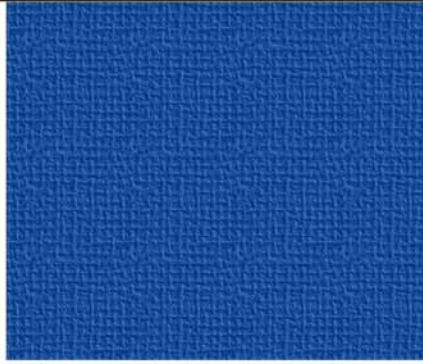


# Human Capital Strategic Plan, 2004–2008

## *Building a New Generation*

USAID STRATEGY



## Cover photos

*Top left, Eileen Oldwine, recently retired USAID/South Africa Deputy Director holds a baby at an HIV/AIDS project in Durban. Top right: USAID/Peru staff during Phoenix training. Center: Richard Rousseau and Jaouad Bahaji, USAID/Morocco, discuss the positive results of a USAID-funded small-scale irrigation project in Agadir with a member of a rural community association. Bottom right: Deputy Assistant Administrator Gloria Steele visits a women's group in Hissar, Tajikistan. Bottom left: Fenton Sands of the Bureau for Africa provides outreach education to elementary students in Washington, D.C.*

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**Human Capital Strategic Plan,  
2004–2008**

***Building a New Generation***

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U.S. Agency for International Development

AUGUST 2004



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# PREFACE

The USAID Human Capital Strategic Plan has emerged from USAID's business transformation initiatives and is directly aligned with the first goal of the President's Management Agenda (PMA)—Strategic Management of Human Capital. By providing the Agency with the human and intellectual capital required to meet USAID's expanded national security mandates, the Human Capital Strategic Plan supports directly the mission stated in the USAID-State *Strategic Plan: Fiscal Years 2004–2009*:

*Create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.*

In addition, the Human Capital Strategic Plan unifies a number of separate efforts underway in the Agency and provides a framework within which they form contributing parts.

The USAID Human Capital Strategic Plan is a plan, not an implementation report. It is accompanied by an accountability system (known in USAID as a Performance Management Plan [PMP]) that comprises a management information system for monitoring implementation of the plan. The PMP lays out indicators, baselines, and targets that 1) will be used to assess progress toward realizing the plan's objectives, and 2) are closely linked to the Office of Personnel Management's (OPM) Human Capital Assessment and Accountability Framework (HCAAF).

The principal actors in USAID who have been engaged over the last 18 months in defining and beginning to implement the Agency's Human Capital Strategic Plan are the following:

- The USAID Business Transformation Executive Committee (BTEC), chaired by the Deputy Administrator, which provides oversight and direction to all the Agency's business transformation initiatives
- The BTEC Human Capital Subcommittee, responsible for development of the Human Capital Strategic Plan
- Working groups under the BTEC Human Capital Subcommittee in key areas—such as workforce planning, accountability, leadership, and performance management—that have performed outstanding work researching issues and providing recommendations
- Team leaders for the five SOs of the Human Capital Strategic Plan, under the leadership of the Human Resources Director and Chief Human Capital Officer

Across the Agency, a number of business improvement initiatives related to the strategic management of human capital are now underway or have recently been completed. In combination with the Human Capital Strategic Plan, these and other efforts will enable USAID's human and intellectual capital to support the Agency's overall mission and pursue U.S. national security interests abroad. Taken together, these initiatives support the implementation of the Human Capital Strategic Plan and also help address the HCAAF's six Standards of Success. These initiatives are as follows:

- Completion of the USAID Overseas Workforce Study (September 2003) to develop criteria and models for rational, transparent, and effective allocation of overseas staff

- Completion of the Overseas Business Model Review (completed in April 2004) to review key USAID business processes and align Agency operations more effectively with U.S. foreign policy, development, and humanitarian relief objectives (with emphasis on increased use of regional platforms)
- Defining a performance metrics system—the PMP—as an accountability framework for the Human Capital Strategic Plan (included with this document)
- Revising the Agency’s overall performance management system for evaluating employee performance, as well as the performance management systems for the Senior Executive Service (SES) and the Senior Foreign Service (SFS)
- Ongoing development of an integrated workforce planning capability to analyze key competencies, identify skill gaps, and provide Agency managers with the necessary information for effective staff recruitment, training, and deployment
- Formulation of an Agency Knowledge for Development (KfD) strategy (approved in July 2004) to ensure USAID staff have the knowledge they need to fulfill USAID’s mission
- Preparation of policy and strategy papers—including the USAID “White Paper” (*U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century*), a new Agency policy on USAID’s role in managing and mitigating conflict, and a strategy on assistance to fragile states—to help position USAID to meet new challenges and seize opportunities in fulfilling the Agency’s mission and addressing U.S. national security interests
- A study, just begun, to analyze diversity issues and to develop a strategy for incorporating affirmative employment goals into USAID’s workforce planning
- Assessing headquarters-to-field staff alignment
- Development (in several stages) of an integrated human resources information system

Under the umbrella of the Human Capital Strategic Plan, this panoply of efforts focusing on the strategic management of human capital addresses all six HCAAF standards at the broader strategic level as well as at the more operational levels of critical success factors and “elements of yes.” The six HCAAF standards for success are

- strategic alignment
- workforce planning and deployment
- leadership and knowledge management
- results-oriented performance culture
- talent
- accountability

Examples of how the USAID Human Capital Strategic Plan addresses the HCAAF standards are as follows:<sup>1</sup>

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<sup>1</sup> See Annex 1 for a more detailed discussion of where the Agency has addressed the HCAAF standards and the critical success factors.

- *Strategic alignment.* The Human Capital Strategic Plan is strategically aligned with our Agency-wide mission, goals, and organizational objectives as defined in the USAID-State *Strategic Plan: Fiscal Years 2004–2009*. Human resources professionals and key stakeholders are involved in the Agency’s strategic and workforce planning efforts, especially through the BTEC Human Capital Subcommittee. To set human capital goals, the plan’s PMP also uses government-wide and international benchmarks (such as those in the Federal Human Capital Survey, peer review by the Development Assistance Committee of the Organisation for Economic Co-operation and Development, and national diversity profiles from national civilian labor force statistics).
- *Workforce planning and deployment.* Among others, the ongoing workforce study will help meet the second HCAAF standard for success. While existing demographic data and workforce profiles have been used to develop the Human Capital Strategic Plan, the workforce study will more clearly identify and analyze current and future human capital needs, size and deployment across the organization, and competencies needed for the Agency to fulfill its mandate and goals. As such, the workforce study is critical as the Agency embarks on the implementation of the Human Capital Strategic Plan. Workforce data and analysis are being used—and will continue to be used—as basis for human capital decisions.
- *Leadership and knowledge management.* The third HCAAF standard for success is being met by identifying and addressing current and emerging leadership needs. Continuity of leadership is being addressed through various means, such as monitoring the midlevel workforce and availability of mentors, tracking women and minorities in career ladders, and analyzing workforce distribution by function, career level, and eligibility for retirement. An established training program will support the implementation of the plan, thus responding to the training and development needs of the Agency’s core functional groups. A related business improvement initiative, the Agency’s KfD strategy, enables an improved flow of knowledge among USAID/Washington, field missions, and partners that can assist the Agency in its strategy, budgetary, and annual reporting review processes.
- *Results-oriented performance culture.* The Human Capital Strategic Plan promotes the fourth HCAAF standard for success by ensuring that Agency employees have undeterred access to information regarding Agency goals and key strategy and policy papers. Among other benefits, the plan will help improve the direct line of sight between employee performance and agency goals and provide for a performance system that differentiates between high and low performance.
- *Talent.* The HCAAF fifth standard for success is addressed by the plan by appropriately locating mission-critical competencies where needed and developing strategies to close skill gaps. Recent and ongoing efforts, such as the business model review, the workforce study, the headquarters-to-field staff alignment study, and the diversity study, will inform this process.
- *Accountability.* The sixth HCAAF standard for success is met by a PMP with clear indicators and targets that will be tracked throughout the duration of the Human Capital Strategic Plan.

# ABBREVIATIONS AND ACRONYMS

AA	assistant administrator
AA/M	Assistant Administrator for Management
AC	Appraisal Committee
AD	administratively determined
ADS	automated directives system
AEF	annual evaluation form
AFSA	American Foreign Service Association
BTEC	Business Transformation Executive Committee
CASU	Cooperative Administrative Support Unit
CDC	Centers for Disease Control
DAA	deputy assistant administrator
DCHA	Bureau for Democracy, Conflict, and Humanitarian Assistance
DRI	Development Readiness Initiative
EGAT	Bureau for Economic Growth, Agriculture, and Trade
EOP	Office of Equal Opportunity Programs
EXO	executive officer
FEI	Federal Executive Institute
FS	Foreign Service
FSA	Freedom Support Act
FSN	Foreign Service National
FSO	Foreign Service Officer
GAO	General Accounting Office
GC	Office of the General Counsel
GH	Bureau for Global Health
GS	General Schedule (civil service)
HCAAF	Human Capital Assessment and Accountability Framework (OPM)
IBMR	International Business Model Review
ICASS	International Cooperative Administrative Support Services
IDI	International Development Intern
IDP	individual development plans
IPAO	Intergovernmental Personnel Act
IR	intermediate result
IRM	M/Office of Information Resources Management
JCCO	Joint Career Corps
KfD	Knowledge for Development
LCE	limited career extension

LPA	Bureau for Legislative and Public Affairs
M	Bureau for Management
MCA	Millennium Challenge Account
MCC	Millennium Challenge Corporation
M/HR	Office of Human Resources, Bureau for Management
M/OP	Office of Procurement, Bureau for Management
NEP	new entry professional
NFC	National Finance Center
ODA	official development assistance
OE	operating expense
OECD/DAC	Organisation for Economic Co-operation and Development/Development Assistance Committee
OIG	Office of Inspector General
OMB	Office of Management and Budget
OPM	Office of Personnel Management
PART	performance assessment rating tool
PASA	Participating Agency Services Agreement
PEPFAR	President's Emergency Plan for AIDS Relief
PMA	President's Management Agenda
PMF	presidential management fellow
PMI	presidential management intern
PMWG	Performance Management Working Group
PMP	performance management plan
PPC	Bureau for Policy and Program Coordination
PSC	personal services contract
RF	results framework
RIF	reduction-in-force
RSSA	Resources Support Servicing Agreement
SEED	Support for East European Democracies
SES	Senior Executive Service
SFS	Senior Foreign Service
SMG	Senior Management Group
SO	strategic objective
TAACS	Technical Assistance for AIDS and Child Survival
TCN	third-country national
USDH	U.S. direct-hire
USPSC	U.S. personal services contractor
WAE	when actually employed



*USAID/Jordan staff with Secretary of State Colin L. Powell in Amman.*

# EXECUTIVE SUMMARY

President Bush, Secretary of State Powell, National Security Advisor Rice, and congressional leaders from both sides of the aisle have identified development as an important dimension of the U.S. international agenda. Along with diplomacy and defense, development is now the third principal dimension in pursuing the national security objectives of the United States. On the development front, the U.S. Agency for International Development (USAID) is the lead U.S. Government agency that delivers programs to tackle the root causes of crisis, conflict, and terrorism—poverty, inequity, and loss of hope—and is expected to play a cardinal role in supporting the fundamental U.S. national security goal of “keeping America secure and prosperous.”

Many of the international problems confronting the United States, such as failed governance, poverty, disease, famine, ignorance and suffering, and disaster and conflict, are grounded in development issues. USAID is the premier U.S. Government instrument for addressing these problems, and it has an excellent track record for quick and effective response. To continue to play a reliable and valuable role in supporting our national security challenges will require USAID to reverse the impact of years of inadequate investment and management of its human resources. After more than a decade of erosion of its human capital, USAID’s development readiness is seriously compromised. The Agency must rebuild its most valuable asset—its people—and the systems that recruit, train, assign, and support these people, through a new and aggressive human capital strategy. We must address the vulnerabilities that exist, such as having little or no surge capacity to respond to emergencies, which forces us to rob ongoing programs for staff to the detriment of both; field positions that remain unfilled; staff who lack essential job skills and leadership training; long gaps in the field and Washington before replacements arrive; and high stress and poor morale. We must adjust to the dramatic rise in complexity of the issues that USAID personnel must address and acquire new development skills to address them effectively.

This Human Capital Strategic Plan identifies and addresses critical short-term needs and how to meet them; how to assure personnel are strategically aligned; and methods to grow new leadership and rebuild our human resources capacity for the long term to meet the new challenges and assure accountability.

## The Crisis

USAID, like all U.S. Government agencies engaged in international assistance, must reassess its objectives, priorities, organizational structures, and human capital resources to address issues of crisis, conflict, and terrorism. The end of the Cold War led to a period of retrenchment in support of the foreign affairs agencies. As crises developed, USAID received program funds to mount new operations, but was generally expected to support those efforts from a limited operating expense (OE) account. Program innovation and operating economies allowed the Agency to initiate more than 20 new overseas programs in the early 1990s in the former Soviet Union at the same time that overall U.S. direct-hire (USDH) Agency staffing dramatically declined. This decline, in part, reflects the overall U.S. Government failure to address succession of its aging workforce, severe downsizing, and inadequate funding for recruitment training, as well as investment in information technology.

Yet, USAID’s human capital gaps are more serious than those of most other U.S. Government agencies. Insufficient OE funds over time, staff reductions and lack of hiring, poor resource

choices and technology investments in the 1990s, elimination of most training, and a painful reduction-in-force (RIF) have resulted in the human capital crisis USAID now faces. How serious is the crisis? We recognize that related vulnerabilities could lead to mission failure. We could find ourselves unable to fulfill key aspects of our mandate or discharge adequately our fiduciary and program oversight roles simply because we will not have enough people to do the work. USAID's failure to perform its mission would damage significantly the ability of the U.S. Government to pursue vital U.S. national interests of security and prosperity in the developing world, for economic development is one of the most potent tools in the fight against instability and terrorism.

The government-wide move toward reducing the federal workforce led to declining direct-hire staff levels in the 1990s. This decade of downsizing generated a host of human capital challenges. The RIF cost the Agency many of its most senior and experienced officers—those who would also mentor and prepare future leaders. The RIF, high staff attrition rates, and elimination of leadership training or “second” positions and internal training for midlevel officers penalized a generation of new employees and brought into clear focus the potential problems of having a highly graded and experienced workforce with an average age of 48 years. USAID expects continuing high levels of retirements over the next five years—again, many of the most senior, experienced, and hard-to-replace employees. Actions taken and decisions made in the 1990s left us without the depth of expertise, new leadership, and numbers of staff needed to address today's challenges and mandates. In effect, we have lost a generation of USAID leadership and placed USAID's institutional memory in jeopardy. Without appropriate corrective action and intervention, the situation may become untenable.

Today, USAID manages programs in over 150 countries, 78 of which have USDH presence. The 78 overseas operations are managed by 230 fewer Foreign Service officers (FSOs) than were overseas in 1995. The total overseas staffing loss since 1995 is 681. The Agency is responsible for another 74 country programs<sup>2</sup> where direct-hire staff are not present, but other workforce members provide oversight and management. Staffing has now stabilized at these low levels, but most operating units have been forced to delete needed positions, and remaining positions have high vacancy rates.

At the end of the 2003 assignment cycle, the loss of staff and positions—many of them FSO training positions—left USAID with 42 Foreign Service (FS) positions overseas unfilled. We simply do not have the people to fill existing overseas positions. Replacements in both field and Washington positions are delayed as a result.

## USAID Response

In the late 1990s, USAID began responding to its human capital crisis. Constriction of OE and staff resources forced the Agency to find ad hoc, creative methods of hiring both direct-hire and nondirect-hire employees to fulfill its expanding mandate in more and more development sectors and countries, pre- and post-conflict, and crisis management situations. This resulting array of hiring authorities is complex, and is neither centrally nor efficiently managed.

USAID is and has been in the grip of a serious human capital crisis that threatens its ability to fulfill its mission. In spite of our continuing resource limitations, however, the Agency has found short-term methods to address critical staffing problems and stabilize our situation. Since 1999, we have hired 200 midlevel New Entry Professionals (NEPs) and 47 Presidential Management

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<sup>2</sup> These programs can be managed in four ways: by a U.S. personal services contractor (USPSC), Foreign Service national (FSN) in the country, USAID/Washington, or by a regional center outside of the country.



Fellows (PMFs); reinstated the International Development Intern (IDI) program; reinstated leadership and language training; and requested money in the FY 2004 and FY 2005 budgets to hire staff above attrition rates. But band-aids will not suffice. USAID workforce analysis indicates the need for a minimum 250 additional direct-hire staff above attrition to remain a viable agency and execute the expanded development, reconstruction, and humanitarian relief mandates we have been assigned as U.S. foreign policy objectives.

Currently, USAID is trying to meet the demands of staffing new programs in Afghanistan, Pakistan, and Iraq. Swift implementation of the postwar program in Iraq is depleting human capital capacity at every level. Failure in either new or ongoing programs has implications for U.S. policy that go far beyond the Agency. The Millennium Challenge Account (MCA) and other presidential initiatives, including HIV/AIDS, pose significant new human capital challenges for which USAID's role is not yet clear.

USAID must stabilize its precarious human capital situation with a long-term solution. We must strike a balance between addressing immediate, short-term needs and making the decisions that will shape the future workforce. In this Human Capital Strategic Plan, USAID presents a plan to revitalize the Agency and rebuild the quantity and quality of human and intellectual capital required to meet the development, conflict, and humanitarian challenges it now faces in the developing world. This five-year plan presents the strategic objectives (SOs) and describes the priority activities that USAID will undertake to address the most critical skill gaps and test models for replication over the planning period. In addition, the plan outlines planning and assessment activities that are needed to better understand the entire workforce and make critical decisions about future business models and deployment in a less secure world.

Starting from the problem definition summarized here, BTEC's Human Capital Subcommittee met for a long working session to identify a tentative set of broad objectives. Over 2003, the subcommittee revised and reformulated the aims of the Human Capital Strategic Plan into the five SOs in the current draft. For example, diversity was at one time embodied in each of the other objectives, but the subcommittee decided that there should be a separate objective for a more diverse workforce.

Under this Human Capital Strategic Plan, the Agency is developing a comprehensive workforce plan that will allow it to define more precisely its human capital competencies, existing gaps, and future goals. Already underway or completed are a workforce analysis focused on competencies and skill gaps, an accountability working group focused on a results framework (RF), an overseas staffing template, and an overseas business model study.

The goal of the plan is to fill the most critical short-term skill gaps while simultaneously defining new, more effective, and less costly business models. By the end of the planning period, this will ensure that the Agency can

*get the right people, in the right place, doing the right work, at the right time (with the right knowledge, skills, and experience) to pursue U.S. national interests abroad.*

This goal of USAID's Human Capital Strategic Plan will also support fulfillment of USAID's individual organizational mission:

*USAID accelerates the development of countries, and their people, by investing resources, transferring knowledge, creating opportunities, and*

*advocating reforms to build a more secure, democratic, and prosperous world.*

This individual organizational mission clearly contributes directly to and is aligned with the broader joint mission stated in the first State/USAID *Strategic Plan: Fiscal Years 2004–2009*:

*To create a more secure, prosperous and democratic world for the benefit of the American people and the international community.*<sup>3</sup>

## Actions and Coordination Needed

Other Agency initiatives are ongoing to obtain increased and sustained operating resources through a better understanding among all parties of the cost of doing business and agreeing on what the right size is for the overall U.S. Government overseas presence. Answering these fundamental questions is not entirely within the management control of the Agency or in the manageable interest of USAID's Office of Human Resources (M/HR), but will require ownership and support from a broad range of internal and external stakeholders to fulfill the plan's overall goal. Uncertainty surrounding increased risks and security costs will continue to create ambiguity in the planning environment. The increased security costs and the emergence of new operational platforms and business models mean that USAID, together with its stakeholders, must assess and agree on the delivery models and the "right size" for USAID in the broader context of our foreign policy goals. We require the support of State, OMB, and Congress to obtain needed additional resources based on clear, concise, and compelling evidence of the total cost of USAID's human capital and all other aspects of doing business.

The plan will be carried out in the context of an overall Agency rightsizing effort that will improve our ability to do comprehensive workforce planning and establish the necessary levels of staffing for the Agency and the appropriate headquarters-to-field staffing ratio.

USAID will work with the Department of State, OMB, and other U.S. Government agencies to align the number and location of staff assigned overseas with foreign policy priorities, security, and other constraints. Rightsizing may result in the addition or reduction of staff, or a change in the mix of staff at a given USAID mission.

The Human Capital Strategic Plan overall and its draft performance management plan (PMP) address all six standards of OPM's Human Capital Assessment and Accountability Framework (HCAAF).

Increasing requirements for surge capacity to respond to critical new demands while maintaining programs elsewhere are seriously taxing our capabilities given current workforce constraints. To address this, USAID requested funding in the FY 2005 budget for a Development Readiness Initiative (DRI) that will ensure the Agency can place the right people at the right time to solve emerging development, crisis management, and humanitarian assistance challenges. This effort will require an increase of 250 additional USDH staff (above attrition) in total size and changes in the workforce's composition. The Agency will rationalize overseas direct-hire staff allocation through a staffing template. Additional costs will be significant. Estimating these costs will require a series of analyses. Uncertainties concerning USAID's role in starting up the new Millennium Challenge Corporation (MCC), which will manage the MCA, and in managing

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<sup>3</sup> U.S. Department of State and USAID, *Strategic Plan: Fiscal Years 2004–2009: Aligning Diplomacy and Development Assistance*, 1.

portions of the additional resources to address HIV/AIDS, famine, and complex emergencies also affect future staffing needs.

Only at the end of this series of analyses and decisions can the Agency be certain regarding the final magnitude of the largest cost item in this plan—additional direct-hire recruitment above attrition needed to meet USAID’s current mandate. Analyses and decisions are expected to be carried out over the next 15–18 months, so that the midterm assessment of the Human Capital Strategic Plan in FY 2005 can use such results to define definite cost implications for the rest of the plan period.

USAID’s Administrator has made human capital a priority and demonstrated a commitment to improve the management of human capital by allocating enhanced resources for Agency training and the operations of M/HR. The underlying issue is whether the Agency can obtain the required increment in OE over the next five years (or a more flexible mode of obtaining sufficient OE-type resources through an all-inclusive program account) to implement the Human Capital Strategic Plan presented here. In the end, without substantial additional operational funding (OE funds or other arrangements) under congressional appropriations, this strategy is not viable. And without a viable, funded human capital strategy over the next 5–10 years, USAID’s ability to function effectively, meet current national security mandates, and fulfill its mission effectively is questionable.



*In March 2004, Deputy Administrator Fred Schieck and Senior Advisor Robin Brinkley visit patients at the Esselen Street Clinic in Hillbrow, Johannesburg, South Africa. In Hillbrow, one of Africa's most heavily populated urban communities, up to 50 percent of residents may have HIV/AIDS.*



*USAID staff attend the 2003 Awards ceremony.*

# Section 1: Human Capital Assessment of USAID

## 1. OPERATIONAL OVERVIEW

The nature, complexity, and importance of development and humanitarian assistance to the developing world have changed dramatically in the past decade. For the first time, the president's National Security Strategy recognizes development as a key element of our national security interest, along with defense and diplomacy. For FY 2004, the president submitted a budget to Congress requesting a dramatic increase in funding for development and humanitarian assistance—from \$7.7 billion in FY 2002 to over \$18 billion by FY 2008. The Iraq supplemental bill appropriated over \$18 billion in additional reconstruction funds for both Iraq and Afghanistan. Much of that increase will go toward urgent crises, such as the global HIV/AIDS pandemic, as well as to fund the new MCA. It is clear that President Bush's administration has taken development off the back burner and placed it squarely at the forefront of U.S. foreign policy.

The promise of biotechnology and information technology to make rapid changes in developing countries, as well as the threat of infectious diseases such as HIV/AIDS and new strains of tuberculosis, require new development skills. When USAID was founded in 1961,<sup>4</sup> official development assistance (ODA) accounted for 70 percent of all the U.S. capital flowing to the developing world. Today, ODA accounts for only 18 percent of the money this country sends to developing countries. Capturing and leveraging this private giving and investment is another new element of assistance for the future. The terrorist attacks of September 11, 2001, have dramatically changed the way America thinks about foreign affairs and enhanced the strategic importance of development assistance. This is true particularly in fragile states, an area where USAID is virtually the only significant U.S. Government actor.

As Senator Richard Lugar said in the opening hearing on the MCA, “all of us should begin to think about foreign assistance as a critical asset in the war on terrorism.”<sup>5</sup>

### USAID's Mission

USAID is America's lead agency for development and humanitarian assistance and crisis response. USAID's individual mission is as follows:

*USAID accelerates the development of countries, and their people, by investing resources, transferring knowledge, creating opportunities, and advocating reforms to build a more secure, democratic, and prosperous world.*

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<sup>4</sup> Prior to 1961, the U.S. foreign aid agency and program had other names, such as the Marshall Plan, Point Four, the Mutual Security Agency, the International Cooperation Agency, and others.

<sup>5</sup> Senator Lugar's Opening Statement on the MCA, Capitol Hill Press Releases, March 4, 2003.

This individual organizational mission contributes directly to and is aligned with the broader, joint mission of the Department of State and USAID stated in the first State/USAID *Strategic Plan: Fiscal Years 2004–2009*:

*To create a more secure, prosperous and democratic world for the benefit of the American people and the international community.*<sup>6</sup>

Since 1961, USAID has been a world leader in delivering humanitarian and development assistance. The Agency’s field-based operations, program design methodologies, and sector approaches have been—and continue to be—models that other donors emulate. A strong culture of strategic alignment through identification of goals, planning of activities, and critical evaluation exists in USAID. These organizational competencies lead the Agency to continually reassess the effectiveness of its programs and modify how and what it does. In addition to providing continual field reality checks and encouraging rapid problem solving, USAID’s dominant model of in-country presence also enables American citizens to demonstrate American values of compassion and advancement through merit and hard work. However, increased security costs and the emergence of new ways of doing business mean that USAID, together with its stakeholders, must assess and agree on the delivery models and the “right size” for USAID, in the broader context of U.S. foreign policy goals.

Through its work, the Agency addresses transnational threats of diseases such as the HIV/AIDS pandemic, and promotes U.S. foreign policy goals such as the growth of prosperity, trade, and democracy. Taken together, USAID programs address the causes of poverty and conflict. We offer hope to millions of people.

Historically, USAID’s success has depended on the creativity, knowledge, skills, and integrity of its employees of all nationalities, ethnicities, ages, genders, and faiths. Our people currently provide leadership “on the ground” by coordinating assistance with other donors, consulting with customers and partners, planning and managing effective assistance programs, and verifying concrete results. However, the resources needed to deliver assistance based on an in-country model have become more expensive, once again challenging the organization to consider less costly, and perhaps less effective, alternatives. All agree that, given available technology, some transactional services may be relocated to headquarters or to regional centers. However, agreement does not exist on the right skills mix for the most effective delivery of assistance, considering current resource constraints and security concerns.

Mission directors in USAID field offices are key members of the U.S. country team, and work closely with the U.S. Government chief of mission to develop assistance strategies that address foreign policy objectives in U.S. mission performance plans.<sup>7</sup> Because of the authorities delegated to field missions, USAID is the most decentralized foreign assistance agency in the world. With these authorities, USAID field missions can act quickly and flexibly to respond to new development and humanitarian challenges mandated by the administration and Congress. Proper use of these authorities depends on the presence of experienced and trained field program and management support officers, as well as a highly qualified technical cadre of both U.S. and foreign national staff.

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<sup>6</sup> U.S. Department of State and USAID, *Strategic Plan: Fiscal Years 2004-2009: Aligning Diplomacy and Development Assistance*, 1.

<sup>7</sup> Mission performance plans are strategic planning documents prepared by U.S. missions under the lead of the ambassador to include the contributions of all U.S. Government agencies.

USAID's Washington staff play a critical role because they interact with executive branch and congressional stakeholders to justify resources, deploy them, and support field operations. They establish and maintain Agency-wide policies and systems that enable the Agency to adapt to rapidly changing demands and function flexibly in a worldwide arena.

## Future Changes and Uncertainties: Human Capital Implications

Recent expansion of the USAID mandate, especially to help fragile states recovering from conflict, combat HIV/AIDS, and provide other new directions of foreign aid, may modify the quantity and mix of particular competencies and skills that USAID requires. USAID's increased role under the National Security Strategy to attack the root causes of conflict and violence in poor countries has led to a central role in postconflict reconstruction in both Afghanistan and Iraq, and a sharper focus on how to assist fragile states.

At the same time, several new U.S. foreign aid programs—especially the MCA, the President's \$15 billion Emergency Plan for AIDS Relief (PEPFAR), and U.S. assistance to the Global Fund to Fight AIDS, TB and Malaria—will draw on USAID experience and possibly require some portion of the Agency's planning and implementation capacity. For example, although both the MCC and the Global Fund are independent organizations, USAID/Washington will almost certainly be expected to 1) detail some staff to the MCC to help it begin operations with the \$650 million it will receive in FY 2004, and 2) build country capacity to prepare and implement programs funded by the Global Fund. PEPFAR will channel substantial resources through USAID, and the Agency may also be expected to help the State Department Coordinator's Office and the Centers for Disease Control (CDC) gear up to handle their huge increases in HIV/AIDS funding as well as to build capacity in potential recipients to design and manage their own programs.

To handle these new responsibilities for fragile states, the MCA, PEPFAR, the Global Fund, and other new programs, USAID will need to staff up with appropriate personnel. However, because many in the donor community are emphasizing HIV/AIDS programs, it has proved difficult for USAID to find sufficient HIV/AIDS program specialists, even at lower levels of funding, much less at the greatly increased levels now contemplated. Staffing other new areas of activity—such as help for failed, failing, and recovering states—may prove as difficult because of similar competition for available talent.

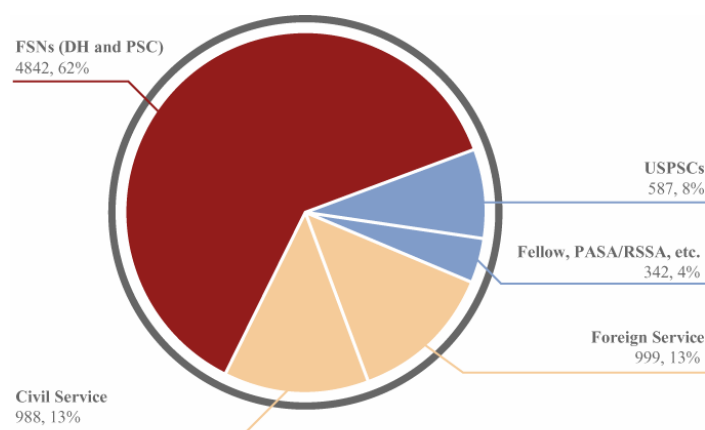
All these pressures will affect the new personnel USAID recruits and will intensify efforts to retain and transfer to new entrants the rich knowledge and experience base that experienced USAID staff are taking with them as they retire from the Agency. This puts a premium on knowledge management and on enlisting experienced USAID staff or those retiring to mentor and coach new USAID employees in the practices, processes, and management styles that work in the new priority areas of USAID work.

Accordingly, the purpose of USAID's new KfD strategy is to ensure that USAID staff have the knowledge they need to fulfill the Agency's mission. The KfD strategy will provide the USAID workforce with Agency-wide methods and tools to identify and meet its knowledge needs.

# The USAID Workforce

USAID's *total workforce* of 7,758 (as of June 30, 2004 and net of Inspector General (OIG) staff<sup>8</sup>) consisted of 1,987 direct-hire employees, with the remainder employed through time-limited contracts. Direct-hires are divided into 988 civil service employees and 999 FSOs, while the nondirect-hire workforce comprises 587 U.S. personal service contractors (USPSCs), 4,842 Foreign Service nationals (FSNs), and a further 342 employees under a variety of workforce categories (Figure 1). These numbers do not include those who provide services under contracts for information technology, security, and maintenance. Nor do the numbers include the thousands of Americans and local nationals who implement development assistance activities through contracts and grants awarded by the Agency.

Figure 1. USAID Workforce Profile, June 30, 2004



Note. Does not include OIG personnel.

USAID employees constitute a diverse *workforce*, and serve in over 78 countries in the developing world. They also serve in five developed countries, coordinating development assistance with other donors. In addition, USAID manages programs in 74 countries with no resident direct-hire staff; these are called “nonpresence” programs. Figure 2 shows countries in which USAID is active, in all regions of the world.

As of June 30, 2004, USAID's overseas staff included about 670 FSOs, 4,842 FSNs, and 459 USPSCs. FSOs are currently recruited and deployed under more than 20 professional backstops; however, they may be grouped into four professional categories:

- senior managers (mission directors and deputies)
- program managers (program officers who manage budgets, develop strategies, and work with embassies to ensure programs are consistent with country team goals)
- technical officers (health, agriculture, natural resources, democracy, health, education, etc.)
- support officers (controllers, lawyers, and contract and administrative officers)

<sup>8</sup> All figures in this document exclude OIG staff because the office is funded out of a separate account.



Figure 2. USAID Countries with Funding of \$1 Million or Greater, FY 2003

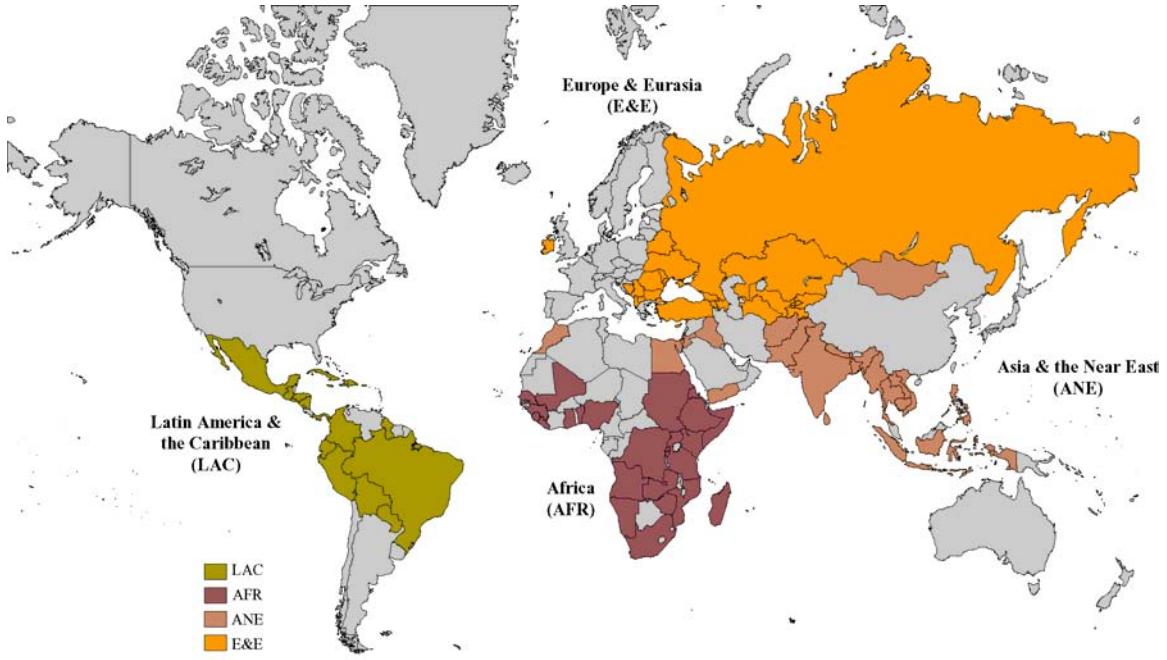
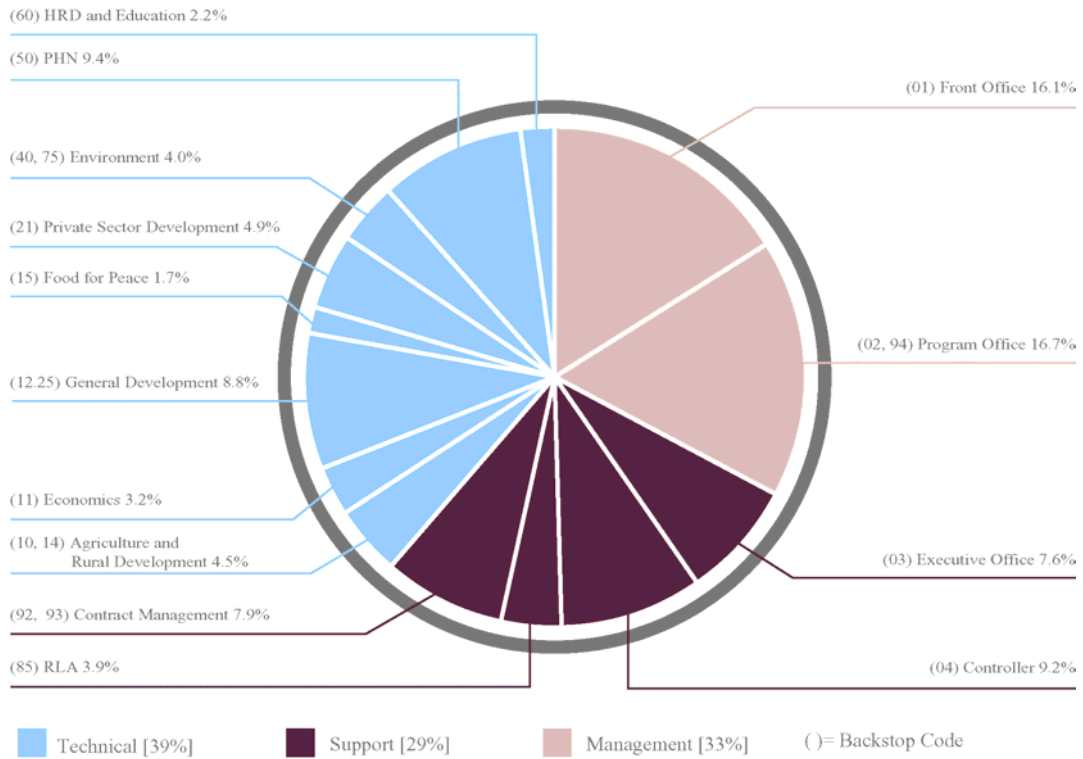


Figure 3. Distribution of Overseas USDH Positions by Backstop Code, FY 2003

U.S. Agency for International Development (USAID), All Bureaus, All Funding Sources



Over the last decade of staff reductions, the staffing mix of the average USAID mission has declined to an average of eight USDH FSOs, several USPSCs, and approximately 60 FSNs. Together they must manage programs and ensure the accountability that Congress, OMB, and taxpayers demand. Table 1 briefly describes the administrative profiles of large, medium, and small USAID missions and nonpresence programs.

Table 1. Principal Modes of USAID Overseas Operations

- *Full mission.* Generally, has a USDH staff of 10 or more that is capable of meeting program and administrative needs. A full mission may include procurement and legal staff who also serve other missions in the same geographic region.
- *Midsized mission.* With a staff of from four to nine USDH officers, a midsized mission can accomplish many strategic and program design and oversight functions on its own. However, to varying degrees, it also must rely on full missions, regional platforms, or USAID/Washington to meet some requirements, particularly in technical areas, contracting, and legal services.
- *Small mission.* The fundamental responsibility of USAID's smallest overseas missions is to provide program oversight and facilitate and coordinate program services received from regional service platforms and USAID/Washington. Such offices have from one to three USDH staff members.
- *Nonpresence.* A nonpresence mission is one with no resident USDH personnel. Program management may be handled by USPSC staff in-country, USDH program managers in regional platforms, or USAID/Washington.
- *Regional service platform.* These are capable of providing a wide range of program and technical services to constituent small and medium-sized missions in nearby countries.

Table 2. Number of Missions by Size

	<i>Africa</i>	<i>ANE</i>	<i>LAC</i>	<i>E&amp;E</i>	<i>Total</i>	<i>Avg. No. of DH</i>
<b>Small</b> (1–3 DH)	6	4	3	6	19	1.95
<b>Medium</b> (4–9 DH)	7	6	4	7	24	5.8
<b>Large</b> (>10 DH)	12	5	8	3	28	14.5
<b>Total presence</b>	<b>25</b>	<b>15</b>	<b>15</b>	<b>16</b>	<b>71</b>	<b>8.7</b>

Note. DH = direct-hire

Note. Average number of direct-hires per mission excluding Egypt is 8.1

Note. The number of missions given by e-World (71) differs from the figure of 78 missions provided here because e-World counts organizations as entities, not locations, and does not count regional satellite offices in Central Asia that report to the Central Asia Regional mission in Almaty, Kazakhstan. Further, e-World counts the three missions of Serbia, Kosovo, and Montenegro as one mission.

Note. In 2004, USAID has about 9 regional platforms.

Source. e-World

Headquarters staff include 988 civil servants, 329 FSOs, and 128 USPSCs and other institutional contractor staff. Institutional contractors from the private sector provide about 750 individuals in Washington who provide a range of services, including financial and information technology, training, library and reference center maintenance, printing, cleaning, and maintenance.<sup>9</sup> Institutional contractors also provide people with scarce expertise to help meet “surge” demands for delivering humanitarian and postconflict reconstruction assistance. Similarly, such services overseas are usually competitively sourced to institutions, and over 95 percent of FSNs are retained as PSCs with time-fixed contracts.

Washington personnel may be grouped into four categories:

- senior leaders and those who set policy—all assistant administrators (AAs) and their staff, and especially the Bureau for Policy and Program Coordination (PPC)
- those providing management support—Bureau for Management (M), including contracting, human resources, financial and information management, and administrative support
- technical leaders in the new pillar bureaus—bureaus for Economic Growth, Agriculture and Trade (EGAT), Global Health (GH), and Democracy, Conflict, and Humanitarian Assistance (DCHA)
- those supporting the work of overseas missions—four regional bureaus

*“I am establishing a Business Transformation Executive Committee (BTEC) to guide transformation efforts and ensure broad-based participation, ownership, and accountability for results. Turning USAID into a smarter, faster, more responsive and consequential foreign policy agency is a survival imperative for USAID as we know it.”*

Andrew Natsios, USAID Administrator

<http://inside.usaid.gov/BTEC/new-btec.html>

Washington staff take leadership in securing budget and other resources, setting operating policies, ensuring donor coordination at the headquarters-to-headquarters level, and maintaining technical leadership in USAID’s priority development assistance areas. In addition, Washington personnel establish Agency-wide operating systems for program budgeting, assistance and acquisition, security, financial management, performance monitoring, and personnel recruitment, deployment, and performance management. The maintenance of these systems, together with the choice of technology to manage them, enables the Agency to function flexibly in a worldwide arena and adapt to changing demands.

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<sup>9</sup> The Agency and the OIG have agreed on a definition of institutional contractor staff working in USAID/Washington. The main users of institutional contractor staff in USAID/Washington are those managing information technology systems and those responsible for commercial services. Estimated total person years by bureau: M, 440; PPC, 110; DCHA, 90; GH, 60; others, 50.



*Education programs for girls and boys are one of the strategic priorities of the new USAID mission in Pakistan. In this photo, former Mission Director Mark Ward (currently deputy assistant administrator for the Bureau for Asia and Near East) visits one of USAID's education projects.*

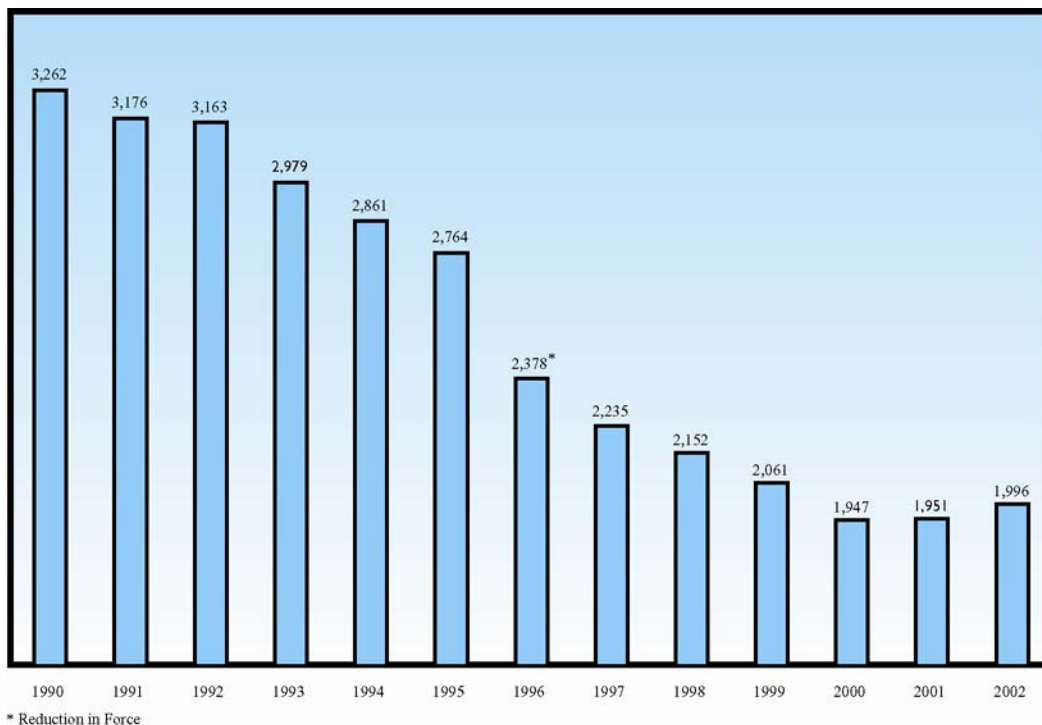


*One of the new missions opened by USAID is in Sana'a, Yemen. In this photo, Dr. Douglas Heisler and Jim Carlson meet midwife trainees. USAID/Yemen supports the training of midwives in an effort to turn around one of the worst maternal and child survival rates in the world.*

## 2. HISTORY AND INSTITUTIONAL CULTURE

In 1961, USAID hired and deployed people to deliver assistance directly. In the late 1960s, the Agency's direct-hire workforce surpassed 18,000.<sup>10</sup> By the 1980s, USAID staff had shrunk considerably, and had shifted toward managing assistance through intermediaries under grants and contracts. In the 1990s, USAID direct-hire staff continued to shrink, from more than 3,000 employees to less than 2,000. Staffing has now stabilized, but most operating units have been forced to delete needed positions and remaining positions have high vacancy rates.

Figure 4. USAID USDHs, September 30, 1990, to September 30, 2002



With the collapse of the Soviet Union and the end of the Cold War, the Agency was called upon to begin programs—and, eventually, open missions—in 27 new countries. In FY 1994, USAID's budget was cut by 25 percent, forcing the closure of over 20 missions in Africa, Asia, Latin America, and the Middle East. Because of foreign policy pressures, USAID was rarely able to close programs completely. The Agency devised a less desirable method of program management dubbed the “nonpresence” model, defined as an assistance program in a country where USAID has no USDH staff but there might be non-USDH staff such as PSCs or FSNs. As a result, USAID now manages programs in more than 150 countries but has USDH staff resident in only 78. Those without an in-country staff are unable to interact daily with counterparts and provide the management oversight that safeguards taxpayer money.

Simultaneously, USAID was called upon in the 1990s to launch major new initiatives to support democratic governance, expand child survival, address global warming, and, particularly, prevent HIV/AIDS. In the last two years, USAID has been required to reopen missions in Pakistan,

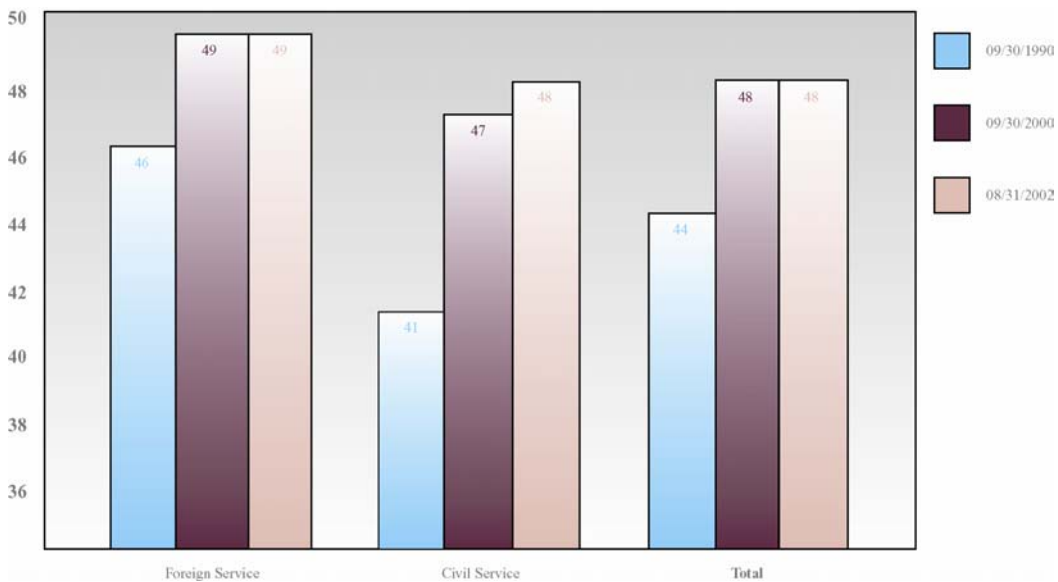
<sup>10</sup> USAID had 18,030 direct-hire employees in 1968, of whom 8,753 were USDHs.

Sudan, Yemen, and Djibouti, and to initiate sizable postconflict reconstruction programs in Afghanistan and Iraq.

In 1996, a combination of poor technology investments and budget constraints forced the first RIF since the 1970s. USAID lost over 150 direct-hire employees, but the cost to morale and operations in all bureaus was much higher because of disruptions, civil service “bumping,” and the departure of some of the most talented and experienced USAID employees.

The government-wide move toward reducing the federal workforce led to declining direct-hire staff levels during the 1990s. This decade of downsizing generated a host of human capital challenges. The 1996 RIF and high staff attrition were coupled with virtual elimination of training, penalizing a generation of new employees. It also exacerbated the problem of a highly graded and experienced workforce whose average age was 48.

Figure 5. USAID Age Demographics

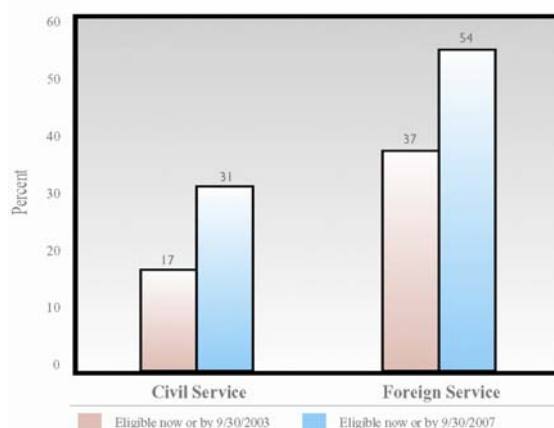


By 2007, over half of all FSOs and one-third of civil service staff will be eligible for retirement.<sup>11</sup> The Agency now confronts continuing high levels of retirements over the next five years—particularly of the most senior, experienced, and hard-to-replace employees. All those retiring are taking with them much of USAID’s institutional memory. So much of what USAID employees learn over their careers, including ways of operating, negotiating, and solving problems, is tacit knowledge learned on the job, not in a classroom. Codifying and retaining this knowledge requires innovative knowledge management strategies and capabilities, such as mentoring and coaching, to develop a new generation of USAID leadership. Although the Agency is developing such methods of knowledge management and retention, it must accelerate these efforts, especially through coaching and mentoring, or risk losing large segments of its institutional memory.

Meanwhile, continuing investment in technology and security requires an increasing share of USAID’s operating budget. However, as USAID’s mission has expanded, its operating resources have remained stagnant in dollar levels and significantly decreased in real terms, given inflation both in the United States and abroad, where much of the Agency’s frontline work occurs.

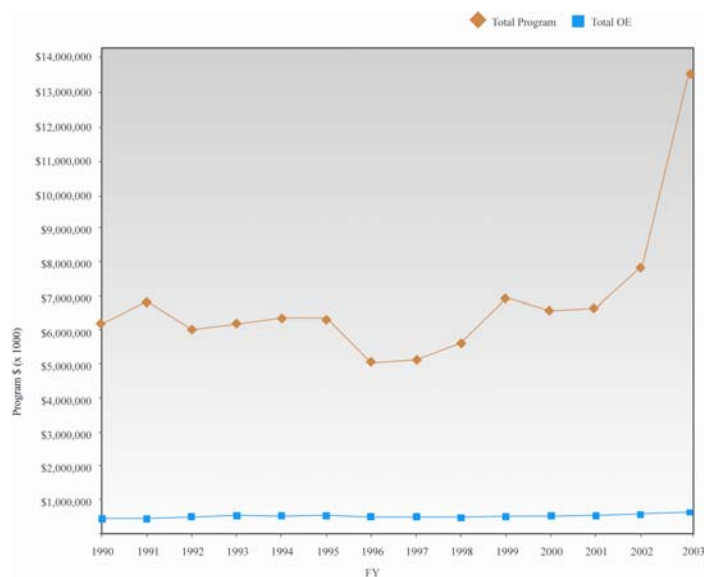
<sup>11</sup> Historically, FSOs and civil service staff retire within five years of eligibility.

Figure 6. USDH Eligible for Voluntary Retirement



Note. Excludes OIG personnel.

Figure 7. Comparison of USAID Programs and OE, 1990–2003



For example, in 2003, USAID’s program resources exploded—from approximately \$7 billion to \$13.6 billion—while OE and staffing levels remained constant. Looking at the history of USAID’s OE account, which began in 1976, it appears that USAID’s OE account was underestimated by almost 20 percent in its first year of existence. In other words, USAID’s OE account started off in a hole from which the Agency has never recovered.<sup>12</sup> Moreover, OE has remained flat in nominal dollars, thus losing value to inflation in the face of variable—now rising—program budgets.

<sup>12</sup> The underestimation in OE’s first year of existence was due possibly to a one-time spike in the program account, combined with a reduction in the OE account. If Congress had funded USAID’s OE account in 1976, when the account was formally created, at the 13.2 percent level estimated in 1974 and 1975, the Agency’s initial OE level in 1976 would have been over \$390 million instead of \$195 million. Source: FY 1977 Senate Appropriations Foreign Operations Bill, subcommittee report on “AID’s Cost-of-Doing Business,” 72.



*USAID requires surge capacity to be able to respond to postconflict situations such as Iraq. This photo shows a USAID staffer in Umm Qasr.*



*Critical human resources are also needed to address strategic priorities such as those in the Middle East. In this photo, the USAID/Jordan Water Resources Office Director James Franckiewicz reviews the progress of work at the Aqaba Wastewater Treatment Plant.*



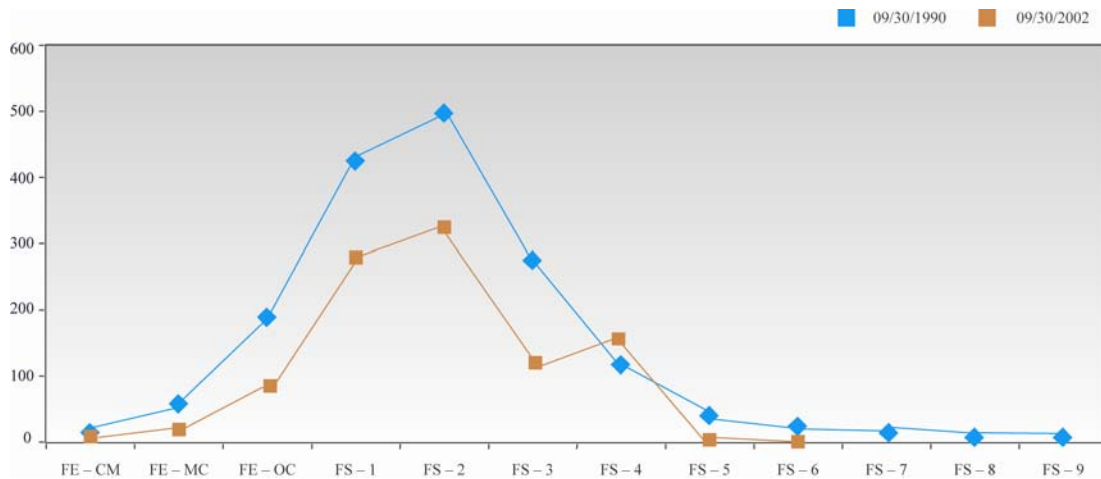
### 3. THE USAID HUMAN CAPITAL CRISIS

USAID now faces a human capital crisis and related vulnerabilities. The causes of this crisis are legion: insufficient OE over time, staff reductions, lack of hiring, poor management choices in the 1990s, elimination of most training over a decade, and a painful RIF. If this crisis is left unresolved, USAID could find itself unable to fulfill key aspects of its mandate or discharge adequately its fiduciary and program oversight role, primarily because the Agency will not have enough of the right people to do the work. Because addressing poverty, political oppression, disease, conflict, and crisis in the developing world has risen to much greater prominence in the National Security Strategy of the United States, USAID’s failure to perform its mission will damage substantially the ability of the U.S. Government to pursue vital national interests of security and prosperity.

After more than a decade of erosion of its human capital, USAID’s development readiness is suspect. The Agency must rebuild its most valuable asset, its human and intellectual capital in its people, and the systems that recruit, train, assign, and support those people. The Agency’s major vulnerabilities include the following:

- A workforce with increased retirements, leading to the loss of the most experienced officers and their institutional memory and know-how.
- A dearth of junior and midlevel officers at the FS 04 and General Schedule (GS) 11 and below levels to fill frontline jobs, as demonstrated in Figures 8 and 9.

Figure 8. FS by Grade, as of 9/30/1990 and 9/30/2002



- Until recently, elimination of most training—particularly in project management, leadership skills, and languages—forces the Agency to deploy increasing numbers of staff overseas who lack essential skills to do the job.
- A lack of surge capacity to respond to emergencies, postconflict situations (Afghanistan and Iraq), or new strategic priorities (Pakistan and the Middle East). As in the case of

Hurricane Mitch's devastation of Central America, ongoing programs are robbed of their best officers, compromising the ability of the "losing" missions to maintain programs.<sup>13</sup>

Figure 9. Civil Service by Grade, as of 9/30/1990 and 9/30/2002

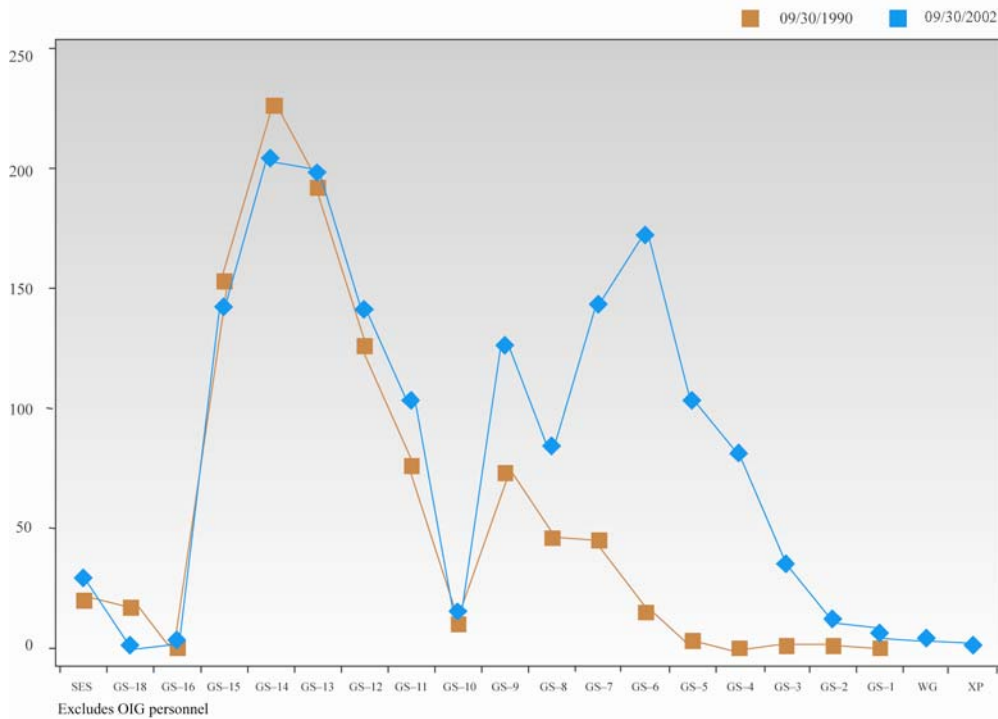


Table 3. Unfilled FSO Positions Overseas by Region

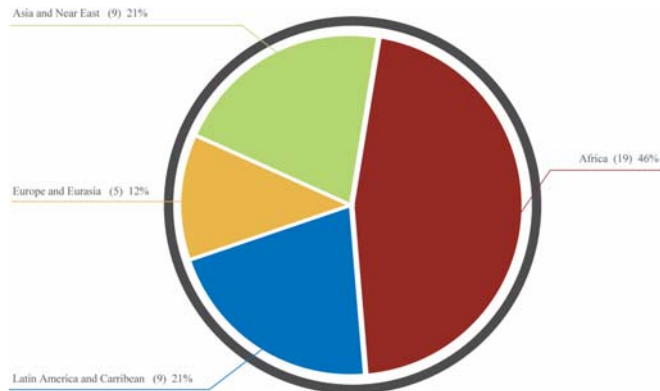
Backstop	AFR	LAC	E&E	ANE	Total
Program-02/94	2	0	0	1	3
EXO-3	2	3	1	0	6
Fin. Mgt-4	0	0	0	0	0
Agriculture-10	0	0	0	2	2
Economics-11	1	0	0	1	2
GDO/DG-12	1	1	3	3	8
FFP-15	0	1	0	0	1
Priv. Enterprise-21	0	1	0	0	1
Environment-40	0	0	0	0	0
Health/Pop-50	7	1	0	1	9
Education-60	1	0	0	1	2
Legal-85	0	1	0	0	1
Contracts-93	5	1	1	0	7
<b>Totals</b>	<b>19</b>	<b>9</b>	<b>5</b>	<b>9</b>	<b>42</b>

- Field positions remain unfilled. In the 2003 foreign service cycle, USAID had an insufficient number of eligible bidders to fill at least 42 FS positions. With almost half of the unfilled positions, the Africa region was most affected. Health and contract officers

<sup>13</sup> For example, in the midst of preparation of this strategy, one of the three staff detailed to work on the project was recalled by his home bureau to work on the Middle East program. He was not replaced.

continue to be most difficult positions to fill and the most likely to remain unfilled. Multiskilled general development officers who can manage more than one sector portfolio are also in high demand. Moreover, the number of unfilled FS positions is biased on the low side because the number does not include positions—executive officers (EXOs), controllers, technical staff—removed from the direct-hire books because PSCs, both OE and program-funded, have been hired to replace USDH staff.

Figure 10. Unfilled Overseas Positions by Region



- Long gaps before replacements arrive characterize field missions and Washington, forcing already overburdened staff to handle additional work.
- High stress leading to burnout and poor morale from a number of factors, such as continuing loss of experienced staff, multitasking by remaining staff and new entry staff, and increased anxiety because of terrorist threats. Staff assigned to posts with high incidence of HIV/AIDS must cope with growing numbers of deaths of their FSN colleagues. Anecdotal reports suggest that the incidence of stress-related illnesses, such as strokes, heart attacks, cancer, and other conditions, may be on the rise; however, longitudinal data to support this is unavailable. Nevertheless, the growing number of “stressors” (evacuations, increased security and crime threats, family issues and separation, spousal employment, and a host of other issues) are new, critical, and increasing challenges.

## What We Are Doing

Throughout the 1990s, USAID managers were aware of the developing crisis, but could do little because of the political imperative to reduce the size of the federal government. In the late 1990s, USAID began responding to its human capital crisis. However, the scarcity of OE and USDH staff ceilings forced the Agency to find ad hoc, creative methods of hiring both direct and nondirect-hire employees to fulfill its expanding mandate in more development sectors, new countries, and increasing numbers of crisis and conflict situations. From some in Congress came special authorities that USAID could use to hire technical staff with program funds.<sup>14</sup> However, others in Congress questioned these authorities. These critics saw money intended for

<sup>14</sup> Both authorizing and appropriations legislation provide various authorities that include use of program funds to cover salaries and related costs for certain staff, such as AIDS and child survival for TAACS and PSCs, contract individuals on time-limited appointments. The “notwithstanding any provision of law” applied to Support for East European Democracies (SEED), Freedom Support Act (FSA), disaster, and transition assistance allows exceptional flexibility because of foreign policy exigencies.

beneficiaries being used for overhead. In fact, this patchwork of hiring authorities has become too complex, cumbersome, and ineffective in filling the most critical skill gaps.

In the 1990s, the Agency reworked a number of business processes to provide more flexibility to field missions for activity design and implementation. However, these additional delegations of authority to field missions added competency requirements for the most seasoned field staff, without whom more vulnerabilities would exist. At the same time, the years of attrition and downsizing resulted in smaller missions and, hence, the elimination of “second” or junior positions in which new staff could develop their capabilities to take on broader responsibilities.

The Agency has begun dealing with the human capital crisis that was forecast since the mid-1990s by taking the following steps:

- Instituted a variety of Agency training programs since 1999, especially for new FSOs and program managers.
- Hired more than 200 new midlevel field officers through the NEP program and 47 new staff through the Presidential Management Intern (PMI) program since 1999.
- Reinstated the IDI program in FY 2003. However, it is increasingly difficult to find mentors and supervisors for new employees. The dearth of “second” or deputy positions in today’s smaller missions has limited training opportunities for midlevel hires and will be an even more severe limitation when IDIs start coming on board.
- Moved budget management responsibility for the Agency from M to PPC in order to more closely align resource allocation with strategic priorities.
- Realigned Washington staff, especially technical staff, to support USAID programs and eliminate redundancies between regional and technical pillar bureaus.
- Conducted portfolio reviews in 2001 that either eliminated nonpriority activities or transferred programs from headquarters to the field and from regional bureaus to new pillar bureaus. A second review has just been concluded, and the results are forthcoming.
- Streamlined recruitment processes in FY 2002 by introducing technology tools to speed up the hiring of staff.
- For the first time since 1990, reversed the long-standing shrinkage of staff and closed FY 2002 with more staff onboard than the previous year.
- Improved the Washington supervisor to staff ratio in the recent reorganization, setting a new standard effective immediately of a ratio of 1:7.

## What We Still Must Do to Rebuild USAID’s Human Capital

In 2002, the IBM Endowment for the Business of Government undertook a study of requirements for human capital reform in USAID for the 21st century. The study’s main recommendations are shown in Table 4.

Table 4. Human Capital Reform: 21st-Century Requirements: Selected Recommendations

<p><b>On Reforming Agency Culture</b></p> <ul style="list-style-type: none"> <li>• Define USAID’s core competencies in the context of the Agency’s mission</li> <li>• Understand, value, and respect all employees</li> <li>• Strengthen workforce planning and linkage to Agency’s mission</li> <li>• Develop concrete incentives for knowledge sharing and risk taking</li> </ul> <p><b>On Rethinking the Concept of Career at USAID</b></p> <ul style="list-style-type: none"> <li>• Recognize the move away from lifelong employment</li> <li>• Use FSNs to capacity</li> <li>• Offer FSNs appropriate pay</li> <li>• Deploy more program staff overseas</li> <li>• Reevaluate FS and CS classifications</li> <li>• Create career development plans for all staff</li> </ul>	<p><b>On Remaking Personnel Programs</b></p> <ul style="list-style-type: none"> <li>• Remake the HR department with the goal of forming a supportive, advisory partnership with line managers</li> <li>• Increase funding for training and offer it to all employees</li> <li>• Create standards and goals for appropriate use of “distance learning”</li> <li>• Reinstate the IDI program</li> <li>• Collaborate with State on recruitment</li> <li>• Simplify and clarify process of promotions and evaluations</li> <li>• Institute a centralized PSC evaluation program and common database</li> <li>• Increase funding for employee awards and determine the overall amount at the beginning—not the end—of the year</li> </ul>
<p><i>Source. Human Capital Reform: 21<sup>st</sup> Century Requirements for USAID</i>, Anthony Quainton and Amanda Fulmer. IBM Endowment for the Business of Government. March 2003. <a href="http://www.businessofgovernment.org/pdfs/QuaintonReport.pdf">http://www.businessofgovernment.org/pdfs/QuaintonReport.pdf</a></p>	

USAID has acted on many of these recommendations, and others form part of this plan’s action framework. To further address its human capital crisis, the Agency must resolve its immediate, critical staffing gaps and simultaneously carry out long-term planning for its entire workforce, both direct and nondirect-hire.

In the face of similar problems at the Department of State, Secretary of State Powell launched a Diplomatic Readiness Initiative in 2001 consisting of a three-year push to add more than 1,100 people over attrition to the State Department’s workforce. These new State employees will 1) receive essential language and other training without robbing embassies of staff, 2) respond to crises and new strategic priorities without creating vacancies elsewhere, and 3) fill current staffing gaps.<sup>15</sup> Partly because of its smaller size and its more limited visibility and clout in the bureaucratic pantheon, USAID faces a more serious institutional crisis and therefore must work harder to catch up.

USAID must move on several fronts at once. The Agency must agree with its key stakeholders on how it will address short-term needs while shaping the future workforce. Internally, the Agency has agreed that it is most critical to pursue the following five SOs under the Human Capital Strategic Plan:

- achieve a high-performing workforce
- strategically align staff with Agency priorities
- establish a more flexible workforce

<sup>15</sup> *Diplomatic Readiness: The Human Resources Strategy*, U.S. Department of State, 2002, 6.

- create a more diverse workforce
- increase M/HR's capacity to support USAID's mission and implement the Agency's Human Capital Strategic Plan

The BTEC Human Capital Subcommittee believes the Agency's Human Capital Strategic Plan, 2004–2008, should emphasize initiatives that will

- fill the most critical existing skill and staffing gaps
- reform practices leading to better management of existing hiring authorities
- improve incentives to fill existing hard-to-fill FS positions
- establish a surge capacity to meet new program requirements and respond to emergencies
- improve the quality and availability of career-enhancing training and build the new generation of USAID leadership
- undertake for the first time comprehensive workforce planning that specifies needed competencies and identifies critical skill gaps
- improve targeted recruitment efforts and FS hiring practices
- reform the performance management system so it provides timely and honest feedback to all employees
- implement over a two-year period a staffing template to rationalize deployment of overseas staffing
- undertake further workforce planning leading to rightsizing analysis of the whole Agency, in Washington and the field
- develop a clear, complete analysis of the Agency's total cost of doing business—including all human, technological, and physical capital—that 1) is acknowledged to be credible and compelling by OMB/OPM, State, and the Congress, and 2) makes the case for an adequate OE level
- further define objectives and design activities to be implemented in the out years of the five-year Human Capital Strategic Plan that will result in a revitalized Agency able to fulfill its varied mandate
- invest adequate resources in the Agency's human capital and, particularly, in M/HR

USAID's overall Human Capital Strategic Plan comprises a series of simultaneous efforts by various bodies within the Agency and coordinated with outside stakeholders that will lead to achievement of the Agency's goals. Figure 11 depicts the main elements of this effort, both within and outside the Agency.

Figure 11. Human Capital Strategic Plan Development, Roles, and Responsibilities

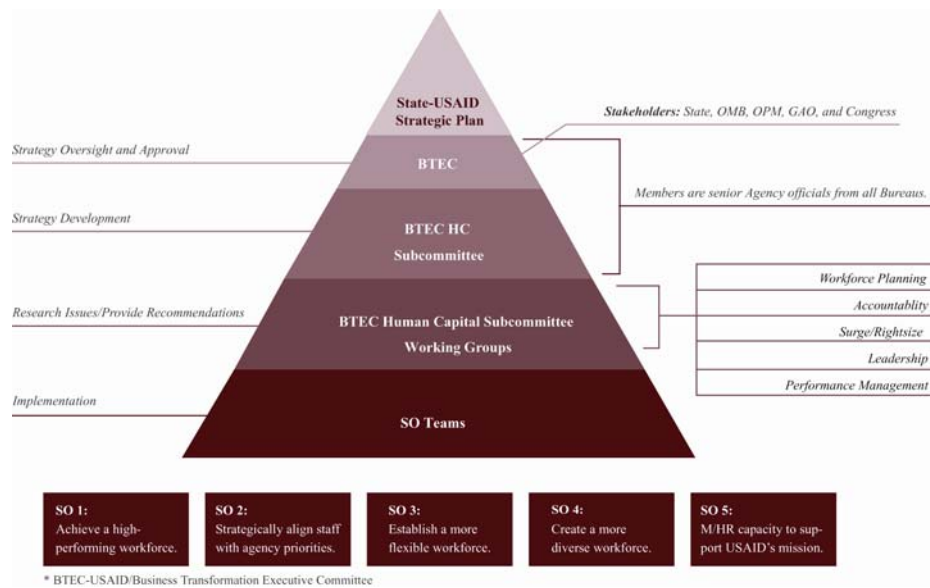


Figure 11 presents the overall Human Capital Strategic Plan effort and roles of the principal actors, beginning with the BTEC, chaired by the USAID Administrator. Human capital strategy development is the responsibility of the Human Capital Subcommittee of the BTEC and M/HR, with representatives from all USAID bureaus and virtual representatives from field missions. Working groups in key areas, such as workforce planning and accountability, set up by the BTEC Human Capital subcommittee, have performed outstanding work researching issues and providing recommendations. Finally, the five SOs of the Human Capital Strategic Plan represent the implementation level, and are led by five senior managers in M/HR.

A number of recent and ongoing analytical efforts, some managed by the BTEC Human Capital Subcommittee working groups and involving wide participation around the Agency, form part of the overall Agency context in which the Human Capital Strategic Plan has been developed and is being implemented:

- the USAID overseas workforce study (led by PPC and M/HR),<sup>16</sup> which developed a template for the allocation of USAID’s overseas USDH staff.
- the overseas workforce study led to the PPC-led International Business Model Review (IBMR), whose purpose was to review key processes of the USAID business model to better align Agency operations with U.S. foreign policy, development, and humanitarian relief objectives and enhance USAID’s development impact.<sup>17</sup>
- ongoing development of an integrated workforce planning capability (led by M/HR) that can analyze key competencies, identify skill gaps, and provide Agency managers with the necessary information for recruitment, training, and deployment of staff.

<sup>16</sup> *USAID Overseas Workforce: Putting the Right People in the Right Place*, Operations Paper Number 1, USAID, September 2003, PN-ACU-112.

<sup>17</sup> *International Business Model Review*, Report to the Administrator, USAID, April 2004, 1.

- structuring of an accountability framework under a PMP for the Human Capital Strategic Plan (led by M/HR).
- formulation of an Agency KfD strategy to ensure USAID staff have the knowledge they need to fulfill USAID’s mission (led by PPC).
- preparation of several current policy and discussion papers (led by PPC) such as the USAID “White Paper,”<sup>18</sup> a new policy on USAID’s role in managing and mitigating conflict, and a strategy on assistance to fragile states—all helping position USAID for new challenges and opportunities in addressing U.S. national security interests.

## Broader Agency and Stakeholder Ownership of the Human Capital Strategic Plan

Although M/HR can take the lead in implementing the Human Capital Strategic Plan, achievement of all parts of the plan is beyond the manageable interest of M/HR alone. Success in reaching the goal and principal objectives will require ownership by Agency management and other internal partners, as well as support by external stakeholders. Internal partners include the Agency’s senior staff (AAs and DAAs) in other bureaus, the BTEC and its various subcommittees, and mission directors. Outside partners and stakeholders necessary to achieve the plan’s goal include the State Department, OMB, and OPM (the prime mover of the PMA), and Congress. The State-USAID Joint Management Council, cochaired by State’s Under Secretary for Management and the USAID Deputy Administrator, will link USAID to State support for the Human Capital Strategic Plan.<sup>19</sup>

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<sup>18</sup> *U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century*, USAID, January 2004, PD-ABZ-322.

<sup>19</sup> See the Department of State and the U.S. Agency for International Development *Strategic Plan: Fiscal Years 2004–2009*, August, 2003, 40.



## 4. TOP-PRIORITY ACTIVITIES

Following the lead of the Secretary of State, USAID launched its DRI in the FY 2004 budget request by asking for a modest but critical increment of \$6 million to surpass current recruitment efforts, which are designed to replace only the annual attrition of 160 officers. USAID's current workforce planning analysis indicates that the Agency must hire, at a minimum, an additional 250 USDH employees above attrition—200 FSOs and 50 civil service employees over the next four years—to meet its overall Human Capital Strategic Plan goal.<sup>20</sup> As a first step, USAID will hire approximately 50 junior and midlevel career officers in FY 2004 beyond those required to replace attrition. To develop these new staff, we will allocate between 30 and 50 supported ceilings each year until we reach a maintenance level of about 150 temporary training positions. These will be allocated to missions and USAID/Washington offices, based on the quality of the training and mentoring opportunities.

In recognition of the limited resources, the BTEC Human Capital Subcommittee recommended that the Agency choose and focus attention on top-priority activities to maintain USAID's institutional viability regarding human capital in the short term. In a July 2003 meeting of the full BTEC, the following initiatives were endorsed as the most important short-term activities:

1. *Filling vacant FS positions.* The more than 40 vacant FS positions are to be filled as quickly as possible by using existing authorities, such as limited appointments, streamlined civil service conversions, or recall of former employees. In addition, the Agency recognizes that to achieve this objective, it may need to make more aggressive use of directed assignments to meet critical staffing needs overseas. At the same time, it is important that USAID offer incentives and seek family-friendly solutions if it is to retain its people who are increasingly asked to do stressful and dangerous work.
2. *Implementing the overseas staffing template.* As a first step toward a comprehensive rightsizing effort, implement the overseas staffing template by the end of FY 2005 to rationalize the current allocation of 700 field staff among the four bureaus managing field missions.
3. *Determining Agency rightsize.* Over the next two years, determine who does what work and the right staffing numbers for that work. There are a number of steps in the overall rightsizing effort:
  - simplify and reduce duplication in FS personnel categories (backstops), core work categories, and hiring mechanisms
  - undertake the Overseas Business Model Review and analysis of delivery modes (such as deployment of technical officers) so that the Human Capital Subcommittee is able to define core competencies for all backstops
  - implement a recruitment plan to deal with urgent civil service succession requirements, especially at senior levels, while conducting the overall workforce analysis and planning effort

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<sup>20</sup> A series of analyses are needed to provide the required information for rightsizing decisions for Washington and the field. Topics include OE needs analysis, core competencies, regional platforms, and expanded roles for FSN professional staff. Completion of these analyses will make possible broader rightsizing decisions.

- expedite recruitment to fill critical current gaps in health and financial management specialists
  - move rapidly to develop an integrated workforce planning tool; the first phase includes GH, M/Office of Procurement (M/OP), and M/HR
  - continue working with key stakeholders, especially the Department of State, to share tools, technology, and rightsizing analyses in the context of the ongoing dialogue about resources needed for safer buildings overseas
  - determine the correct headquarters-to-field staffing ratio
4. *Creating supported ceilings or training positions.* Expand the use of supported ceilings to create a training and reassignment buffer or “float.” This will provide flexibility to cover positions during vacancy periods—often six months or more—between assignments or allow essential language, leadership, supervisory, and program management training. In addition, allocate adequate training positions and additional OE to support temporary junior or training positions for new employees, permitting appropriate coaching and mentoring before they assume leadership positions.

In addition to these BTEC-endorsed, top-priority activities, each of the leaders for the five SOs in the Human Capital Strategic Plan have identified high-priority actions under their SOs.

# 5. DETERMINE USAID'S COST OF DOING BUSINESS AND MAKE KEY BUSINESS CHOICES

The system for funding for USAID's staff and administrative operations has been a principal contributor to the Agency's human capital crisis. Solving the crisis requires a new way of looking at USAID's OE budget.<sup>21</sup>

USAID's total cost of doing business includes human capital (employees and the systems to recruit, train, manage, and counsel them); technological capital (information technology systems composed of hardware and software); and physical capital (secure facilities, vehicles, furniture, and other equipment). The Human Capital Strategic Plan is concerned principally with the first, human capital, which also accounts for the largest part of the Agency's cost of doing business.

USAID's mandate has expanded over the past 12 years into more sectors, including democracy and governance, basic education, and crisis and postconflict management, and into many more countries, especially Eastern Europe and the former Soviet Union. These facts, combined with inadequate OE funding, has forced the Agency to enlarge its nondirect-hire staff and pay for them through program funds. Moreover, greater security concerns are requiring expensive new facilities, often collocated with embassies, and costly security upgrades.

Because of security requirements and the International Cooperative Administrative Support System (ICASS), the interagency system of overseas administrative cost sharing, USAID facility expenses are rising at accelerated rates. ICASS is a cost distribution system with potential advantages. However, there are few incentives in the current system for pursuing cost efficiencies and, in some cases, agencies feel pressured to accept services of a particular agency rather than those of the most efficient provider, as was intended. Furthermore, as more USAID missions become collocated with embassies, the possible savings due to reductions in administrative staff will be more than offset by ICASS cost increases.

Although USAID missions do provide ICASS services in a few cases, their success in taking on major service responsibilities, such as GSO or financial management services, has been modest. In FY 2003, USAID missions provided partial services in only nine of 78 locations.<sup>22</sup> Surprisingly, this provision of services has not been offset by corresponding reductions in missions' own internal administration costs. ICASS costs for two USAID missions that have been recently collocated with embassies have approximately doubled, reflecting, in part, the increased costs of security. ICASS cost increases are expected to accelerate as more USAID missions move into combined embassy locations.

Not only do security concerns drive up costs of new and upgraded facilities, increased numbers of evacuations from overseas posts are leading to increased costs annually for evacuation travel and

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<sup>21</sup> In recent reports to Congress, the General Accounting Office (GAO) has recommended that USAID develop an integrated workforce planning capability and a comprehensive analysis of the total cost of delivering foreign assistance through all modalities and organizational arrangements. These recommendations are consistent with what USAID is doing. See *Foreign Assistance: USAID's Operating Expense Account Does Not Fully Reflect the Cost of Delivering Foreign Assistance*. GAO-03-1152R. September 30, 2003. Also *Foreign Assistance: USAID Needs to Improve Its Workforce Planning and Operating Expense Accounting*. GSO-03-1171T. September 23, 2003.

<sup>22</sup> In these nine instances, USAID provides services to other U.S. foreign affairs agencies at post. For example, housing maintenance could be provided by the USAID/General Services Office (GSO) to all ICASS members.

support payments to evacuees and their families.<sup>23</sup> The office space needs of “missions in exile” overwhelm the available space in USAID/Washington, requiring short-term rental of additional office space.

A major contributor to increased costs will be the projected increase in direct-hire staff. The need for an additional 250 foreign and civil service direct-hire employees is based on several factors: the need for a surge capacity to meet new demands; for a training/reassignment buffer or float; and for additional staff to handle demands of major new initiatives—such as the MCA; the new \$15 billion presidential HIV/AIDS initiative; and new funding for famine, complex emergencies, and postconflict reconstruction needs. Details on the requirements for additional staff are contained in the Agency’s request in the FY 2005 budget for the DRI and summarized in Table 5.

Table 5. The Development Readiness Initiative (DRI)

Category	FY 2004	FY 2005	FY 2006	Total
NEPS/IDIs*	20	70	10	100
Detailees		10	30	40
Surge (e.g., DCHA, Hurricane Mitch, Iraq)	10	10	0	20
Float for training (language, long-term/home leave/R&R)	0	10	35	45
Civil service (entry-level second positions)	22	0	23	45
<b>Total</b>	<b>52</b>	<b>100</b>	<b>98</b>	<b>250</b>

\* NEP/IDI hiring will result in 100 training positions being overseas at any one time.

DRI will allow the Agency to

- establish up to 100 second positions for junior FSOs to serve overseas in training under seasoned FSOs
- allow a training float of approximately 45 positions for officers who take language, technical, and leadership training between assignments
- build an Agency surge capacity of approximately 20 USDH to respond quickly to unforeseen crises
- create 45 second positions for interns to understudy senior civil servants most likely to retire and create succession problems because of the loss of knowledge
- share development expertise and leadership by having up to 40 officers who can be detailed to other U.S. foreign affairs agencies and international organizations, including the MCC

The DRI will permit the Agency to develop

- *Training and assignment float.* USAID must hire an estimated 80–100 new FSOs annually to replace attrition. In addition, under the DRI, USAID would hire an additional 145 FSOs and 45 new civil service employees over the next four years for training positions in both Washington and the field and to enable essential language, technical, leadership, and program management training.<sup>24</sup>
- *Surge capacity.* Twenty additional staff will be needed to manage assistance for new postconflict situations, complex emergencies, and opening or reopening of new missions. The “surge” working group of the Human Capital Subcommittee is working closely with DCHA to define total needs, as well as determine ways to draw on existing staff and

<sup>23</sup> There were 14 post evacuations in 2001 and 18 in 2002. As of April 2003—prior to the war in Iraq—19 evacuations had been ordered. Of note are the repeated evacuations from the same post. For example, Monrovia was evacuated seven times, Belgrade six times, and Kinshasa, Karachi, and Jerusalem five times since 1990.

<sup>24</sup> With supported ceilings or temporary slots, field missions are given a temporary additional staff ceiling for a junior officer in addition to their current staffing levels. The officer then undergoes a two-year training and rotation period, during which he or she learns about and works in the main areas of USAID mission activities. After the two-year training assignment, the officer moves on to a regular assignment and the two-year training slot disappears.

define the minimum number of headquarters staff that must be held in reserve in order to respond to emergencies.

- *Details to other agencies.* It is increasingly important to work collaboratively with other foreign affairs agencies and use Agency competencies in new arenas. The DRI would require 40 new direct-hire positions (both FS and civil service) for an expanded program of USAID details to State, the National Security Council, the MCC (when established), Congress, and other U.S. Government departments and agencies.

## The Prerequisite of Adequate Resources

The underlying issue of the Human Capital Strategic Plan is whether the Agency can obtain the required increment in OE over the next five years to implement the plan presented here. Achievement of these five SOs and the overall viability of the Agency's Human Capital Strategic Plan depend on the USAID's ability to produce a compelling and credible analysis of the total cost of doing business that is accepted by USAID's stakeholders in the executive branch and Congress. Such an analysis must include true costs of all necessary direct-hire and nondirect-hire staff, information and other technology systems, physical capital, and facilities with enhanced security costs.

In the end, without request by the administration and congressional funding of a sufficient OE level, this Human Capital Strategic Plan is not viable. Without sufficient OE resources to carry out this plan, Agency vulnerabilities and USAID's current inability to fulfill major parts of its mandate will persist. This will damage USAID's ability to contribute as expected to U.S. foreign policy objectives and the fundamental U.S. national interests of development, security, and prosperity.



*Former USAID/Morocco Director Jim Bednar (now mission director in Zambia) and DART team member Regina Davis assess earthquake damage in Al Hoceima in February 2004.*



*Staff of USAID/Central Asian Republics at an exhibit about USAID programs and priorities.*

# Section 2: Strategic Goals and Objectives

## INTRODUCTION

### Human Capital Strategic Plan Goal

USAID's overarching human capital goal can be stated simply:

*Getting the right people in the right place, doing the right work, at the right time (with the right knowledge, skills, and experience) to pursue U.S. national interests abroad.*

Achieving this strategic goal means that USAID has the right quantity and quality of deployable human capital to meet USAID's expanded national security and foreign policy mandate, as stated in the State-USAID joint strategic plan and the U.S. national security strategy.

### Results Framework

The BTEC Subcommittee has identified five SOs for the Human Capital Strategic Plan that are deemed achievable during FY 2004–08. Figure 12 presents the summary RF outline of these five SOs.

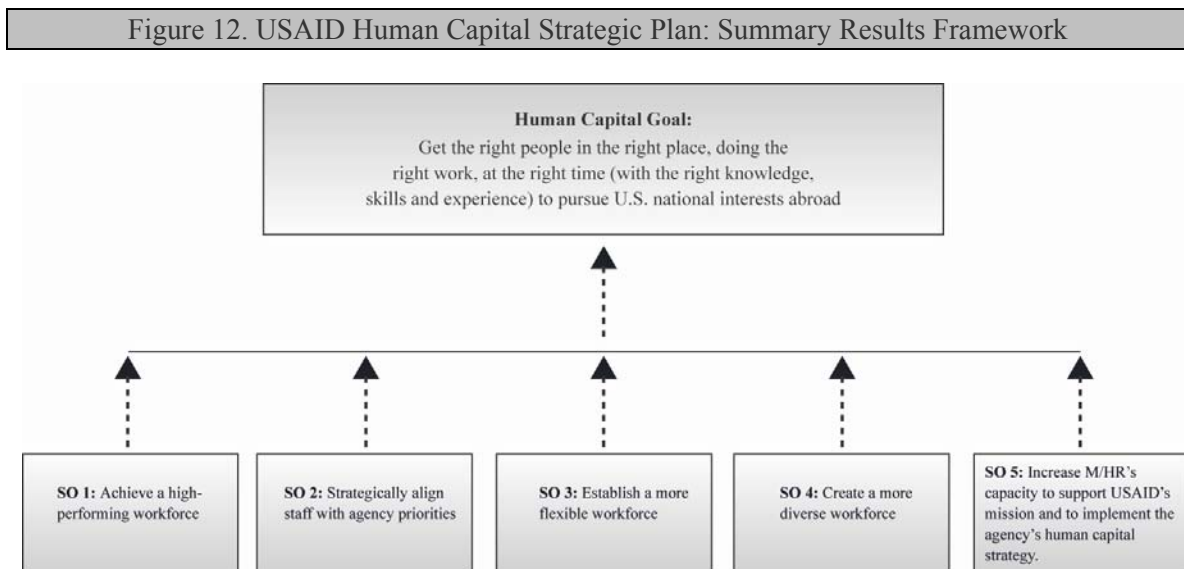


Figure 12 displays the overall strategic framework for the five-year Human Capital Strategic Plan. The plan comprises five SOs:

- achieving a high-performing workforce
- strategically aligning staff with Agency priorities
- establishing a more flexible workforce
- creating a more diverse workforce
- increasing M/HR's capacity to support USAID's mission and implement its Human Capital Strategic Plan

Implementation of the plan will include a midterm assessment sometime in 2005 that will review progress to date, consult with partners inside and outside the Agency—as appropriate—on the impact of changes already achieved, and make adjustments as necessary.

## The Prerequisite of Adequate Resources

The incremental costs of carrying out this Human Capital Strategic Plan will be significant. Estimating these costs more definitively will require a comprehensive analysis of the OE budget with attention to all the dimensions of the cost of doing business (security, facilities, flexibility, evacuations, and proper management of language training and assignments); development of complete costs of program-funded, nondirect-hire staff; and rightsizing reviews and decisions for Washington and field operating units. Much of this analytical work is underway, and some has been completed. Future staffing needs are also affected by uncertainties concerning USAID's role in starting up the new MCC and managing new funds for HIV/AIDS, famine, and complex emergencies.

The underlying issue is whether the Agency can obtain the required increment in OE over the next five years to implement the Human Capital Strategic Plan. Achievement of the plan's five SOs—and the overall viability of the Human Capital Strategic Plan—depend on the Agency's ability to produce a compelling and credible analysis of the total cost of doing business that is accepted by USAID's stakeholders in the executive branch and Congress. Such an analysis must include true costs of all necessary direct-hire and nondirect-hire staff, information and other technology systems, physical capital, and facilities with provision for enhanced security costs.

In addition, because ICASS costs are one of the most rapidly increasing cost categories in the OE budget, the Agency, in cooperation with other U.S. Government agencies active overseas, should participate as a principal partner in managing a broadbased audit and assessment of the ICASS cost-sharing system to yield modifications, including cost-effective and cost-reduction features.

In the end, without development, acceptance, request by the administration, and funding by congressional appropriations of a sufficient OE level, this Human Capital Strategic Plan is not viable. Without sufficient OE resources to carry out this plan, USAID will continue to be vulnerable, risk broad mission failure, and be unable to fulfill major parts of the Agency's mandate. This will damage greatly USAID's ability to contribute as expected to U.S. foreign policy objectives and fundamental U.S. national interests of development, security, and prosperity.

Section 2 continues with individual chapters for each SO. Each chapter defines the objective; sets forth the key actions, decisions, and remedies needed to achieve the objective; lays out benchmarks—SO-level indicators—for assessing progress and success; and describes in broad terms the resource implications for achieving these objectives. Under the PMP (in Section 3) for the Human Capital Strategic Plan, M/HR expects to have in place by the end of FY 2004 a complete performance monitoring and accountability system, with baseline and target data.



# SO 1: ACHIEVE A HIGH-PERFORMING WORKFORCE

## Problem

Over recent years, difficulties have damaged the morale of USAID employees and reduced the Agency's ability to deploy the right staff with the right skills and experience in the right place at the right time. These difficulties include

- continuing ambiguity about the future of the Agency
- a decade of inadequate management, technical training, or other career development tools
- low perceived transparency concerning decisions about who is placed in senior management and leadership roles
- the small number of chronic poor performers and their supervisors who have not been held accountable
- a pervasive belief that there is an Agency class system of different personnel categories
- limited OE resources to hire needed staff for new mandates
- performance appraisal, incentive, and performance awards programs that neither promote performance improvement nor improve employee morale

Because of past and continuing high levels of attrition of senior and experienced USAID staff, many employees in the field and in Washington are moving into midlevel and senior manager positions without sufficient experience, training, or follow-on coaching and mentoring to provide them with a solid chance for success. The result? Some staff in new leadership roles are unprepared to perform at the levels to which they are assigned. When new midlevel or senior managers fail in their assignments, the costs to the Agency will be enormous in lost investments and scarce human capital.

In its emphasis on leadership, identifying new leaders, leadership training, and an improved performance culture, and through its SO-level indicators, SO 1 addresses the HCAAF standards of leadership and knowledge management, results-oriented performance culture, talent, and accountability.

To achieve a higher performing workforce, the Agency needs to

- support new senior and midlevel managers who are assuming higher levels of responsibility with relatively less experience and preparation than in the past
- provide appropriate coaching, mentoring, and training to the workforce as a whole
- improve transparency of assignments

- reform the Agency’s performance culture
- retain new staff and develop a new generation of leadership, given the competition for talent and misaligned incentives for direct-hire staff

## Assumptions

This SO makes the following assumptions:

- The vast majority of employees are committed to USAID’s mission and global objectives; however, leadership fails to capitalize on this commitment.
- Managers wish to address performance problems, provided they are supported by labor relations staff to reduce the additional workload of grievance procedures arising from critical performance evaluations.
- The awards and incentive system is not working fairly or consistently, but there is an informal understanding concerning what distinguishes superior performance.
- Training, coaching, and mentoring are prerequisites for “growing” a new generation of effective Agency leaders and managers.
- The new USAID Phoenix accounting system will be rolled out worldwide.
- The new procurement system will be developed, tested, and rolled out worldwide.

## SO and SO-Level Indicators

### *SO 1: Achieve a high-performing workforce*

This SO aims at achieving a high-performing workforce in USAID by the end of 2008. The RF for this SO (Figure 13) defines a high-performing workforce as one that applies technical and managerial skill, embodies in actions knowledge of Agency core values and mission, and consistently meets or exceeds operating unit (office, bureau, field mission) objectives. USAID has both a joint mission (with the Department of State) and its own organizational mission.<sup>25</sup> To succeed, all parts of the workforce need to understand USAID’s mission and see how their role and performance contribute to the achievement of that mission. For SO 1, the term *workforce* includes mainly USDH, USPSCs, and FSNs. To a lesser degree, it includes fellows and staff under Technical Assistance for AIDS and Child Survival (TAACS), Resources Support Servicing Agreement (RSSAs), and Participating Agency Service Agreements (PASAs).

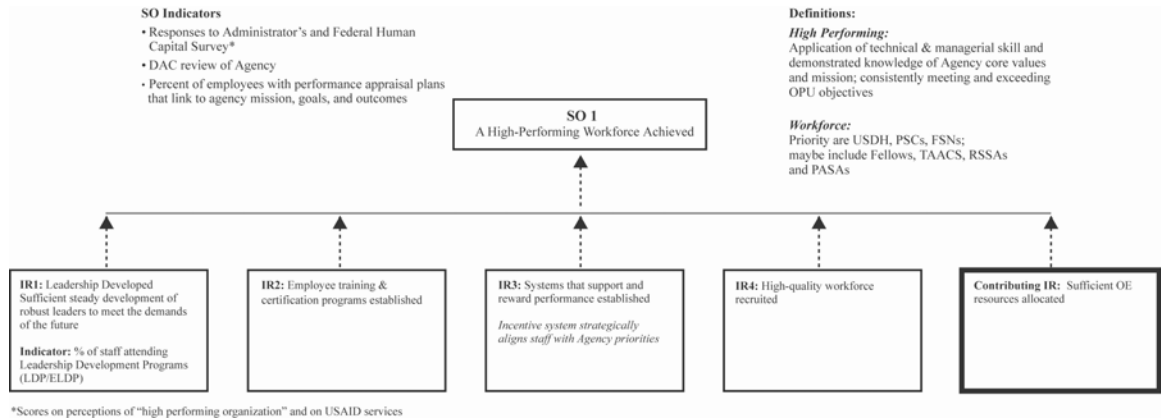
If the Agency achieves this objective, USAID will develop transparent incentives, awards, assignment, training, and career development systems at all levels necessary to nurture the

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<sup>25</sup> The *Strategic Plan: Fiscal Years 2004–2009* of the Department of State and USAID states: “Create a more secure, democratic, and prosperous world for the benefit of the American people and the international community.” At the same time, USAID’s individual mission is: “USAID accelerates the development of countries, and their people, by investing resources, transferring knowledge, creating opportunities, and advocating reforms to build a more secure, democratic, and prosperous world” (see Section 1 of the USAID Human Capital Strategic Plan).

Agency’s future leadership. Combined with a transformed performance culture, the Agency’s leadership and overall workforce will then enjoy a consistent set of incentives, rewards, and motivations for higher levels of performance, as well as legitimate and credible sanctions for poor performance—thus applying accountability to the entire workforce.

Figure 13. Human Capital Strategic Plan Draft Results Framework: A High-Performing Workforce Achieved



This SO and its indicators align with the HCAAF standards of results-oriented performance culture, leadership and knowledge management, talent, and accountability, as noted below. The four indicators will track data from the annual USAID Employee Survey (administered to all staff types), the biannual Federal Human Capital Survey (administered only to USDH staff), the external peer review of USAID by its counterpart foreign assistance donors on the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD/DAC), and the link between performance appraisal plans and agency goals. These performance indicators capture staff perception across the workforce, permit benchmarking with other U.S. Government agencies and other foreign assistance donors, and include indicators for OMB performance assessment rating tool (PART).

Indicator reference sheets have been developed to provide information on baseline, target, and current values. The SO 1 indicators are as follows:

*Indicator SO 1.1:* Responses to USAID Administrator’s Survey questions  
 H1: The Agency incentive system rewards and spurs good performance  
 H7: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve  
 (HCAAF standards: performance culture, leadership, talent, accountability)

*Indicator SO 1.2:* Responses to selected Federal Human Capital Survey questions  
 Q32: High-performing employees in my work unit are recognized or rewarded on a timely basis  
 Q35: My performance appraisal is a fair reflection of my performance  
 Q37: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve  
 Q39: I am held accountable for achieving results  
 (HCAAF standards: performance culture, leadership, talent, accountability)

*Indicator SO 1.3: Review of USAID by the OECD/DAC*  
(HCAAF standards: performance culture, leadership, talent, accountability)

*Indicator SO 1.4: Percent of employees with performance appraisal plans that link to agency mission, goals, and outcomes*  
(PART indicator and HCAAF Standards: strategic alignment, performance culture, accountability)

*Broader Agency and stakeholder ownership of the Human Capital Strategic Plan and SO 1 in particular.* As stated in Section 1, the five-year Human Capital Strategic Plan is far beyond the manageable interest of M/HR. This is also true of each of the SOs, beginning with SO 1. Establishing a high-performing workforce (as defined here) will require support by Agency management and other internal and external partners. Support by Agency leadership is essential, as is that of the Agency’s DAAs (especially those directly involved in Senior Management Group [SMG] decisions), BTEC and its various subcommittees, and mission directors. Outside partners and stakeholders necessary to achievement of this SO include the State Department, the Federal Executive Institute (FEI) and other training suppliers, and OMB and OPM (the prime movers of the PMA), and Congress.

*Knowledge for Development (KfD) strategy.* Direct support for the Strategic Plan (and SO 1 in particular) will be provided by the Agency’s new KfD strategy. The aim of the KfD strategy—getting the right knowledge to the right people at the right time in support of the USAID mission—resonates strongly with USAID’s overarching human capital goal: “Getting the right people in the right place, doing the right work, at the right time (with the right knowledge, skills, and experience) to fulfill USAID’s mission.” The purpose of the KfD strategy is to ensure that those people have the knowledge they need to do their work efficiently and effectively in support of USAID’s mission.

KfD will support the USAID workforce in meeting its knowledge needs with Agency-wide methods and tools, including

- communities of practice
- after-action learning solutions
- expertise locators
- knowledge mapping methods
- knowledge “yellow pages”
- collaboration software
- improved document management, search, and portal technologies

KfD-provided leadership and incentives for knowledge sharing also support the Human Capital Strategic Plan’s recommendations for improvements in the USAID culture by breaking down barriers among the various employment categories within the Agency.

## Intermediate Results

USAID will achieve SO 1 by accomplishing four intermediate results (IRs) and benefiting from the accomplishment of one contributing IR:

- Leadership developed
- Employee training and certification programs established
- Systems that support and reward performance established
- High-quality workforce recruited

- Sufficient OE resources allocated (contributing)

## IR 1: Leadership Developed

Achieving a high-performing workforce in USAID requires a robust leadership cadre seen as credible and effective by Agency employees. Because of the loss of the current career leadership through attrition and the absence of a robust “middle,” strong steps are needed to support new senior and midlevel managers who are taking on substantially broader leadership roles and to develop the next generation of leadership. What is needed is a combination of high-quality training, coaching, mentoring, and counseling programs that will develop leadership skills throughout the Agency in Washington and in the field in all personnel categories (including USDH, non-USDH, GS, and FS). Supportive involvement of the Agency’s senior management is essential for success of this IR as for the whole SO. Specific actions under IR 1 include the following:

- *Identify key qualities for senior leaders.* The Performance Management Working Group (PMWG) has examined current standards for promotion into the SFS and developed proposals to reform the precepts for promotion into and within senior ranks. While the current skills matrix identifies a panoply of skills for SFS members, the working group has analyzed the proper criteria for selecting officers for senior positions and for promoting officers into the SFS. Preliminary results indicate the most important criteria appear to be articulating a vision for an operating unit; respect for staff and diversity; integrity, courage, and devotion to duty; concern for the wellbeing of others; teaching and mentoring; team building; and “knowing the ropes.” Work will continue to identify qualities needed for senior leadership and to specify these qualities in the form of new precepts for promotion into and within the SFS. But the greater challenge is to make these qualities living tools used to evaluate managers for advancement, and used by managers to provide feedback to employees and for considering employees for advancement. The final precepts will be consistent with the SES executive core qualifications of leading change, leading people, results-driven business acumen, and building coalitions and communications.
- *Support new midlevel and senior managers with continuing training, mentoring, and coaching.* Because of continuing attrition, midlevel staff are moving into senior management positions, often with substantially less experience than before. This is true both in the field and in USAID/Washington among GS employees because of GS succession gaps. Similarly, many NEPs are finding themselves in midlevel management positions in field missions (such as SO team leader or senior program officer) with little prior USAID management or supervisory experience. Comparable demands are being made of PMFs in Washington. The preassignment training new employees currently receive is not sufficient. The coaching and mentoring they enjoy usually ends when they move to post.

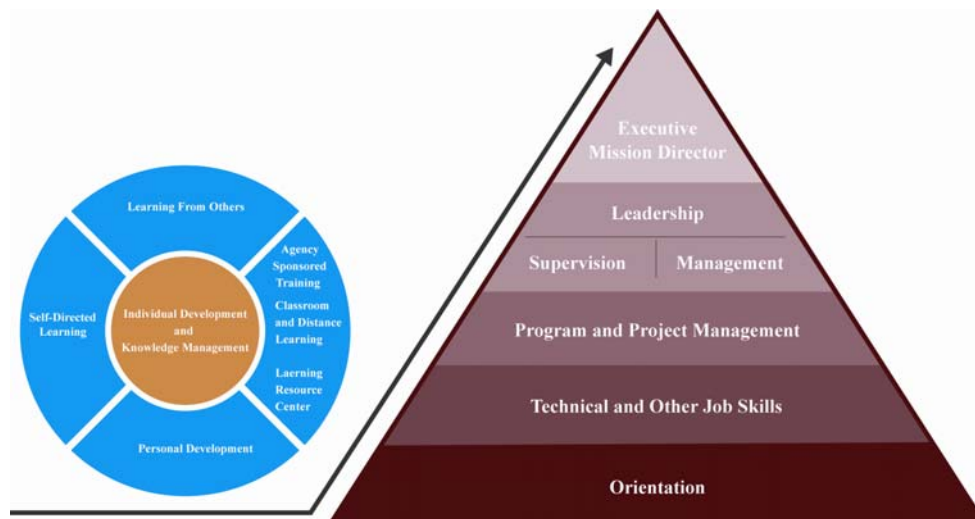
To responsibly nurture these new senior and midlevel FS and GS managers, the Agency must ensure continuing training as well as high-quality (but not necessarily high-cost) coaching and mentoring services that will enable them to weather successfully the first challenging, tumultuous years of broader leadership responsibilities. Without such support, a significant portion of these new managers will be unprepared for some of the challenges of their new positions. More vexing, they will have nowhere to turn for quality advice and help in expanding and using appropriately management, leadership, and interpersonal skills and techniques to meet these challenges. Failure by some will mean loss of large investments by the Agency in individuals and, more telling, loss of

credibility of new leaders in the eyes of their staff. Programs will suffer, and individuals will endure major career setbacks.

- *Focus leadership, management, and supervisory training.* After a long hiatus, USAID has renewed leadership and related training. M/HR is working to eliminate duplicative course content, and has developed a suite of leadership courses delivered by the FEI for entry, midlevel, and senior training. In addition, the Administrator has made supervisory training mandatory for all those who supervise staff, and appropriate supervisory training offerings will form part of the new leadership suite of training programs.

The current M/HR training approach envisions a training pyramid (Figure 14) for Agency employees that includes leadership, management, and technical and job skills training available to all employees as they move along in their career progression.

Figure 14. USAID Training and Education Pyramid



- *Reestablish career counseling.* The Agency needs to reestablish career counseling for FSOs and GS employees. The lack of available training over the past decade, and the dearth of mentors and even positions that have been in the logical career progression, have left many employees unprepared for the assignments they are getting. One of the frequent complaints from staff is that they do not know “what it takes to get ahead,” nor do they understand how senior leaders are selected. USAID needs to develop certifications in various disciplines that lay out clear steps in training and progressively broader responsibility that, successfully completed, lead to advancement. Individual development plans (IDPs) should be reinstated so that each employee will have a personalized career strategy.

## IR 2: Employee Training and Certification Programs Established

In addition to leadership and management training, a high-performing workforce needs orientation, technical, certification, and job skills training in graduated levels for various categories of employees. Moreover, the Agency needs sufficient employees so that, at any one time, it can accommodate a certain number in training and moving to and from assignments. For this training and assignment float—or buffer—to exist, sufficient new employees are required. Specific actions under IR 2 include the following:

- *Identify joint training opportunities with the State Department.* The main opportunity is partnering in senior leadership training so that both USAID and State senior managers take some of the specific content courses of the other agency. For example, USAID's training in conflict and crisis management could be shared with State, and State's training in effective negotiations with third-world government leaders could be shared with USAID managers.
- *Establish an orientation training program.* The improved orientation program now in place for all new USAID employees meets a variety of objectives and provides new employees with the following:
  - understanding of USAID's mission, corporate values, organization, the relation of USAID/Washington to the field, and the Agency's relationship to key stakeholders
  - understanding of the complete package of benefits and services available to employees and M/HR resources to answer questions
  - appreciation of the degree and importance of the diversity of the USAID workforce in both Washington and the field in all dimensions—including race, ethnicity, gender, nationality, and religious beliefs
  - understanding of the corporate plan for professional development and career progression—including the assignment process, training programs, mentoring and coaching, and counseling services
  - awareness of their responsibilities and roles as representatives of the U.S. Government
  - understanding of the physical layout of USAID/Washington offices in the Ronald Reagan Building
  - mastery of initial skills and processes—including completing a time card, interpreting a payroll statement, accessing and using the USAID website, operating the USAID/Washington telephone system and its features (such as voice mail and conference calling), use of computer software and e-mail, and how to seek help from Office of Information Resources Management (M/IRM) for computer glitches
  - sense of feeling welcome and part of the organization; having made a good first impression on supervisors and colleagues; having bought into USAID's mission, goals, and values; and seeing a USAID career as a chance for continuing learning and growth
- *Establish training and reassignment float.* To enable essential language, leadership, management, and technical training, as well as reduce the long gaps between employees rotating in the field and Washington, the Agency will establish a training and reassignment float. The DRI, requested in the Agency's FY 2005 budget submission (see

Table 5 and discussion under SO 2), includes plans for hiring a total of 250 additional USDH employees (both FS and GS) above attrition over three fiscal years (FYs 2005–07) with some new hiring to begin in FY 2004. One element of the DRI will be allocating at least 45 of the new USDH positions to enable longer term training and reduction of the length of staffing gaps in the reassignment process. Without allowing for essential training, the Agency cannot develop a new generation of leaders and managers. Because of the shortage of USDH FS officers, the average vacancy on rotations is three to four months, with many vacancies lasting six or more months, especially in less desirable hardship posts. The DRI will also allocate new positions for development of a surge capacity and to second—training—positions for new employees under seasoned FS officers and senior GS employees where civil service succession gaps loom.

- *Establish a full range of technical, program management, and job skills training programs.* M/HR’s action plan for training is in the process of eliminating duplication of training course content in program and project management, skills training, and leadership courses; integrating distance learning and information technology tools; and introducing certification requirements for project management and supervision. Pillar bureaus have provided an outstanding service to the Agency over the past decade in taking on the job of continuing technical training for their staffs. Once the new program and project management suite of training courses is available, such content can be removed from pillar bureau technical training, thus enabling technical training to be more effective. The new training approach will extend from new-hire to middle to senior management, ultimately covering all employment categories.

### IR 3: Systems that Support and Reward Performance Established

USAID’s performance culture requires an overhaul. Two areas for improvement stand out: first, to distinguish truly outstanding performers from those who are achieving more modest results and reward the outstanding performers appropriately; second, to support managers who seek to sanction employees who are not performing to minimum standards and exhibit little potential for succeeding. While relatively few employees fall into this second category, the Agency can no longer afford to accommodate individuals who contribute little to results and whose poor performance reduces the morale of colleagues who must compensate for their shortcomings. To accomplish this action, USAID must hold supervisors accountable for ensuring staff productivity by

- simplifying performance appraisals
- training supervisors in how to document both good and poor performance, provide direct and constructive feedback, and counsel mediocre performers
- assigning staff in a transparent manner to vacant positions regardless of the employee’s “hallway reputation,” and requiring supervisors to document poor performance
- increasing the capacity of the labor relations staff, supplemented by consultants on contract, to establish a more proactive capability to support both managers and affected employees through advisory and case-management services

Specific actions under this IR include the following:

- *Hold supervisors accountable for clear and timely performance appraisals, feedback, and counseling.* In USAID’s performance culture at present, timely performance



evaluation, feedback, counseling, and rewards are infrequent. GS employees frequently complain about late agreement on work objectives and appraisals, and about rarely receiving useful oral feedback or career counseling. FS employees criticize the amount of time spent on performance evaluation and question its link to advancement. FSNs and others (fellows, TAACS, PASAs, and RSSAs) suffer from late evaluations, lack of a uniform system, and absence of a “360 feedback” policy for FSN staff. USPSCs must endure the lack of any evaluation system and the absence of an effective reference and referral system when they are looking for their next assignment. When the supervisor places a low priority on performance appraisal requirements, it can be construed as a lack of respect for the employee and for his or her work. However, the lack of regular feedback, mentoring, and counseling is even more egregious. To build capacity to more systematically redress the situation, M/HR is seeking more expertise in performance management.

In 2001, USAID formed the PMWG under BTEC auspices. The PMWG’s charge was to find ways to simplify the annual performance appraisal process as well as improve the performance management culture. In December 2002, the BTEC accepted the PMWG’s recommendations to

- separate the appraisal forms for civil service and FSOs
- shorten both civil service and FS forms
- require FSO raters to describe a skills area that should be improved prior to advancement
- remove recommendations for promotion by supervisors or the unit review panels (Appraisal Committees [ACs])
- clarify the role of the AC and rebalance respective responsibilities of the supervisor and the AC, giving the supervisor greater authority and responsibility
- simplify the skills matrix from six to four skills, with a clearer distinction of skills at various grade levels
- enforce Agency rules requiring timely appraisal of employees by applying penalties against supervisors who are tardy
- eliminate partial and interim ratings, requiring instead that the rater of record at the end of the performance period prepare a single appraisal that covers the entire period by using input from any other supervisors during the rating period

M/HR is completing negotiations with unions on these recommendations. After agreement, M/HR will revise Agency rules and the employee handbook and will train supervisors.

A number of other measures have already been implemented. These include

- issuance by the Administrator of several Agency-wide notices to rating officers for all categories of direct-hire staff (SES, SFS, civil service, and FS) that set forth the criteria for distinguishing between outstanding and acceptable performance

- issuance of an Agency notice and affirmation of M/HR authority to deny performance pay to supervisors who fail to complete employee evaluations by the required deadline
- increase in the amount of On-The-Spot Awards from a maximum of \$300 to \$500 to offer a more meaningful posttax recognition of work that is above and beyond immediate job requirements
- *Encourage greater respect for all elements of USAID’s diverse workforce.* The Administrator’s Annual Survey reveals the perception that direct-hire employees are more highly valued than other categories of employees. Moreover, a long-standing gulf exists between GS and FS staff for which the Agency is seeking solutions, such as facilitating GS excursion tours to field missions and GS conversions to FS. If PMFs and other new GS employees spent as much time as possible with new FS employees (NEPs and IDIs), the new cadres of USAID employees would start off with less of a divide between them. M/HR’s training division is currently examining the content of its leadership training modules to address the lack of respect between different elements of the Agency workforce. The issue relates not only to traditional definitions of equal opportunity in terms of race, gender, and religion, but also to the direct-hire versus nondirect-hire elements of USAID’s workforce. As mentioned in the discussion under SO 4, diversity training should include a module at all levels to emphasize respect among all elements of the Agency’s workforce and its role in supporting closer teamwork.

Related to this question is one of the more intractable problems of the largest element of the workforce: FSN compensation. The Foreign Service Act requires that FSN salary and benefits packages respect local prevailing wage rates and compensation practices “to the extent [they] are consistent with the public interest.”<sup>26</sup> Given the increased security threats that U.S. organizations overseas now face, a fundamental examination of the incentive package offered to local employees is required, or USAID will be uncompetitive in the local talent market for the highly trained professionals it needs for technical (SO team) and support (controller and EXO) roles. Action on this front will require the cooperation and leadership of the Department of State.

## IR 4: High-Quality Workforce Recruited

Just as in constructing a large and complex bridge, building a high-performing workforce for USAID’s global responsibilities requires that the Agency begin with high-quality raw material. That means recruiting the best possible new employees the Agency can find. SO 2: Strategically Align Staff with Agency Priorities has more overall responsibility for recruitment than SO 1. However, just as SO 4 is concerned with recruiting representatives with as diverse a range of backgrounds and characteristics as possible, so is SO 1 concerned with starting with the best raw material the Agency can find. Therefore, the SO team leader and team for SO 1 will be working on the Agency’s recruitment process to ensure that outreach efforts aim at the highest quality American and international staff members. Recruitment and diversity are concerns cutting across all aspects of the Human Capital Strategic Plan.

## Linkages with Other SOs

Interrelationships between SO 1 and other parts of the Human Capital Strategic Plan arise from crosscutting issues (such as OE and recruitment), the role that M/HR has to play in driving forward all five SOs, and more specific interrelationships with other SOs.

<sup>26</sup> Section 408 (a)(1) of the Foreign Service Act of 1980.

As with the other four SOs, SO 1 depends on sufficient OE resources for achievement, especially with regard to funding of leadership, technical, orientation, and job skills training and certification programs. As noted under IR 4, achievement of SO 1 also depends on successful recruitment of high-quality entrant staff. Secondly, SO 1 depends on a strengthened M/HR (SO 5) to take leadership, strengthen its staff's competencies, improve orientation procedures and training offerings, use its resources efficiently, implement an integrated workforce planning capability to identify the competencies USAID needs and the skill gaps that need to be filled, and work assertively with internal and external stakeholders. For SO 1, key areas where M/HR's leadership and expertise is essential include

- better screening of new employees for interpersonal skills and intercultural sensitivity
- building coaching and mentoring programs for new midlevel and senior managers
- developing new suites of leadership, technical, and job skills training
- advocating effectively for additional OE resources for training and reassignment float and for new training, mentoring, and coaching programs

At the same time, although M/HR can play a leadership role in framing and advocating the Human Capital Strategic Plan and individual SOs, achieving the plan and any SO is beyond the manageable interest of M/HR and requires support of internal partners and external stakeholders.

With regard to linkages between SO 1 and other SOs, a number of synergies appear. SO 3 efforts to promote greater workforce flexibility will result in talents of existing staff being used more effectively, thereby improving overall performance of the workforce. Greater diversity in the workforce (SO 4) will lead to more complete utilization of all the talents of a diverse workforce. This will spawn greater creativity and productivity and increase the level of performance. Finally, SO 2 efforts in identifying and filling critical skill gaps through workforce analysis, meeting recruitment targets, and determining all the dimensions of the Agency's right size, will likewise enhance performance of the workforce.



*Mission Director Elena Brineman, USAID/Dominican Republic, inaugurates a water project.*



*USAID/Philippines briefing for congressional interns from Mindanao.*

# SO 2: STRATEGICALLY ALIGN STAFF WITH AGENCY PRIORITIES

## Problem

Ultimately, the effectiveness of foreign assistance that USAID delivers rests with its staff that work overseas. Currently, two-thirds of USAID direct-hire staff work in headquarters, and there is no agreement in the Agency on the proper alignment of staff between headquarters and the field. In mid-2003, the Overseas Working Group, established by the Administrator, developed an overseas staffing template for deploying 700 FSOs in the field.<sup>27</sup> With the staffing model from this study and the annual budget data that include submission of staff resource needs, the Agency is now reallocating FSOs among regional and bilateral field missions.

Further work is underway: The IBMR study and other rightsizing analyses are defining the types, numbers, and characteristics of human capital required overseas to conduct the Agency's work in more than 150 countries (both presence and nonpresence). While the overseas workforce staffing template is being used to rationalize allocation of the 700 overseas FSO positions, to have a complete workforce picture the Agency needs to consider in more depth the types of work, who should do what type of work (direct-hire or nondirect-hire), from where, and under what mission or business model (regional or bilateral platform and what variation of each).

Together with the question of where available staff are to be located lies the question of rebuilding USAID ranks, both GS and FS. The Agency is moving forward in FY 2004 and FY 2005 budget requests to implement a DRI that will address the most critical aspects of USAID's human capital crisis—the need for training positions overseas for new employees, surge capacity, training (especially for language) and reassignment float, and succession planning for key GS positions throughout the Agency.

In placing staff on the frontlines, the Agency will need to

- determine the proper headquarters-to-field staffing ratio
- ensure skill gaps overseas are filled
- recruit quickly the large number of staff needed for the DRI, and, especially for training positions, surge capacity, GS succession planning, and other needs involved in rebuilding the Agency's human capital
- determine the right size of staff (USDH and non-USDH) in both regional and bilateral platforms and reallocate as necessary in a timely way
- ensure staff is aligned with the Agency's mission
- provide adequate security

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<sup>27</sup> The figure of 700 FSOs in the field is a level recommended by a previous workforce study. The completed IBMR study is a first step in verifying the actual level of FSOs needed in the field. In addition, business systems modernization and other transformation efforts may lead to new divisions of work among headquarters, regional platforms, and bilateral missions. Therefore, the actual level of FSOs determined to be needed to perform essential work in the field may change up or down.

- work smarter using technology

In its emphasis on workforce planning, recruitment, and rightsizing, SO 2 and its SO-level indicators address the HCAAF standards of strategic alignment, workforce planning and deployment, talent, and accountability.

## Assumptions

This SO assumes the following:

- New security threats and the U.S. Government security posture will shape how the Agency deploys staff overseas, and may require the Agency to have a smaller footprint in some countries.
- Security concerns will increase the cost of doing business.
- Changing technology will enable certain support work to be performed from regional platforms in countries that are determined to be relatively more secure. Moreover, the location of the most efficient regional platforms will be determined by factors other than security, such as ease of regional air travel, reliability or sophistication of information and communication technology links, and capabilities of FSN staffs.
- Regionalization poses new challenges for staffing. Regional platforms would normally require more senior, experienced officers, but such officers are often less willing and able (because of family obligations) than junior officers to travel continually to regional field missions. The Agency must decide who will travel, and where staff should be posted in order to do it.
- To the extent possible, USAID prefers to work through staff posted in the countries where it provides assistance.

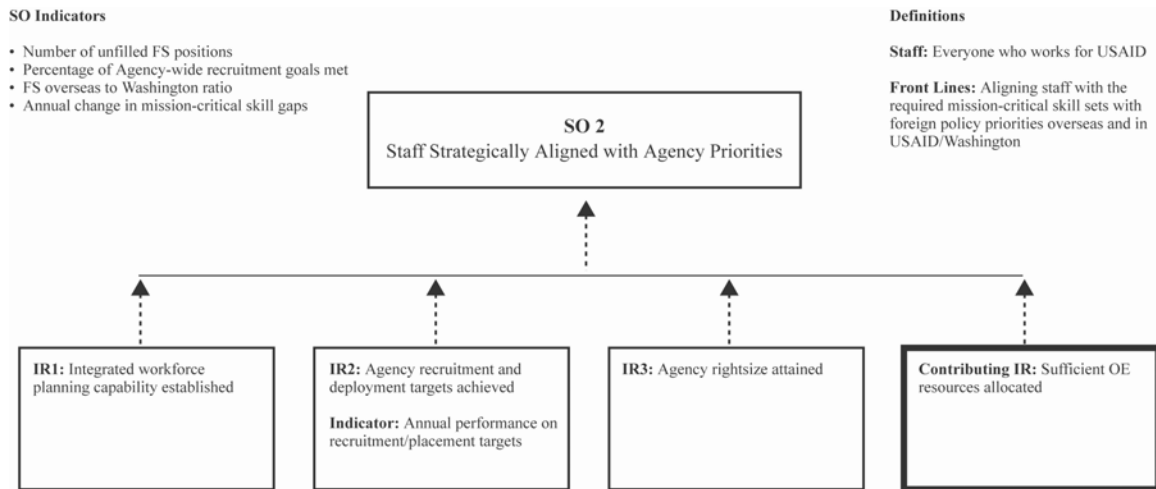
## SO and SO-Level Indicators

### *SO 2: Strategically align staff with agency priorities*

Perhaps more than any other SO, SO 2 aims at aligning FS and GS staff with the top priorities of Agency work (both in Washington and in the field) in the right numbers to support key competencies and fill critical skill gaps according to rightsizing analyses and recommendations. The RF for this SO (Figure 15) defines *staff* as everyone who works for USAID and the term *staff on the frontlines* as aligning staff with required mission-critical skill sets and with foreign policy priorities overseas and in USAID/Washington.

If the Agency achieves this SO, USAID/Washington, field missions, and regional platforms will be rightsized; key competencies and skill gaps will have been identified; an expanded recruitment effort will have filled positions; and all operating units will have the right numbers and types of employees to fulfill their planning, program management, monitoring, and oversight responsibilities.

Figure 15. Human Capital Strategic Plan Draft Results Framework: Staff Strategically Aligned with Agency Priorities



This SO and indicators align with the HCAAF standards of strategic alignment, workforce planning and deployment, talent, and accountability, as noted below. USAID has reorganized its headquarters operations and is implementing the recommendations of a recent business model review to ensure the most appropriate placement of staff to achieve USAID objectives. Of particular concern are needs for surge capacity for priority programs (such as Iraq), unfilled FS positions, and the need to replace and build staff competencies to meet changing mandates. Together, the four indicators for this SO express USAID’s ability to place qualified staff where they are needed: the first two track USAID’s performance in filling foreign and civil service staff vacancies; the third tracks deployment of FS staff in Washington in comparison with their numbers in the field; and the fourth tracks gaps in mission-critical skills across the Agency workforce.

Indicator reference sheets have been developed to provide information on baseline, target, and current values. The SO 2 indicators are as follows:

*Indicator SO 2.1:* Number of unfilled FS positions  
(HCAAF standards: strategic alignment, workforce planning and deployment, accountability)

*Indicator SO 2.2:* Percentage of Agency-wide recruitment goals met  
(PART indicator and HCAAF Standards: strategic alignment, workforce planning and deployment, accountability)

*Indicator SO 2.3:* FS overseas to FS Washington ratio  
(HCAAF standards: strategic alignment, workforce planning and deployment, accountability)

*Indicator SO 2.4:* Annual change in mission-critical skill gaps (targets to be set after completion of workforce planning analysis)  
(HCAAF standards: strategic alignment, workforce planning and deployment, accountability)

*Broader Agency and stakeholder ownership of the Human Capital Strategic Plan, particularly SO 2.* As with other SOs, achievement of this SO is beyond the manageable interest of M/HR alone. Placing the appropriate number and types of staff on the frontlines of Agency work will require support by Agency management and other internal and external partners. Support by Agency leadership is essential. So is support from all the Agency's bureaus, the BTEC and its various subcommittees, and mission directors. Outside partners and stakeholders necessary to achieve this SO include the State Department, OMB and OPM (the prime movers of the PMA), and Congress.

## Intermediate Results

USAID will achieve SO 2 by accomplishing three IRs and benefiting from the accomplishment of one contributing IR:

1. Integrated workforce planning capability established
2. Agency recruitment and deployment targets achieved
3. Agency rightsize attained
4. Sufficient OE resources allocated (contributing)

### IR 1: Integrated Workforce Planning Capability Established

Although USAID knows which employees are currently on board and where they are located, further work is required to build an integrated workforce planning capacity in the Agency. USAID is now undertaking comprehensive workforce planning through several separate but related analyses. The first step is to examine in depth three organizational units to determine key competencies and skill gaps and determine the most effective ways of providing assistance—from headquarters, through regional platforms, or through traditional bilateral missions. When completed, this major effort will result in a workforce planning capability that can support the Agency's overall mission by enabling USAID to determine future competency and skill gaps and fill those gaps as they arise. Specific actions under IR 1 include the following:

- *Identify key competencies and mission-critical skill gaps through workforce analysis.* Through consulting services, M/HR and the Agency have initiated a comprehensive, worldwide workforce planning process that will use information technology tools to collect data on all workforce categories, allowing an analysis of competencies and the identification of skill gaps. Pilot workforce planning studies have been completed in three organizational units in USAID/Washington to determine the best approach for an Agency-wide data collection effort. M/HR, M/OP, and GH participated in the pilot studies, and varying levels of information were collected about employees in each organization. The results of the pilot studies were presented to the BTEC, with a recommendation that a quantitative workforce analysis approach be adopted for the entire Agency.
- *Assess current workforce competency requirements.* Now that the first phase of the planning effort has been completed, this step will be followed by a workforce gap analysis and the development of recommendations for closing the gap. The workforce planning methodology is a replicable tool that will be used by M/HR to provide Agency managers the information necessary to make sound, informed decisions about the recruitment, training, and deployment of staff on a continuing basis in the future.



- *Conduct an annual update of the overseas workforce template.* Completion of the overseas workforce template in 2003 has given the Agency a consistent, transparent method for allocating overseas staff. Agency management has reallocated field staff to the four regional bureaus, based on the approved staffing template for the current target level of 700 FS positions overseas. The comprehensive workforce planning process, when completed, together with the IBMR study (see below), will establish a more reliable planning figure for overseas staffing, both USDH and non-USDH. Therefore, periodic reviews of the overseas staffing template will be necessary to reallocate field staff, based on new mandates, priorities, and planning levels generated by the workforce planning process.
- *Implement the decisions of the IBMR study and other rightsizing analyses.* The IBMR study, now completed, constitutes a major step forward on rightsizing, and enables the Agency to respond to security concerns on the size of the U.S. Government footprint overseas. As a result of the IBMR study, decisions have been made by Agency management to
  - reshape USAID's international business model through a range of actions, including expanded use of regional platforms, clarifying the roles of administrative and program support personnel and technical specialists in small and medium-sized missions, reinvigorating project design training for all officers, and establishing a senior FSN professional corps available for time-limited, worldwide assignments
  - simplify USAID's strategic planning and management processes and standardize SOs and indicators to link results reporting to national security interests
  - strengthen Agency management oversight by 1) establishing a system of coordinated overseas mission program management reviews under the direction of the Agency Counselor, and 2) undertaking a review of all pillar bureau programs and staffing with a focus on value added to field operations

The effect of these decisions will be to better align Agency operations, in Washington and in the field, with the USAID mission and with U.S. foreign policy and development and humanitarian relief objectives, and to enhance the Agency's overall development impact.

At the Agency level, the IBMR Study will advance streamlining and standardizing of key business processes; integration of bilateral, regional, and central programming; decisionmaking on which services are best provided from regional and bilateral platforms in tandem with the launch of Phoenix, the new accounting system; and will clarify overseas staffing needs for the out years (beyond 2005).

At the level of U.S. national security objectives, the IBMR Study will enable USAID to engage more effectively in senior interagency discussions on the question of how to align USAID's higher profile as the primary U.S. Government agency contributing to broadbased development, especially in fragile states.

Other rightsizing analyses will include

- impact of the overseas staffing template on other categories of the overseas USDH workforce not included in the original study, including contracting, legal, humanitarian, and conflict management officers

- guidance for managers in selecting the appropriate workforce mechanisms to meet skill gaps
- the proper deployment of technical staff and the determination of how best to support the MCA and other presidential initiatives, including HIV/AIDS, agriculture, famine, corruption, and the Middle East
- how to align the number and location of USAID staff, together with State, OMB, other U.S. Government agencies, and Congress, with national security and foreign policy objectives, increased security threats overseas, and increasing costs

## IR 2: Agency Recruitment and Deployment Targets Achieved

Because much of USAID's senior and midlevel workforce is nearing retirement, and because the Agency is currently understaffed to fulfill its current mandates from the administration and Congress, as well as its expanded role under the new National Security Strategy, expanded recruitment is critical to meeting needs to fill existing staffing gaps and staff new country programs in places such as Sudan, Djibouti, and Yemen, and postconflict reconstruction programs in Iraq and Afghanistan. At the same time, new entry staff, even those who have worked as contractors for the Agency for some years, need time, training, and mentoring relationships to learn the ropes in new roles. Specific actions under IR 2 include the following:

- *Establish hiring targets and recruit staff.* Although rightsizing analyses and a comprehensive workforce planning capability (as discussed under IR 1 above) are underway and not yet completed, the Agency needs hiring targets now to begin to rebuild USAID's human capital. Therefore, the Agency is undertaking recruitment of 135 career and noncareer (limited appointment) FS and GS positions over attrition in FY 2004. Further, the Agency has proposed a DRI (Table 5) that parallels, to some extent, the State Department's Diplomatic Readiness Initiative already underway. If funded with sufficient OE, the DRI will address USAID's most critical workforce requirements over the next four years (FY 2004–07). It will
  - establish up to 100 second positions for junior FSOs to serve overseas in training under seasoned FSOs
  - create a training float of approximately 45 positions for officers who take language, technical, and leadership training between assignments, thereby reducing the now common long gaps between departing and arriving FS staff (see also the discussion under SO 1, IR 2)
  - build an Agency surge capacity to respond quickly to unforeseen crises and new priorities
  - create 45 second positions for interns (such as PMFs) to understudy senior civil servants in critical technical and management positions who are likely to retire and create succession problems because of loss of tacit knowledge and experience
  - share development expertise and leadership with other U.S. foreign affairs agencies and international organizations, including the MCC, by allowing for the detail of up to 40 officers

Successful recruitment, especially in key shortage areas like HIV/AIDS program specialists, contracting, and democracy officers, will require additional travel and outreach to key universities, professional conferences, and networks because of the international competition for these scarce professionals. If OE resources permit, DRI implementation will add a badly needed 250–300 USDH positions (both FS and GS) over attrition to USAID’s workforce, enabling the Agency to fulfill its current role in U.S. national security policy and meet its priority mandates established by the administration and Congress.

- *Fill critical skill gaps through existing authorities.* Before the DRI comes into full operation, USAID needs to fill critical skill gaps overseas, such as FS positions that remain unfilled at the end of the current assignment cycle, and in USAID/Washington. To accomplish this, the Agency will use existing hiring and assignment mechanisms, including mandated assignments of available FSOs; recall appointments (of retired FSOs); additional GS excursion assignments and conversions; limited appointments (up to five years) of midlevel, noncareer FSOs (using the new legislative authority contained in the FY 2004 foreign aid appropriations bill); more complete and creative use of the FSN corps; and establishment of USPSC positions in Washington and in the field.
- *Establish training positions for new entrants.* To ensure appropriately trained and experienced future leaders and managers overseas, it is necessary to recreate training positions by giving field missions additional positions when they accept new entrants (either NEPS or IDIs) for placement. New entrants assigned to these positions will benefit from training and mentoring of experienced FSOs for at least two years before graduating from junior officer status and taking over full responsibilities on their own. Under the DRI, the Agency will establish 100 such training positions for new entrants over FYs 2004–06.
- *Improve supervisor-to-staff ratio.* Before the Agency reorganization, a supervisor to staff ratio of 1:5 was used. A new target of 1:7 has been established. The Agency will identify mechanisms to achieve this target, thereby supporting ongoing efforts to remove layers and put more people on the Agency’s front lines. However, these efforts must not be allowed to adversely affect USAID’s ability to provide appropriate experience and mentoring for new and existing staff. In the interests of quickly building management and leadership capacity of new midlevel and senior managers overseas, consideration should be given to temporarily retaining some training positions for new managers in field missions—positions such as deputy mission director and deputy SO team leader—and in USAID/Washington, especially for GS succession purposes—positions such as deputy office director and division chief in regional bureaus in critical competencies—such as program budgeting.

### IR 3: Agency Rightsize Attained

Once the rightsizing and workforce planning analyses discussed above are completed, the Agency will begin to implement the recommendations. This will involve an iterative process, with new choices arising in tandem with budget implications. The process will require shifting staff numbers and types among Washington, regional platforms, and bilateral missions as rightsizing recommendations emerge. Additional analyses will have to be undertaken, including the following:

- *Determine appropriate headquarters-to-field staffing ratios.* One of the most difficult remaining tasks will be determining the appropriate headquarters-to-field staff ratio.

Establishing the appropriate ratio will require further work, using the results of portfolio reviews, the overseas workforce template model, and the IBMR study. For success of the overall management agenda as well as effective utilization of the Agency’s human capital, new information and communications technologies are needed, as are new database and management systems. Better procurement and financial management systems are essential if the Agency is to reduce the processing time and cost of necessary transactions, increase staff productivity, and assure adequate stewardship of Agency funds. Improved communications and information systems will also be necessary as the Agency explores management options such as regional support centers and “twinning” arrangements.<sup>28</sup> Real-time data sharing will be a key part of such approaches. Even with analysis and innovation, deciding on and implementing shifts in the headquarters-to-field staffing ratio will require forceful decisionmaking and perseverance by Agency leadership.

- *Conduct periodic reviews of pillar bureau staff and programs.* The staff levels and portfolios of Washington pillar bureaus will undergo periodic reviews to ensure consistency with Agency mission priorities, appropriate staffing levels against programs and priorities, and appropriate bureau assignment of responsibility. Only programs that are critical to accomplishment of the Agency’s mission should be retained, with concomitant staffing implications.

## Linkages with Other SOs

Interrelationships among SO 2 and other parts of the Human Capital Strategic Plan arise from crosscutting issues (such as OE and recruitment), the role that M/HR has to play in driving forward all five SOs, and specific relationships with other SOs.

As with the other four SOs, achievement of SO 2 depends on sufficient OE resources, especially for recruiting (and additional M/HR contract staff to handle expanded recruiting), establishing an integrated workforce planning capability, and funding the IBMR study and the other necessary rightsizing analyses. SO 2 also depends on a strengthened M/HR (SO 5) to take the lead, strengthen staff competencies, manage expanded recruitment and reintroduce second positions in field missions and GS succession positions in USAID/Washington for developing new staff, use its resources efficiently, and work assertively with internal and external stakeholders. For SO 2, key areas where M/HR leadership and expertise are essential include filling current skill gaps using existing authorities, recruiting more than double the current level of new staff, managing a series of rightsizing analyses and resulting Agency decisionmaking (in collaboration with PPC and other bureaus), and undertaking effective advocacy for additional OE resources for recruitment, maintenance of additional staff, development of a comprehensive Agency workforce planning capability, and other actions. At the same time, although M/HR can play a leadership role in framing and advocating the Human Capital Strategic Plan and individual SOs, achieving the plan—and any SO, including SO 2—is beyond M/HR’s manageable interest and requires support of internal partners and external stakeholders.

There are synergies between SO 2 and other SOs. SO 3 work in establishing a surge capacity depends on SO 2 ability to recruit new staff needed for that capacity. SO 3 maximization of personnel authorities will facilitate SO 2 recruitment efforts. SO 4 success in building a more diverse workforce that reflects both American diversity and that of countries where USAID

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<sup>28</sup> In a twinning relationship, a larger USAID field mission—such as Senegal or Ghana—helps support a smaller mission—such as Guinea or Benin—with regional support staff, or handles one or more nonpresence programs.

works will support SO 2 efforts and increase the effectiveness and credibility of USAID's workforce with host country, other donor, and NGO partners. SO 1 work in developing new leaders and establishing integrated training programs, including orientation for new entrants, will support SO 2 in meeting Agency recruitment, deployment, and rightsizing targets.



*Deputy Assistant Administrator for Europe and Eurasia Gloria Steele visits the Women's Economic Opportunity Project in Tajikistan, which aims to improve female-headed households and enhance women's participation in socioeconomic issues in Kofarnihon, Varzob, and Yavan (Khatlon Oblast). Steele is accompanied by Michael Fritz, deputy mission director for USAID/Central Asia Republics, and Michael Harvey, Tajikistan country officer.*



*Joel Kolker, formerly of USAID/South Africa (now with USAID/Zimbabwe), with Mthembeni Mkhize, South Africa's Businessman of the Year in 2003. Mkhize's Pretoria-based factory was assisted by USAID through the South African International Business Linkages (SAIBL) project, and has a workplace policy that favors unemployed or unskilled black women with children to support.*

# SO 3: ESTABLISH A MORE FLEXIBLE WORKFORCE

## Problem

USAID’s recruitment, deployment, and use of its workforce are cumbersome. The Agency needs more flexible personnel management tools to ensure that available staff are aligned with its strategic priorities. In past years, other recommendations were made toward this end, but few significant changes resulted. Lack of appropriate staff to address strategic priorities is now one of the most frequent complaints of USAID managers.

*To a 1997 survey question “What do you see as the challenge of the future?” one employee answered “To do more to obtain concrete and meaningful results with fewer resources. Finding time and resources to adequately manage what we have on our plates at this time—‘doing less with less’ is the reality of where we are—we simply cannot continue to properly manage development assistance with the limited resources we are given—somebody has to pay. We RIF the janitors, and pay three times as much for a cleaning contract. We RIF the secretaries, and officers now make pen and ink changes to their telephone directory. How do you rotate personnel for the training? The gaps of having a full complement of personnel at post will only widen, placing additional burdens on staff that are already stretched.” Five years have elapsed since this survey and the problem has grown more acute.*

Current obstacles include vacancies; mismatch of skills to work; inability to redirect staff to address priorities; cumbersome, lengthy procedures; lack of criteria to appropriately link staff levels to strategic program needs; and too many hiring mechanisms as a result of the lack of OE funds. Innovative personnel recruitment mechanisms—for example, for PSCs and TAACS—have provided short-term relief for OE shortages, but have also caused other problems. For example, staff hired under new program-funded mechanisms are not subject to the Agency performance evaluation system. This is one of many issues that create tension among the diverse elements of the workforce: between direct-hire and nondirect-hire employees, between FS and civil service staff, between U.S. staff and FSNs, and between Washington and the field.

In establishing a more flexible workforce, the key questions are how the Agency can

- recruit the best and brightest in a timely manner
- streamline assignments to deploy the right staff to the highest priority needs
- fill critical Agency skill gaps based on new definitions of core skills
- create a surge capacity
- increase staff mobility among both FS and civil service staff

In its emphasis on building an Agency surge capacity for new priorities, filling critical skill gaps, increasing workforce flexibility and mobility among employee categories, and using statutory and regulatory authorities to the maximum, SO 3 and its SO-level indicators address the HCAAF standards of strategic alignment, workforce planning and deployment, talent, and accountability.

## Assumptions

This SO assumes the following:

- Foreign assistance will remain an essential tool for the conduct of foreign policy. Program content, modes of delivery, and the countries in which USAID works will continue to change.
- There will be increased security threats to U.S. Government agencies abroad, including USAID.
- There will be a need to respond rapidly to crises, requiring a capability for quick deployments.
- Critical skill gaps exist, particularly in the FS, and were caused by the 1996 RIF, reduction in overall staff size through attrition, and a virtual hiring freeze over a decade. These skill gaps prevent USAID from responding adequately to new mandates in places such as Afghanistan, Iraq, Sudan, and Pakistan.
- Although 70 percent of the Agency’s work is already performed by contractors, calls to “competitively source” new lines of business mean that USAID must assess which core functions are inherently governmental and must be performed by USDH personnel.

## SO and SO-Level Indicators

### *SO 3: Establish a more flexible workforce*

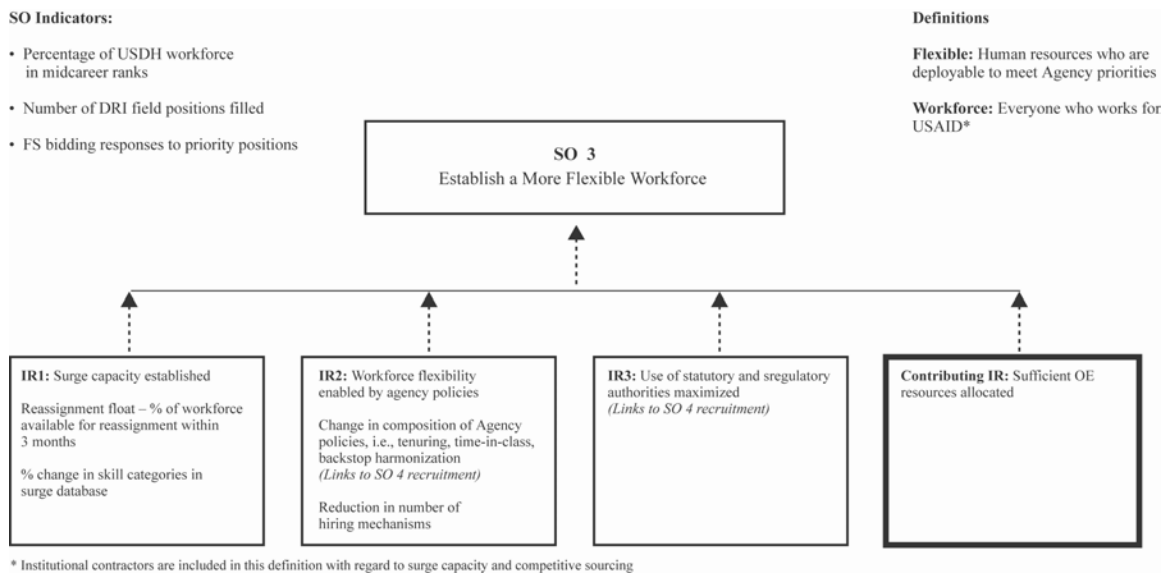
The RF (Figure 16) defines *flexible* as human resources who are deployable to meet Agency priorities. *Workforce* is defined as everyone who works for USAID.

This SO supports directly 1) the Agency’s joint mission with the Department of State of “creating a more secure, prosperous, and democratic world,” and 2) the Agency’s individual mission of “accelerating the development of countries and their people, by investing resources, transferring knowledge, creating opportunities, and advocating reforms,” because establishing a flexible workforce will enable USAID to respond more quickly to changing foreign policy priorities and development approaches. When this SO is achieved at the end of the plan implementation period, USAID will have well-functioning systems for recruitment, placement, and accountability that provide more mobility for civil service staff and use more of the potential of its FSN corps. Agency systems will be working seamlessly to find, deploy, and manage a diverse workforce who reflect the United States and the countries in which USAID works.

This SO and its indicators align with the HCAAF standards of strategic alignment, workforce planning and deployment, talent, and accountability. USAID staff includes FS and civil service employees, FSNs, PSCs, and fellows from other agencies and organizations. To be “flexible,” this workforce must embody the skills and experience required to implement sustainable development, reconstruction and transition, and emergency humanitarian programs in diverse country and cultural settings and across technical sectors. At the same time, the Agency needs to develop leaders and staff its management and operations. Taken in their entirety, the four indicators reflect the three dimensions of achieving a flexible workforce: demonstrable career experience, surge capacity, and individual motivation for overseas postings.



Figure 16. Human Capital Strategic Plan Draft Results Framework: Establish a More Flexible Workforce



Indicator reference sheets have been developed to provide information on baseline, target, and current values. The SO 3 indicators are as follows:

*Indicator SO 3.1:* Percent of USDH FS workforce in midcareer ranks (HCAAF standards: strategic alignment, talent, leadership and knowledge management, workforce planning and deployment, accountability)

*Indicator SO 3.2:* Percent of USDH civil service workforce in midcareer ranks (HCAAF standards: strategic alignment, talent, leadership and knowledge management, workforce planning and deployment, accountability)

*Indicator SO 3.3:* Annual number of DRI positions filled (HCAAF standards: strategic alignment, talent, workforce planning and deployment, accountability)

*Indicator SO 3.4:* Percentage of FS assignments to priority positions (HCAAF standards: strategic alignment, talent, workforce planning and deployment, accountability)

What these SO-level performance indicators measure is basically the Agency’s ability to respond to swiftly changing demands by having a more balanced workforce and a significant portion of its staff deployable at short notice.

*Broader Agency and stakeholder ownership of the Human Capital Strategic Plan.* Establishing a more flexible workforce will require support by Agency management and other internal and external partners. Internal partners whose support and cooperation are required include the Assistant Administrator of the Bureau for Management (AA/M) and other parts of the M bureau; the USAID General Counsel (GC); the Bureau for Legislative and Public Affairs (LPA), for interpretation on Agency policies and support in seeking new or expanded statutory personnel authorities; BTEC and its various subcommittees; and all pillar and regional bureaus in cooperating in establishing and maintaining the Agency’s surge capacity, in whatever form that is finally created. Outside partners and stakeholders necessary to the achievement of this SO include

the State Department, OMB, OPM, and Congress. Further, as previously noted, sufficient OE funding is a principal necessary condition for success of the Human Capital Strategic Plan. Without sufficient OE funding, the plan will fail in part or as a whole.

## Intermediate Results

The Agency will achieve SO 3 by attaining three IRs and one contributing IR:

1. Surge capacity established
2. Workforce flexibility enabled by Agency policies
3. Use of statutory and regulatory authorities maximized
4. Sufficient OE resources allocated (contributing)

### IR 1: Surge Capacity Established

Over the last year, USAID has been required to open new field missions in Pakistan, Thailand (reopening a regional mission), Afghanistan, Iraq, Sudan, Djibouti, and other countries. Because the Agency currently has limited surge capacity for such new strategic priorities—no depth of staff capacity to respond quickly and flexibly to situations that often require breaking new ground—responding to these new demands means robbing staff from existing programs. Having enough qualified staff to enable USAID to respond to these high-profile, often politically sensitive, and quick-response situations is critical to the development arm of national security. The Agency cannot continue to raid existing programs to fill this staffing gap. As it does so, the long-range programs that the U.S. Government depends on to create sustainable change will suffer. Once immediate skill gaps are addressed, surge capacity must be created by identifying and hiring a number of officers who would form the skeleton staff essential to opening new missions and programs. A number of other, subsidiary actions will contribute to this result. They include the following:

- *Create a comprehensive personnel database.* The ability to respond rapidly and flexibly depends in part on knowing who is available, with what skills and experience, and whether effective hiring and assignment mechanisms can put them quickly to work. M/HR will create an information bank of civil service staff with needed skills and interest in overseas assignments who can be deployed rapidly on limited career appointments. The Agency will create a similar database for skills, experience, and training for FS staff.

And there are more resources to tap. The Agency needs to take advantage of an existing cadre of people who are former USAID direct-hire or PSC employees, or former employees of institutional contractors and grantees with substantial overseas experience. M/HR will establish a roster of people in this cadre by backstop, country, and technical skills capacity, and who are willing to contribute to USAID programs in short-term, intermittent, and long-term positions. The Agency can employ its recall and various other authorities—including administratively determined (AD), when actually employed (WAE), rehired annuitant, or PSC—to bring them on board where needed.

New technologies have the potential to increase USAID's effectiveness and efficiency even further in coming years, just as email, cellphones, and other communications technologies transformed the way USAID does its business over the past 20 years. New systems for managing and information with regard to staff are critical to the implementation of some of the ideas in this plan, and will also enable the Agency to do a better job in accountability.

Improved technological support will also be essential if USAID is to respond flexibly and efficiently to new programmatic and policy challenges. The Agency must be able to assess the skills required for the management of each program and new initiative and match staff to those skills, using available employment and service acquisition mechanisms.

- *Fill critical skills and staffing gaps.* To respond flexibly to urgent demands, USAID must fill quickly its most critical skill gaps and use existing authorities to address the most pressing personnel gaps. The rapid attrition of experienced USDH staff, both FS and GS, is exacerbating skill gaps, and the Agency needs to retain the tacit knowledge and experience of senior staff. Some of the necessary Agency actions are as follows:
  - Consider converting, in those areas where critical skill gaps exist, some individuals on limited appointments to career appointments, and moving employees in PSC, PASA, and similar status to limited, noncareer appointments. The enacted authority for hiring noncareer, limited-appointment FS employees, using program funds in the FY 2004 foreign aid appropriations act, will help as a short-term measure.
  - Streamline, standardize, and expand the civil service to FS career conversion process and make excursion tours easier for GS employees.
  - Establish a roster to allow quick recall of former USAID officers for limited periods to fill longer term gaps in hard-to-fill but critical positions, where experienced senior managers are required.
  - Because of rapid attrition of experienced SFS and senior career FS staff, employ a variety of formal and informal incentives to reduce temporarily rates of attrition for high-value, hard-to-replace USDH staff. This should be done without reducing promotion possibilities for current employees. The Agency can use existing authorities, such as limited career extensions (LCEs) for SFS staff and Section 607 time-in-class extensions for career FSOs. And USAID should look for creative new methods to exploit to the fullest the regional experience, technical knowledge, and commitment of senior career staff, especially in Washington.

## IR 2: Workforce Flexibility Enabled through Agency Policies

Increasing flexibility of the Agency's workforce—including enabling a robust surge capacity (IR 1)—requires use of all existing statutory and regulatory authorities (IR 2). This IR also is related to the recruitment effort envisioned under SO 2: Strategically align staff with agency priorities. Without the flexibility to deploy all parts of the direct-hire and nondirect-hire (especially FSN) workforce quickly and flexibly to meet current priorities, the Agency cannot fulfill its principal mandates effectively, and is crippled in meeting the development objective in the U.S. National Security Strategy. Specific actions required to achieve IR 2 include the following:

- *Increase mobility within the civil service.* GS employees lack mobility within the Agency and often stay within the same bureau for long periods of time. The Agency must develop channels by which GS staff of all ranks can move between bureaus. Along with GS to FS excursions and conversions, such movements of GS staff would develop new leadership for the Agency, using existing and experienced staff. One example for review might be “banding” of grades to offer opportunities for GS staff to move more freely among certain clusters of work. The Agency could consider also an experiment with GS bidding on jobs similar to the FSO bidding cycle.

- *Create a senior FSN corps.* Totalling over 60 percent of all USAID staff (4,842 out of 7,758 as of June 30, 2004), USAID's FSN employees represent one of the most skilled but least utilized resources in the Agency. Many senior FSNs are highly experienced and effective. The Agency will identify its most skilled FSNs and create a senior FSN service certified as proficient in USAID backstops. These FSNs could then be assigned to fill USDH vacancies and provide training and mentoring to midlevel U.S. staff. A senior FSN corps will also raise the level of visibility and respect for the largest component of the USAID workforce. Compensation plans and benefits for the senior FSN corps will need to be designed and negotiated with the Department of State. Essentially, this action would recreate the third-country national (TCN) employment category, but allow employees to achieve this status in their own country, based on certification by M/HR according to agreed standards.
- *Focus personnel backstops, categories of work, and hiring mechanisms.* Twenty-two personnel backstops or classifications exist for FSOs—too many, even with the increased staff recommended in this plan. Similarly, USAID currently uses a myriad of hiring mechanisms for USDH and nondirect-hire staff. In FY 2004, USAID will begin a consolidation process for hiring mechanisms, categories, and backstops that will continue over several years.

USAID has already been transformed from an organization that directly provides foreign assistance to one that manages assistance through contracts, grants, and cooperative agreements. Workforce categories that are inherently governmental will remain, regardless of changing policy priorities. These include senior management (including mission directors; deputy directors; heads of offices managing strategy, budget, and donor coordination; and legal advisors). Other categories may be less clear, and may require additional review and definition.<sup>29</sup>

USAID currently uses too many USDH and non-USDH mechanisms for hiring staff.<sup>30</sup> With sufficient OE resources for the additional USDH staffing recommended by the Human Capital Strategic Plan, the Agency will be able to reduce the number of hiring mechanisms to the number appropriate for fulfilling its mission. This also applies to non-USDH mechanisms that broaden the skill base available, without encumbering the organization with people whose skills become obsolete or limiting flexibility for the future.

- *Competitive sourcing.* By executive branch mandate, all agencies are expected to compete internal Agency services and functions with the private sector. Guard services overseas, cleaning and print services, and information technology work in Washington are already performed by institutional contractors. Many Washington offices already obtain secretarial and administrative support through cooperative administrative support

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<sup>29</sup> For example, one can think of the competencies required and duties performed by three broad types of USAID employees: 1) inherently governmental functions performed on a permanent basis by USDH employees, 2) inherently governmental functions performed on a limited basis by key technical specialists or those involved in postconflict reconstruction situations of limited duration, and 3) nonpermanent, noninherently governmental functions performed by staff on time-limited contracts. Many issues are associated with such a classification, such as the large number of FSN staff on time-limited contracts who are actually virtually permanent employees, as long as a particular USAID mission remains in their country. The multiyear workforce planning effort (discussed in the chapter on SO 4) should address these issues.

<sup>30</sup> USFS-foreign Service direct-hire; USCS-civil service direct-hire; administratively determined; USPSC; FNDH-foreign national direct-hire; FNPSC-foreign national personal services contractor; employees detailed from another U.S. Government agency under PASA or RSSA arrangements; Intergovernmental Personnel Act employees (IPAOs), members of the joint career corps (JCCOs); TAACS; and fellowships.

(CASU)<sup>31</sup> arrangements. In view of the broad competitive sourcing already in place, USAID has analyzed Agency operations and systems and determined that further efficiencies and savings through additional competitive sourcing are likely to be limited. This has been discussed with those in OMB responsible for the PMA. The Agency will focus on achieving greater efficiency through analysis and decisions involving rightsizing, headquarters-to-field staffing ratios, and in-depth workforce planning and analysis.

### IR 3: Use of Statutory and Regulatory Authorities Maximized

USAID has a range of statutory and regulatory personnel authorities, not all of which are utilized to the maximum extent possible to meet the Agency's human capital and deployment needs. To redress skill gaps and human capital weaknesses, the Administrator and the Agency's senior management will have to use every aspect of the Agency's existing authorities to rebuild USAID's human capital and meet the current demands placed on the Agency by the interagency community—especially in postconflict reconstruction situations such as Iraq and Afghanistan. A principal action under this IR will be the following:

- *Seek new legislative authorities.* A review of existing authorities and mechanisms would determine if legislative changes are required or would be beneficial in enhancing flexibility in assignments and hiring. The Agency will carry out such a review, using it to support a limited number of experiments in expanding the use of current authorities and identifying some new ones to facilitate ability to staff appropriately. The experiments will test applicability of the authorities to meeting the Agency's human capital needs. If the experiments result in a determination that new legislation would be beneficial, the Agency will pursue it.

## Linkages with Other SOs

Interrelationships between SO 3 and other parts of the Human Capital Strategic Plan arise from crosscutting issues (such as OE and recruitment), from the role that M/HR has to play in driving forward all five SOs, and through more specific interrelationships with other SOs.

As with the other four SOs, SO 3 depends on sufficient OE resources for achievement, especially with regard to surge capacity and the creation of a senior FSN corps. Similarly, expanded recruitment to rebuild the Agency's human capital will also build the basis of a more flexible workforce and affects all SOs. SO 3 also depends on a strengthened M/HR (SO 5) to take the lead, build more effective and streamlined personnel systems, and reach out to Agency leadership and other bureaus so the bureaus and operating units throughout the Agency adopt the plan as their own and play their part for SO 3 and other SOs to be achieved. As mentioned earlier, although M/HR can play a leadership role, achieving the Human Capital Strategic Plan is beyond M/HR's manageable interest.

There are synergies between SO 3 and other SOs. As SO 4 moves to build a more diverse workforce along a number of dimensions, greater diversity will enhance flexibility and provide other benefits. Similarly, as SO 1 succeeds in revamping leadership and other staff training and in reforming the Agency's performance culture, the enhanced leadership, technical, and program skills of the workforce will also broaden the ability of both FS and GS staff to handle new challenges and progress toward the Agency's objectives.

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<sup>31</sup> CASU is a network of federal entrepreneurial organizations that provide a range of support services for federal agencies on a cost-reimbursable basis.



*Former USAID/Mexico mission director Paul White and a group of Lacandon people in the last remaining rainforest in Mexico, located near Lacanja/Bonampak and the Montes Azules Biosphere Reserve in Chiapas. USAID/Mexico supported ecotourism and language courses for Lacandon guides and a program of natural protected area management for the communities.*



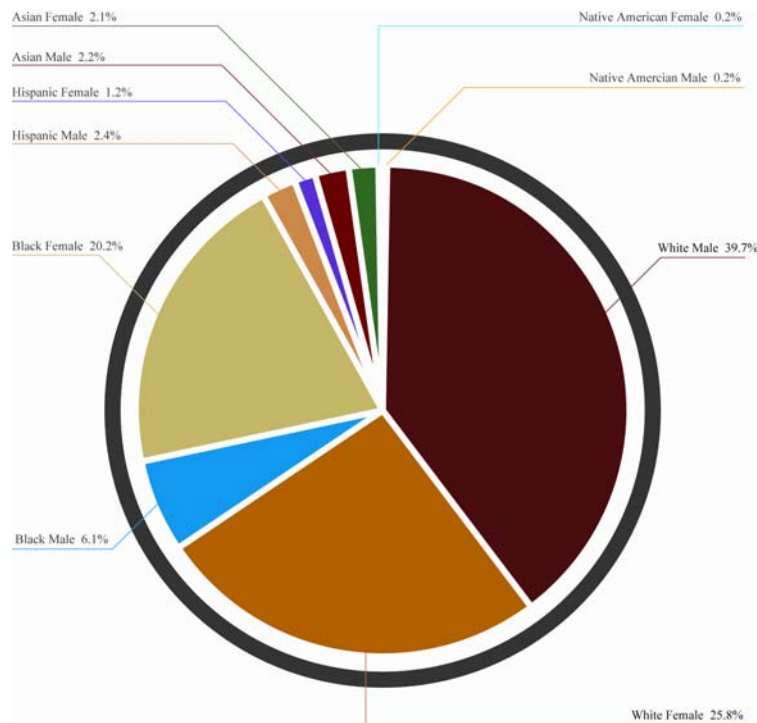
*Staff of the new Regional Development Mission for Asia, who are based in Bangkok, Thailand.*

# SO 4: A DIVERSE WORKFORCE CREATED

## Problem

USAID's success, effectiveness, and productivity depend on its ability to hire and retain a workforce that is diverse and reflects the changing face of America. Historically, USAID has championed diversity, and today minorities make up 34.5 percent of the workforce (compared to 22.1 percent in the national civilian labor force). The composition of the Agency's workforce as of December 31, 2002, is shown in Figure 17.

Figure 17. Agency-Wide Diversity Profile (as of December 31, 2002)



Overall, white females (25.8 percent) and Hispanics (3.6 percent) are the only equal employment opportunity groups represented below their national civilian labor force availability—35.3 percent and 8.1 percent, respectively. While this is an accomplishment, certain minorities and women remain under represented overall. A closer look at diversity shows inequalities in grade levels, attainment of senior management, and overseas staffing.

Rapid demographic changes in the United States are also forcing USAID to reassess its workforce needs to ensure that it remains representative of the nation. Currently, four main problems impede creation of a diverse workforce in USAID:

- the overall underrepresentation of white females and Hispanics, relative to their representation in the national civilian labor force
- the paucity of minorities and women represented in the senior ranks of the civil and foreign services

- the lack of sufficient minorities and women in the midlevel, feeder ranks of the civil and foreign services that lead to senior management positions
- the perception, according to the Administrator's Annual Survey, that employees in various employment categories are not treated equally

To foster and sustain a diverse, respectful, and efficient workforce, USAID must address these problems, and encourage recruitment, training, promotion, and retention of underrepresented groups who are best qualified to do the job.

In creating a diverse workforce, the Agency must consider how to

- recruit, train, and retain a diverse workforce that truly represents the changing face of America and of countries in which the Agency works
- increase the members of underrepresented groups in senior management and in feeder classes leading to leadership
- provide all employees with a work environment that respects and promotes diversity

In building leadership commitment, as well as personnel policies and systems that promote diversity in recruiting and retaining a diverse workforce, SO 4 and its SO-level indicators address the HCAAF standards of workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, and accountability.

## Assumptions

SO 4 assumes

- the Agency is serious about implementing the Foreign Service Act of 1980 and other legislation that requires the workforce to be representative of the American people
- Agency leadership wishes to add to the definition of diversity that USAID should be representative of the diversity in countries in which it works
- personnel actions will remain free from discrimination on the basis of race, color, religion, sex, national origin, age, sexual orientation, disability, marital status, family status, or geographic, political, or educational affiliation within the United States or countries in which USAID works
- all actions will be supported by the clear commitment of the Administrator and top management to policies that promote and foster workforce diversity and an environment that values inclusion
- progress toward diversity objectives will be recognized and rewarded
- the Agency will take active steps to reach out to underrepresented groups and ensure equal employment opportunities
- the Agency will implement coaching, mentoring, and training programs to retain the talented, diverse group of employees it attracts, and will foster diversity awareness throughout the Agency



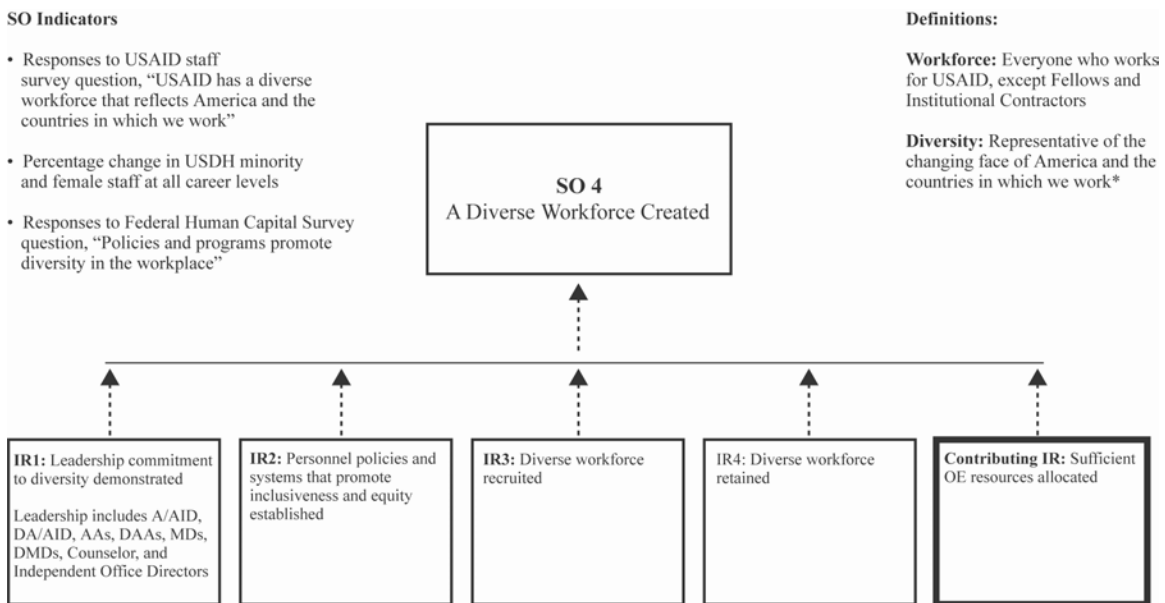
# SO and SO-Level Indicators

## SO 4: Create a diverse workforce

This SO aims at establishing a more diverse workforce in USAID by the end of the plan period of 2008. The RF for this SO (Figure 18) defines *diversity* as being “representative of the changing face of America and of the countries in which we work.” Similarly, the RF defines *workforce* as “everyone who works for USAID, except fellows and institutional contractors.”

If the Agency achieves this SO, its workforce will represent more equitably underrepresented groups in both the United States and countries in which it works at all levels of the organization, and employees will perceive USAID as being more diverse and value that diversity. In the field, the workforce in USAID missions will represent all dimensions of diversity—including religious, ethnic, and gender—of the countries where USAID works. The shift to a more fully diverse workforce at all levels will lead to improved organizational efficiency, employee satisfaction and retention, and operational effectiveness.

Figure 18. Human Capital Strategic Plan Draft Results Framework: A Diverse Workforce Created



\* A measurement system must be established for “the changing face of America and of the countries in which we work.”

This SO and its indicators align with the HCAAF standards of results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, and accountability. A broad look at USAID’s staff worldwide might suggest a diverse workforce, due to the large numbers of FSNs employed in professional and administrative positions. However, an examination of the USDH workforce (both FS and civil service) yields far less diversity through the career ranks. Thus, the four indicators below combine staff perceptions across the entire USAID staff in an annual internal survey, perceptions of USDH staff that can be benchmarked with other agencies using the Federal Human Capital Survey, and data on USDH and minority staff at all career levels.

*Indicator SO 4.1:* Responses to USAID survey question “USAID has a diverse workforce that reflects America and the countries in which we work”  
(HCAAF Standard: results-oriented performance culture, accountability)

*Indicator SO 4.2:* Percentage change in USDH female staff at all career levels (HCAAF standards: results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, accountability)

*Indicator SO 4.3:* Percentage change in USDH minority staff at all career levels (HCAAF standards: results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, accountability)

*Indicator SO 4.4:* Responses to Federal Human Capital Survey question Q43: “Policies and programs promote diversity in the workplace (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring)” (HCAAF Standard: results-oriented performance culture, accountability)

What these SO-level indicators will measure is 1) the degree and rate at which USAID employees see the Agency growing stronger and more representative through greater diversity in its overall workforce (as defined above) and greater value placed on that diversity, and 2) the actual change in representation of USDH female and minority staff at all career levels.

*Broader Agency and stakeholder ownership of the Human Capital Strategic Plan.* As noted earlier with regard to other SOs, achievement of this SO is beyond the manageable interest of M/HR alone. Establishing a diverse workforce (as defined here) will require support by Agency management and internal and external partners. Support by Agency leadership (defined in the RF) is essential, as is that of the Office of Equal Opportunity Programs (EOP), GC, BTEC and its various subcommittees, and mission directors. Outside partners and stakeholders necessary to achieve this SO include the State Department, OMB and OPM (the prime movers of the PMA), and Congress.

## Intermediate Results

USAID will achieve SO 4 by accomplishing four IRs and one contributing IR:

1. Leadership commitment to diversity demonstrated
2. Personnel policies and systems that promote inclusiveness and equity established
3. Diverse workforce recruited
4. Diverse workforce retained
5. Sufficient OE resources allocated (contributing)

### IR 1: Leadership Commitment to Diversity Demonstrated

To permit the achievement of a diversity objective that affects all parts of the Agency, both in the United States and overseas, Agency leadership at several levels (from the Administrator to AAs, DAAs, mission directors, and others) must proclaim a clear message in support of greater diversity and the steps to achieve the SO. Because of the limitations of current diversity analyses and data, substantial analysis will be needed to develop new measures and baseline data. In addition, Agency leadership must support the enforcement of existing systems and processes, deal with problem cases, and provide counseling as needed. Without the backing of senior management, little change will occur. Specific actions under IR 1 include the following:

- *Conduct a diagnostic of key diversity issues.* Existing analyses and data on diversity need review and updating. Moreover, the Agency needs a measure for diversity that reflects the Agency workforce in the United States and in “the countries where we work.” The effort must begin with data and analysis that exist and with obvious gaps, such as the

dearth of minority and female FS employees at the midlevel (FS 3 and 2) grades. Why are there so few members of underrepresented groups at these midlevel grades? Building on the USAID diversity profile (Figure 17) and other data and analysis, M/HR and EOP will work in partnership to carry out a diagnostic across the Agency to identify key issues impeding the creation of a diverse workforce in USAID, at all levels and in all personnel categories, including USDH and non-USDH, FS, and GS. The Agency should ensure that accurate and up-to-date data are analyzed to guide decisionmaking with regard to recruitment, retention, and training of all employee groups. Diversity gaps will be identified through this diagnostic and by looking at Agency-wide data, as well as through targeted analyses and datagathering as needed, focusing on individual sectors, pay grade, type of employment, and location of employment.

- *Establish a workforce diversity plan to narrow gaps.* Given the results of the diagnostic of key diversity issues and the fact that large numbers of experienced USAID employees are retiring in the near future, a plan with the objective of greater diversity is essential to guide the recruitment and retention of the next generation of development professionals. Currently, there exist a number of diversity plans, including the Administrator-endorsed Five-Year Affirmative Employment Plan for Minorities and Women, the Affirmative Action Plan for Individuals with Disabilities, the Disabled Veterans Affirmative Action Plan, and the Federal Equal Opportunity Recruitment Program Plan.

In the effort to develop a workforce diversity plan, existing plans will be synthesized to develop a clear framework for reaching various target groups. Specific actions could include—but should not be limited to—outreach to university and sector networks, targeting underrepresented groups to increase applicants in these groups, and promoting respect among all categories of USAID employees through training, awards, and other mechanisms.

## IR 2: Personnel Policies and Systems that Promote Inclusiveness and Equity Established

A number of aspects of USAID personnel policies and systems affect the degree of diversity in the Agency. These include holding senior managers accountable for diversity objectives, the performance evaluation system, the levels of actual and perceived transparency and equity in senior assignments (both FS and GS), and day-to-day application of personnel systems and policies. A basic problem is that formal personnel systems and decisionmaking, such as assignments, are often trumped by informal information (corridor reputations and personal contacts) and informal decisions (bureau wheeling and dealing in the SMG process). Correcting such distortions requires difficult changes in the Agency's bureaucratic culture. Several specific actions are planned:

- *Implement processes to hold managers accountable for meeting diversity objectives.* Managers' work objectives and evaluation forms currently include diversity awareness and promotion as specific tasks. However, managers' interpretations of this task vary widely. Further, diversity is not placed in the performance standards section of the evaluation but in a catchall section, reducing its importance and impact as an accountability tool. As a first step, EOP can train and reach out to rating officers and performance appraisal committees worldwide on how to interpret the diversity requirements of the performance evaluation system for both FS and GS employees. Additionally, EOP will continue to serve on the SMG selection committee as a voting member. Just as it does with merit promotion decisions, EOP will review and approve SES selections. EOP will take the lead in working with M/HR to mainstream diversity issues into supervisory courses and make the business case for diversity. Managers must

not only understand that diversity is a work objective, but they also need to know how diversity can improve productivity, organizational efficiency, employee retention, team effectiveness, and employee satisfaction.

- *Increase the representation of underrepresented groups at the senior levels (SMG, SES).* To improve transparency and the perception of equity, the representation of minorities at senior levels needs to increase and be maintained at that higher level. This can be accomplished in a variety of ways, including the following:
  - Continue to apply affirmative employment principles to the FS promotion process, as agreed upon by the American Foreign Service Association (AFSA), management, and EOP.
  - Change the automated directives system (ADS) language for considering SMG appointments to strengthen the language on the desirability that at least one member of an underrepresented group be listed as a candidate for all SMG appointments, and include similar language (as legally possible) for SES assignments. Currently for SMG positions, nominating bureaus must submit three names and, whenever possible, one should be from an underrepresented group (ADS 110.3.4.2).
  - Undertake targeted civil service employment using existing flexibilities in the personnel system to hire underrepresented groups into the typical senior management track positions to create a pool of future applicants to the senior ranks.
  - Use a renewed SMG process (and an analogous process for SES) to identify potential SMG and SES candidates in midlevel career grades for grooming for future senior positions.
- *Develop a transparent assignment process that promotes equal access to challenging assignments.* Greater transparency in the selection of candidates for all assignments, particularly at the senior levels, is essential for employees to believe in the objectivity of personnel actions. Increased transparency will also improve individual efforts to take greater responsibility for self-development. This is important for retention of underrepresented groups as well. While there are established qualifications for all assignments, these are not always actively or transparently applied when assignment decisions are made.
- *Review and propose solutions to perceived inequities between USDH and non-USDH staff.* The Administrator has made it clear that respect for all elements of the workforce is essential. Nevertheless, the most recent Administrator's Annual Survey showed that many employees perceive unequal treatment between direct-hire and nondirect-hire employees. The Agency must take action to review and, where appropriate, resolve such inequities. FSNs, USPSCs, and other contractual employees fill important roles, and are critical to the effectiveness and success of the Agency. The establishment of a senior FSN corps (discussed under SO3) could promote respect for diversity while addressing the need for surge capacity when complex contingencies arise. If legally possible, the Administrator should consider authorizing senior FSN corps employees to be team leaders and office chiefs.

### IR 3: Diverse Workforce Recruited

A large part of the solution to diversity issues lies in successful recruiting of minorities and women at junior levels so that such employees rise through the ranks to senior positions. Ensuring

that the overall Agency workforce has sufficient numbers of underrepresented groups, in Washington and in the field, requires focused and integrated action.

- *Incorporate affirmative employment programs in outreach, recruitment, screening, and selection processes.* USAID policy is to promote equal opportunity through a continuing affirmative employment program. A range of actions that can be undertaken to establish a multifaceted affirmative employment program include the following:
  - targeted recruitment efforts directed at educational institutions, private organizations, and associations that may be able to refer candidates from underrepresented groups with the requisite experience or education
  - USAID financial assistance to underrepresented groups for student loan payments
  - recognition of diversity efforts through annual diversity awards for managers who have excelled in promoting diversity
  - internships for underrepresented groups as an outreach tool
  - contracting with minority-serving institutions to expand outreach
  - expansion of the EOP clearance process from merit promotions in the civil service to SES selections
  - use of AVUE to increase the number of highly qualified candidates from underrepresented groups in the applicant pool

#### IR 4: Diverse Workforce Retained

Recruiting a diverse workforce achieves little if diversity cannot be maintained. Diversity cannot be maintained if those from underrepresented groups do not choose to stay or do not find an atmosphere conducive to their professional growth and advancement. Establishing a welcoming and supportive environment for all new employees—especially representatives of underrepresented groups—in Washington and in the field begins with employee orientation, and continues with training, mentoring, coaching, assignments promoting a steady career progression, promotions, and recognition of achievements. Actions that could be taken include the following:

- *Establish training, supplemented by coaching and mentoring, programs that develop, advance the careers of, and retain all members of a diverse workforce.* With the expected retirement of many experienced USAID career officers in the next five years, simply recruiting a more diverse pool of new employees through affirmative employment programs is not enough. Further, work patterns in the United States are characterized by multiple changes of employer and career focus. To retain members of the new diverse workforce will be a greater challenge than in the past. All new entrants, and particularly representatives of underrepresented groups, require an environment in which they can develop needed skills, broaden professional knowledge, lay out career paths, and progress to broader levels of responsibility. A number of immediate steps are necessary:
  - Improve the orientation course for all new hires (FS and GS) so that it 1) enables all new employees to begin their USAID careers with a clear understanding of Agency objectives, how the Agency works in Washington and the field, and how one plans one's career progression, and 2) exposes all new employees to statutory and

management issues, such as diversity, equal employment opportunity, harassment, teamwork, management, and interpersonal styles that tend to lead to success.

- Institutionalize a culture of continuous learning by requiring all employees to establish IDPs approved by their supervisors.
- Provide initial and continuing skills training to employees so they can grow professionally.
- Establish the IDP as part of the annual evaluation form (AEF) process. IDP-identified skill needs can be integrated into the performance review process.
- Require coaching and mentoring of all new hire employees by seasoned and specially trained Agency employees under a new Agency program for coaching and mentoring particular employee groups—such as new midlevel and senior managers and new entrants. For successful development and greater retention of representatives of underrepresented groups, the Agency should consider providing more extensive and longer lasting career mentoring and coaching services to new-hire employees from underrepresented groups.

Steps such as these will lead to a supportive working environment and level the playing field for all new employees. This will enable them to understand the path to take for a successful career. The training division of M/HR is currently restructuring the content of its supervisory and senior management courses to address critical core competencies in technical and leadership skills needed by the Agency while mainstreaming diversity issues throughout the curricula.

- *Reshape and enhance the Agency's work environment, in Washington and the field, to be more friendly to and valuing of diversity.* Paying particular attention to members of underrepresented groups from the moment they enter the Agency and throughout their careers will bring retention dividends. Concomitantly, broadening and deepening understanding by all Agency staff of why building a diverse workforce both strengthens USAID internally and its ability to work productively with all its partners and stakeholders, in Washington and the field, is a prerequisite to a culture that welcomes new and different people—as employees and as partners.

## Linkages with Other SOs

Interrelationships between SO 4 and other parts of the Human Capital Strategic Plan arise from crosscutting issues (such as OE and recruitment), from the role that M/HR has to play in driving forward all five SOs, and through more specific interrelationships with other SOs.

As with the other four SOs, SO 4 depends on sufficient OE resources for achievement, especially with regard to analysis of diversity gaps, development of a new workforce diversity plan to fill gaps, recruitment of broadly diverse new entry classes, and programs in training, coaching, and mentoring to retain a diverse and representative workforce in Washington and in the field. Similarly, expanded recruitment to rebuild the Agency's human capital will also be the main tool for broadening the characteristics (including ethnic, religious, gender, and nationality) of USAID's twenty-first century workforce and affects all SOs. SO 4 also depends on a strengthened M/HR (SO 5) to take leadership, strengthen competencies of M/HR staff, improve orientation procedures and training offerings, use M/HR's resources efficiently, and work assertively with internal and external stakeholders. For SO 4, key areas where M/HR's leadership and expertise is essential include building coaching and mentoring programs that can be available

to and adapted, if needed, to cement a welcoming environment for representatives of underrepresented groups. At the same time, although M/HR can play a leadership role in framing and advocating the Human Capital Strategic Plan and individual SOs, achieving the plan and any SO is beyond M/HR's manageable interest and requires support of other internal partners and external stakeholders.

There are synergies between SO 4 and other SOs. Greater diversity achieved at all grade levels, including among the FSN corps, will lead to a more flexible workforce (SO 3); improve performance by broadening the leadership base and enhance transparency of assignments (FS), merit promotions (GS), and rewards (SO 1); and will deploy (SO 2) a workforce more representative of the United States and "the countries where we work" and, therefore, more credible to our partners and stakeholders.



*Erin Krasik and David Gosney at the New Entry Professional (NEP) graduation in March 2003. To address its human capital crisis, USAID has been hiring new midlevel officers through the NEP and Presidential Management Fellows programs and has reinstated the International Development Intern program.*



*The December 2003 graduating class of the HR-sponsored Emerging Leader Development Program. This course, intended for mid- to senior-level leaders, is designed around the Office of Personnel Management's Executive Core Qualifications and USAID's Foreign Service Precepts. It links individual long-term self-development to improved Agency performance.*



# SO 5: INCREASED M/HR CAPACITY TO SUPPORT USAID'S MISSION

## Problem

Between 1995 and 2003, M/HR was reduced from 134 to 75 employees. This downsizing occurred almost entirely through attrition. It was driven neither by an analysis of skills nor requirements of workload. The result is a workforce that is neither appropriately skilled nor, probably, appropriately sized. In addition, with the retirement of key senior M/HR staff anticipated in the next 12 months, succession planning is late.

M/HR has traditionally been considered responsible only for the Agency's USDH workforce, but has not been asked until now to provide central management of multiple nondirect-hire personnel systems, including U.S. and FSN PSC personnel. In recent years, Agency management has recognized the central role of M/HR in addressing critical Agency-wide human resources management issues. M/HR now faces a dual challenge: 1) to support USAID's PMA-driven transformation effort, and 2) improve dramatically service delivery in its traditional administrative functions.

To successfully confront this dual challenge, M/HR must move forward on three broad fronts simultaneously to 1) define and improve core processes and products, 2) improve the core competencies of M/HR staff to enhance performance and take on new challenges, and 3) improve its internal management systems. In other words, it must reinvent its work, people, and systems to meet the requirements laid out in the Agency's Human Capital Strategic Plan.

The joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* and the Agency's individual organizational mission will provide the basis for the alignment of USAID's Human Capital Strategic Plan with the Agency's mission. The plan will inform M/HR's continuing transformation from a focus on serving the individual employee and paperwork processing (a transactional focus) to a more advisory focus on the effective use of people in achieving the organization's SOs—in other words on counseling, training, and performance management.

Current obstacles include limited human and dollar resources, the lack of necessary skills, insufficient use of information technology, and inadequate transparency in M/HR processes. Unlike the State Department, where the Diplomatic Readiness Initiative has been underway for two years and provides for the hiring of an additional 1,158 staff over attrition, USAID is only now seeking similar authority for rebuilding its human capital. With constrained resources, the Agency must forge ahead with an ambitious plan to transform the human resource function.

To enable M/HR to more effectively support USAID's mission, M/HR must confront how it can

- align USAID's human capital more closely with the joint State-USAID *Strategic Plan: Fiscal Years 2004–2009*
- play an active role in Agency-wide strategic planning and bring human capital considerations to bear at senior levels
- identify skill gaps and mission-critical competencies
- prepare to assume responsibility for a comprehensive workforce planning capability now being developed (SO 4)

- link with e-government initiatives
- enable M/HR staff to use fully and flexibly all existing personnel authorities
- develop an overarching vision for its human resource information technology systems and plan for modernizing and automating its core processes

## Assumptions

SO 5 makes the following assumptions:

- The joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* provides the basis for the alignment of human capital SOs to the Agency’s mission.
- People are the key: without recruiting and deploying the right people, in the right jobs, with the right skills and training, at the right time, USAID cannot succeed in fulfilling its mandates.
- Emphasis on the strategic management of human capital will remain high on the PMA and, therefore, a high priority for USAID.
- Increased use of information technology in the human resource function is fundamental to maximize productivity and make possible transformation of the human resource focus to an advisory and developmental role—away from transactions.
- Relevant, career-enhancing training programs will assist the Agency to attract, retain, and motivate its workforce.
- M/HR’s staffing level will increase significantly.

In demonstrating M/HR staff competencies, improving M/HR processes, effectively utilizing M/HR resources, and designing a new interactive information technology architecture for M/HR, SO 5 and its SO-level indicators address the HCAAF standards of strategic alignment, workforce planning and deployment, leadership and knowledge management, results-oriented performance cultures, talent, and accountability.

## SO and SO-Level Indicators

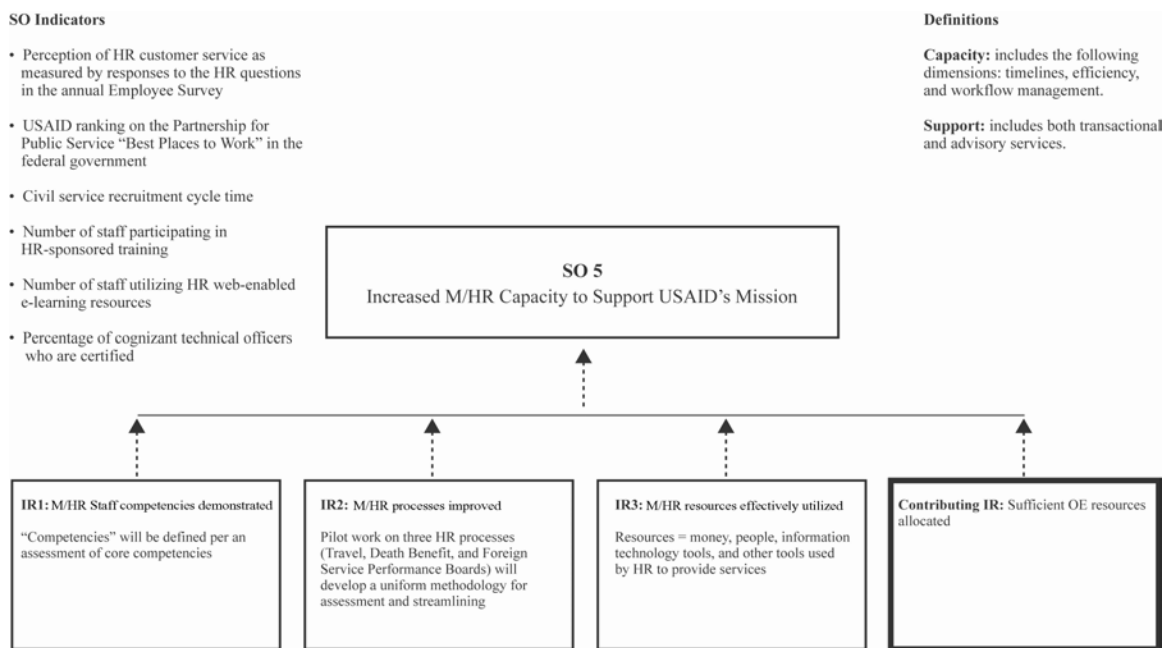
### *SO 5: Increased M/HR capacity to support USAID’s mission*

Just as high-performing people are the key to addressing U.S. national interests in defense and diplomacy, the USAID workforce must possess the skills and motivation to further U.S. national interests in long-term development and crisis management. For that to occur, M/HR must strengthen its capacity to recruit, train, and deploy a diverse, flexible, and high-performing workforce eager to serve on the frontlines of USAID work. The RF for this SO (Figure 19) defines *capacity* (of M/HR) as the ability to perform along the dimensions of timeliness, efficiency, and workflow management. The RF defines *support* as including both transactional and advisory services.

If USAID achieves this SO, M/HR will have the capacity to recruit, train, develop, deploy, and manage the quantity and quality of human capital USAID needs to fulfill its national security and foreign policy mandates, as defined by the administration and Congress. M/HR will also lead the

Agency, in collaboration with other internal and external partners, in implementing the Human Capital Strategic Plan.

Figure 19. Human Capital Strategic Plan Draft Results Framework: Increased M/HR Capacity to Support USAID’s Mission



This SO and its indicators align with all HCAAF standards: strategic alignment, results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, and accountability. While USAID’s Human Capital Strategic Plan is an Agency-wide strategy, the M/HR bears much of the manageable interest for human capital operations, from recruitment and classification to training and workforce development to employee evaluations. M/HR works in partnership with managers and staff across USAID and is expanding its historic role as a service provider to include more advisory services. As USAID rebuilds its workforce, M/HR will need to streamline and accelerate these services, particularly in the recruitment and training arenas. The five SO-level indicators below measure M/HR client satisfaction as well as expected improvements in M/HR operations. They include staff responses across the entire workforce to human resource-related questions on the internal employee survey, USAID’s ranking among federal agencies for workplace satisfaction based on USDH responses to the Federal Human Capital Survey, and three indicators for M/HR performance in the priority areas of recruitment and training, in which USAID is utilizing e-government approaches, as mandated by the PMA.

*Indicator SO 5.1:* Responses to the following human resources services questions in the annual Administrator’s Survey:

- H2: High-quality training is available to increase my skills
- H3: HR’s website is helpful and provides answers to many questions about regulations, policies, and procedures
- H4: HR provides useful advice and tools and organization and position design and development
- H5: The recruitment process has improved
- H6: USAID fills positions in a timely and flexible manner

H9: Overall, the office of human resources services is meeting my needs  
(HCAAF standards: strategic alignment, workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

*Indicator SO 5.2:* USAID ranking on the Partnership for Public Service “Best Places to Work” in the federal government, based on Federal Human Capital Survey responses  
(HCAAF standards: strategic alignment, workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

*Indicator SO 5.3:* Civil service recruitment cycle time  
(PART indicator and HCAAF standards: workforce planning and deployment, results-oriented performance culture, and accountability)

*Indicator SO 5.4:* Number of staff participating in M/HR-sponsored training  
(HCAAF standards: workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, and accountability)

*Indicator SO 5.5:* Number of Agency staff utilizing M/HR web-enabled, e-learning resources  
(HCAAF standards: workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

*Indicator SO 5.6:* Percentage of cognizant technical officers who are certified  
(PART indicator and HCAAF Standards: workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

These SO-level indicators will measure how well and quickly M/HR expands its capacity and uses available resources to manage the Agency’s human capital, which is the principal variable in USAID’s ability to fulfill its mission under the joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* and its individual organizational mission.

*Broader Agency and stakeholder ownership of the Human Capital Strategic Plan and SO 5 in particular.* As stated above with respect to other SOs, although M/HR has primary responsibility for achievement of SO 5, even this SO is beyond the manageable interest of M/HR alone. Increasing M/HR capacity to manage human capital more effectively and support the USAID mission will require support by Agency management and other internal and external partners. Support by Agency leadership is essential, as is the support of all Agency bureaus, BTEC and its subcommittees, and mission directors. Outside partners and stakeholders needed to achieve this SO include the State Department, OMB and OPM (the prime movers of the PMA), and Congress.

## Intermediate Results

USAID will achieve SO 5 by accomplishing three IRs and benefiting from the accomplishment of one contributing IR:

1. M/HR staff competencies demonstrated
2. M/HR processes improved
3. M/HR resources effectively utilized
4. Sufficient OE resources allocated (contributing)

### IR 1: M/HR Staff Competencies Demonstrated

To enable M/HR to fulfill a transformed role under the Human Capital Strategic Plan, a comprehensive workforce planning process will be undertaken that will provide information on

competency and skill gaps and enable M/HR to carry out its broadened responsibilities. Specific actions under IR 1 include the following:

- *Identify and fill M/HR competency and skill gaps.* In the effort to build an integrated workforce planning capability, M/HR will serve as one of the pilot offices. Work will proceed in four primary steps:
  - identification of core M/HR occupations and their competencies
  - analysis of current competency levels
  - analysis of the competency gaps, both for M/HR in general and individual employees
  - creation and implementation of a plan to close competency gaps through strategies for activities, including recruitment, retention, and training

Once the core competencies of all M/HR positions have been identified, the current workforce will be evaluated in terms of those competencies. This evaluation will be based on both self-assessment and supervisory and managerial assessment, and will result in individual competency profiles for each staff member. This will form the basis for a crosstraining program to ensure adequate backup of all areas, as well as succession planning.

The first two steps described above provide the basis for gap analyses for M/HR, as a whole and for each employee. The final phase is workforce planning based on the gap analyses. At the M/HR level, a formal plan will be drafted to close gaps identified in this initial evaluation, including hiring and other forms of workforce planning. For individuals, competency gaps will be addressed in IDPs through formal training, including distance learning and special training assignments. Implementation of these IDPs will be an important element in evaluating both employee and supervisory performance.

Specifically, M/HR will

- assess current competencies and define core M/HR competencies required, now and for the future
  - develop IDPs for M/HR staff that identify skill gaps for each employee
  - create tailored training plans and activities to close identified gaps
  - acquire staff based on the core competencies, organizational needs, and employee skills required for the future
- *Create a performance-oriented organizational culture in M/HR and enable M/HR to strengthen the overall performance culture in USAID.* Related to SO 1 work in achieving a high-performing workforce, this is a major challenge. For M/HR, it will demand changes in human behavior and attitudes, as well as training and skill development for employees to shift to an advisory and counseling approach and support the overall change in the Agency's performance culture. In the short term, M/HR will enhance the effectiveness of USAID's performance evaluation system by reducing the focus on time spent on performance appraisals and increasing the quality and objectivity of performance management and counseling by supervisors. New training for supervisors will strive for improving ongoing feedback to employees rather than emphasizing yearly

written evaluations. The labor relations staff and function will be strengthened with support to supervisors dealing with performance problems.

In the short term, M/HR will move beyond the recent improvements in the formal performance evaluation system and test a new performance management system. The new system will more closely link organizational goals to IDPs and individual performance evaluations. This will provide M/HR professionals and career counselors (in the reestablished career counseling function) with a clear understanding of the link between an employee's performance, unit performance, and Agency goals.

## IR 2: M/HR Processes Improved

M/HR needs to assess its full range of processes and utilize new technology to allow a gradual, incremental shift away from work focused on individual transactions to automated systems that take care of individual transactions, allowing M/HR staff to gradually increase the time they spend in advisory and counseling roles. This new role will evolve into a focus on offering advice and alternatives under current authorities to get things done and respond to employee's career and personal needs. Specific actions under the IR include the following:

- *Assess and streamline M/HR processes.* To move forward, M/HR must scrutinize its current processes and products, and must identify the new processes and products demanded by its role in an Agency undergoing rapid change in mandate and business processes.

Each of M/HR's five divisions will

- identify the products and results produced in each area of M/HR
- identify processes used to produce the products and results
- track workflow involved in each process, in terms of time and volume of work generated
- improve the process to handle more volume in less time with greater quality

At a minimum, the four steps listed above provide a framework for the most effective use of current resources, and will lead to improved performance of traditional human resource functions. In conjunction with the reshaping of M/HR's people and systems, this work will

- create the ability to define in objective terms the cost of performing processes and bundles of processes
- clarify, where bundles of processes are commercial in nature, the nature and scope of the work and a basis for the most efficient organization
- create a framework for determining resource requirements for work not historically performed in M/HR

In the end, this work will result in standardizing HR process mapping, and allowing incremental, continuing improvements in performance time and quality.

- *Integrate current M/HR management information systems.* Although M/HR will not, in the near term, fully integrate its existing management information systems, much can be done to improve system functioning and service delivery to customers. Two aspects of this work must be carefully managed: 1) the internal integration of M/HR support systems, and 2) integration with broad Agency goals expressed in its Enterprise Architecture Initiative.

In the course of the past 12 months, significant progress has been made. First and most importantly, Agency leadership has recognized that integrated workforce management requires a focus of accountability. Because M/HR has been identified as the most logical single point, there is increased awareness that new tools and capabilities are necessary for M/HR to effectively respond.

Recruitment is now supported by AVUE, an automated tool that may, over time, compensate for some of the staff reductions in the Personnel Operations Division, and has resulted in improved timeliness in recruitment. AVUE is close to implementing a direct connection with the National Finance Center (NFC), which provides payroll and personnel records support. Once this connection is completed, M/HR will be able to expand its system internally so that requests for personnel actions can be made electronically by bureaus and offices, processed through AVUE, and transmitted directly to the NFC. When OPM implements its One-Stop Recruitment e-Gov initiative, both the front end (announcement and résumé intake) and the back end (automated processing of personnel actions) of the recruitment process will accelerate. A third information technology tool, e-World, has been implemented and allows M/HR for the first time to gather, track, and report personnel information for nondirect-hire personnel worldwide (in addition to information on USDHs).

Over the past year, the Information Management (IM) Section of the Planning, Policy, and Information Management Division has been working with M/IRM to consolidate disparate systems into a single database. Although the result will not be a truly integrated support system, it will represent a major advance over the current situation. The new database will allow queries against a server that hosts data from the NFC, e-World, training and certification databases, and several other human resource data systems, allowing M/HR to gather data from one source for almost all elements of the Agency workforce.

Finally, M/HR has been working with Agency legal, financial management, and procurement personnel on a proposal to contract out the payroll and recordkeeping functions for USPSCs. This proposal will allow a group health benefit for this important segment of the workforce, and make it possible to access reliable data needed for managing and reporting on the USPSC corps.

### IR 3: M/HR Resources Effectively Utilized

M/HR's ability to manage the Agency's human capital can improve rapidly as work under IRs 1 and 2 proceeds, but also as M/HR reshapes its internal organization around specialized teams with specialized functions and develops a vision and design for new, integrated information technology systems that will meet both near and longer term needs. These innovations will provide the final pieces to the overall puzzle of enabling effective utilization of all M/HR resources (money, people, information technology, and other systems). With this ability, the improvements accomplished through IRs 1 and 2 in SO 5, and sufficient OE resources, M/HR will have the capacity to manage USAID's human capital and support USAID's mission. Specific actions include the following:

- *Build specialized teams within M/HR with specialized functions.* M/HR's current organization reflects a philosophy of a one-stop shop where everyone is expected to

provide a number of services. This approach has proved unwieldy because of the burden it places on M/HR staff to learn authorities and procedures for multiple personnel processes. With the aim of simplifying and streamlining personnel processes, M/HR will reform the bulk of its staff around smaller, specialized teams with specific personnel functions such as recruitment and classification, and split between GS and FS staff (whose rules and authorities vary substantially). When combined with the improvements achieved under IRs 1 and 2 in SO 5, this change in organization will enable M/HR to provide key services to USAID employees more quickly and of higher quality.

- *Identify and estimate costs of new information technology support requirements.* For the reshaping of M/HR to work, M/HR will need a better functioning set of information technology tools and systems. This involves identifying, prioritizing, and costing additional information technology support requirements. An urgent need has arisen, for example, for automated support for the competency-based workforce analysis and planning initiative, and several options are being evaluated. The product of this study will be presented as an acquisition and maintenance plan for M/HR information technology support.

BTEC created two subcommittees to transform its technology systems: the Enterprise Architecture Subcommittee and the Capital Planning and Investment Subcommittee. To ensure integration of M/HR technology requirements with Agency design and procurement efforts, the director of M/HR requested and obtained representation on those two subcommittees. This ensures M/HR a place at the table to ensure that human resources requirements for information technology support are recognized.

- *Design new information technology vision and system requirements.* An integrated set of information technology systems will increase M/HR capacity and improve performance by freeing up M/HR staff time by automating repetitive process-related personnel actions and providing M/HR staff with easy access to integrated information through a front-end web application with complete information on all types of USAID employees and their skills, languages, experience, and areas of expertise.

An integrated M/HR management information system with interactive capability will be a critical link in the chain that enables the Agency to manage and deploy its human capital more nimbly *and* provides M/HR with a critical systems capacity to meet the Agency's human capital goal. Modernized, interactive, integrated, and effective information technology systems in M/HR will also quickly contribute essential information to Agency management for high-level interagency decisionmaking on surge response to crisis situations or on national security policy questions. The first steps involve defining information technology needs, developing an information technology vision that meets those needs, and designing an information technology system to meet those needs at reasonable cost.

## Linkages with Other SOs

Interrelationships between SO 5 and other parts of the Human Capital Strategic Plan arise from crosscutting issues (such as OE and recruitment), and from the role that M/HR has to play in driving forward all five SOs.

As with the other four SOs, SO 5 depends on sufficient OE resources for achievement, especially with regard to resources needed for recruitment outreach and processing (and additional M/HR contract staff to handle expanded recruiting, discussed under SO 2); expanding labor relations, career counseling (discussed under SO 1), and other specialized functions; and information



technology investments for short-term improvements and longer term transformation. Because M/HR plays a leadership role, together with the necessary support for and collaboration with other internal and external partners and stakeholders (such as PPC and Agency management) in driving forward and monitoring the progress of the overall Human Capital Strategic Plan, SO 5 cuts across all four of the other SOs. As described in the other SO chapters, each of the other SOs depends upon substantially increased M/HR capacity to support efforts to build a more flexible, diverse, high-performing Agency workforce strategically aligned with Agency priorities. Only with a strong M/HR can the Agency fulfill the goal of placing the right people in the right place, doing the right work, at the right time to fulfill the Agency's joint mission with the State Department.

A note of caution, however. Although M/HR can and will play a leadership role in framing, leading, advocating, and monitoring (through the PMP), achieving the Human Capital Strategic Plan's goal and five SOs—including SO 5—is beyond M/HR's manageable interest. Success in the long-term strategy requires political and bureaucratic support of internal partners and external stakeholders and, especially, sufficient OE resources to do the job.



*Anne Terio of the Human Resources Office Training and Education Division manages USAID's training courses for USAID's cognizant technical officers.*



*Joe Dorsey and Barbara Ellington-Banks (HR/POD) promote USAID careers during the League of United Latin American Citizens (LULAC) 75th Anniversary Conference and Recruiting Fair in San Antonio, Texas. The Agency is participating in nearly 60 recruitment outreach events in 2004, working to inform a diverse cross section of Americans about foreign and civil service jobs with USAID.*

# Section 3: Performance

## Management Plan for the USAID Human Capital Strategic Plan

*Creating a more effective government depends on attracting, developing, and retaining quality employees from diverse backgrounds and ensuring that they perform at high levels. Sound investment in human capital is essential if agencies are to achieve their missions.*

(OMB website)

### BACKGROUND

USAID's Human Capital Strategic Plan for FY 2004–08 acknowledges the Agency's many human capital challenges and articulates a set of objectives and activities for meeting them. The plan commits USAID to "revitalize the Agency and rebuild the quantity and quality of human and intellectual capital required to meet the development, conflict, and humanitarian challenges it now faces in the developing world.... The goal of the plan is to fill the most critical short-term skill gaps while simultaneously defining new, more effective, and less costly business models. By the end of the planning period, the Agency can "get the right people, in the right place, doing the right work, at the right time."

USAID's Human Capital Strategic Plan has multiple drivers, including the PMA's focus on improved use of public resources, including human resources; demographic changes in USAID's workforce that require immediate attention, combined with longer term, phased solutions; the need to compete for talent with other federal agencies and the private sector; increased demands for USAID's programs in postconflict environments; and increased public and political scrutiny of USAID's performance. This PMP emanates from the need to stand up to this scrutiny as well as make data-informed decisions about human resource management.

### PURPOSE AND GUIDING PRINCIPLES OF THE PMP

This PMP is the product of an interbureau Human Capital Accountability Working Group, appointed by USAID's BTEC Subcommittee on Human Capital. In consultation with BTEC, M/HR, and the five SO teams, the working group identified and completed the following tasks:

1. forming working groups
2. participating in OPM's HCAAF training exercise
3. collecting and reviewing GAO federal human capital assessment reports and checklists
4. identifying and inventorying human capital accountability processes in comparable agencies

5. developing a preliminary project management plan that establishes tasks, milestones, and resource requirements (both within USAID and contractor support)
6. establishing RFs (if appropriate) expressing linkages within Human Capital Strategic Plan priorities, goals, and indicators
7. identifying human capital data sources, systems, and existing deadlines
8. designing candidate performance indicators, using the ADS 203 guidance on characteristics of performance indicators
9. assessing data quality, validation, and verification sources and procedures
10. designing a conceptual process map overlay of an accountability system, including staff responsibilities
11. designing conceptual data flow and repository systems
12. designing conceptual reporting formats
13. developing an implementation plan for an accountability system
14. consulting with other BTEC working groups, as appropriate

As tools for decisionmaking and accountability, the Human Capital Strategic Plan and PMP reflect USAID's human capital objectives and priorities—especially recruiting and retaining skilled staff. The PMP also endeavors to provide M/HR and the SO teams with useful performance metrics and data-capture procedures to help them assess progress without imposing an excessive management burden on already strained staff. Finally—and of central importance—the Human Capital Strategic Plan and PMP are aligned with the OPM's HCAAF and the following Human Capital Standards for Success:

- strategic alignment
- workforce planning and deployment
- leadership and knowledge management
- results-oriented performance culture
- talent
- accountability

# USAID’S HUMAN CAPITAL STRATEGIC FRAMEWORK

## Overview of the Strategic Framework

As defined in USAID’s ADS, an RF is a planning, communications, and management tool that conveys a development hypothesis and the cause-and-effect linkages between IRs and SOs (ADS 201.3.7.3). This definition also holds for the human capital strategic framework, in which lower-level IRs are required to achieve the five SOs that are required to achieve the human capital goal: “to get the right people, in the right place, doing the right work at the right time (with the right knowledge, skills, and experience) to fulfill USAID’s mission.”

The framework is composed of five SOs (described at length in Section 2), along with the IRs and the priority actions that USAID will undertake to achieve them. The five SOs and their IRs are as follows:

- SO 1: Achieve a high-performing workforce
  - IR 1.1: Leadership developed
  - IR 1.2: Employee training and certification programs established
  - IR 1.3: Systems that support and reward performance established
  - IR 1.4: High-quality workforce recruited
  - IR 1.5: Sufficient OE resources allocated (contributing)
  
- SO 2: Strategically align staff with Agency priorities
  - IR 2.1: Integrated workforce planning capability established
  - IR 2.2: Agency recruitment and deployment targets achieved
  - IR 2.3: Agency rightsize attained
  - IR 2.4: Sufficient OE resources allocated (contributing)
  
- SO 3: Establish a more flexible workforce
  - IR 3.1: Surge capacity established
  - IR 3.2: Workforce flexibility enabled through Agency policies
  - IR 3.3: Use of statutory and regulatory authorities maximized
  - IR 3.4: Sufficient OE resources allocated (contributing)
  
- SO 4: Create a more diverse workforce
  - IR 4.1: Leadership commitment to diversity demonstrated
  - IR 4.2: Personnel policies and systems that promote inclusiveness and equity established
  - IR 4.3: Diverse workforce recruited
  - IR 4.4: Diverse workforce retained
  - IR 4.5: Sufficient OE resources allocated (contributing)

- SO 5: Increase M/HR's capacity to support USAID's mission and to implement the Agency's Human Capital Strategic Plan
  - IR 5.1: M/HR staff competencies demonstrated
  - IR 5.2: M/HR processes improved
  - IR 5.3: M/HR resources effectively utilized
  - IR 5.4: Sufficient OE resources allocated (contributing)

## SO Indicators

USAID uses performance indicators across its technical programs to measure and report progress and inform decisionmaking. Similarly, in the Human Capital Strategic Plan, performance indicators have been selected to assist SO teams in monitoring and reporting results against objectives while incorporating the HCAAF standards for success to strengthen USAID's overall management of human capital.

Separate performance indicator reference sheets now exist for each SO indicator. These sheets will assist the M/HR and SO teams in maintaining, updating, and reporting performance data throughout the plan period. The reference sheets define key terms, identify data sources, list individuals and data repository systems, and provide a reporting format for indicator baselines, targets, and actual values over time. Indicator reference sheets will be developed, as needed, for IR-level indicators.

# EXPLANATION OF STRATEGIC OBJECTIVE INDICATORS

## SO1: Achieve a High-Performing Workforce

This SO and its indicators align with the HCAAF standards of results-oriented performance culture, leadership and knowledge management, talent, and accountability, as noted below. The four indicators will track data from the annual USAID Employee Survey (administered to all staff), the biannual Federal Human Capital Survey (administered only to USDH staff), the external peer review of USAID by its counterpart foreign assistance donors on the OECD/DAC, and USAID's own monitoring of its performance appraisal system. The last indicator is also a performance measure under the PART, which USAID reports to OMB. These performance indicators capture staff perception across the workforce and permit benchmarking with other U.S. Government agencies and foreign assistance donors, and will include quantitative data on program and financial results.

The SO 1 indicators are as follows:

*Indicator SO 1.1:* Responses to USAID Administrator's Survey questions

H1: The Agency incentive system rewards and spurs good performance

H7: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve

(HCAAF standards: performance culture, leadership, talent, accountability)

*Indicator SO 1.2:* Responses to selected Federal Human Capital Survey questions

Q32: High-performing employees in my work unit are recognized or rewarded on a timely basis

Q35: My performance appraisal is a fair reflection of my performance

Q37: In my work unit, steps are taken to deal with a poor performer who cannot or will not improve

Q39: I am held accountable for achieving results

(HCAAF standards: performance culture, leadership, talent, accountability)

*Indicator SO 1.3:* Review of USAID by the OECD/DAC, conducted approximately once every four years

(HCAAF standards: performance culture, leadership, talent, accountability)

*Indicator SO 1.4:* Percent of employees with performance appraisal plans that link to agency mission, goals, and outcomes

(PART indicator and HCAAF Standards: strategic alignment, performance culture, accountability)

## SO 2: Strategically Align Staff with Agency Priorities

This SO and its indicators align with the HCAAF standards of strategic alignment, workforce planning and deployment, talent, and accountability. USAID has reorganized its headquarters operations and is implementing the recommendations of a recent business model review to ensure the most appropriate placement of staff to achieve USAID objectives. Of particular concern are the need for surge capacity for priority programs (e.g., Iraq), unfilled FS positions, and the need to replace and build staff competencies to meet changing mandates. Together, the four indicators for this SO express USAID's ability to place qualified staff where they are needed: the first two

track USAID’s performance in filling foreign and civil service staff vacancies; the third tracks deployment of FS staff in Washington compared with their numbers in the field; and the fourth tracks gaps in mission-critical skills across the Agency workforce. Targets for the fourth indicator will be defined once the ongoing workforce analysis study is completed.

*Indicator SO 2.1:* Number of unfilled FS positions  
(HCAAF standards: strategic alignment, workforce planning and deployment, accountability)

*Indicator SO 2.2:* Percentage of Agency-wide recruitment goals met  
(PART indicator and HCAAF Standards: strategic alignment, workforce planning and deployment, accountability)

*Indicator SO 2.3:* FS overseas to FS Washington ratio  
(HCAAF standards: strategic alignment, workforce planning and deployment, accountability)

*Indicator SO 2.4:* Annual change in mission-critical skill gaps  
(HCAAF standards: strategic alignment, workforce planning and deployment, accountability)

### SO 3: Establish a More Flexible Workforce

This SO and its indicators align with the HCAAF standards of strategic alignment, workforce planning and deployment, talent, and accountability as noted below. USAID employs a variety of staff, including FS and civil service employees, FSNs, PSCs, and fellows from other agencies and organizations. To be “flexible,” this workforce must embody the skills and experience required to implement sustainable development, reconstruction and transition, and emergency humanitarian programs in diverse country and cultural settings, and across technical sectors. At the same time, the Agency needs to develop leaders and staff its management and operations. Taken in their entirety, these five indicators reflect the three dimensions of achieving a flexible workforce: demonstrable career experience; surge capacity; and individual motivation for overseas postings (especially in priority positions).

*Indicator SO 3.1:* Percent of USDH FS workforce in midcareer ranks  
(HCAAF standards: strategic alignment, talent, leadership and knowledge management, workforce planning and deployment, accountability)

*Indicator SO 3.2:* Percent of USDH civil service workforce in midcareer ranks  
(HCAAF standards: strategic alignment, talent, leadership and knowledge management, workforce planning and deployment, accountability)

*Indicator SO 3.3:* Annual number of DRI positions filled  
(HCAAF standards: strategic alignment, talent, workforce planning and deployment, accountability)

*Indicator SO 3.4:* Percentage of FS assignments to priority positions  
(HCAAF standards: strategic alignment, talent, workforce planning and deployment, accountability)

### SO 4: Create a More Diverse Workforce

This SO and its indicators align with the HCAAF standards of results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, and accountability. A broad look at USAID’s staff worldwide might suggest a diverse workforce, due to the large numbers of FSNs employed in professional and administrative positions. However, an



examination of only the USDH workforce—both foreign and civil service—yields far less diversity through the career ranks. Thus, the four indicators below combine staff perceptions across the entire USAID staff in an annual internal survey; perceptions of USDH staff only, and a corresponding ability to benchmark with other agencies via the Federal Human Capital Survey; and data on USDH female and minority staff at all career levels. There is an ongoing diversity study, and targets for the third indicator under this SO will be defined once the study is completed.

*Indicator SO 4.1:* Responses to USAID survey question “USAID has a diverse workforce that reflects America and the countries in which we work”  
(HCAAF Standard: results-oriented performance culture, accountability)

*Indicator SO 4.2:* percentage change in USDH female staff at all career levels  
(HCAAF standards: results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, accountability)

*Indicator SO 4.3:* percentage change in USDH minority staff at all career levels  
(HCAAF standards: results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, accountability)

*Indicator SO 4.4:* Responses to Federal Human Capital Survey question Q43: “Policies and programs promote diversity in the workplace (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring)”  
(HCAAF Standard: results-oriented performance culture, accountability)

## SO 5: Increase M/HR’s Capacity to Support USAID’s Mission and to Implement the Agency’s Human Capital Strategic Plan

This SO and its indicators align with all of the HCAAF standards: strategic alignment, results-oriented performance culture, workforce planning and deployment, leadership and knowledge management, talent, and accountability as noted below. While USAID’s Human Capital Strategic Plan is an agency-wide strategy, M/HR bears much of the manageable interest for human capital operations, from recruitment and classification to training and workforce development to employee evaluations. M/HR works in partnership with managers and staff across USAID and is expanding its historic role as a service provider to include more advisory services. As USAID rebuilds its workforce, M/HR will need to streamline and accelerate these services, particularly in recruitment and training arenas. The five SO-level indicators below measure M/HR client satisfaction, as well as expected improvements in M/HR operations. They include staff responses across the entire workforce to human resource-related questions on the internal employee survey; USAID’s ranking among federal agencies for workplace satisfaction based on USDH responses to the Federal Human Capital Survey; and three indicators for M/HR performance in the priority areas of recruitment and training, including USAID’s e-government approaches as mandated by the PMA.

*Indicator SO 5.1:* Responses to the following M/HR services questions in the annual Administrator’s Survey:

H2: High-quality training is available to increase my skills

H3: HR’s website is helpful and provides answers to many questions about regulations, policies, and procedures

H4: HR provides useful advice and tools and organization and position design and development

H5: The recruitment process has improved  
H6: USAID fills positions in a timely and flexible manner  
H9: Overall, the office of human resources services is meeting my needs  
(HCAAF standards: strategic alignment, workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

*Indicator SO 5.2:* USAID ranking on the Partnership for Public Service “Best Places to Work” in the federal government, based on Federal Human Capital Survey responses  
(HCAAF standards: strategic alignment, workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

*Indicator SO 5.3:* Civil service recruitment cycle time  
(PART indicator and HCAAF standards: workforce planning and deployment, results-oriented performance culture, and accountability)

*Indicator SO 5.4:* Number of staff participating in M/HR-sponsored training  
(HCAAF standards: workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, and accountability)

*Indicator SO 5.5:* Number of Agency staff utilizing M/HR web-enabled, e-learning resources  
(HCAAF standards: workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

*Indicator SO 5.6:* Percentage of cognizant technical officers who are certified  
(PART indicator and HCAAF Standards: workforce planning and deployment, leadership and knowledge management, results-oriented performance culture, talent, accountability)

# MANAGING FOR RESULTS

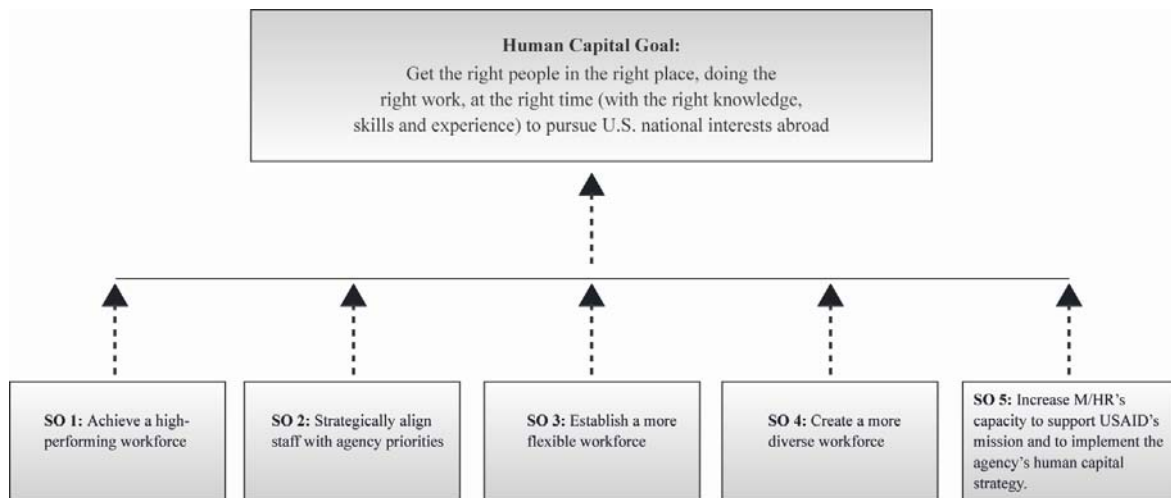
## Roles and Responsibilities for the Performance Management Plan

The Accountability Working Group and IBM Integrated Managing for Results contract staff will hand off the PMP to M/HR in mid-August 2004. Working with the SO team leaders and M/HR staff identified in the performance indicator reference sheets, M/HR management will need to ensure the currency of data to maximize the value of the PMP for decisionmaking as well as reporting. It is suggested that the director or deputy director of M/HR explicitly task individuals with ownership and maintenance of the PMP, using the performance indicator reference sheets as guides for the individuals to be tasked and the template for updating the PMP information.

## Plan for Data Collection

Data associated with the SO-level indicators are collected with varying frequency. For example, while the DAC peer review of USAID occurs approximately once every four years and the Federal Human Capital Survey is biannual, other staffing data are collected monthly or quarterly. To monitor progress on the Human Capital Strategic Plan, support the budget formulation process, and prepare for PMA milestone reporting, it is suggested that the PMP be formally updated twice yearly: in mid- to late October when end of fiscal year data are available to support the congressional budget justification, and again, six months later, in mid-April.

Figure 20. USAID Human Capital Strategic Plan: Summary Results Framework





# Annex 1: Linkages between USAID’s Human Capital Strategic Plan and the Human Capital Assessment and Accountability Framework (HCAAF) Standards

The USAID Human Capital Strategic Plan addresses HCAAF’s six standards of success as described below:

1. *Strategic alignment.* “Agency human capital strategy is aligned with mission, goals, and organizational objectives, and integrated into its strategic plans, performance plans, and budgets.”

The USAID Human Capital Strategic Plan and related efforts address this first HCAAF human capital standard as follows:

- Executive Summary relates the goal of the Human Capital Strategic Plan to the joint State-USAID mission and USAID’s individual mission
- Section 1, chapters 1–5
- Section 2
  - SO 1: achieve a high-performing workforce (develop leadership)
  - SO 2: strategically align staff with Agency priorities (to fulfill the USAID’s mission)
  - SO 3: establish a more flexible workforce (surge capacity)
  - SO 5: increased M/HR capacity to support USAID’s mission and implement the Human Capital Strategic Plan
- Section 3, PMP indicators
  - SO 1 indicators 1.3, 1.4
  - SO 2 indicators 2.1, 2.2, 2.3, 2.4
  - SO 3 indicators 3.1, 3.2, 3.3, 3.4, 3.5
  - SO 4 indicators 5.1, 5.2
- Joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* sections on “Management and Organizational Excellence” (pp. 33–38) and on the State-USAID Management Council (p. 40)
- The Agency is addressing strategic alignment as well through the current USAID policy and strategy papers, including

- The USAID “White Paper,” *U.S. Foreign Aid: Meeting the Challenges of the Twenty-first Century*
  - A new Agency policy on USAID’s role in managing and mitigating conflict
  - A strategy on assistance to fragile states to help position USAID to meet new challenges and seize opportunities in fulfilling the Agency’s mission and addressing U.S. national security interests
2. *Workforce planning and deployment.* “The agency has an explicit workforce planning strategy, linked to the agency’s strategic and program planning efforts, to identify its current and future human capital needs, including the size of the workforce, its deployment across the organization, and the competencies needed for the agency to fulfill its mission.”

The USAID Human Capital Strategic Plan and related efforts address this second HCAAF human capital standard as follows:

- Executive Summary, with regard to USAID’s human capital crisis and its efforts to address that crisis
- Section 1, chapters 1–5
- Section 2
  - SO 1: achieve a high-performing workforce (employees trained to apply technical and managerial skills with demonstrated knowledge of Agency core values and mission)
  - SO 2: strategically align staff with Agency priorities (establish an integrated workforce planning capability and carry out rightsizing efforts)
  - SO 3: establish a more flexible workforce (establish surge capacity, greater workforce flexibility, and utilize competitive sourcing)
  - SO 4: create a diverse workforce (establish personnel policies and systems that promote inclusiveness and equity, and recruit and retain a diverse workforce)
  - SO 5: increase M/HR’s capacity to support USAID’s mission and implement the Agency’s Human Capital Strategic Plan (improve M/HR staff competencies and processes to manage better USAID workforce planning and deployment)
- Section 3, PMP indicators as follow:
  - SO 1 indicators 2.1, 2.2, 2.3, 2.4.
  - SO 3 indicators 3.1, 3.2, 3.3, 3.4, 3.5
  - SO 4 indicators 4.2, 4.3
  - SO 5 indicators 5.1, 5.2, 5.3, 5.4, 5.5
- Joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* sections on “Management and Organizational Excellence” (pp. 33–38) and on the State-USAID Management Council (p. 40)
- The Agency is addressing workforce planning and deployment as well through the following business improvement initiatives:

- completion of the USAID overseas workforce study (September 2003) to develop criteria and models for rational, transparent, and effective allocation of overseas staff
  - completion of the overseas business model review (completed in April 2004) to review key USAID business processes and align Agency operations more effectively with U.S. foreign policy, development, and humanitarian relief objectives (with emphasis on increased use of regional platforms)
  - ongoing development of an integrated workforce planning capability to analyze key competencies, identify skill gaps, and provide Agency managers with the necessary information for effective staff recruitment, training, and deployment
  - a study, just begun, to analyze diversity issues and develop a strategy for incorporating affirmative employment goals into USAID’s workforce planning
3. *Leadership and knowledge management.* “Agency leaders and managers effectively manage people, ensure continuity of leadership, and sustain a learning environment that drives continuous improvement in performance.”

The USAID Human Capital Strategic Plan and related efforts address this third HCAAF human capital standard as follows:

- Executive Summary with regard to leadership training and development
- Section 1, chapters 1–5
- Section 2
  - SO 1: achieve a high performing workforce (developing and supporting leadership)
  - SO 3: establish a more flexible workforce (development of a comprehensive personnel data base and a senior FSN corps)
  - SO 4: create a diverse workforce (demonstrating leadership commitment to diversity and increasing the representation of underrepresented groups at senior levels of SFS and SES)
  - SO 5: increase M/HR’s capacity to support USAID’s mission and to implement the Agency’s Human Capital Strategic Plan (enabling M/HR play a stronger leadership role)
- Section 3, PMP indicators as follow:
  - SO 1 indicators 1.1, 1.2, 1.3, 1.4
  - SO 3 indicators 3.1, 3.2
  - SO 4 indicators 4.1, 4.2
  - SO 5 indicators 5.1, 5.2, 5.4, 5.5
- Joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* sections on “Management and Organizational Excellence” (pp. 33–38) and on the State-USAID Management Council (p. 40)
- The Agency is addressing leadership and knowledge management as well through the following business improvement initiatives:
  - formulation of an Agency KfD strategy to ensure USAID staff have the knowledge they need to fulfill USAID’s mission

- revising the Agency’s performance management systems for the SES and the SFS
4. *Results-oriented performance culture.* “Agency has a diverse, results-oriented, high performance workforce, and has a performance management system that effectively differentiates between high and low performance, and links individual/team/unit performance to organizational goals and desired results.”

The USAID Human Capital Strategic Plan and related efforts address this fourth HCAAF human capital standard in the following ways:

- Executive Summary, with regard to expectations of new leadership
  - Section 1, chapter 1, Operational Overview; chapter 3, The USAID Human Capital Crisis; and chapter 4, “Top Priority” Activities
  - Section 2
    - SO 1: achieve a high-performing work force (development of new leadership and systems that support and reward high performance)
    - SO 4: create a more diverse workforce
    - SO 5: increase M/HR’s capacity to support USAID’s mission and implement the Agency’s Human Capital Strategic Plan (creating a performance-oriented organizational culture in M/HR and enabling M/HR to strengthen the overall performance culture in USAID)
  - Section 3, PMP indicators as follow:
    - SO 1 indicators 1.1, 1.2, 1.3, 1.4
    - SO 4 indicators 4.1, 4.2, 4.3, 4.4
    - SO 5 indicators 5.1, 5.2, 5.3, 5.4, 5.5
  - Joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* sections on “Management and Organizational Excellence” (pp. 33–38) and on the State-USAID Management Council (p. 40)
  - The Agency is addressing leadership and knowledge management as well through the following business improvement initiatives:
    - revising the Agency’s overall performance management system for evaluating employee performance
    - a study, just begun, to analyze diversity issues and to develop a strategy for incorporating affirmative employment goals into USAID’s workforce planning
5. *Talent.* “Agency has closed most mission-critical skills, knowledge, and competency gaps/deficiencies, and has made meaningful progress toward closing all.”

The USAID Human Capital Strategic Plan and related efforts address this fifth HCAAF human capital standard as follows:

- Executive Summary, with regard to the human capital crisis



- Section 1, chapters 1–5
  - Section 2
    - SO 1: achieve a high-performing workforce (leadership development and new training programs)
    - SO 2: strategically align staff with Agency priorities (workforce planning, recruitment, and rightsizing)
    - SO 3: establish a more flexible workforce (surge capacity and maximized use of all authorities)
    - SO 4: create a more diverse workforce (recruiting and retaining a diverse workforce)
    - SO 4: increase M/HR’s capacity to implement the Agency’s Human Capital Strategic Plan (such as through integrated human resources information systems)
  - Section 3, PMP indicators as follow:
    - SO 1 indicators 1.1, 1.2, 1.3, 1.4
    - SO 3 indicators 3.1, 3.2, 3.3, 3.4, 3.5
    - SO 4 indicators 4.2, 4.3
    - SO 5 indicators 5.1, 5.2, 5.4, 5.5
  - Joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* sections on “Management and Organizational Excellence” (pp. 33–38) and on the State-USAID Management Council (p. 40)
  - The Agency is addressing workforce planning and deployment as well through other business improvement initiatives, such as
    - completion of the USAID overseas workforce study (September 2003) to develop criteria and models for rational, transparent, and effective allocation of overseas staff
    - completion of the overseas business model review (completed in April 2004) to review key USAID business processes and align Agency operations more effectively with U.S. foreign policy, development, and humanitarian relief objectives (with emphasis on increased use of regional platforms)
6. *Accountability*. “Agency human capital decisions are guided by a data-driven results-oriented planning and accountability system.”

The USAID Human Capital Strategy Plan and related efforts address this sixth HCAAF standard as follows:

- Executive Summary
- Section 1, chapters 1–5
- Section 2, all SO RFs
- Section 3, all PMP indicators

- Joint State-USAID *Strategic Plan: Fiscal Years 2004–2009* sections on “Management and Organizational Excellence” (pp. 33–38) and on the State-USAID Management Council (p. 40)
- The Agency is fundamentally addressing accountability by defining a performance metrics system—the PMP—as an accountability framework for the Human Capital Strategic Plan and including the PMP in the plan document. It will be used as a management tool by M/HR and Agency management.



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PD-ACA-455