



Office of Inspector General

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MEMORANDUM FOR THE ACTING ADMINISTRATOR

FROM: Catherine M. Trujillo /s/
Acting Deputy Inspector General

SUBJECT: Additional Management Concerns Identified for the
U.S. Agency for International Development

As required by the Reports Consolidation Act of 2000 (Public Law 106-531), the Acting Inspector General sent the Administrator an October 15, 2014, memorandum highlighting the most serious management and performance challenges facing the Agency. That memorandum identified challenges based on previous audit work, our experience, and a survey that the Office of Inspector General (OIG) conducted of USAID staff.¹

In addition to the input received that formulated the basis for USAID's most serious management challenges, we also gathered responses from a significant number of USAID employees that did not rise to the level of those discussed in our October memorandum. Nevertheless, the feedback collectively represents concerns raised by USAID staff that I want to bring to your attention. These concerns, if not addressed, could pose serious management challenges to USAID.

Surveyed respondents who identified additional management concerns include 185 Civil Service employees, 281 Foreign Service employees, 352 Foreign Service National employees, and 115 personal service contractors. Attachment 1 details these management concerns and includes excerpts from surveyed employees' responses; we did not conduct audit tests to validate these responses. Attachment 2 summarizes the actions suggested by the surveyed employees.

If you have any questions or wish to discuss this document further, I would be happy to meet with you.

Attachments

¹ OIG surveyed a sample of USAID employees—Foreign Service officers, Civil Service officers, Foreign Service Nationals, and personal services contractors—in Washington and overseas. The survey asked employees to identify management challenges encountered or observed that might hinder USAID from achieving its goals and mission. Nearly 1,000 employees completed the survey.

Management Concerns Identified

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Concern: Weak Internal and External Communication Obstructs USAID's Ability to Deliver Aid and Assistance

The success of USAID's development and assistance programs depends on extensive communication and coordination within and outside USAID. Information has to be shared, relationships formed, and aid and assistance delivered. Yet many of the surveyed employees cited communication—about program strategies, roles and responsibilities, and goals—as a major management concern.

Surveyed employees mentioned three communication blockages: between country and regional missions, between missions and USAID headquarters in Washington, and between USAID and the State Department.

Country and Regional Missions

As shown in Table 1, more than a quarter of employees in every category felt that lack of communication between country and regional missions impaired program success.

Table 1. Surveyed Employees Who Identified Communication Between Country and Regional Missions as a Management Concern

| Employee Category | Impaired the success of project, program, or function (%) | Created vulnerabilities to fraud, waste, abuse, and mismanagement (%) |
|------------------------------|---|---|
| Civil Service | 44 | 39 |
| Foreign Service | 39 | 39 |
| Foreign Service National | 26 | 28 |
| Personal services contractor | 28 | 21 |

Surveyed employees attributed this lack of communication to roles and responsibilities not being widely understood. A number of employees said regional missions did not have a clear mandate. As a result, employees said:

- Regional missions were not fully staffed to provide the necessary guidance, support, and oversight needed by country missions.
- Regional and country missions engaged in unhealthy competition for funds, making it difficult to resolve regional issues.

| Employee Comments | |
|---|--|
| Roles and Responsibilities | |
| “The relationship between the regional and bilateral mission is not clear.” | |
| Coordination | |
| “Coordination among regional and bilateral missions is lacking and therefore may result in a duplication of efforts.” | |
| “Lack of coordination between regional and bilateral projects...hard to define regional roles when region's big and diverse.” | |
| Sharing Opportunities | |
| “Bureau cooperation and cross-fertilization not institutionalized.” | |
| “We could learn from each other, but there are few (if at all) opportunities for doing this. We suggest more regional conferences.” | |
| “It is difficult to implement regional programs given the separation between each bilateral mission. The separate finance and operational chains make it difficult to implement a truly regional initiative.” | |
| Internal/External | |
| “USAID/[Washington] is completely ignorant of the burden they place on the missions and how their demands hinder us from adequately implementing programs.” | |
| “The USAID relationship with the State Department needs to be clarified. Too much time is [spent] working with State just to meet reporting requirements and address duplication of effort issues. Being stuck in the middle of autonomy and full incorporation is not the better of the two alternatives.” | |

- Staffs at country missions were not always aware of the regionally funded activities taking place in their countries.

All these problems had the potential to create embarrassing situations for USAID, to confuse beneficiaries and implementing partners, and to increase the likelihood of not achieving intended program results.

Missions and USAID/Washington

Many of the employees in both locations surveyed raised concerns about the lack of communication and coordination between missions and USAID headquarters in Washington, as shown in Table 2.

Table 2. Surveyed Employees Who Identified Communication Between Missions and USAID/Washington as a Management Concern

| Employee Location² | Impaired the success of project, program, or function (%) | Created vulnerabilities to fraud, waste, abuse, and mismanagement (%) |
|--------------------------------------|--|--|
| Washington | 39 | 40 |
| Overseas | 40 | 35 |

Employees described relations as contentious. Mission staff said USAID/Washington officials:

- Did not provide adequate support.
- Placed undue pressure and demands on them.
- Did not incorporate country-specific conditions, activities, and priorities or mission resources and capabilities into their overall policy objectives and strategies for the Agency.
- Implemented in-country activities that missions did not know about.

Respondents also found it particularly challenging when USAID/Washington designed and subsequently managed regional programs with little or no input from the field or with no field presence. Unilateral decisions of this nature reportedly led to misunderstandings, implementation delays, and lower staff morale.

USAID and the State Department

The State Department and USAID have worked alongside each other for decades representing the United States' interests in foreign countries. But many surveyed employees—half of all direct hires—identified communication and coordination difficulties with USAID's external partners, especially the State Department (Table 3).

² Out of the surveyed respondents who identified additional management concerns, 288 employees stated that they were posted to Washington, D.C., and 615 employees stated that they were posted overseas during the past year.

Table 3. Surveyed Employees Who Identified Communication Between USAID and the State Department as a Management Concern

| Employee Category | Impaired the success of project, program, or function (%) | Created vulnerabilities to fraud, waste, abuse, and mismanagement (%) |
|---|---|---|
| Direct Hire (Civil and Foreign Service) | 51 | 49 |
| Foreign Service National | 29 | 29 |
| Personal services contractor | 39 | 33 |

Respondents attributed problems to unclear roles and responsibilities, as well as to different mandates.

- *Unclear roles and responsibilities.* Respondents expressed confusion regarding interagency roles and responsibilities, not only with the State Department, but also in carrying out Presidential initiatives. Respondents said the lack of defined roles and responsibilities and the lack of coordination led to duplication of effort between USAID and other agencies.

Different mandates. A number of employees said the relationship between USAID and the State Department was an ongoing challenge because of differences in their mandates. These lead to different priorities, plans, goals, and ways of dealing with host countries. For example, employees said that USAID and the State Department tend to use different timelines, tactics, and tools with host-country counterparts. Because of this, employees indicated that host-country counterparts sometimes believe USAID and the State Department are working at cross-purposes. Further, respondents noted that the State Department's diplomatic goals frequently dictate USAID's activities and limit missions' ability to meet long-term development goals effectively.

Concern: Poor Operational Support Impairs USAID's Ability to Provide Aid and Assistance

USAID's technical offices rely on internal systems, such as budget, financial management, personnel, procurement, and program support. This operational support is critical in helping USAID achieve its goals of providing humanitarian aid and development assistance around the world.

Employee responses to the survey, however, suggest improvements are needed, especially in Washington. Table 4 shows the percentages of surveyed employees who identified poor operational support as a management concern.

Table 4. Surveyed Employees Who Identified Poor Operational Support as a Management Concern

| Employee Location | Impaired the success of project, program, or function (%) | Created vulnerabilities to fraud, waste, abuse, and mismanagement (%) |
|-------------------|---|---|
| Washington | 56 | 46 |
| Overseas | 35 | 36 |

Respondents attributed support problems to insufficient staff, a lack of clear guidelines, and the consolidation of services.

- *Insufficient staff.* According to employees, support offices lacked competent and experienced staff. For instance, some offices needed more-qualified contracting officers to facilitate difficult procurements. Without them, employees said offices missed opportunities and wasted considerable time. Based on the survey responses, the lack of qualified, well-trained, experienced contracting officers, legal officers, and executive officers resulted in delayed decisions on critical operational issues.
- *Lack of clear guidelines.* Respondents said acceptable service standards were not defined or documented.
- *Consolidated services.* Obtaining administrative and support services under the International Cooperative Administrative Support Services (ICASS)³ Program was also problematic, according to employees. Many felt services such as motor pool, housing, shipping, and others were not delivered

| Employee Comments |
|---|
| Guidelines |
| “Program Office is not sufficiently helping our technical team. In most cases, burden on most taskers are passed on to the technical team. ...Lack of clear standards of what constitutes acceptable levels of support.” |
| Insufficient Staff |
| “Bureaucracy, as mentioned earlier, is one of the greatest management challenges with regard to operating support. Not having qualified and capable officials in key areas is having a negative effect, causing inappropriate distribution of workload and delaying decisions for critical operational issues.” |
| “Regional support platforms are stretched thin and not able to adequately provide support (regional legal advisors, regional contacting offices, etc.)” |
| “Regional bureaus don't have enough appropriate staff to provide missions, especially small mission[s] with the technical and management support required.” |
| “Too few staff and misalignment of skills has created challenges in operating support.” |
| ICASS |
| “ICASS is killing us in the field. It's a beast that keeps growing and growing.” |
| “ICASS support is not really a support; rather it is a burden in most of the cases.” |
| “State run systems often favor State employees and functions over USAID and other agencies.” |

³ The ICASS program allows U.S. Government agencies to share the cost of common administrative support at overseas posts.

promptly, distributed equitably, or readily available—particularly at overseas missions, where the State Department provides them. For example, despite having sufficient funds, USAID faced challenges in obtaining the State Department's approval to hire additional staff because of limited office space and housing. Motor pool could not always provide vehicles and drivers to meet certain missions' needs for frequent site visits.

When USAID's support offices do not function well, the Agency cannot meet its goals in a timely and effective manner. Employees said the lack of these services got in the way of efficient programming and needed improvements.

Concern: Limited Ability to Monitor USAID Projects Increases Risks of Mismanagement, Fraud, Waste, and Abuse

USAID's missions are responsible for monitoring projects to ensure they are on track to achieve desired results and are being implemented properly. However, surveyed employees indicated that their ability to provide effective oversight of projects was limited, constituting a management concern (Table 5).

Table 5. Surveyed Employees Who Identified Their Capacity to Monitor Projects as a Management Concern

| Employee Category | Impaired the success of project, program, or function (%) | Created vulnerabilities to fraud, waste, abuse, and mismanagement (%) |
|------------------------------|---|---|
| Civil Service | 48 | 60 |
| Foreign Service | 54 | 55 |
| Foreign Service National | 38 | 35 |
| Personal services contractor | 36 | 43 |

Respondents listed security risks, insufficient funding, heavy workloads, and insufficiently qualified staff as factors constraining monitoring.

- *Security risks.* Respondents said they could not conduct enough site visits to oversee projects in “nonpermissive” environments—where the working conditions are difficult and dangerous because of instability or ongoing conflicts. Security offices tend to restrict travel, especially for U.S. direct hires. When direct hires cannot do site visits, USAID sometimes uses local staff and third-party implementers, who require additional oversight.
- *Insufficient funding.* Although USAID policy requires missions to include sufficient funding in their budgets to cover project monitoring and help build the monitoring capacity of the host country and local partners, many respondents said this was not happening. They did use alternative methods to provide oversight—for example, relying on local government staff—but noted that local governments and organizations lack capacity in applying USAID’s procedures. Employees acknowledged that USAID’s Local Solutions initiative has tried to address this problem but still struggles with building capacity.

| Employee Comments |
|---|
| “Security challenges in visiting programs and sparsely staffed offices result in hard to monitor programs.” |
| “As a non-permissive security environment, restrictions on USDH [U.S. direct-hire] travel impose a certain cost to monitoring and oversight of program activity, though this is mitigated by greater use of local staff and third-party monitoring. Nevertheless, the lack of access to program activity greatly inhibits the acquisition of management data points.” |
| “OE [operating expense money] for travel is limited and means that experienced direct-hire staff cannot get to the field to provide needed technical assistance or program oversight. This is a very significant challenge that could affect the ability of USAID to achieve its goals.” |
| “The actual monitoring of programs is a challenge as you have to rely on the implementing partners’ reporting to determine the success of programs.” |
| “The challenge I see here is that travel here in the mission is seen as something special—therefore denied often. We have multiple sites, programs, and projects that need to be monitored to assure the consistency, and that USAID/ taxpayers’ money is being used adequately. Site visits are not as constant as they should be. It is always being said in meetings that there’s no money.” |

- *Heavy workloads.* Employees said they were responsible for too many activities, were overextended, and had to cut corners to meet deadlines.
- *Insufficiently qualified staff.* Employees said some technical staff were not fully capable of performing required duties because they had not been properly certified. As a result, their ability to conduct effective data quality assessments, analyze monitoring data, corroborate quarterly reporting, and effectively engage with partners was limited.

Respondents believed that without being able to physically monitor and oversee projects, project managers had no guarantee that implementers were adhering to U.S. Government policies and procedures. Overall, the limited oversight of projects increased program vulnerability to fraud, waste, and abuse.

Concern: Employee Evaluation Process Is Burdensome and Lowers Morale

Surveyed employees cited USAID's employee evaluation process as another management concern that prevented them from achieving Agency goals (Table 6).

Table 6. Percentage of Respondents Who Identified USAID's Employee Evaluation Process as a Management Concern

| Employee Category | Impaired success of project, program, or function (%) | Created vulnerabilities to fraud, waste, abuse, and mismanagement (%) |
|-------------------|---|---|
| Civil Service | 45 | 56 |
| Foreign Service | 60 | 53 |

Respondents said the process was time-consuming, biased, and not used as intended—to motivate employees to work more effectively, improve their skills, and prepare to take on increased responsibilities.

- *Time-consuming.* Surveyed employees reported that managers were fully consumed for 2 or 3 months out of a year on the process, and employees spent about a month writing self-assessments and providing comments on colleagues' performance. Respondents said this laborious exercise greatly reduced the efficiency of USAID operations.
- *Biased.* Surveyed USAID employees said the process, which also provides a basis for promotions and other performance incentives, lacked transparency. Some employees said promotion decisions were based on personal relationships. Getting the "right" supervisor or reviewer was often seen as imperative to getting a promotion, despite one's performance or capability.
- *Not used as intended.* Respondents concluded the process did not reflect employees' actual performance and was not used to encourage professional development or improve overall performance.

| Employee Comments |
|--|
| "A lot of management time is wasted on writing Foreign Service AEFs [annual evaluation forms]. Missions are paralyzed for about one month while we all write our self-assessments, give comments, critique each other's." |
| "At least 2 months (and actually more like 3 months) out of the year is completely wasted on an activity that does not show actual performance and is the EXACT opposite of transparent." |
| "AEF process is ineffective and contrary to its goal because it is based on getting the "right" supervisor and the "right" reviewers. Promotions are more random than they should be. This results in more demoralized staff." |
| "AEFs are not written truthfully because people want to be promoted." |
| "It's a high-stakes process. Seeking feedback and writing a statement involve self-aggrandizement versus identifying areas to focus on for the next level of professional growth." |
| "AEFs should allow for areas of improvement that can show whether someone is improving, without preventing them from getting promoted." |

Actions Suggested by Surveyed Employees

Communication

Invest in improving internal communication flows that promote USAID core values.

Meet with country counterparts on a regular basis to plan and identify areas of common interest.

Communicate clearly with missions regarding organizational plans for restructuring that could affect them.

Examine the execution of regional office functions to ensure that missions act in accordance with defined delegations of authority, when appropriate, instead of basing their actions on custom or past practice.

Seek a more productive partnership with the State Department that emphasizes the role of development in supporting diplomacy.

Share guidance on how to get appropriate technical support for monitoring and evaluation from the regional bureaus.

Establish standard operating procedures for coordinating regional and local activities.

Operational Support

Review and assess missions that do not have direct-hires at post to see if there is adequate planning, support, or compliance.

Improve the ability of operating units to properly meet project design, size, and scope requirements.

Increase involvement and coordination between USAID operating units and technical teams.

Improve coordination between operating units to avoid conflict between offices, and to avoid confusion and frustration with implementing partners.

Develop standard operating procedures and desk references for continuity of operations.

Review areas of major spending at missions, particularly operating expenses, to ensure alignment with broad goals.

Eliminate unnecessary bureaucracy to rationalize expenses in areas that do not add value to the processes, or to the mission as whole.
