to be particularly aware of each other's activities. For example, a security, judicial, and law enforcement assistance working group, chaired by a political and economic section officer, would improve embassy counterterrorism training coordination. Representatives of several embassy offices also could form a social and humanitarian assistance working group. In addition, an economic and democratic reform working group chaired by USAID or a political and economic section officer would also help maintain and even enhance the embassy's coordination process. The OIG team made an informal recommendation to establish these regular working groups.

## POLITICAL AND ECONOMIC SECTION

The political and economic section is well run, active, and focused on MSP goals; supporting U.S. government interests in a tough advocacy climate. The political and economic section, USAID, and the chargé took the joint lead in prodding the government of Armenia to carry out parliamentary elections in 2007 that made progress toward meeting international election standards – a pivotal U.S. benchmark in its bilateral political relations and assistance activities. The section's reporting plan for the election provided concise but comprehensive guidance that drew all Department elements together as a team. Several embassy staff at different levels mentioned the sense of accomplishment this team effort generated.

Almost all of the embassy section chiefs and agency heads will rotate assignments in the summer of 2007, which leaves the political and economic section chief to provide continuity to the embassy's policy advocacy and activities. In addition, two of the section's four full-time officers had already left post at the time of the inspection, and the two remaining officers, plus a half-time rotational officer, will be sorely stressed by the need to manage expanded portfolios while preparing for the integration of new officers.

The political and economic section chief has promoted an atmosphere of open discussion among American and LE staff. He provides careful mentoring for the section's employees, including the interns. The section chief edits outgoing cables

attentively, and the section's reporting is crisp, targets MSP goals, and provides value-added insight. Cooperation between the political and economic section and other mission elements is excellent.

Although these qualities have underpinned the section's success, the OIG team discussed with the chief the need for a more structured management regime, particularly to support its incoming officers. The section is implementing a weekly meeting to address management issues. The section also needs to develop more fully its travel, representational, and reporting plans. The section makes excellent use of computers for storing telegrams and tracking assignments, and this methodology should be expanded to track the section's drafting. The OIG team made informal recommendations on some of these proposed actions.

## HUMAN RIGHTS

Because of lingering authoritarian tendencies in this post-Soviet state, Embassy Yerevan has had mixed results in its promotion of human rights in Armenia. Despite the difficulties, Embassy Yerevan has advocated political reform energetically in its outreach and through extensive, embassy-wide program efforts. It supports the work of U.S., international, and local nongovernmental organizations promoting democratization and provides media training and otherwise encourages media freedom.

The embassy understands the necessity for forthright assessments of the human rights environment. Typically, it sends the Department frank reports on Armenia's hesitant democratization, and the embassy was clear in describing Armenia's uneven performance in the May 2007 Parliamentary elections.

The embassy urges the government of Armenia to strengthen its trafficking in persons legislation and enforcement, insisting that reforms impose real change. The political and economic section carefully plans its advocacy to promote the U.S. agenda. Its reporting on trafficking has underpinned the Department's Trafficking in Persons Report, which is critical of Armenia, but which the embassy finds a useful tool to prod the Armenians towards more acceptable performance.

## COUNTERTERRORISM AND LAW ENFORCEMENT

Embassy Yerevan is furthering U.S. counterterrorism policies in Armenia through advocacy and assistance. The embassy is seeing important results; Armenia

continues to contribute troops to peacekeeping efforts in Kosovo and to coalition efforts in Iraq. In addition, the embassy has encouraged the Armenian government to consider contributing troops to North Atlantic Treaty Organization forces in Afghanistan. The embassy continues to advocate tighter Armenian implementation of sanctions against Iran; it has made limited progress, however, due to Armenia's political and economic ties with Iran. In the field of terrorism financing, the U.S.-supported Financial Monitoring Center in Armenia's Central Bank has improved its performance.

Embassy Yerevan closely coordinates its counterterrorism reporting among mission elements. It has appointed a terrorism reporting officer and a terrorism finance coordination officer. The chargé clears all terrorism-related cables. The embassy holds regular Visas Viper meetings. The OIG team has recommended in the foreign assistance section of this report that the embassy form a working group on security, legal, and law enforcement issues to tighten coordination.

The Bureau of International Security and Nonproliferation's Export Control and Related Border Security (EXBS) program coordinator has had mixed success in programs dealing with Armenia's State Customs Committee – a reticent reform partner. The EXBS coordinator's progress would be more certain, however, if procurements made through the Bureau of International Security and Nonproliferation were not so unpredictable; undermining his effectiveness with his Armenian counterparts. Procurements may take as long as a year from the date the office commits to providing equipment to the date it arrives at the embassy.

**Recommendation 1:** The Bureau of International Security and Nonproliferation should reduce procurement time for equipment requested by the Export Control and Related Border Security program coordinator. (Action: ISN)

Law enforcement cooperation between Embassy Yerevan and local authorities is cordial and productive. The regional security officer reports thorough responses to requests for additional security for specific events and visitors, and successful cooperation on visa-related document fraud cases. In addition, the nonresident Federal Bureau of Investigation attaché reports a mutually beneficial relationship with the Armenian National Security Service that has resulted in successful criminal prosecutions, extraditions, and assistance in criminal investigations.

Embassy Yerevan is watchful in implementing the Bureau of Diplomatic Security's (DS) Antiterrorism Training Assistance program to make certain that funds



are used wisely. The regional security officer oversees the program. In the past, the Armenian police have failed to take full advantage of overseas training opportunities. As a result, the embassy has reduced Antiterrorism Training Assistance opportunities. It chose to support the implementation of only one course in FY 2006 and has not supported any courses to date in 2007, out of concern for their effectiveness.

The Bureau of International Narcotics and Law Enforcement Affairs (INL) coordinator provides a broad and effective mix of training targeting U.S. law enforcement, counterterrorism, and democratization goals in Armenia. Several INL projects are carried out in conjunction with the Bureau of International Security and Nonproliferation's EXBS program, leveraging each other's contributions. The same coordinator also oversees the Department of Justice's resident legal advisor in implementation of an INL-funded project to develop a new Armenian criminal procedure code. Now that this legislation has been passed, the embassy is focusing its efforts on encouraging the government of Armenia to implement these laws.

## COMMERCIAL ACTIVITY

Embassy Yerevan's political and economic section pursues whatever activities it can identify to promote U.S. commercial interests in Armenia – a country plagued by poverty and corruption with limited investment opportunities. The embassy's rigorous promotion of regional stability, economic development, and democratization will be critical to any improvement in the investment and business climate. The embassy has coupled a well targeted media campaign with conventional advocacy to push for a stronger intellectual property rights regimen in Armenia and has seen improvements that could eventually encourage U.S. business.

The embassy is committed to making sure U.S. companies are given equal treatment in Armenia and will bring disputes to the highest levels of government to ensure these principles are upheld. The political and economic section has supported a U.S. mining company for more than a year in its dispute with the government, advocating fair treatment persistently up to the ministerial level.

The political and economic section has excellent contacts in the Armenian government and with other mission offices, including USAID contractors, in its data gathering and analysis of energy issues. The section's analysis of the impact of the Iran-Armenia gas pipeline has provided the Department with insight into Armenia's energy security position vis-à-vis Russia and is an important contribution to U.S. economic and policy formulation.

## PUBLIC DIPLOMACY

Embassy Yerevan has a comprehensive public diplomacy program that runs smoothly, accurately targets MSP goals, and involves and serves the entire mission.

The public affairs section recently lost a Foreign Service officer position under the global repositioning initiative. Reflecting the high priority it places on public diplomacy, Embassy Yerevan's number one MSP personnel priority is restoration of this public diplomacy position. Its rationale for reinstatement is persuasive. After the reduction, two Foreign Service officers now supervise 10 sophisticated, well-trained, and energetic LE staff. The employees have managed the heavy workload well. The FY 2007 public diplomacy budget is \$374,000, supplemented with Freedom Support Act (FSA) funding of approximately \$500,000. Grants management is excellent.

Like the rest of the embassy, the public affairs section is undergoing a personnel transition. The public affairs officer (PAO) will be the lone officer until a replacement for the section's other officer arrives. USAID is loaning its public affairs officer to assist the PAO during the several month staffing gap described above. This will give the PAO greater time to reorganize his section's portfolios and adjust his management style to match reduced officer staffing.

The OIG team discussed the advantages of giving the LE staff greater independence, thereby taking greater advantage of their expertise to alleviate the U.S. direct-hire staff workload. The OIG team also discussed the usefulness of greater integration of information and cultural program schedules as management tools.

The chargé, a strong proponent of public diplomacy, is one of the section's major resources. He routinely prods all mission elements to cooperate in media outreach. He hosts frequent public diplomacy activities in his own home or in the vacant ambassadorial residence and makes time to attend and lend his prestige to the section's activities elsewhere. He is a polished public speaker.

Embassy Yerevan keeps its staff well informed about issues in the Armenian media of importance to the United States. Embassies typically hold daily media briefings exclusively for the ambassador and limited staff, but Embassy Yerevan holds a press briefing three times a week that officials from all mission agencies attend, including USAID and MCC. The briefings are delivered by LE staff from the public diplomacy section, the political and economic section, and – an innovation – from the Defense attaché's office, providing a variety of useful media perspectives.

The public affairs section's media outreach is excellent. Coordination with the USAID public affairs office is exceptionally close. The section also aggressively provides media coverage for the activities of all other mission elements, and one agency head said that it "...does everything we ask, and more." The public affairs section additionally provides insights into Armenia's media, education, and democracy issues through reporting cables that supplement the traditional perspectives of political reporting.

Embassy Yerevan's press events are very professional. Following a major embassy press conference to highlight President Bush's May 30 speech on foreign assistance, the chargé led a panel of Department and other agency representatives whose offices provide assistance to Armenia to explain how the President's commitment extended to Armenia; after the panel, participants made themselves available for questions by the local media. The event also served as the public launching of an innovative new embassy assistance web site that locates U.S. government assistance programs on an Armenian map. This innovation has already elicited the interest of other missions for possible adoption.

The public affairs section's FSA assistance funding gives the embassy important flexibility to prod Armenia towards democracy. The public affairs section runs the embassy's Democracy Commission, which in the first three-quarters of FY 2007 provided 12 grants totaling \$213,000 to projects promoting civil society, media freedom, and democratization – most contributing to the embassy's full court press to make the May 2007 elections free and fair. A Democracy Commission panel of diverse embassy elements selects the grant recipients, but officers from other sections can take greater advantage of the program to expand and deepen their contacts. The public affairs section should continue to maintain all Democracy Commission budgeting and financial records, but political and economic officers would benefit by acting as grants program officers and monitoring programs directly related to their portfolios. The OIG team made an informal recommendation to this effect.

The public affairs section's cultural and exchange programs are well run. Several Department offices praised the section's stewardship of the Fulbright and Humphrey programs. Embassy Yerevan's International Visitor Leadership programs typically include MSP-driven program suggestions developed embassy-wide with careful public affairs section guidance to ensure effectiveness.

FSA assistance funds also help the public affairs section maximize the return on U.S. government exchange program dollars by supporting alumni follow-up programs. The section has assigned an LE staff member to track programs for returning grantees, which have included alumni presentations at the American Corners in Armenia and an innovative career fair. The public affairs section's implementing

partners for the Future Leaders Exchange program and the Undergraduate Exchange program – the International Research and Exchanges Board and the American Councils for International Exchange – also carry out alumni programs that effectively maintain contact with Armenia’s future leadership. The chargé and the PAO are active participants in all of these programs.

The section’s cultural events are well executed, stretch resources, and reach beyond the capital city. The OIG team attended some of a series of programs by a world-class American jazz ensemble the embassy brought to Yerevan. Undeterred by the sorely limited reach of standard Department music programs to the Caucasus, the public affairs section recruited the group independently and presented large and small public concerts and master classes that touched priority youth audiences, as well as an intimate representational jazz evening for government officials, including the president. The section has similarly organized an upcoming country and western band’s tour of Armenia.

The information resource center director, the PAO, and the Department’s regional information resource officer have a very healthy management partnership that gets the most from Embassy Yerevan’s information resource center. The center is a model for the region in the way it uses research support and programs in its outreach. In addition, its stewardship and support of Armenia’s growing number of American Corners is another example for others to follow. Embassy Yerevan’s American Corners web site was recently presented as a best practice at an American Corners regional conference.

Yerevan’s NEC is not distant from the public affairs section’s audiences, and the information resource center’s priority contacts have continued to visit after the move to the NEC in April 2005. This is due in part to the section’s media campaign to advertise the accessibility of the new resource center. In addition, the center continues to engage high-priority audiences with movie showings and English language training for journalists.

The OIG team discussed with the PAO the possible value of using Democracy Commission grants for librarian training through joint programs organized by Embassy Yerevan’s information resource center and Armenian library professional groups. The PAO is considering this program opportunity for future grant competitions.

## CONSULAR AFFAIRS

Embassy Yerevan's large, well-appointed, and generously staffed consular section provides good customer service and maintains adequate management controls in a high fraud environment. Consular management could, however, take concrete and relatively simple steps to enhance the section's efficiency and position itself for future workload growth and the anticipated reduction of one officer position in 18 months. Morale in the section is high, but there could be more attention to LE staff development and workflow streamlining.

### Consular Management

The consular section chief has established a program that gives all of the full-time officers the opportunity to rotate through each of the four consular functions – nonimmigrant (NIV) and immigrant (IV) visas, American citizens services (ACS), and fraud prevention – during their two-year tours. Because the bulk of the consular work involves NIV adjudications, at least three officers, and four in the peak seasons, begin each day at the NIV interview windows. The IV and ACS public hours are in the afternoons, allowing each of those officers to handle a second portfolio along with their NIV responsibilities. This cross-training opportunity is excellent, and any officer heading to a follow-on consular tour leaves Embassy Yerevan well prepared.

The consular section chief is beginning to focus on the long-term management and development of the LE staff, and there is much that can be done in cross-training and workflow to maximize the section's personnel assets. In February 2006, Embassy Yerevan began processing IVs, requiring management to identify one or more LE staff to specialize in that area. One employee is fully trained, and three others provide discrete IV functions, but they are far from interchangeable, and they are not at the same skill level. The section hired a new ACS assistant only a month prior to the inspection. When that employee is fully trained, she will have time to support one or both visa functions almost half time, requiring cross-training. The LE consular receptionist, who gave out NIV appointments before the adoption of the on-line appointment system, now simply serves as a telephone information provider. Although this employee is underused, consular management has not found another appropriate position for his skills.

Consular management has taken some important steps towards professionalizing the LE staff, but the OIG team noted several additional steps that management could take to retrain its staff and rationalize workflow. One involves the readjustment of the overall staffing pattern. The NIV supervisor is a Foreign Service national (FSN)-9, quite a high grade for a relatively small consular section. She

supervises three FSN-7 visa assistants who rotate among the NIV data entry, visa printing, and cashier functions; two of them also provide support for IV processing. The FSN-9 supervisor, however, does not oversee the IV function and the FSN-8 IV assistant, although the supervisor does help the IV assistant regularly. It is illogical to have a free standing IV unit of one employee, who receives regular support from three persons assigned to the NIV unit, and not have the FSN supervisor exercise authority over both the NIV and IV functions and work assignments. A realignment of the FSN-9 supervisor's duties would give her an appropriate level of responsibility for her grade and give her authority to assign the combined unit's personnel to one or the other visa function depending on demand.

**Recommendation 2:** Embassy Yerevan should assign the supervision of all its nonimmigrant and immigrant visa locally employed staff to the current senior nonimmigrant visa supervisor. (Action: Embassy Yerevan)

A second area in which management could reassign some officer tasks to the LE staff and eliminate a bottleneck involves the handling of e-mail correspondence. Currently, all e-mail inquiries, whether from congressional offices, American citizens, or confused visa applicants, arrive at a single computer terminal on a dedicated Internet network (DIN), rather than in separate e-mail boxes that the employees of each unit can access from their desktop network computers. Officers, on a rotating basis, check the sole correspondence computer once or twice a day, as workload permits, sort through the spam, identify the high priority cases, forward them to the appropriate unit to answer, and prepare the congressional and complex case responses themselves after consulting with the appropriate unit for case background. Many of the inquiries are routine and could be processed by LE staff, without officer involvement, by drawing on templates. In any case, most consular sections use a tried-and-true system of separate mailboxes for different types of inquiries, assign user groups so that supervisors can review all responses no matter how routine, and avoid a single-point triage system that inevitably delays action. The Frankfurt-based regional consular officer favors the establishment of a separate correspondence unit to handle the broad range of inquiries. Even if one staff member coordinates all the correspondence, separate mailboxes to triage the inquiries would help with workload prioritization.

**Recommendation 3:** Embassy Yerevan should set up separate consular mailboxes on the Department's Sensitive But Unclassified network that all consular staff can access and monitor. (Action: Embassy Yerevan)

The section's management has been working on the development of a telephone tree for some time. Virtually all consular sections of Yerevan's size use a telephone tree to free up LE staff for case processing, whereas Yerevan still relies on a consular receptionist. The OIG team made an informal recommendation on this matter.

Although the consular section is large and generally well-provisioned, the noise level in the waiting area is distracting and makes any privacy during visa interviews impossible. Even wall-to-wall carpeting, impractical in the wet and muddy winter months, would not correct a situation where the waiting visa applicants serve as an appreciative or horrified audience for each and every visa interview. In a high-fraud environment, it is particularly important to keep some interview techniques private. The OIG team has seen similar situations in other new consular sections. The team made an informal recommendation that the embassy purchase padded room dividers and adapt them to form privacy and sound screens between the interview windows and the rest of the waiting area.

## Visas

Embassy Yerevan manages its visa workload well, but the introduction of a few efficiencies could streamline the NIV process further. This would in turn free up local personnel to prepare more IV cases, thereby reducing the backlog in pending IV cases that generates much of the section's correspondence.

The section's ELOs are skilled interviewers. At the time of the inspection, two interviewers were fluent in Russian, and the other two were well qualified in Armenian and Russian although not completely fluent. Their language skills permit minimal reliance on LE staff to interpret visa interviews, permitting the LE staff to focus on the case preparation and fraud prevention work for which they were hired.

NIV interviews usually begin at 9:30 a.m., although the first applicant enters the compound at 8:45. Every NIV applicant presents his or her documents to the visa assistant who staffs the cashier's window on that day. The visa assistant/cashier prescreens the application for completeness and asks a series of personal questions, noting the answers on the application, before passing the case to another local employee who scans the data into the computerized NIV system, verifies its accuracy, and digitally captures the applicant's photo. During these same hours, the visa

assistant/cashier also receives IV applicants who are dropping off their cases a week before their actual interviews so that they can be prescreened for completeness and reviewed for fraud indices (see the fraud prevention unit section of the report). If any applicant needs to pay a fee, the same visa assistant/cashier accepts and receipts that payment. The intake/cashier window becomes an inevitable bottleneck in the NIV process, prolonging the time it takes for an applicant to be interviewed.

It is inappropriate for the visa assistant accepting documents to do more than check them for completeness and correct inaccuracies. A mini interview resulting in notations on the visa application about family size, previous travel, work situation, etc. cross into the officer's responsibility and could be perceived as influencing the adjudication process. When the OIG team discussed this with the consular section chief, she immediately changed that aspect of the intake process. The OIG team also suggested speeding up the intake process by equipping the cashier's window, as well as one or two of the interview windows, with cameras and barcode scanners so that two or three local staff could begin the morning accepting NIV cases, doing the data entry review, and capturing the photos in a one-step process. This will allow the officers to begin interviewing NIV applicants more promptly and reduce applicant waiting time. The OIG team made an informal recommendation that the consular section chief request two additional cameras and barcode scanners from the Bureau of Consular Affairs to implement a more efficient NIV process.

There is a very high incidence of fraud in both the NIV and IV caseload. See the fraud prevention unit (FPU) section of the report for a discussion of Embassy Yerevan's efforts to detect and combat visa fraud.

## American Citizens Services

Embassy Yerevan's ACS workload is modest, but it will be several months before the newly hired ACS assistant is trained fully, and the warden network is updated and refined. The consular section is fortunate to have the services of an eligible family member (EFM) with considerable overseas consular experience as well as a recent tour in the Bureau of Consular Affairs' Office of Overseas Citizens Services. She is focusing on the warden system, which is vital in an earthquake-prone country like Armenia. The OIG team agreed with the small ACS unit's approach to its warden update project and provided some informal guidance. With approximately 500 registered, nonofficial U.S. citizens in Armenia, the staff should be able to update its contact information, redistribute its warden assignments, and extend contacts to police, hospitals, and tourist hotels in the hinterlands relatively quickly. The consular section's travel and representation plans already include this type of outreach.



The Yerevan ACS unit also provides information to U.S. citizens on the filing of IV petitions for their relatives and handles complaints and questions from U.S. citizens whose relatives have been denied NIVs. Although it is unusual to find ACS units providing these services, it makes managerial sense to have the Yerevan ACS unit, with its modest workload, interact with U.S. citizens rather than have the busy visa units take on this responsibility during their interview hours. Because the ACS officer is an NIV officer in the mornings, he is able to provide guidance to the ACS staff and handle the more complicated or confrontational cases himself.

## Fraud Prevention Unit

At the time of the inspection, one of the ELOs was serving as the fraud prevention manager in the afternoons. One full-time, innovative LE staff fraud investigator reviews virtually every IV case prior to interview for fraud indices<sup>1</sup> and spot-checks NIV applications as they move through that process. The investigator is a natural sleuth who has developed sixth-sense ways of detecting fraud. His lethal weapon is his access to telephone and other government data bases that the OIG team has not seen in use elsewhere. His skills, combined with the interviewing acumen of the IV officer, result in a very high number of requests for IV petition revocations, most upheld by the Department of Homeland Security. The OIG team discussed ways to increase liaison with the regional Bureau of Citizenship and Immigration Services in Moscow in order to refine and standardize the revocation process.

As mentioned earlier, Embassy Yerevan expects to lose one consular ELO position in FY 2009. This means that the remaining ELOs will have to spend more hours interviewing to keep pace with NIV demand, putting pressure on the available hours for IV processing. Because ACS work is always a consular section's top priority, there will be less time for an ELO to devote to fraud prevention. An FPU should normally be headed by an experienced consular officer, preferably a mid-level officer where available. Considering the impending reduction in consular ELO staffing, Embassy Yerevan's incoming consular section chief rather than an ELO will have to assume the fraud prevention manager role. This would provide more continuity for the program rather than having officers rotate into the fraud prevention manager slot every few months, and would not preclude ELOs from training in fraud prevention during their tours.

---

<sup>1</sup>IV cases are submitted and checked for completeness a week before the scheduled final interview. This permits the FPU investigator to review each for fraud indices and verify suspect information.

Embassy Yerevan's FY 2009 MSP and its most recent rightsizing report request the addition of an assistant regional security officer-investigator position to work with the FPU on fraud cases that suggest a connection to organized crime rings for alien smuggling and fraudulent document preparation. Although the FPU has an excellent working relationship with police in Glendale, California, where there is a large Armenian population and where many fraudulent document scams and marriages seem to originate, a professional investigator with law enforcement credentials could boost the number of successful investigations both in the United States and Armenia. The OIG team acknowledges that the DS strategy for expanding its assistant regional security officer-investigator program may be targeting larger consular operations, but the team believes that Embassy Yerevan warrants some priority when DS considers its expansion plans.

Embassy Yerevan's consular section retains its NIV applications far longer than the three years authorized by 03 State 070558 (dated March 17, 2003) and 07 State 095087 (dated July 9, 2007). The OIG team witnessed the creative way that the FPU investigator locates and uses the old NIV applications to document possible IV marriage and relationship fraud and acknowledges that if these applications were archived the information would not be available in real time for IV interviews. Although Armenia is certainly not the only country where previous NIV applications might give clues to subsequent IV fraud, Embassy Yerevan's manageable workload, abundance of file storage space, and research techniques permit the investigator to take real advantage of those records. The consular section had never, however, requested a waiver from the Bureau of Consular Affairs, as required, to retain its NIV application longer than three years. Section management sent such a waiver request

during the inspection, and therefore the OIG team did not make a recommendation

## RESOURCE MANAGEMENT

Agency	U.S. Direct-Hire Staff	U.S. Local-Hire Staff	Foreign National Staff	Total Staff	Total Funding FY 2007
State – D&CP	23	2	15	40	\$1,297,779
State – ICASS	6	11	206 <sup>6</sup>	223	4,361,400
State – Public Diplomacy			10	10	857,055 <sup>5</sup>
State – Diplomatic Security		2	38	40	548,166
State – Marine Security	6		3	9	101,285
State – Representation				0	33,500
State – OBO	1			1	717,303 <sup>4</sup>
Defense Attaché Office	2		2	4	164,910
Office of Defense Cooperation	2		4	6	183,600
Foreign Agricultural Service	1		4	5	15,000
INL	1		2	3	247,500 <sup>3</sup>
Treasury Department	2		2	4	116,000
EXBS	1		1	2	98,500
Department of Justice	1		1	2	106,000
MCC	2		3	5	248,000
USAID	20 <sup>6</sup>	1	50	71	2,065,000
Peace Corps	2 <sup>7</sup>				
<b>Totals</b>	<b>70</b>	<b>16</b>	<b>341</b>	<b>425</b>	<b>\$11,160,998</b>

<sup>2</sup> Includes local guard force

<sup>3</sup> Includes FSA funds

<sup>4</sup> Does not include \$696,395 for design and construction of a recreation facility

<sup>5</sup> Does not include \$5,136,000 for programs

<sup>6</sup> Includes 11 U.S. personal services contractors

<sup>7</sup> 73 volunteers in country

## REAL PROPERTY

In 2005, Embassy Yerevan moved to a 23-acre NEC that includes a chancery, a general services support annex, USAID offices, a warehouse, and Marine security guard quarters. The embassy has a highly qualified maintenance staff, and virtually all post-construction problems have been corrected. With Bureau of Overseas Buildings Operations (OBO) support and funding, the embassy completed a landscaping/dust abatement project for the lower level of the grounds.

### The Recreation Facility

In late 2005, Embassy Yerevan requested OBO funding for a recreational facility (Yerevan 1721, dated September 26, 2005). In 2006, OBO allotted \$750,000 and stipulated that “funds are being provided ... for the design and construction of a new recreation facility at the NEC site. All project needs, including design, construction, and security issues are to be covered by these funds. These funds are designated no-year funds.” Embassy Yerevan contracted with two architectural and design firms. The first estimated that the cost of construction would be approximately \$1.2 million. The second firm never completed the project. In addition, as these estimates were being prepared, the 29 percent appreciation of the Armenian dram resulted in a significant reduction in the purchasing power of the \$750,000 allotted for the construction of a seismic recreational building. Embassy Yerevan concluded that the cost of construction would exceed the funds provided and instead made plans to develop an outdoor recreational area. In an earlier cable (Yerevan 1221, dated July 11, 2005), the embassy asked for funding for several special maintenance and repair projects. Included was \$175,000 for basic grounds infrastructure for a playground, playing fields, running track, and hard surface tennis courts. OBO did not respond to this initial request, and the funds received for the second request for a recreational facility have morphed into the never-received funds for the outdoor fields and courts.

Present plans envision that all work, to the extent possible, be done by embassy staff and local contractors. The area would include tennis courts, gazebos, and refurbishment of a small building already on site. In part, the lower level of the NEC property would require landscaping, grading, and installation of utilities that require prior OBO approval (15 FAM 641 a. (3)). Although there were informal discussions between the embassy and an OBO representative about alternative plans, the embassy has not communicated the planned changes to OBO formally or sought approval.

**Recommendation 4:** Embassy Yerevan should seek formal approval from the Bureau of Overseas Buildings Operations for development of a recreational area on the new embassy compound in lieu of construction of a recreational facility. (Action: Embassy Yerevan)

## Warehouse Rental

At the time of the inspection the NEC warehouse was filled to capacity. In order to store and protect an additional nine new three-bedroom sets of household furniture, worth about \$500,000, additional warehouse space was rented for a six-month period ending July 2007. The warehouse space was not leased using lease forms, clauses, and provisions required by 15 FAM 312.2 a. and 15 FAM 352 (3) nor was required approval sought. Instead the embassy rented the space using a purchase order. There is little likelihood that the nine sets will either be issued by the time of the lease's expiry or that sufficient space will become available in the NEC warehouse. The embassy will have to extend the rental period of the temporary storage warehouse. (See recommendations 16 and 17 in the general services section relating to an improved reorder system and the disposal of excess property.)

**Recommendation 5:** Embassy Yerevan should obtain approval from the Bureau of Overseas Buildings Operations for the rental of short-term functional property and use required lease forms and documents. (Action: Embassy Yerevan)

## Vehicle Maintenance

The design and construction of the support annex, particularly the area designated for vehicle maintenance and repair, need to be reviewed. The NEC was designed with one undersized garage space that is nonfunctional for even the most basic vehicle maintenance. Consequently, virtually all vehicle maintenance must be procured from outside sources, and parts are stored in remote shipping containers on the grounds. In addition, the ceilings and utility pipes in the maintenance area are too low to permit operation of a vehicle lift. The location of the garage space precludes purchasing and installing a maintenance tent. Embassy Yerevan in 2005 (Yerevan 1221, dated July 11, 2005), requested \$50,000 to build a garage/utility building. OBO did not provide funding. (A similar condition exists in Embassy Tbilisi. OBO ad-

vised the OIG team that it is initiating a comprehensive review of the standards for maintenance shops, including vehicle maintenance. The design review process for future NECs will ensure that there is adequate height for vehicle maintenance.)



Garage space with low ceilings and insufficient storage space

**Recommendation 6:** Embassy Yerevan should request, and the Bureau of Overseas Buildings Operations should fund, a garage/utility building. (Action: Embassy Yerevan, in coordination with OBO)

## MANAGEMENT OPERATIONS

Management operations, overall, are excellent. In virtually every International Cooperative Administrative Support Services customer satisfaction service area, the management sections scored higher than both EUR and worldwide averages. Credit has to be given to both the management officer and to the highly talented, expert LE staff. Because of the considerable talents, experience, and ability of the LE staff, the human resources (HR) specialist and financial management specialist are members of EUR's Foreign Service National Executive Corps. The ELOs assigned to the financial management, HR, and general services portfolios benefit considerably from the capabilities of the LE staff.

## HUMAN RESOURCES

The HR office has been lauded for its customer service. The second-tour and first-time financial management/HR officer is supported by a highly qualified staff, including the previously mentioned HR specialist.

The embassy has endured several long-term staffing gaps in the recent past and will experience major turnover this summer. Although the HR office is customer-friendly and provides quality service, there are some issues beyond its scope involving compliance with Armenian labor law on maternity leave and breastfeeding that need to be addressed. In addition, HR needs to improve the performance management process, which is discussed below.

### Noncompliance with Armenian Labor Law

The embassy's pregnancy and maternity leave benefit is not consistent with Department regulations (3 FAM 7312.3 and 3 FAH-2 H-212 A. and D.) concerning adherence to the local labor law. Article 172 of the Republic of Armenia Labor Code states that: "Working women shall be provided with pregnancy and maternity leave with their full wage being paid 140 calendar days (100 work days)." In 1995, the Department required all posts to adopt locally prevailing leave benefits. Under current embassy policy, employees are provided only 60 work days of paid maternity leave versus the 100 work days allowed under the prevailing local labor law, resulting in a shortfall of 40 work days.

In addition, the embassy does not allow time for breastfeeding that is also provided for in the Armenian Labor Code under Article 258. Although the embassy is planning to address the breastfeeding time issue, nothing has been implemented. Several Foreign Affairs Manual regulations indicate the Department's clear intention for U.S. embassies to implement prevailing practices, with very few exceptions. The Department's leave policy, delineated in 3 FAM 7432 b., states that "...overseas establishments must adopt locally prevailing leave benefits in lieu of any benefits patterned after the provisions of the Annual and Sick Leave Act."

**Recommendation 7:** Embassy Yerevan should request, and the Bureau of Human Resources should approve, an increase in the total number of calendar days allowed for the maternity leave benefit in accordance with Article 172 of Armenia's Labor Code and the Department's leave policy. (Action: Embassy Yerevan, in coordination with DGHR)

**Recommendation 8:** Embassy Yerevan should request, and the Bureau of Human Resources should approve, the addition of a breastfeeding benefit consistent with Article 258 of Armenia’s Labor Code and the Department’s leave policy. (Action: Embassy Yerevan, in coordination with HR)

## Performance Management Process

Embassy Yerevan has partially implemented the Performance Management Policy that the Department introduced in January 2007. Tracking procedures for other segments, however, such as timeliness of work requirements statements and performance evaluations need strengthening. The first step in the performance process is the establishment of work requirements statements. Oftentimes this step is overlooked; it is, however, a significant part of the overall performance management process because it is the foundation for the performance evaluation. Work requirements statements have not been completed for every employee. Of the statements that were completed, there was no assurance they were current because some were not dated. In addition, HR did not track receipt of the work requirements statements. If Embassy Yerevan is to meet the Department’s January 2008 date for full implementation of the new policy, the tracking procedures discussed above will have to take effect. The OIG team made an informal recommendation to address this issue.

## Counseling Sessions

Some raters failed to conduct mandatory discussions of performance with employees midway through the rating period, or failed to conduct discussions to address poor performance. In accordance with the LE staff Performance Management Policy Handbook, when an employee is not performing at a “good or exceptional” level on any duty or responsibility, the rating official must conduct a counseling session with the employee and give the employee a reasonable amount of time to improve, generally between 30 to 120 calendar days. Further, some raters failed to hold at least one performance discussion with the employee. All raters must certify in Section 2 of the employee performance report that at least one discussion of the performance was held and list the date(s). The OIG team advised HR to publicize the need to meet the minimum standards for counseling sessions.



In one instance, an employee's evaluation included negative comments without documentation to support them. When questioned about the documentation, the current supervisor said the previous supervisor had documented the performance, but the documentation could not be found nor was any documentation in the official personnel files. The OIG team made an informal recommendation to correct the evaluation of an individual whose supervisor had not followed the proper procedures.

## Locally Employed Staff Employee Performance Reports

Some mission supervisors fail to complete employee performance reports for EFMs and LE staff in a timely manner. Late LE staff evaluations delay scheduled salary increases or promotions, costing the employees real money. EFM employees who lack evaluations cannot apply for new jobs at their current or future posts until their performance evaluations are completed, possibly hindering their efforts to establish a reasonable career progression. Completing employee performance reports is a fundamental requirement of supervisors. As pointed out by a former director general in 05 State 175016, dated September 21, 2005, continued late evaluations can damage the integrity of the performance evaluation process, convey an implication that the employee's work is not valued, delay promotions and with-in grade increases, and bring down workforce morale.

The embassy had not implemented procedures to notify the DCM of delinquent evaluations, as required by 05 State 175016. Several employees stated they had not received counseling sessions.

**Recommendation 9:** Embassy Yerevan should establish an enhanced tracking system that highlights due dates for employee performance reports. (Action: Embassy Yerevan)

**Recommendation 10:** Embassy Yerevan should implement procedures to notify the deputy chief of mission of delinquent employee performance reports for locally employed staff and eligible family members. (Action: Embassy Yerevan)

**Recommendation 11:** Embassy Yerevan should implement procedures to record instances of delinquent evaluations in the rater's performance evaluation. (Action: Embassy Yerevan)

## Awards

Many employees expressed frustration over the embassy's policy prohibiting awards to any employee for two consecutive years. The policy does not apply to awards outside the awards committee's jurisdiction such as Extra Mile Awards, On-the-Spot Awards, Safe Driving Awards, and Certificates of Appreciation. Although not intended, the restrictions are counterproductive, sending the wrong message, and causing resentment instead of incentive. A more proactive approach would be to strengthen the guidelines for justification; otherwise truly deserving employees may be penalized. The awards policy is rigid and would make it hard to account for true exceptions without appearing to be biased. It is the Department's policy to encourage all individuals to participate in improving U.S. government operations and service to the public (3 FAM 4812). Extraordinary accomplishments should be recognized in the year they are achieved or as soon as practicable. The OIG team made an informal recommendation to address this issue.

## Fitness Center

Embassy Yerevan has two fitness centers. The one in the embassy is designated for members of the employee association, most of whom are American, and the one in the nearby annex building is designated for LE staff. An embassy official confirmed that the local employees use the gym in the annex. Several local employees expressed concern about the designations of the separate facilities. There is no justification for the separate designations, and there is a perception of discriminatory practices. (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)

**Recommendation 12:** Embassy Yerevan should establish an open access policy that permits and encourages any employee to use either fitness center. (Action: Embassy Yerevan)

## EQUAL EMPLOYMENT OPPORTUNITY AND FEDERAL WOMEN'S PROGRAM

Embassy Yerevan has an active EEO program. The incumbent EEO counselor has a replacement at post, who has already had EEO training and served as an EEO counselor previously. The OIG team discussed ways to publicize EEO information even more widely, including the placement of a second EEO bulletin board in the USAID annex, presentations at regular section meetings, and periodic town hall meetings where embassy leadership endorses appropriate workplace behavior.

Embassy Yerevan has selected an LE staff member from the HR section to be an EEO liaison. This employee was selected by her peers to be their liaison, but the embassy had some lingering concerns about someone from the HR office having this role. The OIG team reached out to the Office of Civil Rights during the inspection and clarified that there was no preclusion to an HR employee serving as the EEO liaison as long as she deferred any cases involving conflict of interest to the EEO counselor. The EEO counselor concurred that the nominated employee would be a valuable addition to the EEO program. The embassy intends to arrange her training as soon as possible.

The HR ELO discovered by chance that he was listed as the Federal Women's Program coordinator when he was reviewing the designation of authority list in preparation for the inspection. The OIG team directed him to the appropriate web page so that he could review the responsibilities of that job and discussed ways to publicize the program. The coordinator notified the Office of Civil Rights of his selection, as required, during the inspection.

## FINANCIAL MANAGEMENT

The operations of the financial management section were reviewed March 19-28, 2007, by EUR's advisors assigned to the Regional Support Center, Frankfurt. They concluded that the section was "run and managed effectively." The OIG team agrees. The section scored very well on the latest customer satisfaction survey and on the OIG workplace and quality of life questionnaire. On a rating scale of one to five with five being the highest, all financial management functions scored above four. The financial management staff has developed post-specific financial management reports that are clear and concise. Cashier operations are closely monitored,

and monthly reconciliations made at varying times. The embassy successfully negotiated an agreement with a local bank for off-site machine readable fee collection at no charge.

On the other hand, the agreement with the commercial bank that has the U.S. Disbursing Officer's account evidences little, if any, negotiation. This bank provides minimal service and at times does so grudgingly. The agreement, signed October 2005, is for three years. The agreement is based on the bank's "General Terms and Conditions for the Operation of Customer Bank Accounts, Bank Deposits, Electronic Banking and Other Banking Services." The availability and choice of reliable banking services in Armenia has improved in the past year. The embassy should review the arrangement with this bank in accordance with 4 FAH-2 H-614 and solicit proposals in accordance with 4 FAH-2 H-615.

**Recommendation 13:** Embassy Yerevan, in coordination with the Bureau of Resource Management, should solicit bids for the U.S. Disbursing Officer bank account agreement. (Action: Embassy Yerevan, in coordination with RM/FSC Bangkok)

## GENERAL SERVICES

The general services office is providing quality service as evidenced by the scores on the OIG workplace and quality of life questionnaire. Scores in virtually all areas of general services were above average. Scores for maintenance/upkeep of vehicles and motor pool responsiveness were high. Improvements are needed, however, in the computation and reordering of nonexpendable supplies (furniture, furnishings, and equipment). In 2006, the embassy ordered supplies in excess of requirements and available storage space, as discussed above, and has been storing them since February 2007. The embassy does not have a reorder system that factors in storage space and lead time as discussed in 14 FAH-1 H-419.1. The embassy has not freed up sorely needed warehouse space by disposing of old, damaged furniture, furnishings, and equipment, including security and building equipment such as x-ray equipment and doors from the former chancery. Permission to dispose of the equipment must come from both DS and OBO. Embassy Yerevan initiated correspondence discussing the disposal of these items and requesting guidance in June 2006, but there have been no instructions from either bureau to resolve the problem.

**Recommendation 14:** Embassy Yerevan should establish a reorder system that factors in storage space and lead times for nonexpendable furniture, furnishings, and equipment. (Action: Embassy Yerevan)

**Recommendation 15:** Embassy Yerevan, in coordination with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, should dispose of unneeded equipment transferred from the former chancery. (Action: Embassy Yerevan, in coordination with DS and OBO)

## Space Management

Embassy Yerevan has tried to concentrate its community service providers on the lower level for one-stop access by family members and employees alike. The number of service facilities, however, has increased, and it is necessary to find a rational way to expand some of those offices to the first floor of the chancery. This situation came to a head recently with the Family Liaison Office's funding of a local employment advisor on an initial one-year basis as part of the Strategic Networking Assistance Program.

The embassy originally planned to colocate the local employment advisor with one of the language classrooms or to relocate the language lab away from the language coordinator's office so that the local employment advisor could have the former language program space for that program. This is at best a temporary fix and would have disrupted the recently expanded language instruction area just when a 60 percent turnover in office staff promises to generate a boom in the number of language students.

The OIG team examined several unused or excess work spaces on the first floor near the chancery entrance for the local employment advisor or for the language program and also identified two underused parts of the consular section, one abutting an extra door leading to the atrium corridor, which might serve as office space with only slight modifications. The management officer agreed that it was logical to expand space for service providers to the first floor if required.

**Recommendation 16:** Embassy Yerevan should identify unused office space in the chancery either for the local employment advisor's office or for the relocation of the language program to another area that provides adequate space for their audio visual, language lab, instructional materials, and language instructor office. (Action: Embassy Yerevan)

## Motor Pool

The embassy has a top-rated motor pool with a perfect driving record. The motor pool adheres to a high standard of customer service, safety, and operation. The recent consolidation with USAID has transitioned smoothly. USAID drivers are scheduled to be converted from personal service contracts to personal service agreements on October 1, 2007.

A government vehicle is dedicated to EXBS but is not part of the consolidated motor pool. The EXBS section recently merged with the Department, but their vehicle has not become a part of the consolidated motor pool. The contractor and his assistant both drive the vehicle. There is no provision in the contract for home-to-work transportation for the American contractor at no cost. The EXBS advisor, however, is using a vehicle and self-drives for home-to-work transportation, but he is only reimbursing the embassy for personal travel on weekends and holidays, not for the expense of home-to-work transportation in contravention of 14 FAM 418.2-2.

**Recommendation 17:** Embassy Yerevan should incorporate the Export Control and Related Border Security vehicle into the embassy motor pool. (Action: Embassy Yerevan)

**Recommendation 18:** Embassy Yerevan should cease the provision of home-to-work transportation at no cost for the Export Control and Related Border Security personal services contractor and collect prior and future costs for home-to-work transportation. (Action: Embassy Yerevan)







## QUALITY OF LIFE

### MEDICAL UNIT

The embassy's medical unit combines state-of-the-art equipment and furniture to offer a comfortable and soothing setting for patients. The current Foreign Service nurse practitioner is the embassy's first-ever medical officer. He has received high praise from the embassy community and the medical unit staff. Additional staffing includes a local physician, a local nurse, and an administrative assistant.

### Administration of the Reimbursement Health Program

The medical unit is burdened with the task of assisting the LE staff to obtain health insurance reimbursements. The part-time local physician is a highly specialized cardiologist, but he has become a medical insurance adjuster for the 340 LE staff and their family members. Although the physician is eager to help, the medical unit's main purpose is to provide primary health care for the American employees and their family members and to be an emergency and occupational health care unit for the LE staff. The medical unit currently reviews all health insurance claims, calculates expenses, ensures receipts are accurate, and advises whether repayment should be made, performs investigations, and then files and maintains insurance claims in the unit. Normally, oversight of the LE staff health insurance program, as well as the medical files, is maintained in an embassy's HR office.

The local physician works three half days a week. He sets aside one to two hours to process about 30 to 40 insurance claims each week, which accounts for about 25 to 50 percent of his part-time schedule. The local physician has spent an inordinate amount of time, including personal time, visiting clinics and hospitals to see if medical claims are legitimate, if prescriptions are accurate, and if other health-related items are correct. In this effort, the physician has contributed the use of his personal vehicle, gas, and cell phone without reimbursement. On a recent visit, the regional medical officer inquired about the added duties and stated that the local physician's job is to see patients and liaise with the local medical community.

Conflict and contention have, at times, resulted from the local physician's attempts to explain claims, refusals, consequences, and other issues to LE staff. In addition, other medical unit staff have been blanketed with questions and calls for help. There is no doubt that the LE staff health insurance reimbursement program is an essential and valuable service, however, it is not part of the purpose of the medical unit.

**Recommendation 19:** Embassy Yerevan should reassign oversight of the medical reimbursement program and transfer the medical records of the locally employed staff from the medical unit to the human resources office and inform the locally employed staff of the new procedures for requesting assistance. (Action: Embassy Yerevan)

**Recommendation 20:** Embassy Yerevan should create a position in the human resources office for a locally employed reimbursement claims adjustor/investigator. (Action: Embassy Yerevan)

Although the medical facility is well equipped and spacious, some improvements of the physical and operational layout are needed. The health information of U.S. personnel and their family members is privileged and controlled by Privacy Act and other legislation. The local physician and nurse are currently seated in open cubicles where sensitive conversations could easily be overheard by others.

**Recommendation 21:** Embassy Yerevan should reconfigure the work spaces for the local physician and nurse and construct private office space for consultations now requiring examination rooms. (Action: Embassy Yerevan)

## Avian Influenza

The embassy held three town hall meetings dedicated to Avian Influenza and has also disseminated informational compact discs and brochures. The chargé chairs the Avian task group. A USAID health specialist visited the embassy and gave a



## THE AMERICAN EMBASSY OF YEREVAN EMPLOYEE ASSOCIATION

The American Embassy of Yerevan Employee Association provides a full range of services to the community including a commissary store, dry cleaning service, homeward bound mail service, and DVD/video rental. The current board and newly employed general manager are placing considerable effort on establishing effective recordkeeping and controls. The association, however, has not established a fund for the severance pay of Armenian employees as required by 6 FAM 531.3. The OIG team made an informal recommendation on this.

## MANAGEMENT CONTROLS

The annual statement of assurance of management controls for 2006 by the Chief of Mission, based on input from embassy sections, did not report any weaknesses. The management officer is the designated management controls officer. Overall, management controls are in place and working. However, controls over ACS items need strengthening.

The consular section introduced offsite machine-readable visa fee collection in the past year, and the process is working well. The consular cashier accepts only an occasional reciprocity fee in addition to ACS fees. The cashier turns over all collections at the end of the day to the Class B cashier, who receipts them quickly. The consular section chief also monitors the offsite fee collections and compares them with the number of applicants processed during the equivalent period.



## FORMAL RECOMMENDATIONS

- Recommendation 1:** The Bureau of International Security and Nonproliferation should reduce procurement time for equipment requested by the Export Control and Related Border Security program coordinator. (Action: ISN)
- Recommendation 2:** Embassy Yerevan should assign the supervision of all its non-immigrant and immigrant visa locally employed staff to the current senior nonimmigrant visa supervisor. (Action: Embassy Yerevan)
- Recommendation 3:** Embassy Yerevan should set up separate consular mailboxes on the Department's Sensitive But Unclassified network that all consular staff can access and monitor. (Action: Embassy Yerevan)
- Recommendation 4:** Embassy Yerevan should seek formal approval from the Bureau of Overseas Buildings Operations for development of a recreational area on the new embassy compound in lieu of construction of a recreational facility. (Action: Embassy Yerevan)
- Recommendation 5:** Embassy Yerevan should obtain approval from the Bureau of Overseas Buildings Operations for the rental of short-term functional property and use required lease forms and documents. (Action: Embassy Yerevan)
- Recommendation 6:** Embassy Yerevan should request, and the Bureau of Overseas Buildings Operations should fund, a garage/utility building. (Action: Embassy Yerevan, in coordination with OBO)
- Recommendation 7:** Embassy Yerevan should request, and the Bureau of Human Resources should approve, an increase in the total number of calendar days allowed for the maternity leave benefit in accordance with Article 172 of Armenia's Labor Code and the Department's leave policy. (Action: Embassy Yerevan, in coordination with DGHR)
- Recommendation 8:** Embassy Yerevan should request, and the Bureau of Human Resources should approve, the addition of a breastfeeding benefit consistent with Article 258 of Armenia's Labor Code and the Department's leave policy. (Action: Embassy Yerevan, in coordination with HR)

**Recommendation 9:** Embassy Yerevan should establish an enhanced tracking system that highlights due dates for employee performance reports. (Action: Embassy Yerevan)

**Recommendation 10:** Embassy Yerevan should implement procedures to notify the deputy chief of mission of delinquent employee performance reports for locally employed staff and eligible family members. (Action: Embassy Yerevan)

**Recommendation 11:** Embassy Yerevan should implement procedures to record instances of delinquent evaluations in the rater's performance evaluation. (Action: Embassy Yerevan)

**Recommendation 12:** Embassy Yerevan should establish an open access policy that permits and encourages any employee to use either fitness center. (Action: Embassy Yerevan)

**Recommendation 13:** Embassy Yerevan, in coordination with the Bureau of Resource Management, should solicit bids for the U.S. Disbursing Officer bank account agreement. (Action: Embassy Yerevan, in coordination with RM/FSC Bangkok)

**Recommendation 14:** Embassy Yerevan should establish a reorder system that factors in storage space and lead times for nonexpendable furniture, furnishings, and equipment. (Action: Embassy Yerevan)

**Recommendation 15:** Embassy Yerevan, in coordination with the Bureau of Diplomatic Security and the Bureau of Overseas Buildings Operations, should dispose of unneeded equipment transferred from the former chancery. (Action: Embassy Yerevan, in coordination with DS and OBO)

**Recommendation 16:** Embassy Yerevan should identify unused office space in the chancery either for the local employment advisor's office or for the relocation of the language program to another area that provides adequate space for their audio visual, language lab, instructional materials, and language instructor office. (Action: Embassy Yerevan)

**Recommendation 17:** Embassy Yerevan should incorporate the Export Control and Related Border Security vehicle into the embassy motor pool. (Action: Embassy Yerevan)



**Recommendation 18:** Embassy Yerevan should cease the provision of home-to-work transportation at no cost for the Export Control and Related Border Security personal services contractor and collect prior and future costs for home-to-work transportation. (Action: Embassy Yerevan)

**Recommendation 19:** Embassy Yerevan should reassign oversight of the medical reimbursement program and transfer the medical records of the locally employed staff from the medical unit to the human resources office and inform the locally employed staff of the new procedures for requesting assistance. (Action: Embassy Yerevan)

**Recommendation 20:** Embassy Yerevan should create a position in the human resources office for a locally employed reimbursement claims adjustor/investigator. (Action: Embassy Yerevan)

**Recommendation 21:** Embassy Yerevan should reconfigure the work spaces for the local physician and nurse and construct private office space for consultations now requiring examination rooms. (Action: Embassy Yerevan)

**Recommendation 22:** Embassy Yerevan should update information in the post report about the actual quality of education provided by the (b) (6)(b) (6) (b) (6)(b) (6)(b) (6) in Yerevan and disseminate that information to all relevant Department offices involved in the assignment and briefing process, including the Family Liaison Office, the Overseas Briefing Center, and the Bureau of Human Resources. (Action: Embassy Yerevan)

~~**SENSITIVE BUT UNCLASSIFIED**~~

~~**SENSITIVE BUT UNCLASSIFIED**~~

## INFORMAL RECOMMENDATIONS

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

### Assistance Coordination

The OIG team found isolated instances of uneven coordination of foreign assistance.

**Informal Recommendation 1:** Embassy Yerevan should establish thematic working groups to promote discussion among embassy offices and simplify decisionmaking at the embassy-wide assistance coordination group. A security, judicial, and law enforcement assistance working group should be included among these groups.

### Political and Economic Section

The political and economic section does not have basic planning documents to provide direction to its travel, representational, and reporting activities.

**Informal Recommendation 2:** Embassy Yerevan should establish travel, representational, and reporting plans for the political section.

The flow of cable traffic in the political and economic section is slow through the editing and clearance process.

**Informal Recommendation 3:** Embassy Yerevan should implement a tracking system for outgoing cables to speed editing and clearances.

### Public Diplomacy

The public affairs section monitors the Democracy Commission grants program. This hampers officers from the political and economic section from substantive involvement in projects that can expand and deepen their contacts.

**Informal Recommendation 4:** Embassy Yerevan should assign political and economic officers to act as grants programs officers to monitor grantee performance in Democracy Commission grants projects directly related to their portfolios.

## Consular Section

The consular section has not established a telephone tree to answer the most common questions about consular processing, office hours, getting an interview time, etc. The section has one full-time LE staff member who answers the phone and provides this type of routine information.

**Informal Recommendation 5:** Embassy Yerevan should implement a telephone tree to free up one staff member's time and provide 24-hour information during nonworking hours.

The noise level in the consular waiting area is very high. Without even trying, all waiting visa applicants can hear every detail of ongoing interviews. In this high fraud consular section, the lack of privacy can jeopardize efforts to ascertain instances of fraud through interview techniques. Embassy Tbilisi has alleviated some of its noise problems with padded room dividers.

**Informal Recommendation 6:** Embassy Yerevan should request photos from Embassy Tbilisi and purchase similar padded room dividers to form pseudo cubicles and mitigate unwanted interview noise.

The consular section has an NIV intake process that bottlenecks at the cashier window and then passes passports and applications to a second visa assistant for data entry before cases finally reach an interviewing officer. NIV intake could be streamlined if two or more visa assistants entered data in a one-step process. The section needs two new cameras and bar code scanners in order to implement a more efficient intake procedure.

**Informal Recommendation 7:** Embassy Yerevan should order two additional digital cameras and bar code scanners from the Bureau of Consular Affairs in order to streamline the nonimmigrant visa intake process.

## Human Resources

The HR office does not track the preparation and receipt of work requirements statements for the American employees or for work and development plans for local employees. These documents were missing from some employee files.





## PRINCIPAL OFFICIALS

	Name	Arrival Date
Chargé	Anthony F. Godfrey	08/04
Chiefs of Sections:		
Management	Lawrence L. Hess	09/05
Consular	Mary P. Stickle	06/04
Political/Economic	Stephen B. Banks	08/06
Public Affairs	Thomas D. Mitnacht	08/06
Regional Security	Victor M. Ciapas	05/05
INL	William D. Douglass	07/06
Other Agencies:		
Defense Attaché	COL Russel L. Grimley	07/05
Office of Defense Cooperation	LTC Doug B. Peterson	08/06
Peace Corps	Lee H. Lacy	06/07
U.S. Agency for International Development	Karl W. Fickenscher	08/04
U.S. Customs	Paul J. Shott	03/07
U.S. Department of Agriculture	Sean O. Carmody	02/06
U.S. Treasury	Ara Og hoorian	08/05
U.S. Department of Justice	Cynthia W. Lie	04/06
Millennium Challenge Corporation	Alex J. Russin	06/06





## ABBREVIATIONS

ACS	American citizens services
Chargé	Chargé d'affaires
DCM	Deputy chief of mission
Department	Department of State
DIN	Dedicated Internet network
DS	Bureau of Diplomatic Security
EEO	Equal Employment Opportunity
EFM	Eligible family member
	Entry-level officer
EUR	Bureau of European and Eurasian Affairs
EXBS	Export Control and Related Border Security
FSA	Freedom Support Act
FSN	Foreign Service national
FPU	Fraud prevention unit
HR	Human resources
IMO	Information management officer
IV	Immigration visa
LE	Locally employed
MCC	Millennium Challenge Corporation
MSP	Mission Strategic Plan
NEC	New embassy compound
NIV	Nonimmigrant visa
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
PAO	Public affairs officer
USAID	U.S. Agency for International Development

~~SENSITIVE BUT UNCLASSIFIED~~

~~SENSITIVE BUT UNCLASSIFIED~~