

# DRAFT

Agency for International Development

## Management Assessment of Central and Regional Bureau Activities

### NOTICE

This document is a draft consultant report which has been provided to the Agency for International Development for comment. It has not been endorsed by the Agency.

The views in the report neither reflect Agency decisions nor a commitment to action. The Administrator has assigned three teams, comprised exclusively of A.I.D. employees, to develop recommendations and a program of implementation for restructuring Agency operations. The target date for implementation of the bulk of the work of these changes is 10/1 May 1, 1991.

# DRAFT

**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**MANAGEMENT ASSESSMENT**

**TABLE OF CONTENTS**

|  | PAGE   |
|--|--------|
| I. EXECUTIVE SUMMARY                   | I-1    |
| II. OVERVIEW                           |        |
| Background and Study Objective         | II-1   |
| Study Approach                         | II-4   |
| Report Contents                        | II-5   |
| III. GENERAL OBSERVATIONS AND FINDINGS |        |
| Objectives and Planning                | III-3  |
| Structure                              | III-7  |
| Personnel Resource Management          | III-15 |
| Information Systems                    | III-17 |
| Processes                              | III-18 |
| IV. ATTACHMENTS                        |        |

## **MANAGEMENT ASSESSMENT**

### **LIST OF EXHIBITS**

- Exhibit II-1**      **Current Organization Chart**
- Exhibit III-1**    **Alternative Organisation Chart**
- Exhibit III-2**    **Process Cycle**
- Attachments:**
- 1. Interviews**
  - 2. Approximate FTE Distribution by Activity**
  - 3. Bureau Organization Charts**
  - 4. Leverage Structure**
  - 5. Resources Distribution by Level**
  - 6. Central and Regional Bureau FTE Allocation by Function**
  - 7. Budget Process**

## I. EXECUTIVE SUMMARY

A.I.D. currently finds itself at the cross-roads of organizational life. Congress and selected special interest groups are increasingly concerned about A.I.D.'s effectiveness. A recent study sponsored by the House of Representatives reviewed the legislation and administration of foreign assistance and proposed substantive changes, including the replacement of A.I.D. with a new economic assistance entity.

Concurrent with changes in the focus of its external constituents, the Administrator of the Agency has changed three times in a four year period. These leadership transitions have resulted in discontinuity in Agency management. Lacking central direction, dedicated A.I.D. managers have taken initiatives to strengthen specific operations. While those initiatives were well intended, the results appear to have disrupted the focus and coordination of A.I.D.'s organizational units. Individual managers have interpreted A.I.D.'s responsibilities differently and have assumed different levels of policy formulation and implementation responsibility.

As a result of the lack of clarity in A.I.D. organizational responsibilities, many decisions appear to be reached by standing and special purpose committees. These committees are comprised of staff from both regional and central bureaus, and serve as vehicles to develop consensus among A.I.D. organizational units. Due to the many interests that have evolved under "committee management", A.I.D. processes have become extensively detailed, including many control points and the requirement for extensive support documentation for both new and existing programs.

In addition to decreasing A.I.D.'s effectiveness, committee management diffuses accountability. When decisions are made by consensus, each manager is only responsible for a subset of a decision, therefore accountability for the whole decision can only be directed at the committee, not an individual manager. Furthermore, due to A.I.D.'s personnel rotation policy, by the time the results of a decision have been evaluated, the members of the committee responsible for the decision have moved on to new positions, so even the committee members can not be held responsible for the decision.

Another factor which contributes to the perception that Agency effectiveness has decreased is the fact that development objectives are difficult to measure. Accomplishment of development objectives is influenced by changing economic, political and social conditions, as well as the need to incorporate the concerns of a variety of constituents into the proposed solution. These problems have led many to observe that the Agency's excessive involvement in process is a function of risk aversion.

Numerous internal inquiries and special purpose studies have been completed in recent years to analyze the perceived decline in A.I.D.'s effectiveness. These studies have identified a common and recurring set of operational issues -- information systems, operating funds control, performance measurement -- however, minimal improvement has resulted from the recommendations of the special purpose task forces formed to resolve these issues.

Finally, operating funds to support the cost of A.I.D. operations have been under increasing pressure. It appears that Congress and other constituents, with different points of view regarding A.I.D.'s mission and purpose, have reacted to recurring problems by questioning the size of Agency headquarters staff or by questioning the efficiency of Agency activities. A recent internal study found that the most promising area for Agency reform was the elimination of inter-bureau redundancies. This study identified structural alternatives which could be considered in attempting to improve the efficiency of Agency operations.

Intent upon improving the unity and efficiency of Agency management, the new A.I.D. Administrator initiated a study to assess the degree of existing organizational redundancies and to specify recommendations for their elimination. The focus of the study was on headquarters operations only. The rationale for focusing on headquarters operations was to centralize direction and policy setting, improve the efficiency and effectiveness of field and headquarters interactions, and re-establish the organization's sense of teamwork. External consultants with experience assessing management activities in organizations were selected to conduct the study. Study activities included interviews with senior A.I.D. management and external constituents.

Preliminary interviews indicated that redundancy was most likely extensive, however it was difficult to establish a management framework within which to identify and reach consensus on redundant activities. Personnel interviewed, both inside and outside the organization, had differing opinions of the mandates, objectives, strategies and responsibilities which underlie A.I.D.'s programs. It was reasoned that this lack of management consensus may be contributing to the creation of redundancies. As a result, and with the concurrence of the Administrator, the study objectives were modified to focus on the underlying operational, cultural and environmental practices and philosophies which were believed to contribute to redundant headquarters activities.

As summarized in the next few paragraphs, elimination of headquarters redundancies will require clarifying A.I.D.'s management approach, improving managerial accountability, implementing internal and external performance measurements, as well as radically changing the organization and selected operational practices. Fortunately, A.I.D. has a capable work force, in the most part waiting for change and dedicated to ensuring that A.I.D. regains some of its earlier organizational credibility. Similarly, many constituents believe that A.I.D. provides the U.S. government with a strategic advantage in implementing development assistance programs because of its extensive mission structure.

In terms of specific recommendations, A.I.D. should address the following.

1. Identify and reach organization and constituent consensus on a new management approach in which responsibility and accountability for A.I.D. mission, objectives, and programs will be defined. This new management approach should be closely related to the implementation of economic development policy as a component of the foreign policy formulated by the State Department and Congress. As an additional benefit, A.I.D. implementation capabilities should allow the U.S. to pursue international interests (e.g., environment, energy) more cost effectively than developing separate delivery systems in other U.S. Government Agencies.

The new management approach must reconfirm that the leader of A.I.D. is the Administrator. While Congress, the State Department and other special interest groups are important, career and non-career A.I.D. staff work for, and report to, the Administrator. Furthermore, each A.I.D. organizational unit must redefine its role and mission within the context of the management approach established by the Administrator. Bureau and office senior managers need to work in concert with this management approach to redefine operations to perform the critical task of facilitating field operations and minimizing overlaps with other headquarters groups.

2. Develop criteria to measure A.I.D. effectiveness which are appropriate for both internal and external interest groups. Aggregated effectiveness measures, should better position Congress and other A.I.D. constituents to make appropriations to A.I.D. without extensive earmarks, but still ensure that their objectives are satisfied. Similarly, more general appropriations will force A.I.D. senior management to control Agency apparatus actively and ensure resources are being deployed effectively and efficiently.

3. Streamline and radically change the organization to centralize policy creation and accountability, and decentralize operating decision-making authority in order to minimize the time needed to implement A.I.D.'s programs. A.I.D. should transition from 17 organizational units to three main organizational units, and six subsidiary organizational units. Each main organizational unit should have a separate focus area which compliments and contributes to the achievement of A.I.D.'s missions and objectives. The three primary units would each be led by a senior manager (Associate Administrator), with assigned responsibility and accountability for one of the following areas:

- Long-term outlook: This unit would focus on Agency long-term planning, policy development, performance measurement and evaluation, and Agency level budgeting. In the process it would be responsible for A.I.D. commitments to external constituents, as well as ensuring responsiveness and consistency in communications with various constituent groups.
- Mission Operations: This unit would ensure delivery of development assistance commitments made by the U.S. government. It would have primary responsibility for the timely and efficient development and delivery of programs and services which could be utilized by field missions to achieve the Agency's development assistance objectives in host countries.
- Infrastructure Support: This unit would provide basic management and infrastructure services which help the organization function. These services would include financial, personnel and general management, as well as information systems and procurement services.

In addition, it is critical that the Deputy Administrator position be redefined to coordinate the daily activities of the three major focus areas. A Deputy serving in this capacity will allow the Administrator to develop policy and organizational direction and be A.I.D.'s external spokesperson.

The organization described above should streamline the decision process and improve communication between senior managers. In addition, by separating the responsibilities for operations from policy, planning and evaluation, management decisions should be resolved at a lower level in the organization. Once fully implemented the need for task forces and excessive control points should be greatly reduced.

Finally, this organizational model is consistent with other public and private sector organizational configurations. The Associate Administrator position is similar to the Under Secretary position found in many cabinet level organizations. In addition, many public sector organizations are functionally organized, including the Overseas Private Investment Corporation, the World Bank, the Environmental Protection Agency and the Federal Deposit Insurance Corporation. The three functional units are also very much like the marketing, operations, and finance/administration units in a private sector organization.

4. Within the context of the above three recommendations, A.I.D. should evaluate the Agency's staffing, information collection and management approaches, as well as streamlining project approval and management processes, to compliment this new management approach and organization.

It is important to realize that the long-term objective is not to establish another level of management between the Administrator and the field. The objective of organizing into three functional units is to improve communication, decision making and accountability within each function, thus more effectively contribute to the achievement of Agency objectives. The reporting relationships of the Inspector General, General Counsel, Legislative Affairs, External Affairs, Equal Employment and Small and Disadvantaged Business Utilization offices will remain unchanged.

If the suggested changes can be implemented, A.I.D. will have a context within which to eliminate redundancy. More importantly, other benefits will include: more efficient and timely decision-making; improved communications; and, increased credibility with constituent groups.

Several key factors and realities need to underlie the transition of A.I.D. from its current form to a more responsive organization. These include the following.

1. Only radical change is worth the investment. Other studies have pointed to problems similar to those identified here, however, because of the failure to address underlying issues, historical A.I.D. problems continued, and minimal benefits resulted from various investments to affect change. Unless A.I.D. management and other constituents are prepared to make significant changes, existing operations should not be disrupted, as results will most likely be minimal.
2. Radical change does not introduce uncontrollable risk. Numerous external and internal groups are dedicated to re-establishing A.I.D.'s reputation in providing technical leadership for economic development. Furthermore, existing mission operations should be minimally disrupted by the proposed changes.

3. Senior management needs to take ownership for the changes. Key individuals in A.I.D. management should be architects of the changes and responsible for its successful implementation. Managers selected to lead the transition for each organizational division should ultimately be assigned operating responsibility for that area.
4. Organizational and structural changes should be implemented within the next two to three months. Failure to act quickly will cause constituents to conclude that, like previous management assessments, action will not be forthcoming. A long change process becomes vulnerable to fragmentation, which distracts from action, creating a loss of momentum and direction if the mode used is extensive consensus building via task forces. Further, the faster the action the less time the establishment within the Agency will have time to marshal their respective constituencies.
5. Outside constituents need to support and facilitate the transition. As one component in the U.S. foreign policy framework, A.I.D. must educate other foreign policy constituents as to the rationale for such a management transition. All parties to the process need to have a common view of A.I.D.'s Mission and consistent understanding of A.I.D. operations and success factors. Both internal and external groups need to take responsibility for A.I.D. improvement.
6. No new funding would be required to plan and implement the suggested changes.

The overall time frame of the full transition will most likely be several years, however it should conceptually follow the following phases.

1. Commitment to a Common Management Philosophy -- An effort, already underway, to develop an agency-wide approach to management which provides for coordinating the actions of organizational units, increasing the speed of decision-making and improving accountability. The management philosophy would compliment the initiatives set forth in the Agency mission statement.
2. Transition Planning -- A two to three month effort which overlaps with the first phase and involves three concurrent planning efforts focused upon the major components of the new organization (i.e., policy direction, operations, finance and administration).

Each functional transition group would be given the task of identifying issues, developing action plans, identifying interaction with other transition groups, and recommending to the transition team appropriate action plans to implement the transition, including a proposed organization structure, complete with definitions of management responsibilities. The transition should:

- Identify reporting relationships, delegated levels of authority and cross-functional interactions.
- Define the roles and responsibilities of each functional organizational unit. Assign accountability with responsibility.

The individual recommendations of the transitions team must be consolidated into an Agency-wide perspective. This includes cross-functional responsibilities, reporting relationships and authorities. In addition to maintaining an agency-wide outlook, the transition teams must address specific concerns related to their respective functional areas.

Finally, in addition to the transition teams outlined above, specific employees should be tasked to provide internal and external communications, as well as to ensure that organizational changes are in compliance with legislative mandates.

3. Reorganization -- Implementation of the transition team's recommendations could start three to four months after initiation of the transition plan.
4. Refinement -- Is an ongoing process of evaluating and refining the organization based on feedback it receives from internal and external sources. This feedback should be used to make objectives more realistic, to revise strategies based on situational requirements and refine the organizational structure to support changes in operating strategy. These factors, when applied to Agency operations, allow the organization to evolve in concert with its internal and external environment.

In conclusion, action is required now. An investment to realign and focus A.I.D. operations and direction could yield major benefits within a short time frame. These benefits include an improved image through a better understanding by stakeholders of the Agency's management philosophy and operational objectives.

## II. OVERVIEW

This chapter provides a brief background on A.I.D., its mission and organization, and a summary of past management assessments. Also presented are the objectives and the methodology used to conduct the management study along with descriptions of the remaining chapters of the report.

### Background and Study Objective

A.I.D. administers economic assistance programs to promote U.S. humanitarian and foreign policy interests. The Agency provides over \$6.5 billion of assistance through 2,000 projects, as well as jointly administering food aid (PL 480) assistance with USDA.

The \$6.5 billion in assistance is comprised chiefly of economic support funds (\$4 billion) and development assistance funds (\$2.5 billion), which include operating funds. Economic support funds are allocated to country-specific programs by the Department of State, with limited A.I.D. concurrence. A.I.D. proposes, and the Department of State concurs, on the allocation of development assistance funds, although approximately one-third of development assistance funds are committed for specific purposes by Congress in the appropriations legislation (so called "earmarking").

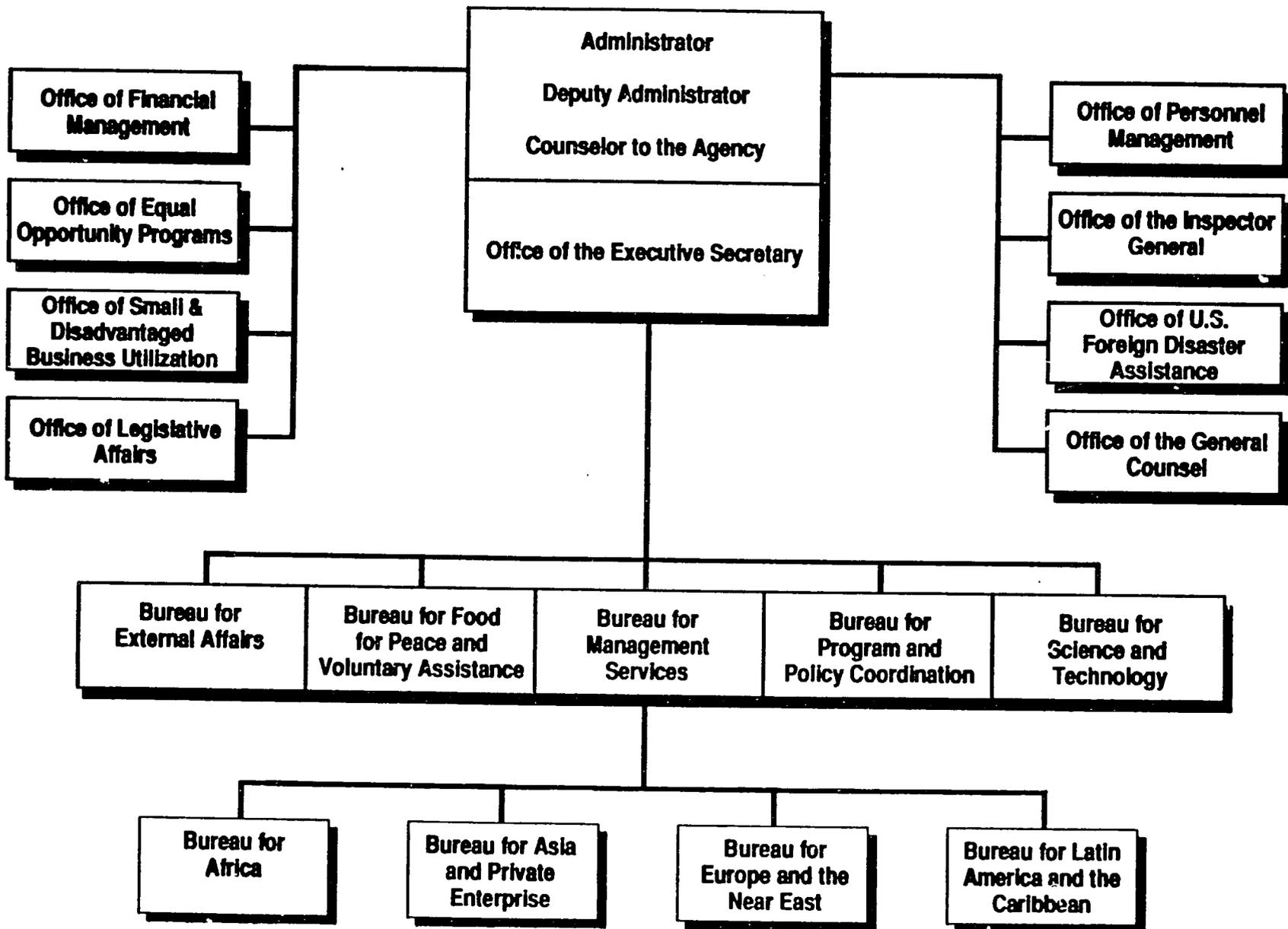
The current organization of A.I.D., is shown in Exhibit II-1. Overall direction is provided by nine bureaus and eight independent offices. A.I.D. operates on an operating expense budget of nearly \$500 million and has a staff of approximately 2,300 U.S. government direct hires in Washington and 2,200 direct hires serving overseas. This work force is augmented by another 6,850 staff comprised of contracted staff, foreign nationals, and other government agency staff.

The Washington-based bureaus are divided between five central bureaus -- those responsible for Agency management and direction, implementing Agency-wide programs, and providing administrative staff functions -- and four regional bureaus. Field offices which include 48 missions, 23 A.I.D. representative offices, and 13 regional development offices are located in developing countries and report to Washington-based regional bureaus.

Over the past ten years a myriad of management assessments have been conducted about A.I.D. A common theme is that the issues and problems identified have continued to evolve with minimal progress toward resolution. This lack of problem solving has caused both internal field staff and external constituents to question the effectiveness of Washington operations and suggest budget reduction and re-allocation of funds and responsibilities.

Exhibit II - 1

**AGENCY FOR INTERNATIONAL DEVELOPMENT**



For example, an external report by the Task Force on Foreign Assistance to the House Foreign Affairs Committee (Hamilton Report) recommended the replacement of A.I.D. with a new international economic cooperation agency to eliminate bureaucratic inefficiencies. The Bollinger Task Force, a recent internal study, found that the most promising area for Agency reform was the elimination of inter-bureau redundancies and identified structural alternatives which could be considered in attempting to improve the efficiency of Agency operations.

In summary, many factors have resulted in the need to understand A.I.D. operations and develop a new direction for A.I.D.'s future existence, if warranted. These include:

- Lack of implementation of recommendations in past studies;
- Continued focus by the Office of Management and Budget on agency budgets;
- Termination of the Cold War and shift of foreign assistance emphasis toward democratization, U.S. competitiveness, and broad based economic growth; and
- Appointment of the new Administrator.

This study is one of many initiatives currently underway to enable A.I.D. to regain control of its destiny and ensure that benefits from its mission are consistent with costs and overall U.S. foreign policy direction.

The current study was an outgrowth of the Bollinger Task Force. Specifically, the purpose of the study was to assess redundancy in the organization and management of A.I.D. between the operations of the four central bureaus and between the central bureaus and the four regional bureaus. A few examples of the redundancies identified in the Bollinger Report include multiple organizational involvement in:

- Policy formulation and evaluation,
- Budgeting, and
- Technical support and global research.

During the initial weeks of the project, it became apparent that more fundamental problems result in the redundancies outlined in the Bollinger report. These problems were evidenced by:

- Different views on how to implement and evaluate A.I.D. programs;
- Unclear organizational interfaces or perceived reporting responsibilities; and

- Minimal accountability due to a lengthy process of consensus building and the frequent rotation of personnel.

The initial findings of the study were reviewed with the Administrator, and the study's objective shifted from examining redundancy toward identifying the major operational assumptions that were constraining A.I.D. effectiveness. More importantly, A.I.D. management was concerned about developing a workable and actionable plan to significantly enhance the organization's effectiveness in both the short and long-term.

### Study Approach

The review of A.I.D. central and regional bureaus was conducted over a ten-week period. The project team was staffed with external management consultants experienced in operational efficiency and organizational effectiveness studies. A specific requirement was to use professionals without extensive past experience with A.I.D. and not to include A.I.D. staff on the project team. This approach was designed to ensure that past operating practices were challenged and that fresh insights into Agency operations were provided.

Project activities included interviews, data collection and analysis, along with senior level meetings to confirm facts and outline proposed changes. Specific project activities included the following:

1. Conduct interviews with approximately 80 Agency staff to understand the Agency's organization, objectives, strategies, roles and responsibilities, activities, and decision making processes. An attempt was made to interview a proportionate number of central and regional bureau staff, as well as foreign service, civil service and political appointees. Approximately half of personnel interviewed had field experience. The field perspective was augmented further by interviewing seven personnel who recently returned to Washington from mission positions.
2. Conduct interviews with representatives of external organizations with relationships to A.I.D. to their determine interests and concerns, including:
  - o Private Voluntary Organizations (2);
  - o Department of State (2);
  - o Department of Agriculture (2);
  - o World Bank (2); and
  - o Congressional Committee Staff (2).

3. Collect and review operating data:
  - Work force (bureau, office, function);
  - Operating expense; and
  - Program budgets.
4. Review documents explaining A.I.D. operations and management practices:
  - A.I.D. Handbooks;
  - Congressional presentation (fiscal 1991);
  - A.I.D. Strategic Information Resources Management Plan; and
  - Internal Management Reports, Assessments and Issue Papers on various bureau activities.
5. Analyze previous management reports and assessments:
  - Report of the Task Force on Foreign Assistance to the House Foreign Affairs Committee (Hamilton Report);
  - Bollinger Task Force Report on Improving Agency Efficiency;
  - Report of the Food and Agriculture Task Force on Dysfunctions and Suggestions for Improvement (Acker Report);
  - Information Memoranda to the Administrator on Organizational Issues; and
  - Previous GAO studies.
6. Compare the organizational practices of A.I.D. with other government agencies, multilateral financial institutions and private sector clients.
7. Develop observations and recommendations and review periodically with the Administrator. Worked with the Administrator through a two month iterative process of analyzing organizational issues, evaluating the implications of alternative organization structures and developing implementation recommendations.

### Report Contents

The remainder of this report is separated into two major chapters, supplemented by several appendices. The next chapter presents observations and findings. These include: lack of an integrated and universally understood policy objectives; minimal evaluation criteria; static organization structure; unique staffing approach; and complex operating processes supported by minimal decision level information.

The final chapter describes an overall plan to affect change at A.I.D. Basically, a significantly streamlined organization is proposed along with a transition plan for its implementation. This chapter also contains more details related to the objectives, timing and responsibilities of new participants in the planning process.

### III. GENERAL OBSERVATIONS AND FINDINGS

This chapter provides a summary of observations and findings gained through interviews with A.I.D. staff and external constituents. Agency management objectives, organization structure, information systems, personnel management and operational processes are discussed. Within each of these areas, key observations from the interview process are described, followed by recommendations for improvement. To facilitate understanding, the introductory section presents high level observations and findings. Specifically, A.I.D. should focus on the following:

1. Identify and attain organization and constituent consensus on a new management approach in which responsibility and accountability for A.I.D. mission, objectives, and programs will be defined. This new management approach should be closely related to the implementation of economic development policy as a component of the foreign policy formulated by the State Department and Congress. Agency implementation capabilities should allow the U.S. to pursue international interests (e.g., environment, energy), more cost effectively than developing separate delivery systems in other U.S. Government Agencies.

The new management approach must reinforce that the leader of A.I.D. is the Administrator. While Congress, the State Department and other special interest groups are important, career and non-career A.I.D. staff work for, and report to, the Administrator. Furthermore, each A.I.D. organizational unit must redefine its role and mission within the context of the management approach established by the Administrator. Bureau and office senior managers need to work in concert with this management approach to redefine operations to perform the critical task of facilitating field operations and minimizing overlaps with other headquarters groups.

2. Develop criteria to measure A.I.D. effectiveness which are appropriate for both internal and external interest groups. Effectiveness measures should better position Congress and other A.I.D. constituents to make appropriations to A.I.D. without extensive earmarks, while ensuring that their objectives are satisfied. Similarly, increasing the proportion of general appropriations would allow A.I.D. senior management to better control the Agency's apparatus and ensure resources are being deployed effectively and efficiently.

3. Streamline and radically change the organization to centralize authority and minimize the time needed to fulfill A.I.D.'s mission. A.I.D. should transition from 17 organizational units reporting to the Administrator to three main organizational units, and six subsidiary organizational units, reporting to the Administrator. Each main organizational unit should have a separate focus area which compliments and contributes to the achievement of A.I.D.'s mission and objectives. The three primary units would be led by a senior manager (Associate Administrators), and have responsibility and accountability for the following areas:

- Long-term outlook: This unit would focus on Agency long-term planning, policy development, performance measurement and evaluation, and Agency level funding and budgeting. In the process it would be responsible for A.I.D. commitments to external constituents, as well as ensuring responsiveness and consistency in communications with various constituent groups.
- Mission Operations: This unit would ensure delivery of development assistance commitments made by the U.S. government, while ensuring management accountability. It would have primary responsibility for the timely and efficient delivery of programs and services which could be utilized by field missions to achieve the Agency's development assistance objectives in host countries.
- Infrastructure Support: This unit would provide basic management and infrastructure services which help the Agency's operations function. These services would include financial, personnel and general management, as well as information systems and procurement services.

In addition, it is critical that the Deputy Administrator position be redefined to direct the operations and infrastructure support functions, and coordinate the activities of the long-term planning function in conjunction with the Administrator. A Deputy serving in this capacity will allow the Administrator to develop policy and organizational direction and be A.I.D.'s external spokesman.

The organization described above should streamline the decision process and improve communication between senior managers. In addition, by separating the responsibilities for operations from policy, planning and evaluation, management decisions should be resolved at a lower level in the organization. Once implemented the need for task forces and excessive control points should be greatly reduced.

4. Within the context of the three recommendations described above, A.I.D. should rethink the Agency's staffing, information collection and management approaches, as well as streamlining project approval and management processes. Implementation of these efficiencies would require improving the allocation of Agency staff to areas of strategic importance, rethinking information collection and design, and creating more timely and less complex project approval and management processes. Of specific importance is the personnel and information management processes. In association with the change in organizational structure, these processes must be modified to support effective management and efficient management information. Once established, performance standards and measurements can be used to monitor the quality of these services.

The changes described above, if implemented, should contribute to an increase in organizational efficiency. More importantly, the Agency should realize other benefits including: more efficient and timely decision-making; improved communications; and increased credibility with constituent groups.

The following five sections of this chapter present observations and findings which support the conclusions summarized above.

### Objectives and Planning

Until recently A.I.D. had identified its main objective as "to help developing countries help themselves." Because this is a broad objective, most internal and external organizations have developed their own objectives which broadly interpret the Agency's objective. Concurrently, numerous independent objectives have been developed which focus on specific categories of assistance.

As a result, A.I.D. does not have clearly articulated and uniformly agreed upon strategies (i.e., roles and responsibilities, work processes, communication flows, and information support) as to how it will achieve Agency objectives. The lack of clearly articulated Agency-wide strategies has resulted in bureaus creating their own individual management agendas. Supporting and defending these management agendas requires extensive participation by various bureaus and offices in the decision making process.

More importantly, internal A.I.D. management does not uniformly appear to believe that detailed objectives and strategies are important. The common reason given is that A.I.D. is subjected to many external economic, political and social factors which are beyond its control. These factors create the need to change direction frequently, hence objective setting and measurement are perceived to be of limited usefulness.

However, the lack of clearly articulated and measurable Agency objectives, may result in constituents evaluating A.I.D. according to potentially inappropriate standards. For example, constituents have used country economic figures as indicators of A.I.D.'s success or failure even though it may be unrealistic to expect that relatively small foreign aid contributions in a country will lead to significant short-term changes in a country's economic condition. However, without measurable objectives, constituents do not have an alternative means to evaluate the Agency's results and most likely will continue to emphasize standards that they believe are important.

The lack of clearly defined Agency objectives has also contributed to organizational inefficiency by allowing bureaus to create entities to support individual bureau initiatives. Most bureaus wish to control the resources available to accomplish their individually defined objectives. Task forces, clusters, and offices have been created to act on specific issues or problems. However, rather than disappearing when the issue or problem is solved, some of these entities take on lives of their own and evolve into organizational units which are perceived as integral components of the bureau. Many times these units duplicate functions performed in other parts of the organization. For example, when questioned about the need for functions which were apparently redundant with central bureau functions, a few individuals from regional bureaus indicated that resources from central bureaus could not be relied upon to meet regional bureau needs.

Without adequate direction on objectives and performance measurement from A.I.D., various constituents, including Congress, have reverted to micro-management of A.I.D. through earmarks and numerous reporting requirements. The A.I.D. legislative checklist includes nearly 85 considerations for the approval of project or non-project technical assistance. The 33 objectives listed in the Foreign Assistance Act cover a variety of development issues. As a result, a significant portion of A.I.D. staff time is devoted to collecting the relevant data to demonstrate compliance with these checklists and to monitor progress in meeting earmarks. In general, the same checklist and report requirements apply regardless of project size, length of the project, nature of the project, or host-country participation in the project.

A rallying point may be to leverage off of A.I.D.'s perceived strength. Most internal and external constituents view the A.I.D. field organization as a comparative advantage. A.I.D.'s presence in the field, extensive experience with implementation (i.e. contract negotiation and administration) and knowledge of local conditions and environments, potentially position A.I.D. to administer or implement foreign assistance as well as other U.S. government policy initiatives (e.g., democratization, privatization). Capitalizing on this unique advantage, and by marshalling Agency resources toward common objectives, the Agency can establish a framework to allow better articulation of organization-wide objectives and performance measurements.

Beginning this process will require articulating commonly supported and measurable objectives and defining actionable strategies in the context of the management philosophy established by the Administrator. This management philosophy should provide a frame of reference with which to coordinate Agency and bureau activities. The new management philosophy must emphasize the contribution of all organizational units to achieve the objectives established by the Administrator. Each A.I.D. organizational unit must redefine its role and mission within the context of the management philosophy. Bureau and office senior managers need to work in concert to redefine operations to perform the critical task of facilitating field operations and minimize overlap with other headquarters groups.

Within this context, A.I.D. should do the following activities:

1. Set measurable objectives focusing on success factors which can be influenced. Objectives should be set so as to identify:
  - What is to be accomplished;
  - When it should be accomplished; and
  - How should the accomplishment be measured.

Since the nature of A.I.D. programs is such that they are influenced by many external factors, the Agency should attempt to define two sets of objectives. The first set of objectives should define results in terms of factors which are internal and related to A.I.D.'s delivery of technical assistance, including timeliness and responsiveness to new initiatives, faster and more efficient distribution of services and better information systems to support constituent requests for information. For example, one objective may be to increase the speed by which a project is moved through the project evaluation and review cycle by 50 percent or reduce time spent on project planning and increase time spent on project evaluation.

The second set of objectives must be defined relative to A.I.D.'s overall mission, and formulated in conjunction with constituent groups. These objectives are more difficult to evaluate because performance is influenced by numerous external variables which can not be controlled. For example, initiatives such as the development of democratic societies and the fostering of market economies must be redefined in terms of the project activities that A.I.D. performs.

2. Use objectives to measure performance. Evaluation is critical to establishing A.I.D.'s credibility and controlling its efficiency. A strong independent evaluation unit, as currently planned, will be needed to measure Agency and bureau performance and define success. The evaluation unit will focus at a policy level on the overall effectiveness of A.I.D. in satisfying development needs, as well as the overall management and operation of projects. The results of evaluations, both successes and failures, as well as lessons learned should be communicated to Agency constituents. Evaluation findings should also provide formal feedback to planning processes, such as project planning and budgeting.
3. Use objectives to educate A.I.D.'s constituency on how to evaluate A.I.D.'s success. By developing measurable objectives, the Agency can attempt to educate constituents on how to evaluate A.I.D.'s performance more effectively. Over the long-term, this effort should contribute to build A.I.D.'s reputation for effectiveness with external constituents.
4. Define management and operating strategies to achieve objectives. Strategies should be developed and communicated to Agency organizational units. Defining strategies will allow the Agency to immediately address some of the factors which have caused redundancies to develop and may include:
  - Utilizing research to provide missions with more effective methodologies and more appropriate technology to implement projects;
  - Balancing economies of scale and availability of resources to missions by improving the efficiency of procurement, budgeting and other financial control systems;
  - Improving service delivery by decentralizing decision making for project implementation;
  - Using information resources to maximize communication between Washington and the field; and
  - Utilizing coordination with other donors to leverage U.S. resources in the field.

Having an understood and comprehensible set of objectives should significantly help to clarify A.I.D. responsibilities and streamline operations. These objectives help each internal organizational unit understand how it supports A.I.D.'s mission. These objectives should also help eliminate confusion regarding managerial responsibilities by defining the responsibilities and operational parameters of line managers. From an external perspective, these objectives should ensure better understanding of A.I.D. operations, which may promote fairer measurement of A.I.D. performance.

### Structure

A second contributor to redundancies is the organizational structure of A.I.D. Several factors point to the need to examine the structure of the organization.

1. Despite significant changes in the needs for development assistance, the Agency's current organization structure has changed little since the A.I.D. reform program of 1972. Technical units are organized in areas such as health, nutrition, agriculture, and rural development, yet Agency documents identify priorities such as democratic pluralism, market development, private sector activities, the environment, and disaster relief. In some bureaus there are no offices for these areas, in others, the offices are not integrated into the operational units (e.g., technical resource offices, project development offices or program offices). On a more global basis, the geographical configuration of A.I.D. has not changed in a major way since inception.
2. Roles and responsibilities are not clearly defined and change frequently. A.I.D. is a matrix organization comprised of functional bureaus (S&T, FVA, (A)-PRE) and regional bureaus (AFR, A-(PRE), ENE, LAC). These bureaus are performing some functions which are similar, but with slightly different definitions. Most bureaus seem to have roles in policy formulation, operations and field management. Poorly defined roles, as well as overlapping responsibilities, appear to cause conflicts to arise as each bureau has a different interpretation of its responsibilities, and the responsibilities of other bureaus.

For example, the Bureau for Asia and Private Enterprise currently funds a worldwide privatization project which involves buy-ins from the field missions. At the same time, missions are to meet the requirements of Policy Determination-14 (two privatization projects per year). The role of the regional bureau, rather than the central bureau, is to support the missions in meeting this goal. Yet, the regional bureau has no authority to cancel or promote the project, despite the fact that missions under its authority are committing funds to the venture. This results in divided authority and miscommunication.

A related factor is the definition of decision-making authority between organizational units. Many decisions appear to require inter-bureau input, review or decision making. In many instances no one assistant administrator (AA), has complete authority to make a decision. Decisions are made by committees consisting of members from both central and regional bureaus to build consensus, and may result in compromise decisions. In addition, decision making accountability is difficult, because personnel rotate through positions and are usually not in the same position when the decision is up for review.

3. Bureaus have numerous offices with narrow management spans of control. Span of control is defined as the ratio of subordinates to a manager, a measure of management leverage. A.I.D. has a management span of control of 3.6:1, which is much narrower than a composite of U.S. Government organizations for which the span of control was 8.6:1 (compiled by the Office of Personnel Management - see attachments 3 and 4).

When A.I.D. is compared to the entire U.S. government (by grouping personnel according to four staffing levels by grade), approximately 61% of A.I.D. personnel are in the two highest levels of the organization, whereas only approximately 16% of U.S. government managers fall into the two highest levels (see attachment 5). This high number of top level personnel requires many organizational levels (which lessens the management span of control), to create management positions, primarily to accommodate foreign service personnel rotating to Washington from the field and to satisfy the promotion system's management criteria.

A proliferation of organizational levels is expensive because for each office created there are operating costs (e.g., staff, facilities, budget and planning documents), as well as a significant amount of time and effort devoted to management and coordination between organizational units. The more levels in an organization, the more complicated communication becomes, increasing the likelihood of omissions and misinterpretations. Likewise, management also gets more complicated as tasks get divided among different levels of managers, because the division of labor increases the need for coordination and communication among the managers.

4. The organizational structure does not facilitate controllable channels of communication. There are three organizational "tiers" within the Agency, central bureaus, regional bureaus and missions. The interrelationships between the units rely on informal rather than formal reporting relationships. The channels of communication between the regional bureaus and S&T and PRE are the sector councils. There is not a direct reporting relationship between the central bureaus and the field missions. A policy of the Agency might be articulated at the central bureau level, but due to the lack of direct reporting relationships, once communicated to the field it is unclear how the missions might be held accountable for implementing the policy.

For example, a private sector officer in a field mission reports to the mission director, with no relationship to the Private Enterprise Bureau and limited link to the regional bureau private sector office. Their main points of contact are the country desk and the project development office. Private sector officers in the regional bureaus report to the assistant administrators. When a central bureau implements a project, there are limited formal mechanisms to coordinate their efforts with the efforts of the related regional and field mission offices.

5. It is difficult for the Administrator to oversee the daily management of an organization as large as A.I.D. and spend a significant amount of time interacting with external constituents. As a key component of U.S. foreign policy, A.I.D. must communicate and coordinate with a large number of external constituents. These constituents (Congress, State Department, PVOs) and clients (host countries) regularly require and demand the Administrator's attention. At the same time, the Administrator is required to directly manage nine (9) bureaus and eight (8) offices within the current organization structure. Both of these roles are critically important to the Agency's success. However, the number of demands, as well as the immediacy with which most of them must be met, suggests the need for streamlining the senior management structure to focus attention on key management areas.

6. The Agency views itself as decentralized, yet many decisions require A.I.D./Washington review or approval. Most processes flow through regional and/or central bureaus, or Washington-based committees for review. For example, project ideas defined in the project implementation document (PID) are forwarded from the field to Washington and undergo extensive review involving personnel from five or more bureaus. After missions develop annual budgets, their submissions are reviewed by the bureau before being forwarded to the central planning and budgeting unit. Furthermore, waivers to policies, such as compliance with procurement policies which restrict the source of goods to the United States, must come from Washington.

Consequently, it is recommended that the Agency revise its organization structure to complement its management strategy. An alternative structure is shown in Exhibit III-1. The proposed structure creates two operations functions, as well as a policy and long-range planning group. The intent is to localize decision making at the functional level and assign responsibility directly to functional managers. The primary responsibilities of each of the organizational areas are:

Administrator: The senior executive of the Agency, with overall responsibility for the Agency portfolio. The Administrator's management responsibilities are focused in two areas:

- Policy formulation, strategic planning and setting the Agency agenda; and
- Primary representative of the Agency before Congress and other constituent groups.

Deputy Administrator: The day-to-day activities of the Agency would be guided by the Deputy Administrator, as Chief Operating Officer of the Agency. The Deputy would report to the Administrator. The managers (or associate administrators) responsible for Operations, Policy Direction and Finance/Administration would report directly to the Deputy. The Deputy and three functional managers would form the operating management cadre with the deputy coordinating the three functional managers and held accountable for integration of all activities.

Operations: The Operations unit of the Agency provides A.I.D. with tactical support in implementing programs and projects to client countries. The strawman organization structure shows Operations as six departments: four regions, the Office of Foreign Disaster Assistance and field operations research. The regional departments do not have to be viewed strictly as geographic regions, they could be grouped any number of ways. Over time, A.I.D. may want to evolve these groupings to focus on level of country development or by type of assistance provided (e.g., development assistance or economic security funds).

The Operations unit research department would be that portion of existing Bureau for Science and Technology activities which support field operations, either through field research or technical programs and projects. The other portion of S&T activities, long-term research in support of Agency initiatives or policy objectives, would reside in the Policy Direction unit.

The Operations unit would also have responsibility for private enterprise and food aid programs. The integration of these activities into the organization should be resolved during the transition process.

Private enterprise activities seem to be fairly well integrated throughout the current organization. Currently, the central bureau private enterprise activities are complemented by private enterprise and investment office activities within the regional bureaus. Based upon the current level of integration, the need for a central bureau PRE function appears to have diminished.

Food aid funds are not part of A.I.D.'s regular funding, but rather have been administered jointly with the State Department and the U.S. Department of Agriculture (USDA). Because they have been administered separately, it appears that A.I.D. regional bureau staff have not viewed food aid funds as part of the funds available for country allocation. Therefore, regional bureau staff were not directly involved in their distribution. As direct financial resources become more difficult to obtain, food aid funding could become more important as a means to leverage A.I.D.'s existing programs. By assigning food aid responsibility to the Operations unit, regional managers would have more responsibility for integrating food aid into the various country strategies, and will implicitly become more accountable for the successful administration of the food aid program. The 1990 Farm Bill defines A.I.D.'s role in administering the food aid program, therefore should be consulted prior to final determination of organizational responsibilities.

Policy Direction: The Policy Direction unit would perform the planning function for the Agency. Included in the Policy Direction unit would be fund solicitation and overall effectiveness departments for strategic planning, policy development, macro budgeting, evaluation and performance monitoring, long-term research, and Private Voluntary Organization and University liaison. The Policy Direction organization would be responsible for Agency commitments, as well as coordinating with the rest of the organization to manage the information flow for developing and monitoring objectives and policies.

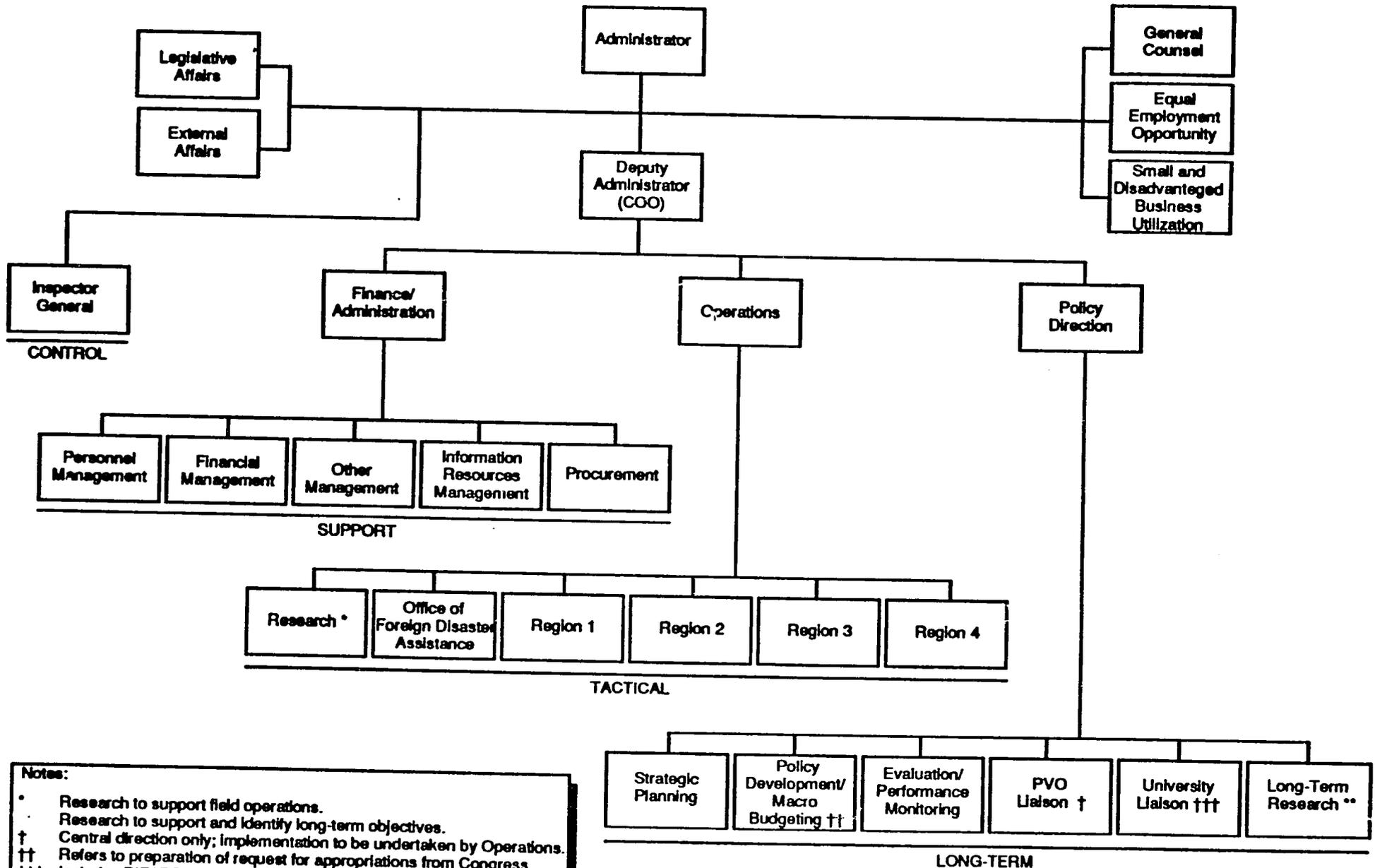
Finance/Administration: The Finance and Administration unit would provide support services to the Agency. These services include financial management, personnel management, information resource management, procurement and any other management services currently available. In fulfilling its responsibilities in these areas the Finance and Administration unit would coordinate with, and be consulted by, A.I.D.'s other organizational units, to assist them in fulfilling their designated responsibilities.

Inspector General: The role of the Inspector General would remain unchanged. The Inspector General's role is primarily to conduct audits and investigations of the programs and operations of the Agency. The Inspector General is also responsible for preventing fraud and abuse in programs and operations. Finally, the Inspector General is tasked with keeping Congress and the Administrator fully informed about program and operational problems and the need for corrective action.

Functional organizations are common among both private and public sector organizations. Although this organization structure is significantly different from the current organization structure, it presents the Agency with several important advantages.

1. Improves communication and coordination between senior managers. Despite initially adding a layer of management at the senior manager level, the new organization structure should actually improve managerial communication and coordination between organizational units by reducing the number of senior managers reporting to the Administrator. Similarly, the structure should allow line managers to reconcile issues closer to the source of potential conflicts. This improvement should be most notable in the operations area, where food aid, private enterprise, operational research, and the regions will all be in the same organizational unit under one senior manager. Over time, the need for numerous review points and committees should be reduced under this type of structure.

Exhibit III - 1  
**AGENCY FOR INTERNATIONAL DEVELOPMENT  
 ALTERNATIVE ORGANIZATION STRUCTURE**



**Notes:**

- Research to support field operations.
- Research to support and identify long-term objectives.
- † Central direction only; Implementation to be undertaken by Operations.
- †† Refers to preparation of request for appropriations from Congress.
- ††† Includes BIFADEC.

2. Provides a logical way of grouping organizational units. This structure places units with similar objectives or functions within the same organizational unit to create efficiencies through better organizational coordination, and, where possible, economies of scale. This would improve the flexibility of the organization to respond to changes in strategy or policy by transferring responsibility to one organizational unit, instead of several bureaus in the current configuration.
3. Concentrates resources on achievement of Agency objectives. The proposed organization structure groups activities to support the primary activity of the Agency, developing and delivering economic development assistance policies and programs. The operations unit develops and distributes the Agency's service, within the context of the strategic plan and policies developed by the policy direction unit. The finance/administration unit manages the deployment of financial, information management and administrative resources. The policy direction unit monitors and evaluates performance utilizing information provided through Agency information systems to provide feedback to operations and finance/administration, which is used to refine current projects and improve the development of future projects.
4. Assigns senior managers end-results responsibility, thus providing a means of control at the top of the organization. By assigning responsibility for key organizational areas to a specific senior manager, and reducing the impediments to organizational coordination, the Administrator will be better able to control the deployment of Agency resources for maximum results.
5. Consistent with organizational configurations used by other public and private sector organizations. The Associate Administrator position is similar to the Under Secretary position found in many cabinet level organizations. In addition, many public sector organizations are functionally organized, including the Overseas Private Investment Corporation, the World Bank, the Environmental Protection Agency and the Federal Deposit Insurance Corporation. The three functional units described above are similar to the marketing, operations, and finance/administration units in a private sector organization.

76

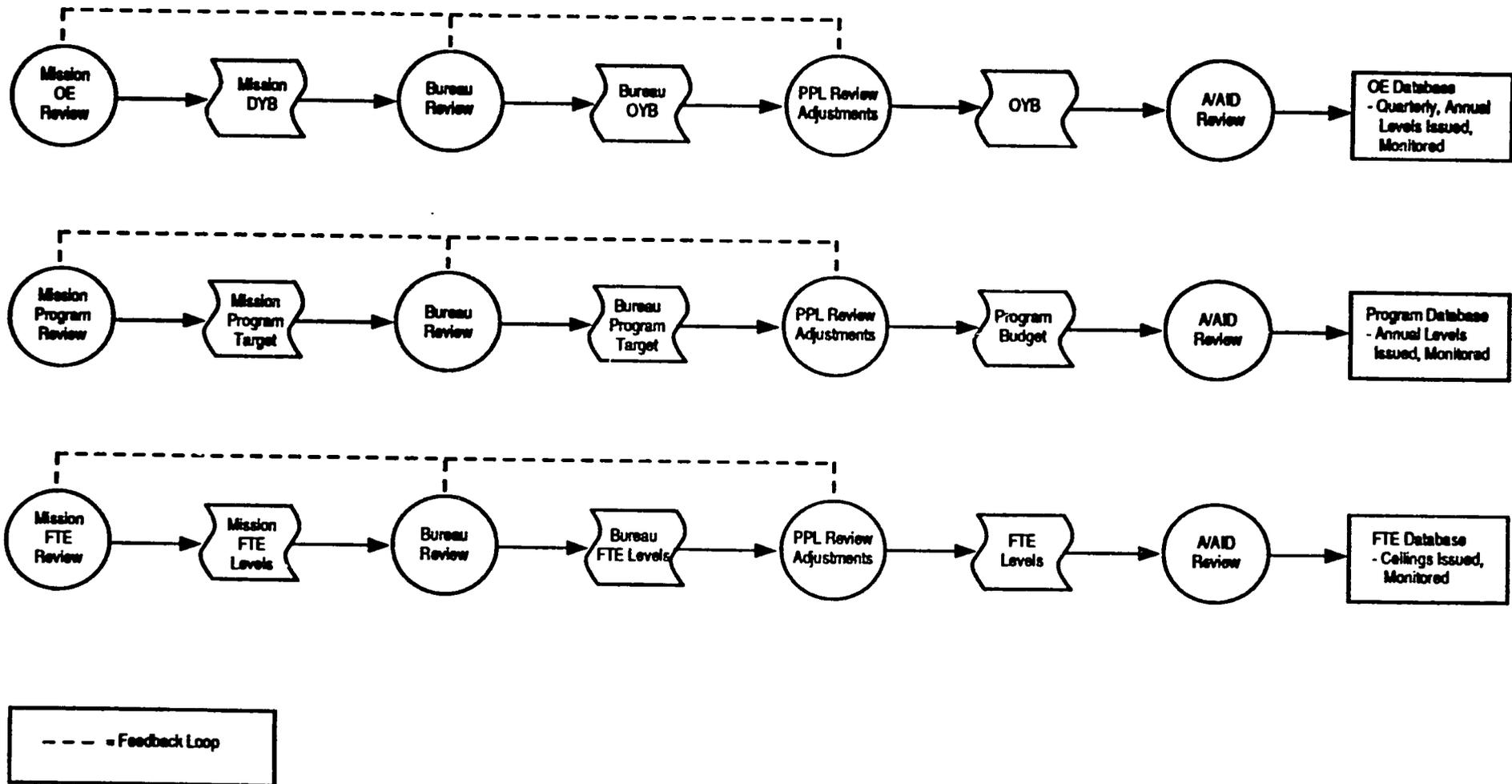
# ATTACHMENT 7

## AGENCY FOR INTERNATIONAL DEVELOPMENT

### THE BUDGET PROCESS

(continued)

#### III. MONITORING



## Personnel Resource Management

In conjunction with modifications to the objectives and organization structure, A.I.D. management should reform the Agency's personnel policies to ensure that the Agency's investment in personnel is maximized. Currently, there are some characteristics of the personnel system which constrain management.

1. There are conflicting perceptions as to the adequacy of A.I.D. resources. Agency managers are concerned about current FTE levels in A.I.D. headquarters (about 2,300). They believe that A.I.D. does not have sufficient resources to meet the demands of external constituents and field missions. In contrast, the external view is that levels of staff are either too high or that the Agency staff are not doing tasks efficiently or both.

Managing by FTEs limits management flexibility because FTE categorization is independent of operating expenses. It is difficult to make transitory resource allocations because FTEs and personnel expenses are budgeted separately.

2. A substantial amount of professional time is spent on process management and administration. Professional staff mentioned that they are more involved now in preparing unnecessary documentation and meeting reporting requirements than in the past. The level of "pure bureaucracy" or "process management" limits the time staff may spend on other tasks such as project management, project monitoring, and participating in the review processes. Among those interviewed, the estimate of the amount of time spent on administrative tasks ranged between 30 percent and 90 percent.
3. There is concern that it is difficult to attract Foreign Service staff with necessary qualifications to some jobs. Central bureau positions are considered less desirable by foreign service personnel than regional bureau or mission positions. Many foreign service personnel perceived that being in a central bureau position reduced the likelihood of promotion, as they might be out of the sight of their peers, who sit on evaluation and promotion boards. Only 12 percent of current staff (staff on board) in the Science and Technology Bureau, and 18 percent of current staff in the Program and Policy Coordination Bureau are foreign service personnel.

A primary function of A.I.D./Washington is to provide support to the field missions. Since foreign service personnel have field mission experience, they provide an important conduit for communicating the field perspective to the headquarters organization.

4. The unique characteristics of each category of personnel shape the continuity of management in A.I.D. The personnel system is comprised of at least four categories of personnel, foreign service, general service, political appointees, and contractors.

Foreign service personnel rotate every two to three years, often going from Washington to the field and vice versa. The principle behind personnel rotation is to provide training and management development opportunities in all aspects of Agency operations. The rationale for rotation is to develop a well-rounded foreign service officer and manager.

Although the Agency provides general management training programs, Agency staff expressed different views on the nature of manager skills. While some staff interviewed believed that the current development climate requires managers with specialized technical and regional expertise, most believed that the skills most often required of an A.I.D. manager are general management in nature (e.g., contract management, procurement, financial).

Until recently, senior federal employees, both general service and foreign service, had a management (e.g., financial, human, real resources) requirement for promotion. This federal promotion requirement, combined with the need for positions for rotating foreign service personnel, led to the proliferation of management positions in A.I.D. Organizational inefficiencies (and operating expenses) grew as operating units were created to support each management position.

The presence of political appointments in operating positions may also influence the management of the Agency. It is unique to the government that senior management is appointed for relatively short periods of time. At A.I.D., approximately 80 of the 2,300 A.I.D./Washington positions are held by political appointees. Tactics used to implement the initiatives of the current administration may vary between political managers, which in turn changes the short term direction of the Agency.

A.I.D. should pursue special personnel initiatives to better align Agency resources with organizational needs. It is recommended that the Agency focus on the following:

1. Conduct a work force analysis and develop a work force plan. A work force planning exercise is underway in parallel with this study. Results from the analysis should be used to develop a resource pool and concurrently develop a plan to reallocate resources to areas of strategic importance. The determination of the appropriate size of A.I.D. is an important step in effecting change to improve Agency management.

In general, reallocation of resources requires a review of the organization to identify positions for reduction based on the areas necessary to support the Agency's strategy. There are two approaches which could be used by the Agency. The first approach uses a percentage reduction by operational area, with the percentage determined by cost saving objectives and relevance of activities to the Agency's management plan. The second approach involves a more in-depth evaluation of activities by staff level to determine the resource allocation by activity.

2. Emphasize general management skills and the development of career managers. The A.I.D. project portfolio is large, requires diverse technical skills and changes over time. The variety of technical skills required, the difficulty in keeping technical skills current, and the economic constraints in recruiting technical people with an interest in development, all limit the Agency's capacity to maintain its technical resource base.

By emphasizing general management, the Agency could develop a cadre of experienced managers who could be transferred from one project to another to meet shifts in organizational emphasis and priority. Technical skills could be provided by a small cadre within the Agency, or by subcontractors on an as needed basis. Developing general management skills will allow the Agency to create economies of scale in management by utilizing managers more efficiently over a longer time period. Given the operating expense and recruiting constraints on the Agency, it is not clear whether the Agency could gain and maintain the same economies with technical managers.

### Information Systems

The intensity of A.I.D.'s unique information needs makes information systems another important organizational resource. These systems have been the subject of special studies which have concluded that the Agency needs to place a priority on developing information systems which support the efficient production of management information.

The availability of timely and reliable management information directly affects the efficient operations of the Agency. The primary data needs of A.I.D. are for budgeting and programming purposes, performance evaluation, and historical information for planning purposes. A.I.D.'s reliance on information systems increases as the Agency places additional emphasis on the measurement of objectives. Managers will demand better information as a result of the emphasis on implementation and increased accountability.

Despite the level of resources, it appears that Agency systems are fragmented and that the bureaus have information systems which do not communicate with other Agency systems. The Agency devotes 12% of its FTEs to information systems, many of which have been developed for independent organizational units. Furthermore, duplicate data collection efforts are undertaken because one unit questions the integrity of another unit's data, or because the unit wants to control the data. The result is that users are unsure of the accuracy of operating data, making it difficult to make priorities, analyze costs, or assess the benefits of bureau initiatives.

A.I.D. should integrate information systems to reduce the amount of time spent managing data and increase the amount of time data can be analyzed and evaluated to improve the quality of information for decision makers. However, integration does not necessarily mean one system. For example, the Finance/Administration unit should be responsible for all information systems that provide corporate information and need corporate monitoring. The Operations unit may be responsible for designing a mission level system (within parameters set by the Finance/Administration unit) that interfaces with the Finance/Administration unit systems. Some information systems may need to be modified to support suggested changes in the organization structure.

### Processes

It appears that A.I.D. processes are overly detailed, require an extensive amount of staff resources, and include a considerable amount of review before a decision can be reached. A common observation, made in both interviews and management reports, was that the excessive involvement in process was a function of Agency risk aversion. When redefining Agency processes, the benefits of reducing risk must be balanced with the incremental costs of management control.

Projects are the primary vehicle A.I.D. uses to provide development assistance. The Project Cycle, as illustrated in Exhibit III-2, is a complicated activity involving formulation, implementation, monitoring and evaluation activities.

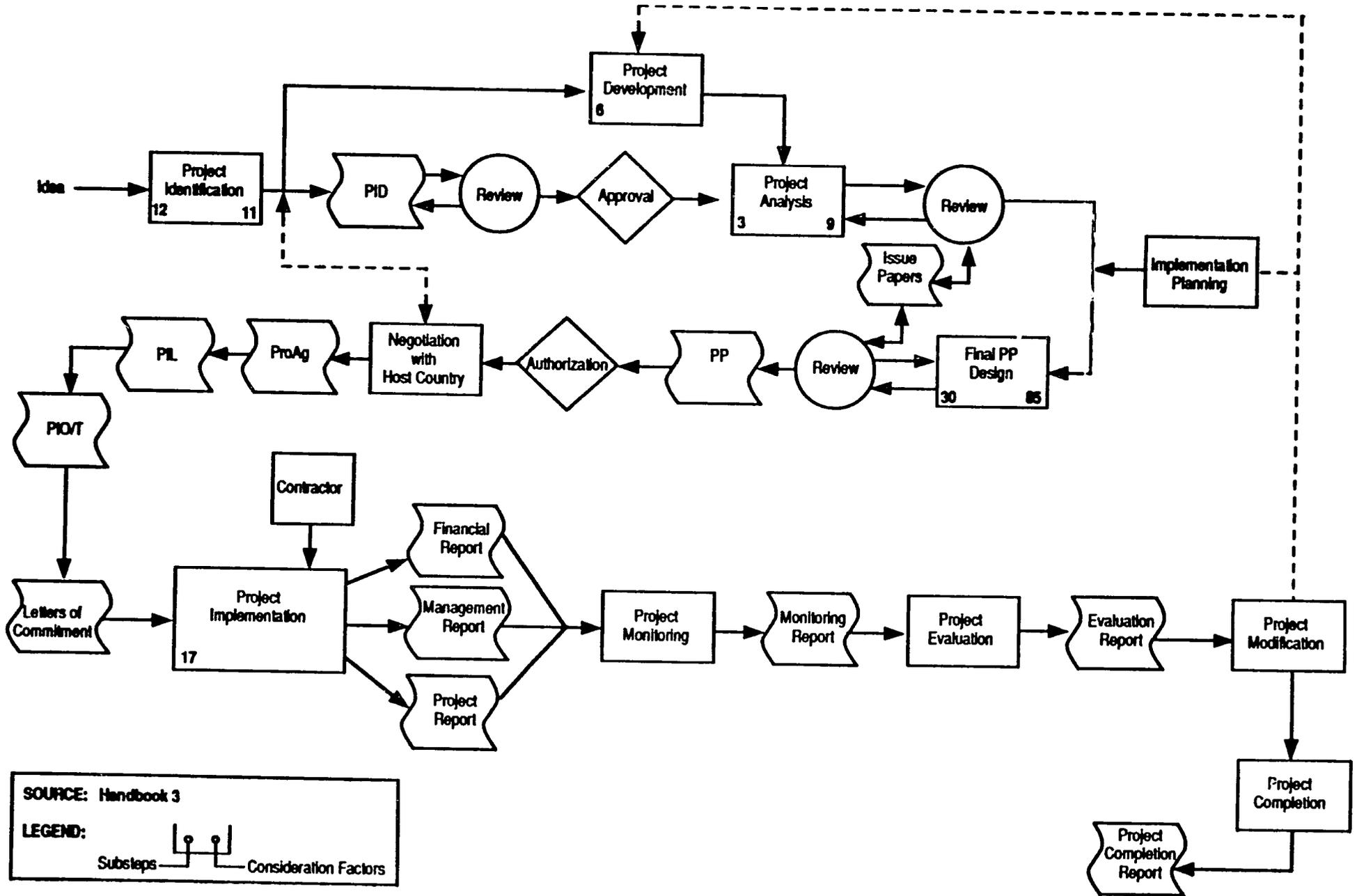
In general, A.I.D. processes require a large number of resources. Each year, A.I.D. completes the idea formulation and review process for 200 projects. The size of projects range from hundreds of thousands of dollars to over a billion dollars. Representatives from several bureaus and mission offices participate in the process to ensure that project design and implementation considerations benefit from each participants respective area of expertise. Because the authority of each representative within the committee is not defined, decisions are reached on the basis of all representatives agreeing on a course of action. Consensus decision making requires a significant amount of time and often results in lower quality decisions, because decisions are usually made at the least common denominator.

The consensus process takes a long time. It could be 9 to 24 months before a project is authorized. The length of the process is a function of decision making by committee and the significant number of factors which must be considered. The longer the project cycle takes, the more A.I.D. is exposed to criticism from outside the Agency.

As part of its overall management restructuring, A.I.D. should consider compressing Agency processes. Specifically, the Agency should:

1. Review each process and reduce the number of process steps and consideration factors. Process inputs (people, systems), as well as outputs (documents, information) should be reviewed. The current project cycle involves a substantial number of primary and secondary steps, consideration factors, and review committees. As one of the Agency's primary processes, the project cycle appears to be overly complex and requires a significant amount of time for project review and approval. A similar observation was noted in a recent internal evaluation of the process cycle, in which the authors stated that A.I.D. spends considerable time and effort on perfecting documents that are only vaguely related to project activities. To the extent possible, A.I.D. should consider modifications to the process to improve service delivery and response time to constituents. In addition, budget information processing must be expedited to provide input for project planning purposes.

**Exhibit III - 2**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**THE PROJECT CYCLE**



**SOURCE:** Handbook 3

**LEGEND:**

Substeps ————

Consideration Factors ————

2. Evaluate the feasibility of undertaking fewer projects. The project cycle and budget process are the same whether a \$500,000 or \$20 million dollar project is being reviewed. Due to the cost of the project cycle and budget process, it may be not be cost effective to undertake small projects. Whether A.I.D. achieves economies of scale for large projects depends upon how appropriate the projects are in light of developing country conditions. A strong evaluation function should help to measure the utility of larger projects and ensure adequate management control.
  
3. Document and monitor processes. Process documentation is critical to ensuring management control. Agencies such as A.I.D. are often criticized by Congress, and subsequently are the subject of General Accounting Office (GAO) reviews. One management control factor often considered in these reviews is whether the Agency has written management processes and the degree to which personnel comply with these processes. In the near term, all major Agency processes should be reviewed, and process steps should be critically examined and documented, including the roles and authority of process participants. Once documented, each process should be periodically reviewed by an intra-Agency review team to ensure process compliance.

**ATTACHMENTS**

**ATTACHMENT 1**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**

**Conducted a Total of 89 Interviews:**

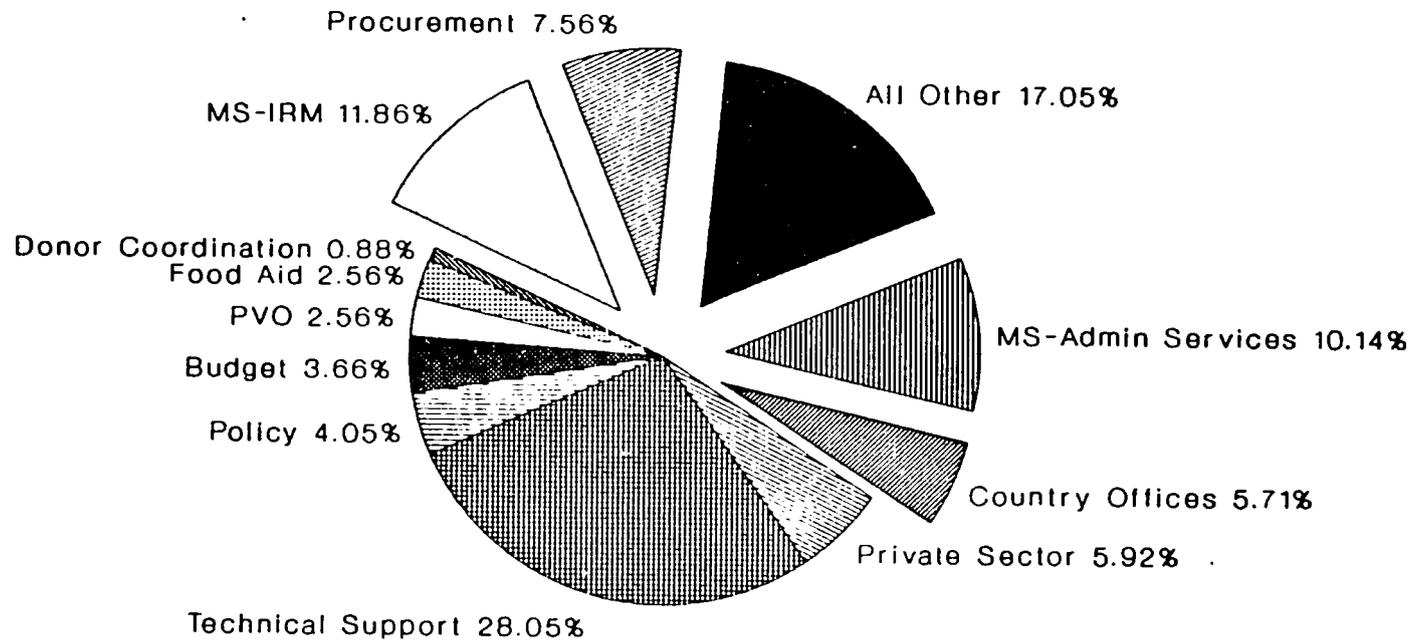
|                                | <i>Central</i> | <i>Regional</i> | <i>Other A.I.D.</i> | <i>Outside**</i> |
|--------------------------------|----------------|-----------------|---------------------|------------------|
| <b>Assistant Administrator</b> | 5              | 4               |                     |                  |
| <b>Deputy AA</b>               | 7              | 5               |                     |                  |
| <b>General Management*</b>     | 21             | 22              | 15                  | 10               |
| <b>Total</b>                   | 33             | 31              | 15                  | 10               |

\* (including DA/A.I.D., I.G., GC, Controller, Director of Personnel, Executive Secretary, et al)

\*\* (including PVOs, State Dept., USDA, World Bank, Congressional Committee Staff)

**ATTACHMENT 2**

# Approximate FTE Distribution by Activity \*

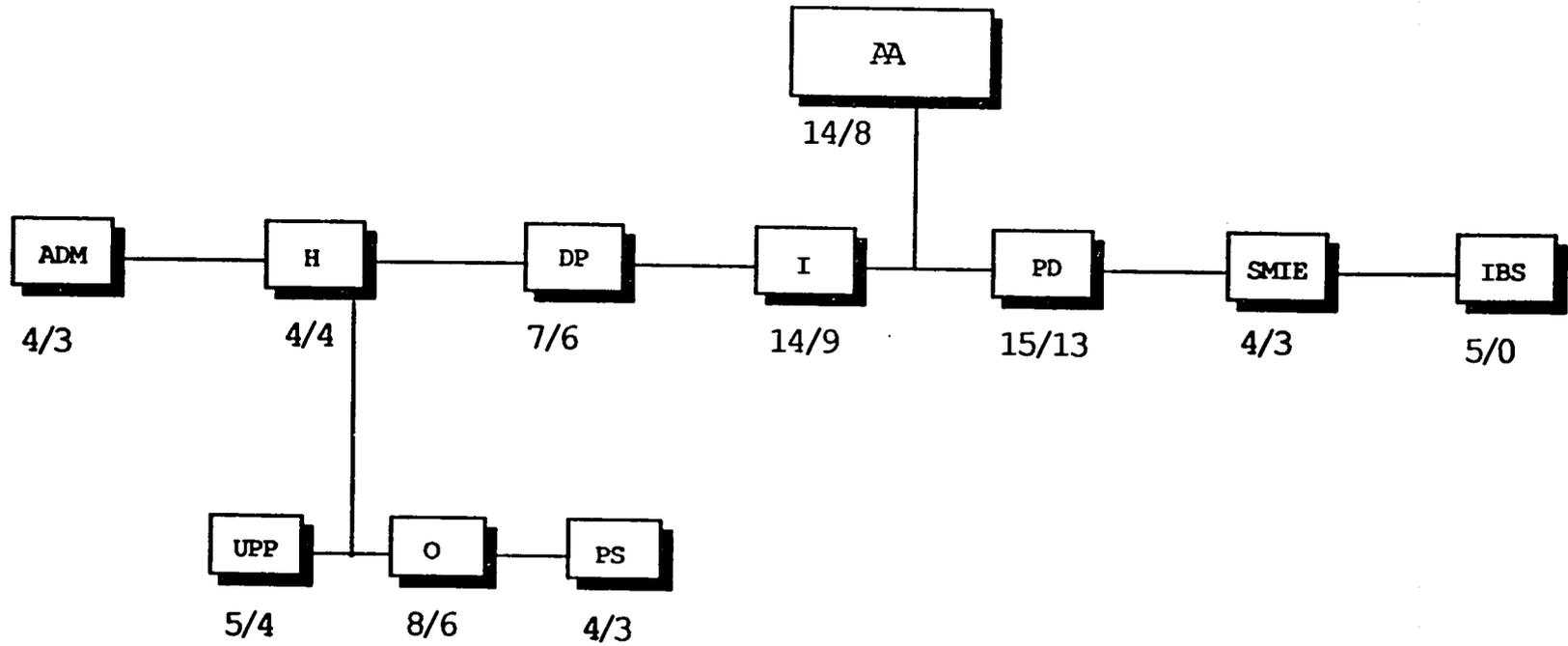


*Activities Identified  
in Redundancy Study*

source: Bureau EMSs  
• (Central & Regional Bureaus)

ATTACHMENT 3

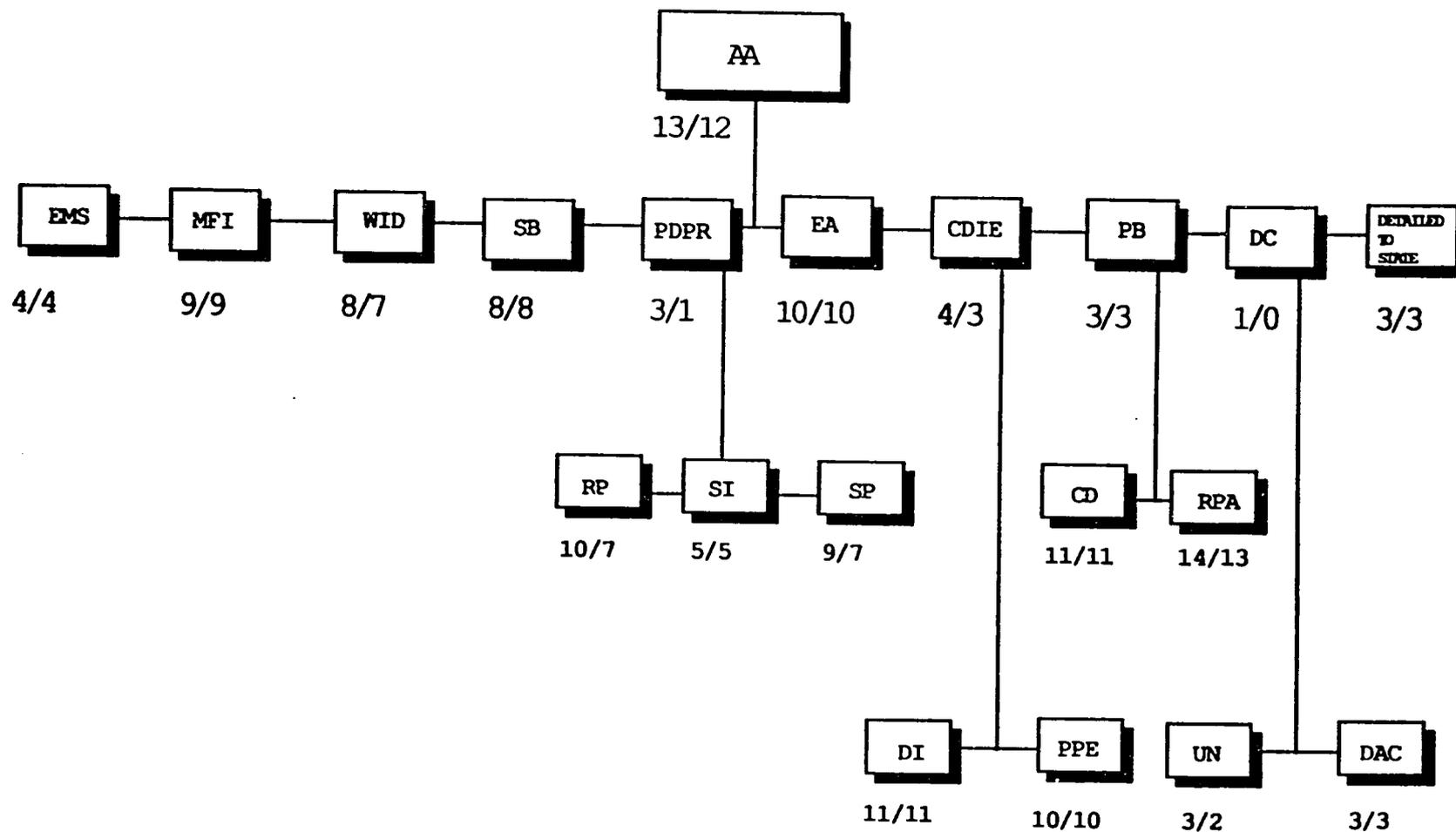
*Private Enterprise*



FIES: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

ATTACHMENT 3  
(CONTINUED)

*Policy & Program Coordination*

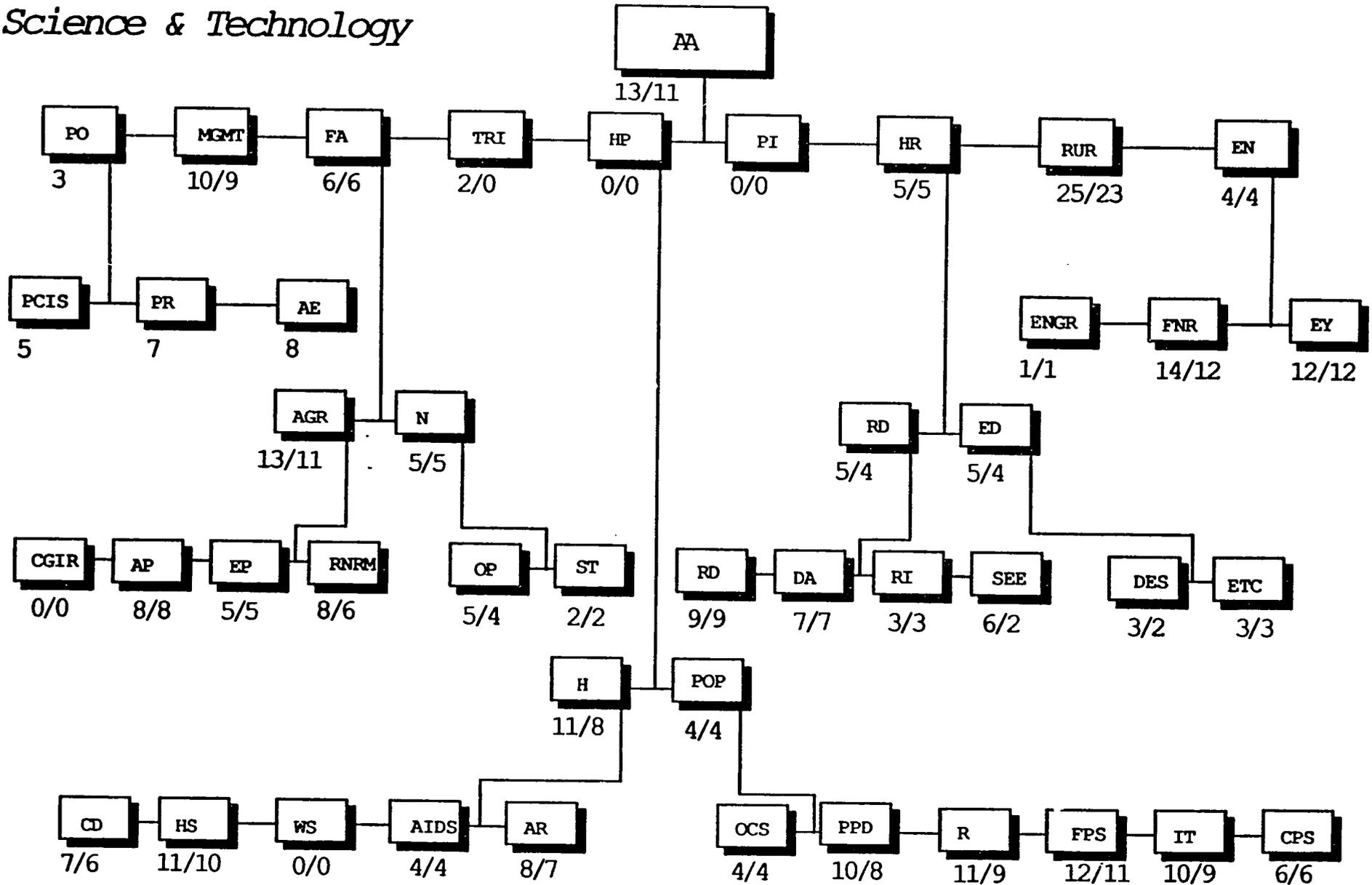


FTEs: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

152

ATTACHMENT 3  
(CONTINUED)

*Science & Technology*

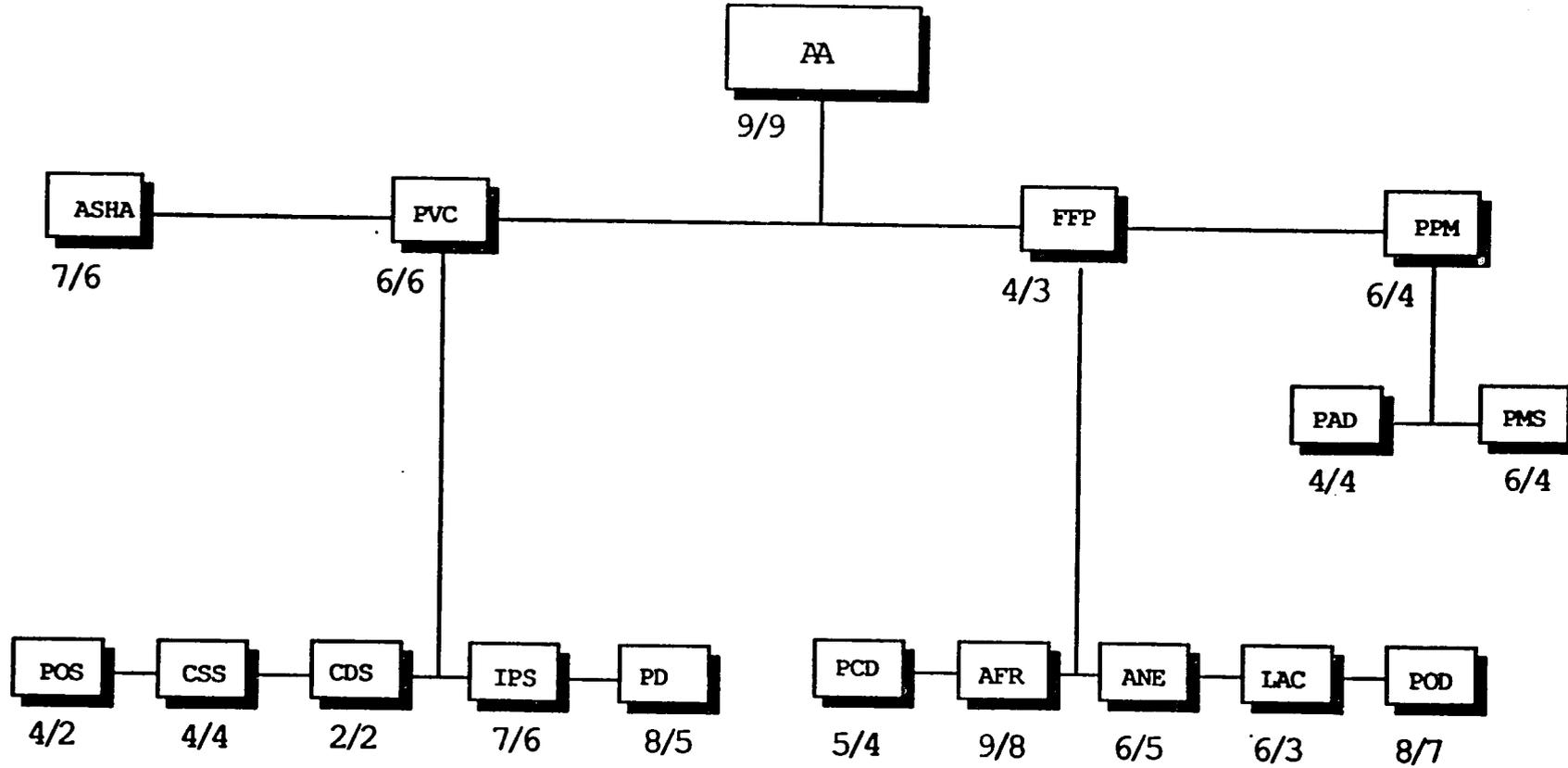


FTEs: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

49

ATTACHMENT 3  
(CONTINUED)

*Food & Voluntary Assistance*

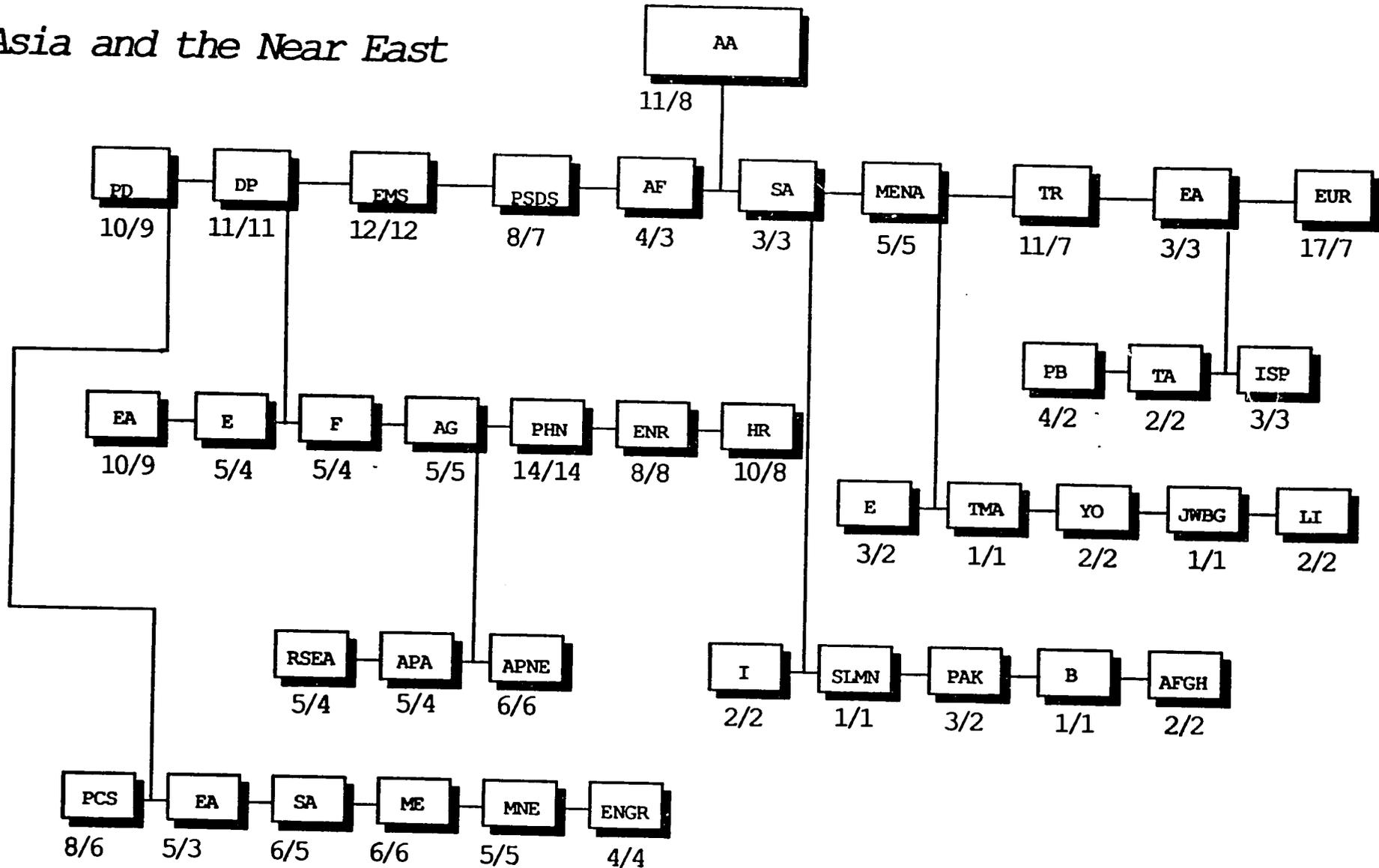


FTEs: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

41

ATTACHMENT 3  
(CONTINUED)

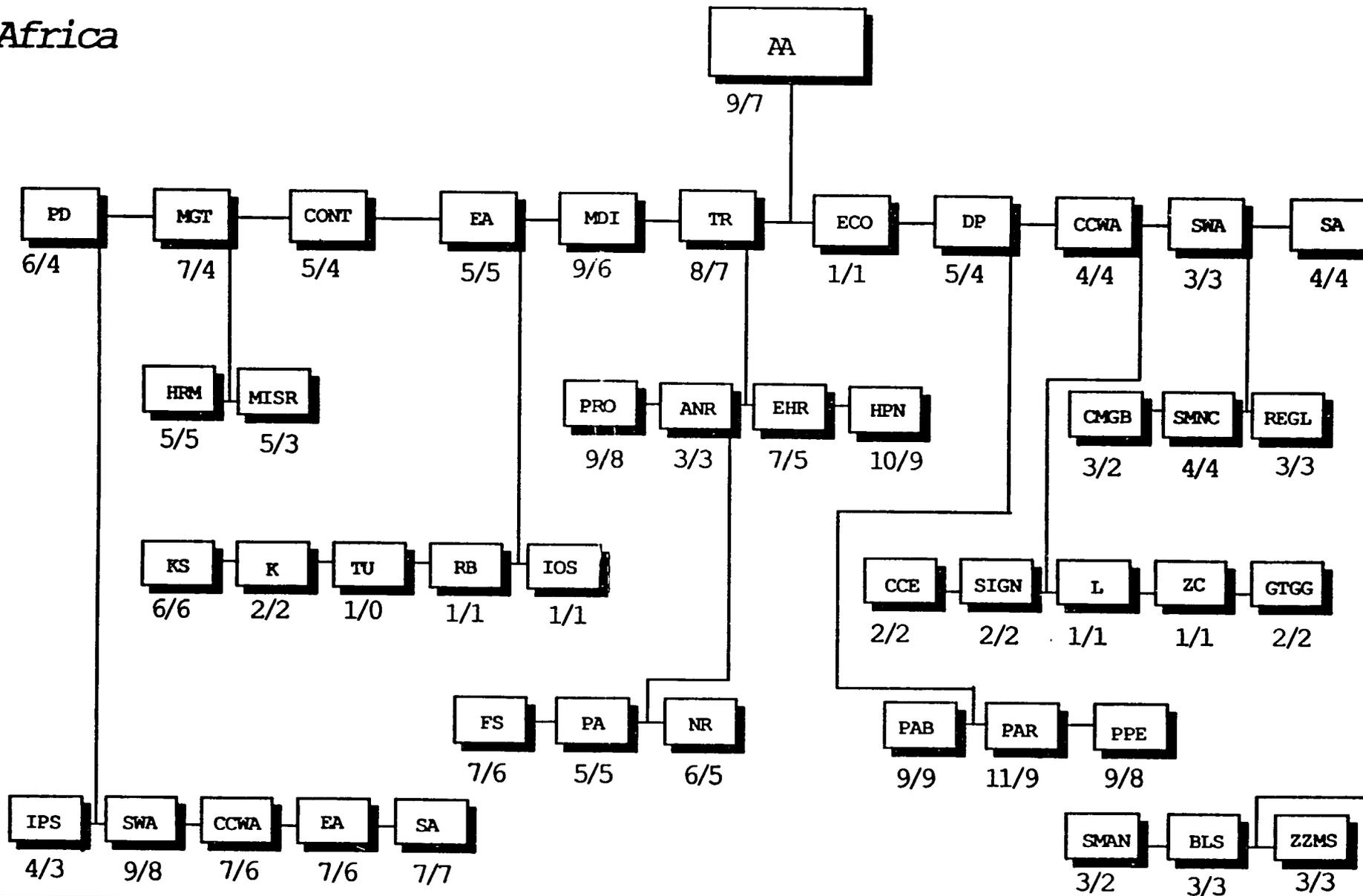
*Asia and the Near East*



FTEs: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

ATTACHMENT 3  
(CONTINUED)

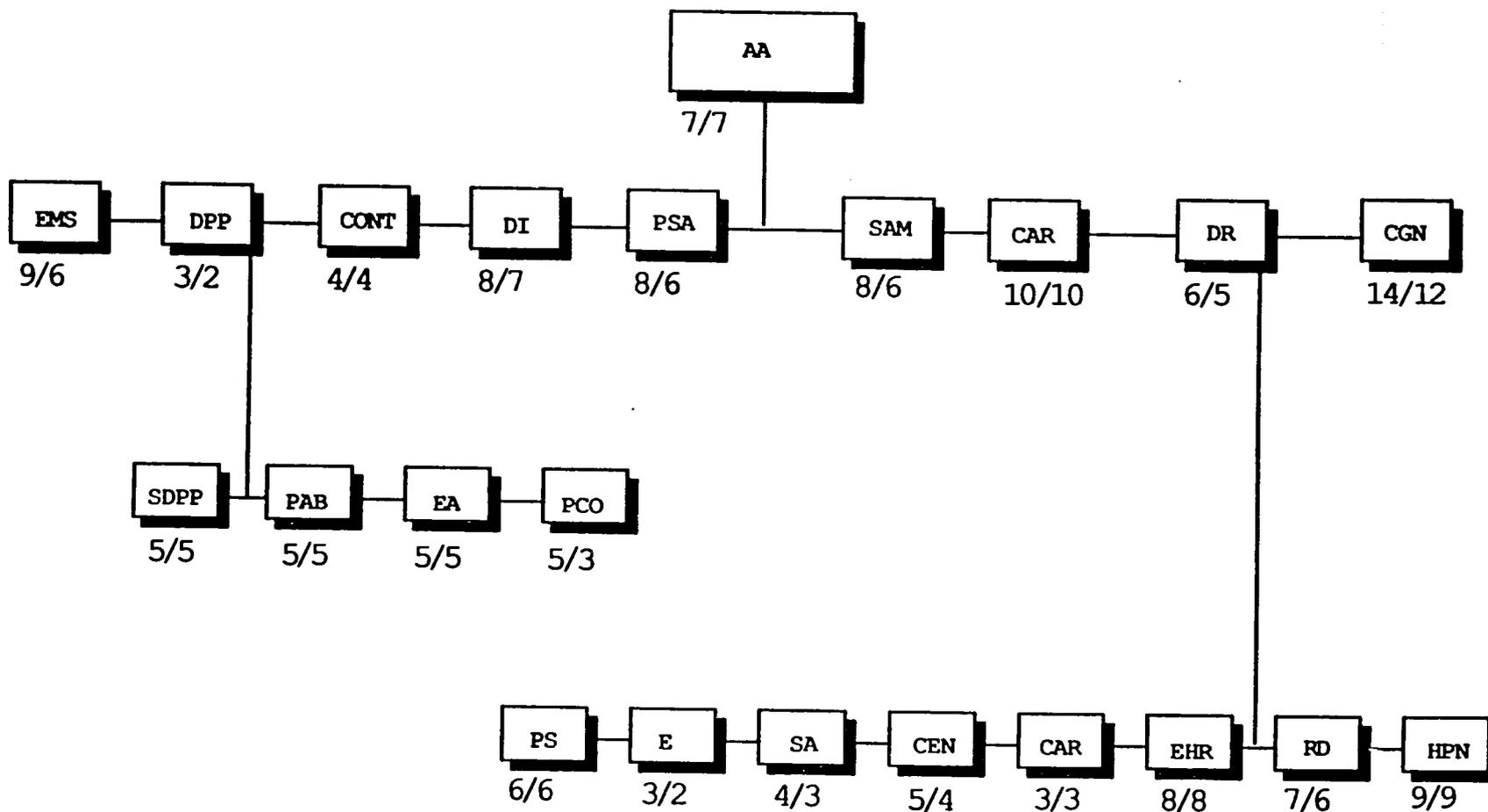
*Africa*



FTEs: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

ATTACHMENT 3  
(CONTINUED)

*Latin America and the Carribean*



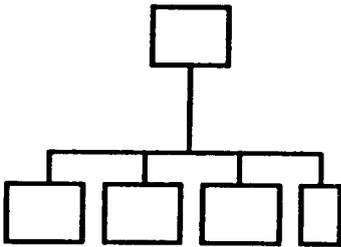
FTEs: AUTHORIZED/ACTUAL  
SOURCE: STAFFING PATTERN (8/31/90)

## ATTACHMENT 4

### AGENCY FOR INTERNATIONAL DEVELOPMENT STRUCTURE

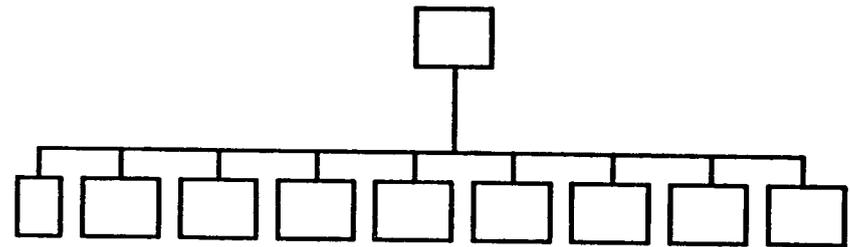
The Span of Control at AID is considerably more narrow than it is in other government agencies.

**AID**



3.6

**AVERAGE USG AGENCY**

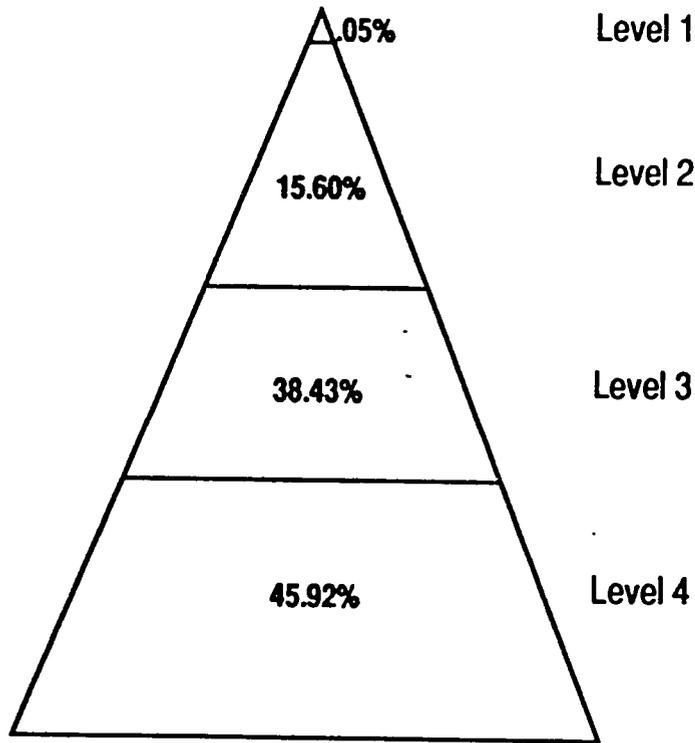


8.6

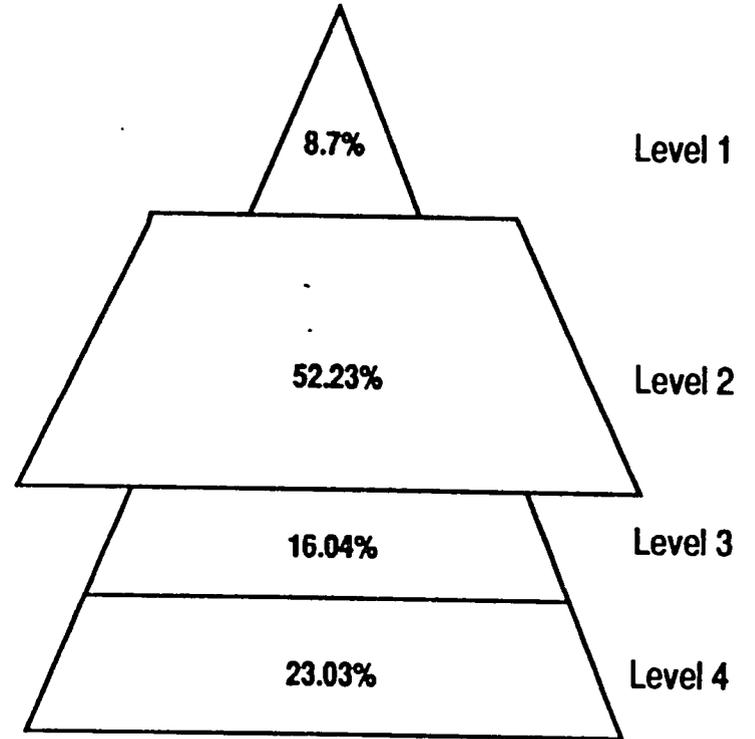
# ATTACHMENT 5

## AGENCY FOR INTERNATIONAL DEVELOPMENT RESOURCES DISTRIBUTION BY LEVEL

**A SIGNIFICANT NUMBER OF FTE'S ARE SENIOR LEVEL MANAGERS**



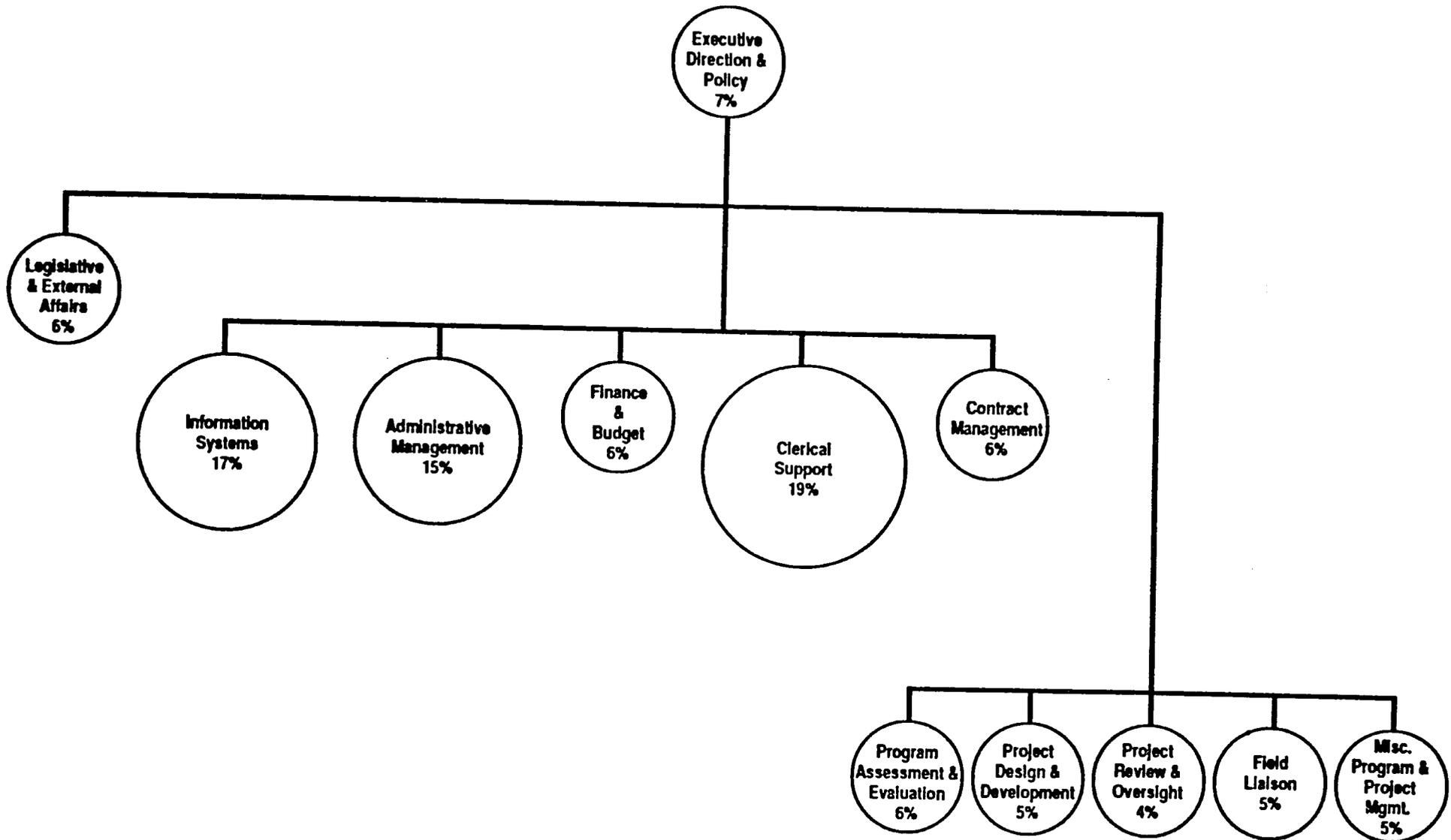
**U.S. Government**



**A.I.D.**

Level 1 = SFS and SES, EX, and GS/GM 16+  
Level 2 = FS 3-1 and GS 9-12  
Level 3 = FS 5-4 and GS 9-12  
Level 4 = FS 9-6 and GS 1-8  
U.S. Government includes only GS figures

**ATTACHMENT 6**  
**AGENCY FOR INTERNATIONAL DEVELOPMENT**  
**CENTRAL AND REGIONAL BUREAU FTE ALLOCATION BY FUNCTION\***

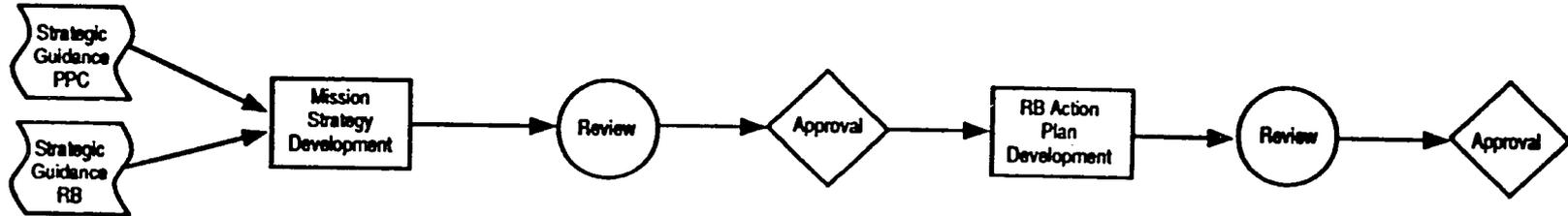


Source: Schedule II (a) Workforce Report  
\* (Excludes FVA, External Affairs)

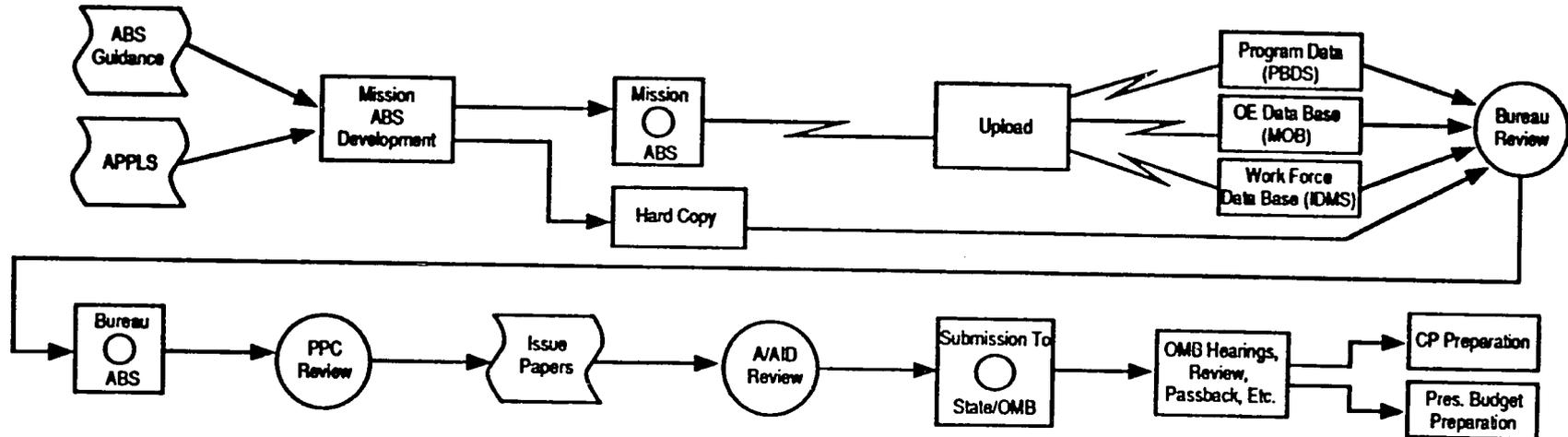
# ATTACHMENT 7

## AGENCY FOR INTERNATIONAL DEVELOPMENT THE BUDGET PROCESS

### I. STRATEGY AND ACTION PLAN



### II. ABS



**Agency for International Development**  
Washington, D.C. 20523

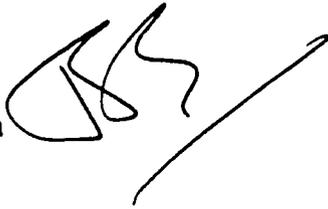
*Office of  
the Administrator*

February 13, 1991

See Distribution

FROM: A/AID, John S. Blackton

SUBJECT: Agency Restructuring



Attached is a copy of the draft Deloitte-Touche report on the assessment of redundancies and inefficiencies within AID/Washington's central and regional bureaus.

As noted in a separate letter, we welcome your comments on the report. Please share it with interested staff members and, for appropriate Bureaus, your field missions. Comments you have on the report and/or suggestions that might be helpful to the three designated transition teams (policy, operations, management) should be directed to the cognizant Chairperson(s) or team member(s).