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Reorganization Update



Agency for International Development

September 1991

Introduction

The August edition of the *Reorganization Update* provided a general statement on assigned responsibilities of each reorganization committee.

The purpose of this *Update* is:

- (1) To provide employees with a detailed status report on the progress by three working committees; and,
- (2) To request employees to make comments and suggestions on the proposed reforms.

There are three principal sections to this *Update*:

- (1) Simplification of the project/non-project design and approval process;
- (2) Design simplification and new contracting options; and,
- (3) Employee incentives.

Your comments and suggestions should be sent to the individual named at the end of each section of this *Update*. Your views, comments, and suggestions are welcome and appreciated.

Even though the proposals were prepared by separate subcommittees, the areas they cover are interrelated. For example, the contracting cycle is an integral part of the project approval process. Therefore, proposals in these two areas must be consistent with one another.

Also, much of the project design and approval process is based on a new "focus on results" (instead of process). Part of this new focus will be driven by incentives contracting and performance standards as set forth in the contracting options proposal.

In reading these proposals and in preparing your comments, your observations on these and other interrelationships will be particularly valuable to Agency employees on the working committees. Your assistance in addressing these issues is appreciated.

PART I: PROJECT/NON-PROJECT DESIGN AND APPROVAL PROCESS

This section outlines a suggested new concept to simplify the process for the design, review, and approval of A.I.D.'s development project and non-project activities. (The new process concept encompasses new contracting options presented for comment earlier in State 269607). Overall the proposed new process concept, if adopted, would constitute a simpler, faster system which could simultaneously reduce paperwork, shift more authority to field missions, reorient the focus of A.I.D./W. staff to a more supportive role, and encourage the shift of Agency human resources from design to more productive activities such as implementation and policy dialogue.

Introduction to the Proposed Project Design and Approval Process

The Administrator's May 1991 Management Action Plan for the Agency established a mandate to:

"Refine the process for design and approval of A.I.D.'s development programs and projects."

To manage this assignment, which could change the way A.I.D. works in many ways, the Operations Directorate has assembled a series of four interlocking working groups. Over forty staff members from throughout the Agency are contributing their skills and experience to this effort.

The four subcommittees have responsibilities as follows:

- 1) Subcommittee No. 1 - Policy and programming process (relationships to Congress, agency policy analysis and development, role of the Operations Directorate, and the Operations-bureau and bureau-field relationship);
- 2) Subcommittee No. 2 - Activities development (project and non-project, documentation and process, implementation, contracting, delegations of authority) (Note: activity is defined as project, non-project, food and any type of assistance provided to the host country by A.I.D.);
- 3) Subcommittee No. 3 - Performance measurement (country-level performance, program/project-level performance, management performance);
- 4) Subcommittee No. 4 - Budgeting and reporting.

The conceptual outline presented herein represents the current thinking of working group No. 2, which is charged with simplifying and reducing the workload with respect to the "process for design and approval of A.I.D.'s programs and projects." The goals of the new process concept outlined below are to:

- 1) Reduce the workload devoted to program review and documentation, thereby freeing staff to devote more attention to implementation;
- 2) Provide clear and continuous management focus on results and accountability instead of process; and

- 3) Bring implementors and implementing agencies into the design process earlier in order to reduce, if not eliminate, program and procurement distortions which result from the pressure to obligate funds.

One of the most striking observations, so far, has been the broad agreement on the management problems associated with the current system. These include:

- The need to establish clearer program priorities. In some instances current procedures have led to missions and offices being overwhelmed by multiple objectives; i.e., everything becomes a priority, which causes programs and projects to proliferate.
- Program planning is based on guidance that sometimes requires preparation of extensive descriptive, analytical and interpretative material. This has led to analyses and redundant A.I.D./W. reviews that are not cost-effective.
- The need for greater attention to strategic planning; i.e., to identifying and reaching agreement on clear, concise statements of the development objectives that programs will achieve, the indicators by which program performance will be measured, and the linkage between discrete activities and overall strategic objectives.
- Where strategic program objectives and performance indicators are unclear, it is impossible to assess program progress and hold managers responsible for making progress toward objectives.

- There is no clear connection between the allocation of resources and intended accomplishments. As a result, the budget cycle has forced the Agency to focus narrowly on obtaining and obligating funds.
- There is a clear need to improve the basis for assessing strategic program, activity and/or management performance.

Subcommittee No. 2 has had to make some assumptions with respect to what other working groups may recommend. One important assumption, for example, is that subcommittee No. 1 will recommend a process for setting strategic program objectives and establishing performance indicators that can be tied into individual development activities' results. Another is that an evaluation system will be recommended by subcommittee No. 3 which will allow realistic measurement of results and that the work of subcommittee No. 4 will result in the kind of management reporting needed to evaluate progress. As the work goes along, these assumptions will be continuously tested against the actual recommendations being made by the other working groups and will be modified as necessary.

The concept being suggested here is outlined in two steps. The first step would be expected to be initiated by the end of this fiscal year. The second step is a longer-range objective which provides a logical progression toward an even more streamlined and efficient process. Step two will require more study and refinement to ensure consistency with the Agency's basic statutory requirements. As suggested in the referenced earlier cable

on contracting, implementation of design process changes suggested would also require some orientation and training, probable in the form of workshops. To avoid losing momentum and help insure that long-range objectives are accomplished, a process to ensure steady progression toward step two objectives and then continuous monitoring and adjustment of the entire design, review and approval process is also proposed.

Proposed New Programming/Design System - Step No. 1

Project identification documents would no longer be required. Additional authorities would be delegated to field missions and, once the regional bureau has agreed to the new project description, all further approval authority would reside in the mission. Delegation of additional authorities to the field could be based upon a categorization of missions (i.e., full authority for fully staffed missions that have full delegation versus missions required to have either regional or bureau clearance). In any case, project paper reviews in Washington would be held to an absolute minimum. The target implementation date is December 1, 1991. (Decision to implement by the A/A.I.D.: October 1, 1991.)

Proposed New Programming/Design System - Step No. 2

Policy

Overall policy-making would remain an A.I.D./W. responsibility. Agency policy would include clear guidance on program priorities -- deciding what is central to Agency operations and what will

be less important. (In fact, the Operations and Policy Directorates will begin to shape this policy guidance during the current FY 1993 cycle.)

Operating bureaus would integrate Agency policy priorities with country program objectives on the basis of strategic plans developed by field missions. This would help ensure that programs are developed in host countries where they make the most sense and have the greatest potential for success. Initially, a strategic plan would have to take into account existing portfolios and devise a strategy to consolidate and more sharply focus programs.

Necessary feedback from performance monitoring and evaluations conducted by field personnel, in collaboration with the regional bureaus, would be reinforced with improved performance monitoring systems and evaluations by CDIE. These should provide management feedback for decision-making at all levels with respect to achievement of program objectives and with respect to management effectiveness.

Handbooks 3, 4, and 13 (HB 13 with respect to grants) would be abbreviated into one, more user-friendly checklist which would serve only as a professional guide to possible areas of concern in the design of assistance activities for mission and contractor personnel.

Strategy

Missions would establish strategic objectives, in accordance with guidance and standards provided, and agree with their bureaus on a basis for verifying achievement of these objectives. This

annually renewed "contract" would include planning for any anticipated support from the regional, R.A.D. (formerly S & T), and/or PRE bureaus, thereby helping to integrate Agency operations at the planning stage. In reviewing and approving mission proposals, the bureau's focus would be on clarity of objectives, resource requirements and consistency with policy. Initially, of course, existing activities must be evaluated to determine how they relate to revised and more concentrated strategic objectives. It may be necessary to phase out some activities sooner than originally planned.

Each mission's annual strategy document would include strategic objectives for country programs (maximum of 4-5), modes of assistance being proposed, results expected from individual assistance activities, interim reporting indicators to monitor progress, resources required (including support required from A.I.D./W.), and anticipated timing of results and inputs.

Since objectives would be clearly stated, it would be possible to hold managers responsible and reward them for making progress toward objectives (managing for results). Much of the annual review held in Washington would be devoted to assessing progress through review of indicators, finding ways to support and help missions improve performance, and allocating resources accordingly.

Each development activity proposed by a mission would be described in a new activity description (formerly NPD). The focus of documentation would be shifted away from obligation of money and onto

achievement of results. The new activity description will be brief (3-4 pages) and would be prepared in collaboration with the host country. It would focus on results expected, linkage of activity results to strategic program objectives, resources required by the USAID and the host country, and the activity design strategy in terms of what is known and what needs to be learned so that A.I.D./W. can be tasked to help provide answers.

The primary role of A.I.D./W. would be to concur in *what* the mission proposes to do, how results would be monitored, and the resources needed to accomplish agreed-upon objectives. A.I.D./W.'s focus would change from "second guessing" *how* missions should carry out their program to determining how best to provide missions with real support. Such support might include:

- TDY assistance (from regional bureaus, R.A.D. bureau, PRE bureau, and/or other A.I.D./W. sources);
- Research of questions and issues raised by the missions;
- Information on the benefits of lessons learned elsewhere;
- Briefings of contractor teams before they leave the U.S.; and,
- Technical assistance from CDIE in collaboration with regional bureaus in defining program objectives, selecting indicators, and designing data collecting and performance monitoring plans.

Design/approval process and operating principles

Mission and host country would sign a non-obligating multiple-year basic assistance agreement for the entire sector or program. "Sector or program" is to include all forms of assistance provided to the host country regardless of source of funding or intervention mechanism. The basic agreement would include estimated resource levels (from both A.I.D. and the host country), the general approach to programming (types of intervention), and specific descriptions of expected results and interim indicators. The basic agreement would be reviewed formally on an annual basis by the mission and the host country to evaluate progress and determine if amendments are required because of new initiatives or other changes that may occur in the host country environment.

The basic agreement would be implemented through program agreements that might finance several specific activities within a development sector. The program agreement would be as detailed as possible with respect to elaborating on interventions required, necessary policy reforms the host country must take, interim performance indicators, management responsibilities (A.I.D. vis-à-vis other parties), and the financial plan. The first obligation under the basic agreement would normally finance the detailed design of the program with performance indicators.

In instances where substantial technical assistance is anticipated to implement the program, the mission might utilize new contracting options that enable the design contractor to implement specific

activities. (See State 269607.) When utilizing these new contracting options, the mission would have to work closely with the contractor and the host country and would approve the program design(s) before implementation orders could be issued to the contractor.

The second obligation under the basic agreement would normally provide initial, incremental funding for implementation of specific activities as described in the approved design(s) including technical assistance to be provided under delivery orders or amendments to the design contract.

The third and subsequent obligations would be made annually, early in the year as funds became available, based upon the mission's assessment of progress and resources needs for the coming year. For program agreements that fund a design-and-delivery contract-rolling design effort, funds would be obligated as designs were accepted to permit issuance of delivery orders.

All funds obligated by the R.A.D., PRE or regional bureau would be accounted for under the basic agreement, as would be any A.I.D.-provided resources from whatever source for this same program.

Feedback and monitoring

Mission evaluation systems and information systems being developed will provide clear-cut accountability and measurement of progress toward objectives, both for mission decision-making and for decision-making at other organizational levels. More detailed

information on feedback and monitoring requirements and the Agency's overall performance reporting system (PRISM) will be disseminated separately later.

Each regional bureau in A.I.D./W. would assign one person the responsibility of "field missions ombudsman" whose responsibilities would be to review, simplify and help coordinate all taskers to the field from whatever interest group. The bureau field missions' ombudsman would also serve on a standing programming/implementation committee chaired by the director of the new program and resources coordination staff in the Operations Directorate. The purpose of this standing committee would be to continue reviewing and refining the programming/implementation process in a systematic and routine manner. This committee would also establish and maintain a system to assess the cost and benefit of every new or improved requirement, recurring reports, documentation changes, etc., that affect field missions.

The target implementation date is October 1, 1992.

A.I.D. Acceptance and Implementation of this Concept

Although are many details to work out, from the work we have done so far, there appear to be no insurmountable obstacles to the implementation of this new concept. The real test would be the actual implementation, of course, and success would depend upon the commitment of the Agency's managers.

With this system in place A.I.D. would, on several levels, be able to:

- Tie the Agency's resource allocation system into program performance;
- Ensure that resources would be allocated only when performance was acceptable and funding truly needed;
- Account for the Agency's use of funds to Congress and others, in terms of actual development results; and,
- Identify and reward effective managers for their contributions to A.I.D.'s success.

We would appreciate receiving your comments and suggestions, and/or alternative conceptual ideas, no later than September 15, 1991. Send replies to Tom Bebout, Operations Directorate staff, Room 3881, NS.

PART II: NEW CONTRACTING OPTIONS

This section provides a procurement concept paper that offers two new contracting options both of which would be available to missions for the design and implementation of projects and programs. Both of these contracting options provide for a single round of competition to select a contractor who would design and then implement projects. Both of the options anticipate that contractors will be held accountable for achievement of performance standards.

Introduction to Proposed Contracting Options

The A.I.D. Management Action Plan (MAP) includes, as two separate objectives, simplifying the project design process and shortening the contracting cycle. MAP sub-committees responsible for implementing these objectives are now considering a procurement concept paper included in below.

The concept paper proposes two new contracting options that would be available to missions that would be aimed at combining the design and implementation phases of projects or sector programs into one contracting cycle. A single up-front competition would lead to the selection of a contractor who would, for example, design projects within a sector and then implement such projects through delivery orders or amendments to the initial contract. Unlike the collaborative assistance mode, competition for such contracts would be open to profit-making firms, and performance standards would be included in delivery orders or contract amendments.

There appear to be several benefits to the proposed design and performance contracts. Some of the most obvious benefits may be summarized as follows:

- 1) Projects would be implemented by the designers, thereby overcoming the common "disconnect" between the contractor who designs the project and the contractor who undertakes implementation.
- 2) Project implementation would not be delayed by a second round of competition between the design and implementation phases of the project or program.
- 3) A single prime contractor could be given responsibility for an entire sector and thereby exercise management responsibility for subcontractors who would implement component parts of the program.
- 4) A contractor who designs and then implements projects in accordance with performance standards would be held accountable for results rather than a "level of effort."
- 5) Comprehensive (sector) contracts for design and performance should provide missions with continuous design assistance and reduce reliance on intermittent IQC and other design teams.
- 6) Comprehensive design and performance contracts should permit more concentrated programs, fewer projects and subprojects, and a program more easily managed by limited direct hire staff resources.

However, there are also potential disadvantages:

1) Missions might assume substantial risk by over-reliance on a single contractor.

2) It might be difficult to establish adequate criteria for selection of the contractor. (It would not be possible during the single round of competition to require specific project implementation proposals. Instead, evaluation criteria would emphasize the contractor's design planning proposal, staff resources, experience, sub-contracting capacity, apparent knowledge of development objectives set out in the RFP, and commitment to the risk and rewards of performance standards.)

3) Incentive contracting and performance standards might lead to conflicts between the contractor and A.I.D. Frequent implementation progress reviews by the project officer, contracting officer and contractor would be required to avoid disputes over the payment of fees. (This focus on results might also be seen as a benefit of the concept.)

4) Some host governments might not accept sector agreements or approve PIO/Ts which largely entrust the definition of projects and the establishment of performance standards to a contractor and the USAID. Host government collaboration and support would be critical for successful use of performance standards.

All Agency staff are encouraged to comment on the following procurement concept paper. Please note that these proposed options will not require a change in A.I.D. procurement regulations, but should not be utilized until guidance has been provided. If missions are generally

receptive to these options, written guidance will be provided by December, 1991 and mini-conferences will be held for the benefit of all interested missions in early CY 1992.

Procurement Concept Paper

The Procurement Subcommittee members agree that new procurement options need to be offered if missions (and A.I.D./W.) expect to:

- Bring contractors more effectively into the design process;
- Hold these same contractors accountable for execution of projects and sector programs; and
- Focus contracts on results instead of "level of effort."

We feel that new procurement options should seek to achieve the following goals:

- 1) Mission planning documents should clearly anticipate contractor participation in the program or project design process.
- 2) Contractors who design acceptable projects or programs should be expected to implement these projects, preferably in accordance with performance standards tied to program objectives.
- 3) Missions should be given the option of obtaining contract services through comprehensive prime contracts or through delivery orders for completion of projects or project components.

Overview of proposed options

Existing regulations would permit use of contracts that we will identify here as "design and performance" (DAP) and "design and deliver" (DAD). The two options are actually quite similar but will be identified separately to distinguish contracts using delivery orders (DAD) from contracts that include total project or program completion in the statement of work (DAP). Both types of contracts anticipate that the design contractor will also implement projects without a second round of competition for the implementation contract. The DAP implementation contract amendment and the DAD delivery orders should include performance standards.

Procedures applicable to design-and-performance (DAP) contracts

In keeping with the new A.I.D. simplified programming procedures, the mission will prepare an abbreviated strategy that clearly establishes measurable development objectives and the mission's concept of how these objectives will be met.

The mission and host government will negotiate and sign an agreement that:

- Sets out the concept and objectives of the planning document; and
- Provides that the project or program will be undertaken in whole or in part through a design and performance contract.

At the time of signing the agreement, the mission and host country will also sign

an activity implementation order that includes a contractible scope of work for a DAP contract and evaluation criteria for selection of the best proposal.

In soliciting proposals, A.I.D. will advise potential competitors that the contractor selected to design the development activity or program will also be expected to implement the specific activity or program through an amendment to the contract if the design is accepted by A.I.D.

Evaluation criteria for selection of the best proposal will include, whenever possible, proposed concepts for designing performance standards to be included in the contract amendment. To the extent possible, such performance standards will correspond or be directly linked to interim or final development objectives set out in the planning document.

As an alternative to the last two steps above, the mission may award two or more design contracts and award a follow-on contract to the competitor who submits the best design. Under this alternative, A.I.D. must establish, in the RFP, criteria for selection of the two or more design contractors and criteria for the selection of the best design among those produced by these contractors. (Missions should be cautioned that this alternative may require substantially more staff time and additional program cost because of the need to coordinate and fund two or more contract design teams. The apparent trade-off would be the potential for a better design with more demanding performance standards as a consequence of the design competition. This alternative also reduces the risk that a single

contractor may not produce an acceptable design.) Because of the labor intensive nature of this competitive design alternative and lack of Agency experience with such simultaneous competition, the alternative should be limited for a time to pilot tests.

The mission will negotiate a contract amendment upon acceptance of the contractor's design package. Ideally, this contract amendment will include performance standards, and the contractor's fee will be reduced or increased if he/she fails to obtain or exceeds the standards.

All DAP contracts will include a requirement for a sub-contracting plan to meet Gray Amendment requirements and to enable the contractor to obtain external, professional services. Sub-contracting may be particularly important for sector programs in which the prime contractor is expected to manage a variety of specialized development activities.

Procedures applicable to design-and-deliver (DAD) contracts

The initial procedures are quite similar to those described for DAP contracts. The DAD contractor will receive two contracts: one for design and one for implementation. The implementation contract will be executed through delivery orders. Delivery orders, which are separately negotiated with the contractor, may be issued before the design contract is completed if the program agreement envisions the design and implementation of several discreet implementation activities. In other words, the mission may award a contract for a rolling design and

incrementally accept designs for implementation activities. The mission may then execute these implementation activities through negotiation and issuance of delivery orders under the companion implementation contract, provided that the design contract and delivery orders are confined in scope to the sector or program objectives set out in the bilateral agreement and RFP.

In soliciting proposals, A.I.D. will advise potential competitors that two contracts will be awarded to the competitor who submits the winning proposal. One contract will be for design of the discreet activities that make up the program and the second will be for execution of component elements of the design through performance under delivery orders.

Evaluation criteria for selection of the best proposal will include, whenever possible, proposed concepts for designing performance standards to be included in delivery orders under the companion, implementation contract. To the extent possible, such performance standards will correspond or link directly to interim or final development objectives set out in the planning document.

The mission will negotiate delivery orders upon acceptance of designs for discreet activities. Ideally, delivery orders will include performance standards, and the contractor's fee will be reduced or increased if he fails to obtain or exceeds the standards.

All DAD contracts will include a sub-contracting plan similar to DAP contracts.

Questions and Answers

The working committee has prepared a list of fourteen questions and answers that further elaborate the DAP/DAD concept. These Q & As are attached as Appendix A to this *Update*.

A.I.D. Acceptance and Future Use of these Contract Options

DAP and DAD contract procedures require thoughtful refinement before they are used. Program, project and contracting officers will need to work closely together well before bilateral agreements are signed incorporating DAP or DAD contracts as the design and implementing vehicle. Close collaboration must continue through the solicitation and evaluation process in order to ensure contractible statements of work and appropriate evaluation criteria. Similar collaboration will be required during the design stage to ensure that the contractor and the mission agree on implementation and subcontracting plans and proposed performance standards. The project and contracting officers will then need to evaluate contractor implementation at periodic intervals to determine if progress is proceeding according to plans, if inputs need to be adjusted, and if the contractor has met or exceeded performance standards.

All staff are encouraged to consider the benefits and potential disadvantages of the DAP and DAD options and to submit comments or questions by September 15th. Replies should be sent to Terry McMahon, Director, MS/OP.

If missions report that DAP and DAD contracting options appear generally beneficial, guidance would be provided by December 1991, and missions would be invited to host conferences in early CY 1992 to review the practical aspects of using these contracting procedures.

PART III: EMPLOYEE INCENTIVES

This section outlines the progress to date on the work of the employees incentives committee and seeks your views and comments.

In State 1183211, we indicated that Incentives Committee members were appointed and the work of the full committee commenced in late June. As of early August, we have had six full committee sessions, bringing in representatives from the public and private sector to discuss incentives and share ideas/lessons learned with the committee. Representatives from Sibson company, U.S. OPM, Xerox, Training Resources Group (TRG), Management System International (MSI), Team Technologies, Department of Education and several other companies have participated. These sessions have proven extraordinarily informative and enlightening. There are some common threads/principles that have emerged from the sessions. Some of the more notable of these principles are:

- There must be a shared vision throughout the organization.
- For an incentives program to be successful, it must have the full support of senior management.
- Incentives don't have to come from above; peer recognition through informal awards can be as valuable if not more valuable than formal recognition from above.
- A key incentive, perhaps the most important incentive of all, is how people feel about themselves and their work: are they being challenged; do

they feel that they are making a valuable contribution; do they feel they are growing professionally; are they feeling appreciated by their superiors and colleagues.

- Awards/recognition should be tied to Agency values/objectives and/or performance.
- Awards/recognition should be timely, with approval authority delegated as far down as feasible.
- Systems must be simple and transparent.
- A career-path system establishing clear measures and standards is essential.
- The most effective means of recognition and motivation are often the least expensive; e.g., a simple thank you.
- Training is a major component of any incentives system.
- For an incentive program to be effective, it must be constantly reviewed and modified to reflect the changing needs of the Agency.

Many of the changes require a change in the organizational culture. This takes time and money (training). It took the Xerox Corporation five to six years to make the change and win the Malcolm Baldrige Award and they are still not where they want to be.

Finally, the committee has been introduced to a wide variety of ideas, many of which can be applied to A.I.D.

Since the beginning of August, we have broken into various subcommittees to concentrate on the specific objective for each incentives category. In order to successfully accomplish our task, we would like your assistance in answering some or all of the following questions. We invite responses from FSOs, FSNs and GS employees. We also would be particularly interested in views coming from people who have different functions, e.g., individuals who are in managerial/leadership positions, support staff, etc. In your reply, please identify where you are in the system so that we can take maximum advantage of the information you provide.

a. What would you cite as having been critical to your career development and professional growth in A.I.D.? What have been some of the key incentives that have motivated you to achieve your career aspirations in A.I.D.? Are there any disincentives that have inhibited your career growth in the Agency?

b. What and how do you define "good management" in the Agency? What skills are required of a manager in order to successfully carry out the job? How do A.I.D. personnel utilize those skills? What are the factors within A.I.D. that facilitate good management and what are the barriers to good management?

c. There are two competing approaches for distribution of performance pay pools. One argues for limiting awards to a relative few, and keeping amounts

large so that awards are more selective and prestigious. The other approach argues for selective yet broader participation in the pool with more modest awards. What is your view?

d. With respect to Senior Foreign Service awards, current legislation permits recognition of up to fifty percent of SFS employees with performance pay awards. The Agency, through the promotion panel, has historically recognized the top rank-ordered 30-35% of eligible members with awards at three levels, \$5,000, \$7,000, \$9,000. Is this a good balance of participation/award amount? Should other guidelines/approaches be selected?

e. With respect to general Foreign Service Awards, participation and amounts have been established by the various pool managers (Bureaus AAs). Approximately 27% of eligible members have received awards, ranging from \$500 to \$3,500 with the typical award being \$1,000. Should pool management be decentralized to Mission Directors, or would that place those with regional responsibilities at a disadvantage? Or could such a disadvantage be ameliorated? Should consideration be given to having promotion panels confer performance pay awards within established guidelines similar to the SFS process? Or, on balance, is the current level of decision-making best?

f. With respect to FSN Cash Awards, are current Mission authorities adequate to appropriately participate in post award programs? If not, what additional authorities are needed? Would these additional authorities require coordination with other agencies represented at post?

g. There has been discussion of seeking to have "values", such as integrity, commitment to development, EEO dedication, being a team player, etc., figure more prominently in our incentives system in addition to our emphasis on achievement of results. Is this the right tack to take? If so, should appropriate criteria be developed and woven into the performance pay process, or perhaps establish separate, specific awards to recognize these attributes? Do the current awards recognize and promote commonly held Agency values? Are the values the Agency currently finds worthy of recognition appropriate? What is the current relationship between the awards system and behavior incentives? Is it positive? Negative?

h. What is the general consensus in your office/mission on the current award process? Is it effective? Does it identify the exemplary performers? Is it an inducement for better performance?

i. What do you know and think of the selection process? Is it appropriate? Should all awards be cleared in A.I.D./W.? Is the recognition of outstanding performance too distanced from actual performance? Should supervisors be the sole source of nominations. Who is in the best position to identify outstanding performance?

j. Are the current physical awards, (cash, certificates, plaques, and pins) the most appropriate choices? Would other forms of award recognition (compensatory time; guaranteed first choice assignments; an awardee directed "mini development budget;" additional OE budget, etc.) be more appropriate?

Please forward your response to Chris Edwards, A.I.D./W, HRDM/PPOM/PP, Fax # 202-663-1805, no later than noon on September 9, 1991.

APPENDIX A
QUESTIONS & ANSWERS FOR THE PROPOSED CONTRACTING OPTIONS

- (1) Q. Are DAP contracts the same as collaborative assistance contracts?
- A. No. Collaborative assistance contracts are limited to Title XII institutions and are typically level-of-effort agreements. DAP contracts will follow full and open competition procedures, and profit-making firms can participate. The DAP contract proposals will be evaluated for award based on price competition as well as technical competition. The contract amendment for implementation should include performance standards in keeping with A.I.D.'s emphasis on achievement of objectives and accountability.
- (2) Q. A.I.D. has discouraged design contractors from competing for implementation contracts at times in the past. Are DAP contracts a reversal of this practice?
- A. What A.I.D. was concerned about in the past was whether a design contractor would have an unfair advantage in competing for a follow-on contract as a result of its initial design participation. By advertising this follow-on work option up front, all potential competitors will be advised that the initial contract can be amended to enable the contractor to implement an acceptable (or selected) design. DAP contracts will also avoid the disincentive whereby the bidder skips the design phase because it is more interested in the competing for the separate (and often more lucrative) implementation contract. The DAP contracting approach could also shorten contracting time, mobilization costs, etc, by providing a more seamless transition from design to implementation.
- (3) Q. Will DAP and DAD contracts diminish Title XII set-asides or serve as a detriment to minority contracting?
- A. No. Title XII activities will still be set aside for Title XII institutions. A.I.D. may require DAP and DAD contractors to award sub-contracts for specified dollar percentages or purposes to minority contractors, and other eligible groups. Also, DAP and DAD prime contracts may be set aside for 8(a), Gray Amendment or small business recipients.
- (4) Q. Contracting officers insist on knowing what the contractor is expected to do before accepting a statement of work. How much specificity is required in the statement of work for a DAP or DAD contract?

- A. The mission planning document and bilateral agreement must clearly set out development objectives and implementation concepts. The RFP scope of work must explain what the mission wants from the contractor in terms of design product and implementation performance.
- (5) Q. DAD contracts resemble buy-ins. Will they replace buy-ins awarded by A.I.D./W.?
- A. No. Many A.I.D./W. buy-ins provide worldwide research and related technical assistance. Missions should continue to utilize these buy-ins while using DAD contracts for mission-specific programs. Many missions should find, however, that DAD contracts will relieve mission dependence on buy-ins for mission-specific technical assistance. Such technical assistance is often no more than marginally related to the statement of work included in A.I.D./W.-managed buy-in contracts.
- (6) Q. Why is there so much emphasis on performance standards? Such standards may be difficult to establish and impossible to measure. Won't we end up in contract disputes over payment of fees?
- A. A.I.D. has determined that projects and programs must be designed and measured through identification of quantifiable development objectives and results. The federal government has recently announced that contracts must include performance standards. A.I.D. programming objectives and U.S. Government contracting requirements appear to be complimentary. It is true, however, that it will take careful thought and imaginative designs to establish verifiable program and activity objectives and related contract performance standards. For this reason, it is even more important to involve contractors in the design of programs and discreet activities and in the establishment of performance standards to which they will be held accountable.
- (7) Q. DAP and DAD contracts may make the mission dependent on one, two or three contractors for most of the mission's program. Is this an unacceptable risk and will the mission be married forever to the same contractors?
- A. A.I.D. is committed to reducing the number of individually managed projects and to focusing mission programs on fewer development objectives. These goals and limited mission staff resources argue for fewer and more comprehensive contracts. Contractors will be required to recompete for subsequent DAP and DAD contracts at the conclusion of the contract period.
- (8) Q. If the DAP or DAD contract period is limited to five years, will program implementation be interrupted with expiration of these contracts?

- A. It should be possible for contractors to implement discreet activities within five years from issuance of a delivery order under a DAD contract or within five years from issuance of an amendment under a DAP contract. Delivery orders may be issued at any time prior to expiration of the DAD requirements contract, and DAP contracts may be amended to provide for implementation of activities with an extension of the initial design contract.**
- (9) Q. Will there be a dollar limit on individual DAD delivery orders?**
- A. No. If the delivery order clearly follows the statement of work set out in the contract and RFP, and if the delivery order is issued to implement a discreet activity designed in accordance with the DAD design contract, there is no reason to limit the dollar amount, except to the extent of available fund**
- (10) Q. If a DAP or DAD contractor does not produce an acceptable design, what are the mission's options?**
- A. The initial DAP contract might extend for a period of, say, six months. In the unlikely event that no agreement can be reached on an acceptable design, the mission would let the contract expire and possibly repeat the competition process. A DAD contractor will normally produce several designs for discreet activities. It seems probable that the mission and contractor will agree on most, if not all designs, and that delivery orders will be issued for implementation of those found acceptable. The contracts may also be terminated.**
- (11) Q. Can the mission give parts of an acceptable design to other contractors for implementation?**
- A. No. It would not be possible to award component parts of an acceptable design to other contractors if such components are within the definition of requirements included in the DAP or DAD award.**
- (12) Q. What will prevent DAP and DAD contractors from designing high cost technical assistance activities for their own benefit?**
- A. The mission, host government and contractor will necessarily work closely together to consider the costs and benefits of design options before designs are accepted. The activities to be implemented by the contractor will then be negotiated in accordance with the cost and other provisions of the contract before DAD delivery orders are issued or the DAP contract is amended for implementation. Mission and host country involvement during the design process and negotiations before implementation of activities should provide for cost effective and essential technical assistance.**

(13) Q. Will sub-contracting be cost effective?

A. Sub-contracting may add very limited additional costs in the form of fees paid to the DAP or DAD contractor for accepting the risks inherent in sub-contracting. Improved management efficiency and earlier implementation of program activities should more than compensate for these additional fees.

(14) Q. Will missions continue to use all other forms of contracts, grants and cooperative agreements? Are DAP and DAD contracts added options to be used only where appropriate?

A. All other procurement options will continue to be available. DAP and DAD contracts appear to be particularly well suited to the Agency's new streamlined and results-oriented design process. The more comprehensive, sector-wide DAP and DAD contracts should assist missions in concentrating the design and implementation process and in limiting the number of projects, sub-projects and contractors to be managed and monitored by limited staff. Certainly, these DAP and DAD contract options will not be suitable for all missions, but they should serve well in missions where programs include substantial and diverse requirements for contractor-provided technical assistance.

New Agency Organization Structure

