

## An Overseas Workforce Allocation System

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### Abstract

The Report of the In-country Presence Assessment contains many ideas on changes A.I.D. can consider in the way it undertakes its business. It also suggests ways in which overseas staff allocation can be improved, and alternatives to present patterns that could make more cost-effective use of human and financial resources. Yet, there remains, in many quarters, a strong perception of an absence of rationale and consistency in overseas staff allocation. This perception was essentially confirmed by the Assessment. Thus, this paper describes an overseas workforce allocation system which could contribute to consistent and defensible staffing decisions, more closely integrate program and support cost planning and management and provide a structure for implementing change. It describes the present reality, a proposed allocation system and three illustrations of how a reference point might be established to implement the system.

### Introduction

This paper discusses a proposed overseas workforce allocation system that could contribute to more consistent and defensible staffing decisions, as well as be more closely integrated into program and operating expense planning and management. It also recommends a structure for implementing a number of the changes in how A.I.D. does business and manages its resources proposed in the report of the In-country Presence Assessment. It represents, as well, an opportunity to rise above Michael Crozier's view that "A bureaucratic organization is an organization that cannot correct its behavior by learning from its errors."<sup>1</sup>

The Assessment of In-country Presence highlighted problems with USAID structures and staffing. Unexplained personnel and cost anomalies abound. A better framework is needed in A.I.D. to judge USAID staffing and

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<sup>1</sup>Crozier, Michael, The Bureaucratic Phenomenon, Chicago, University of Chicago Press, 1964.

establish the minimum structure for responsible program stewardship. Making rational allocations of personnel and financial resources are critical to laying the groundwork for future improvements in program performance and accountability.

A number of critics, internal and external, have noted shortcomings in the capabilities and management of A.I.D.'s human resources. Problems range from no policy for overall staffing (e.g. guidelines on Direct Hire vs. Non-Direct Hire/Contractors), weaknesses in recruitment, career development and training, poor supervision and performance incentives to not allocating the proportions of talent (personnel ceilings, kinds, and quality) to Washington units and field Missions that correspond to that unit's program responsibilities. These shortcomings amplify problems in USAID structures and workforces.

This paper, therefore, is a companion piece to the Assessment of In-country Presence. It briefly describes current factors and efforts for judging USAID staffing, and recommends that A.I.D. move towards a "reference" type decision system. Such an approach, we believe, is better suited to the widely differentiated universe of A.I.D. programming and recipient environments than a more mechanistic staffing formula.

Other organizations have learned to cope with constant change and maintain efficiency by having good feedback systems and flexible staff units. We believe A.I.D. could benefit from this "optimize internal capacities; flexibly tailor staffing to responsibilities" concept. While "program focus and concentration," cost-management, etc. will also be necessary changes, the proposed overseas workforce allocation system, we believe, would be a positive improvement in the management of A.I.D.'s overseas units and personnel.

### An Overseas Workforce Allocation System

While looking at Missions and their programs, the In-country Presence Assessment Team concluded that there is no single or combination of variables or formulae for staffing A.I.D. overseas Missions which takes into account the extraordinary diversity of requirements, U.S. interests and level of development in different countries. A second conclusion is that, for all the different USAID approaches, there are significant benefits to A.I.D. and the USG from an in-country presence. Moreover, from interviews with A.I.D. personnel, other donors and host country representatives, there is widespread agreement that, in broad outline, A.I.D.'s decentralized, in-country approach is the most efficacious and preferred means of delivering development assistance.

What is not agreed is how many people with what skills are required, nor is there any Agency guidance in this respect. For a long time now, A.I.D. has not had an official policy on how one staffs an overseas Mission. In addition, the factors driving staff levels are multiple<sup>2</sup>, although they tend to center around State Department objectives, program content and scale, accountability and potential for influencing recipient and other donor activities.

Thus, in reflecting on past patterns of workforce allocation, there seems to be little to be gained in trying to explain or understand why country A staffing looks one way and country B another way. It is far more important, once it is decided that there is to be an in-country presence, to try to suggest a rational, transparent approach to overseas workforce allocation that improves on the present Workforce Allocation Model (See ICP Assessment Report, Annex C).

Because of factors described in the ICP Report and reiterated below<sup>3</sup>,

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<sup>2</sup> These include, inter alia, the tradition, history and momentum of individual country programs; special interests and Congressional requirements/earmarks; the level of development complexities of recipient countries; the persuasive powers, skills and standing of certain Mission Directors; different management styles and agendas of Mission Directors; program levels; availability of a local labor pool, perceptions of what FSNs can and can't do; compliance and accountability requirements; personnel and OE ceilings and constraints; program content; the numbers and size of individual projects; the need for security and support services; and presence as the major benefit.

<sup>3</sup> The following factors seem to shape the reality of present staffing and often mitigate against efficient and cost-effective use of human and financial resources:

- An absence of official guidance or criteria which ensure a reasonably consistent approach to program scope, assistance levels, performance standards, overseas staffing, etc.
- Even if criteria or official guidance for staffing existed, there isn't an effective, systematic mechanism for reconciling proposed staffing decisions against such considerations. Annual ABS exercises aren't terribly substantive and do not result in an overall weighing of Agency priorities.
- There is no agreed upon basis for comparison between bureaus and Missions and, thus, judging the validity of structures, FTE's, or personnel variations.
- Staffing decisions are usually made on an ad hoc basis with the only limiting constraints being ceilings, position grades, and operating expense budget availabilities, strongly influenced, however, by the multiple factors cited above.
- USDH/OE funded staff have been complemented through a variety of mechanisms (PSC, trust fund, program funded, other USG agencies and institutional contractors) which also have no overall pattern or consistent guidance other than legal rules and funding availability constraints.

we do not think it is practical or realistic to formulate a precise model or models corresponding to a particular situation; nor does it appear useful to continue to study why different management decisions were made in the past that resulted in different management styles and patterns. We do think, however, that establishing a workforce allocation system with a basic reference point or measure<sup>4</sup> is both practical and possible, and would open the door to more productive (and continuing) reviews of USAID staffing than now emerge from the present FTE and/or ABS processes.

Thus, rather than trying to relate strategic objectives addressed by a Mission to program budget and staff size by means of a series of complex, empirical "fits", we propose a simple, straightforward reference point or measure. The merits of a single reference point are that differences are visible and easily identified and the burden of proof for explaining or justifying differences<sup>5</sup> is clearly placed on the responsible managers.

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- Flexibility is essential in order to accommodate widely different requirements and circumstances in recipient countries and USAID employee capacities which bear on final staffing determinations.
  - USG assistance is provided to over 100 countries using every variation of management control imaginable.
  - A complex system for allocating staff resources is almost as bad as none at all, since it is vulnerable to manipulation and pressure from special interests.
  - An Agency incentive system which awards program size and volume and staff size as a positive performance factor, thus thwarting Agency efforts to improve cost-effectiveness and manage human and financial resources.
  - The lack of an incentive structure at the Mission level to increase cost-effectiveness, productivity and output quality and/or reduce staff levels and expenditures.

<sup>4</sup> What is intended is a means by which something can be compared and judged: to wit, a structure, a measure, a point of reference. It is most emphatically not intended to suggest a "core" Mission either. To avoid confusion, we will use reference point or measure with respect thereto.

<sup>5</sup> What is meant here are the variables which explain the extreme diversity of the countries in which A.I.D. works. These include, among others, the development requirements of a country; the nature and level of U.S. economic, political and security interest; the number of discrete projects or activities; pipeline size; type of assistance, i.e., project, program or sector; PL 480, including type and amount; and local currency generations. Less obvious variables are the political and economic stability of a country; the availability and competence of the local labor pool; a availability, competence and dependability of both public and private sector institutional infrastructure; level of corruption, etc.

Such a system could, inter alia;

- Provide a conceptual reference against which different Missions can be compared.
- Establish a basis for identification and case by case justification of deviations from the reference point, i.e. both additions and reductions.
- Reinforce efforts to concentrate program by limiting the reference point to two strategic objectives.<sup>6</sup>
- Provide for discipline in the system, while preserving reasonable flexibility, by establishing a two-level control system – the first through organizational units with recourse procedures and a second "shall not exceed" provision to take into account special circumstances.

#### A Procedural Mechanism

Essential to a consistent application of an overseas workforce allocation approach is a system of internal discipline with visible parameters and procedures for resolution of differences. The two key organizational units concerned are the Directorate for Operations (AA/OPS) and Directorate for Finance and Administration (AA/FA).

Using a workforce allocation measure as a point of reference, the first level of decision-making could be the ABS and preparation of the Congressional Presentation, and include an appeal process to resolve differences between AA/OPS and AA/FA with recourse to the DA/AID for resolution of differences which remain outstanding.

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<sup>6</sup> A strategic objective is an area of emphasis in a country program. It should reflect a development requirement of the country as well as being an agreed priority of both the recipient country and USG. A specific definition of a Strategic Objective has now been formulated by the Agency in the context of Mission and AID/W level strategic planning and program performance measurement that are the basic elements in "PRISM," the new Agency-wide "Program Performance Information System for Strategic Management". The definition is as follows: "The highest level development result that a mission or other operating unit believes is within its overall manageable interest; i.e. that it can materially affect and for which it is willing to be held accountable. Missions would typically pursue a relatively small number of strategic objectives (one to five), commensurate with the financial and human resources available for implementing effective strategies."

Examples of Strategic Objectives include increased food production and productivity, reduce fertility, economic stabilization/structural adjustment, off-farm employment, etc.

The process at this level could work along the following lines:

- Prior to commencement of the ABS process, the Policy Directorate would provide AA/OPS and AA/FA with a perspective on staffing implications arising from, inter alia, new country programs, transition plans, new programs coming out of legislation, forthcoming policy guidance, etc.
- AA/OPS receives ABSs from field posts through the geographic bureaus and consolidates them for forwarding to AA/FA and inclusion in the CP. The ABS submissions would, of course, address staff requirements, including explanations and/or justifications for differences from the reference point.
- With the reference point as a measure, AA/FA's Office of Budget would either agree or disagree with the FTE staff request and inform AA/OPS. Concurrently, AA/FA would establish geographic bureau ceilings based on the reference point and taking into account limitations imposed by OMB.
- Taking into account the aforementioned geographic bureau ceilings and possible limitations imposed by OMB, AA/OPS would also receive recommendations from the Policy Directorate regarding implications of proposed staff allocations for programs.
- On receipt of AA/FA's position, AA/OPS would have the opportunity to appeal outstanding differences. If AA/FA agrees, the matter is finished. If AA/FA disagrees, AA/OPS would be informed and permitted to adjust remaining differences within geographic bureaus not to exceed the overall ceilings established for those bureaus.
- In the event that differences remain between AA/OPS, AA/FA and AA/POL, they would pass to the DA/AID for resolution.

The second level of decision-making would apply to differences outstanding at the AA/OPS and AA/FA level and forwarded to the DA/AID for resolution. The intent is to take into account special and extraordinary circumstances and, at the same time, reduce the wide range of variation which has persisted in overseas workforce allocations in the past. At this level of decisionmaking, the final determination of staff level shall not exceed 10% of the reference point plus additions jointly agreed to by AA/OPS and AA/FA.

Once it is decided that there is to be an in-country presence, a reference point would need to be developed to implement this allocation system. The reference would suggest the number of positions adequate to cover the disciplines necessary to achieve the benefits of an in-country presence. In other words, the minimum resident or otherwise accessible USDH<sup>7</sup> requirement to take into account two concerns. The first relates to the benefits of a resident or otherwise accessible staff, of which accountability, influence and program/project implementation efficiency are among the most important. The second is an effort to encourage program concentration as part of an ongoing concern, and evidence from the Assessment that program and project proliferation is a major contributor to increases in staff and/or operating vulnerabilities. The latter suggests inclusion of one technical/program manager position for each strategic objective (or two for the two strategic objectives assumed for the reference point).

Somewhat like the present Workforce Allocation Model, the reference point should be based on several assumptions:

- The stage and level of a program and types of assistance have a direct bearing on staffing requirements.
- Staffing will be constrained by operating expense appropriations as well as overall authorized FTE levels, while, at the same time, A.I.D. will be expected to expand its programs into new countries.
- Concerns related to compliance, vulnerability, accountability, influence and program performance will reinforce the need for at least a minimum in-country presence.
- Staff availability also has some bearing on level and type of assistance.

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<sup>7</sup> It will be noted that the proposed measure pertains to USDH staff. It does not include USFSC and FSN (DH and PSC) staff, who account for a large part of the existing workforce. This is for several reasons. First, the data base is currently not adequate to work with, compounded, moreover, by the relative instability of this part of the workforce due to the inclusion of short to medium term and changing requirements. Second, these personnel would add a factor of complexity to the reference point we wish to avoid, with few, if any, benefits to the objective of developing a rational, consistent approach to USDH staffing. And third, this part of the workforce is financed from a variety of sources, i.e. OE, program and local currency funds, in contrast to USDH personnel who are financed primarily by OE funds. Thus, given the complexity and instability of this part of the workforce, the best means to control numbers and expenditures is probably through monitoring the availability of OE and program funds during program/project reviews. Local currency availability is normally a transient asset, and should be viewed as such by management. Where it tends to become a permanent fixture, the use of the funds should be reviewed on a case by case basis.

- Sound workforce allocation is not possible without some degree of constancy in program content, including management for results, program concentration and "doing fewer things, but doing them very well" as a management theme.
- There are benefits to an in-country presence, less obvious than direct benefits, for which there are no satisfactory alternatives, e.g. presence in and of itself (see ICP Assessment Report).

### Illustrative Reference Points

The key to a working allocation system is, of course, establishing the reference point or measure. Given the diversity of A.I.D.'s operations, selecting a measure is both difficult and contentious. It is probably true, moreover, that there is no perfect measure which can be supported by verifiable evidence. Thus, whatever reference point is used, it is likely to be a mix of empirical evidence, intuition and management experience and judgment. Under these circumstances, the order and discipline of a system assumes greater importance, and is reminiscent of Morley's reminder that "It is not enough to do good; one must do it the right way."

While there are several potential ways to select a reference point, we have presented three approaches below which we believe illustrate the concept and also represent feasible choices. They include (1) a convergence of regression analysis findings, intuition, and management experience; (2) the present Workforce Allocation Model; and (3) the "minimalist" approach discussed in the ICP Report.

1. The first approach is an effort to relate a reference point to a hypothetical country program. The hypothetical program selected for the example is based on the convergence of the best of a series of regression analyses with intuition and management experience. The regression analysis used is a mean of data for the four-year period 1988 to 1991.

This reference point is approximately eight USDH positions, including two technical officers (cum program managers), corresponding to a hypothetical, DA-funded bilateral assistance program with an annual obligation level of \$15 million of DA and 15 projects.<sup>8</sup> The number of

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<sup>8</sup>The regression model used explains 90% (0.8979) of USDH staff in 59 missions as a function of DA, ESF and PL 480 Title III obligations and the number of DA and ESF projects over a four-year period, 1988 to 1991. In addition, values were computed to determine the relevant weight of the four independent variables, i.e. DA,

positions should be adequate to cover the disciplines necessary to retain the benefits of an in-country presence. In other words, the minimum resident or otherwise accessible USDH staff requirement corresponding to a hypothetical, DA-funded bilateral assistance program. To wit, \$15 million of DA and 15 projects suggesting about eight USDH staff.

The eight USDH positions comprising the measure take into account the benefits of a resident or otherwise accessible staff and are an effort to encourage program concentration.

The mix of disciplines, which closely correlate with in-country benefits, could include principal officer, controller, contract/procurement, program, project development and implementation, and administration. In addition, two technical/ program manager positions relate to program concentration and two strategic objectives.

In order for this approach to be applied, certain procedural rules would have to be understood and adhered to. They include:

- Non-traditional or special programs will be excluded and considered on a case-by-case basis. Examples are emergency

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ESF and PL 480 Title III obligations and number of projects. The intercept and independent variable parameters are as follows:

- INTERCEPT 3.226170 (a new mission with zero program would have 3.23 USDH)
- DA 0.256256 (each \$10 million of DA implies 2.56 USDH)
- ESF 0.075730 (each \$10 million of ESF implies .76 USDH)
- Title III 0.161841 (each \$10 million of Title III implies 1.61 USDH, including Title I for 1988-90)
- Total Projects 0.128513 (every 10 projects implies 1.28 USDH)

Using these values to calculate the significance of DA and total projects as additives to the base intercept of 3.23 USDH, a scale of program size (ranging from \$10 million DA and 10 projects to \$30 million DA and 30 projects) was prepared. This scale imputes a range of 7.07 USDH at the low end to 14.75 USDH at the high end, excluding the 10% not explained by the regression analysis.

The DA and total projects independent variables were used because they are consistent features in the largest number of programs. ESF and PL 480 Title III are prominent, by comparison, in far fewer programs and have a much wider range of management involvement. Thus, in using the reference point, they would be treated as additives, although within the same basic regression model. In addition, DA has a higher value, in terms of implications for USDH, per unit of accretion than do ESF and Title III.

relief programs (Ethiopia, Sudan, Liberia, etc.), advanced developing countries and those approaching ADC status (Mexico, Brazil, Thailand, Costa Rica, etc.) and NPA cash grants (Israel).

- Countries below the hypothetical program value line are expected to have less than the reference point to zero staff and justify each position above zero.
  - Countries above the hypothetical program value line will be expected to justify each accretion.
  - The two technical officer (cum program manager) positions represent the technically competent supervisory capability to oversee each of two strategic objectives. Implicit is the assumption that discrete activities will be managed either by those officers or other than USDH employees, depending on the local labor pool. One of the tasks of each program manager would be to efficiently configure the number of management units within the strategic objective. If the local labor pool doesn't exist or is not adequate, it might justify a deviation from the reference point, e.g. an additional USDH, or a reduction in management units, i.e. number of activities.
  - Program content can be a determinant in both reductions from or additions to the reference point. For example, if a program is dominated by an economic stabilization/structural adjustment problem, the staff might be weighted toward a macro economist (Technical Officer) and Program Officer. Project development, contract/procurement and legal services could be provided on a regional or shared bilateral basis, thus reducing staff from the reference point. By the same token, a program of predominantly TA projects might require a Project Development Officer, Contract/procurement Officer and other USDH staff.
2. **The second approach is the Mission Workforce Allocation Model presently being used by FA's Office of Budget as a guide to establishing staffing levels. The essence of this approach is a minimum core Mission staff.**

It assumes, when a bilateral assistance program is instituted, that a minimum core staffing level in-country is required to protect Agency and U.S. Government stewardship of appropriated funds. A core staffing model for a bilateral Mission would include:

MINIMUM CORE STAFFING MODEL

Principal A.I.D. Officer

A.I.D. Controller

A.I.D. Executive Officer

Program Officer/Project Development Officer

The minimum core staffing model assumes that Legal and Contracts Officer expertise is available on a regional, TDY or shared bilateral basis.

The minimum core staff would, therefore, be the reference point, or measure. Thereafter, in order to control and rationalize country workforce allocation levels, it is essential that a set of models be established the basis of which will determine staffing levels beyond the minimum core staffing requirements. Along the following lines:

Segregate Programs by principal driving force:

Development Programs

- Category 1 - Large (\$30 mil) - Multi-Sector - Good Perf. (15-20 people)
- Category 2 - med. (\$15-30 mil) - 2-3 Sectors - Good Perf. (10-15 people)
- Category 3 - Small (Less than \$15 mil) - 1 Sector - Good Perf. (5-10 people)
- Category 4 - Buy-Ins (Less than \$15 mil) - 1 Sector - Adequate perf. (0-5 people)

Political/Security Programs:

- Category 1 - Large, highly visible, U.S. Nat'l Interests. \$30 million or more (15 or more people)
- Category 2 - Medium - strategic - \$15-30 Mil. (5-15 people)
- Category 3 - Reconstruction (Emerging Democracies) (1-5 people)

Advanced Developing Country Programs:

Beyond concessional assistance, S&T focus, private Sector, program level, per se, not directly relevant. (0-5 people)

Emergency Relief Programs

--Countries where sole purpose is disaster relief - Ethiopia, Sudan, Liberia, etc. (1-5 people)

In addition, within staffing parameters by program category, additional personnel would be added as necessary, taking into consideration:

- Numbers of Sectors
- Number of activities or management units
- Pipeline size

- Availability and Competence level of FSN staff and TCN's/PSC's
- Degree of Sophistication of LDC Institutions
- Sector/Program/Project Assistance Mode
- P.L. 480 (type and amount)
- Local Currency generations
- Policy Reform Focus

### 3. The Minimalist Approach as a Reference Point

**This minimalist approach to workforce allocation is similar to zero-based budgeting, with a USDH Principal Officer as the only given, and additional USDH Program Managers essentially tied to the number and type of Strategic Objectives, and the availability of qualified local staff. Each Program Manager would be responsible for managing the process and activities for one Strategic Objective. Having two or more Strategic Objectives would imply that the Mission had two or more Program Managers.**

A Program Manager would be responsible for all phases of activities under his or her Strategic Objective. This would imply bringing in project design expertise if needed, as well as independent consultants, for example, to participate in a mid-project evaluation. A main responsibility of the Program Manager would be to manage the implementation process under the Strategic Objective. The Program Manager would need to decide how to do that - with the assistance of FSN's and contractors, as appropriate. The Program Manager should know A.I.D. processes very well, as well as have technical grounding in the major field included within the Strategic Objective.

All other functions would be performed by FSN or contract staff, supplemented by USDH through telecommunications links and/or TDY's from Washington - or from a regional support office or Mission. The Principal Officer would have to be assured that these functions would be available when needed.

Additional staff would have to be justified, based on guidelines which would have to be developed. Presumably, as the number of Strategic Objectives increased and/or the program level per Strategic Objective went up, or a Strategic Objective was added that is new to A.I.D. and/or is very staff-intensive, the guidelines would suggest thresholds for an increase of USDH. At some point, as volume and complexity increased, there might be a threshold that would justify resident presence of other functions.

Procedures would have to be developed to assure that a workforce allocation system based on a "minimalist" reference point would be implemented with the least disruption and greatest amount of fairness and

discipline. The process could begin with a country-by-country review of the number and nature of each Mission's Strategic Objectives to determine the number of Program Managers needed.

Each Program Manager, with regional or AID/W assistance, would, in turn, be responsible for designing a management and staffing strategy and configuration for his/her Strategic Objective. This strategy would be based on analyses to determine:

- The quality and quantity of local human resources available to staff the management units of a particular Strategic Objective;
- The upper limits of responsibilities at which locally available FSN or PSC employees could operate;
- The degree to which the recipient country could manage and account for resources under the Strategic Objective; and
- The amount of support services necessary to achieve the objective and the most efficient and cost-effective means of providing them.

The results of this analysis would help to determine:

- The need for additional USDH; and
- support services (technical and administrative) that must be provided by in-country staff, or could be provided by other means and modes.

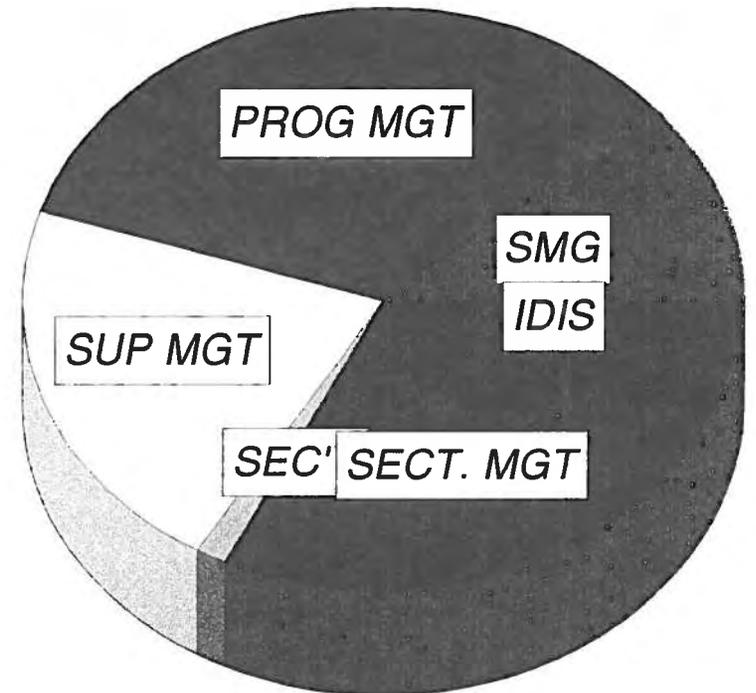
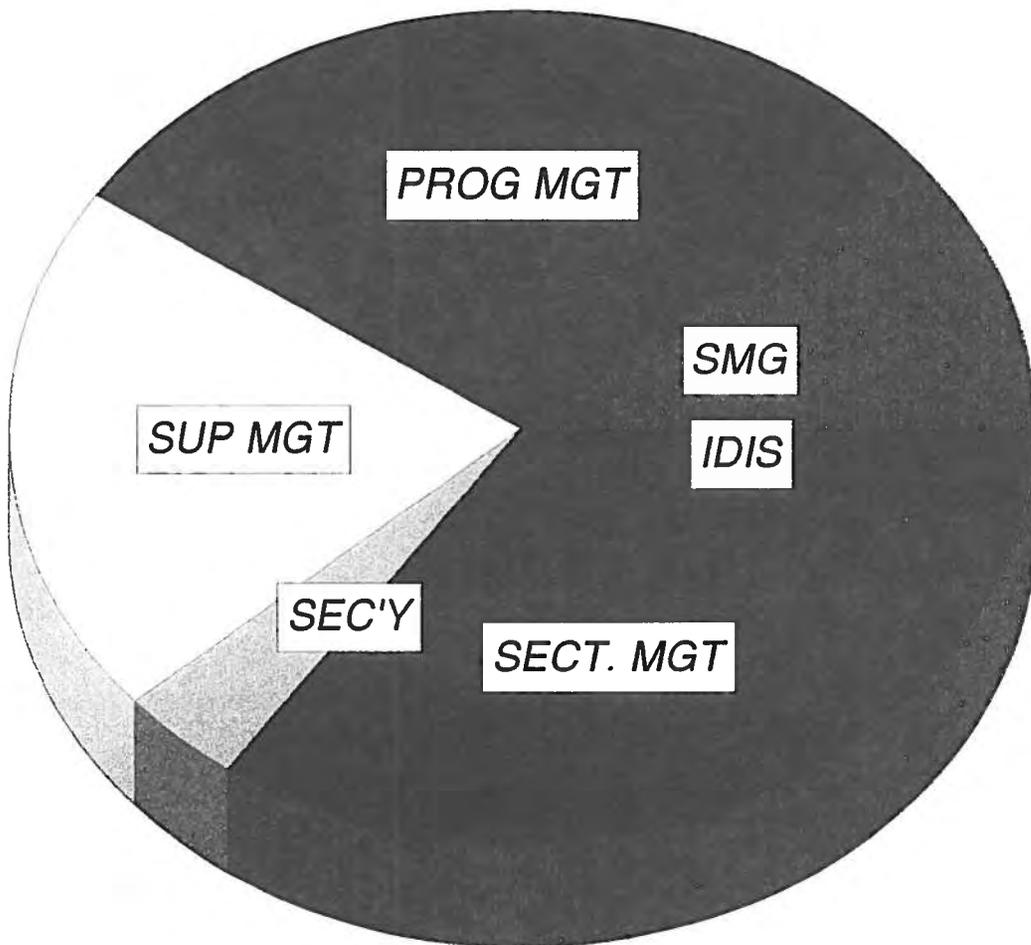
The "minimalist" approach is closely related to and complements several other opportunities identified in the ICP Report, as well as several on-going Agency initiatives. For example, the idea of a "Mission antennae" approach discussed in the ICP Report not only complements but is probably required to make the "minimalist" scheme work. This, in turn, fits very well with the idea of keeping in country only the staff whose functions must be performed in country in order to realize the desired benefits, or whose functions contribute less directly to the major benefits, but which can be performed as or more cost-effectively in-country. This opens the possibility of locating staff out of country whose functions can be performed as efficiently and more cost-effectively from other locations, e.g. by use of advanced communications technology, TDYs, etc.

To conclude, we wish to reemphasize two points made several times in the ICP Report which could have a significant impact on USDH staffing requirements. First, we believe the Agency, under whatever workforce allocation system, should require Missions to develop, in close collaboration with the recipient country, a transition program and management strategy that would, inter alia, project a path and timetable along which the country could be expected to increasingly manage its own development and progress towards a more mature relationship. Second, the Agency should make a concerted effort to make much better utilization of FSN's. Finally, it is essential to underline the importance of a system or structure, which this paper advocates, as a means of successfully explaining, justifying and implementing changes in the way A.I.D. pursues its business and allocates its workforce.

We recommend that the Directorates for Operations and Finance and Administration jointly review this proposal and forward their findings to the Management Control Review Committee (MCRC) for action.

# FS EMPLOYEES -- EXCLUDING

9/92 VS. 6/97



## EXPECTED RESULTS

- More responsive and timely procurement;
- increased flexibility and consistent interpretation under Federal procurement reengineering; *best practices across govt*
- greater satisfaction with USAID procurement among both internal and external customers;
- enhanced planning, teamwork and trust levels among procurement officials and program development personnel;
- efficient staff deployment and recruitment of contracting officers and negotiators;
- better trained A&A officers and program personnel, sensitized to how procurement mechanisms relate to program development; and,
- higher quality A&A documentation by both technical and A&A staff, and a team approach in selecting appropriate procurement mechanisms.

# Department Notice



All Employees: State • IDCA • USIA • ACDA

July 2, 1997

## Office of the Under Secretary for Political Affairs Reorganization Staff

As explained in Department Memorandum 9711785 of June 26, 1997, Under Secretary for Political Affairs Pickering is assisting the Secretary in the reorganization of the Department of State. He has established a small, temporary staff to support this work, effective June 26, 1997. Designated P/R, the reorganization staff is headed by Nancy Ely-Raphel. Contact information for the office is attached.

The staff will draw heavily on existing work, which includes the efforts of the task forces on restructuring the foreign affairs agencies, the various groups involved in strategic planning and management, and related initiatives. During the next two months, they will examine key issues and prepare options for decision by policy-makers. Ms. Ely-Raphel is consulting widely in the Department and the Foreign Affairs Agencies to solicit their views.

The kinds of issues involved include the following:

- the role and activities of Under Secretaries;
- the role and number of regional bureaus;
- the role of functional bureaus and their relationship to the regional bureaus;
- the role and structure of policy support organizations, e.g. INR, S/P;
- the inter-agency process;
- the internal structure and functioning of regional and functional bureaus;
- the relationship of the Washington and field staffs of the reorganized Department;
- the relationship of the State Department to other Cabinet Departments and independent agencies involved in foreign affairs.

The staff welcomes all input on organizational issues, especially from employees of State, USAID, USIA, and ACDA. While there is no need to re-submit suggestions already made in the context of the restructuring or strategic management exercises, messages and documents may be e-mailed to the "Reorganization Staff" mailbox, to be established soon on POEMS. Hard-copy documents are discouraged, but will be accepted.

Any questions should be directed to the reorganization staff at the numbers on the attached list.

APPENDIX A

**OVERSEAS STAFFING AND REFERENCE POINTS:  
Working Group Report**

**I. INTRODUCTION**

This report summarizes the findings and recommendations of the Working Group on Overseas Staffing and Reference Points, which was commissioned by the Management Council. The Management Council established the Working Group to assist the Council in developing recommendations for allocating USDH staff and OE resources among field missions and regional bureaus.

The Working Group undertook to review existing mission organizational structures and to make recommendations on how a typical mission should be structured and staffed. The Working Group: 1) reviewed current overseas staffing levels by region and mission; 2) examined anomalies and explored reasons these exist; and 3) developed a typology of missions including reference points that may help inform resource allocation (OE and USDH) decisions.

Carl Leonard, DAA/LAC, led the Working Group composed of the following principal members from each regional bureau and M: Roberta Mahoney, AFR; Mary Lewellen, ANE; Brian Kline, ENI; Marcus Rarick, M; and Joseph Lombardo, LAC. Principal members consulted other appropriate bureau staff to review and discuss issues. In particular, the Working Group would like to acknowledge the contributions of Harry Dorcus, Frank Caropreso, Maria Marigliano, Adam O'Malley and Annette Paniccia.

This report is divided into the following sections: methodology, guiding principles, findings, and conclusions and recommendations.

**II. METHODOLOGY**

Two approaches were taken to develop standards and reference points for USDH and OE levels. The first was an empirical examination of the relationship between staff/operating expenses and program levels. The analysis involved a comparison within each region and among regions. Although the analysis proved useful for examining existing patterns and how they evolved, it also highlighted the difficulties in developing standards to allocate resources among bureaus. We found much variation in such factors as degree of support provided by Washington; quality and availability of local hire staff; reliance on ICASS or other institutional arrangements versus on-board staff; local cost of living and relative appreciation of local currencies with the U.S. dollar; program implementation modalities due to the nature and objectives of the program; the costs due to the relative security situation of a post; availability and costs related to government-leased quarters and government-owned buildings; and so forth. This variation impedes the use of empirical analysis to develop standards for relationships between staff, including non-USDH, and program resources among bureaus. Given the greater homogeneity of these factors within regional bureaus, however, analysis of these relationships may prove useful for bureau managers to examine the extent to which their missions conform with the averages across all their missions. The analysis did show, however, a strong relationship between USDH and OE, leading to the preliminary conclusion that OE is a derivative of USDH levels. For this reason, the Working Group focused its efforts on the allocation of USDHs among

bureaus.

The Working Group also reviewed previous Agency efforts to develop staffing models and reference points (e.g., the Overseas Workforce Restructuring Analysis). Since these prior models assumed resource levels that are no longer realistic, the Working Group then developed a new typology that factored in current assumptions regarding anticipated resource levels. In refining the typology, the Working Group made adjustments that take into account actual conditions in each region, as well as the experience of each regional bureau in implementing its programs.

### **III. GUIDING PRINCIPLES**

The following set of principles guided the Working Group's analysis and proposed recommendations.

- USAID's overseas presence remains its strength. Every effort must be made to preserve that. As noted by the Workforce Planning Task Force, field missions have been deeply cut and any future staff reductions should be in Washington.
- Instead of opting to close small missions, we must find more efficient ways of operating so that we can maintain the small programs and continue to achieve our development objectives.
- Highest priority should be placed on maintaining within our presence countries strategic direction, program management and oversight (to partner with NGOs, monitor progress, to carry out policy dialogue with host country). Otherwise, increased vulnerability, decreased effectiveness and non-responsiveness to foreign policy and Congressional priorities which result from inadequate program management and oversight staffing will further erode Congressional and public support for the agency and for foreign assistance in general.
- Nonetheless, the anticipated resource environment and OE constraints will limit USAID to 700 USDH overseas. These are filled positions--including IDIs. Priority should be given to ensuring that all USDH FS positions overseas are filled.
- USAID's culture has been built around the concept of using in-country staff to create workable solutions to development problems, make significant contributions to USG foreign policy objectives, and ensure the prudent management of public funds. This tradition requires continuing nurturing, particularly in the changing environment which USAID faces as we are called upon to work more closely with all of our development partners while being forced to accept declining operating expense resources. What has worked so well in the past must be sustained if our relevance and impact are to be extended into the new century. We must recognize the need for an internal "cultural" change in the way we do business and the way we think about how we operate (i.e. team building/sharing across geographic lines) to make this proposed typology work.
- Implementation plans to affect this cultural evolution must be designed to provide on-going training for all staff. The staffing typology must also provide for a true mentoring environment for IDIs so that a continuous stream of Foreign Service Officers are developed with the overseas experience and management skills needed by USAID now and in the

future.

-- Any typology the Working Group recommends should allow for flexibility to meet distinct in-country program and implementation environments.

-- USAID overseas may not be able to retain the same level of self-sufficiency in the future. Careful examination is needed of increased reliance on ICASS as a means of reducing staff--as long as the total cost of providing the administrative services does not increase. By reducing our administrative staff and consolidating administrative support in strategically located regional hubs, we can focus in-country USDH on strategic direction, program management and oversight.

-- Consistency of guiding principles is important among the various groups striving to improve Agency operations. Implementation of the Overseas Staffing Working Group's recommendations should be reconciled with recommendations from the Washington Staffing Reference Group and the Technical Staffing Task Force. We need a common approach to next steps.

#### **IV. FINDINGS**

**Proposed Typology/Staffing Profiles of Missions:** The following chart summarizes the Working Group's proposed categorization of missions and the hypothetical norm for each mission type. This model is meant only as a reference point from which to examine missions and is not meant to be a fixed template for all missions. There will be anomalies due to political directives, initiatives, or other unique circumstances. In addition, the breakdown of staffing backstops within each mission type below may be modified according to mission needs.

<b>Small (1-4 USDH)</b>	<b>Medium (5-8) ave 6</b>	<b>Full (10-14) ave 12</b>	<b>Full Support (16-22) ave 20</b>
<p>1. Senior Mgt (1) 2. EXO/Cont/ Prog/PDO (0-1) 3. Tech (0-2)</p> <p><b>Definition:</b></p> <p>*Receives vast majority of its admin, program, and technical support from region and/or AID/W.</p> <p>*Typically active in 1-2 goal areas.</p>	<p>1. Senior Mgt (1) 2. EXO/Cont (1) 3. Prog/PDO (1-2) 4. Tech (2-4)</p> <p><b>Definition:</b></p> <p>*Carries out an in-country program.</p> <p>*Receives significant amount of administrative and technical services off site.</p> <p>*Typically active in 2-3 goal areas.</p>	<p>1. Senior Mgt (2) 2. EXO (1) 3. Controller (1) 4. Contracts/Legal (0-2) 5. Prog/PDO (2) 6. Tech (4-6).</p> <p><b>Definition:</b></p> <p>*Carries out an in-country program.</p> <p>*Self-contained on admin side.</p> <p>*May receive or provide limited amounts of services (i.e. legal).</p> <p>*Typically active in 4 or more Agency goals.</p>	<p>1. Senior Mgt (2) 2. EXO (1-2) 3. Controller (2-3) 4. Contracts (2-3) 5. Legal (1-2) 6. Prog/PDO (2-3) 7. Tech (6-7)</p> <p><b>Definition:</b></p> <p>*Provides a range of admin support to neighboring missions (i.e. legal, contracts, exo, controller).</p> <p>*May provide technical/program support and oversight.</p> <p>*Manages regional programs.</p> <p>*Carries out an in-country program.</p> <p>*Serves as training grounds for IDIs, etc.</p> <p>*Typically active in 4 or more goal areas.</p>

## **Typology**

The proposed mission staffing models are based on USAID's desire to maintain a field presence to the maximum extent practical, build upon the comparative advantages provided through a field mission, and conserve scarce operating expense resources. The models provide, for the most part, the necessary technical and managerial staff needed to manage and develop a USAID program as close to our beneficiaries and stakeholders as possible, while maximizing the use of regional hubs or centers for support functions.

The typology is intended to be suggestive, not prescriptive. Unique circumstances in regions or countries underline the need for careful deliberation in applying the typology. But, the models described provide a clear sense of direction for senior management.

Senior management should also consider the development paradigm for mission structures as staffing decisions are made. They are not static. As programs and relationships evolve, the size and mix of staff must change. The typology assumes a "life cycle" for missions which provides for different skills and levels of presence as programs are initiated, reach maturity and phase out.

The proposed mission typology provides four mission models.

### **Small Mission (1-4 USDH)**

A small mission is staffed by a senior manager and up to one or more technical/program managers. Small missions engage directly with host governments and implementors in the planning and oversight of U.S. assistance programs and rely on USAID/W, full missions or "regional hubs" for technical, program and administrative support services. Small missions also maximize the use of ICASS arrangements for in-country administrative support to the extent that it is cost effective.

Small missions may manage start-up, on-going or terminating programs. Programs are limited in size and breadth to one or two strategic areas.

### **Medium Mission (5-8 USDH)**

Medium-size missions have additional technical/program management staff to manage a larger in-country program (two - three goal areas). In general, medium-sized missions will rely on "regional hubs", full missions, or USAID/W for program and PDO support and on ICASS or "regional hubs" for administrative support to the extent that it is cost-effective.

### **Full Mission (10-14 USDH)**

Full missions are generally self-supporting in their management, administration, and implementation of in-country programs. The normal staff contingent would include two senior managers (allows training ground for senior managers) and a complete complement of program, technical, and administrative staff (financial, contracts, legal). A full mission may manage a program in four or more goal areas. In some instances, full missions may provide limited support in the contract, legal and financial areas to near-by small or medium missions. Maximum use of ICASS arrangements (both as a provider or receiver) is encouraged.

### **Full Support Mission (16-22 USDH)**

A full support mission or "regional hub" would have designated and clear responsibility for providing support to small and medium missions as well as managing its own bilateral program. Given the high cost of establishing a mission, full support missions will only be located in countries where there is a large USAID in-country program to manage: there will be no free-standing missions which only provide support functions. Full support missions would normally manage a bilateral program in four or more goal areas and be able to provide technical support and oversight to small and medium missions in all sectors.

Full support missions will provide contract, legal and financial management support to its in-country program as well as to designated small and medium missions.

Full support mission directors will receive clear guidance in their management contract with USAID/Washington regarding expectations and responsibilities for providing support services to designated small and medium missions. Some of these support responsibilities may include missions in other regions--e.g., USAID/Cairo may support small and medium missions in Africa or ENI if suitable travel connections exist: Full support missions may also manage regional programs and non-presence country programs in conjunction with USAID/W. Full support missions may also be ICASS service providers to the extent it is cost effective.

### **Non-Presence Programs**

Increasingly, USAID is required to respond to foreign policy objectives and needs in countries where we do not have an on-going bilateral relationship. In such cases, USAID/W will evaluate the program requirement, identify the staffing needs, and assign the appropriate management responsibility to a USAID/W office or a full-support mission. Frequently because of the political sensitivities of non-presence programs and activities, and the increased needs to liaise with the Department of State or other USG agencies, non-presence program management will reside in a USAID/W regional bureau while a full-support mission will be expected to provide administrative and/or technical support and oversight.

A non-presence program may graduate to a small mission, if, and when, USAID/W determines that the program has grown in sufficient complexity and size to require in-country program management and oversight. The cost of opening a bilateral mission, the size and complexity of the program, and the availability of support from the regional hub or ICASS will factor into the decision in opening a new mission.

### **Transition and Rapid Response Situations**

The rapid transition of political and economic opportunities in post-conflict states places a special burden on USAID's overseas management capacity. Introducing or re-establishing programs after a period of turmoil will require flexibility in the assignment of staff, and the reliance on Washington, regional hubs and in-country staff to provide a quick and comprehensive USG response. Such situations will also require USAID to engage other agencies in policy formulation, objective-setting and program implementation to a greater extent than we may find in on-going programs.

The "life-cycle" of a mission managing a transition program will likely move more quickly. A quick start-up will require experienced senior/executive management as well as an array of technical expertise to design and initiate implementation of quick-response interventions. Frequently, there will be a period of uncertainty about the sustainability of political and economic transitions or humanitarian, economic or political crises to which the USG will respond on a priority basis, thus forcing the Agency to refrain from permanent decisions on program content and staffing.

These situations will place unplanned burdens on full support missions, but the key response must come from USAID/Washington. Each USAID/W regional bureau, in conjunction with M and PPC, will be responsible for determining when a mission or program requires a full-time program management staff, either in Washington or the field. Staffing for such programs will often have to be absorbed within existing staff ceilings given the USDH and OE limitations. To the extent practical, the regional bureaus will be responsible for identifying the most appropriate modalities for "transition" programs.

The USDH staffing level of 700 overseas is based on the needs of current programs. We note elsewhere in the report that this will be an on-board level, not a position target; "spare" personnel will not be available within the 700. Unless coincidentally other programs are well along in closing-out, additional staff and OE resources will have to be found to meet the demands of new transition or emergency programs.

### **USDH Staffing**

The mission typologies outlined above demonstrate a clear progression in the types of staff required. In small and medium size missions, the staffing emphasis is on executive management and technical expertise. Technical leadership and expertise is critical to the success of Agency programs. Only minimal administrative and program support staff are provided within the overall USDH staff profiles for small and medium size missions to ensure that the Agency's focus remains on program implementation. It is anticipated that each regional bureau would evaluate the needs and the capacity in each country program when deciding the exact mix of staff required. Furthermore, senior management (field and USAID/W) is expected to be held accountable for ensuring that small and medium missions do not proliferate in program scope. Small and medium missions are not expected to "chase" earmarks and directives in order to expand their program and size.

Overhead costs can be excessive in small/medium posts. Accordingly, the working group expects that administrative support would be sourced from ICASS, USAID/W, or the regional hub. While there may be extenuating circumstances which would require that a mission have minimal levels of administrative staff, each mission will be required to absorb these requirements within their overall staff ceiling. Additional staff ceilings will not be available to supplement the target staff level. Generally, IDIs will not be assigned to medium or small missions.

Full and Full Support missions have a complete cadre of backstops to implement their bilateral programs, provide backstopping of small and medium size missions and serve as a training ground for IDIs or other new hires. While most regional administrative and program support will be provided by full support missions, full missions may be requested to provide such services on a very limited basis.

### **Non-USDH**

The above typologies do not provide staff levels for non-USDH staff. This is consistent with the Workforce Planning Task Force recommendation which led to the elimination of non-direct hire position ceilings. Senior mission management will be responsible for ascertaining the non-USDH staff mix required to effectively manage the in-country program while minimizing the potential vulnerabilities. Recognizing that operating expense levels will be constrained in the outyears, mission managers must make every attempt to streamline their program management and minimize program proliferation.

**TPOLOGY/PROFILE OF USAID MISSIONS  
(PROPOSED FY2000)**

The following chart represents the impact of the proposed typology, as described in this report, when applied regionally.

<u>CATEGORY</u>	<u>ANE</u>		<u>AFR</u>		<u>LAC</u>		<u>ENI</u>		<u>TOTALS</u>	
	<u>STAFF</u>	<u># MSNS</u>	<u>STAFF</u>	<u># MSNS</u>						
FULL SUPPORT	110	3	80	4	60	3	60	3	310	13
FULL	49	4	73	6	49	4	25	2	196	16
MEDIUM	18	3	42	7	18	3	18	3	96	16
SMALL	<u>4</u>	<u>3</u>	<u>24</u>	<u>8</u>	<u>12</u>	<u>6</u>	<u>16</u>	<u>6</u>	<u>56</u>	<u>23</u>
SUBTOTAL	181	13	219	25	139	16	119	14	658	68
BHR									1	
PPC									4	
SUBTOTAL									663	
IDs									<u>37</u>	
GRAND TOTALS	181	13	219	25	139	16	119	14	700	<u>68</u>

The chart below illustrates how the proposed typology would impact USDH staffing for the bureaus as compared against actual on board numbers as of 6/30/98.

**FY 2000**

<b>BUREAU</b>	<b>RECOMMENDED BY TYPOLOGY</b>	<b>O/B LEVELS as of 6/30/98</b>	<b>CHANGE</b>
AFR	219	211	+ 8
ANE	181	180	+ 1
ENI	119	102	+17
LAC	139	148	- 9
BHR	01	01	-
PPC	04	05	- 1
<b>TOTAL</b>	<b>663</b>	<b>647</b>	<b>+ 16</b>
IDs	37	16	+21
<b>TOTAL O/S STAFF</b>	<b>700</b>	<b>663</b>	<b>+ 37</b>

On an annual basis, the Management Bureau would use the typology as a guide to review the allocation of USDHs among bureaus. This review would be conducted in close consultation with each regional bureau to reflect changes in their field operations. Regional bureaus in turn would use the typology to inform their decisions on the allocation of USDHs among field missions. Missions experiencing a significant change in program focus, or organizational structure due to implementation of the foregoing recommendations would need to consult with their partners.

**V. CONCLUSIONS AND RECOMMENDATIONS**

**Overseas Staffing**

1. USAID's overseas presence is key to successfully carrying out its foreign policy and development objectives. While the workforce levels proposed by the Overseas Staffing Working Group are lower than levels of several years ago, reliance on ICASS and Full Support Missions would enable the Agency to carry out proper management of programs at these levels. However, further reductions in its overseas presence would seriously impair the Agency's ability to operate effectively. As new programs are proposed for new locations, or programs in existing locations change in structure, staffing and OE resources must be made available. The Agency is facing a zero sum game - it can no longer afford to accommodate growing challenges without being given the resources to manage the challenges. If OE and workforce resources are not available, the Agency must either decline to initiate the new activities or eliminate existing activities to offset the OE and workforce resource requirements.

2. Senior management must ensure that, to the maximum extent possible, all overseas positions are kept filled, even at the expense of leaving mid and senior level FS positions in Washington vacant or filling such positions with CS employees on a temporary basis. FS officers must be required to accept overseas assignments to meet Agency needs, even if not the choice of the individual, as part of their agreement in becoming FS officers. Needs of the Agency must take precedence in the assignment process, with priority assigned to "hard to fill" positions. Greater flexibility should be adopted by HR in interpreting regulations when assigning employees if doing so would be in the combined interest of the Agency and the employee.
3. The Agency needs an active recruitment process to bring in new and qualified staff with greater focus on workforce profile and needs of the Agency, which should include maintaining a minimum level of 35 to 40 IDIs in training status overseas. IDI assignments should be made based on proper senior training/mentoring at the post of assignment (e.g. generally at full or full support missions). This means that the Agency will need to begin recruiting now for 35 to 40 IDIs to be assigned overseas during FY 2000.
4. The Agency needs to consider merging some backstops and provide cross-training, where it makes sense and will reduce workforce requirements. This is highly recommended where it has been determined that incumbents could carry out dual responsibilities. For example, an Executive Officer might also be trained in Contract Officer functions or vice versa; for many missions, Project Development and Program Officer backstops have already been merged.
5. Since Egypt is considered an anomaly, the review of its staffing size should be a separate exercise. To the extent that program levels decline in the future, the Egypt mission may be in a position to reduce staff and utilize its installed capacity for expanded regional support.

#### **Overseas Missions**

6. While the recommended mission structure, including IDIs, is within the 700 recommended by the Workforce Planning Task Force, the typology was not based on 700 as the "magic" number.
7. The model developed is illustrative only and is intended to be used with judgment in setting bureau staffing levels. Within established bureau levels, each bureau should be given the authority to make sub-allocations taking into account mission specific circumstances. The proposed typology is neither prescriptive nor is it an entitlement.
8. Senior Managers at Full Support Missions must buy into providing administrative, technical and program services as proposed in the typology developed. Along these lines, it is crucial that Full Support Missions be provided the necessary resources to successfully carry out support services (i.e. adequate travel budget to allow for staff to assist other missions).
9. Senior Management must be responsible for ensuring maximum efficiency of

18. Encourage establishment of trust funds where not currently utilized. A target of 10% of each mission's OE budget should be established to avoid dependency.
19. Where cost effective, small and medium missions should acquire administrative support through ICASS in lieu of reliance upon regional centers. Also, Full Support Missions should consider becoming ICASS service providers where cost effective and where reductions in related Embassy staff can be made to reduce overall costs.
20. To save OE resources, TDY support should be provided from Support Missions, Washington, or Full Missions (including across bureau lines) instead of missions hiring expensive OE-funded PSCs. In addition, resident hire PSCs should always be pursued prior to looking to off-shore PSCs.