



USAID
FROM THE AMERICAN PEOPLE



ACQUISITION AND ASSISTANCE STRATEGY

United States Agency for International Development (USAID)

December 2018



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Note From the Administrator

A little more than a year ago, we embarked on an ambitious Transformation to shape the USAID of tomorrow and work towards ending the need for foreign assistance. A key element in achieving this vision has been our focus on advancing self-reliance in our partner countries. Through Transformation, we are becoming more innovative in our approach to achieving development objectives, while being more transparent in our decisions and better stewards of U.S. taxpayer investments.

Critical to the success of our Transformation and advancing countries on their Journey to Self-Reliance is rethinking how we engage with both our existing and potential partners, and finding new ways to embrace entrepreneurship and creativity throughout the Program Cycle — from design, through procurement and implementation, to evaluation.

After extensive consultations with partners and feedback from USAID staff, I am pleased to share with you USAID's first-ever Acquisition and Assistance (A&A) Strategy. A significant milestone in USAID's Transformation, this strategy outlines the key changes we will make to better enable and equip our A&A workforce and systems to advance self-reliance.

By streamlining approaches to design and procurement, and utilizing new and innovative methods of collaboration, the A&A Strategy is a shift away from traditional approaches that can unduly constrain our staff and partners. These reforms will foster more flexibility, adaptability, and creativity as we work with our partners to design and deliver impactful initiatives worldwide.

The A&A Strategy also outlines how we will embrace USAID's new approach to self-reliance in our approaches to partnering. Diversifying our partner base and integrating locally-led development into how we deliver development assistance help our partner countries become self-reliant, and will get us closer to the day when such assistance is no longer needed.

As we continue to shape the USAID of tomorrow, I am confident that the guiding principles of the A&A Strategy will encourage innovation among our partners and create a more adaptive and resilient USAID.

This is an exciting time in USAID's Transformation. Thank you to all who have been a part of the process so far and to those who will be engaging further. I look forward to seeing the impact this strategy will have on each of our partner countries' development journey.

Mark Green
Administrator

“The purpose of foreign assistance must be to end the need for its existence.”

— Administrator Mark Green

INTRODUCTION

The U.S. Agency for International Development (USAID) of tomorrow is one in which the Agency enables partner countries to plan, resource, and manage their own development through strengthened capacity and commitment — this is the essence of the Journey to Self-Reliance.

In Fiscal Year (FY) 2018, the Agency obligated over 80 percent of its programmatic funding — a total of \$17 billion — through acquisition and assistance (A&A) mechanisms. Partnering and procurement are central to how we do our work. Therefore, we must think holistically about with whom we work and how we work, if we are to achieve our ambitious goals for the USAID of tomorrow.

The purpose of this document is to provide a transparent strategy that guides changes to Agency policy and practice for both our staff and implementing partners in how we approach our core A&A work. This strategy, which builds on previous and current reform efforts, outlines the shifts we will make to embrace a self-reliance model for A&A and move concretely toward the goal of ending the need for foreign assistance.

GUIDING PRINCIPLES OF PARTNERING AT USAID

USAID’s partnering approaches have evolved significantly over time as we have tested new and innovative ways of working. The principles outlined below support the Journey to Self-Reliance by empowering our staff and partners to produce results-driven solutions responsive to partner country needs and priorities — building capacity and commitment based on creative and entrepreneurial approaches that have already begun to develop. The Agency must move beyond our traditional approaches to embrace greater collaboration, co-design, and co-financing to improve upon our models of partnering.

I. DIVERSIFYING THE PARTNER BASE

Since USAID’s creation in 1961, the amount of funding, as well as the number of organizations that provide and implement international assistance, has grown exponentially. At USAID’s founding, about 80 percent of the money flowing from the United States to the developing world was federal funding — “official development assistance.” Today that figure is less than 10 percent. Private investment, private philanthropy, remittances, and other non-federal government funding constitute the vast majority of today’s assistance. As Administrator Mark Green has

noted, “There are literally trillions of dollars that could be mobilized for development if we learn to better leverage partnership, catalyze private-sector investments, and amplify the efforts of foundations and non-profits.”¹

Despite the explosion of new potential partners, the vast majority of USAID’s direct funding has remained within a relatively small circle of large organizations. In FY 2017, 60 percent of obligations went to 25 partners, and more than 80 percent of obligations went to just 75 partners. The number of new partners has decreased consistently since 2011.²

¹ Administrator Mark Green’s testimony before the Senate Foreign Relations Committee on June 15, 2017.

² In FY 2011, the Agency worked with 761 new partners. In FY 2018, the Agency worked with 226 new partners.



USAID/ETHIOPIA

The concentration of our portfolio in so few hands does not adequately serve the Agency, our partners, our beneficiaries, or U.S. taxpayers. We commit to shifting this trend by engaging new partners and investing more holistically in local entities, as well as locally established partners that catalyze resources toward partner countries' Journey to Self-Reliance. We will create opportunities to forge new partnerships, leverage private resources, and tap into innovative solutions that expand our approaches with the intent of finding the right partners for the right activities. We will support effective program models that not only help us accomplish our mission today, but also strengthen long-term partner organizations and networks that will assist partner countries in the future.

Diversifying the USAID partner base to reflect today's expanded development landscape is an important driver of the Journey to Self-Reliance because choice and competition are key to innovation and resource mobilization in development work — just as in the private sector economy.

Engaging New and Underutilized Partners

Engaging promising new local, U.S., and international partners, as well as current partners that the Agency has historically underutilized, will require new initiatives and scaling proven, targeted, and innovative approaches.

There are many development actors that deliver significant private assistance in a broad range of areas, with little to no financial support from USAID. Some potential partners with good ideas and innovative approaches have — or believe they have — limited capacity or opportunity to compete for direct U.S. funding because of compliance and solicitation requirements and/or the dollar size and scope of awards.

In addition, the Agency has lacked sustained commitment to mobilizing new and local partners. The Local Solutions initiative in recent years yielded mixed results in terms of balancing localization objectives with development outcomes and quickly reached diminishing returns in terms of building actual capacity and strengthening local ownership. Our assistance must put local partner capacity and performance improvement back at the core of our technical approach and how we measure success.

Development Innovation Ventures (DIV) offers a lesson learned in pursuing new partnerships through open innovation programs. USAID has funded nearly 1,000 innovators, yet we have not sustained relationships with many of these partners. While USAID succeeded in helping many DIV partners find commercial viability, we missed opportunities to build on successful investments and scale outcomes. We will find ways to



USAID/MOROCCO

strategically integrate these kinds of partners into larger programs in the future.

In addition to local partners and social entrepreneurs, other groups often underutilized or unable to participate in our programs include U.S. community and faith-based organizations, higher-education institutions, multinational firms, U.S.-based small businesses, and diaspora groups. Many new and underutilized U.S.-based actors are also locally established actors because they deliver significant private or non-U.S. Government assistance through locally-led operations to enhance the capabilities and commitments of partner country organizations. Such groups are often highly engaged in building capacity, and providing services, accountability, and sustainability in countries prioritized by USAID. Many of these groups are unfamiliar with USAID business processes. In order to encourage new partnerships, we must have better mechanisms in place to support, inform, and mentor these organizations.

USAID will shift our focus to increasing and sustaining relationships with such new and underutilized partners, especially those locally established and in the private sector. Supporting countries to finance their own path to self-reliance requires working more intentionally and consistently with these partners. USAID will invest in new and underutilized partners by increasing the number of competitions that target them, both through direct awards and encouraging more subawards from USAID's experienced long-standing partners.

In addition, USAID will shift from our long-standing practice of only counting direct funding relationships and begin to track and report on subawards to measure progress in engaging these partners. We will also promote ambitious targets for local subawards at the activity level, and encourage our current implementers to identify and work with those who fit the mission by helping new partners with technical and compliance support. Our traditional partners have often played a vital role in helping to build new capacity and catalyze innovative ideas and new organizations in the Agency's work. This new initiative, in seeking to accomplish more with fewer taxpayer dollars, cannot succeed without the leadership of these traditional partners.

There are unavoidable trade-offs in how we spend our time and resources to reach out to such new and underutilized partners. We recognize that engaging with new and underutilized partners often increases workloads, management oversight, risk, and procurement action times. However, the investments we make in reducing barriers to entry and related bureaucratic processes will pay rich dividends in the form of long-term partnerships with significant growth potential and create fertile soil for paradigm-changing innovations.

SHIFT

- **USAID will target new and underutilized partners, especially private sector and locally established partners, to support and help finance the Journey to Self-Reliance, both through direct assistance and the greater use of subawards from long-standing partners.**
- **The Agency will track subawards to develop a more holistic picture of its impact in strengthening local and locally-established development actors, and engaging new partners at all levels.**

Working with Local and Locally Established Partners

A key driver of self-reliance is a partner country's capacity to manage and finance its own development. The self-reliance approach will require USAID to be more consistent and holistic in building local capacity by using a greater variety of A&A tools, modeling and encouraging inclusive programming, and utilizing the Agency's convening power. Missions and bureaus will develop plans to address how they will achieve these goals.

USAID will shift from expressly transactional relationships with local organizations to more equal partnerships between development actors with mutual accountability and shared goals and values. The key to this relational realignment lies in engaging with our partners and beneficiaries much earlier in the planning process as co-designers, co-implementers, and co-owners of their own development objectives. USAID will shift its focus from headquarters-oriented high-level targets and global awards to empowering USAID Missions to drive procurement planning and expand partnerships with local and locally established actors. Missions will apply country context in their plans and strengthen and measure the capacity of local actors to achieve and sustain inclusive results. This will include providing platforms and services that make it easier for Missions to harness open innovation and partnering approaches.

USAID will continue to advance self-reliance through direct awards to local partners and working with partner governments, but this will not define the Agency's sole approach to strengthening local ownership and sustainability. USAID will shift from viewing successful local capacity building as an organization's ability to receive and manage federal funding directly to measuring success by the strengthened performance of local actors and local systems in achieving and sustaining demonstrable results. Advancing self-reliance in our partner countries

requires a holistic approach and the expansion of partnerships and partnering modalities. Self-reliance is not the absence of international partners — rather it includes U.S. and international partnerships becoming increasingly responsive to partner country objectives to sustain impact, build capacity, and finance programs themselves.

As the U.S. Government's leading international development agency, we have the ability to convene partner governments, the private sector, development partners, and other donors to leverage resources without always being the primary funding party. We will better exercise our convening power to collaborate and establish shared development objectives that can support local governments and organizations in truly managing their own development.

As part of our commitment to working with local and locally established organizations, we will adopt a global metric across Missions to measure capacity strengthening for local partners in a consistent manner and will begin to track organizations that receive subawards to better reflect with whom we are truly working. With this increased emphasis on subawards, we will promote umbrella approaches under which traditional partners help build the capacity of local and locally established organizations. In doing so, we will increasingly ask traditional partners to shift implementation to local and locally established partners while maintaining technical oversight, compliance support, and facilitation or mentoring of partners. We will emphasize the importance of transition awards to build the capacity and readiness of local organizations so they are moving demonstrably toward being able to operate independently and, if they so choose, to compete for direct funding from USAID and other donors.

SHIFT

- **USAID will establish a global metric for local capacity strengthening to create comparative results across Missions for local and locally established partners. Rather than requiring funding targets that reflect a transactional relationship with local entities or locally established partners, Missions and Pillar Bureaus will set context-appropriate goals for field-based programming to engage such partners, and measure strengthened capacity.**
- **USAID's Regional Bureaus and Missions, as well as Pillar Bureaus, will establish plans for engaging new partners through new and existing mechanisms.**

Incentivizing and Strengthening our Engagement with the Private Sector

Effective development work requires vibrant private-sector actors in both donor and host countries. Private-sector engagement and enterprise-driven development are fundamental to the goal of ending the need for foreign assistance and empowering partner countries and communities on their Journey to Self-Reliance, and are at the core of how the United States approaches development. Many of the Agency's long-standing partners have played an important role in connecting development activities with private-sector actors.

To expand and diversify partners, we will prioritize early collaboration with the private sector and reap greater benefits from the private sector's creative thinking and market-based and enterprise-driven solutions. We will seek a cultural and operational transformation in design and procurement approaches. We will challenge all staff and partners to seek market-based approaches and to understand and address barriers to investment in order to achieve more sustainable development outcomes. Building strong, fair and open markets delivers benefits to our partner countries in the form of lasting development outcomes and creates U.S. jobs while building U.S. economic prosperity through access to strong trading and investment partners, consumers for American products, and a level, competitive playing field across industries. As a priority, we will engage the private sector from partner countries to jointly identify and define the challenges and opportunities, and determine shared

risk and shared reward. While the Agency will leverage existing expertise and lessons learned, we will promote innovation and a wider range of private sector collaboration consistent with achieving self-reliance.

To these ends, we will grow our long-standing work with U.S. and multinational firms, while also continuing to expand approaches for collaborating with local-private sector actors and social entrepreneurs, to leverage networks that U.S. or multinational firms might not know. Similarly, we will develop new ways to help all of our development partners, particularly in-country organizations, to expand their engagement with private sector partners through our awards and otherwise.

SHIFT

- **USAID will strategically and more effectively engage the private sector to build enduring capacity for development. We will do so by working with the private sector and all our partners to identify alignment opportunities, apply our respective expertise, and jointly discern and advance high impact private sector-led approaches; strengthening the expertise of our technical and contracting officers; and revitalizing and creating new tools and guidance to advance private sector engagement, market-based approaches, and enterprise-driven solutions.**

USAID/UGANDA



2. HOW WE PARTNER

Embracing a self-reliance approach will require USAID to reexamine how we work. By moving away from transactional relationships and toward partnerships based on shared goals and objectives, we can create a shared sense of ownership of successes, as well as accountability.

Approaches to Partnering and Procurement

USAID has a variety of partnering approaches and mechanisms at our disposal, but we use few of them. We will encourage our staff to diversify our project design, solicitation approaches, and award mechanisms — each of which can support an effective partnership paradigm.

We will prioritize solicitation methods that require less-than-full proposals “up front,” greater use of oral applications and presentations, and phased competitions. These approaches can help lower the barriers for new partners and potentially lower costs for all offerors and applicants.

We will improve upon our practice of using only a handful of partnering approaches. We will work to identify optimal approaches tailored to specific development challenges to meet a country where it is on the Journey to Self-Reliance. Immediate priorities will include the greater use of collaborative and flexible approaches such as Statements of Objectives (SOO), Annual Program Statements (APS), Refine and Implement, and Performance Work Statements (PWS). We will also refine the use of Broad Agency Announcements (BAA) by developing clearer policies while continuing to use the approach where it is advantageous to enhance research and development.

Traditionally, USAID structures many of our awards to reimburse partners regardless of their performance. The result is often a focus on compliance, not results. We will adopt pay-for-results approaches (performance-based, development impact bonds, or use of milestone payments), as often as practicable, and in some cases as a component of otherwise cost-reimbursement awards, as a way to encourage more accountability, distribute risk, and focus on measurable outcomes.

Most importantly, we will endeavor to become less prescriptive in our awards and solicitations and offer more inclusive opportunities for partners in country to craft the approach that will meet our strategic imperatives, and, as appropriate, define an activity’s objectives.

Finally, we will engage with other donors and Federal agencies to learn from their best practices and strengthen our approaches to partnership.

SHIFT

- USAID will diversify our approaches to design, solicitation, and award — designing activities less prescriptively and more collaboratively; simplifying access for new and local partners; and increasing usage of awards that pay for results, as opposed to presumptively reimbursing for costs.

More Effective Co-Creation and Collaboration

Over the last few years, we have increased our use of collaborative and co-creative approaches to procurement. In FY 2018, approximately 18 percent of new

Agency Priority Goal

By September 30, 2019, USAID will have increased the use of collaborative partnering methods and co-creation within new awards by 10 percentage points, measured by percentage of obligated dollars and procurement actions.

awards (21 percent of dollars obligated) utilized a form of co-creation. Agency champions are using a greater variety of approaches beyond BAAs to enable less-prescriptive, more-collaborative approaches in Washington and in

Missions. These efforts have demonstrated the promising nature of collaboration — helping to bring new ideas, resources, approaches, and partners to the Agency. In addition, we have shown that co-creation can be an efficient and responsive way to design activities.

Building on recent progress, USAID will prioritize the use of collaborative and co-creative approaches to design and procurement in all of its awards to become less transactional and more focused on quantifiable results. We have committed to a 10 percentage point increase in the use of collaboration and co-creation approaches through an Agency Priority Goal (APG) in the Department of State-USAID Joint Strategic Plan. Through the APG, we will continue to track the dollars of new awards and the percentage of procurement actions made through co-creation and collaboration methods.

We will bolster our staff’s understanding and adoption of effective practices to co-create. We will also refine our definitions and implementation options for co-creation and collaboration, promote a range of best practices, and incentivize their expanded use.

Illustrative List of Approaches, Techniques, Mechanisms for Co-Creation and Collaboration

| | |
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| Annual Program Statement (APS) | Multi-Step Request for Proposal (RFP) or Request for Application (RFA) |
| Broad Agency Announcement (BAA) | Oral Applications and Presentations |
| Statement of Objectives (SOO) | Draft Scope of Work/Draft Program Description |
| Challenges/Ventures/Prizes/Open-Sourcing | Request for Information (RFI)/Sources Sought Notice |
| Pay for Results | Industry Days |
| Inception Phase | Draft RFA/RFP |
| Global Development Alliance (GDA) | Pre-solicitation Notice |
| Request for Concept Papers | Pre-solicitation Conferences |

We will encourage and measure their use as part of “a design approach that brings people together to collectively produce a mutually valued outcome, using a participatory process.”³ By including the design of an activity in the procurement process, USAID staff and partners will work together more often towards shared outcomes.

SHIFT

- USAID will increase our use of collaborative and co-creative approaches by 10 percentage points in terms of total dollars and awards in FY 2019. Building on past years of experimentation and innovation, we will challenge our design and procurement officers to engage a much wider range of practices that emphasize collaboration and co-creation.

3. CONNECTING DESIGN, PROCUREMENT, AND IMPLEMENTATION

As previous experience has taught us, we cannot solve procurement challenges in isolation from challenges in the preceding design or subsequent award management. Advancing the Journey to Self-Reliance requires us to closely align our country strategies, activity designs, and implementation approaches to our procurement planning. For example, market research should inform

activity designs but is often left to the last step before a solicitation, or not done at all. Gaps between these steps cause delays in implementation, hamper our ability to work with new and local partners, and increase our cost of doing business. This means we must collaboratively engage all of our staff, and at critical moments our partners, early in the planning process.

Reducing the Time from Design to Procurement

Many of the most effective approaches to reducing the time from design to procurement are human-centered — they ensure that all our staff is working closely together. We will strongly encourage the formation of fully integrated project and activity design teams, to ensure that communication and operations are systematic and structured.

We will map the Agency’s design processes (Automated Directives Systems [ADS] 200 series) with our procurement processes (ADS 300 series). Through the mapping process, we will communicate how procurement fits within project and activity design and how project and activity design with procurement. Additionally, we will take steps toward co-locating procurement staff with technical teams in Washington, following the Mission model, and will encourage our planning staff to engage regularly with the leadership and procurement staff of operating units.

³ June 2017 Discussion Note on Co-Creation produced jointly by the Bureau for Policy, Planning, and Learning, the Management Bureau’s Office of Acquisition and Assistance, and the U.S. Global Development Lab.



USAID/COLOMBIA

We will also streamline design to procurement through our solicitation approaches. We will emphasize limiting the number of evaluation criteria, soliciting through less-than-full proposals, and decreasing the prescriptive nature of programmatic designs and requirements. In addition, we will develop best practices and streamlining guidance for Technical Evaluation Committees.

Linking Design and Implementation Through Procurement Approaches

We will prioritize procurement approaches that, by their structure, help to connect design, procurement, and implementation.

The effective use of co-creation is one approach to more efficient design. By incorporating the design of an activity into the procurement process, USAID staff and partners will work together towards a shared outcome.

We will also expand the use of approaches such as Refine and Implement — a practice piloted by Food for Peace in USAID, with parallels used by other donors. This practice shortens the pre-award design and procurement process by engaging with a partner upon award, during the inception phase of an activity, to conduct baseline analyses and assessments that help refine programmatic objectives and milestones.

Other effective methods include increasing the use of SOOs in acquisitions or using a “build to budget” approach. These approaches encourage USAID to publicize available funding and an activity’s objectives in a solicitation without identifying specific programmatic approaches. Under these solicitation methods, partners propose programmatic approaches and the quantifiable development results they could achieve with the funding available.

Finally, we will encourage design team staff to establish periods of performance in awards that are customized to fit the intended results, as opposed to defaulting to a five-year period (or less) of performance.

USAID Risk-Appetite Statement

“We have a HIGH risk appetite with regard to: Embracing flexible, iterative design and implementation. We will continually learn and adapt our programming in contexts that are changing rapidly, or in which evidence is incomplete to improve the likelihood of achieving intended results, while recognizing that such approaches can sometimes require additional resources, or add another layer of complexity in designing, implementing, and monitoring programs.”

Facilitating Adaptive Management

USAID operates in increasingly complex environments where circumstances on the ground require rapid adaptability. Embracing self-reliance means that we and our partners must intentionally learn from our performance monitoring, evaluations, and through other means, and modify projects, activities, and interventions accordingly, in real time.

Adaptive management is key to optimizing our A&A approaches. We will emphasize it in all of our awards, including through the development of a menu of options for integrating flexibility and adaptability that highlights the importance of the existing Collaborating, Learning, and Adapting (CLA) approach from design to implementation.

A major obstacle to adaptive management is the prescriptive nature of our traditional approaches to designing activities and managing awards, which results in a predominant focus on compliance. As noted, we will shift from overly prescriptive requirements to allow for more flexibility and adaptability. Most importantly, we will develop and equip our staff to design adaptively, and to be proactive adaptive managers. Finally, we will learn from current efforts to facilitate the use of data and learning from monitoring and evaluation (M&E) and enable evidence-based decision making, such as in the Global Learning for Adaptive Management (GLAM) partnership with the UK's Department for International Development (DFID).

To support adaptive management in crisis response and non-permissive environments, the Agency will develop policies enabling USAID to quickly respond to challenges on the ground. This will enable us to direct, pivot, or initiate rapid response activities designed to complement Agency response to a disaster declaration or emerging crises that are not declared emergencies and might require other authorities.

The Agency must improve in adaptive management and in applying the right design and procurement approaches appropriate to context and to country progress on the Journey to Self-Reliance. From emergency response, to recovery and transition, and long-term development, USAID will seek to enhance rapid response capability and assure that successful innovations are deployable where appropriate to new and existing awards.

Better Use of Data

Data and evidence must drive USAID's programmatic and procurement decisions. Our access to, understanding of, and use of data are critical for effective learning and adaptation. We will design strategies, projects, and activities based on the best available evidence; identify gaps in data and information; and determine how to fill those gaps through implementation or other means. This means our staff and our partners need access to relevant, quality data as well as the tools and resources to analyze the information available.

At the same time, overly burdensome reporting requirements serve neither taxpayers nor program beneficiaries. During design and implementation, we will work with our partners to focus on collecting the most useful information, while simultaneously looking internally and with the State Department's Office of U.S. Foreign Assistance Resources to streamline and reduce the number of required indicators and reporting requirements.

We will prioritize the effective and efficient use of data and require only what we and our partners need to measure progress, make decisions, and deliver results.

Data and information are only worthwhile if they are used. We will work to equip staff with the tools, training, and resources, including the time and opportunity they need to analyze and reflect on new data and knowledge.

SHIFT

- **USAID will integrate design, procurement, and implementation by structuring procurement processes to link design to implementation; focusing on adaptive management practices while reducing overly prescriptive USAID rules and policies; and making smarter use of data and evidence.**

4. FOCUSING ON VALUE

Wise stewardship of taxpayer dollars requires that USAID's management systems and processes align closely with the risk they face. Many practices at USAID — and elsewhere in the U.S. Government — have evolved over time with a focus on compliance and risk aversion. This evolution has made the Agency focus less on managing

for results and more on transactional operations. We are committed to a holistic approach to managing our people, programs, and risks by continually reviewing the accumulated policy prescriptions and guidance of our nearly six decades of existence. As we look to strengthen the capabilities of our workforce and manage for results, we must identify the high-risk or high-impact decision points in the design and procurement lifecycle and focus our human capital, policies, and knowledge-management resources on those points to ensure partner performance and country progress. Simultaneously, we must streamline and de-emphasize our low-risk processes to allow our staff to focus on high-value activities.

FAR 1.102-2(c)(2): Directs Agencies' approaches to procurement to shift "from 'risk avoidance' to one of 'risk management,'" as "the cost to the taxpayer of attempting to eliminate all risk is prohibitive. The Executive Branch will accept and manage the risk associated with empowering local procurement officials to take independent action based on their professional judgment."

Standardizing Practices and Reducing Process Bureaucracy

As USAID shifts from transactional operations to being more results-driven, reducing process bureaucracy is vital. We will shift from focusing on low-value, time-consuming activities to high-value work, and empower our partners to make decisions and manage awards without cumbersome reporting requirements as much as prudence allows. We will work to standardize and streamline our design to procurement processes, while empowering Operating Units and partners to the extent possible.

We will identify processes and decisions that are best fit within our partners' purview and emphasize management by the partner to the extent possible.

We will establish an A&A streamlining panel, which will incorporate partner feedback, to make recommendations on policies and practices that balance process, risk, and performance while respecting taxpayers' investment in our mission. We will not delay in implementing targeted internal reforms. We will begin to streamline our processes as ideas are identified and ensure that our employees, partners, and other constituents, including Congress and the Office of Inspector General, understand the need and approach to streamlining.

We will review our current Agency assistance policies to more closely align with regulations, specifically 2 CFR 200 and 700. We will reduce or eliminate, where it makes sense, self-imposed policy restrictions that may not be required by governing regulations unless truly in the best interest of the Agency. We will also review our current Mandatory Standard Provisions to see where we can further reduce processes that are administratively burdensome to us and the partner community.

We will develop standard operating procedures and more useful guidance documents for core A&A functions to be used by all staff, including best practices surrounding evaluation and selection committees, cost and price analysis, use of collaborative approaches (such as BAAs and oral presentations), and more.

FAR 1.102-2(b)(1): In order to ensure that maximum efficiency is obtained, rules, regulations, and policies should be promulgated only when their benefits clearly exceed the costs of their development, implementation, administration, and enforcement. This applies to internal administrative processes, including reviews, and to rules and procedures applied to the contractor community.

Finally, we will ensure that the Agency adopts technological solutions, like electronic signatures, to help streamline and simplify how we work.

"As an institution, we have become too risk-averse over the last decades. The Risk-Appetite Statement should encourage us to be bolder in areas in which our tolerance for risk is higher (seeking out new partners and using more innovative procurement vehicles, for example), while remaining highly vigilant in areas in which it is not (cybersecurity, sexual abuse and exploitation, or fraud and the diversion of assistance). We must remember that managing risk is not about avoiding all potential problems, but about smartly and thoughtfully seizing the opportunities before us, while reducing or mitigating threats, to maximize the overall likelihood we will achieve our objectives."

— Administrator Mark Green, USAID's Risk Appetite Statement, July 11, 2018

Strengthening the Role of the Contracting/ Agreement Officer's Representative (C/AOR) Function

C/AORs play a critical role in USAID's operations. They are responsible for the day-to-day management of our activities and engage directly with partners and beneficiaries. However, the skill sets and duties of C/AORs vary from activity to activity, and person to person. This variability creates inconsistency and an over-reliance on compliance and prescriptive feedback rather than results as the true focus of USAID's work.

We will formalize the C/AOR program to establish a "home" for the function within the Agency. In addition, we will shift the training and responsibilities of C/AORs from only ensuring compliance to focusing on performance management and adaptive partnering, with an emphasis on appropriate risk management, on-time M&E plans, regular site visits, and consistent, real-time interaction with partners at all levels. As part of the U.S. government-wide strategy to improve results through better project management, we will also increase the effectiveness and consistency of our engagements by developing and emphasizing project management skills and proficiency certifications for our C/AORs. The formalization and shift in responsibilities of the Agency's C/AORs will be critical to creating a greater focus on value.

Evaluation of Past Performance

In 2012, USAID began tracking past performance assessments for acquisition awards and found we had completed them for only 11 percent of all our contracts. By FY 2018, we dramatically raised that number to 87 percent. As a result, we have been able to elevate past performance as a critical evaluation factor for new contracts, as well as hold regular conversations with our partners about their performance. We will continue to address improvements to performance management by strengthening the quality of the past performance evaluations produced by our teams and emphasize partner performance as an important evaluation criterion.

However, no parallel performance assessment system exists for assistance awards, which account for nearly two-thirds of our annual funding (inclusive of agreements with Public International Organizations [PIOs]). The Agency will explore ways to institute performance assessments and a tracking system for assistance awards.

Category Management

Category Management, an initiative of the President's Management Agenda and an Agency Priority Goal, seeks

the consolidation of our contracts on common goods and services to maximize cost efficiency and standardization, eliminate redundancies, and deliver more value and savings. Our implementation of Category Management will help to ensure that we are an effective steward of taxpayer dollars. We will implement Category Management, however, in a way that does not compete with our goal to engage more small businesses and promote innovation.

SHIFT

- **USAID will focus its acquisition and assistance, award management, and oversight responsibilities on high-value and high-risk work and programmatic performance, with an emphasis on streamlining.**

5. ENABLING AND EQUIPPING THE WORKFORCE

The USAID of tomorrow will only be as good as our success in enabling and equipping our most valuable asset: our employees. The successful implementation of this strategy will require a culture shift in how we currently operate as an Agency. It will require training and staffing resources to match the ambitious agenda.

Staffing the USAID of Tomorrow

One of the major challenges for USAID (and the U.S. Government as a whole) is retaining procurement staff. Given the extended number of years needed to effectively train and equip personnel to successfully execute the unique demands of a USAID career, we have a significant shortfall in this critical occupation and must develop a comprehensive strategy for investing in the leadership of the future. Due to the uniquely high training and development costs associated with USAID A&A staff, our Office of Human Capital and Talent Management (HCTM), in partnership with the Bureau for Management's Office of Acquisition and Assistance (M/OAA), will need to become more intentional in our hiring practices, staff development and retention efforts, as well as staffing allocations. We are committed to making a concerted effort to equip and invest in the development of A&A staff needed for the USAID of tomorrow. In addition, we will also consider alternative paths to leverage or recruit development professionals, including individuals from other Agency backstops.

While expanding the A&A workforce is a priority, in a constrained budget environment, we cannot rely only on

Enterprise Risk Management Program on Human Capital Risk

Our success in achieving our mission directly depends on the knowledge, skills, abilities, dedication, and robustness of our workforce. We recognize that our workforce is our most-important asset for managing risk – through designing and implementing control systems; making iterative, risk-informed decisions; skillfully solving problems; coping under pressure; and going the extra mile to ensure our Agency’s success. However, our workforce can also be a cause of risk, because of skill gaps, turnover and excessive workload, as well as non-compliance with, or the inconsistent application of, systems, procedures, and risk-mitigation measures. Our Agency delivers on its mission because of the capabilities and performance of our talented staff, and is committed to effectively managing the needs of our current and future workforce. Aligning workforce-planning with the Agency’s Transformation is essential to ensuring the success of both.

hiring new staff to meet our needs. We will also have to make better use of the talent we have. As programming, budgets, and A&A service needs fluctuate with U.S. and international priorities, M/OAA must proactively reassess and re-allocate staff to ensure USAID has the right staff in the right place at the right time. The need to respond with well-equipped staff and leadership may necessitate that the traditional models of Foreign Service assignments, tour lengths, and Mission and regional reporting relationships become more flexible.

We will create a cadre of deployable A&A staff with diversified technical and leadership expertise — enabling us to provide surge support and critical services coverage, while supporting the workforce worldwide. The A&A Labs will have deployable resources to promote and accelerate innovative practices while collaborating with the new bureaus of the USAID of tomorrow. To enable this support, we will intentionally maintain senior positions in Washington and in the field for Civil Service, Foreign Service, and Cooperating Country Nationals to retain institutional expertise and investments in employee development and provide leadership development opportunities and more diverse career paths for all staff categories.

In addition, we will expand the number of employees who hold warrants, so they can function as Contracting and Agreement Officers (CO/AOs), including Eligible Family Members, Personal Service Contractors, and Cooperating Country Nationals.

Modernizing Core Functions and Structures

A&A staff must serve as strategic leaders and business advisers — engaging internally and externally, advancing new and innovative procurement approaches, and finding ways to streamline processes. We will continually review procurement structures, functions, human capital, and workload capacities to ensure they align with and are able to support the principles outlined above. A&A

leadership must be positioned at the highest levels of the Agency to ensure our A&A strategies align and advance the Agency’s mandates as well as provide leadership with direct access to senior procurement expertise and business advice.

A&A Labs

Created in 2016, the A&A Lab is an interconnected network of A&A staff advancing the Agency’s mission through workforce development and the testing and scaling of innovations in acquisition and assistance. There are six regionally based Labs, with the A&A Lab hub based in M/OAA’s Directors’ Office.

One such change will be the institutionalization of the function of A&A Labs, which serve as centers of excellence in workforce development and peer-to-peer learning, as well as mediums for the testing and scaling of innovations in procurement. A&A Labs have already developed and tested many of the

guiding principles featured in this strategy. By formalizing the functions of the A&A Labs, we can ensure that our procurement operations continue to evolve, support, and test new innovations and approaches.

To reflect the USAID of tomorrow, we will seek first to equip our staff to address barriers to innovation before issuing restrictive policies, checklists, or prohibitions. Our core procurement management structures and office mandates must shift to place a greater focus on regularly assessing our strategic functional goals. We must engage internally and externally with key stakeholders and promote innovation through our people and programs. As part of our new mandate to respond to organizational risks and shape the USAID of tomorrow, we will focus on empowering and equipping our employees including managers to exercise sound business judgment, solve problems, and address risks as opposed to relying on prescriptive organizational structures and policies to attempt to ensure homogenized, low-risk responses.

Equipping the A&A Workforce for the New USAID

In addition to aligning staffing and structures, we will equip our A&A workforce for the USAID of tomorrow in a number of ways.

A genuine focus on self-reliance will require an expanded role for our A&A staff as business advisers, who must learn to think above and beyond the traditional role of a CO/AO, C/AOR, or Financial-, Program-, or Technical-expert. USAID will become more consistent and effective in developing employee capacity, expanding needs-based training, coaching, and other support to build the “soft skills” — such as facilitation, negotiation, problem solving, listening, and communications — that are essential to partner engagement, including enhancing our ability to work effectively with local governments and non-traditional partners.

We will develop platforms to ensure the Agency is advancing peer-to-peer learning and best practices, such as the A&A Forum, which will serve as a knowledge management tool for the A&A workforce. The forum will ensure that the Agency is able to capture and share best practices that are developed. The forum will also serve as a connecting point between Missions

and Washington, and support our efforts to develop an institutional library of partnering and procurement practices.

We will invest heavily in training in the coming years to meet this need. The majority of procurement-related courses available to our staff are oriented towards U.S. Government-wide training needs. However, USAID’s operating model is unique in that it requires our staff to manage both acquisition and assistance awards, and we deliver nearly all of our work overseas.

Additionally, the available training does not cover newer, more-advanced topics that will become vital to learn as we transform the way we do business. We are asking our workforce to deliver results on a broad set of advanced techniques in design and procurement, and therefore must focus on developing training and leadership for the unique USAID operating environment and business model.

SHIFT

- USAID will develop strategic approaches to recruit, equip, promote, and retain our A&A workforce.

CONCLUSION

The principles and plans outlined above are designed to help ensure that USAID’s approaches to partnering will foster self-reliance and work concretely toward the day when foreign assistance is no longer necessary. We have already begun implementing many of these principles, and we can already see their impact. However, it will take time for us to equip and enable our workforce fully, and build these approaches into how we do business. Only a sustained and dedicated effort of leadership, staff, and resources will guarantee our success. Finally, we will review this strategy biennially to analyze our progress and make course corrections as needed.



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