

USAID Support Budget

Overview

USAID continues to press ahead with the management reforms aimed at strengthening program and support systems, as it faces the triple challenge of:

- ◆ The impending retirement of many of USAID's most experienced officers
- ◆ increases in the strategic importance and funding of key countries and programs, and
- ◆ rising costs of creating and maintaining a secure environment for U.S. personnel overseas.

Agency Staffing in Crisis

As a central part of diplomatic readiness, a robust workforce planning process has been created, and is being continually improved in tandem with the development of an Agency Human Capital Strategy. These efforts will strengthen the current and future cadre of officers dedicated to meeting the challenges presented by the following trends:

- Within the next five years, 40% of the total workforce will be eligible to retire. In 2002 alone, 150 Civil Service and Foreign Service staff retired;
- The trend of a 7-12% annual retirement rate is expected to continue;
- Given this trend, more than 80% of staff turnover will occur in less than a decade;
- Recently hired staff will need several years of experience and training before they are ready for broader program and management responsibilities.

These challenges are complicated by more and more complex political situations that require USAID's Civil Servants and Foreign Service Officers (FSOs) to upgrade their skills in languages, negotiations, and management at a time when the human and intellectual knowledge capital are quickly being depleted. In conjunction with the Department of State's Diplomatic Readiness Initiative, the Agency is focusing on several closely linked efforts (see Management Improvement Section) to strengthen its current and future readiness to transition into more complex arenas of development to support U.S. foreign policy. Key to this effort is putting in place reforms that will establish innovative and streamlined business models capable of responding to increasingly complex and challenging foreign policy demands.

The FY 2004 request is critical in building diplomatic readiness for future years. This request:

- ◆ Supports the programs that will advance the country's national security and foreign policy objectives, and
- ◆ Enhances accountability of programs implemented in increasingly complex settings.

This budget will promote the following objectives:

- ◆ strengthen the new missions in Afghanistan and Pakistan
- ◆ hire additional U.S. direct hire HIV/AIDS specialists
- ◆ provide increased security for USAID personnel overseas
- ◆ initiate the implementation of a Human Capital Strategy Plan developed in FY 2003 that includes recruiting and training of up to 50 new Foreign Service Officers in addition to creating new training, mentoring, and coaching opportunities for new senior and mid-level managers as they take on broader responsibilities
- ◆ build the Agency's financial management capabilities, both in Washington and the field
- ◆ provide certification training programs to retool our current and future staff
- ◆ enable foreign service national staff who work in countries without a viable social security system to participate in a global retirement fund, and
- ◆ fund increases for the International Cooperative Administrative Support Services (ICASS) system, which provide administrative support to all agencies with overseas presence.

Operating Expenses				
(\$ in thousands)				
<u>Category</u>	<u>FY 2001</u> <u>Actual</u>	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Estimate</u>	<u>FY 2004</u> <u>Request</u>
Uses:				
Overseas Operations	320,549	324,898	350,558	335,069
Washington Operations	144,532	151,870	156,128	163,255
Central Support	138,448	141,218	140,319	155,511
Total Uses	603,529	617,986	647,005	653,835
Sources:				
OE Appropriation	531,827	556,000	572,200	604,100
Other Sources	71,702	61,986	74,805	49,735
Total Sources:	603,529	617,986	647,005	653,835

The requested OE budget authority of \$604.1 million, combined with \$49.7 million from local currency trust funds and other funding sources, will provide a total of \$653.8 million to cover the Agency's projected operating expenses. This will fund:

- Salaries and Benefits
- Training

- On-going Support of current IT systems
- Security
- Other administrative costs associated with programs worldwide, including those managed by USAID and financed through International Disaster Assistance, the Economic Support Fund, the Support for East European Democracy Act, the FREEDOM Support Act, and P.L. 480 Title II Food for Peace Programs.

Direct costs of the Agency's overseas presence, including U.S. salaries and benefits, represent over 50% of the OE costs. The Agency's overseas presence is indispensable to the effective management of the Agency's programs, the delivery of U.S. foreign assistance, improved situational awareness, and increased programmatic and financial oversight. It is the core of diplomatic readiness: strengthening the U.S. Government's knowledge base and providing alternative and valuable perspectives to U.S. policymakers.

Capital Investment Fund				
(\$ in thousands)				
<u>Category</u>	<u>FY 2001</u> <u>Actual</u>	<u>FY 2002</u> <u>Actual</u>	<u>FY 2003</u> <u>Estimate</u>	<u>FY 2004</u> <u>Request</u>
Information Technology			13,000	20,000
Overseas Facility Construction			82,000	126,300
Total Obligations			95,000	146,300

The Agency is requesting \$146 million for its Capital Investment Fund (CIF) for FY 2004. This fund uses no-year authority to provide USAID with greater flexibility to manage investments in technology and facility construction. With the CIF, USAID will:

- ◆ fund Information Technology to support major systems and infrastructure improvement that have substantial impact on agency operations and results.
- ◆ develop enterprise architecture in collaboration with the Department of State, and extend its integrated core accounting system to field operations, and
- ◆ fund new office facilities co-located on embassy compounds where State will have begun construction by the end of FY 2003.

OPERATING EXPENSES

Dollars in Thousands				
	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
Operating Expenses, New Budget Authority	531,827	549,000	572,200	604,100
Supplemental		7,000		
Emergency Response Fund	2,400	15,000		
Total	534,227	571,000	572,200	604,100

Uses of Operating Expenses

The OE budget is broken down into sections dealing with:

- Overseas Operations including field mission allocations, USDH salaries and benefits, and field mission relocations.
- Washington Operations including bureau/office allocations and USDH salaries and benefits.
- Central Support including security, information technology, Washington rent, utilities and other support costs, diplomatic readiness, staff training, and other agency costs.

The table below shows the funding levels from FY 2001 through FY 2004 and USDH workforce levels, followed by a brief description of each category and explanation of the FY 2004 funding request.

<u>Category</u>	<u>FY 2001 Actual</u>	<u>FY 2002 Actual</u>	<u>FY 2003 Estimate</u>	<u>FY 2004 Request</u>
Overseas Operations				
Field Missions	240,000	238,970	249,261	239,641
USDH Salaries and Benefits	79,294	84,257	87,997	91,428
Field Mission Facility Relocations	1,255	1,671	13,300	4,000
Subtotal Overseas Operations	320,549	324,898	350,558	335,069
Washington Operations				
Washington Bureaus/Offices	16,719	15,539	13,747	12,783
USDH Salaries and Benefits	127,813	136,331	142,381	150,472
Subtotal Washington Operations	144,532	151,870	156,128	163,255
Central Support				
Security	7,716	6,748	7,090	7,090
Information Technology	73,049	72,409	64,407	63,200
Washington Rent, Utilities, Support Costs	39,107	41,837	43,537	45,000
Diplomatic Readiness				6,029
Staff Training	5,951	6,441	7,331	10,000
Other Agency Costs	12,625	14,783	17,954	24,192
Subtotal Central Support	138,448	141,218	140,319	155,511
Total Obligations	603,529	617,986	647,005	653,835
U.S. Direct Hire Workforce				
End-of-Year On-Board Levels	1,933	1,974	1,985	2,025
Estimated Full-Time Equivalent Workyears	1,918	1,953	1,980	2,005

Overseas Operations

Approximately 52% of the OE budget funds the Agency's overseas presence. This is comprised of USDH salary and benefits for foreign service officers overseas and costs of maintaining field missions. These costs are in addition to costs for mission relocations.

Field Missions

- Salaries and benefits for foreign service national (FSN) direct hire, personal service Contractors (PSCs), and U.S. PSCs. For FY 2004 mission-funded salary and benefit costs are estimated at \$94.5 million, or 39% of total funding made available to missions.
- Residential and office rents, utilities, security guard costs, and communications. The Agency will require approximately \$54.6 million in FY 2004 to fund these costs—23% of total allocations to missions. These costs are largely non-discretionary.
- International Cooperative Administrative Support Services (ICASS). ICASS is the cost of administrative support provided to missions by other U.S. Government agencies (generally the Department of State). This support will cost an estimated \$23.7 million in FY 2004. The Agency's Working Capital Fund (WCF), which finances the costs associated with USAID's provision of services, is described later in this section.
- Operational and training travel. This category includes essential travel to visit development sites, work with host country officials, and participate in training, as well as other travel of an operational nature, including travel to respond to disasters. This request is for \$13 million in FY 2004.
- Supplies, materials, and equipment. This category includes the cost of replacing office and residential equipment, official vehicles, IT hardware and software, and general office and residential supplies and materials, as well as some security-related equipment. FY 2004 costs are at \$18.4 million.
- Mandatory travel and transportation. This category includes travel and transportation expenses for post assignment, home leave, and Rest & Recovery. It also covers shipment of furniture and equipment. FY 2004 costs are estimated at \$15 million.
- Contractual support. Mission requirements for voucher examiners, data entry assistance, and other administrative support provided through contracts will cost approximately \$4 million in FY 2004.
- Operation and maintenance of facilities and equipment. In FY 2004, \$8.4 million is required to fund the cost of operating and maintaining facilities and equipment at

overseas missions.

USDH Salaries and Benefits - Overseas

- USDH Salaries and Benefits includes salaries and the Agency share of benefits, such as retirement, thrift savings plan, social security, and health and life insurance for approximately 700 Foreign Service Officers serving overseas. The retirement costs include the January 2003 inception of the virtual locality pay program. Under this initiative, the formula used to calculate FSOs' pension benefits now adjusts the pay base to reflect locality pay received by Washington staff. Overseas salaries also include various post differentials including "difficult to staff incentives" for FSOs willing to extend tours at posts where harsh living conditions deter personnel from seeking assignments.

Field Mission Facility Relocations

- In addition to recurring support requirements, OE funds are required for moving into interim office facilities and/or the purchase or construction of interim office buildings. These funds will be used for office relocation at priority security threat posts where the USAID mission is not collocated with the Embassy. These funds are separate from the proposed CIF account, which will be used exclusively for new office building (NOB) construction on Embassy compounds.

Washington Operations

Includes USDH salaries and benefits for staff in Washington plus travel, administrative supplies, and contract support for Washington offices and bureaus.

Washington Bureaus/Offices

- Operational and training travel. This category includes essential travel to visit missions, development sites, work with host country officials, and participate in training, as well as other travel of an operational nature, including travel to respond to disasters. This request is for \$5.5 million in FY 2004.
- Manpower contracts and advisory services to support essential functions of the agency include: preparation of the Agency's Financial Statements, voucher payment processing, and financial analysis. This request is for \$6 million in FY 2004.

USDH Salaries and Benefits - Washington

- USDH Salaries and Benefits includes salaries and the Agency share of benefits, such as retirement, thrift savings plan, social security, and health and life insurance

for approximately 1,300 general service and foreign service employees.

Security

	FY 2001	FY 2002	FY 2003	FY 2004
	<u>Actual</u>	<u>Actual</u>	<u>Estimate</u>	<u>Request</u>
	(\$ thousands)			
Physical Security	6,371	5,174	5,615	5,829
Personnel Security	1,190	1,034	1,450	1,236
Information Security	<u>155</u>	<u>540</u>	<u>25</u>	<u>25</u>
Total SEC Budget	7,716	6,748	7,090	7,090

The USAID security (SEC) budget for FY 2004 represents a continuing effort to protect USAID employees and facilities against global terrorism, and national security information against espionage. This budget focuses on improving the security of existing USAID field missions where collocation with the U.S. Embassies cannot be accommodated. This will be accomplished by enhancing physical security measures, improving emergency communications systems, providing armored vehicles, and conducting security awareness training to protect classified information. The USAID security effort in Washington will focus on public access controls in the Ronald Reagan Building and the protection of national security information.

Physical security includes all costs associated with (1) overseas security enhancement projects, including design, procurement, shipment and physical installation of certified systems, materials and barriers to deter intruders to USAID facilities; (2) upgrading Emergency & Evacuation (E & E) voice radio systems; (3) the procurement of armored vehicles, and (4) security costs associated with USAID Headquarters in Washington, DC.

- USAID anticipates completing eight physical security enhancement projects at overseas posts where USAID field missions cannot collocate with U.S. Embassies because of insufficient space and there are no current plans to construct new Embassies.
- To insure that USAID employees have a dependable means of accessing U.S. Embassy E & E voice radio networks, communications systems upgrade projects are planned for 23 USAID missions. Those systems will include residential and vehicle radios, base stations, and repeaters that will provide employees with 24-hour communications while at work, at home, and during transit. The costs include procurement, testing, calibration, equipment repair, shipment, and installation.
- The Agency plans to provide three Fully Armored Vehicles (FAVs) and lightly armor nine USAID vehicles at posts where the threat of terrorism, war, or civil disturbance is

considered critical or high. Two defensive-driving training courses will be conducted for USAID armored vehicle drivers to enhance their driving skills and ability to respond properly to emergency conditions.

- For USAID/Washington, this category includes guard costs in the USAID portion of the Ronald Reagan Building to protect personnel, safeguard facilities, and protect sensitive and national security information. Costs for maintenance and repair of security equipment such as electronic card access systems, locking devices, and closed-circuit television surveillance systems are included.

Personnel Security includes all costs associated with the conduct of background investigations and periodic update investigations in accordance with the provisions of Executive Order (EO) 10450, "Security Requirements for Government Employment," and EO 12968, "Access to Classified Information". All USAID personnel occupying U.S. direct-hire positions (Foreign Service, General Schedule, and Administratively Determined) must be investigated and granted a Top Secret or Secret security clearance before being hired. Pre-employment investigations and security clearances or employment authorizations are also required for USAID contractors who will work in USAID office space.

Information security includes costs associated with the protection of national security and sensitive information, one of the Agency's highest priorities. Executive Order (EO) 12958, EO 12968, and Information Security Oversight Office (ISOO) Directive 1 require USAID to establish and maintain a security awareness program to ensure that classified national security information is properly prepared, transported, safeguarded and eventually destroyed. This category includes costs to maintain an Agency-wide interactive computerized training course to satisfy annual training requirements established by E.O. 12968.

Information Technology

	FY 2001 <u>Actual</u>	FY 2002 <u>Actual</u>	FY 2003 <u>Estimate</u>	FY 2004 <u>Request</u>
IT Systems	13,166	17,258	16,607	16,103
IT Infrastructure	38,259	44,273	39,704	39,552
IT Architecture, Planning & IRM Program Management	<u>7,490</u>	<u>5,606</u>	<u>8,096</u>	<u>7,545</u>
Subtotal	58,915	67,137	64,407	63,200
Systems Development	14,134	5,272	N/A	N/A
Total IT Budget	73,049	72,409	64,407	63,200

The FY 2004 USAID Information Technology (IT) Budget provides funding for the ongoing support of IT systems, infrastructure and architecture which plays a critical role in helping the USAID staff fulfill the agency's mission. Prior to FY 2003 the Agency's IT

Support Budget contained funds used for both ongoing operations and for initiatives. Starting with the submission of the FY 2003 budget these two funding sources were separated. The IT Support Budget now contains funding only for ongoing operations while the Capital Investment Fund contains money for new initiatives. The Systems Development category represents combined operational and new initiatives project funding prior to FY 2003.

IT Systems Operations

The IT Systems component of the operations budget is targeted at \$16.6 million in FY 2003 and \$16.1 million in FY 2004. These funds provide funding for managing, operating, and maintaining the organization's suite of enterprise-wide, legacy and database systems. The budget also provides funding for designing, developing, programming, and implementing small automated information management systems. This budget includes contract support for ongoing software maintenance, error correction, and licensing. In total, approximately 33 systems are maintained in the categories of financial, mixed financial, procurement, human resources, inventory and other systems.

Major components of the IT Systems Operations portfolio are Phoenix, the Agency's commercial off-the-shelf (COTS) core accounting application; and the Acquisition & Assistance subsystem of the legacy New Management System (NMS).

IT Infrastructure Operations

The IT Infrastructure component of the operations budget is targeted at \$39.7 million in FY 2003 and \$39.6 million in FY 2004. It consists of a wide range of technologies that support the agency's worldwide telecommunications operations and centralized network and server platforms at USAID's Washington, DC headquarters (USAID/W). The hardware and software technologies include, server platforms, desktop platforms, switches, routers, voice systems, telegram distribution, network monitoring, operational computer security, telecommunications functions, and the customer help desk. In addition to support for USAID/W, the budget also covers the costs of providing standards and technical support to missions and manages all mission telecommunications functionality, mission firewalls and mission servers. It provides for day-to-day management in planning, capacity analysis, and implementation of centrally funded upgrades.

Given the vulnerability of international operations, funding will be used to review and improve IT systems and organizational security procedures, to ensure that adequate IT security is in place, to provide tools, to define IT security policies, and implement IT security roles and responsibilities. Additionally, work will continue in risk management, security management, incidence response and policy enforcement, enhanced capabilities for system certification and accreditation, compliance monitoring, risk analysis and assessments, security monitoring, validating and verifying Agency Disaster Recovery and COOP plans.

Several other major components of the IT Infrastructure Operations portfolio include Internet Services, Tech Hub, Information System Security Program and Knowledge Management.

IT Architecture, Planning, & IRM Program Management

The IT Architecture, Planning and IRM Program Management component operations budget is targeted at \$8.1 million in FY 2003 and \$7.5 million in FY 2004. It includes the costs associated with maintaining the Enterprise Architecture, contract management, process improvement, acquisition support and information resource program management. IT Architecture, Planning and IRM Program Management contains the ongoing cost to maintain the baseline architecture and to improve Agency-wide access to the Enterprise Architecture.

A portion of this budget component is also used to address the costs for IRM acquisition management, including the costs for the management and oversight of the major technology labor contracts.

Washington Rent, Utilities, and Support Costs

In FY 2004, payments for office rent, utilities, and guard services for public areas in the Ronald Reagan Building and warehouse space in the metropolitan area will cost about \$35 million, 78% of this budget category. The General Services Administration charges for building specific security for the Ronald Reagan Building increased 300 percent from FY 2002 to FY 2003 and another 150% in FY 2004. This is an average increase of approximately \$3 million per year. These increases are related to increases security measures after the 9/11 attacks. The remainder of this account is also relatively fixed, required for building and equipment maintenance and operations costs, postal fees, bulk supplies, transit subsidies, and other general support costs for headquarters personnel.

Diplomatic Readiness

USAID's \$6 million request is part of a multi-year "readiness" initiative that supports the diplomatic readiness effort initiated in FY 2003 by the Department of State. This effort would culminate in establishing a new ceiling for USDH staff. The 1,000 strong Foreign Service would be increased by 15 percent, the percentage used by the Department of State in establishing a training and assignment float. The civil service cadre would be increased by 50 positions to also establish a training float for entry level programs.

The Diplomatic Readiness Initiative will respond to the growing need of preparedness in the foreign assistance and humanitarian relief arena. Because of constantly shifting priorities overseas, USAID's plan to create a Human Capital Strategy and Plan will include several important initiatives to position the Agency for quick response capability

as the political situation overseas becomes more and more complex. Diplomatic Readiness includes the recruitment and hiring of qualified staff to replace retiring officers and to expand staff to develop a surge capacity necessary to meet urgent foreign policy demands. More critically, it is about maintaining quality and flexibility of human resources and ensuring that staff maximizes the professional skills needed to grow with the requirements of the job. USAID is following the lead of OPM's guidance for the management of human capital by establishing ways to get the "right people in the right jobs with the right skills at the right time" to carry out our mission. USAID's Diplomatic Readiness Initiative will assist us in carrying out this mandate.

Diplomatic Readiness will provide USAID with the overall capacity to:

- fill critical vacancies overseas
- maintain the world class humanitarian and development assistance programs that tackle the causes of terrorism – poverty and loss of hope
- ensure staff are highly trained in languages, development technologies, project management and other supporting skills
- respond to unforeseen foreign crisis situations that can emerge quickly
- design new business models of managing development as needs dictate and the flexibility to change business models when necessary
- lead development by collaborating with other US and international organizations to effectively implement programs to further U.S. foreign policy interests, and
- rationalize overall staffing to achieve the best results overseas.

USAID will plan and establish the details of its Diplomatic Readiness Initiative in FY 2003. The important elements of this initiative include:

- an overall long-term recruiting and hiring plan as part of the Human Capital Strategy
- a plan to design and institutionalize a training and certification program to transfer existing development knowledge and expertise
- identifying the new skills necessary for incoming and current staff members to meet complex foreign assistance challenges that contribute to overall foreign policy and developing relevant training programs that reflect these skills needs, and
- new models of doing business that include deploying staff overseas in ways that account for the increased security threat both to our American and foreign national staffs, increase our ability to respond quickly to emerging conflicts, are the most cost effective, and that support and focus on results critical to our foreign interests.

USAID's work on the President's Management Agenda (PMA) items (Human Capital, Financial Performance, E-Government, Budget and Performance Integration, and Competitive Sourcing) is being aligned to the concept of diplomatic readiness. The PMA emphasizes the interdependency of these core management models in strengthening the Agency's impact as a world-class development agency with the capacity to respond quickly and effectively to U.S. foreign policy interests.

Specifically, the \$6 million budgeted for Diplomatic Readiness will position USAID in FY 2004 to:

- establish a “surge” capacity to respond to new policy priorities and programs
- reverse the staffing crisis by expanding and strengthening recruitment/hiring
- properly train and develop new and current staff to be well-prepared for increasingly demanding overseas positions
- create a “float” to enable deployment of officers to cover critical work during vacancy periods that often occur for a period of up to six months when officers leave post and before their replacements arrive
- mandate greater adherence to language training and reverse the trend of sending officers to post without sufficient language skills due to the current necessity of quickly filling critical positions
- allocate training positions in overseas missions to ensure that new officers are mentored appropriately before taking on leadership of offices and programs, and
- hire between 30 and 50 new officers over and above the number lost through attrition.

Staff Training

Category	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
Executive and Senior Leadership	1,300	1,300	1,000	1,500
Acquisition/Assistance Management	745	1,058	1,091	1,500
Supervision	113	216	297	450
Managing for Results	414	120	393	900
New Entry Professional (including travel)	718	614	775	875
Core Professional Skills (Lang/Computer/Other)	1,761	1,658	1,705	2,000
Agency Reforms and Program Pillars Training	350	450	450	800
Distance Learning (New Start)		400	400	400
Training Support Services	290	325	745	1,000
Training- Related Travel	260	300	475	575
Total	5,951	6,441	7,331	10,000

The FY 2004 request level of \$10 million represents a 36% increase from the FY 2003 level of \$7.3 million.

The continued investment in training is a central part of the FY 2003 formulation of the Agency Human Capital Strategy. In this strategy, “a more flexible workforce” is an important goal and becomes closely aligned to the diplomatic readiness concept of foreign affairs operations that has been initiated by the Department of State. USAID will complete an overseas workforce assessment in FY 2003 that will form the basis for more robust workforce planning, corporate hiring strategies and training programs. Training will focus on:

- identifying skills needed for a world class, 21st Century development agency
- analyzing gaps between the skills needed and those available within the Agency
- implementing the most cost-effective models of training to close the skills gaps, including the use of blended approaches that combine classroom and distance learning; and
- improving training in languages, technologies, project management, procurement, and finance.

These activities will ensure that the Agency builds a more flexible workforce and enhances its capacity to respond to the ever increasing demands placed on USAID development experts. The training strategy is to rebuild and retool the core of the Agency workforce and ensure that newly hired employees receive the training needed to do their jobs effectively. Specifically, in FY 2004, USAID will:

- train up to 100 new officers
- develop certification programs for senior leaders, program managers, technical officers and support staff (Finance Officers and Contracting Officers)
- design a new training program in response to the Administrator's FY 2003 announcement that all supervisors must be trained, and
- continue training in languages, security and retirement planning.

Approximately 60% of new funds will be used for new initiatives to support the Human Capital Strategy and its goals and approximately 40% of the FY 2004 budget request is for fixed recurring requirements such as language and security training.

Other Agency Costs

This budget request covers primarily mandatory costs, the largest being payments to the Department of State (DOS) for administrative support and Dispatch Agent fees, and to the Department of Labor for employee medical and compensation claims relating to job-related injury or death. This category also includes travel and related costs for retiring FSOs, costs associated with the Foreign Service panels, and funding for medical, property, and tort claims.

DOS administrative support costs will increase by approximately \$2 million from FY 2003 to FY 2004 due to additional funds being invested in upgrading the Interagency Cooperative Administrative Support System (ICASS) infrastructure. Agencies' contributions increase in the same proportion as DOS contributions.

Also subsumed within this category are legislative and public affairs support including the costs of publications such as Front Lines, support for Operation Days Work, and Lessons Without Borders.

In addition, this includes costs to allow Foreign Service Nationals (FSN) who work in

countries without a viable social security system to participate in a global retirement fund. This is estimated at \$2.3 million in FY 2004. Finally, potential extraordinary audit costs to cover Inspector General (IG) expenses are included for \$1.7 million.

Sources of Funding for Operating Expenses

USAID's operating expenses are financed from several sources, including new budget authority, local currency trust funds, reimbursements for services provided to others, recoveries of prior year obligations, and unobligated balances carried forward from prior year availabilities. Details are provided in the table below.

Local currency trust funds will decline slightly due to the loss of funds from Tanzania. Anticipated funds available in FY 2004 are estimated at \$26.7 million compared with \$27.6 million in FY 2003. Recoveries continue to remain relatively flat at historical rates of \$10 million to \$15 million. Estimated recoveries during FY 2003 available for use in FY 2004 are anticipated at \$12.0 million compared to \$16 million in FY 2002 and \$10.7 million in FY 2001. The unobligated balance at the start of the FY 2003 was higher than expected due to a late supplemental for Afghanistan at the end of FY 2002 of \$7 million, which was carried over. Also more funds were carried over than predicted for interim office building relocations - \$7.3 million.

Funding Sources for Operating Expenses (\$000)

<u>Category</u>	FY 2001 <u>Actual</u>	FY 2002 <u>Actual</u>	FY 2003 <u>Estimate</u>	FY 2004 <u>Request</u>
Appropriated Operating Expenses	533,000	556,000	572,200	604,100
Rescission	- 1,173			
Availability - New Budget Authority OE	531,827	556,000	572,200	604,100
Appropriation Transfers	- 134			
Unobligated Balance	- 319			
Obligations – New Budget Authority OE	531,374	556,000	572,200	604,100
DA funds used for Envir. Travel/Non Presence	155	746	320	320
DA Funds – Program Transfer		10,300		
CSD funds used for Child Survival Travel	59	79	125	125
IDA funds used for southern Africa	2,911	1,646		
ESF funds used for East Timor		425	1,000	498
ESF funds used for Pakistan		1,027	1,472	
Andean Counter Drug Initiative		4,500	4,500	4,500
Local Currency Trust Funds (Recurring)	24,340	25,675	27,557	26,692
Reimbursements	6,052	7,114	5,600	5,600
Unobligated Balance – Start of Year	56,520	28,576	34,231	12,000
Recovery of Prior Year Obligations	10,694	16,129	12,000	11,000
Ending Balance – Current Year Recoveries	- 10,694	- 16,129	-12,000	-11,000
Ending Balance – Other Funds	- 17,882	- 18,102		
Obligations - Other Funding Sources	72,155	61,986	74,805	49,735
Total Obligations	603,529	617,986	647,005	653,835
Emergency Response Fund¹	2,400	15,000		

¹ Includes 2,400 in transfers carried forward from 2001 to 2002 and 15,000 transferred in 2002.

**TABLE 1
USAID Operating Expenses**

(in thousands of dollars)

	FY 2001 Actuals				FY 2002 Actuals				FY 2003 Estimate				FY 2004 Request			
	Direct Obligations		USDH	Total	Direct Obligations		USDH	Total	Direct Obligations		USDH	Total	Direct Obligations		USDH	Total
	OE	TF	Sal & Ben		OE	TF	Sal & Ben		OE	TF	Sal & Ben		OE	TF	Sal & Ben	
Office of the Administrator	120		1,637	1,757	306		2,784	3,090	218		3,037	3,255	218		3,209	3,427
Equal Opportunity Programs	86		633	719	138		708	846	143		764	907	133		807	940
Small & Disadvantaged Business	101		491	592	119		750	869	123		885	1,008	113		936	1,049
Office of Security	7,716		2,618	10,334	6,748		2,755	9,503	7,090		2,926	10,016	7,090		3,092	10,182
General Counsel	204		4,854	5,058	322		5,401	5,723	278		5,482	5,760	258		5,794	6,052
Legislative & Public Affairs	203		2,760	2,963	312		3,613	3,925	204		4,265	4,469	189		4,507	4,696
Program and Policy Coordination (PPC)	693		5,644	6,337	735		8,966	9,701	442		8,465	8,907	417		8,947	9,364
GDA-Secretariat	0			0	50		555	605	50		524	574	50		554	604
Management	5,109		38,200	43,309	7,036		37,198	44,234	5,898		37,692	43,590	5,585		39,830	45,415
Africa (AFR)	739		8,031	8,770	573		8,407	8,980	488		9,143	9,631	488		9,663	10,151
Asia and Near East (ANE)	183		5,644	5,827	497		6,149	6,646	349		7,310	7,659	349		7,726	8,075
Europe and Eurasia (E&E)	5,227		10,675	15,902	946		9,567	10,513	1,500		8,111	9,611	1,132		8,572	9,704
Latin America and Caribbean (LAC)	342		7,363	7,705	673		7,307	7,980	340		6,899	7,239	340		7,291	7,631
Humanitarian Relief (BHR)	2,019		8,638	10,657												
Global	1,693		21,814	23,507												
Democracy, Conflict and Humanitarian Assistance (DCHA)					2,360		11,313	13,673	2,367		13,205	15,572	2,164		13,956	16,120
Economic Growth, Agriculture & Trade					947		11,378	12,325	832		15,329	16,161	832		16,201	17,033
Global Health					525		7,303	7,828	515		8,694	9,209	515		9,188	9,703
Complement			8,811	8,811			12,177	12,177			9,650	9,650			10,199	10,199
Subtotal Washington	24,435		127,813	152,248	22,287		136,331	158,618	20,837		142,381	163,218	19,873		150,472	170,345
AFR overseas	74,997	3,381	25,261	103,639	74,158	4,261	26,251	104,670	73,317	3,732	27,504	104,553	74,113	2,606	28,428	105,147
ANE overseas	37,018	18,459	21,394	76,871	38,772	19,162	22,385	80,319	48,695	21,215	24,053	93,963	44,415	21,660	24,901	90,976
E & E overseas	56,343		13,962	70,305	52,193		16,590	68,783	52,625		16,948	69,573	49,000		17,723	66,723
LAC overseas	45,944	2,500	18,143	66,587	46,886	2,250	18,283	67,419	45,619	2,610	18,504	66,733	44,001	2,426	19,345	65,772
PPC overseas	950		418	1,368	927		363	1,290	1,021		368	1,389	991		384	1,375
BHR Overseas	409		116	525												
DCHA overseas					358		119	477	427		113	540	427		117	544
Complement - Overseas							266	266			507	507			530	530
Subtotal Overseas	215,661	24,340	79,294	319,295	213,294	25,673	84,257	323,224	221,704	27,557	87,997	337,258	212,947	26,692	91,428	331,067
Facility Relocations - Overseas	1,255			1,255	1,671			1,671	13,300			13,300	4,000			4,000
Information Technology support	73,049			73,049	72,409			72,409	64,400			64,400	63,200			63,200
Rent and other General Support	39,107			39,107	41,837			41,837	43,537			43,537	45,000			45,000
Staff Training	5,951			5,951	6,441			6,441	7,331			7,331	10,000			10,000
Diplomatic Readiness													6,029			6,029
FSN Retirement Fund													2,300			2,300
Extraordinary Audit Costs													1,700			1,700
ICASS	4,473			4,473	4,531			4,531	8,347			8,347	10,100			10,100
Employee Compensation Claims	3,393			3,393	3,662			3,662	3,893			3,893	4,284			4,284
Personnel Support	2,383			2,383	2,685			2,685	2,235			2,235	2,235			2,235
Legislative & Public Affairs Support	876			876	1,265			1,265	1,322			1,322	1,322			1,322
U.S. Dispatch Agen Fees	675			675	700			700	700			700	735			735
Medical-Property-Tort Claims	514			514	541			541	545			545	572			572
Program funded Travel				0				0	445			445	445			445
All other Centrally Funded	311			311	402			402	474			474	501			501
Subtotal Central Funded	130,732			130,732	134,473			134,473	133,229			133,229	148,423			148,423
GRAND TOTAL	372,083	24,340	207,107	603,530	371,725	25,673	220,588	617,986	389,070	27,557	230,378	647,005	385,243	26,692	241,900	653,835

Overseas Operating Expenses

(in thousands of dollars)

	FY 2001 Actuals				FY 2002 Actuals				FY 2003 Estimate				FY 2004 Request			
	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total
	OE	TF			OE	TF			OE	TF			OE	TF		
Africa																
Angola	2,557		250	2,807	2,097		388	2,485	2,000		367	2,367	2,100		383	2,483
Benin	2,350		557	2,907	2,208		509	2,717	2,225		482	2,707	2,225		503	2,728
Democratic Republic of the Congo	1,800		391	2,191	2,872		310	3,182	2,846		489	3,335	3,159		510	3,669
Eritrea	1,328		511	1,839	1,423		602	2,025	1,432		570	2,002	1,417		595	2,012
Ethiopia	3,285	1	1,620	4,906	3,191		1,283	4,474	3,075		1,457	4,532	3,042		1,521	4,563
Ghana	2,925	211	1,773	4,909	3,010	274	1,630	4,914	2,624	190	1,543	4,357	2,589		1,610	4,199
Guinea	2,978		741	3,719	3,010		863	3,873	2,803		933	3,736	2,888		974	3,862
Kenya	4,242		934	5,176	3,873		899	4,772	4,254		1,022	5,276	4,208		1,066	5,274
Liberia	713		275	988	659		196	855	673		186	859	606		194	800
Madagascar	2,624		1,093	3,717	2,570		856	3,426	2,570		1,620	4,190	2,441		1,690	4,131
Malawi	1,793	378	916	3,087	1,793	582	875	3,250	1,850	550	725	3,125	1,813	600	756	3,169
Mali	4,964		1,765	6,729	4,744		1,308	6,052	3,767		1,126	4,893	3,726		1,175	4,901
Mozambique	6,664	581	1,631	8,876	5,355	911	1,655	7,921	5,556	982	1,828	8,366	5,393	1,006	1,635	8,034
Namibia	1,122		336	1,458	1,045		424	1,469	960		401	1,361	950		419	1,369
Nigeria	4,381		1,113	5,494	3,942		1,282	5,224	4,212		1,307	5,519	4,167		1,364	5,531
REDSO-ESA	5,344		2,327	7,671	5,722		2,260	7,982	5,673		2,377	8,050	5,612		2,480	8,092
Regional Center for Southern Africa	3,143		327	3,470	3,063		1,894	4,957	2,679		2,069	4,748	2,650		2,159	4,809
Rwanda	2,801		662	3,463	2,572		726	3,298	2,545		859	3,404	2,518		896	3,414
Senegal	4,581		1,662	6,243	4,828		1,596	6,424	4,497		1,627	6,124	4,568		1,698	6,266
Sierra Leone				0				0	200			200	146			146
South Africa	4,764		1,947	6,711	5,243		2,050	7,293	4,758		1,844	6,602	4,707		1,924	6,631
Sudan	364			364	328			328	307			307	303			303
Tanzania	3,108	685	1,007	4,800	2,793	802	1,205	4,800	3,236	920	1,304	5,460	4,170		1,361	5,531
Uganda	3,719	809	1,469	5,997	3,681	805	1,329	5,815	3,500	890	1,258	5,648	3,444	1,000	1,313	5,757
West African Regional Program (WARP)			136	136	350		357	707	819		450	1,269	862		470	1,332
Zambia	2,282	114	979	3,375	2,258	802	951	4,011	2,465	200	900	3,565	2,636		939	3,575
Zimbabwe	958	602	771	2,331	1,528	85	803	2,416	1,791		760	2,551	1,773		793	2,566
RHUDO	207		68	275				0				0				0
Total Africa Overseas	74,997	3,381	25,261	103,639	74,158	4,261	26,251	104,670	73,317	3,732	27,504	104,553	74,113	2,606	28,428	105,147

Overseas Operating Expenses

(in thousands of dollars)

	FY 2001 Actuals				FY 2002 Actuals				FY 2003 Estimate				FY 2004 Request			
	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total
	OE	TF			OE	TF			OE	TF			OE	TF		
Asia & Near East																
Afghanistan				0	336		115	451	7,944		362	8,306	5,778		453	6,231
Bangladesh	3,813	235	2,023	6,071	3,921	233	2,148	6,302	3,777	233	2,034	6,044	3,896	233	1,997	6,126
Cambodia	2,930		1,023	3,953	3,844		685	4,529	2,922		906	3,828	3,008		948	3,956
East Timor	400			400				0	1,000			1,000	498			498
Egypt	2,139	16,468	6,941	25,548	2,068	16,463	6,831	25,362	2,047	17,654	6,463	26,164	1,995	17,370	6,472	25,837
India	4,284		1,428	5,712	4,379		1,595	5,974	4,390		1,611	6,001	4,620		1,786	6,406
Indonesia	4,503	226	2,233	6,962	5,224	539	2,787	8,550	4,818	650	2,890	8,358	4,417	650	2,884	7,951
Jordan	2,192	710	1,364	4,266	2,365	967	1,303	4,635	2,638	1,000	1,782	5,420	2,284	1,060	1,859	5,203
Lebanon	1,111		214	1,325	829		197	1,026	715		187	902	730		195	925
Mongolia	391		175	566	322		189	511	353		179	532	306		187	493
Morocco	2,696		835	3,531	2,658		990	3,648	3,263		703	3,966	1,327		367	1,694
Nepal	2,502		1,006	3,508	2,545		1,015	3,560	2,547		961	3,508	2,501		1,003	3,504
Pakistan				0	813		70	883	1,471	678	862	3,011	1,256	1,000	1,029	3,285
Philippines	2,699	820	1,565	5,084	2,524	960	1,852	5,336	2,370	1,000	1,753	5,123	2,220	1,347	1,829	5,396
Sri Lanka	1,000		244	1,244	1,001		231	1,232	735		247	982	751		258	1,009
Thailand				0				0	1,450		739	2,189	2,595		1,157	3,752
West Bank and Gaza	5,791		2,145	7,936	5,943		2,377	8,320	5,601		2,250	7,851	5,716		2,348	8,064
Yemen				0				0	654		124	778	517		129	646
RHUDO	567		198	765				0				0				0
Total Asia and Near East Overseas	37,018	18,459	21,394	76,871	38,772	19,162	22,385	80,319	48,695	21,215	24,053	93,963	44,415	21,660	24,901	90,976

Overseas Operating Expenses

(in thousands of dollars)

	FY 2001 Actuals				FY 2002 Actuals				FY 2003 Estimate				FY 2004 Request			
	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total
	OE	TF			OE	TF			OE	TF			OE	TF		
Europe & Eurasia																
Albania	983		493	1,476	1,138		544	1,682	1,700		547	2,247	1,800		570	2,370
Armenia	2,375		790	3,165	2,505		745	3,250	3,000		940	3,940	2,800		981	3,781
Azerbaijan	559			559	657		303	960	1,000		287	1,287	776		299	1,075
Bosnia and Herzegovina	5,386		1,223	6,609	3,186		1,194	4,380	3,200		1,353	4,553	2,800		1,412	4,212
Bulgaria	1,400		417	1,817	1,269		410	1,679	1,350		388	1,738	1,300		405	1,705
Croatia	1,710		449	2,159	1,630		510	2,140	1,600		483	2,083	1,500		504	2,004
Georgia	4,622		1,750	6,372	4,416		1,817	6,233	3,750		1,720	5,470	3,824		1,795	5,619
Hungary	4,853		199	5,052	5,244		1,119	6,363	5,450		954	6,404	5,000		995	5,995
Kazakhstan	7,507		2,143	9,650	8,975		2,492	11,467	8,200		2,732	10,932	8,100		2,721	10,821
Kosovo	8,648		1,343	9,991	3,840		851	4,691	4,400		806	5,206	3,900		1,009	4,909
Macedonia	1,197		438	1,635	1,612		524	2,136	2,000		744	2,744	1,800		776	2,576
Moldova	538			538			137	137	422		130	552	404		135	539
Montenegro				0	2,917			2,917	1,000			1,000	600			600
Romania	2,314		584	2,898	1,661		674	2,335	1,750		638	2,388	1,600		665	2,265
Russia	5,584		1,895	7,479	5,332		1,889	7,221	5,500		2,026	7,526	4,900		2,115	7,015
Serbia	3,150			3,150	1,981		1,192	3,173	3,025		1,128	4,153	3,000		1,178	4,178
Ukraine	5,517		2,238	7,755	5,830		2,189	8,019	5,278		2,072	7,350	4,896		2,163	7,059
Total Europe and Eurasia Overseas	56,343		13,962	70,305	52,193		16,590	68,783	52,625		16,948	69,573	49,000		17,723	66,723

Overseas Operating Expenses

(in thousands of dollars)

	FY 2001 Actuals				FY 2002 Actuals				FY 2003 Estimate				FY 2004 Request			
	Mission Obligations		USDH	Total	Mission Obligations		USDH	Total	Mission Obligations		USDH	Total	Mission Obligations		USDH	Total
	OE	TF	Sal & Ben		OE	TF	Sal & Ben		OE	TF	Sal & Ben		OE	TF	Sal & Ben	
Latin America and Caribbean																
Bolivia	4,637		2,123	6,760	4,675		2,210	6,885	4,800		2,223	7,023	4,413		2,457	6,870
Brazil	695		267	962	943		316	1,259	965		396	1,361	985		413	1,398
Caribbean Regional Program				0				0			262	262			274	274
Central America Regional Program				0	165		101	266			787	787			958	958
Colombia	4,000	100	820	4,920	3,533	70	1,153	4,756	4,137	100	1,213	5,450	4,400	100	1,392	5,892
Dominican Republic	2,329	400	1,068	3,797	2,876	401	1,132	4,409	2,650	450	1,474	4,574	2,639	450	1,538	4,627
Ecuador	1,415		536	1,951	1,529		737	2,266	1,750		558	2,308	1,690		728	2,418
El Salvador	4,298	400	1,783	6,481	4,241	564	1,801	6,606	4,160	575	2,098	6,833	3,830	565	2,189	6,584
Guatemala	4,189	400	1,953	6,542	4,349	198	2,023	6,570	4,625	30	1,277	5,932	4,238	11	666	4,915
Guyana	365		146	511	499		174	673	410		130	540	375		135	510
Haiti	5,249		1,734	6,983	4,915		1,306	6,221	4,619		1,374	5,993	4,396		1,577	5,973
Honduras	2,587	1,200	1,748	5,535	2,719	979	1,464	5,162	2,600	1,200	1,386	5,186	2,479	1,200	1,325	5,004
Jamaica	3,578		967	4,545	3,779	38	813	4,630	3,438	255	898	4,591	3,401	100	1,071	4,572
Mexico	691		274	965	985		304	1,289	1,127		486	1,613	1,058		507	1,565
Nicaragua	3,535		1,671	5,206	3,385		1,589	4,974	3,051		1,157	4,208	3,101		1,208	4,309
Panama	1,150		282	1,432	952		281	1,233	775		266	1,041	764		278	1,042
Paraguay	920		295	1,215	895		301	1,196	912		265	1,177	856		277	1,133
Peru	5,949		2,405	8,354	6,445		2,578	9,023	5,600		2,254	7,854	5,376		2,352	7,728
RHUDO	357		71	428												
Total Latin America and Caribbean Overseas	45,944	2,500	18,143	66,587	46,886	2,250	18,283	67,419	45,619	2,610	18,504	66,733	44,001	2,426	19,345	65,772

Overseas Operating Expenses

(in thousands of dollars)

Program and Policy Coordination	FY 2001 Actuals				FY 2002 Actuals				FY 2003 Estimate				FY 2004 Request			
	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total	Mission Obligations		USDH Sal & Ben	Total
	OE	TF			OE	TF			OE	TF			OE	TF		
Belguim	175		133	308	124		95	219	179		114	293	179		119	298
France	282		144	426	282		153	435	272		145	417	252		151	403
Japan	343		141	484	362		115	477	392		109	501	382		114	496
Switzerland	150			150	159			159	178			178	178			178
Total Program and Policy Coordination Overseas	950	0	418	1,368	927	0	363	1,290	1,021	0	368	1,389	991	0	384	1,375
Humanitarian Response																
Italy	409		116	525												
Democracy, Conflict and Humanitarian Assistance																
Italy					358		119	477	427		113	540	427		117	544

**TABLE 2
USAID Workforce**

Organization	September 30, 2001 Actual						September 30, 2002 Actual						September 30, 2003 Estimate						September 30, 2004 Request					
	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total
	USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE		
Washington Workforce																								
Office of the Administrator	25			25		25	25			25		25	28			28		28	28			28		28
Equal Opportunity Programs	6			6		6	7			7		7	8			8		8	8			8		8
Small & Disadvantaged Business	7			7		7	8			8		8	10			10		10	10			10		10
Office of Security	29			29		29	32			32		32	36			36		36	36			36		36
General Counsel	42			42		42	40			40		40	43			43		43	43			43		43
Legislative & Public Affairs	34			34		34	40			40		40	50			50		50	50			50		50
Program and Policy Coordination (PPC)	51			51	10	61	83			83	10	93	83			83	11	94	83			83	11	94
Global Development Alliance				0		0	6			6		6	6			6		6	6			6		6
Management	418			418		418	397			397		397	426			426		426	426			426		426
Africa (AFR)	81			81	34	115	79			79	56	135	91			91	30	121	91			91	30	121
Asia & Near East (ANE)	55			55	12	67	54			54	9	63	68			68	2	70	68			68	2	70
Europe & Eurasia (ENE)	101			101	74	175	98			98	48	146	88			88	33	121	88			88	33	121
Latin America & the Caribbean (LAC)	65	4		69	14	83	66			66	12	78	66			66	14	80	66			66	14	80
Humanitarian Relief (BHR)	83			83	107	190																		
Global Democracy, Conflict an Humanitarian Assistance (DCHA)	185			185	140	325							136	2		138	130	268	136	2		138	130	268
Economic Growth Agriculture and Trade (EGAT)							89			89	67	156	127			127	146	273	127			127	146	273
Global Health							69			69	110	179	87			87	135	222	87			87	135	222
Complement	116			116		116	137			137		137	115			115		115	115			115		115
Subtotal Washington	1,298	4		1,302	391	1,693	1,340			1,340	440	1,780	1,468	2		1,470	501	1,971	1,468	2		1,470	501	1,971
Overseas Workforce																								
AFR Overseas	203	35	1,435	1,673	547	2,220	203	33	1,348	1,584	576	2,160	220	42	1,397	1,659	765	2,424	218	49	1,403	1,670	780	2,450
ANE Overseas	172	19	726	917	267	1,184	172	23	760	955	263	1,218	200	43	886	1,129	375	1,504	200	43	874	1,117	377	1,494
E &E Overseas	114	31	514	659	413	1,072	122	32	539	693	438	1,131	130	57	632	819	502	1,321	130	52	628	810	483	1,293
LAC Overseas	139	21	722	882	398	1,280	132	22	728	882	359	1,241	147	18	718	883	444	1,327	147	18	707	872	433	1,305
BHR Overseas	1	2		3	76	79																		
DCHA Overseas							1	2		3	69	72	1			1	71	72	1			1	71	72
PPC Overseas	3	2	3	8		8	2	1	4	7		7	3	3	2	8		8	3	3	2	8		8
Complement - Overseas	3			3		3	2			2		2	4			4		4	4			4		4
Subtotal Overseas	635	110	3,400	4,145	1,701	5,846	634	113	3,379	4,126	1,705	5,831	705	163	3,635	4,503	2,157	6,660	703	165	3,614	4,482	2,144	6,626
Lapse													(188)	(15)	(327)	(530)	(245)	(775)	(146)	(15)	(325)	(486)	(245)	(731)
GRAND TOTAL	1,933	114	3,400	5,447	2,092	7,539	1,974	113	3,379	5,466	2,145	7,611	1,985	150	3,308	5,443	2,413	7,856	2,025	152	3,289	5,466	2,400	7,866

Note: '01 and '02 represent on board levels at the end of the fiscal year. For '03 and '04 ceilings are presented, however, there is a lapse rate calculated into the overall numbers which is reflected at the bottom of the chart to show people leaving the Agency before being replaced. When forecasting it is impossible to project which organizations will have the lapse, therefore the chart reflects ceilings in organizations and one total lapse number to get a total projected number.

USAID Workforce

Africa Overseas Staff	September 30, 2001 Actual						September 30, 2002 Actual						September 30, 2003 Estimate						September 30, 2004 Request					
	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total
	USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE		
Angola	3	3	25	31	14	45	3	2	27	32	11	43	3	1	29	33	18	51	3	1	29	33	18	51
Benin	4	1	43	48	13	61	5	1	44	50	13	63	5		46	51	15	66	5		46	51	15	66
Burundi																	5	5					7	7
Cote d'Ivoire					1	1					1	1												0
DROC	2	1	15	18	14	32	3	2	18	23	20	43	5	1	31	37	21	58	5	1	32	38	22	60
Eritrea	3	1	19	23	8	31	4	1	21	26	10	36	4	1	22	27	8	35	4	1	22	27	8	35
Ethiopia	10		258	268	22	290	10	1	148	159	29	188	12	2	186	200	45	245	12	2	186	200	45	245
Ghana	12	1	72	85	24	109	12	1	74	87	19	106	12	1	69	82	38	120	12	2	68	82	40	122
Guinea	6	3	60	69	30	99	7	4	62	73	32	105	8	4	76	88	29	117	8	4	76	88	29	117
Kenya	6	3	97	106	31	137	5	3	94	102	36	138	6	4	78	88	63	151	6	4	79	89	61	150
Liberia	2		9	11		11	1		9	10	1	11	1		6	7	4	11	1		6	7	4	11
Madagascar	8	1	38	47	32	79	3		35	38	29	67	6		36	42	30	72	6		32	38	32	70
Malawi	8		55	63	15	78	8		50	58	17	75	7		44	51	43	94	7		44	51	43	94
Mali	14	3	61	78	30	108	11	2	62	75	35	110	10	2	65	77	39	116	10	2	65	77	39	116
Mozambique	15	2	83	100	51	151	12	2	79	93	48	141	14	6	102	122	50	172	12	8	102	122	48	170
Namibia	3		22	25	7	32	4		21	25	8	33	4		16	20	12	32	4		16	20	14	34
Nigeria	8	1	17	26	9	35	13	2	34	49	30	79	14	2	36	52	32	84	14	2	47	63	42	105
REDSO-ESA	17	2	56	75	45	120	18	1	56	75	50	125	20	4	56	80	53	133	20	4	56	80	53	133
RCSA	13	3	60	76	15	91	13	4	63	80	16	96	15	4	62	81	22	103	15	4	62	81	22	103
Rwanda	5	4	46	55	13	68	4	2	46	52	14	66	5	3	46	54	18	72	5	6	46	57	14	71
Senegal	12	2	70	84	34	118	13	1	78	92	31	123	14	1	77	92	26	118	14	1	75	90	25	115
Sierra Leone																	10	10					10	10
Somalia																	3	3					3	3
South Africa	14	2	67	83	42	125	17	1	68	86	41	127	19	1	60	80	49	129	19	2	60	81	46	127
Sudan		1	11	12	4	16		1	12	13	2	15		1	5	6	10	16		1	5	6	10	16
Tanzania	9	1	70	80	18	98	7	1	68	76	13	89	8		74	82	22	104	8		74	82	22	104
Uganda	11		78	89	33	122	11	1	78	90	33	123	11	4	72	87	35	122	11	3	72	86	35	121
WARP	1		2	3	4	7	3		2	5	4	9	4		2	6	17	23	4		1	5	19	24
Zambia	7		59	66	19	85	7		55	62	14	76	7		56	63	28	91	7	1	57	65	34	99
Zimbabwe	7		40	47	13	60	6		44	50	16	66	6		45	51	20	71	6		45	51	20	71
RHUDOS	3		2	5	6	11	3			3	3	6												
Africa Workforce Total	203	35	1,435	1,673	547	2,220	203	33	1,348	1,584	576	2,160	220	42	1,397	1,659	765	2,424	218	49	1,403	1,670	780	2,450

USAID Workforce

Asia and Near East Overseas Staff	September 30, 2001 Actual						September 30, 2002 Actual						September 30, 2003 Estimate						September 30, 2004 Request					
	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total
	USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE		
Afghanistan							3			3		3	10	3	50	63	24	87	12	3	50	65	24	89
Bangladesh	14		41	55	28	83	17		44	61	30	91	17	3	46	66	33	99	16	3	45	64	33	97
Cambodia	6		49	55	14	69	5	3	78	86	18	104	7	1	77	85	13	98	7	2	73	82	16	98
East Timor														1	7	8	5	13	1	8	9	6	15	
Egypt	56	3	234	293	27	320	49	2	223	274	27	301	49	7	241	297	28	325	47	7	237	291	30	321
India	12	1	85	98	10	108	13	2	88	103	13	116	16	4	105	125	26	151	17	4	105	126	26	152
Indonesia	17	2	77	96	56	152	19	5	77	101	51	152	23	8	97	128	72	200	22	7	93	122	71	193
Jordan	10		36	46	8	54	9		36	45	6	51	13	4	47	64	6	70	13	4	47	64	6	70
Lebanon	1		2	3	4	7	1		2	3	1	4	1		6	7	4	11	1		6	7	4	11
Mongolia	2		2	4	4	8	1		2	3	3	6	1		2	3	5	8	1		2	3	5	8
Morocco	7	1	36	44	14	58	7		36	43	11	54	6		14	20	11	31	3		14	17	9	26
Nepal	8	4	36	48	21	69	8	4	42	54	22	76	8	6	69	83	39	122	8	5	69	82	37	119
Pakistan							2			2		2	7			7		7	8			8		8
Philippines	12	1	74	87	28	115	14		77	91	19	110	14	2	73	89	37	126	14	2	73	89	37	126
Sri Lanka	2	1	14	17	6	23		2	15	17	7	24	2	2	14	18	13	31	2	3	14	19	15	34
Thailand													6			6		6	9			9		9
Turkey					1	1					1	1												
West Bank and Gaza	20	3	35	58	40	98	19	2	36	57	47	104	19	2	38	59	59	118	19	2	38	59	58	117
Yemen						0							1			1		1	1			1		1
RHUDOS	5	3	5	13	6	19	5	3	4	12	7	19												
Asia and Near East Workforce Total	172	19	726	917	267	1,184	172	23	760	955	263	1,218	200	43	886	1,129	375	1,504	200	43	874	1,117	377	1,494

USAID Workforce

Humanitarian Assistance Overseas Staff	September 30, 2001 Actual						September 30, 2002 Actual						September 30, 2003 Estimate						September 30, 2004 Request					
	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total
	USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE		
Angola					1	1																		
Burundi					3	3																		
Colombia					1	1																		
Costa Rica					7	7																		
DROC					2	2																		
El Salvador					1	1																		
East Timor					1	1																		
Guinea					1	1																		
India					1	1																		
Indonesia					9	9																		
Italy	1	2		3	1	4																		
Jamaica					1	1																		
Kenya					15	15																		
Mali					1	1																		
Nepal					2	2																		
Nigeria					1	1																		
Pakistan					1	1																		
Peru					1	1																		
Philippines					4	4																		
Serbia					7	7																		
Sierra Leone					8	8																		
Sudan					3	3																		
Yugoslavia					4	4																		
DCHA Workforce Total	1	2		3	76	79																		

USAID Workforce

Europe and Eurasia Overseas Staff	September 30, 2001 Actual						September 30, 2002 Actual						September 30, 2003 Estimate						September 30, 2004 Request					
	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total
	USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE		
Albania	4	1	6	11	6	17	6	1	13	20	6	26	4	2	18	24	15	39	4	2	18	24	19	43
Armenia	5	5	22	32	20	52	6	5	27	38	20	58	8	6	28	42	23	65	8	5	29	42	24	66
Azerbaijan	2		3	5	8	13	2	1	3	6	10	16	2	1	3	6	14	20	2	1	3	6	14	20
Belarus					6	6					6	6					1	1				0	1	1
Bosnia and Herzegovina	8	1	60	69	41	110	7	2	56	65	54	119	9	2	70	81	48	129	9	2	70	81	48	129
Bulgaria	4	2	13	19	11	30	3	2	16	21	12	33	3	2	16	21	15	36	3	2	16	21	15	36
Croatia	4	1	11	16	19	35	4	1	12	17	16	33	4	3	11	18	18	36	4	3	11	18	13	31
Georgia	11	3	41	55	31	86	12	2	37	51	32	83	12	3	45	60	37	97	12	3	45	60	37	97
RSC Hungary	10	3	39	52	3	55	10	5	35	50	3	53	9	6	46	61	2	63	9	5	45	59	2	61
Kazakhstan	17	3	91	111	33	144	17	4	94	115	42	157	22	8	125	155	88	243	21	8	125	154	88	242
Kosovo	9	2	52	63	21	84	5	1	65	71	20	91	5	11	58	74	20	94	6	9	55	70	15	85
Kyrgyzstan	1		4	5	4	9	1		4	5	6	11										0	0	0
Lithuania											1	1												
Macedonia	3	1	14	18	11	29	4	2	17	23	15	38	6	3	21	30	14	44	6	3	21	30	14	44
Moldova	1		7	8	10	18	1		8	9	11	20	1		7	8	15	23	1		7	8	15	23
Montenegro														1	2	3	14	17					0	0
Romania	4		19	23	31	54	5		19	24	26	50	5		15	20	33	53	5		15	20	33	53
Russia	14	3	55	72	53	125	15	1	52	68	50	118	17	3	56	76	51	127	17	3	57	77	51	128
Serbia	1	1	5	7	3	10	7	1	5	13	3	16	7	2	33	42	16	58	7	2	33	42	16	58
Tajikistan			2	2	2	4			4	4	6	10											0	0
Turkmenistan		1	2	3	2	5		1	2	3	2	5											0	0
Ukraine	15	4	63	82	93	175	16	3	64	83	86	169	16	4	78	98	78	176	16	4	78	98	78	176
Uzbekistan	1		5	6	5	11	1		6	7	11	18											0	0
Europe and Eurasia Workf	114	31	514	659	413	1,072	122	32	539	693	438	1,131	130	57	632	819	502	1,321	130	52	628	810	483	1,293

USAID Workforce

Latin America and Caribbean Overseas Staff	September 30, 2001 Actual						September 30, 2002 Actual						September 30, 2003 Estimate						September 30, 2004 Request					
	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total	OE Funded				Prog	Grand Total
	USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE			USDH	Other US	FSN	Total OE		
Bolivia	17		92	109	33	142	16	1	92	109	31	140	17		99	116	37	153	18		99	117	37	154
Brazil	2		5	7	10	17	3		7	10	10	20	3		8	11	11	22	3		8	11	11	22
Caribbean Regional Program																								
Central America Program																								
Colombia	8	3	23	34	23	57	9	3	28	40	19	59	10	5	38	53	19	72	11	5	38	54	19	73
Dominican Republic	7	1	39	47	34	81	8	1	41	50	22	72	11	2	46	59	20	79	11	2	46	59	20	79
Ecuador	6		16	22	7	29	5		22	27	7	34	4		23	27	17	44	5		26	31	19	50
El Salvador	14	1	71	86	28	114	13	4	106	123		123	16	1	74	91	35	126	16	1	71	88	32	120
Guatemala	16	1	80	97	55	152	15	1	70	86	57	143	10	1	62	73	40	113	5	1	61	67	35	102
Guyana	1	1	2	4	5	9	1	1	2	4	5	9	1	1	2	4	6	10	1	1	2	4	6	10
Haiti	10	2	79	91	43	134	9	3	78	90	36	126	10	2	81	93	37	130	11	2	81	94	37	131
Honduras	11	4	74	89	51	140	12	2	63	77	29	106	12	2	62	76	31	107	11	2	58	71	29	100
Jamaica	7	1	44	52	14	66	6	1	42	49	27	76	7	1	45	53	22	75	8	1	45	54	22	76
Mexico	2		8	10	13	23	2		6	8	17	25	4		9	13	20	33	4		9	13	18	31
Nicaragua	12	2	77	91	20	111	13	2	72	87	38	125	10	2	66	78	38	116	10	2	61	73	38	111
Panama	2		20	22	19	41	2		13	15	16	31	2		11	13	18	31	2		11	13	18	31
Paraguay	2	1	10	13	4	17	2		11	13	12	25	2		11	13	13	26	2		11	13	13	26
Peru	20	4	81	105	35	140	16	3	75	94	33	127	20	1	74	95	43	138	20	1	74	95	43	138
Rhudo	2		1	3	4	7																		
LAC Workforce Total	139	21	722	882	398	1,280	132	22	728	882	359	1,241	147	18	718	883	444	1,327	147	18	707	872	433	1,305

TABLE 3
USAID Overseas Administrative Support Trust Fund Obligations
(in thousands of dollars)

	FY 2001 Actuals		FY 2002 Actuals		FY 2003 Estimate		FY 2004 Request	
	Trust Funds	Exchange Rate	Trust Funds	Exchange Rate	Trust Funds	Exchange Rate	Trust Funds	Exchange Rate
Africa (AFR)								
Ethiopia	1	8						
Ghana	211	7017	274	7676	190	8500	-	-
Malawi	378	75	582	72	550	80	600	80
Mozambique	581	18870	911	23258	982	24000	1,006	25000
Tanzania	685	843	802	943	920	985	-	990
Uganda	808	1742	805	1760	890	1800	1,000	1800
Zambia	114	3694	802	4127	200	4500	-	-
Zimbabwe	602	147	85	354	-	-	-	-
Total AFR	3,381		4,261		3,732		2,606	
Asia and Near East (ANE)								
Bangladesh	235	55	233	58	233	58	233	58
Egypt	16,468	4	16,463	5	17,654	5	17,370	5
Indonesia	226	9889	539	9531	650	9000	650	9,000
Jordan	710	1	967	1	1,000	1	1,060	1
Pakistan			0	58	678	58	1,000	58
Philippines	820	50	960	51	1,000	50	1,347	50
Total ANE	18,459		19,162		21,215		21,660	
Latin America and Caribbean (LAC)								
Colombia	100	2031	70	2388	100	3100	100	3400
Dominican Republic	400	17	401	17	450	20	450	22
El Salvador	400	9	564	9	575	9	565	9
Guatemala	400	8	198	8	30	8	11	8
Honduras	1,200	15	979	17	1,200	18	1,200	19
Jamaica			38	48	255	53	100	55
Total LAC	2,500		2,251		2,610		2,426	
Worldwide Overseas Summary	24,340		25,675		27,557		26,692	

TABLE 4
Use of Operating Expenses by Object Class Code
(in thousands of dollars)

Category	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
11.1 Compensation, Full-time Personnel				
U.S. Direct Hire	144,386	162,862	169,985	179,987
Foreign National Direct Hire	5,119	4,459	4,427	4,254
Subtotal 11.1	149,505	167,321	174,412	184,241
11.3 Compensation - All Other Direct Hire				
U.S. Direct Hire	11,960	2,268	2,271	2,384
Foreign National Direct Hire	3	89	35	35
Subtotal 11.3	11,963	2,357	2,306	2,419
11.5 Other Personnel Compensation				
USDH Post Differential	8,040	7,464	12,525	13,151
Other USDH Compensation	3,635	4,463	11	11
Other FNDH Compensation	557	680	472	413
Subtotal 11.5	12,232	12,607	13,008	13,575
11.8 Special Personal Services Payments				
U.S. Citizens	12,002	12,631	13,844	12,335
Foreign Nationals	43,889	46,696	50,561	50,790
Subtotal 11.8	55,891	59,327	64,405	63,125
12.1 Personnel Benefits				
US Direct Hire				
Retirement	24,927	26,089	27,646	29,329
Health and Life	14,530	17,532	17,956	19,054
Educational Allowances	6,469	7,112	8,321	8,714
All Other USDH Benefits	4,145	7,502	8,519	8,909
Foreign Service Nationals	7,874	9,370	12,840	14,745
U.S. PSCs/IPA/Details-In	2,278	0	54	58
Payments to FSN Voluntary Separation Fund	10	577	1,665	1,658
Subtotal 12.1	60,233	68,182	77,001	82,467
13.0 Benefits for Former Personnel				
U.S. Direct Hire	10	0	0	0
Foreign Service Nationals	730	3,050	1,066	652
Subtotal 13.0	740	3,050	1,066	652
21.0 Travel and Transportation of Persons				
Mandatory/Statutory Travel				
Training Travel	3,582	3,449	4,449	3,962
Post Assignment	1,044	1,090	1,238	1,155
Home Leave Travel	2,460	1,231	1,571	1,453
R & R Travel	1,439	1,607	2,095	2,296
All Other	1,844	2,295	2,755	2,036
Operational Travel	14,043	15,842	17,830	16,618
Subtotal 21.0	24,412	25,514	29,938	27,520
22.0 Transportation of Things				
Post Assignment Freight	4,945	5,382	5,960	5,258
Home Leave Freight	1,459	833	1,227	1,196
Shipment of Furniture and Equipment	2,760	2,453	2,411	2,224
Other Transportation of Things	475	455	322	356
Subtotal 22.0	9,639	9,123	9,920	9,034

Use of Operating Expenses by Object Class Code

(in thousands of dollars)

Category	FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
23.1 Rental Payments to GSA	31,637	31,427	34,050	35,740
23.2 Rental Payments to Others	28,377	30,588	31,647	32,143
23.3 Communications/Utilities/Miscellaneous Charges				
Office/Residential Utilities	5,613	5,024	6,226	6,266
Communications Cost	6,054	6,539	6,675	6,693
Other Miscellaneous Communications Costs	1,023	340	901	872
Subtotal 23.3	12,690	11,903	13,802	13,831
24.0 Printing and Reproduction	2,532	1,920	1,795	1,741
25.1 Advisory and Assistance Services	7,333	8,386	3,134	2,749
25.2 Other Services				
Training	9,887	6,911	8,424	12,449
Information Technology Systems				
Design/Analysis/Maintenance	24,195	29,405	19,993	19,113
Other IT Support Costs	12,349	4,596	7,545	6,921
Office/Residential Security Guards	10,121	9,698	11,624	11,977
Other Miscellaneous Services	11,084	10,557	17,344	17,804
Subtotal 25.2	67,636	61,167	64,930	68,264
25.3 Goods/Services from Other Gov't. Accts.	28,633	33,039	38,242	41,448
25.4 Operation and Maintenance of Facilities	7,443	9,400	10,579	8,257
25.6 Medical Care	138	360	458	453
25.7 Operation/Maint. of Equipment & Storage				
Information Technology (IT) Systems	22,227	24,527	29,685	30,867
Office/Residential Furniture & Equipment	1,739	2,333	2,337	2,233
Storage of Effects	868	1,225	1,126	1,237
Other Miscellaneous	727	865	1,639	1,431
Subtotal 25.7	25,561	28,950	34,787	35,768
25.8 Subsistence/Support of persons	4	0	33	33
26.0 Supplies and materials	10,648	10,158	8,806	8,773
31.0 Equipment				
Office/Residential Furniture & Equipment	18,112	15,816	8,212	6,402
Vehicles	6,495	2,243	1,921	2,360
IT Hardware and Software	22,828	19,132	8,658	7,030
Subtotal 31.0	47,435	37,191	18,791	15,792
32.0 Lands and structures	3,372	4,288	13,345	5,236
41.0 Grants, subsidies and contributions	1,479	1,162		
42.0 Claims and indemnities	3,996	566	550	574
 TOTAL COSTS	 603,529	 617,986	 647,005	 653,835

CAPITAL INVESTMENT FUND

FY 2004 will be the second year that the Capital Investment Fund will be proposed in order to modernize and improve information technology systems and to finance construction of USAID buildings overseas in conjunction with the Department of State. These no year funds will provide the Agency with greater flexibility to manage investments in technology systems and facility construction not allowed by the annual appropriation for Operating Expenses.

Capital Investment Fund (\$ in thousands)		
<u>Category</u>	<u>FY 2003</u> <u>Estimate</u>	<u>FY 2004</u> <u>Request</u>
Information Technology	13,000	20,000
Overseas Facility Construction	82,000	126,300
Total Obligations	95,000	146,300

Information Technology (IT)

Separating the improvement funds from on-going operations funds will allow IT improvement managers to have funding certainty independent of operational cost fluctuations. This request reflects the Agency's best estimates at this point in time. USAID is beginning the process of developing an enterprise architecture informed by discussions with the Department of State. This includes an evaluation of our financial management and procurement systems. Different line item expenditures could shift once this analysis is completed. This fund is proposed at \$20 million for FY 2004 and will be used to support the following initiatives:

Information Technology		
(\$ in thousands)		
<u>Category</u>	<u>FY 2003 Estimate</u>	<u>FY 2004 Request</u>
IT Systems		
Phoenix Washington Enhancements	2,400	
Mission Financial System	2,000	10,800
Procurement Improvement System	2,000	4,000
E-Gov Initiatives	379	681
Subtotal IT Systems	6,779	15,481
IT Infrastructure		
Infrastructure Projects	3,421	319
Subtotal IT Infrastructure	3,421	319
IT Architecture and Planning	2,800	4,200
Total	13,000	20,000

IT Systems Capital Investments

- USAID Phoenix Core Financial System (USAID Washington)** - This project supports product releases and upgrades to the headquarters' core financial system that provides accurate financial information to support Agency decisions in order to achieve USAID's strategic goals and objectives in the most cost efficient and effective manner and support substantial compliance with the Federal Financial Management Improvement Act (FFMIA).
- Financial System (USAID Missions)** - This project is part of the proposed plan to modernize USAID's business systems world wide through the expansion of the Agency's core accounting system to include overseas missions in developing countries. The overseas deployment of a web-based and integrated financial management system will provide an agency-wide system for budget execution, accounting, and financial management. Using e-business technologies provides a tool for mission personnel to manage financial transactions and program performance. It will also allow the agency to replace its current Mission Accounting and Control System (MACS) system used overseas that is not considered compliant with Joint Financial Management Improvement Program (JFMIP) requirements. This project will be coordinated through joint USAID and Department of State planning efforts. Funding for this project through FY-2004 will support the joint financial systems analysis study with the Department of State, comprehensive business and technical deployment planning, acquisition planning and execution, pilot testing and early phases of the systems rollout.
- Procurement System (USAID Missions)** - The Procurement System Improvement Project (PSIP) is designed to replace the NMS legacy system for Acquisition and Assistance, which is used only at USAID's Washington headquarters and would provide full electronic processing capability for the first time to field missions. It will

provide USAID with a breakthrough change in capabilities for worldwide, electronic processing of acquisition and assistance. Acquisition and Assistance (A&A) is a core USAID function and the Agency's primary means of achieving its mission of economic development. The overseas deployment of a web-based procurement system will provide a common agency-wide system for the A&A process. This A&A process applies to contracts for goods and services, as well as grants of development assistance, and to vendors and other agency partners in support of the program operations business area. The project will enable the Agency to achieve a higher level of compliance with key government regulations, such as Government Performance and Results Act, Government Paperwork Elimination Act, and the Information Technology Management Reform Act. The current plan is to commence the project by researching other potential Federal suppliers of these services. Funding requested will also include USAID's cost share in the Federal electronic grants portal initiative.

- **E-Gov Initiatives** – USAID is undertaking several initiatives to improve agency operations while benefiting from the cost effective electronic government technologies. Among the projects undertaken include engaging in:
 - a multi-agency E-Travel initiative to create a common travel management system throughout the Federal government to allow for simplified processes and less expensive operations;
 - an Integrated Acquisition initiative to facilitate the sharing of common data elements to enable agencies to make more informed procurement, logistical, payment and performance assessment decisions, and make maximum use of E-market approaches.
 - A online Federal training initiative to provide employees with ready access to training products and services needed to help them perform their jobs and support USAID goals.

IT INFRASTRUCTURE CAPITAL INVESTMENTS

- **Infrastructure Projects** – These funds will be used for enhancements to the USAID infrastructure to support systems deployment models which will result from both discussions with the Department of State on potential joint operations, and the development of an Agency enterprise architecture. It is anticipated that funding will be needed in multiple aspects of the current infrastructure including hardware, software, security, and telecommunications. Projects funded will also address weaknesses raised by audits and vulnerability assessments.

IT ARCHITECTURE AND PLANNING CAPITAL INVESTMENTS

- **Architecture and Planning/PMO** - This project is part of the proposed plan to modernize USAID's business systems world wide through the upgrade and extension of its Enterprise Architecture (EA). The project also provides for adequate

staffing to support the management of related projects through all cycles of the project planning and management process. In order to do this, USAID will build upon previous work performed in support of its EA, conduct a joint study with Department of State and develop an enterprise architecture that is consistent with Federal Enterprise Architecture standards.

Facility Construction

The Secure Construction and Counterterrorism Act of 1999 requires the construction of new USAID office facilities and to collocate these facilities on embassy compounds when new embassies are constructed. The requested amount of \$126.3 million will fund USAID buildings in locations where State will have begun construction before FY 2004 including the following mission locations: Guinea, Cambodia, Uganda, Zimbabwe, Georgia, Mali and Armenia. Full funding for USAID buildings at all embassy locations where State will begin construction in FY 2004 has been included in the State request under the Capital Surcharge Proposal. It is critical that the funding be provided in FY 2004 in order to provide secure, safe and functional workspaces for our employees and so that the Agency and the Department of State can be in compliance with the Act of 1999.

WORKING CAPITAL FUND

The Agency's Working Capital Fund (WCF) is authorized by Section 635(m) of the Foreign Assistance Act of 1961, as amended. The fund finances, on a reimbursable basis, the costs associated with providing administrative support to other agencies under the International Cooperative Administrative Support Services (ICASS) program overseas. Under ICASS, each agency pays a proportionate share of the cost of those services they have agreed to receive. Working through inter-agency councils at post, all agencies have a say in determining which services the USAID mission will provide, defining service standards, reviewing costs, and determining funding levels. The WCF is a no-year fund that permits unobligated monies to be carried over from one year to the next, an advantage that provides fiscal flexibility and increases opportunities to establish multi-year planning. It also enables managers to make long-term decisions without the constraints of the annual fiscal year cycle.

Services provided by USAID include building operations, information management, administrative supplies, non-expendable property management, travel services and customs clearance. In FY 2002 and FY 2003 USAID expanded WCF authority to five new missions, Kosovo, Montenegro, Bolivia, Jamaica, and Peru. Added to three original pilot missions in Bosnia, El Salvador and Rwanda, USAID now has eight missions employing the use of WCF to offer administrative services. One of the original pilot missions, Honduras, ceased being a service provider during FY 2002 as customer agencies left the country following the conclusion of Hurricane Mitch operations.

Gross receipts into the WCF during FY 2002 totaled approximately \$2 million. While virtually all funds were required to cover the actual cost of providing service, over time it is anticipated that modest surpluses will accumulate through charging customers for depreciation and proceeds from the sale of assets. Missions will invest these surpluses in infrastructure improvements to further increase the effectiveness and efficiency with which services are delivered.

The WCF receives a portion of its income from deposits of rebates from the use of Federal credit cards. Receipts from rebates in FY 2002 totaled \$115,000. These funds are dedicated to management oversight of existing working capital fund missions, to provide training, and to assist missions that are ready to provide ICASS services with start-up costs. During FY 2002, assessment teams reviewed operations in Bosnia and Kosovo. The team members interviewed customers from all agencies and received useful feedback that was shared with mission directors at these posts.

**FOREIGN SERVICE
RETIREMENT AND DISABILITY FUND¹**

**Budget Request
Foreign Service Retirement and Disability Fund
(Thousand Dollars)**

FY 2001 Actual	FY 2002 Actual	FY 2003 Estimate	FY 2004 Request
44,489	44,880	45,200	43,859

In FY 1974, amendments to the Foreign Assistance Act of 1961, as amended, permitted USAID career foreign service employees to become participants in the Foreign Service Retirement and Disability Fund.

The extension of coverage to USAID employees created an unfunded liability in the system. An actuarial determination by the Department of the Treasury shows that in FY 2004, \$43,859,000 will be required to amortize this liability and the unfunded liability created by pay raises and benefit changes since FY 1974.

For FY 2004, USAID is requesting an appropriation of this amount.

¹ Authorized by Chapter 8 of the Foreign Service Act of 1980.