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

Report of Inspection

Embassy Dili, East Timor

Report Number ISP-I-05-30, September 2005

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TABLE OF CONTENTS

KEY JUDGMENTS	1
CONTEXT	3
EXECUTIVE DIRECTION	5
Leadership	5
Security	6
Mission Performance Plan	6
Country Team	6
POLICY AND PROGRAM IMPLEMENTATION	9
Reporting	9
Public Diplomacy	10
Consular Services	10
Security	11
RESOURCE MANAGEMENT	15
Staffing	15
Human Resources	16
Information Management and Information Technology Security	18
Real Property	21
MANAGEMENT CONTROLS	23
FORMAL RECOMMENDATIONS	25
INFORMAL RECOMMENDATIONS	27
PRINCIPAL OFFICIALS	29
ABBREVIATIONS	31

CONTEXT



Timor leapt from obscurity onto the world stage in 1974 when Portugal began to rapidly decolonize the territory, leaving a power vacuum in Dili. The Timorese themselves divided into factions and debated - sometimes violently - the future of the country. Before the debate was settled, Indonesia stepped in, crushed Timorese aspirations, and ruled so brutally that worldwide outrage coupled with political change in Jakarta led to a UN-supervised

referendum in 1999. Although the vast majority of Timorese chose independence, bloodshed erupted, and Indonesian-backed militias rampaged through the country destroying more than 70 percent of the country's infrastructure, forcing more than 200,000 people to flee across the border to West Timor, and murdering approximately 1,400 people. A UN intervention force ended the bloodshed, and, after two years of tutelage under the UN, East Timor became an independent republic on May 20, 2002. A U.S. embassy was established in the capital, Dili, the same year. The Congress supported only the use of \$7 million in FY 2002 to fund the construction of an unclassified facility, and only \$5 million in FY 2003 for a classified annex and a Chief of Mission residence.

Known officially as the Democratic Republic of Timor-Leste, the country has an estimated 950,000 people, most of them Catholic. It is the poorest country in Asia and has extremely high child and maternal mortality rates. East Timor's hope lies in the development of its oil and gas resources. In 2005 alone, the country will export \$243 million of oil and gas. If an expected agreement with Australia over the resources in the Timor Sea is reached, energy exports will increase dramatically. Although the exploitation of offshore resources will make the country richer, the challenge of modernizing East Timor will remain.

Nationbuilding is the task at hand for the Timorese and its friends, including the United States. Sandwiched between Indonesia, with which it shares the island of Timor, and offshore Australia, East Timor must balance its own interests with those of its two powerful neighbors.

Orderly Department operations appear to be proving as difficult for the United States as nationbuilding is for the Timorese. In a scant three years, embassy Dili has had five temporary management officers, and a sixth is on the way. Indeed, a number of operational concerns led the Office of Inspector General (OIG) to conduct a management review in November 2003.¹ The Department is not unique in its startup problems, because the Peace Corps has gone through nine directors and 12 deputies in three years.

The official American presence is minimal and includes nine American personnel working for the Department, the U.S. Agency for International Development (USAID), the Department of Justice, and the Department of Defense. There are six U.S. personal services contract staff of all agencies and approximately 130 locally employed staff in addition to 50 Peace Corps volunteers. Economic assistance is about \$22.5 million a year, and there is a modest military training and grants program.

¹Office of Inspector General, *Management Assessment Review of Embassy Dili, East Timor*, Report Number ISP-I-04-05A, January 2004.

EXECUTIVE DIRECTION

LEADERSHIP

An Ambassador with strong human rights experience and relevant knowledge of East Timor's struggle for independence has headed Embassy Dili almost since its independence in 2002. The Ambassador is said to be the only envoy that has learned the local language, Tetum, and this fact contributes significantly to the positive American image in this tiny country.

The Ambassador heads a thinly staffed mission that has suffered enormously from personnel gaps. He receives exceptional support from a DCM who functions also as the management and security officer. This makes no sense. An embattled entry-level officer serves as political/economic/commercial/public affairs/consular officer; another overwhelmed officer serves as information management officer/general services officer. Understandably, reporting suffers, (b) (2)(b) (2)(b) (2) (b) (2)(b) (2)(b) (2)(b) (2) , there is virtually no public affairs program, (b) (2)(b) (2) (b) (2)(b) (2)(b) (2) In this newly minted embassy, FSNs do not receive much needed mentoring.

Morale

FSN morale is generally high, thanks in large part to the Ambassador's attention. That same attention is not lavished on American staff, some of whom feel undervalued and overworked. The Ambassador's very deliberate management style does not facilitate ease of operations because he tries too hard to factor his views into everything, be it reporting, management of USAID's program, or the recruitment of security guards. This is not to say that the Ambassador's concerns are not often valid, but ease of operations and morale can suffer under his style.

Entry-Level Officer Program

The one entry-level officer assigned to Dili serves on a one-year tour as economic/political/public affairs/consular officer. He is rightly considered essential

USAID plays a critical role in East Timor and administers approximately \$22.5 million in economic support funds, focused primarily on economic growth, good governance, and improved health of the Timorese, notably women and children at greatest risk. The cost-effective health program could have an immediate impact on health if the Timorese use the inexpensive mosquito netting that USAID will provide. USAID and ICITAP seek to strengthen the rule of law by training both the judiciary and police. The Department of Justice's \$500,000 ICITAP program provides a key advisor to the Ministry of Interior and assists in the development of an internal affairs unit that will demand respect for human rights from the country's fledgling police force. Peace Corps volunteers, soon to increase to 55, assist with local governance as well as health and community development.

POLICY AND PROGRAM IMPLEMENTATION

REPORTING

Political reporting has taken a quantum leap in the past 18 months, as the Ambassador and the political/economic/public affairs/consular officer have become far more active. Earlier, there was virtually no reporting. Notwithstanding criticism contained in the following paragraphs, geographic bureau officials felt that Embassy Dili's reporting has improved continually over the past year, both in terms of style and content. This is no small achievement at a beleaguered post with virtually no previous reporting experience.

The April antigovernment protests were covered in some detail, reflecting the post's mastery of local politics. Although reporting on security threats to East Timor's future has been toned down considerably, Washington readers still question statements such as the one contained in the FY 2007 MPP. To wit, "East Timor continues to face significant threats to its peace and security. One such threat is posed by the remnants of anti-independence militias that participated in the 1999-era violence. Some of these groups are now engaged in various criminal activities on both sides of the border."

The embassy needs to report more cautiously on what Washington readers perceive as unlikely threats from Indonesia and now largely disbanded militias said to operate out of West Timor. Economic reporting is almost nonexistent.

The Ambassador might do well to split his reporting portfolio with the entry-level officer, enabling the officer to report more easily, for example, on economic and social matters. The embassy needs to learn more about East Timor's model petroleum revenue trust fund and how disbursements will be made. With almost \$250 million expected in 2005, this vital source of development revenue should not be overlooked. In the unlikely event that time is found, Washington readers would welcome think pieces on East Timor's future, factoring in issues such as oil revenues, rampant population growth, and corruption.

Washington intelligence analysts relish the detail contained in some of the embassy's messages. Nevertheless, almost all reporting would benefit from greater brevity and a summary paragraph that is not an introduction but a recap of material contained in messages. Embassy Dili should not lose sight that it is a small post with generally minimal U.S. interests.

PUBLIC DIPLOMACY

It is hard to imagine a country enjoying a reputation better than the one the United States has in East Timor. The highly popular Ambassador and some 50 Peace Corps volunteers make an enormous difference in a country of under one million persons.

However, East Timor desperately needs training, and the post has lost leadership opportunities due to its own inaction. Embassy Dili, for example, failed to select two candidates for the 2004 International Visitors Program. There was a perception in the Department that the program got stuck in the Ambassador's office, and this is probably the last thing the Ambassador wished to see happen. It is evidence, however, that he must delegate more forcefully.

CONSULAR SERVICES

Embassy Dili offers basic American citizens consular services. This work is performed in timely, efficient fashion. The embassy demonstrated particular initiative by negotiating a new visa reciprocity schedule that will benefit Americans and Timorese alike.

About 200 American citizens live in the embassy's consular district. There are few tourists. Americans work mainly for international organizations with well-organized support systems. An officer who spends about 15-20 percent of his time on consular matters ordinarily executes 100 passport related services a year. He oversees an emergency warden system, visits arrested American citizens, responds to public inquiries, provides voting information, and supplies other services.

Potential visitors to the United States may obtain basic information from the Dili office but apply for visas elsewhere, chiefly at the embassy in Jakarta. That embassy also provides almost all immigrant visa services. A formal memorandum of understanding between Embassy Dili and Embassy Jakarta describes the ar-

rangement. Most Timorese do not travel overseas, and there is no history of document fraud. Other posts in the region assist with Embassy Dili's nonimmigrant visa work to varying extents. Nonetheless, the embassy expends considerable effort in supplying visa-related information to applicants as well as arranging visa interview appointments.

Consular space includes a public waiting and service room that seats 12 people. The area is clean and boasts easy wheelchair access. However, the officer's space is about 60 feet from it. Though entry into the general mission compound appears well protected, consular clients walk from the gate to the consular waiting area, a distance of about 200 feet.

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RESOURCE MANAGEMENT

Agency	U.S. Direct - Hire Staff	U.S. Local-Hire Staff*	Foreign National Staff	Total Staff	Total Funding (millions)
State	6	2	113**	121	1.4
Peace Corps	3	1	8	12	.8
Defense -Office of Defense Cooperation	1		1	2	.1
U.S. Agency for International Development - Economic Support Funds	1	4	12	17	22.5#
International Criminal Investigative Training Assistance Program - (ICITAP)***	0	2	2	4	.3
Totals	11	9	136	156	\$ 25.1

Data provided by Embassy Dili

* Includes U.S. Personal Service Contractors

** Includes 96 Local Guards

***Program temporarily suspended pending resolution of funding issues

#Amount includes funding for both programs and operating expense

Embassy Dili has not been well served by the Department, particularly in the staffing of American positions. In addition, construction projects have experienced challenges in the form of earthquakes and logistical delays that have impacted work on the interim office building annex and the Chief of Mission residence. Furthermore, the decrease in funding from Congress has resulted in a reduction of the scope of work.

STAFFING

At the time of the inspection this small post did not have an RSO or a management officer. Both are sorely needed. Imminent turnover will also take a toll. The DCM, who wears several hats including that of management officer/human re-

REAL PROPERTY

Embassy Dili moved to its present compound site in 2004. The interim office building was accepted by OBO in April 2004. Much work remains to be done. A local contractor is completing the renovation of the representational areas of the Chief of Mission residence scheduled for late Summer 2005. Work, which will require funding, will still need to be performed to make the living quarters of the Chief of Mission residence habitable. OBO and post are also working together to address the maintenance and sustainability of the newly constructed facilities. In addition, OBO has already provided a civil engineer to post to address the drainage problem noted by the post. OBO also awarded a contract to connect the compound to utility power to eliminate the post's concerns over the generator operation.

MANAGEMENT CONTROLS

The Chief of Mission certification submitted July 20, 2004, prepared and signed by the chargé stated that there were reasonable assurances that management control objectives were achieved and did not highlight any material weaknesses. However, the certification also pointed out the need for additional staffing, both American and national employees. A risk assessment made April 2005 pointed out weaknesses in virtually every administrative area. OIG attributed the weaknesses to the lack of staffing, experience, and training of both the American and FSN staff.

Cashier operations were particularly weak. The incumbent cashier had no formal training, and, because of a conflict of interest, the one qualified officer - the DCM - could not supervise and oversee the cashier. Instead, the responsibility was given to the one American office management specialist who also had no experience or training. Problems were inevitable. A significant variance was not resolved for almost a year and required on-site intervention of personnel from the Financial Services Center, Bangkok and the financial management office, Jakarta.

Recommendation 9: Embassy Dili should transfer cashier supervisor responsibilities to an American such as the management officer, deputy chief of mission, or administrative assistant and provide the designated supervisor with the required training. (Action: Embassy Dili)

Procedures for the collection of telephone bills for personal calls made by embassy personnel need strengthening. Monthly notices sent by the cashier to individuals are, in many instances, ignored. One individual has bills outstanding for over a year. In this case, the embassy is initiating debt collection procedures. Others have outstanding bills for several months.

Recommendation 10: Embassy Dili should establish procedures for the collection of telephone bills that require intervention of the deputy chief of mission when individuals are delinquent. (Action: Embassy Dili)

Recommendation 8: Embassy Dili should request that the Bureau of Information Resource Management correct the errors in the reports generated by the system management server. (Action: Embassy Dili, in coordination with IRM)

Recommendation 9: Embassy Dili should transfer cashier supervisor responsibilities to an American such as the management officer, deputy chief of mission, or administrative assistant and provide the designated supervisor with the required training. (Action: Embassy Dili)

Recommendation 10: Embassy Dili should establish procedures for the collection of telephone bills that require intervention of the deputy chief of mission when individuals are delinquent. (Action: Embassy Dili)

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.

Key operational processes (b) (2)(b) (2)(b) (2)(b) (2) and monthly reviews of user libraries and word-processing documents do not exist. Records management guidance includes the requirement that users review and delete electronic mail regularly to prevent overloading the system (5 FAM 751). Other procedures are incomplete or incorrect.

Informal Recommendation 1: Embassy Dili should correct the password acknowledgement form and remove references to nonexistent documentation.

Informal Recommendation 2: Embassy Dili should develop procedures for review of patch management, user libraries, and electronic mail. These procedures should require that users delete electronic mail from the deleted and sent mail folders.

Employees were visiting sexually explicit web sites as well as gambling sites (5 FAM 723 (6)). OIG also found movie and audio files that are not work-related being stored on government equipment.

Informal Recommendation 3: Embassy Dili should develop and distribute standard operating procedures reminding employees about the consequences of improper use of U.S. government equipment. This procedure should define the process for identifying and reporting inappropriate use to the supervisor and the human relations office as well as the employee.

The local configuration control board has not approved the use of "thumb drives" and there are no controls in place to ensure the appropriate use of this technology.

Informal Recommendation 4: Embassy Dili should review and approve the use of "thumb drives" and develop and implement controls for the use of this technology.

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Informal Recommendation 5: Embassy Dili should develop contingency (b) (2)(b) (2) plans. The contingency plan should be coordinated with the Emergency Action Plan.

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Informal Recommendation 6: Embassy Dili should fix the heating and air conditioning in the telephone frame room and locate an emergency power-off switch outside the server room.

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Informal Recommendation 7: Embassy Dili should restrict employee access to the information necessary to perform their jobs.

Informal Recommendation 8: (b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)(b) (2)
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Informal Recommendation 9: Embassy Dili should remove access privileges from individuals who have not taken the mandatory training.

PRINCIPAL OFFICIALS

	Name	Arrival Date
Ambassador	Grover Joseph Rees	12/02
Deputy Chief of Mission/ Management Officer	Sean B. Stein	05/03
Chiefs of Sections: Consular/Political/Economic/ Public Affairs	Curtis R. Ried	08/04
Other Agencies: U.S. Agency for International Development	Dr. Charles Oliver	04/04
U.S. Department of Defense - Office of Defense Cooperation	Major Wayne Turnbull	10/04
U.S. Department of Justice - International Criminal Investigative Training Assistance Program	James Roberts/Karl Clark	TBD
U.S. Peace Corps	Frank Yanicheck	11/04

ABBREVIATIONS

CAA	Controlled access area
CAC	Compound access control
DCM	Deputy chief of mission
Department	Department of State
FSN	Foreign Service national
HR/OE	Office of Overseas Employment
ICITAP	International Criminal Investigative Training Assistance Program
LGF	Local guard force
MPP	Mission Performance Plan
OBO	Bureau of Overseas Buildings Operations
OIG	Office of Inspector General
RSO	Regional security officer
USAID	U.S. Agency for International Development