



The Management Landscape

To achieve their strategic goals and ultimately provide benefit to the American public, the Department and USAID must have effective organizational structures, established management capabilities, and core infrastructures in place to ensure diplomatic and development readiness.

This capability is made increasingly complex by the Department's and USAID's presence in more than 150 countries. Nevertheless, both agencies' leadership teams always maintain that better management is a central, critical element to mission achievement. Both the Department and USAID are committed to success on a broad range of management priorities including the President's Management Agenda (PMA) initiatives and other key efforts.

The Department's current, critical management priorities are summarized below.

Department of State Management Priorities

Our People

The Department's Operational Readiness: To be better prepared to respond to crises and to deploy quickly to provide post-conflict response, the Department will ensure that there are the needed people to support these efforts by establishing rapid, flexible, agile, and scaleable response mechanisms. For instance, the Department will develop a reserve capacity to quickly identify people with the needed skills, deploy them, and provide for their support. This "readiness reserve" will be supported by a system documenting fully the skills, abilities, and aptitudes of all our employees, and allowing our employees to get the training to keep those skills current. Creating a readiness reserve based on skills and experiences rather than by categorizing employees by positions will better enable the Department to achieve its goals.

Our Facilities

Long-Range Overseas Buildings Plan (LROBP): The Department uses the Long-Range Overseas Buildings Plan (LROBP) to schedule the design and construction of new embassy compounds (NECs) overseas on a priority basis. The Plan also includes schedules and priorities for major renovation, compound security, and build-to-lease projects; refurbishment of representational residences; consular improvements; and other projects. For FY 2005 and 2006, the plan calls for the award of 12 and 13 new capital security construction projects respectively. The Department, in implementing the President's Management Agenda, has initiated a Capital Security Cost-Sharing Program that will require all agencies with personnel overseas to contribute to capital construction costs. This will greatly accelerate the construction of secure, safe, and functional embassies and consulates overseas. Domestically, improvements continue at the Department's headquarters building and other facilities, and construction is set to begin on a new facility for the U.S. Mission to the UN.

Our Systems

State Messaging and Archive Retrieval Toolset - SMART System: SMART is a simple, secure, and user-driven system intended to support the conduct of diplomacy through modern messaging, dynamic archiving and information sharing. SMART will provide users with a powerful tool for creating and sharing information. It will replace the outmoded cable system and will provide diplomats and managers with significantly enhanced communications and the building blocks for knowledge management. SMART will support interagency collaboration as well as the records management requirements of the National Archives and Records Administration. In FY 2004, a system integrator was selected to develop and demonstrate a fully integrated, functioning system in a laboratory environment. The design/demonstration was successful and the system integrator is currently developing a fully integrated operational SMART Beta Solution in the DOS environment. In FY 2005, the Beta Solution Phase will be completed, and a Pilot will be deployed to selected users. The Pilot will provide proof that users can do their jobs effectively without the legacy systems that SMART will replace.



USAID's critical management priorities are summarized below.

"The most fundamental changes in national security policy since the beginning of the Cold War are occurring. And President Bush has been emphatic that development will play a central role. This is, then, a turning point for USAID as it is for the country as a whole. To remain effective, the Agency must enhance its business systems and processes. I have made management reform one of my highest priorities so that this Agency can meet the challenges of the new era."

Administrator Andrew S. Natsios

USAID Management Priorities

Our People

Development Readiness Initiative: The Development Readiness Initiative (DRI), modeled after the Department of State's successful Diplomatic Readiness Initiative, was launched by Administrator Natsios in Fiscal Year 2004. The DRI is the most aggressive recruitment effort to rebuild and revitalize the Agency's workforce in more than a decade. This initiative, the cornerstone of the Agency's succession planning efforts, provides surge capacity to respond quickly to emerging program priorities. Over the next three years, the Agency plans to hire a total of 250 additional employees, thereby increasing the direct hire workforce from 2,000 in FY 2004 to 2,250 by FY 2006 (assuming full funding). These new employees are being recruited through several hiring mechanisms. Entry-level Foreign Service Officers are being recruited and trained through the International Development Intern (IDI) program. The Agency is reinstating a Contract Specialist Intern Program (CSIP) and expanding the use of Presidential Management Fellows (PMFs) to fill critical skill gaps in its procurement staff and other Washington-based Civil Service positions. The additional human resources provided by DRI enable USAID to: immediately fill important, longstanding vacant positions; increase the levels of oversight and accountability of organizations receiving taxpayer funds by U.S. direct hire employees; allow more employees to attend training without creating coverage gaps; and respond to new and emerging program requirements without reassigning employees from other Agency programs.

Our Planning and Budgeting

Strategic Budgeting Model: The Agency developed a formal strategic budgeting model to help decide how to allocate resources to bilateral country programs. The model is based on the following criteria: development need, country commitment, foreign policy importance, and program performance. The Agency first applied this model to the formulation of its FY 2004 budget request, which resulted in reallocation of some funds from lower performing to higher performing programs. The model was expanded during the formulation of the FY 2005 budget to categorize countries based on Millennium Challenge Account (MCA) criteria of commitment to economic freedom, governing justly, and investing in people. The countries were divided into four categories: Top Performers (based on MCA criteria), Good Performers (including near misses and other high performers who do not meet the per capita income threshold for MCA consideration), Fragile or Failing States, and Other Foreign Policy Priority Countries (those which are rated low on country commitment, as measured by MCA criteria, or which are important for U.S. foreign policy reasons). This more sophisticated model was used to inform the budget allocations to USAID country programs across the four categories.



Our Systems



Phoenix Accounting System Overseas Deployment: Phoenix will provide an affordable and standardized Agency-wide system for online budget execution, accounting, and financial management. Phoenix will extend the headquarters core accounting system to USAID missions and, when fully implemented, will be the central component of the Agency's global business platform. USAID's missions in Colombia, Egypt, Ghana, Peru, and Nigeria implemented Phoenix in FY 2004, and USAID is now preparing for worldwide deployment. USAID is coordinating the implementation of Phoenix overseas with the State Department through a project referred to as the Joint Financial Management System (JFMS) project.





The President's Management Agenda - Status at Department of State



The Department has made substantial progress on each of the five President's Management Agenda (PMA) initiatives. Each quarter, the Office of Management and Budget (OMB) releases an executive scorecard, which rates progress and overall status in each of the President's Management Agenda initiatives. The progress and status ratings use a color-coded system that is based on criteria determined by OMB and used by all agencies. The Department achieved five "Green" scores for progress on implementation. With respect to overall status, the Department has made significant improvements in several areas, with the status scores for Strategic Management of Human Capital, Improved Financial Performance, Budget and Performance Integration, and Expanded Electronic Government now at "Green." For the PMA agency-specific Federal Real Property Asset Management initiative, the Department is currently at "Yellow" for progress and "Red" for status. The following is a brief overview of the Department's overall PMA progress:

	Strategic Management of Human Capital	
Progress		Status
<i>Goal</i> Build, sustain, and deploy effectively a skilled, knowledgeable, diverse, and high-performing workforce aligned with mission objectives and goals.		
<i>Progress</i>		
<ul style="list-style-type: none"> Implemented third year of the Diplomatic Readiness Initiative that increases personnel strength, improves recruitment, and streamlines hiring process. Completed third year of mandatory leadership and management training initiative; and delivered expanded training in public diplomacy, consular affairs, and foreign languages. Updated comprehensive Human Capital Plan to 1) incorporate strategic milestones for restructuring/process redesign, 2) incorporate Domestic Staffing Model (DSM) findings, and 3) ensure alignment with the Department's Strategic Plan. 		
<i>Upcoming Actions</i>		
<ul style="list-style-type: none"> Implement Operational Readiness plans to increase the numbers of employees with skills needed to respond to new foreign policy challenges through development of expanded skills databases and plans for more rapid identification and deployment of personnel - including retirees, contractors, and Foreign Service Nationals. Complete strategic human capital milestone plan for OMB's "Proud to Be" II. 		



	Improved Financial Performance	
Progress		Status
<i>Goal</i> World-class financial services that support strategic decision-making, mission performance, and improved accountability to the American people.		
<i>Progress</i>		
<ul style="list-style-type: none"> The Department's FY 2004 Financial Statements received an unqualified opinion for the eighth consecutive year, and were issued by the accelerated deadline of November 15, 2004. The Independent Auditor's Report cited no material weaknesses in internal controls. The Department's FY 2003 Performance and Accountability Report received the prestigious Certificate of Excellence in Accountability Reporting (CEAR) Award. The collaborative effort between the Department and USAID to establish a common financial systems platform for the beginning of FY 2006 continued on schedule. 		
<i>Upcoming Actions</i>		
<ul style="list-style-type: none"> Collaborate with USAID to establish a common financial systems platform by the beginning of FY 2006. Provide additional examples of "financial data integration," including ICASS, Peacekeeping, Embassy Security, and International Crime and Law Enforcement, and finalize the data integration expansion plan. 		





 Progress	Competitive Sourcing	 Status
Goal Achieve efficient, effective competition between public and private sources and establish infrastructure to support competitions.		
Progress <ul style="list-style-type: none"> Established transparent web-based collaborative FAIR Act Inventory process and submitted inventory on time. Completed five streamlined competitions within the OMB mandated timeframes. Announced Standard Competition for 199 FTE. Announced sixth streamlined competition. Received OMB approval for 2004 inventory. 		
Upcoming Actions <ul style="list-style-type: none"> Complete the challenge and appeals process for 2004 inventory. Complete business case on two additional streamlined competitions. 		

 Progress	Budget & Performance Integration	 Status
Goal Improve the performance and management of the federal government by linking performance to budget decisions and improve performance tracking and management. The ultimate goal is better control of resources and greater accountability over results.		
Progress <ul style="list-style-type: none"> Fully integrated all Program Assessment Rating Tool (PART) elements into planning documents (Department & Bureau Performance Plans) and created efficiency measures for all PART designated programs. Developed a Performance Indicator and Analysis catalogue. Developed Quarterly Management Reports to ensure performance information is used to make decisions on a regular basis and address marginal cost issues. Developed Knowledge Management repository for PART information. Completed Version One Pilot of the Dashboard Reporting Module, an executive reporting tool that will allow the sharing of performance and budget data Department-wide and among other agencies with foreign affairs programs. 		
Upcoming Action <ul style="list-style-type: none"> Further institutionalization of PART and expand program evaluation. Work with OMB to create Congressional justification documents that better link performance goals to resource requests. Create a methodology that allows the Department to capture actual costs related to performance goals, so that this information can be used to better estimate the marginal cost of changing performance goals. Further develop Central Financial Planning System modules including the Bureau Resource Management System, the Bureau Allotment Control System, the Bureau Reimbursement Management module, and the Planning and Performance module (Dashboard) to include PART reports. Automation of Quarterly Management Reports in the Bureau Performance Plan application. 		





 Progress	Expanded Electronic Government	 Status
Goal Expand the federal government's use of electronic technologies (such as e-procurements, e-grants, and e-regulation), so that Americans can receive high-quality government service.		
Progress <ul style="list-style-type: none"> Completed the certification and accreditation project that resulted in full authorization of 5 general support systems, 133 major applications and 25 non-major applications. This met the FY 2004 project objective of authorizing 90% of the Department's systems by August 31 and was achieved one and one half months early. Department and USAID completed the "Applied Joint Enterprise Architecture" document, offering new opportunities for further collaboration. Signed a Memorandum of Understanding (MOU) on 15 of the 25 Government wide initiatives in the President's Management Agenda: E-Records management, GoLearn (e-Training), E-Travel, SBA Business Gateway, USA Services Working Agreement, GovBenefits.gov, Grants.gov, E-Rulemaking, Federal Asset Sales, E-Clearance, EPayroll, Integrated Acquisition Environment (IAE), Recruitment One-Stop, E-Authentication and Human Resource Management. 		
Upcoming Actions <ul style="list-style-type: none"> Complete the Joint State/USAID Enterprise Architecture Governance Framework to drive decisions on Information Technology investments. Complete integration of OMB's Data and Information Reference Model (DRM) into both organizations' data management processes. Complete integration of OMB's Performance Reference Model (PRM) into the Joint Enterprise Architecture. Reach agreement on selected payroll provider as prescribed by e-Payroll. The Department continues to participate in 20 of OMB's 25 "Quicksilver" initiatives that will consolidate and improve various functions government wide. Renew MOUs on the 15 Government wide initiatives and sign new MOUs on Financial Management (FM), Grants Management (GM), Case Management (CM) and Federal Health Architecture (FHA). 		

 Progress	Federal Real Property Asset Management Initiative	 Status
Goal To promote the efficient and economical use of America's real property assets.		
Progress <ul style="list-style-type: none"> Developing new performance measures in accordance with Federal Real Property Council (FRPC) requirements. Integrating Bureau of Administration and Overseas Buildings Operations Reporting on asset management activities. Supplementing the Long-Range Overseas Buildings Plan (LROBP) to address key recommendations of FRPC and OMB. Using template developed by FRPC to prepare an Asset Management Plan for domestic real properties (A Bureau). 		
Upcoming Actions <ul style="list-style-type: none"> FY 2005/2nd Qtr - Develop an OMB-approved comprehensive asset management plan that complies with FRPC guidance. FY 2005/2nd Qtr - Improve property inventory profile consistent with the standards set by the FRPC. 		





The President has emphasized the importance of security, efficiency, and accountability in U.S. Government staffing overseas by identifying Rightsizing as part of the President's Management Agenda (PMA). Rightsizing is ensuring that the mix of USG agencies and personnel overseas is appropriately aligned with foreign policy priorities, security concerns, and overall resource constraints. OMB is leading this PMA initiative. It is included in this report due to its importance to both the Department and USAID.

 Progress	Right-Sized Overseas Presence (OMB Lead)	 Status
<p>Goal</p> <ul style="list-style-type: none"> Reconfigure USG overseas staff allocation to the minimum necessary to meet U.S. foreign policy goals. Have a government-wide comprehensive accounting of total overseas personnel costs and accurate mission, budget, and staffing information. Ensure that accurate projected staffing patterns determine embassy construction needs. 		
<p>Progress</p> <ul style="list-style-type: none"> OMB and Department's Bureau of Overseas Buildings Operations worked together to develop a Capital Security Cost-Sharing (CSCS) Program to distribute the capital cost of new facilities in accordance with agencies' total overseas presence. All affected agencies' budget requests include funding for their share of the FY 2005 cost. The Department completed an assessment of all staff currently in and planning to move to the U.S. Consulate Frankfurt facility. The Frankfurt facility has 960 committed permanent tenants and 198 training desks. It is anticipated that additional commitments will bring the total permanent tenancy to over 1,100. The Department formed a Task Force to develop a new Model for Overseas Management Support (MOMS). MOMS is providing direct support to Mission Iraq from remote locations, thus reducing staffing requirements. MOMS is expanding support to other posts and developing new policies and procedures to facilitate greatly expanded and reorganized regional support for non-location-specific functions. 		
<p>Upcoming Actions</p> <ul style="list-style-type: none"> Ensure that implementation of the CSCS Program is inclusive, cooperative, and transparent, in accordance with Congressional direction. Finalize plans with all agencies to move regional support operations to the new U.S. Consulate Frankfurt facility to ensure full utilization. Institutionalize the MOMS experience, expanding out-of-country support to a range of overseas posts, particularly to those in dangerous/difficult locations. Develop capacity of Frankfurt Regional Support Center and Florida Regional Center to conduct "back office" functions for overseas posts and transfer work to these centers. Work with OMB to continue interagency efforts to ensure uniform computations of the cost of staff overseas and focus attention on the staffing guidelines. Issue detailed guidance to govern staffing projections for New Embassy Compound (NEC) construction. Conduct rightsizing analyses for each NEC project to identify and implement rightsizing opportunities inherent in moves to new facilities. Develop new ICASS funding methodology for regional support activities to equitably allocate costs to all serviced agencies in accordance with ICASS precepts. Create web-based NSDD-38 application and decision process. Review and revise as appropriate the Special Embassy Program, emphasizing work that can be reduced or performed externally. Foster standardized global support systems, e.g., Computer Aided Job Evaluation for FSN personnel classification and the Post Administrative Software Suite. 		





The President's Management Agenda - Status at USAID





USAID has made significant progress in its business transformation, and this has been reflected in the Agency's scores on each of the five government-wide initiatives in the President's Management Agenda (PMA). USAID achieved three "Green" ratings and two "Yellow" ratings for progress in achieving the OMB-developed, government-wide criteria and has two "Yellow" ratings and three "Red" ratings for status. Since March 2004, the Agency has maintained "Yellow" status scores for Expanded e-Government and Budget and Performance Integration. For the PMA agency-specific Faith-Based and Community Initiative, USAID received "Green" for progress and "Red" for status. The following is a summary of USAID's overall progress towards achieving the goals of the PMA during FY 2004.

	Strategic Management of Human Capital	
Progress		Status
<i>Goal</i> Build, sustain, and deploy effectively a skilled, knowledgeable, diverse, and high-performing workforce aligned with strategic objectives.		
<i>Progress</i>		
<ul style="list-style-type: none"> • Finalized the five-year Human Capital Strategic Plan that lays out plans to address workforce issues in the coming years. • Hired 85 limited-term Foreign Service officers in first year of three-year, congressionally authorized recruitment program. • Implemented the first year of the three-year DRI. • Conducted a study to incorporate affirmative employment goals into recruitment strategies and designed strategies to address underrepresentation. • Revised Senior Foreign Service promotion precepts policy and related regulations and guidance. • Completed an Agency Business Model Review (BMR) and recommended consolidating administrative functions in regional service centers to further rationalize staffing and to streamline overseas operations. • Developed and implemented a Succession Planning Strategy to address critical skills gaps. • Completed and implemented the human capital accountability system; completed and analyzed the baseline data for performance metrics. • Began the development of a comprehensive workforce analysis and workforce planning process; collected and utilized initial mission critical workforce planning data; and began identifying and addressing gaps in mission critical occupations and competencies. 		
<i>Upcoming Action</i>		
<ul style="list-style-type: none"> • Implement new Civil Service performance appraisal system and Annual Evaluation Form (AEF). • Develop new Senior Foreign Service performance system for the 2005 rating period, in concert with the State Department. • Begin second year of DRI. • Design and implement new SES performance system for the 2005 rating period. • Complete diversity study and prepare recommendations to the Administrator. • Conduct overseas mission management assessments per Business Model Review. • Complete Headquarters/Field Alignment Study. • Complete development of workforce planning and workforce analysis process and begin implementation of strategies to eliminate mission critical skills gaps. 		







 Progress	Improved Financial Performance	 Status
<p>Goal Improve accountability through audited financial statements; strengthen management controls; implement financial systems that produce timely, accurate, and useful financial information to facilitate better performance measurement and decision-making.</p>		
<p>Progress</p> <ul style="list-style-type: none"> • Received an unqualified audit opinion on USAID's FY 2004 financial statements. • Completed the first round of overseas deployment of the Phoenix financial management system in five missions (Ghana, Egypt, Peru, Nigeria, and Colombia). • Completed actions needed to close three auditor material weaknesses. • Closed the Federal Managers' Financial Integrity Act (FMFIA) material weakness on computer security. • Implemented an electronic solution for the reconciling and payment of purchase card corporate invoices in Washington. • Completed delivery of hardware for network coordination through the first joint State/USAID procurement. • With State Department, developed a joint business case for a common financial systems platform. 		
<p>Upcoming Action</p> <ul style="list-style-type: none"> • Continue with the worldwide rollout of the Phoenix accounting system. • Complete the design of the functional and technical components of the integrated financial system in collaboration with the State Department to establish a joint financial platform. • Develop action plan to address any auditor material weaknesses, reportable conditions, or material non-compliances identified in FY 2004 Government Management Reform Act (GMRA) audit report. • Establish a back-up operations facility that will provide access to the financial system for continuity of operations in an emergency. • Implement plan to obtain electronic certifications from responsible offices that strategic objectives correspond to appropriate Agency goals. 		



 Progress	Budget and Performance Integration	 Status
Goal Improve performance of programs and management by linking performance to budget decisions and improve performance tracking/management. The ultimate goal is to better control resources and have greater accountability of results. Eventual integration of existing segregated and burdensome paperwork requirements for measuring the government's performance and competitive practices with budget reporting.		
Progress <ul style="list-style-type: none"> • In March 2004, improved status rating from "red" to "yellow" as a result of strategic budgeting improvements. • Developed requirements for performance appraisal plans to link, differentiate, and provide consequences for members of the SES, Senior Foreign Service, and managers. • Developed efficiency measures for all of the programs that underwent the PART process, surpassing the PMA milestone of having more than 50% of programs assessed by PART. • Seven agency programs received PART rating of "adequate" or better. • Finalized Agency-wide common indicators for all performance goals as defined in the Joint State-USAID Strategic Plan. • Utilized strategic budgeting model to inform and support the Bureau Program and Budget Submission process. • Synchronized Bureau budget reviews with State. 		
Upcoming Action <ul style="list-style-type: none"> • Develop efficiency measures for upcoming programs scheduled for PART review. • Develop common performance indicators from programs previously assessed by PART, in accordance with Performance Goals defined in the Joint State-USAID Strategic Plan and the Joint Performance Plan. • Implement procedures for streamlining the Agency's strategic planning and reporting processes. 		
 Progress	Competitive Sourcing	 Status
Goal Achieve efficient, effective competition between public/private sources; establish infrastructure to support competitions and validate savings and/or significant performance improvements.		
Progress <ul style="list-style-type: none"> • USAID's BTEC approved revisions to Competitive Sourcing (CS) policy that include Business Process Improvement (BPI) actions. • Developed and implemented a revised CS communication plan that factors in BPI activities. • Completed Business Model study of overseas staffing that included a review of outsourcing vs. direct provision of services. • Completed actions related to the Agency's Recruitment BPI Plan including implementing improvements to the Agency's automated electronic recruitment tool AVUE. Recruitment BPI has improved recruitment processes to meet OPM 45-day hiring model. 		
Upcoming Action <ul style="list-style-type: none"> • Revise CS strategic plan for review and endorsement by Agency's Business Transformation Executive Committee (BTEC). • Develop FY 2004 CS Accomplishments report to Congress. 		



 Progress	Expanded Electronic Government	 Status
<p>Goal Expand the federal government's use of electronic technologies (such as e-Clearance, Grants.gov, and e-Regulation), so that Americans can receive high-quality government service, reduce the expense and difficulty of doing business with the government, cut government operating costs, and make government more transparent and accountable.</p>		
<p>Progress</p> <ul style="list-style-type: none"> • In March 2004, improved status rating from "red" to "yellow" as a result of activities to establish an Enterprise Architecture (EA). First component of the EA identified HIV/AIDS new technology and policy initiatives and provided the foundation for developing an Executive Information Systems (EIS) prototype to support reporting requirements under the President's Emergency Plan for AIDS Relief (PEPFAR). • Completed implementation plan for joint EA with Department of State and completed joint EA business case. • Completed select, control and evaluation process for FY 2006 business cases per Agency's Capital Planning and Investment Control (CPIC) policies. • Completed certification and accreditation for major IT systems. The Office of Inspector General (OIG) verified that 100 percent of the Agency's operational IT systems are secure. • E-Gov Initiatives: <ul style="list-style-type: none"> • Completed migration plan for e-Travel. • Finalized e-Gov Memorandum of Understanding (MOU) with GSA for Integrated Acquisition Environment (IAE). • Completed draft Migration Plan for e-Grants with the Department of Health and Human Services (DHHS). • Completed draft Migration Plan for e-Clearance in collaboration with State. • Completed E-Authentication risk assessments on all systems. 		
<p>Upcoming Action</p> <ul style="list-style-type: none"> • Complete joint State-USAID award of contract to manage e-Travel. • Complete pilot for e-Clearance. • Complete pilot for e-Grant. • Develop detailed Earned Value Measurement Implementation Plan and Alternatives Analysis. • Develop a joint EA repository. • Produce in collaboration with State a subset of EA dealing with telecommunications and security. 		
 Progress	Faith-Based and Community Initiatives	 Status
<p>Goal Enhance opportunities for faith-based and community organizations (FBCOs) to compete for federal funding, monitor compliance with equal treatment regulations in addition to identifying barriers to the equal participation of FBCOs in agency programs, collect data on the participation of FBCOs in agency programs, and implement and evaluate demonstration programs where FBCOs participate.</p>		
<p>Progress</p> <ul style="list-style-type: none"> • Coordinated outreach and technical assistance to FBCOs. • Began to collect and evaluate data on the participation of FBCOs in USAID programs. • Developed and expanded FBCI web page to include information about funding opportunities and technical assistance. • Published a Federal Register regulation on the participation of religious organizations in USAID programs. • Initiated online registration for FBCOs in order to provide outreach and technical assistance. • Implemented three demonstration programs. 		
<p>Upcoming Action</p> <ul style="list-style-type: none"> • Implement a comprehensive outreach and technical assistance strategy. • Evaluate existing demonstration programs. • Implement remaining demonstration projects. • Complete FY 2004 annual report summarizing activities and barriers removed. • Begin action plan to identify and remove additional barriers (if any) to FBCOs in compliance with published regulation. • Implement education strategy on new regulation. 		

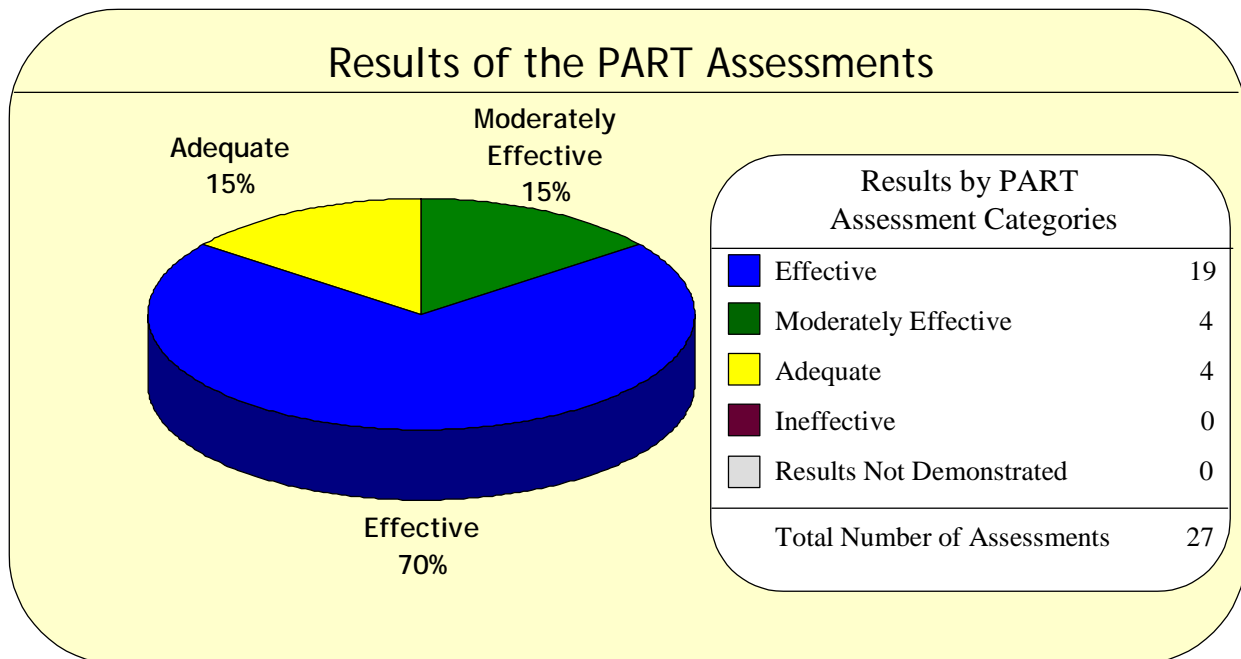


Program Assessment Rating Tool (PART) - Status at State

The Office of Management and Budget (OMB) uses the Program Assessment Rating Tool (PART) to assess federal programs. The PART is a series of diagnostic questions used to assess and evaluate programs across a set of performance-related criteria, including program design and purpose, strategic planning, program management, and results. PART results are then used to inform the budget process and improve program management to ensure the most effective and efficient usage of taxpayer dollars.

To date, State and OMB have conducted 27 PART reviews for State’s programs. PART reviews conducted this year include both new assessments (11) and reassessments from previous years. All of State’s programs assessed to date fall within the “Adequate” to “Effective” categories. State has no programs rated as “Results Not Demonstrated” or “Ineffective.” (See table below.)

The results from the PART reviews conducted by OMB are summarized below by strategic goal. Information is provided describing how bureaus have addressed and implemented findings and recommendations for each of the PART programs.





FY 2004 PART PROGRAMS

Strategic Goal 1	Regional Stability
Program Name	Peacekeeping Operations - OSCE
Ratings	<ul style="list-style-type: none"> • CY 2002: Results Not Demonstrated • CY 2003: Moderately Effective • CY 2004: Not Reassessed
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - European and Eurasian Affairs (EUR)
Major Findings/Recommendations	<ul style="list-style-type: none"> • PM, EUR, and USOSCE should develop measurable criteria for the assessment of peacekeeping efforts in Organization for Security and Cooperation in Europe (OSCE) states.
Actions Taken/Planned	<ul style="list-style-type: none"> • USOSCE Mission Performance Plan established detailed performance indicators for resolution of conflicts in OSCE states and refined efficiency indicators for peacekeeping missions.
Program Name	Security Assistance to Sub Saharan Africa
Ratings	<ul style="list-style-type: none"> • CY 2002: Results Not Demonstrated • CY 2003: Moderately Effective • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - African Affairs (AF)
Major Findings/Recommendations	<ul style="list-style-type: none"> • Program and program partners not achieving all annual performance goals.
Actions Taken/Planned	<ul style="list-style-type: none"> • Provided proposed measures to OMB for review. Provided performance data for use in Department's Performance and Accountability Report.
Program Name	Military Assistance to New NATO and NATO Aspirant Nations
Ratings	<ul style="list-style-type: none"> • CY 2002: Moderately Effective • CY 2003: Not Reassessed • CY 2004: Not Reassessed
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - European and Eurasian Affairs (EUR)
Major Findings/Recommendations	<ul style="list-style-type: none"> • No regularly scheduled evaluation of program effectiveness exists by independent parties. • DOS and DoD differ on priorities and do not produce coinciding budget schedules.
Actions Taken/Planned	<ul style="list-style-type: none"> • The European Command Inspector General conducts annual inspections independent of the unified command. • DoD goals are discussed in interagency meetings to balance DoD requirements with Department goals. This produces a single, agreed upon recommendation.



Strategic Goal 2	Counterterrorism
Program Name	Anti-Terrorism Assistance
Ratings	<ul style="list-style-type: none"> • CY 2002: Moderately Effective • CY 2003: Effective • CY 2004: Not Reassessed
Lead Agency/ Bureau	<ul style="list-style-type: none"> • Department of State - Coordinator for Counterterrorism (S/CT)
Major Findings/ Recommendations	<ul style="list-style-type: none"> • Seek to improve long-term outcome measure to capture qualitative improvements to host country capabilities. • Demonstrate progress on newly developed efficiency measure and incorporate refined measure into the FY 2006 budget.
Actions Taken/Planned	<ul style="list-style-type: none"> • Working with OMB, S/CT has improved long-term outcome measures to better capture improvements in host country capabilities. • A revised efficiency measure has been developed and submitted with the PART input for this year's reassessment. The measure has been approved by OMB.

Strategic Goals 3 & 6	Homeland Security / American Citizens
Program Name	Visa and Consular Services/Border Security
Ratings	<ul style="list-style-type: none"> • CY 2002: Moderately Effective • CY 2003: Moderately Effective • CY 2004: Effective
Lead Agency/ Bureau	<ul style="list-style-type: none"> • Department of State - Consular Affairs (CA)
Major Findings/ Recommendations	<ul style="list-style-type: none"> • The managers of this program and the program itself have made great progress over the past two years. The reassessment found that the program is not effectively tracking its own progress due to overly broad performance goals and measures, and Department of Homeland Security (DHS) and law enforcement agencies are not always including the State Department in early stages of deliberation over new policies that would enhance coordination and collaboration over long-term goals.
Actions Taken/Planned	<ul style="list-style-type: none"> • CA has revised its long-term and annual goals and more clearly defined the linkages between the two. CA is working closely with DHS and the FBI, in particular, on mutual goals. This has resulted in a significantly improved score for the recent reassessment in calendar year 2004.



Strategic Goal 10		Humanitarian Response	
Program Name		Refugee Admissions to the U.S.	
Ratings		<ul style="list-style-type: none"> • CY 2002: Adequate 	
		<ul style="list-style-type: none"> • CY 2003: Moderately Effective 	
		<ul style="list-style-type: none"> • CY 2004: Effective 	
Lead Agency/ Bureau		<ul style="list-style-type: none"> • Department of State - Population, Refugees, and Migration (PRM) 	
Major Findings/ Recommendations		<ul style="list-style-type: none"> • Review the relationship for refugee reception and placement between the Refugee Admissions program at the Department and the Office of Refugee Resettlement at the Department of Health and Human Services (HHS). • Continue ongoing efforts to improve strategic planning to ensure that goals are measurable and mission-related. 	
Actions Taken/Planned		<ul style="list-style-type: none"> • Because of the Homeland Security Act, attention has been focused on other aspects of the HHS program in FY 2003 and FY 2004. OMB action to complete. • Measurable goals included in FY 2005 PART and in the FY 2005 Budget. 	
Program Name		Humanitarian Migrants to Israel	
Ratings		<ul style="list-style-type: none"> • CY 2002: Adequate 	
		<ul style="list-style-type: none"> • CY 2003: Moderately Effective 	
		<ul style="list-style-type: none"> • CY 2004: Effective 	
Lead Agency/ Bureau		<ul style="list-style-type: none"> • Department of State - Population, Refugees, and Migration (PRM) 	
Major Findings/ Recommendations		<ul style="list-style-type: none"> • Establish better long-term goals, as well as more annual goals, with the United Israel Appeal in the 2003 grant agreement. Establish efficiency measure. 	
Actions Taken/Planned		<ul style="list-style-type: none"> • Long-term and annual goals agreed with United Israel Appeal in 2003 and grant agreement finalized for 2004. Efficiency measure established and approved by OMB. (Action Completed) 	

Strategic Goal 11		Public Diplomacy and Public Affairs	
Program Name		Educational Exchanges in Near East Asia and South Asia	
Ratings		<ul style="list-style-type: none"> • CY 2002: Results Not Demonstrated 	
		<ul style="list-style-type: none"> • CY 2003: Effective 	
		<ul style="list-style-type: none"> • CY 2004: Effective 	
Lead Agency/ Bureau		<ul style="list-style-type: none"> • Department of State - Educational and Cultural Affairs (ECA) 	
Major Findings/ Recommendations		<ul style="list-style-type: none"> • Clearly define targets and timeframes. • Create regional long-term goals. • Set long-term goals relative to baseline. • ECA is taking on additional management and administrative responsibility in 2005. This includes expansion of ECA coordination and management of policy, planning and development of standardized performance and evaluation tools and methods for all Public Diplomacy programs. 	
Actions Taken/Planned		<ul style="list-style-type: none"> • Department provided proposed measures and goals and process to OMB for review. Measures have been approved by OMB and resulted in a dramatic increase for the recent reassessment in CY 2004. • Regional goals set through coordination with regional bureaus and approved by OMB. • Long-term and annual goals are set to established baselines, targets and timeframes now included in performance indicators. • ECA has consulted with public diplomacy bureaus on PART, Evaluation and Strategic Planning. ECA has conducted public briefings on PART and Evaluation, and is coordinating evaluations of several programs. 	



Strategic Goal 12	Management and Organizational Excellence
Program Name	Capital Security Construction
Ratings	<ul style="list-style-type: none"> • CY 2002: Moderately Effective • CY 2003: Effective • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - Overseas Buildings Operations (OBO)
Major Findings/Recommendations	<ul style="list-style-type: none"> • Effects of management changes in OBO were not fully known at the time of the FY 2004 PART review. • Develop new goals that closely link performance to the budget.
Actions Taken/Planned	<ul style="list-style-type: none"> • Effects on management changes were well documented in the FY 2005 PART process and OBO received a strong score for this PART program. • Goals/performance measures were developed/linked to OBO budget.

FY 2005 PART PROGRAMS

Strategic Goals 1 & 2	Regional Stability / Counterterrorism
Program Name	Foreign Military Financing (FMF)/ International Military Education & Training (IMET) - WHA
Ratings	<ul style="list-style-type: none"> • CY 2003: Moderately Effective • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - Western Hemisphere Affairs (WHA)
Major Findings/Recommendations	<ul style="list-style-type: none"> • Long-term goals need more definition, with specific targets and timeframes. • Annual resource needs and budget requests of State and Defense Departments could be presented in a more complete and transparent manner.
Actions Taken/Planned	<ul style="list-style-type: none"> • Resubmitted goals and specific targets. • Established a more formal arrangement for coordinating security assistance.

Strategic Goal 2	Counterterrorism
Program Name	Terrorist Interdiction Program (TIP)
Ratings	<ul style="list-style-type: none"> • CY 2003: Results Not Demonstrated • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - Counterterrorism (S/CT)
Major Findings/Recommendations	<ul style="list-style-type: none"> • Complete program management staff improvements. • Develop targets for long-term goal of system installations. • Seek to improve long-term outcome measure to capture qualitative improvements to host country capabilities. • Demonstrate progress on newly developed efficiency measure and incorporate refined measure into the FY 2006 budget.
Actions Taken/Planned	<ul style="list-style-type: none"> • Targets have been initially established for long-term goal of providing the TIP watchlisting system to every country on the joint-agency developed "tier list." • Improved long-term outcome measures to capture improvements in host country capabilities that have been approved by OMB. • A revised efficiency measure has been submitted and approved by OMB.



Strategic Goal 4	Weapons of Mass Destruction
Program Name	Nonproliferation and Disarmament Fund (NDF)
Ratings	<ul style="list-style-type: none"> • CY 2003: Effective • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - Nonproliferation (NP)
Major Findings/Recommendations	<ul style="list-style-type: none"> • Add long-term measures.
Actions Taken/Planned	<ul style="list-style-type: none"> • Nonproliferation and Disarmament Fund will now track all measures.

Strategic Goals 7 & 8	Democracy and Human Rights / Economic Prosperity and Security
Program Name	Support for East European Democracy (SEED) / Freedom Support Act (FSA)
Ratings	<ul style="list-style-type: none"> • CY 2003: Results Not Demonstrated • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - European and Eurasian Affairs (EUR)
Major Findings/Recommendations	<ul style="list-style-type: none"> • No independent evaluation of this office in its role as a coordinator of assistance or the impact it has on the effectiveness of these programs and the achievement of the purposes of the FSA and SEED Act.
Actions Taken/Planned	<ul style="list-style-type: none"> • Proposals for external evaluation received; completion date planned as Spring 2005.

Strategic Goal 8	Economic Prosperity and Security
Program Name	United Nations Development Program (UNDP)
Ratings	<ul style="list-style-type: none"> • CY 2003: Results Not Demonstrated • CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> • Department of State - International Organizations (IO)
Major Findings/Recommendations	<ul style="list-style-type: none"> • The State Department will build on the progress of the last year by including an additional long-term goal in its performance planning documents. • The Department will continue to promote results-based management in official meetings and correspondence with UNDP and will monitor progress towards the goals and objectives included in the performance plan.
Actions Taken/Planned	<ul style="list-style-type: none"> • Program officers will continue to meet and consult frequently with UNDP officials to promote the Department's goals and objectives.



Strategic Goal 10	Humanitarian Response
Program Name	Humanitarian Mine Action
Ratings	<ul style="list-style-type: none"> CY 2003: Effective CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> Department of State - Political-Military Affairs (PM)
Major Findings/Recommendations	<ul style="list-style-type: none"> Review the relationship between annual and long-term goals and develop revised goals as necessary for the FY 2006 budget. Demonstrate progress on newly developed efficiency measures and incorporate into the PART for the FY 2006 budget.
Actions Taken/Planned	<ul style="list-style-type: none"> Revised existing annual performance measures and developed an additional performance measure. The efficiency measure increased from 3.4 to 3.7 from FY 2002 to FY 2003, respectively.

Strategic Goal 10	Humanitarian Response
Program Name	United Nations High Commissioner for Refugees (UNHCR)
Ratings	<ul style="list-style-type: none"> CY 2003: Moderately Effective CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> Department of State - Population, Refugees, and Migration (PRM)
Major Findings/Recommendations	<ul style="list-style-type: none"> Department should use "Framework of Cooperation" to set policy priorities and common objectives. Department should work with UNHCR to establish an integrated financial system. Establish efficiency measure.
Actions Taken/Planned	<ul style="list-style-type: none"> Framework was signed on February 12, 2004. Consultations between Department and UNHCR occur regularly to review progress; last consultation occurred in November 2004. System was launched in phases, beginning with Finance and Supply Chain (FSC) in 2004, followed by Human Resources and Payroll in 2005. FSC was launched on January 30, 2004. Efficiency measure established and approved by OMB.

Strategic Goal 12	Management and Organizational Excellence
Program Name	Worldwide Security Upgrades
Ratings	<ul style="list-style-type: none"> CY 2003: Moderately Effective CY 2004: Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> Department of State - Diplomatic Security (DS)
Major Findings/Recommendations	<ul style="list-style-type: none"> Develop effective annual goals and targets. Work to develop performance measures for major programs to support annual performance goals and ensure long-term effectiveness.
Actions Taken/Planned	<ul style="list-style-type: none"> Develop effective annual goals and targets. Baseline performance measures now developed for major programs to support annual performance goals and ensure long-term effectiveness.



FY 2006 PART PROGRAMS

FY 2006 PART “major findings/recommendations” and “actions taken/planned” were not yet final at the time of this publication and thus are not shown.

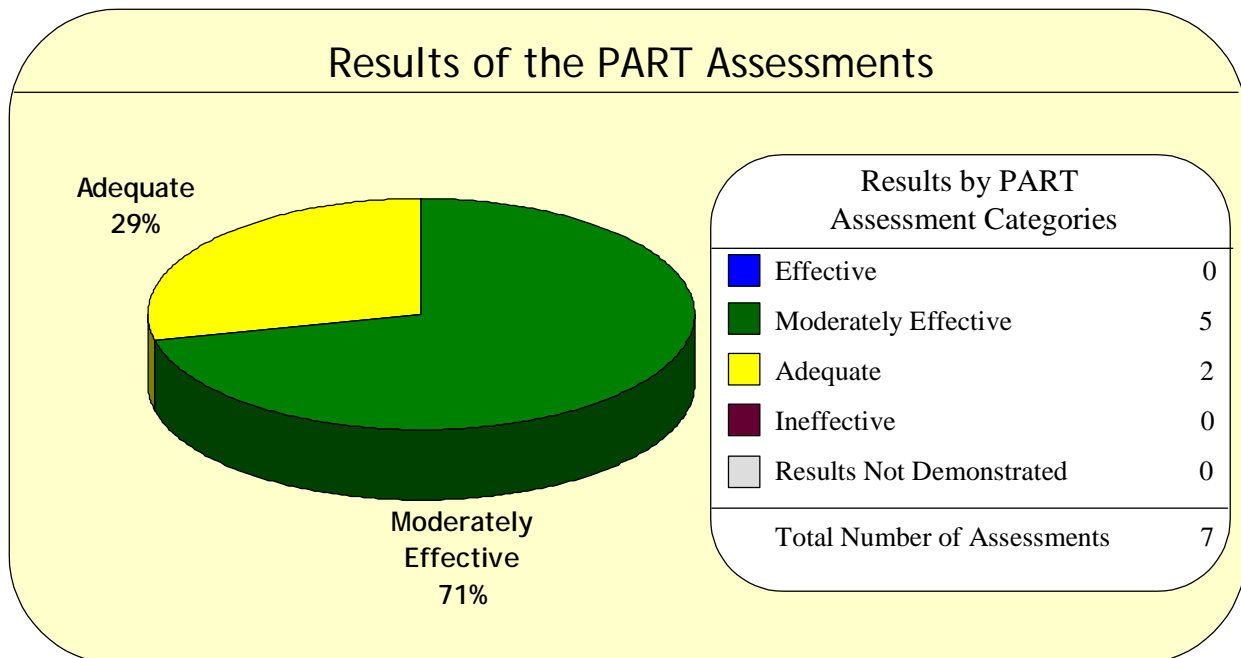
Strategic Goal	Program Name	Rating	Lead Bureau
Regional Stability	Contributions for International Peacekeeping Activities	Effective	IO
Weapons of Mass Destruction	Nonproliferation of WMD Expertise	Moderately Effective	NP
Weapons of Mass Destruction	Export Controls	Effective	NP
International Crime and Drugs	International Narcotics Control and Law Enforcement - WHA	Adequate	INL
International Crime and Drugs	Andean Counterdrug Initiative	Adequate	INL
Democracy and Human Rights	Human Rights and Democracy Fund	Adequate	DRL
Economic Prosperity and Security	Economic Support Fund	Moderately Effective	WHA
Social and Environmental Issues	International Fisheries Commissions	Adequate	OES
Public Diplomacy and Public Affairs	Global Educational and Cultural Exchanges	Effective	ECA
Management and Organizational Excellence	Regular Asset Management Construction Program	Effective	OBO



Program Assessment Rating Tool (PART) - Status at USAID

The results from the PART reviews conducted by the Office of Management and Budget are summarized below by strategic goal for USAID. Information on how USAID has addressed and implemented findings and recommendations for each of the PARTs also is provided.

The tables below summarize the ratings for USAID’s seven FY 2004 - 2006 PART reviews. USAID’s goal is to have completed PART assessments for 100 percent of its programs by the end of the FY 2008 cycle, and that USAID will have OMB-approved performance and efficiency measures for all PART-assessed programs.





FY 2004 PART Programs

Strategic Goals 7 & 8	Democracy and Human Rights/Economic Prosperity and Security
Program Name	Development Assistance - Population
Rating	<ul style="list-style-type: none"> CY 2002: Moderately Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development - Global Health (GH)
Major Findings/Recommendations	<ul style="list-style-type: none"> The program has been highly effective in increasing contraceptive use in assisted countries. The program does not allocate resources across regions and countries in an optimal way to respond to highest need. The program should continue providing resources at FY 2003 levels, and take steps to better align resource allocations with country needs through new performance budgeting efforts.
Actions Taken/Planned	<ul style="list-style-type: none"> Strategic resource allocation model for this sector has been developed. Application of this need-based approach resulted in a \$30 million resource shift to high-need countries in 2004: based on measures of demand for family planning services, levels of fertility and mortality, and population density. The approach continues to be refined and will be applied in 2005 allocations.

Strategic Goal 9	Social and Environmental Issues
Program Name	Global Climate Change (GCC)
Rating	<ul style="list-style-type: none"> CY 2002: Adequate
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development - Economic Growth, Agriculture, & Trade (EGAT)
Major Findings/Recommendations	<ul style="list-style-type: none"> The program is managed well. The real issue is redefining its role in foreign policy. Only one of the program's performance measures is measurable and has a cumulative target linked to an outcome. The program would benefit from improved measures.
Actions Taken/Planned	<ul style="list-style-type: none"> The GCC program is in the process of developing a new strategy to update its goals. The GCC program is improving measurability by developing methodologies on carbon sequestration (awarded cooperative agreement to NGOs with expertise in carbon measurement). The GCC program reflects Administration's priorities by actively participating in bilateral climate change discussions with the State Department, and is a member of the negotiating team in international climate change negotiations.

Strategic Goal 10	Humanitarian Response
Program Name	Public Law 480 Title II Food Aid
Rating	<ul style="list-style-type: none"> CY 2002: Adequate
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development - Democracy, Conflict, and Humanitarian Assistance (DCHA)
Major Findings/Recommendations	<ul style="list-style-type: none"> Overall changes in the well being of hungry people are difficult to measure. Emergency food aid, which provides food to prevent or reduce discrete and protracted famines, has demonstrated adequate progress. The program would be more cost-effective if several congressional mandates were eliminated, such as cargo preference requirements.
Actions Taken/Planned	<ul style="list-style-type: none"> Development of a Food for Peace Office Strategic Plan provides indicators that will better measure the well being of those receiving food aid. Working closely with the Department of Transportation, USDA, and others, USAID aggressively is pursuing ways to strike a balance in relief of cargo preferences and purchase of minimal tonnage of food aid requirements and other congressional mandates.



FY 2005 PART Programs

Strategic Goal 1	Regional Stability
Program Name	Transition Initiatives
Rating	<ul style="list-style-type: none"> CY 2003: Moderately Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development - DCHA/Office of Transition Initiatives (OTI)
Major Findings/Recommendations	<ul style="list-style-type: none"> The assessment found that the program is strong overall. OTI's performance measurement is strong at the individual program/country level, but there is no aggregate measurement of OTI's effectiveness across the board. USAID will closely monitor the development of OTI's short and long-term baselines, timeframes, and targets to ensure their timely completion.
Actions Taken/Planned	<ul style="list-style-type: none"> Currently working to put systems in place to aggregately measure OTI's effectiveness. Developing a system to ensure timely completion of OTI's monitoring process at the mission level.

Strategic Goals 7 & 8	Democracy and Human Rights/Economic Prosperity and Security
Program Name	Child Survival & Health - Latin America and the Caribbean Region
Ratings	<ul style="list-style-type: none"> CY 2003: Results Not Demonstrated CY 2004: Moderately Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development - Latin America and Caribbean Bureau (LAC)
Major Findings/Recommendations	<ul style="list-style-type: none"> The program is closely aligned with U.S. foreign policy priorities in the region. Based on the FY 2006 reassessment, OMB recommended the following actions for USAID: <ul style="list-style-type: none"> Develop regional performance indicators for the remaining regional bureaus. Continue efforts to strengthen budget and performance integration using the new agencywide and regional performance data. Continue to refine the analysis of this new performance data to broaden its applications for management decision-making at all levels of the agency.
Actions Taken/Planned	<ul style="list-style-type: none"> LAC has implemented a system of regional common performance indicators that will facilitate the setting of ambitious annual and long-term performance targets, the measurement of results, and an annual budgeting process that is directly integrated with performance. This process will be continued into the FY 2007 cycle as common indicators are employed and monitored for the Agency's DA and CSH accounts managed by the Africa Bureau and all remaining accounts within the Agency.



Strategic Goals 7 & 8	Democracy and Human Rights/Economic Prosperity and Security
Program Name	Development Assistance - Latin America and the Caribbean Region
Ratings	<ul style="list-style-type: none"> CY 2003: Results Not Demonstrated CY 2004: Moderately Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development - Latin America and Caribbean Bureau (LAC)
Major Findings/Recommendations	<ul style="list-style-type: none"> The program is closely aligned with U.S. foreign policy priorities in the region. Based on the FY 2006 reassessment, OMB recommended the following actions for USAID: <ul style="list-style-type: none"> Develop regional performance indicators for the remaining regional bureaus. Continue efforts to strengthen budget and performance integration using the new agencywide and regional performance data. Continue to refine the analysis of this new performance data to broaden its applications for management decision-making at all levels of the agency.
Actions Taken/Planned	<ul style="list-style-type: none"> LAC has implemented a system of regional common performance indicators that will facilitate the setting of ambitious annual and long-term performance targets, the measurement of results, and an annual budgeting process that is directly integrated with performance. This process will be continued into the FY 2007 cycle as common indicators are employed and monitored for the Agency's DA and CSH accounts managed by the Africa Bureau and all remaining accounts within the Agency.

FY 2006 PART Programs

Strategic Goal 12	Management and Organizational Excellence
Program Name	Operating Expenses
Rating	<ul style="list-style-type: none"> CY 2004: Moderately Effective
Lead Agency/Bureau	<ul style="list-style-type: none"> U.S. Agency for International Development
Major Findings/Recommendations	<ul style="list-style-type: none"> The evaluation highlighted the importance of USAID continuing its efforts to improve financial, human capital, and information technology management. While USAID's on-going business transformation initiatives have already resulted in significant achievements, challenges remain including institutionalizing performance management in decision making. Performance data is insufficiently used by managers when making resource allocation decisions. The data that is available highlights a number of areas in which further reform efforts are required.
Actions Taken/Planned	<ul style="list-style-type: none"> Continue to develop and operationalize meaningful performance measures and utilize them in the management of agency operations. This will include ensuring that operating units and their managers are held accountable for results through regular reviews and performance reporting, and that the use of performance data becomes a routine part of making resource allocation decisions. Focus reform efforts on increasing the effectiveness and efficiency of agency operations, including continuing to develop the capability to take advantage of further regionalization, centralization, cross-servicing, or other alternative approaches to the bi-lateral model of program delivery. Implement comprehensive analysis-based workforce planning process encompassing USDH and non-USDH positions funded by trust, program or OE. Use results from the performance management plan to make key human capital program decisions and to drive improvements. Expand the use of performance based contracting.