

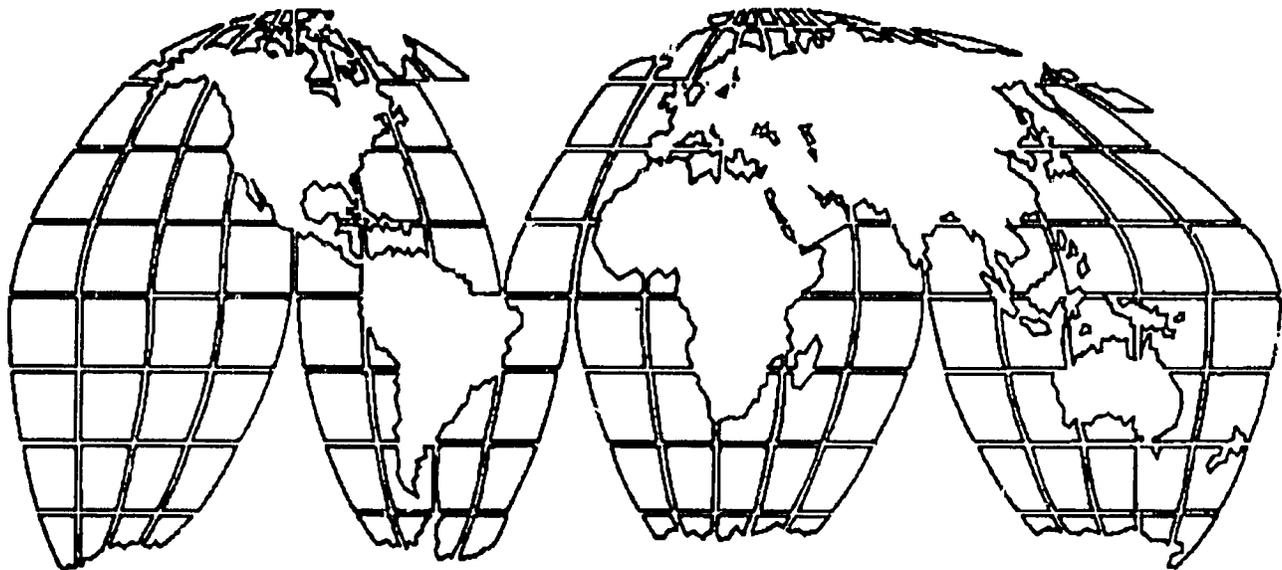
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## **A.I.D.'s Experience With Decentralization and the Delegation of Project Review and Approval**

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Agency for International Development (A.I.D.)

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A.I.D.'S EXPERIENCE WITH DECENTRALIZATION AND THE  
DELEGATION OF PROJECT REVIEW AND APPROVAL

A.I.D. WORKING PAPER NO. 142

by

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The views and interpretations expressed in this report are those of the authors and should not be attributed to the Agency for International Development.

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SUMMARY

In December 1988, the Assistant Administrator of the Bureau for Program and Policy Coordination (PPC) of the Agency for International Development (A.I.D.) requested that the Center for Development Information and Evaluation (CDIE) and the Office of Policy Development and Program Review (PDPR) undertake a study of A.I.D.'s project and nonproject review and approval process and of the impact on that process of decentralization and redelegation to the field. The study was to describe what project and nonproject review and approval processes the central and geographic bureaus followed and determine whether, under the decentralized system, the bureaus applied A.I.D. policy accurately, exchanged ideas and lessons learned, and upheld the quality of documents established by a centralized review system. In order to conduct this study, CDIE and PDPR interviewed personnel from A.I.D./Washington, cabled questions to 18 Missions regarding their experience with delegation, and asked each bureau to describe its current project review process.

The study found that among the bureaus slightly different systems of project and nonproject review and approval have evolved, depending on the management conditions in the region and the nature of assistance. For example, while the Bureau for Latin America and the Caribbean (LAC) delegates most of its Project Papers and Project Identification Documents (PIDs) of less than \$20 million, the Bureau for Africa (AFR) and the Bureau for Asia and Near East (ANE) follow a policy of retaining PIDs for review by A.I.D./Washington. To compensate for delegating PIDs the LAC Bureau requires more detailed New Project Descriptions in the action plans, which keeps A.I.D./Washington apprised of project choices and policy issues in the Missions. However, ANE and the Africa Bureau argue that even more detailed NPDs lack adequate information to make a determination regarding the delegation of approval authority.

The Bureau for Science and Technology (S&T) has developed a unique system of project review, employing interbureau "Sector Councils" and exploring new project ideas in "concept papers" that follow the outline of typical scientific research proposals. The Private Enterprise Bureau (PRE) follows two separate systems of project review: the system for reviewing centrally funded projects follows Agency-wide guidance from Handbook 3, and the system for reviewing the investment fund uses an external review committee of bankers. Although Food for Peace projects are closely coordinated with bureaus and individual field Missions, they are conscribed by separate legislation and approved by an intergovernmental committee. Housing Investment Guarantees (HIGs) are also guided by separate legislation and are designed

and implemented by a somewhat separate establishment within A.I.D., although HIGs are also closely coordinated with bureaus. In accordance with Section 116(e) of the Foreign Assistance Act, the Human Rights and Democracy Program is directed by the PPC Coordinator for Human Rights and Democratic Initiatives. Multi-lateral loans in countries with serious human rights concerns are monitored by an Interagency Working Group on Human Rights and Foreign Assistance, composed of representatives from the Department of State, IDCA, A.I.D., Overseas Private Investment Corporation, and from the Treasury, Defense, Agriculture, Commerce, and Labor Departments. The Working Group received information from the World Bank, the Inter-American Bank, and the Export-Import Bank. The Office of Foreign Disaster Assistance (OFDA) does not have projects that require Project Papers; instead OFDA reviews proposals addressing various types of disasters and provides grants to U.S. public and private organizations addressing types of these disasters.

Informants in A.I.D./Washington and in the Missions largely agree that decentralization and redelegation has improved the project design and approval process by eliminating time-consuming A.I.D./Washington review. The majority of informants agree that in cases where project or nonproject assistance involves a new, particularly complex, or controversial policy issue, the participation of A.I.D./Washington in the project review process is useful and sometimes even necessary; but otherwise, the field is in a better position to design projects responsive to local conditions.

The quality of project documents approved in the field is comparable with documents approved in Washington, according to several comparative studies conducted over the years since delegation began. Where shortcomings in project analyses have been identified, they have existed in both field and Washington approved project documents.

A number of broader issues regarding A.I.D. management were uncovered as a result of this study. These issues are set forth in the following section, "Broader Issues." Findings strictly related to decentralization and redelegation of project approval authority are presented in Section 7.

BROADER ISSUES

If viewed narrowly, A.I.D.'s delegation of project review and approval authority to the field seems to have worked reasonably well. While each regional bureau has developed slightly different procedures, Missions throughout the world have successfully assumed new project development responsibilities, and A.I.D./Washington involvement and staffing have diminished. Several studies demonstrate that new projects approved under delegated authorities are at least as well designed as projects approved centrally. And, while it is not yet certain that the Agency's overall efficiency and effectiveness have increased, the Missions clearly feel a new sense of empowerment in tackling local development problems.

At the same time, A.I.D.'s experience with delegating authority raises a number of troubling questions that suggest more difficult and deeply rooted programming and management problems. Project review and approval remains arcane and involuted, disconnected from program implementation, poorly related to development results, reliant on limited and closely held information, and providing little basis for long-term program or policy accountability. In other words, the delegation of authority has not achieved many of its larger objectives: Project design, approval, and obligation remain a "paperwork process ... to please PID and PP reviewers" and to "protect one's flank from every conceivable domestic attack." Programming remains a "surrogate for accomplishment of actual results in the field ... ends in themselves rather than tools with which to achieve development objectives." And, while A.I.D./Washington has relinquished much of its responsibility for "ex ante review," efforts to "strengthen its oversight of strategy, portfolios, and operations by creating new ex post management devices" have been of limited effectiveness. A.I.D.'s project review and approval effort remains, for the most part, an overly elaborate dialogue within A.I.D. itself.

Several broader concerns about A.I.D.'s programming and management system emerged during the course of this study. Since the study focused narrowly on the delegation of project review and approval authority, these concerns do not necessarily reflect all of A.I.D.'s programming and management problems, but do indicate some important underlying issues.

Policy compliance. A.I.D./Washington has played a major role in reviewing project proposals to ensure compliance with a broad range of Agency policies. With the delegation of review and approval authority to the field, the role of A.I.D./Washington in ensuring policy compliance has been greatly

diminished. Although differences of opinion exist regarding the effectiveness of A.I.D.'s present policy formulation and dissemination process, there is no question that at some level A.I.D./Washington is responsible for ensuring that key policy directives are applied.

A.I.D. has now delegated de facto much of the responsibility for policy compliance to Missions. However, Missions do not make policy. They must be aware of essential policy considerations when projects are designed, and they must be held accountable for complying with these policies when projects are implemented. At present, A.I.D./Washington has very little way of knowing when more policy guidance is needed or whether once projects are implemented, policies are in fact being appropriately applied.

Accountability for results. The ultimate purpose of delegating project approval authority is to better facilitate host country development. However, A.I.D. still lacks comprehensive or systematic information on program or project results. Mission assessments, for example, have evolved to focus primarily on management issues and are in any case closely held. Action plan reviews continue to place primary emphasis on planning, design, and budgeting concerns. Project implementation reports have limited distribution and usually focus on detailed summaries of project inputs and outputs. Program and project evaluations remain eclectic and uneven, providing little coverage of purpose and goal achievement and lacking any standards for comparability. Despite several recent regional bureau and CDIE initiatives aimed at enhancing the quality of evaluations and sharpening their program performance focus, little significant improvement can be expected unless larger management and information systems place clearer emphasis on development results and program performance.

Information. Information at A.I.D. remains a scarce and carefully guarded resource. Obtaining even basic budgetary or descriptive data about projects, policies, or programs can be a major undertaking. Without any effective agency-wide management information system, specialized information systems have proliferated in technical and regional offices, but few of these information systems communicate with each other.

Most available information derives from the formal planning, budgeting, and design documents that continue to be the Agency's primary focus. Systematic information on program and project implementation and results remains quite limited. As a result, most A.I.D. managers rely on informal sources for such information, including personal contacts made through field visits and meetings, project and action plan reviews, and the like. One important consequence of the delegation of authority

and of declining levels of OE travel has been to compound the problem of scarce program and policy information for A.I.D./Washington staff.

While expanding A.I.D./Washington travel would alleviate the situation somewhat, the underlying problem is deeper and more structural. A.I.D. urgently needs better management information systems that include much more substantial information on program implementation and results.

Management. The successful delegation of project approval authority has done little to alter A.I.D.'s continued emphasis on program and project design. In part, this design emphasis may reflect the dearth of other information, since formal design documents at least provide a clear, common reference point. It also, no doubt, reflects A.I.D. historical development from a relatively centralized, project-approval agency. At the same time, the enormous effort A.I.D. places on perfecting project papers remains only vaguely related to project activities on the ground. If A.I.D.'s bureaucratic priorities are to be shifted from producing convincing paperwork to managing for more effective program performance, decentralization will have to encompass not only delegated authority, but also accountability for that authority, and the management and information systems necessary to assess performance and reward it.

In summary, while A.I.D.'s delegation of project review and approval authority appears to be working quite well, A.I.D.'s larger programming system works less well. This system, with its emphasis on the paperwork of design, planning, and budgeting, evolved through a particular history of organizational development, congressional scrutiny, bureaucratic turf building, and interest group accretions. It does not provide the kind of information and incentives needed to effectively manage a decentralized assistance program to achieve better development results.

## 1. INTRODUCTION AND METHODOLOGY

In December 1988, the Assistant Administrator of the Bureau for Program Policy and Coordination (PPC) of the Agency for International Development (A.I.D.) initiated a study to review A.I.D.'s experience with decentralization and redelegation of project approval. The study, was designed collaboratively by the Center for Development Information and Evaluation (CDIE) and (PDPF), to examine the evolution of decentralization and redelegation to the field of project approval authorities and the effects on the project review process. For the purpose of this study, "project" refers to project and nonproject assistance and includes activities funded by development assistance funds (DA), economic support funds (ESF), housing investment guarantees (HIGs), and food for peace. The study recounts how each regional and central bureau responded to its increased authorities and describes the current systems of project review used by A.I.D. geographic bureaus (i.e., Asia Near East [ANE], Latin American and the Caribbean [LAC], Africa [AFR]), the Bureau for Science and Technology (S&T), PPC, Bureau for Food and Voluntary Assistance (FVA), Private Enterprise (PRE) bureaus, Office of Foreign Disaster Assistance (OFDA), and Office of Housing. The study also summarizes several bureau and agency task force reviews, comparing the quality of project documents approved in the field to those approved in A.I.D./Washington, and assessing whether Missions can maintain high standards when exercising their delegated approval authorities. Finally, the study assesses current management of the overall project review and approval process, discusses some issues that have risen under decentralization, and makes recommendations on when in the project cycle A.I.D./Washington should take an active role in reviewing Mission portfolios.

The study was based not only on reviews of project files and task force reports regarding the evolution of decentralization and delegation of authority, but also on interviews with more than 50 individuals involved in past decisions and current management of project approval systems. Each bureau described its project review and approval processes, and the study team sent a cable to 18 Missions requesting information on their experience redelegating approval authority. After basic data were analyzed, meetings were held to discuss the implications of the findings and develop collaborative recommendations regarding future actions for improving and streamlining A.I.D.'s project approval systems.

## 2. THE PROJECT REVIEW PROCESS

As Albert Hirschman said in Development Projects Observed, projects are "the cutting edge of development." It is through the framework of a project that a discrete amount of resources is transformed in a fixed time, by a specified group of activities, into an output designed to change the behavior of the target beneficiaries and then cause "prodevelopment" changes in the recipient society. Projects have been the subject of extensive research and design-implementation-evaluation methodology. Projects have been given a cycle, and have been analyzed by a number of critical criteria, including economic, financial, administrative, technical, institutional, and social criteria.

The project review and approval process in A.I.D. has always been the key process through which development activities are rationalized and the main arena in which interest groups determine whether projects will realize their special concerns. Hence, project reviews have been complex processes, often extending over several weeks, when the Project Committee of representatives from program office, project development office, related technical offices, legal office, procurement office, central budgetary and policymaking offices, and other offices as required meets and reviews project documents from the perspectives mentioned above. Final decisions are based on a consensual process, subject to the approval or veto of higher level decision-makers in A.I.D. management. A.I.D. Handbook 3 contains the approved guidelines for project design and review.

A.I.D./Washington has always considered the project review and approval process to be one of the key processes for ensuring that Missions are applying A.I.D. policy and upholding the standards of feasible projects as set forth in A.I.D. handbooks and guidance. The project review and approval process has also served as the main process through which A.I.D./Washington becomes involved in the heart of development and affects development by applying the current perspectives of the executive and legislative branches of the U.S. Government. Consequently, decentralizing the project review and approval process has encountered considerable resistance over the years.

## 3. OVERVIEW OF THE EVOLUTION OF PROJECT REVIEW AND DECENTRALIZATION AND DELEGATION OF APPROVAL AUTHORITIES

A.I.D.'s system of project review is noted in the dual Development Loan Fund and the International Cooperation Agency systems, which were merged in 1961 when A.I.D. was established.

After the merger, loan and grant review and approval remained organizationally distinct within A.I.D; regional Capital Development Finance (CDF) offices handled loans, while country desk officers or staff of technical support offices handled grants. The Development Loan Committee, which was chaired by an A.I.D. representative and included representatives from the Departments of State, Treasury, and Commerce, Federal Reserve, Office of Management and Budget (OMB), and EximBank, reviewed each A.I.D. loan to assess the feasibility of the loan and to make a final approval decision. Within PPC, the Loan Review Division assessed every loan the Agency proposed before sending it to the Development Loan Committee. Technical assistance grants were processed by the geographical desk officers in a completely internal A.I.D. system.

CDF offices were staffed by lawyers, persons with MBAs, and engineers who perceived themselves as "the serious, tough-minded side of A.I.D." (as reported in Randy Roeser's History of the Africa Project Development Office). They designed their projects around multimillion dollar feasibility studies and economic analyses like those conducted by the World Bank. The Intensive Review Requests and Capital Assistance Papers, forerunners of the Project Identification Document (PID) and Project Paper, were filled with engineering schematics, Gantt charts, and financial ratios. Projects were implemented through contracts with prestigious A&E firms, the CDF offices kept tight control, and there were no delegations of project approval authorities to the field.

With the emergence of the New Directions mandate in 1974 A.I.D.'s concept of projects began to change and "capital assistance" was viewed as developmentally questionable. Projects became oriented toward social development and poverty alleviation and, consequently, became more multifaceted, complex, and responsive to a host of new interest groups. The distinctions between loans and grants grew less clear, and "combined" funding was allowed.

A.I.D.'s CDF offices were abolished and the Development Loan Committee faded away. However, PPC continued to review and approve all project activities and began developing Handbook 3, consolidating guidelines for loan and grant papers. The Project Paper, as now known, began to emerge.

At this time, LAC created the Office of Development Resources (DR), consolidating loan officers with specialists in agriculture, health, and education--the new priority sectors.

The Africa Bureau responded somewhat differently (as described by Roeser), and in 1972 the Bureau's CDF office was melded into the geographic desks. "Each desk became a sort of

microcosm of the Bureau, with its own cadre of loan officers and technical officers." The desks had full responsibility for project design and management. However, "disillusioned by this state of affairs, many of the loan officers from CDF days packed up their project design skills and exited the Bureau, leaving behind desk officers with program backgrounds to write the new-fangled PIDs. It would be many years before the Bureau would recover from this loss of project development personnel." In fact, the interviews conducted for this study indicate that many A.I.D. professionals feel the Agency has never recovered from this loss, and new Project Development officers are hired more for their writing abilities than the sort of rigorous analytical skills that were the cachet of the original loan officers. As evidence of this change, the term "PDO" replaced the original term Capital Development Loan Officer in the early 1980s.

Although the Africa Bureau finally established an Office of Development Resources (AFR/DR) in 1976 based on the LAC model, much confusion remained about who would take charge of what design functions. The desks initially continued to produce the PIDs, while AFR/DR was assigned responsibility for project review and Project Papers. However, over time AFR/DR assumed responsibility for all of these functions (i.e., design, project review, and Project Paper) and design became almost totally managed from Washington. Consultants were contracted from Washington for technical and analytical work and AFR/DR project officers often accompanied them to the field to complete the designs. As a result, the Washington workload became extremely heavy and the Africa Bureau began examining options for reducing A.I.D./Washington paperwork and delegating more responsibility to the field.

The Bureau for Asia and Near East (ANE) responded differently from LAC and the Africa Bureau during this time of transition. Until 1974, ANE comprised two bureaus--Near East/South Asia (NESAs) and East Asia (EA). The NESAs Bureau was divided into a Program Office, CDF Office, Technical Services Office, and Management Office. The Technical Services Office handled grants and the CDF Office handled loans. Grants and loans were designed and processed under two separate systems--grants were basically unrestricted by project format, while loans were carefully circumscribed by formalities and rigorous analyses.

The trend in A.I.D. toward increasing decentralization and redelegation of project approval authority to the field began in December 1978. At this time the A.I.D. Administrator Gilligan disseminated a memorandum informing the Agency's executive staff that he was going to delegate greater approval authority to the regional bureaus for projects having a life-of-project total of up to \$10 million. On February 1, 1979, Gilligan signed Delegation of Authority No. 133, which actually delegated this authori-

ty to the Assistant Administrator of each bureau. Each AA in turn redelegated to certain Missions authority to approve projects with a life-of-project total of up to \$5 million and authority to approve project amendments with a life-of-project value of up to 10 percent of a project's prior value, if the project had been originally approved by the Mission. Gilligan's action was a direct result of the Babb Task Force report, which examined A.I.D. operations in light of the novel demands of the New Directions mandate. The Babb report was the first public-sector study to recognize development as a "bottom-up" and participatory process and to recommend internal reorganization, decentralization, and staffing modifications so that A.I.D. could provide assistance appropriately.

Following this initial delegation, further decentralization and redelegation of project approval authority to the field progressed rapidly in A.I.D. Throughout the 1980s, delegation authorities were increased and a series of task forces were established to recommend how to make the project approval system more efficient and responsive to country and Mission, rather than A.I.D./Washington, imperatives.

There were several reasons why decentralization and delegation had become such a central concern of A.I.D. Interests within and outside the Agency had been pushing in this direction for some time. Decentralization had become a key trend in the U.S. Government and OMB and Congress sought specific changes within A.I.D. OMB began pushing for reductions in force and argued that A.I.D./Washington personnel should be reduced and field personnel increased.

OMB and congressional pressures provided an opportunity that was seized by reformers within A.I.D. who argued that decentralization and redelegation to the field was a critical step toward increased efficiency. Some argued that Missions had a comparative advantage and were in a better position to approve Project Papers because they could best decide what technical design was most appropriate for local conditions. While A.I.D./Washington should be consulted regarding the latest policies or interests of the administration or Congress, many said that other A.I.D./Washington input needlessly complicated the review process and led to over-designed projects that were too complex to be effectively implemented and too responsive to A.I.D./Washington concerns and interests rather than to the needs of host country counterparts and beneficiaries. Others argued that when A.I.D./Washington approved projects, Mission staff were too anxious to please Washington, did not feel responsible for the projects, and were less likely to implement them successfully. Only if the locus of accountability was moved to the field would Missions begin to feel responsible for project implementation.

Other factors further exacerbated the situation. As noted previously, loan and grant offices were merged as A.I.D. moved from capital intensive projects to "capital projects with a human and social twist" targeted to the poorest of the poor. Such projects usually had lower total costs; hence to fully expend the A.I.D. budget more of them had to be designed. These social- and poverty-oriented projects also tended to be multifaceted and included many distinct activities. Consequently, as one informant noted, the project approval system "began to get clogged up...as the Agency began to feed garbage and idealism to a system which could not handle the number nor conceptions of the new projects." At the same time, A.I.D. was undergoing drastic personnel shifts, as the A.I.D./Vietnam Mission and others were disbanded and as many new Missions were quickly added, particularly in Africa. It also became clear that existing systems for establishing project feasibility based on technical and financial considerations alone were inappropriate for the more social- and poverty-oriented projects. The feasibility of New Directions projects was much more complex and difficult to determine, especially in A.I.D./Washington where there were few experts on host country social, political, and institutional conditions.

During 1980, the A.I.D. Administrator pressured A.I.D./Washington to improve the project approval process. A.I.D.'s Office of Policy Development and Program Review (PDPR) was asked to rationalize the system for reviewing PIDs and PPs with life-of-project costs of more than \$10 million that required the A.I.D. Administrator's approval. When the Administration changed in early 1981, the new A.I.D. Administrator, McPherson, became concerned that many A.I.D. projects placed too little emphasis on technology transfer, assumed too much of the capital costs, had low policy impact, had too few beneficiaries in relation to cost, showed skewed benefits, lacked a free-market orientation, had no long-term development impact, and were not sustainable.

On April 30, 1981, OMB sent a memorandum to the Administrator recommending "a new concept for managing A.I.D.," emphasizing decentralized management, programming, and implementation. The memorandum stated that the Agency had placed "greater emphasis on project design, approval, and obligation, and relatively little emphasis on implementation of these projects" and the achievement of development goals. The memorandum claimed that project design, approval, and obligation had become a "paperwork process with A.I.D./Washington as the primary audience: studies and analysis...are produced to please PID and PP reviewers in A.I.D./Washington and only secondarily are they designed to meet actual implementation needs in the field." The memorandum concluded that "the programming process has become the surrogate for accomplishment of actual results in the field" and that "all

levels of A.I.D. have to believe that the objective of all of the Agency's activity is to bring about specific change in LDCs instead of creation of countless studies to protect one's flank from every conceivable domestic attack."

The memorandum recommended that the A.I.D. Administrator implement several significant changes in A.I.D.'s programming system. First CDSSs should be replaced by Country Development Strategy and Sector Program Papers (CDSSPs)--strategies worked out with the host country that would include detailed programs for a maximum of three sectors. Specific subactivities in the sector program would be chosen by the Mission Director from the approved CDSSP and negotiated with the host government. The Mission would prepare specific Activity Implementation Documents with the analyses required to prove the activity was feasible. Missions would send these documents to A.I.D./Washington for information only and the project review system would be eliminated in A.I.D./Washington. A.I.D./Washington would focus on facilitating implementation by gathering useful information for the field, such as evaluations and relevant studies. A.I.D. staff would thus "concentrate its maximum effort on agreed long term sector program implementation and not project development and its justification." Congress would establish country funding levels based on the CDSSP and a record of accomplishments, not new projects. The length of overseas tours of duty would be 4 years. The memorandum concluded that "providing greater authority to the field will please A.I.D. overseas and Foreign Service Officers in A.I.D./Washington. Most field staff want meaningful jobs and also want more control over these jobs."

The memorandum led to the establishment of the Kivamae Task Force, which examined A.I.D.'s programming and implementation process in greater depth. On September 15, 1981, the task force submitted its final recommendations to the A.I.D. Administrator. The Administrator approved the following recommendations:

- Every Mission would write a full CDSS. A full CDSS would continue to be required until an approved strategy had evolved. After a strategy is approved, Missions would not be required to write a CDSS for up to 4 years or until revision became necessary as determined by the Mission Director or regional assistant administrator.
- Delegation of authority from the Administrator to the Assistant Administrators would be increased from \$10 million to \$20 million. Assistant Administrators could further redelegate this authority to the Mission Directors on a selected basis. The Assistant Administrators would be delegated the authority to amend projects to increase funding by 100 percent of the original funding

authorization or up to a maximum limit of \$10 million. They could also authorize new projects with an initial life of project of up to 10 years. Further, Assistant Administrators would have the discretion to redelegate all, part, or none of these authorities to Mission Directors. They would have 90 days to determine what authorities to redelegate and report to the Administrator

- A review of the proposed Handbook 3 changes would be made to ensure enough flexibility to change Project Paper requirements as determined by the Mission Director.
- Waiver authority delegated to the Assistant Administrators would be increased from \$500,000 to \$3 million for each project. The Procurement Policy Advisory Panel would carryout a review to determine the possibility for blanket waivers to be approved by geographic, country, or waiver items.
- The Bureau for Legislative Affairs, General Counsel, and PPC should initiate discussion with Congress to provide A.I.D. deobligation and reobligation authority and to modify the loan floor.
- All Project Papers should include an appropriate implementation plan agreed to by the host government and verified and updated during implementation. Mission Directors would be held accountable for the adequacy of project design and implementation. They and A.I.D. representatives would write a maximum 20 page end-of-tour report.
- The Non-Competitive Review Board would no longer be responsible for reviewing unsolicited proposals and would only review noncompetitive procurements of more than \$250,000.
- Bureaus would be urged to expedite technical evaluations.
- Delegation of contract or grant authority to senior area contracting officers would be increased to \$5 million, delegation to Mission Contract Officers to \$1 million, and delegation to A.I.D. principal officers to \$100,000. Mission authority to make operational program grants to U.S. PVOs would be increased from \$500,000 to \$1 million.

The A.I.D. Administrator did not approve the Kivamae Task Force recommendation for establishing a Senior Mission Management Review Group that would be responsible for assessing the performance of USAID Mission directors and would report directly to the Administrator.

On December 11, 1981, the Administrator signed a Delegation of Authority to bureau Assistant Administrators to approve projects with a life-of project value of up to \$20 million each and to amend projects if the amendment did not result in life-of-project costs of more than \$30 million each. The authorities could also be redelegated to Mission Directors or other principal officers at the Assistant Administrators discretion and in accordance with criteria established by the respective bureaus.

Further concerns over programming inefficiencies led to the establishment of the Yaeger Task Force in the Fall of 1983. The task force was asked to study the problem that A.I.D.'s programming, project identification, and project paper processes had become ends in themselves rather than tools with which to achieve development objectives, as well as the continuing pipeline problem. The task force concluded that A.I.D./Washington continued to devote too much time to project identification and design; that, in fact, A.I.D./Washington did not have the capability to positively influence project design; and that A.I.D./Washington reviews generally did "more harm than good" and contributed significantly to project implementation problems. The task force also concluded that delegations of authority and other guidelines for such design and implementation actions as contracting, waivers, and use of Program Development and Support were not commensurate with project approval authorities.

The task force also pointed out disparities in the review process between program and project reviews. While reviews by A.I.D./Washington of 5 year CDSSs took an average of only 2 hours, reviews of even minor PIDs often lasted weeks. Moreover, after delegations had increased, PIDs expanded rapidly. Believing that A.I.D./Washington was using the PID decision as a de facto project authorization, the Missions were including detailed project paper analyses in PIDs. In many instances, A.I.D./Washington was in fact overtly demanding this analysis before they would approve a PID. Government Accounting Organization (GAO) criticism during this period also confirmed the skewed emphasis on project development at the expense of implementation, portfolio reviews, and strategy planning.

Misunderstandings between Missions and A.I.D./Washington regarding what type of analysis A.I.D./Washington expected led to aberrations: As one Mission commented, "project designers are expected to cover all bases; they fear that a project that looks

simple and easy to implement will give the reviewers the opinion that the designers are simpletons." Studies conducted by A.I.D.'s Office of Evaluation (April 1982) and by the Yaeger Task Force concluded that A.I.D./Washington review committees rarely raised new issues or provided significant guidance on design and policy. Moreover, A.I.D./Washington was treating development as a static rather than a dynamic process and was expecting missions to produce detailed blueprints that would be rigidly executed rather than flexibly modified in accordance with changing conditions. The task force asserted that delegations of authority were "more myth than real," as illustrated by the growing length of PIDs, increasing A.I.D./Washington requests for additional information, and keeping final Project Paper approval in A.I.D./Washington despite delegations to the field. As one Mission commented, "A.I.D./Washington giveth with one hand and taketh away with the other." In addition, the Hay Associates Employee Climate Survey condemned A.I.D.'s management system in general and the review system in particular and noted increasing employee frustration and desire for more responsibility, including greater decision-making authority.

The Yaeger Task Force recommended that A.I.D./Washington place more emphasis on CDSS reviews and minimize PID reviews. It further recommended that PIDs be limited to 15 page concept documents with less feasibility analysis and technical detail. The purpose of the A.I.D./Washington PID review should be to determine the project's consistency with policy and strategy guidelines, provide guidance to Missions on lessons learned, and develop with the Mission a support plan and timetable for final project development. The task force also recommended that Project Papers never be reviewed in A.I.D./Washington once a Mission is granted delegation of authority and that Missions be allowed to approve PIDs for projects up to \$5 million. In order to monitor field activities, the task force recommended that A.I.D./Washington teams evaluate Missions during the third year of their action plans.

Based on the Yaeger Task Force recommendations, deliberations at the Administrator's June 1983 Baltimore retreat, and appraisals of project implementation courses, A.I.D. initiated the "Asia Experiment." As part of the Asia Experiment, A.I.D./Washington was expected to focus more on policy and strategy development, and less on project feasibility and related technical issues. Missions were to have greater authority to redesign projects in the field and to accelerate project implementation by using PD&S funds. Regional Assistant Administrators and their deputies were to be personally involved in regular, on-the-spot evaluations of Mission effectiveness by leading evaluation teams to the field. Finally, A.I.D. would develop a more effective reporting and portfolio management system to place greater

emphasis on implementation, in general, and to identify and reward good implementers. PIDs, limited to 15 pages, were to outline project purpose and principal components, consistency with legislative mandate, A.I.D. policies, the ANE strategy, host country priorities, and other major issues. A.I.D./Washington's review of PIDs would be limited to assessing consistency with legislative mandates, A.I.D. policies and objectives, and Bureau strategy; size timeframe; and major project components, including cost estimates, experience and lessons learned, and design support requirements. A.I.D./Washington would refrain from commenting on host country interest, commitment, and ability to support project; technical and administrative feasibility; economic and financial analyses; social, monitoring, implementation, procurement, and project evaluation plans and schedules; and the capability of the Mission to implement the project.

In March 1984, the Assistant Administrator of the Asia and Near East Bureau reported on the implementation and successes to date of the Asia Experiment. He noted that Asia and Near East Bureau guidance for CDSSs had been shortened and simplified and that CDSSs would not be required more than once every 3 years. In addition, A.I.D./Washington would devote more time to reviewing CDSSs. Missions were to provide a workplan each year that examined individual projects, design, and implementation funding issues; obligation schedule; and actions on audit recommendations. The Assistant Administrator of the Asia and Near East Bureau made it clear to Missions that the length of PIDs should not exceed 15 pages and that A.I.D./Washington reviews would be limited in scope. But he also made it clear that the Asia and Near East Bureau had not been successful in limiting A.I.D./Washington PID reviews to policy issues and compliance with CDSS strategy. He stated that it was impossible to omit technical considerations because these were too closely entwined with issues typically under A.I.D./Washington purview.

By mid-1984, the other geographic bureaus were following suit, with revised guidance to their Missions. On December 5, 1984, the A.I.D. Administrator instructed that approval authority for all PIDs of less than \$2.5 million be exercised by Missions with delegated authority. He also recommended that PIDs for larger projects be delegated if no significant policy issues were involved. A worldwide cable sent at this time argued that "additional decentralization allows for adapting agency policies to local conditions and is the best way to shift management attention toward implementation. It is also logical, at this stage in the Administration, to place less emphasis on centralized control over planning and program design, since field managers have extensive experience with agency policy....Increased authority will be matched by new procedures for periodically

assessing Mission performance and, as a result, will increase the accountability of field managers."

On October 30, 1984, the A.I.D. Administrator approved dramatic delegations of authority to the Egypt Mission, given its massive program. The Mission Director of USAID/Cairo was redelegated authority to authorize a project or activity without dollar limitation when (1) a PID had been approved by the Bureau for projects over \$20 million; (2) waivers, which could only be approved in A.I.D./Washington, had been approved prior to such authorization; and (3) the project did not have a life of project in excess of 10 years. The Mission Director of USAID/Cairo was redelegated authority to amend project or nonproject authorizations executed by any A.I.D. official without dollar limitation after consulting with A.I.D./Washington for projects with significant policy issues and after approval of waivers that only A.I.D./Washington could approve. The Mission Director was also redelegated authority to approve waivers and other implementation actions up to the same amounts that the A.I.D. Administrator exercised.

In early 1985, the Deputy Administrator of A.I.D. drafted a memorandum to the executive staff sketching out the evolving Bureau-Mission relationship. He first set out the underlying philosophy for the redefinition of this historical relationship: (1) the fact that operating expense cuts were forcing staff reductions and that these would be taken in A.I.D./Washington rather than in the field; (2) the fact that A.I.D.'s comparative advantage stemmed from its decentralized resident Missions; (3) the trend in management thinking that supported central setting of overall goals, but with greater reliance on decentralized decision-making to execute these goals; (4) because experience demonstrates that moving responsibility closer to the action level generally means more efficiency, greater initiative, and better accountability; and (5) the recognition that responsiveness and morale suffer when decisions that can be local must to go back to some remote "them" in headquarters.

The Deputy Administrator then defined delegation to mean Washington would "encourage missions to design and implement projects subject to review at given intervals, with the exception of cases which are unique because of policy implications, magnitude, or sensitivity...." A.I.D./Washington would relinquish a "certain amount of ex ante review, but strengthen its oversight of strategy, portfolio, and operations by creating new ex post management devices."

Whereas the focus of the previous system was on individual projects, largely before the fact, the new system would focus on program/portfolio reviews. "The new system continues the longer

term CDSS strategy exercise, but adds periodic on-site assessments of Mission operations." Consequently, "under the new system Washington gives up a degree of project review but maintains appropriate control by adding the additional program/portfolio review and an operational assessment every three years."

In late 1985, the Administrator asked PPC to determine whether PID and Project Paper delegated approval authorities should be increased. PPC surveyed the bureaus to determine how many PIDs were actually delegated in 1985. The Africa Bureau delegated 34 percent of their PIDs, ANE Bureau delegated 36 percent, and the LAC Bureau delegated 51 percent--a cumulative total of 42 percent of all PIDs designed that year. Under existing delegations, the study determined that about 78 percent of all new project starts for FY 1986 would be delegated to the field. By early 1986, an action memorandum regarding possible increases in delegation of authority was sent to the Administrator. The Africa and LAC bureaus recommended that unlimited authority be delegated to Assistant Administrators for both PIDs and Project Papers, the ANE Bureau recommended delegating Project Paper approval authority without limit, but not PID authority, arguing that New Project Descriptions (NPDs) were inadequate to establish whether a project met A.I.D. policy and procedural standards. The PPC Bureau concurred with the ANE Bureau position and made this recommendation to the Administrator, who also concurred. The Administrator subsequently amended redelegation of project approval authority (Amendment No. 1 to DOA No. 133) so no dollar limit was set on delegations of project approval authority to field Missions for projects to more than \$20 million and amendments resulting in life-of-project funding over \$30 million, on a project-by-project basis. Since this time, no change has been made in the delegation of authorities for project approval.

#### 4. SUMMARY OF CURRENT SYSTEMS OF PROJECT REVIEW AND APPROVAL

Each of the geographic bureaus (Africa, Asia and Near East, Latin American and the Caribbean) responded in slightly different ways to decentralization and redelegation of authority, depending on field conditions in the region and historical management style. As indicated previously, the Asia and Near East Bureau took the lead in the Asia Experiment and modified the recommendations of the Yaeger Task Force to fit relationships among the Bureau, A.I.D./Washington, and the field.

The Africa Bureau decided that redelegation to the field could not be implemented uniformly because of the drastic differences in the size and staffing composition of their Missions. The Bureau developed a system for categorizing Missions based on

the concept of "full mission." Though this concept has undergone some modifications, it basically refers to the idea that a Mission should have a "core staff," that is, Mission Director (or AAO or A.I.D. Representative), Program Officer, Project Development Officer (PDO), appropriate technical staff, and adequate financial management coverage (from either a resident controller or REDSO/Regional Financial Management Center [RFMC]). The Africa Bureau refers to these Missions as "Schedule A." The Africa Bureau also reflects the existence of its two regional support offices, REDSO/West Africa in Abidjan and REDSO/East Africa in Nairobi. These offices provide assistance to Missions not deemed "full," namely "Schedule B" Missions and must concur before a project can be approved or amended by a Schedule B Mission. Unscheduled posts are supervised by either Schedule A or B Missions.

Some respondents indicated that the LAC Bureau was initially the most resistant to delegation, the LAC Bureau has now gone the farthest in delegating project approval. As a general rule, LAC prefers to delegate approval of both PIDs and Project Papers except when there are issues or policies that need A.I.D./Washington input. LAC is the only geographical bureau that does this. In general, both the ANE and Africa bureaus feel that they must continue to review PIDs in A.I.D. Washington to remain apprised of Mission portfolios and to ensure that appropriate policies are being applied in the field and projects are consistent with Mission strategies. In the view of the LAC Bureau, additional information that A.I.D./Washington obtains by reviewing PIDs has less value than the increased efficiency that Missions gain by approving their own projects. As one PDO in the LAC Bureau said, "We are willing to say we do not know when we get an inquiry regarding a particular project, and that we must have some time to find out." In order to keep informed about Mission portfolios, the LAC Bureau has developed a more involved action plan project implementation review process. The NPDs in the LAC Bureau action plans are also far more detailed than those in other bureaus, which allows the LAC Bureau to make more informed decisions regarding delegation at this stage.

The S&T and PRE bureaus have developed project review and approval processes that differ significantly from the geographic bureaus, reflecting their differing activities. The S&T employs "concept papers," rather than NPDs to present project ideas for Bureau review. The concept paper idea is taken directly from the research community and includes information that allows the Bureau to determine whether the proposed project adds to the research thrust of A.I.D. In addition, S&T uses Sector Councils to review project proposals in each major technical area. These councils are composed of technical experts from each A.I.D. Bureau to ensure that the activities of S&T are integrated into the

programs and problems of the various geographical regions and the policy concerns of PPC.

The PRE has two separate project systems, the PRE Central Bureau projects and the Private Sector Revolving Fund projects. Central Bureau projects follow the A.I.D. project guidelines in Handbook 3. The latter projects provide direct loans to private sector entities (usually financial intermediaries) and investment guarantees and follow a unique system managed by PRE's Office of Investment (PRE/I). As discussed in the next section, the differing systems of S&T and PRE have sometimes made it difficult for other bureaus and the Missions to interact effectively with them.

Food for Peace also operates under a very distinct system. Guided by its one distinct legislation, Food for Peace is programmed by an interagency Food Aid Subcommittee of the Development Coordinating Committee. This subcommittee includes representatives from the State, Treasury, and Agriculture Departments, OMB, and A.I.D. Each new and continuing food aid activity is planned in collaboration with food missions and is approved annually before funds are released.

The program activities review process of OFDA (as it applies to nonrelief obligations) also differs in some ways from the rest of A.I.D. OFDA does not have any projects or activities that require Project Papers. Except for minor initiatives (usually \$5,000 or less), all activities are reviewed as part of OFDA's normal budget review process under four areas: (1) Latin America/Caribbean activities, (2) Asia/Pacific activities, (3) Africa/Europe activities, and (4) nonregional activities. Most OFDA activities are carried out through grants to U.S. public and private organizations. Proposals are reviewed by relevant OFDA officials and once a decision is made, appropriate documentation (usually a Project Implementation Order for Technical Assistance) is prepared. Based on this document, a grant (or less frequently a contract) is executed by the Office of Procurement of the Bureau for Management Services. Grants and contracts generally comply with Agency requirements, including timely reviews of progress, evaluation of final deliverables, and final reporting.

Section 116 of the Foreign Assistance Act, as amended, prohibits assistance to any government that is a consistent gross violator of human rights unless such assistance will directly benefit the needy in such country. The Administrator assures compliance with these provisions through an interagency committee known as the Working Group on Human Rights. The Working Group is composed of representatives from the Department of State, IDCA, A.I.D., OPIC, and the Departments of Treasury, Defense, Agriculture, Commerce, and Labor and receives information from the World

Bank, the Inter-American Bank, and the Export-Import Bank. PPC represents A.I.D. in the Working Group.

Detailed descriptions of the project review and approval processes for each of the bureaus listed above are contained in Appendix B.

5. THE IMPACT OF DECENTRALIZATION AND REDELEGATION  
ON THE QUALITY OF PROJECT DOCUMENTS  
AND THE EFFICIENCY OF PROJECT REVIEW

A number of studies have compared the quality of Project Papers approved by A.I.D./Washington and those approved by field Missions under redelegation of approval authority. All of these studies have concluded that field-approved project documents are comparable in quality with those approved in A.I.D./Washington and that weaknesses in project documents exist independently of where they have been approved. Moreover, there do not appear to be significant differences between the quality of Project Papers whose PIDs were approved in A.I.D./Washington and those whose PIDs were redelegated for approval to the field. Interviews show that both regional and central bureaus are very concerned with policy issues and that decisions on whether to delegate to Missions are based on a careful analysis of which policies are critical. Even when delegation to the field is approved, cables from A.I.D./Washington continue to provide substantial guidance on policy issues.

In 1983, Larry Harrison reviewed a sample of Asia Bureau Project Papers. He rated the papers according to four criteria --coherence, coverage, analysis, and presentation--and found very little difference between the field-approved and A.I.D./Washington-approved samples. He identified a number of weaknesses in the Project Papers, but these weaknesses were not a function of who approved the papers. Both samples inadequately addressed lessons of experience and sometimes included nonrigorous social and economic analyses. The review made a number of recommendations about how to improve the quality of papers and recommended continuing delegation to the field.

In 1984, the Asia Bureau conducted another review of the Asia Experiment to determine whether the quality of Project Papers was being maintained by Missions with delegated authorities. This review by Thomas Arndt compared 14 field-approved papers from 1984, six with Washington-approved Project Papers from that same year, and involved meetings with about 30 project, program, and PD officers in the Pakistan, Thailand, and Indonesia Missions. Arndt concluded that "Mission approved Project Papers are

diverging in small but perhaps meaningful ways from their cousins submitted to A.I.D./Washington. These changes are for the most part healthy and conform to the expectations which the designers of the increased delegation probably held explicitly or implicitly. They can be summarized as increased attention on the essentials of the project paper as the Mission perceives them and less attention to non-central issues or to embroidering the Project Paper for a Washington audience."

Arndt further concluded that there were no differences in the samples in their adherence to A.I.D. policy. He attributed this fact to the review by A.I.D./Washington of Mission CDSSs and PIDs. Arndt did feel that in the policy arena A.I.D./Washington's responsibility to ensure that new policy emphases (such as women in development) were followed had been made more difficult by delegation, because advocates had less opportunity to drive the point home. However, he also noted that the Project Paper process may not be the most efficient vehicle to introduce new policies in any case.

Arndt found there was no discernible difference between A.I.D./Washington and field-approved Project Papers in the completeness or thoroughness of their project descriptions or implementation plans. In this area, however, other advantages of delegation were clearly apparent. Mission personnel felt that with delegated authority they were able to work more closely with counterparts and make design improvements more quickly, effectively, and routinely. Several Mission personnel also said that delegation had increased their sense of responsibility and their resolve to solve for themselves problems that they may previously have tried to buck to Washington.

Arndt concluded that the quality of the required analyses of the two groups of papers was also roughly equivalent, and was equally inconsistent. He noted that the analysis sections in field approved Project Papers were generally shorter, but interpreted this as Missions' recognition that "much of the analysis now required for projects is either expensive, methodologically difficult, or not very relevant to central project." This implied that A.I.D./Washington had a much more ivory tower view of project analysis requirements, whatever the particulars of the case at hand.

Arndt found that Mission project reviews, though by and large less formal than A.I.D./Washington reviews, were just as thorough and effective. He noted that although theoretically, "the wide ranging A.I.D./Washington review can improve a project by providing exposure to a broader range of experience or fresh insights that the project planners may have overlooked, in practice this happens extremely rarely."

He also noted that most Mission-approved projects contained an explicit section showing how the Project Paper responded to issues raised by the Asia Project Approval Committee in reviewing the PID. He noted that A.I.D./Washington often required the submission of a special report by the Mission following the PID review, which complicated the design process and illustrated A.I.D./Washington's "tendency to take away with one hand the autonomy it has granted with the other."

Arndt did feel that the style of presentation in the two samples of Project Papers was quite different. A.I.D./Washington-approved papers were geared toward a different audience and contained more background material and rhetorical description to link the project to the latest policy leanings. Arndt felt that the field-approved Project Paper was becoming a more "workmanlike 'meat and potatoes' document which concentrates on operational matters and real project issues as the Mission perceived them. There is less attention to collateral issues and less writing in the analytical and other sections."

In June 1987, Checchi and Company and Louis Berger International, Inc. completed a review of field-approved project designs from the Latin American and Caribbean Bureau. The consultants reviewed 13 Project Papers from different LAC Missions and compared them with four A.I.D./Washington-approved papers. They reviewed the papers in terms of several criteria, including conformance to A.I.D. handbooks; responsiveness to LAC Bureau guidance; completeness, logic, and clarity of documents; quality of technical, economic, and financial analyses; and comparisons of overall quality.

The consultants found that, with the exception of one project, there was a high degree of conformity in field-approved projects to the requirements for PID and Project Paper preparation in Handbook 3. The one area of relative weakness was conformance to Handbook 3 requirements for the implementation plan. In terms of responsiveness to LAC Bureau guidance, the team found that two Project Papers, which contained serious design deficiencies, had not followed the guidance issued from A.I.D./Washington in the PID approval cables. Otherwise, the papers were considered responsive to A.I.D./Washington guidance. Project Papers were rated as complete, logical, and clear in all cases. The consultants did notice, however, that A.I.D./Washington-approved samples exemplified "tighter writing" than field-approved samples. This factor, however, did not seem to indicate better design. The consultants found no difference in quality of analyses between A.I.D./Washington-approved and field-approved Project Papers. They did make several observations regarding the inconsistency of these analyses, but this inconsistency had no relation to where the project document was approved.

The consultants concluded that of the 13 field-approved papers, 9 would have probably required some revisions before A.I.D./Washington would have approved them. Three of these were characterized by excessive length, repetition, lack of clarity and precision, and the absence of a clear implementation plan. Two were private enterprise projects that lacked, according to the consultants, adequate justification for a chance at success. The consultants pointed out, though, that of these Project Papers, "it is likely that at least some may have ultimately been approved under a Washington review when all factors were considered."

The consultants noted general areas of weakness in the papers, which were not a function of where they were approved. These weaknesses included (1) unexplained PID/Project Paper differences, (2) inadequate attention to recurrent costs, (3) inadequate attention to financial analyses, (4) lack of attention to relevant experience, (5) lack of quantitative analyses, (6) inaccurate use of logframe presentation, (7) inadequate implementation plan, (8) inadequate planning for evaluations, (9) bias in project advocacy, (10) inefficiency of design in addressing identified problems, and (11) inadequate treatment of statutory concerns. The consultants made a series of recommendations on how to improve the review process. These included updating Handbook 3, PDO training in the analysis of private sector activities, and periodic quality verification of field-approved Project Papers.

The ANE Bureau completed a review of selected Project Papers for each country in the region in February 1989. Project Development and Technical Offices from the Bureau reviewed 40 Project Papers; 10 from East Asia, 14 from South Asia, 5 from Egypt, and 11 from the Middle East. The papers were reviewed for standards and patterns of project design and development, which emerged under Mission management of the Project Paper preparation and approval process. The following conclusions and observations derived from the study: (1) ANE determined that all papers sampled would have been approvable by A.I.D./Washington if they had been submitted for authorization, although certain aspects of the papers would have been strengthened. Financial and economic sustainability analysis and projections in particular were sometimes handled inadequately. Recurrent cost analysis was also weak and long-term sustainability was not uniformly addressed. The Bureau judged that legislatively mandated requirements in the environment and FAA 622 certification areas were also not well understood by the Mission. Policy-oriented sector programs are increasing, but specificity in benchmarks for policy achievements varied widely and were still difficult to measure and define in relation to A.I.D.'s policy dialogue success. Implementation planning focused on immediate next steps and tended to reflect an ideal or rote formula rather than experience.

The ANE Bureau concluded that while these "weaknesses" were not a function of redelegations to the field, they did reinforce the view that A.I.D./Washington should continue to be involved at some point in the process. "There remains a need," the report states, "to maintain a steady exchange of information among and between Missions and A.I.D./Washington on state of the art changes in policy development and interpretation, technology choices, methodologies, and program modes." Moreover, the report notes that technical staff need to remain involved in project development, legal, contracting, engineering, and procurement areas, but that such technical resources are not readily available or utilized effectively in all Missions. Given the fact that Missions do not appear to accept the current PID review by A.I.D./Washington and that NPDs are inadequate design documents, the ANE Bureau concludes that the current system of PID reviews should continue. The benefits of PID reviews include "greater opportunity for interchange on technical and managerial solutions, heightened ability to bring to bear a wide range of advice, both technical and administrative, on the proposal, inform Bureau leadership on directions of country programs, and provide periodic opportunities for dialogue on Mission and country issues (especially for those countries where on-going strategic issues are not critical and consequently not in front of management regularly)."

In terms of the impact of decentralization and redelegation of approval authority on the efficiency of the project review system, several observations can be made. First, delegation has not eliminated the end of the fiscal year rush to approve and authorize projects and obligate funds. Missions still tend to wait until the fourth quarter to complete their yearly new project obligations. Second, the time required for the approval of project and nonproject documents in the field and in A.I.D./Washington is generally comparable because most Missions have adopted a rigorous and interdisciplinary project review process similar to the one employed in A.I.D./Washington. However, some Missions did report that an A.I.D./Washington review does take longer in the sense that the Mission has to package and target the Project Paper for a different audience and must satisfy A.I.D./Washington's concerns, which tend to involve more academic abstraction from target country realities.

6. COMMENTS FROM A.I.D./WASHINGTON AND THE MISSIONS  
ON THE EFFECTIVENESS OF THE CURRENT SYSTEM

This section summarizes a variety of subjective points of view of A.I.D. staff in many different parts of the organization, both in A.I.D./Washington and in field Missions. No attempt has

been made to scientifically sample informants, nor to draw absolute conclusions regarding which points of view are most valid. Rather, the different perspectives are simply presented for the reader to consider.

The critical questions concerning decentralization and re-delegation to the field include: (1) whether the Missions are exercising their redelegations responsibly in terms of the proper application of A.I.D. policy and quality of project design, (2) whether A.I.D./Washington is making rational decisions regarding which projects to redelegate and which projects to review in A.I.D./Washington, (3) whether A.I.D./Washington is still obtaining the information it needs regarding Mission portfolios in order to effectively backstop Missions and keep stakeholders informed, (4) whether there is an effective system of checks and balances in place such that A.I.D./Washington can verify whether Missions are acting responsibly, and (5) whether the project review and approval process has become more efficient in terms of the length of time taken to get documents through the system.

#### 6.1 Mission Responses

A cable was sent to 18 Missions, 6 Missions in each geographic bureau, requesting the field perspectives on the impact of redelegation on the project approval process. Missions were asked to respond to the following questions: (1) whether they understood A.I.D./Washington's decisions to allow or not to allow the field Mission Directors to approve project documents and whether Missions agreed with these decisions, (2) whether A.I.D./Washington reviews provided the Missions with useful guidance to improve the quality of the project design or the application of A.I.D. policy, (3) whether the Missions ever sought an A.I.D./Washington review rather than a Mission review, and if so, under what circumstances, (4) how redelegation to the field has affected the efficiency of the review process in terms of how long it takes to arrive at an approved document in the field versus A.I.D./Washington, and (5) what the impact of redelegation to the field has been on Mission management in general.

In general, field Missions are pleased with the system of redelegation of approval authority. They understand why A.I.D./Washington may withhold redelegation, appreciate A.I.D./Washington guidance on design and policy issues, and believe that continued A.I.D./Washington involvement on a selected basis is appropriate.

Many Missions believe that certain projects should not be delegated to the field. Examples included projects that involve

issues of Congressional interest or that require guidance on nonproject assistance.

That geographic bureaus worry about the application of A.I.D. policy in the field is evident from the examples cited by Missions where A.I.D./Washington withheld redelegation. One example, a PVO cofinancing project, was withheld because of policy issues concerning the role of umbrella PVO arrangements and involvement of local nongovernment organizations in the program. The Mission's proposed strategy was at variance with bureau draft guidance. Other cited examples of projects in which redelegation was withheld included an innovative program, inclusion of conditionality-based disbursement, policy reform aspects, and a focus on sectorwide problems/constraints, sustainability, and appropriateness of an assistance instrument.

Of particular concern to Africa Bureau Missions was policy regarding nonproject assistance under the Development Fund for Africa. Since this policy is constantly evolving, currently, Missions in general prefer to have A.I.D./Washington input into their designs. In addition, the Somalia Mission stated that they wanted their FY 88 ESF grant reviewed in A.I.D./Washington to ensure that all Washington agencies had a chance to verify that the PAAD conformed with the February 1988 program week guidance.

Missions reported that A.I.D./Washington guidance cables often focused on policy issues (such as recurrent costs, land tenure, eligible use of public sector share of cash grant, source origin for commodities imported with cash grant, comingling A.I.D. and other donor resources, and local currency management) and implementation questions (such as public/private sector split and allocation of resources among components, conditions precedent, and covenants).

The Mission response from Somalia was particularly negative regarding A.I.D./Washington reviews, however. The Mission felt that on one project they had been guided into too narrow a definition of project purpose and that conditions precedent and covenants recommended by A.I.D./Washington restricted them from an appropriate, flexible response. On the whole, the Mission did not feel that A.I.D./Washington provided important insights on design, implementation, or evaluation. They did, however, note delays in receiving guidance cables after Executive Committee Project Reviews, lasting from 3 to 4 weeks.

The Ecuador Mission stated it would prefer A.I.D./Washington to review its PIDS in order to obtain a more varied perspective and guidance on project design at the conceptual stage. This is a minority view in the Latin American and Caribbean Bureau where

reviews of NPDs in action plan largely take the place of PID reviews.

There appears to be a consensus among responding Missions that A.I.D./Washington's input into the review of projects with new or potentially sensitive policy issues is important. Policy areas warranting A.I.D./Washington input, according to Missions, include policy performance based sector support grants, child survival, private sector ventures, and intermediate credit institutions.

Most responding Missions stated that delegation of project approval authorities to the field had improved the quality of project designs, because the Missions were held accountable. As one Mission said, "It is our sense that more direct responsibility for outcomes leads missions...to invest more of themselves in the design process and to be more careful to produce responsible, implementable products. This enhances the prospects that they will be motivated to energetically and conscientiously oversee implementation."

While PPC has sometimes been concerned that Missions do not apply A.I.D. policy as rigorously as they would if projects were brought to A.I.D./Washington for approval, the bureaus do seem concerned about policy issues and have taken over the role of policy overseer to some extent. The ANE Bureau review of Project Papers, for example, indicates a clear concern that Missions may not fully understand Section 611 certification, environmental requirements, or analyses related to recurrent costs and sustainability as well as financial and economic viability. These are all critical policy concerns that the bureau is taking into obvious consideration. Earlier reviews of Project Papers also noted, in particular, the quality of feasibility analyses completed by Missions. This assessment measures conformance with policy directives also.

One of the major issues in assessing the success of delegation is to determine whether the trade-offs envisioned by A.I.D. management, namely that project approval would be shifted to the Missions and A.I.D./Washington checks would be shifted to program reviews and Mission assessments, have in fact been realized. PDPR viewed project reviews as a vehicle for determining whether Missions were appropriately applying A.I.D. policy and determining whether projects were designed appropriately both in terms of Mission strategy and local conditions. It is doubtful that ex post program reviews and Mission assessments can ever answer these precise questions. Mission assessments do examine projects, but focus on the Mission as a management unit. Thus, as currently defined, these assessments do not determine whether policies are being followed nor whether project choices were

appropriate or successful. In fact, these questions would best be answered through evaluations, but A.I.D./Washington has very little involvement in the project evaluation process. Hence, it does not appear that the project review process has been adequately replaced by other control mechanisms.

Several informants felt that A.I.D. has become an "ideological" agency in the last 10 years, as the right and true path to development has been described in excruciating detail in a variety of policy guidelines. These policies sometimes make it seem as if development can only be done in certain ways. This has led, according to some respondents, to a rigid, policy-circumscribed approach that makes responsiveness to Washington directives more important than responsiveness to country development needs.

There is concern in many parts of A.I.D. that as decentralization and redelegation to the field has progressed central bureaus have been left to "meander" to a certain extent and have not appropriately redefined their operational roles. The way the system works now, virtually all decisions are made by the bureaus without the necessity for PPC to agree with those decisions. PPC can offer advice and guidance and work with the bureaus in a collegial manner to attempt to convince them that a particular policy issue is important to solve or a particular project is potentially very detrimental to U.S. interests. Under the previous system, PPC had the authority to effectively prevent the bureaus from proceeding. Now, PPC can only attempt to convince them rather than actually stop them. When an issue is perceived as very critical by PDPR, the bureau must spend an inordinate amount of time attempting to make their point understood, rather than being able to rely on their organizational status. Moreover, PPC staff still feel they are responsible to the A.I.D. Administrator to ensure that policy is correctly applied and consequently feel accountable for projects even when they have no actual authority over decisions regarding those projects.

It is unclear whether A.I.D.'s senior management has pondered the implications of this change in the status of PPC, in particular, and whether this was the result anticipated. Senior management must decide whether the A.I.D. organization best functions with or without a centralized office responsible directly to the Administrator--an office that has the authority to propose ultimate decisions on a project direction. Arguments in favor of such a centralized body claim that there must be a system of organizational checks and balances and that an objective "outsider" such as PPC must have the authority to effectively veto decisions by partisan bureaus. Such a centralized bureau, this argument claims, would have the advantage of bringing a global perspective to bear when comparing what the bureaus are doing in

various areas and could thus ensure consistency in the application of policy and cross fertilization of ideas and approaches and application of lessons learned. Since, in general, the only projects under \$20 million that are not redelegated to the field are those with sensitive or tricky policy issues, this role would be limited only to those projects that pose some difficulties.

There is also much concern throughout the Agency that A.I.D./Washington cannot adequately carry out its oversight and evaluation functions because the Agency has no management information system (MIS) that can provide even marginally sufficient information about what is going on in the field. Consequently, individuals attempt to use the project review process to get this information. This is not only expensive, but intrinsically inadequate because it is based upon design rather than implementation input, which often bears little relationship to what is actually happening.

The LAC Bureau recognizes that project review is not the ideal process for A.I.D./Washington to effectively monitor field Missions, but it sees little alternative, given the lack of other adequate sources of management information. This lack of information prevents A.I.D./Washington from exercising its field program oversight by linking program/project design to implementation and the attainment of developmental objectives. To complete linkages, better base-line data need to be collected, objectives need to be refined, measures of progress in achieving objectives need to be improved and made more practical, and the same information need to be improved so that data is readily available throughout the Agency. Progress in all these areas is being made. Even if all these systems were in place, Bureau would still have to pay some attention to individual projects. LAC does this by exception, focusing only on certain projects and relying on field Missions to oversee and manage each activity. LAC/DR endorses continuing this management of project portfolios by exception.

The bureaus have mixed views about the wisdom of redelegating PID approvals to the field. They differ on whether the information in NPDs is sufficient to ensure that the field Missions know what they are doing in terms of applying relevant policy and solving major design issues. LAC endorses the current process by which PID delegation is determined on the basis of a review of NPDs coupled with LAC staff knowledge of Mission portfolios and intentions. The NPDs are for the most part sufficient to indicate where there may be policy or other concerns that warrant further A.I.D./Washington involvement. Inherent in basing Bureau delegation decisions on NPDs is confidence in the capabilities of Mission management to solicit A.I.D./Washington involvement in areas of uncertainty.

LAC, however, does not believe that NPDs are sufficiently informative or that they can generate all of the project development guidance Missions might find useful. The provision of such guidance depends both on Mission solicitation of such guidance from LAC and other offices (e.g., PPC/Center for Development Information and Evaluation (CDIE), S&T) and on continued interaction between Mission staff and Bureau staff.

LAC believes any tendency to expand NPDs to a PID-like document to allow for more detailed understanding of project plans should be resisted.

LAC plans to continue the current procedure of maximizing delegation of PID and project paper approval to the field. In fact, given current and likely continuing staff constraints LAC could not now return to reviewing more PIDs and Project Papers in Washington. There are differing views in the field and in the Bureau in Washington about the merits of field PID approval. On the plus side, field approval of PIDs saves staff time in A.I.D./Washington and at least saves field staff time that otherwise would be devoted to participating in A.I.D./Washington reviews. Some feel that field PID review also condenses the time from project conception to project approval. Data do not exist to support or refute this, however; most projects continue to be authorized late in the fiscal year, and, whatever system is used, a certain period of time is always required to fully design a planned activity and mobilize the host country project implementers. There are significant negative impacts of field PID approval, however, according to LAC informants. These include the following:

- Policy formulation. In the past, Agency policy frequently grew out of the detailed consideration of individual projects and therefore was based in part on a clear understanding of its impact on the ground. Future policy to some extent will not be based on this project foundation.
- Training. The involvement of many staff with a wide variety of field projects that was necessitated by A.I.D./Washington PID and Project Paper review provided in-depth on-the-job training and experience which was then brought to bear on the development of country programs when staff transferred to the field. Field managers now in place benefited from this multiproject exposure. Future field manager experience with an array of project interventions will be more limited.
- Bureau portfolio knowledge. When PIDs and Project Papers are approved in the field, Bureau management has

less knowledge of country portfolios and therefore less readily available knowledge on which to consider actions. The proximity of Mission staff with field portfolio knowledge brought about by better telecommunications does somewhat mitigate this problem.

LAC is not completely comfortable with the current semiannual review process. On the one hand, the Bureau yearns for the full intimacy with Mission portfolios gained from reviewing each Project Paper; on the other hand the Bureau can neither tax the Mission to report in such detail nor, because of staff constraints, process such reports even if received. Thus, the semiannual reports must represent a compromise between the ideal and the possible. The semi-annual reports now received do not tax the Mission to produce information they themselves do not use, but they do provide more information in some areas than the LAC Bureau in Washington can process (sometimes up to 60 pages on a single project) and less information than we need (e.g., insufficient summary date). As a result, the Bureau is in the process of issuing new semi-annual report guidance.

On the whole, the S&T project development process is working but there are weaknesses. Project documentation is acceptable, but the quality is uneven, and there is room for improvement. The Action Plan noted that design tends to be weak for a number of reasons:

- Lack of appropriate guidance. Handbook 3 guidance is geared toward bilaterall field projects rather than centrally funded projects. Separate or supplementary guidance for centrally funded projects is needed.
- Lack of appropriately trained staff. Most S&T project officers are highly qualified technically but have limited project design training and experience. The Bureau does not have a project development officer per se.
- Weak project review process. On balance, the project review process tends to be weak and not as well organized as it might be, and thus more time consuming than necessary.

Several corrective actions will strengthen the S&T project development process:

- Guidance. A separate or supplementary Handbook 3 guidance is needed for centrally funded projects. S&T will develop such a guidance when it has the staff to do so.

- Staff. S&T are in the process of recruiting a PDO for the S&T Program Office to coordinate the project development process in S&T. The PDO will be expected to assist and train S&T project officers in the development process and to help develop the guidance for centrally funded projects.
  
- Review. S&T/Project Office is attempting to improve review of Concept Papers, PIDs, and Project Papers, but the process still tends to be ad hoc and not well coordinated. Also, the Sector Council review process should be more formalized. The Sector Council's views are not always documented and S&T's reaction to recommendations is not always clear. This could be remedied if the Sector Councils put their views in writing for formal consideration by S&T in its approval (or rejection) of the project document.

## 7. FINDINGS AND CONCLUSIONS

1. The bureaus have evolved slightly different systems of project and nonproject assistance review and approval processes. All three geographic bureaus employ the NPDs contained in the Action Plan to make decisions on whether to delegate PID and/or Project Paper approval to the Missions. The LAC Bureau delegates a great many more PIDs to the field than do the ANE and AFR bureaus. LAC then compensates for its noninvolvement in PID reviews by requiring more detailed Action Plans and Project Implementation Summaries. Both the ANE and AFR bureaus believe that A.I.D./Washington must remain involved in PID reviews in order to stay abreast of Mission programs, to help work out policy issues, and to provide the Mission guidance on program and technical areas. All three bureaus selectively choose to approve Project Papers in A.I.D./Washington when they have concerns about the novelty of the project concept or the difficulty or sensitivity of the policy issues involved. Otherwise, as a general rule, project approval authority is delegated to the extent possible.

2. To a large extent, according to informants, regional bureaus have replaced the role that PPC used to play prior to delegation of approval authority, in that these regional bureaus maintain some form of project review process, either through A.I.D./Washington PID reviews or through intense Action Plan reviews.

3. Several respondents indicated that A.I.D./Washington project and nonproject reviews have deteriorated in quality. Lower level staff are leading the issue meetings and the final

approval meetings. Bureau Assistant Administrators are often not involved, although they almost always were in the past. Many respondents felt that issues were raised simply "for the sake of raising issues and impressing others," rather than to improve the quality of the design; that people behaved in an undisciplined manner; and that meeting chairpersons failed to maintain the control required for constructive dialogue. Some call the meetings "too open and democratic," inserting into the review process too many opinions lacking experiential basis.

4. According to informants, A.I.D./Washington is unlikely to redelegate to the Missions their remaining approval authority because A.I.D./Washington wants to maintain an involvement in the project review process. A.I.D./Washington sees this link as necessary to satisfy its need for information about Mission portfolios and to ensure that Missions are following critical policies for which A.I.D./Washington will be held accountable by outside A.I.D. critics such as Congress. A.I.D./Washington is generally not concerned with improving the technical design of a project; rather it is its concern for policy that leads A.I.D./Washington to withhold redelegation to the field.

5. All comparative studies conducted to date between field reviewed and approved and A.I.D./Washington reviewed and approved project and nonproject assistance design documents conclude that there is no significant difference in quality between the two subsets of documents.

6. Moreover, there appears to be no appreciable difference in technical quality or policy consistency between projects whose PIDs were reviewed and approved by A.I.D./Washington and those whose PIDs were reviewed and approved in the field, except perhaps, in cases involving very new, complex, and unresolved policy issues. In the case of private sector activities, for example, project reviews have served the purpose of informing Missions how to apply policy and avoid future problems. However, the project review process is not the only vehicle--or a particular effective means--for providing policy guidance. Clearer formal guidelines and better informal communications could serve the same purpose. However, the often adversary relationship between the field and A.I.D./Washington undermine the effectiveness of more informal communication channels. Project reviews have also proven useful in programming the new style of nonproject assistance being developed in the Africa Bureau. Here, again, an active dialogue between A.I.D./Washington and field Missions served a constructive role by working through individual cases. However, such dialogue could also take place through Mission Director's Conferences, other personnel specialty conferences, and by correspondence.

7. According to studies completed to date, there is also no difference in quality of projects between a LAC Bureau, which, as a rule, redelegates all PIDs to the Missions and other bureaus, which, as a rule, review and approve PIDs in A.I.D./Washington. Other bureaus have argued that LAC can afford to redelegate PIDs because its field Missions are nearer, transportation is easier, and telephone communication is fairly simple. LAC, on the other hand, argues that other review processes, such as the Action Plan review, have become more complex and rigorous, thus eliminating the need for microlevel A.I.D./Washington project involvement. The NPDs in the LAC Action plans tend to be more detailed and developed than those of the other bureaus and LAC Action Plan reviews are indeed more involved than those of other bureaus.

8. According to cabled responses, Missions do not feel that they learn significantly more about how to improve project design and implementation by having A.I.D./Washington approve a project or nonproject assistance document.

9. According to Mission respondents, the role of A.I.D./Washington in PID reviews has a marginal impact on the quality of projects in terms of technical expertise or the application of policy, except in cases where a new policy or technical approach is being worked out and the Mission involved has been distanced from newly emerging information. Projects continue to evolve after a PID is approved as the Mission learns more, collaborates more closely with the host country, and works through the knotty details of feasibility and implementation. Hence, A.I.D./Washington's influence on the PID review is likely to diminish as the design process reaches completion. Furthermore, A.I.D./Washington strictures provided at the PID stage do not guarantee that they will actually be followed during project implementation. During the implementation stage, a new dynamic with new actors and new "on the ground" factors to take into consideration come to play. Sometimes, individuals get so wrapped up in the day-to-day management issues that they lose sight of some of the broader imperatives of the A.I.D./ Washington review.

10. According to interviews of A.I.D./Washington personnel, A.I.D./Washington's review of project and nonproject documents serves more to inform A.I.D./Washington of Mission portfolios than to ensure that the projects will be successfully implemented. There is little link between a rigorous A.I.D./Washington project review and a successfully implemented project. A.I.D./Washington could better serve its need to be informed and its role to monitor Mission performance and to hold Missions responsible for being involved in more program-level reviews on the one hand, and more implementation-level reviews on the other hand. There is no evidence that the Project Implementation Reviews submitted by Missions to A.I.D./Washington provide adequate

information to ensure that projects are being successfully implemented. A better accountability system needs to be devised.

11. Many early promoters and champions of decentralization and redelegation feel that the system is working well but that the check on Mission accountability is not working. Many expressed the view that the Mission Assessments are not effective. These individuals pointed out that either the bureaus or Missions complete these assessments themselves, that the findings and conclusions are closely guarded and not shared with individuals who have a stake in the process and hence a right to know what conclusions the assessment has drawn, and by the tendency for people to protect their peers and deal with problems informally rather than through formal channels.

12. According to interviews conducted in A.I.D./Washington and cabled responses from Missions, A.I.D. is being absolutely crippled from performing its job both in the field and in A.I.D./Washington by a woefully inadequate travel budget. As a result of lack of travel funds, A.I.D. staff relies on project papers to try to become informed, to monitor project, and to hold field people accountable. However, these papers rarely bear much resemblance to the actual project and nonproject assistance activities being implemented in the field. Unless the travel budget is significantly increased, the individuals' belief that they cannot properly perform their job will only get worse. The S&T and PPC bureaus are affected by the lack of travel budget most of all, but the geographical bureaus are affected as well.

13. According to several informants, there may be more effective means of ensuring that central Bureaus and field Missions understand and apply A.I.D. policies than A.I.D./Washington's intimate involvement in project review. Training courses, such as the private enterprise course and the Women in Development Workshop, have been quite successful in imparting a basic understanding of and basic tools for applying these two critical concepts. In fact, training has a longer run impact because it teaches participants why the concepts are important to development, rather than imposing methods which practitioners feel are simply another A.I.D./Washington requirement with little or no value. Mission Director Conferences and other professional conferences are also excellent vehicles for spreading the latest word.

14. Considerable concern was expressed by informants that the negative impacts of decentralization and redelegation will come to haunt the Agency once the A.I.D. "Old Guard" retires. The Agency has only a small repository of individuals who have enough tenure and experience to really understand project design in a variety of country contexts. The majority of A.I.D.

employees are midlevel and relatively young, and many have not been well trained according to these informants.

15. Several informants believe that because of all the "special interest" policies, it is no longer possible to design a straightforward project anymore and that a large part of the A.I.D./Washington fear regarding delegation is due to A.I.D./Washington's concern that the Missions satisfy every little policy concern, regardless of whether these policies distort the true development impact of the project.

## APPENDIX A

### DELEGATION OF AUTHORITY AND PROJECT REVIEW CHRONOLOGY

10/18/78: AA/AFR sign DOA 140 of the Africa Bureau. This DOA revises authorities available to the four types of field posts in Africa (Mission, Regional Offices, A.I.D. Offices, and Sections of Embassy). For the purposes of the redelegation, the Africa field posts are grouped into 2 categories: Missions and Regional Offices and other field posts.

12/20/78: A/A.I.D. (J.Gilligan) drafts memorandum for the executive staff informing them of increased delegation to the field of project approval. Authority will be delegated to the field missions to give final approval to projects having a LOP value of up to \$5 million. Regional Assistance Administrator's may withhold authority from an individual mission, or an individual project, but must report such action to AA/PPC and to A/A.I.D., with an explanation. Mission Directors may, upon submission of a PID to A.I.D./Washington transfer final project approval authority to the Regional AA in cases when the Mission Director judges the mission staff to be inadequate to undertake the final review or when host country considerations are sufficiently important to indicate that final approval by the Regional AA would be the judicious course. The Regional AA may, at his/her discretion, grant final project approval authority to a field mission for projects with a LOP value of up to \$10 million. Authority will be delegated to the field missions to give final approval to project amendments with a value of up to ten percent of a project's LOP value. PIDs will continue to be approved in A.I.D./Washington within 30 days. AA/PPC will prepare a monthly summary report of all PID actions.

1/29/79: Head of AFR/DR send action memorandum to AA/Africa laying out his logic regarding which Missions in the Africa Bureau should receive delegation and which not. He proposes exercising delegations to missions which have a "core staff" consisting of a minimum of 14 positions, including Director, Program Officer, Project Officer, Controller, Technical Officers. Remaining positions should be more flexible. Only actually designated USA.I.D.S would be considered. Of AFR 30 field posts, 15 are USA.I.D. Missions. Of these, 10 meet the criteria (Kenya, Tanzania, Cameroon, Swaziland, Zaire, Liberia, Chad, Senegal, Upper Volta, Mali), and 5 do not (Lesotho, Botswana, Ethiopia, Niger, Ghana).

2/1/79: A/A.I.D. signed Delegation of Authority No. 133 delegating to the AAs for Near East, Latin American and the Caribbean, Africa, Asia, Bureau for Development Support, Bureau for Private and Development Cooperation, the authority to

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authorize projects and non-project assistance up to \$10 million LOP. Delegation does not include HIGs.

2/2/79: AA/AFR issues Delegation of Authority No. 141, pursuant to A.I.D. DOA 133. AA delegates to USA.I.D. Directors authority to approve and authorize new projects having LOP value of up to \$5 million, after A.I.D./Washington approval of PID, and authority to approve amendments up to 10% of the original LOP for projects authorized by the Director of the USA.I.D..

2/2/79: AA/Asia redelgates authority to approve projects up to LOP \$5 million to following missions: Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Sri Lanka, and Thailand. Mission Directors will also be able to approve project amendments with a LOP value up to 10% of a project's LOP value, but only for projects which they have authorized.

2/6/79: Africa Bureau issues guidance to field mission in line with above two delegations from A/A.I.D.. AFR points out that waiver authority of fields has not increased, so that Missions must submit these to A.I.D./Washington for approval well before they approve projects delegated to them. AFR reminds Missions to strengthen implementation plans in project papers.

2/6/79: AA/NE redelegates project approval authority up to \$5 million in DOA 133 for the following missions: Jordan, Morocco, Afghanistan, Egypt, Syria, Tunisia, and Yemen. He does not redelegate Cyprus, Lebanon, Portugal, and Turkey either because of the nature of the programs in those countries or because of their very small staffs.

2/13/79: AA/LAC redelegated approval authority up to LOP \$5 million to following missions: Barbados, Bolivia, Costa Rica, Dominican Republic, El Salvador, Guatemala, Guyana, Haiti, Honduras, Jamaica, Panama, and Peru. AA/LAC states that he is not yet redelegating this authority to the principal A.I.D. officers in Brazil, Chile, Colombia, Ecuador, Nicaragua, Paraguay, ROCAP, and Uruguay, "either because of the nature of the programs in those countries, the political situation in such countries, or because of their very small staff levels.

2/29/80: AA/PPC sends memo to Acting DA/A.I.D. informing him that bureaus are concerned with project approval process and have working systems which enable the AA and others to monitor their performance. Bureaus will continue to strive for efficiency and to shorten processing time especially under proposed increased delegation, in support of Acting DA/A.I.D.'s desire to "tighten up the review and approval process."

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3/28/80: AA/AFR signs DOA 141 Amendment No. 1 designating five additional A.I.D. Missions with authority to approve and authorize projects having LOP value of up to \$5 million. These include: Ghana, Mauritania, Niger, Somalia, and Suda.

5/14/80: Memo from PPC/PDPR/PDI to Bureau Project Development Officers outlines then-established project review procedures. PID review committee was comprised of representatives from PPC, GC, SER/CM, SER/COM, FM, and relevant bureaus. PPC/PDPR/DDI distributed PIDs within PPC. Two reviews of PIDs were held by bureaus, an informal review to develop issues paper and a formal review chaired by Bureau AA or designee. A/A.I.D. approved PID when significant policy environmental, congressional, audit, evaluation and waiver issues existed. Administrator or Deputy resolved issues not resolved by committee. A.I.D./Washington PID processing and approval to be completed within 30 days. Cables to Missions regarding approval or disapproval cleared by PPC/PDPR review officer. PPC/PDPR/PDI compiled periodic project development status reports. PPS authorized by Missions under delegations processed according to Mission and Bureau procedures and submitted to PPC/PDPR/PDI within 30 days following authorization. A.I.D./Washington authorized PPs follow similar procedure to PID. PPC participation limited to PPs over \$10 million LOP or special interest PPs. PPs to be authorized by A/A.I.D. are those above \$10 million LOP; "substantive" amendments longer than 5 years (FAA 110b limits to 3 years the disbursement period of grant-financed capital projects funded from DA, FAA 02-6); projects which present significant foreign policy issues; or waivers. These projects will be processed through PPC.

7/27/81: PDPR memo lays out A/A.I.D. concerns regarding projects with low technology transfer, U.S. assuming too much of capital costs, low policy impact, few beneficiaries in relation to cost, skewed benefits, lack of free market orientation, lack of long-term development impact, lack of project viability/sustainability. A/A.I.D. asked PPC/PDPR to look at other projects yet to be authorized in FY 81 to see whether any of them might raise concerns with respect to criteria above. PPC/PDPR to report to A/A.I.D. monthly on monitoring listed projects.

8/17/81: memo lays out role of PDPR in PID and PP review process. PDPR reviews all PIDs and PPs requiring authorization by A/A.I.D. (over \$10 million LOP). Kivimae Task Force recommends this level be increased to \$20 million. PDPR "reserves the right to review PPs less than \$10 million if policy issues are significant." PDPR's involvement is primarily for policy questions but in practice it "broadens to other issues, eg. major design." PDPR is agent for coordinating PPC efforts.

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12/11/81: A/A.I.D. delegated to the Bureau AAs the authority to authorize a project not exceeding \$20 million, did not present significant policy issues, did not require a waiver that only the A/A.I.D. could approve, and did not have a life of project more than 10 years. Bureau AAs could also amend authorizations if the amendment did not result in a LOP cost of more than \$30 million. These authorities could also be redelegated to Mission Directors or other principal officers, at their discretion and in accordance with criteria established by the bureau.

5/13/82: AA/PPC drafts memo to PPC staff setting forth internal PPC organization for PID/PP review. He states that personnel reductions and other work have "reduced the degree to which PPC is submitting PIDs and PPs to indepth policy analysis. PDPR will have lead responsibility for analyzing project documentation and developing PPC position. PDPR action officers should meet with PD coordinators who will provide a feel for the country context, conformance with CDSSs, place in OYB, mortgage impact. PDPR action officer should draft synopsis laying out key issues to be sent to DAA, PPC and AA/PPC. PPC should be represented at Bureau Project Review Meetings by PDPR and PB Coordinators. They should represent AA/PPC's reaction to synopsis/issues paper. "Because PPC is sometimes viewed as adversarial, it is important that our position be presented and maintained. PB Coordinator should make sure PPC clears on all project-related cables...Unless PPC stays on top of the resource allocation decision process, we are not performing our policy coordination role." PB Coordinators must identify significant projects from a country strategy standpoint while PDPR, E, and EA staffs should note policy issues. Report on time elapsed for PID and PP approval process for 1981, 82, 83 indicates that the Africa Bureau greatly exceeds 30-day target, other bureaus have higher success but stuck fall short of target. Bureaus do not provide PPC adequate lead time to review project documents (one week or more).

7/8/82: AA/PPC send memo to SAA/S&T requesting that sector council tasking memo be sent to PPC for review and clearance. AA/PPC states that Administrator/A.I.D. had asked him to lead a more intensive review of PIDs and PPs, together with S&t's role in reviewing the technical aspects.

7/16/82: PDPR head reminds PDPR staff that they retain the right to participate in any project review, even those not requiring A/A.I.D. authorization, if significant policy issues are involved. AA/PPC wants to be involved in these decisions.

7/29/82: PPC/E informs staff of PPC/E to increase their review of PIDs in areas of rural roads, potable water, agricultural research, irrigation, etc. and to apply evaluation findings.

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8/4/82: LAC/DR states that they will send only 2 advance copies to PPC of PIDs and PPs at least 2 days before issues meeting and one week from DAEC. Once papers are printed, PPC will receive their 6 copies LAC/DR states. "PPC intends to take a more active role in the project review process. At the same time, we must communicate the results of DAEC reviews quickly to the field.

8/26/82: FAA/PPC/PDPR memo to PPC Division CHiefs laying out PPC's role in project review process. PPC must prepare issues paper before S&T sector councils review. Sector council drafts tasking memo to S&T office directors conveying chairperson's decisions and issues.

9/4/82: PPC/PES Molly Hageboeck sends memo to AAA/PPC/PDPR stating that role of PPC laid out in his memo was too narrowly focused only of the four pillars and leaves out implementation planning, evaluation findings, design principles and policies, such as the log frame, energy policy, WID, environmental analysis, etc.

9/9/82: PDPR/HR send memo to AAA/PDPR stating that PPC must also make a special effort to insure that social and institutional issues receive the policy attention they deserve. Asks that bureaus send HR a copy of PID also. Otherwise, we will more-or-less insure that social analysis and institutional development remain on Agency's back burner."

10/5/82: Memo from DAA/PPC to Bureau AAs lays out PPCs modified procedures for reviewing PIDs, PPs, HGs, and Pl proposals. PPC must review all PIDs, all PPs, PAADs, and amendments requiring A/A.I.D. authorization, all PL480 Title I and II proposals, and all housing guarantee proposals. PPC may review PPs or amendments which do not require A/A.I.D. approval if AA/PPC determines that significant policy issues are involved. PPC/PDPR normally will not review PCO project except after consultation with AAA/PDPR. PPC/PB and PPC/PDPR reviews Pl480 Title III proposals and will also review Title I self-help measures. PPC will continue to participate in HG reviews. Regional bureaus should send 6 copies of all PIDs, PPs (and amendments), HGs, PAADs, PL 480 proposals to PDPR/PDI at least one week before executive review. Proposals will go to PPC/PB coordinator, PPC/WID, PPC/EA, PPC/A, PPC/PDPR, and AA/PPC. Purpose of PPC reviews is to focus on new policy emphases; to provide greater assurance to A/A.I.D. that important design criteria are met; that cumulative weight of A.I.D. experience gained through evaluations is reflected; to interpret policy as reflected in Mission programs; to focus on policy in addition to technical and implementation concerns of bureaus and Missions); to help PPC establish and maintain the criteria for determining priorities.

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PPC should determine if projects conform to CDSS and ABS; if projects emphasize private enterprise, country policy reform, institutional development, and technology development and transfer, and to identify projects which should be disseminated to other bureaus. PB Coordinators should determine project's conformance with Missions' CDSS and ABS and relationship between project funding levels and country budget levels such as overprogramming, mortgage, etc. If Bureau executive level review does not arrive at results which satisfy the PPC issues, further consultation between PPC and Bureau staff and management result in direct discussion between AA/PPC and regional AAs. PPC must focus its review efforts at PID level. Social and economic analysis must be carried out at the PID stage. Must bring to bear concerns of PPC/E, PPC/PB, PPC/EA, PPC/WID, and PPC/PDPR.

10/13/82: AA/S&T sends memo to AA/PPC regarding external project reviews by NSF. An external scientific panel will be used for any project or program involving a substantial amount of research, the testing of a hypothesis through experiment or analysis, or the collection and analysis of data with the purpose of increasing understanding or knowledge.

11/08/82: Yaeger Task Force made recommendations to improve A.I.D.'s operational efficiency. The Asia Bureau was asked by A/A.I.D. to experiment with some proposals. Among these was new PID review process. PIDs would be reduced to 15 pages. Proof of technical, economic, financial, social, and administrative feasibility to be included in PP. A.I.D. would limit its review of PIDs to aspects where they have comparative advantage such as "policy maker, proximity to hill, access to hill and other donors, worldwide experience, consistency with legislative mandate and policy, four pillars, and Asia Bureau strategy. Regional bureaus and support bureaus will refrain from reviewing host country interest and commitment, technical feasibility, administrative feasibility, economic and financial analysis, social analysis, lessons learned, monitoring, implementation and procurement plans, capability of mission to implement project, project evaluation plan.

11/17/82: Memo regarding Africa Bureau project review procedures distributed.

12/17/82: DAAA/PPC/PDPR stresses importance of economic and social analysis.

12/17/82: DAAA/PPC/PDPR and PDPR/PPI sne memo to PDPR Project Review Officer laying out format and outline for PPC issues papers and informing staff to relate project criticisms and issues raised to specific policy papers. Issues related to support for policy dialogue with host country involvement of

private sector, support for institution building, contribution to transfer of technology, relevance to sector/cross sector policies, relationship to CDSS and ABS, incorporation of lessons learned, adequacy of analyses (social soundness, economic, institutional). All papers had to go to AA/PPC.

1/5/84: Asia Bureau Experiment entails scaled back A.I.D./Washington PID reviews and delegation of PP approval. PPC/PDPR/ED argues in memo that complete delegation of economic assessments to the field may be inappropriate because these are rarely well done. The issue of sustainability should also be reviewed by A.I.D./Washington. "Although assessing the extent of country commitment is clearly the purview of in-country missions, the longer range sustainability concern requires A.I.D./Washington discussion, mainly because it is so rarely considered in PIDs or PPs. Memo states that the review criteria in Asia experiment is contrary to A.I.D. policy and to the A/A.I.D.'s efforts to strengthen economic viability and sustainability of A.I.D. projects." Asia experiment should be modified "to take account of A.I.D./Washington oversight in insuring inclusion of economic feasibility considerations in PIDs."

3/26/84: Memo from PPC/PDPR/SP regarding PPC Procedures for Project Review which sets out the essence of the argument for PPC's inclusion in the process. The organizational logic and justification is clearly stated herein.

4/6/84: PDPR will review all documents to determine whether the elements of the project reflect the implementation of policy decisions and assistance priorities. SPD is contact point in PPC.

7/21/84: NE Bureau cables PID Guidance and review procedures to field missions. As HB 3 states, PIDs should be limited to 15 pages. Preliminary log frame should list clear goals, purpose, outputs, inputs, and assumption. A.I.D./Washington wants to be convinced of the Mission's basis for its presumption of project viability, taking into account that the date is preliminary and host country input is limited. Policy changes to result from project and those required to assure success of project should be clearly laid out. Bibliography of design and evaluation materials consulting in PID preparation is required. PIDs must be submitted approximately 16 months in advance of month of obligation. PID must contain well defined development problem, be consistent with CDSS, mission strategies and A.I.D. policies. EOPs must be clearly stated, measurable, and beneficiaries well defined. Key host country policies impacting on project must be analyzed.

9/19/84: AA/PPC writes memo to Bureau AAs outlining PPC Procedures for Project Review in light of the recent reorganization of PPC. PDPR remains responsible for the receipt, distribution, and tracking of project offices to PPC, including PPC/PB, PPC/WID, PPC/CDIE, PPC/EA, and is also responsible for developing, coordinating, and representing PPC views of policy issues. PPC will concentrate on A.I.D. policy issues, conformance with CDSS and ABS guidance, and country specific policy dialogue interests of A/A.I.D.. PB coordinator will take lead when country issues are raised. DAA/PPC memo dated 10/5/82 remains in effect. The 6 copies previously sent to PDPR/PDI should be sent to PDPR/SPD. Within SPD, two positions designated as Program/Policy Coordinators have been created to assist bureaus to expedite PPC reviews. PPC should receive copies one calendar week before issues meeting and one week before executive meeting. Otherwise, PPC may request a delay in meeting. PDPR will take the lead in defining issues. PPC must clear on PID decision/guidance cables to the field.

9/28/84: PDPR/SPD staff member writes memo to PDPR/SPD Chief outlining the issue of PPC cable clearance. PDPR staff are being left off the clearance list of such cables and have difficulty, therefore, in exercising their role in project reviews. Only PPC/PB coordinators receive "come back" copies of cables. Staff member presents several options for solving this issue.

10/1/84: AA/PPC sends memo to PPC/PDPR telling him that PPS must limit its involvement in PID reviews in order to have an impact on projects. He lists priority areas as El Salvador land reform, private development banks, contraceptive social marketing design, and user fees in health.

10/4/84: PPC/PDPR/SPD sends memo to chiefs of PDPR's divisions informing them to begin to pick out priority PIDs for PDPR review, that is, projects which involve policy questions which the AA/PPC, other AAs and A/A.I.D. might need to focus on.

10/11/84: Memo with FY 85 priorities for PPC include agricultural planning, policy formulation, and management; agricultural research, food aid, urbanization and shelter, employment, export promotion, private development banks, and other financial institutions. SPD wants to add multi-ministry projects, PRE revolving fund projects, and Pakistan Program and Policy Dialogue/Reform.

10/12/84: Memo from PB Coordinators to PPC/PB list more priorities for PPC review: infrastructure projects, projects with large local currency purchases, training programs, Kissinger Commission catalyzed projects and judicial reform, export promotion, trade credit, peace corps, Ecuador privatization of

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agriculture sector, and future of democracy in Peru and Bolivia, and science and technology, development and management training type projects, and community management in Asia.

10/30/84: A/A.I.D. authorized the USA.I.D./Egypt Director to approve projects without a dollar limitation, provided that for projects over \$20 million a PID has been approved by the Bureau.

11/29/84: DA/A.I.D. sends memo to AA/PPC asking for information regarding PID and PP review times. He notes that AGENCY has achieved aggregate improvements in reducing review time for PIDS but that Asia and LA show increases in PID review times. Aggregate PP review time has increased by 18%, due to increase in processing time within NE.

11/29/84: Bureau AAs respond to AA/PPC memo of 9/19/84. AAs request PPC not to delay meetings nor reserve its position at meetings if documents come later than requested because "the Agency's interest in prompt and effective project development should be paramount." AAs also advise PPC NOT to "reserve its position" until after reviews because such action will thwart the critical review meeting process where critical issues are openly discussed and decided upon. "What results instead is frequently contentious and inadequate communication with the field followed by inordinate delays in project development...It is also especially important as delegations to the field are increased that those authorities reserved for A.I.D./Washington such as PID or PP approval, be carried out in as timely a basis as possible."

12/5/84: A/A.I.D. instructed that PIDs for all projects less than \$2.5 million normally will be approved in the field where there is a full mission, based on A.I.D./Washington review of brief descriptions of these projects. A/A.I.D. also encouraged Bureau AAs to delegate PID approval authority for projects larger than \$2.5 million and which do not raise significant issues, after obtaining PPC clearance. A/A.I.D. cable worldwide described revisions to A.I.D.'s programming system resulting from a task force chaired by DA/A.I.D.. "Additional decentralization allows for adapting agency policies to local conditions and is the best way to shift management attention toward implementation. It is also logical, at this stage in the Administration, to place less emphasis on centralized control over planning and program design, since field managers have extensive experience with agency policy...Increased authority will be matched by new procedures for periodically assessing mission performance and, as a result, will increase the accountability of field managers." Staffing changes will result in increasing the proportion of staff in the field. Bureau AAs will have the flexibility to adjust procedures to meet their own geographic needs. CDSS guidance will be shortened and simplified and multi-year CDSS

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guidance will be the rule. Only in exceptional circumstances will CDSSs be required more than once every three years. Information requirements for the budget process will be reduced to the minimum necessary to meet State, OMB, and Congressional requirements. ABS guidance will also be slimmed down. Action Plan will include brief descriptions of all new project proposals, regardless of life of funding. A.I.D./Washington will review descriptions during program week and decide whether Mission can proceed and who will approve, based on "adequate information related to A.I.D. policy, a demonstration of adequate technical expertise available to the Mission for design, and a Washington judgment that the project will be viewed as "non-controversial" to interest groups such as the Congress. Bureau conducted Mission assessments will assure that Missions are supporting Agency policy.

12/05/84: LAC cables Central American Missions to accelerate project review and approval process of Central American initiative. Mission Directors will now have authority to approve PIDs or PPs with LOP funding of \$20 million or less and to approve amendments with LOP funding of less than \$20 million without prior justification of the amendment to A.I.D./Washington.

12/13/84: AA/PPC responds to DA/A.I.D.'s 11/29/84 query regarding PID and PP processing time. Memo states that AFR improvements in PID time resulted because A.I.D./Washington returned PIDs to field to re-write rather than doing this themselves; because time between issues and executive meetings was shortened; and because time limits were set for decision cables and guidance messages. Asia PID processing increased because of policy issues raised by PPC regarding two projects. Lack of staff in LAC increased processing time.

12/20/84: AA/PPC sends memo to AAs in response to their memo regarding delays caused by PPC in setting forth issues for project review. He reassures Bureaus that PPC does not intend to withhold its issues until after review meetings as a habit. He also states that he is in the process of developing internal PPC guidance on increased delegation to the field.

1/10/85: AA/PPC sends memo to Chiefs of PPC offices laying out revised procedures and guidelines for the delegation of authority to the field. AA states that he expects "PPC to demonstrate leadership in helping identify opportunities for the delegation of authority to the field for project approvals." PPC will normally defer to the judgments of the geographic bureau as to whether criteria for delegating PIDs to the field are met. Delegations to the field for projects raising sensitive issues will be made after PPC discusses issues with Bureau. PPC

strongly recommends delegation to the field of PIDs above \$2.5 million if they do not raise significant policy issues. AA says that "it is my intention that PPC support delegation when A.I.D. policies are well established and experience has shown that they are generally understood in the field. It is my expectation that we will miss a few policy issues through delegation but, generally, the benefits gained by increased efficiency will outweigh minor deviation from policy." Delegation should be based on the description of the project in the action plan. The description need only be sufficient to determine the A.I.D. policy objectives to be served by the project, its conformance to relevant A.I.D. policies, its consistency with CDSS and ABS policy decision, approved budget levels and country-specific policy dialogue interests of the A/A.I.D.. Following subjects are to be considered exceptions to the choice of delegation: human rights projects and any projects for countries where there are serious human rights concerns that have been identified by the Interagency Working Group on Human Rights and Foreign Assistance; population projects; projects which involve activities that the Administrator has specifically requested be reviewed in A.I.D./Washington like intermediate financial institution projects; projects which require PD-71 analyses (because of their potential injury to U.S. producers); projects requiring changes to tax structure and administration; land reform projects; projects where experience tells us that review of compliance with WID policy is likely to be crucial. PPC has ten days to respond to clearance requests for delegations to the field. No final PPC rejection of delegation approval will occur at lower staff levels, but will be referred to AA/PPC. PDPR/SPD will be responsible for coordination within PPC on questions of delegation.

1/08/85: AA/PPC informs DA/A.I.D. that they do not agree with LAC Bureau's intent to exclude PPC in the decision whether or not to delegate Central American PIDs to the field. He states that PPC staff identified several projects where sensitive issues may preclude delegation. These include: two population projects, Agrarian Reform Support and Agrarian Reform Credit in El Salvador. AA also queries whether this Central American model may also be generalized.

1/22/85: AA/LAC sends memo to AA/PPC requesting him to change the language in his 1/10 memo regarding PPC implementation of the redelegations of authority to the field. AA/LAC reminds AA/PPC that decisions regarding redelegation to the field are made by Bureau AAs with the concurrence of PPC, not the approval of PPC.

1/25/85: El Salvador requests that several Mission PIDs be reviewed and approved by A.I.D./Washington because of their controversial nature.

1/28/85: AA/Asia writes to AA/PPC that PPC should shorten its list of blanket exceptions to delegation.

2/14/85: PDPR/SPD reports on number of project documents processed by SPD between March 8, 1984 and February 8, 1985. These included 67 project authorizations; 230 project documents including PIDs, PPs, PP amendments, HIGs, IOPs, IPs, PAADs; 142 project review meeting notices and schedules provided by geographic bureaus; 230 issues papers provided by geographic bureaus. This does not include project documents for S&t or FVA Bureaus. In case of S&t, projects are generally reviewed within the "Sector Council" fora and document distribution is directly made to the principal PDPR sector policy expert as appropriate. 99 project review memorandum for the AAA/PDPR are in SPD files, but this is not the total from PDPR. Out of a total 430 project review meetings and S&T meetings, PPC attended about 75%. Bureau's criticize PPC for not adequately covering meetings. About 20% of all project reviews required AA/PPC attention.

2/16/85: AAA/PPC/PDPR writes memo to DAA/PPC laying out workload of PDPR and citing critical areas that must still be covered after proposed reorganization and staff reductions. Workload consists of (1) policy development and dissemination; (2) monitoring of policy implementation (project and portfolio review and analysis); (3) special concerns monitoring and reporting; (4) policy-relevant research; (5) ad-hoc taskings from AA/PPC, A/A.I.D. and others. Monitoring of policy implementation takes the majority of time (40%)

5/1/85: PPC/PB send PPC/PDPR memo regarding project review function. PDPR to continue coordinating project reviews, focusing on only major policy issues. Reviews will be more on an exception basis. PDPR to continue to distribute project papers and issues papers, with PB clearance on issues. PB and PDPR to work out informally who will go to the actual project reviews, including deciding if higher level representation would be useful. PB will be overall PPC spokesperson at project meetings, PDPR will present Agency policy and answer questions regarding this. PB to continue prime responsibility for clearing decision cable. PB to keep PDPR informed on CDSS, Program Week and Action Plan reviews.

5/6/85: AA/PPC sends SAA/S&T memo regarding PPC review of S&T projects. He asks SAA to remind S&T staff that PPC has the right to raise budgetary issues and also must clear on PID cables.

10/21/85: DAAs/PPC outline PDPR, EA, and SPD involvement in review of PAADs, PAIPs. EA has action on PAADs and PAIPs. HGs will be sent to EPD for action.

10/24/85: PPC/PB sends memo to Bureau DPs regarding increases of PID and PP Delegation of Approval Authority. PPC has been asked to consider eliminating limit. Memo summarizes number of PIDs delegated to the field in CY 85. Africa delegated 11, or 34% of PIDs, ANE delegated 8, or 36% of PIDs, and LAC delegated 23 or 51% of all PIDs, a cumulative total of 42% of all PIDs designed that year. Under already existing delegations, about 78% of new project starts for FY 86 would be delegated to the field. PPC/PB recommends proceeding carefully in changing the existing field delegation authorities for the following reasons. He quotes 8/85 GAO report which states that missions themselves benefited from an A.I.D./Washington perspective, had limited Mission technical expertise, and desired policy insight offered by A.I.D./Washington. They said that "A.I.D./Washington is better informed on matters of congressional interest and emerging policy issues - important factors in project approval decision."

2/10/86: AA/PPC send Action memo to A/A.I.D. regarding whether or not to delete the dollar limit on PID and/or PP delegations. The Africa and LAC Bureaus recommend unlimited authority to be delegated to AAs for both PIDs and PPs. The ANE Bureau recommends PP approval authority without limit, but not PID authority, because a NPD is not an adequate means to establish whether any project meets A.I.D. policy and procedural standards. PPC concurs in ANE recommendation. DA/A.I.D. signs statement upholding PID authority. He amends redelegation of project approval authority so that there is no dollar limit on delegations of project approval authority to Bureau AAs and that AAs may delegate that authority to field Missions for projects over \$20 million and amendments resulting in LOP funding over \$30 million, on a project by project basis. This becomes Amendment No. 1 to Delegation of Authority No. 133.

3/31/87: AFR/PD writes memo to PPC/PB apologizing for leaving PPC/PDRP or PPC/EA off the clearance on ECPR cables. AFR/PD states that either will be included if they actually attend to meetings, in order to protect against protracted post-ECPR negotiations which do not involve all of the ECPR participants.

5/29/87: DAA/PPC/PDPR drafts summary of PPC/PDPR's role in review process. PDPR role is to identify and try to resolve the other Bureau policy issues in the action plan/CDSS and project reviews.

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## APPENDIX B

### BUREAU PROJECT REVIEW AND APPROVAL PROCESSES

#### A. Geographic Bureaus:

1. Asia Near East (ANE)
3. Africa
4. Latin America and Caribbean (LAC)

#### B. Central Bureaus:

1. Science and Technology (S&T)
2. Food and Voluntary Assistance (FVA)
3. Private Enterprise (PRE)
4. Office of Foreign Disaster Assistance (OFDA)
5. Office of Housing
6. PPC Human Rights Projects

#### The Asia/Near East Bureau (ANE):

The philosophy which has guided ANE in applying the delegations is that the PID constitutes the medium where the Missions and A.I.D./Washington reach mutual agreement as to direction, scope, policy, mode and substance. It is the document which allows both parties to focus on any special interests or constituency issues (e.g. WID, 8(a), Congressional/contractor concerns, design changes from new legislation or audit results, etc.). It also serves to connect the proposal with any state of the art technical issues, and provides the focal point for technical and staff offices in A.I.D./Washington and the Mission to agree upon next steps, resources required, scheduling of assistance, targets for obligation to meet agency requirements, etc.

#### ANE A.I.D./Washington Review Process:

The focus of A.I.D./Washington is on those aspects of policy and design that involve Agency policies, lessons learned, new directions and quality control on assuring that the proposals meet Agency requirements and standards. There is a strong effort to avoid trying to design project components, per se. However, there is constant interest today in seeking new modes of implementation that lessen day-to-day management and focus on results. This will lead occasionally to design guidance from A.I.D./Washington on structure.

ANE/PD assumes management of a proposal and arranges and chairs the review process. It assures full participation of TR, DP, GC, Desk and PPC, depending upon the nature of the proposal,

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and on more sporadic basis, S&T and PRE. PD organizes and draft issues papers and all other related approval documentation.

PD convokes a Project Review Committee (PRC). For major proposals the PD Director or Deputy will also attend. The PRC has the following options: 1) recommend approval without further review; 2) recommend an ANPAC (Asia Near East Project Advisory Committee); 3) request further information from a Mission; or 4) recommend rejection to the ANPAC. In all cases a cable is prepared for signature by the AA/ANE.

The ANPAC is formally chaired by the respective DAA. The participation by the AA/ANE is optional and is either by choice or recommendation. In practice, we have found that the PRC is generally sufficient to ensure Bureau "mutuality" and communication. In cases where ANPACs are held (major proposals where senior executive level decision-making or awareness is deemed desirable or necessary), at least half of them in fact have been chaired by the ANE/PD Director. At the moment, there is a consensus that this proportion should increase and that PD should assume a larger role by having the PRC be the only formal meeting.

There are a wide variety and number of ANE programs where there is no A.I.D. Mission. These include Ireland, Poland, Cyprus, West Bank/Gaza, Israel, and Turkey. In addition, there are Missions where limited staffing involves a high degree of A.I.D./Washington participation in project design and execution. These include Afghanistan, Portugal, South Pacific, ASEAN, and Oman. Finally, there are A.I.D./Washington based programs such as Regional Cooperation, Regional Environment, Regional Private Enterprise, and a series of regional projects in agriculture, nutrition, health, population, education, narcotics, etc. For these projects, A.I.D./Washington organizes itself around task forces (some formal, some not). The Desks normally play a strong role for country programs, and TR and PD play a strong role in technical programs. Project documentation is designed to meet the need for accountability and may vary from strict PID/PP guidelines. In all cases, however, there is a formal review process which approximates the PRC/ANPAC structure.

ANE Bureau Guidance:

The Bureau follows general agency guidance, but has issued supplemental guidance as follows:

- (a) Supplemental PID Guidance
- (b) Project Development Operations Guidebook. This contains basic guidance on how to manage A.I.D./Washington review

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process including respective roles of PD, TR, etc., preparation of issues papers, setting up of meetings, preparation and execution of A.I.D./Washington documentation and approval requirements, CNS, TNs, PIO preparation and processing, minority contracting, CBD requirements, IQC procedures, etc. PD maintains the continual up-dating as required.

- (c) ANE/PD Management Assessment. This provides a relatively recent report of ANE Missions' views on how ANE/PD has exercised its responsibilities, including those of project review. This is the most comprehensive "feedback" we have received.

CY 87/88 ANE A.I.D./Washington Review Experience:

Of interest is that the trend in reviews is towards fewer documents, fewer meetings in general, and fewer ANPACs. The major document reductions are in NPDs (54 to 35) and PPs (17 to 8). The number of PYDs remained relatively constant at 35 and 36. ANPAC meetings declined from 59 to 37, and PRCs declined from 100 to 80.

FY 87/88 ANE Mission Review Experience:

The number of Mission approved PIDs and PPs has been relatively constant, at 51 and 52 respectively. Each year contained a high number of Amendments (30 and 23 respectively). As noted above, almost all PPs were field approved.

ANE A.I.D./Washington Approved PPs:

A.I.D./Washington will occasionally request a PP to come in for review if it contains significant policy or political issues which are of direct interest to A.I.D./Washington, where the Mission feels it will benefit from having an A.I.D./Washington stamp of approval, where innovative procedures are testing or making Agency policy, or where a Mission and A.I.D./Washington have not reached mutuality at the PID stage. Normally, A.I.D./Washington interest will be focused on one special aspect of a proposal rather than the entire program per se. As noted above, 8 PPs came to A.I.D./Washington during CY 88. They represented a mix of the above reasons. For example, the Pakistan Private Sector Power project involved a new activity for the agency, with strong interest by major US power companies and engineering firms. The A.I.D./Washington review resulted in a change in the Mission's approach to financing US firms' start up costs. A.I.D./Washington instructed the Mission to negotiate a set-aside of \$1 million for such costs, to be transferred and managed by TDP.

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Other examples include all PPs for Afghanistan (called AAMs), which came to A.I.D./Washington due to the political sensitivity of that program. Indonesia Rural Roads PP came to A.I.D./Washington because the PID had gone through two unsuccessful versions and there was direct personal interest by the AA/ANE in the project. Several PPs involved significant policy agenda associated with sector assistance or HGs, and A.I.D./Washington expressed interest in reviewing those aspects of the proposals.

The Africa Bureau:

Four general statements are required to provide an overview of the environment within which the Africa Bureau is operating. First, since FY 1988, the Foreign Assistance Act has included a special provision for the "Development Fund for Africa" (DFA) which has provided the Bureau with a resource unique to the Agency. The Bureau is now studying how to adapt/modify existing procedures to maximize the impact of this resource through a more efficient (and, as necessary, streamlined) approach to the entire program/project review cycle.

Secondly, the bureau has in place a policy of "performance based budgeting" under which the countries in sub-Saharan Africa are divided into three categories according to performance criteria. Although political factors may temper some decisions on budget levels for a Category III (non-performing) country, the Bureau is now allocating funds in such a way that a growing percentage of the annual budget is going to the Category I and II countries.

Third, for the purposes of delegations of authority, Africa missions are further divided into Schedule A and B Posts. To qualify as Schedule A, a mission must have a minimum staff size of seven and an appropriate mix of core staff. Schedule B Posts do not satisfy those staffing requirements. Schedule B Posts do not have the same redelegations as Schedule A. For example, they must receive the concurrence of the appropriate REDSO before project documentation can be approved. Note, however, that it is possible for a Mission to be both a Category I and also Schedule B (e.g., Madagascar).

Finally, the Bureau annually updates its Delegation of Authority 551 which sets out the basic operating procedures and establishes lines of authority for the Bureau, including the extent of redelegation to each Mission. The current version of DOA 551 is being revised to reflect changes consistent with the DFA. The new version has been discussed in draft with the field and should be issued shortly.

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The "Guidebook for Project Development Officers" prepared by the staff of AFR/PD in July, 1988, establishes the basic functions to be carried out by Project Development Officers (PDOs) in this Bureau. It also contains specific guidelines on what PDOs are to look for and analyze during the review process.

#### New Projects (including Non-Project Assistance)

The process followed by the Africa Bureau includes submission of New Project Descriptions as part of the ABS, and the preparation of PIDs/PAIPs and PPs/PAADs.

#### New Project Descriptions

The ABS includes NPDs for all new starts planned for the budget year. These are reviewed as part of the overall ABS review process managed by AFR/DP. Decisions are made at that time whether a PID/PAIP should be developed and, if so, whether it should be submitted to A.I.D./Washington for review and approval. The principal criterion in reaching this decision is size: if it is over \$2.5 million, the Bureau generally requires that the PID/PAIP be reviewed in A.I.D./Washington. Other issues of concern in the NPD are consistency with existing strategies (CDSS, sector) and overall budget levels in view of country status as Category I, II or III.

#### PIDs/PAIPs

These documents are prepared for all project and non-project activities, respectively. Under the Development Fund for Africa, (DFA), the Legislation specifically allows up to 20% of the budget to be used for non-project, sector programs (and up to 30% after consultation with appropriate Congressional staffs). In FY 1988, approximately 27% of the Bureau's budget was for non-project assistance (NPA) proposals. A similar level is expected in FY 1989.

The Bureau makes no distinction between the review of a PID or a PAIP. A project committee is established and chaired by PD. Offices from within and, as appropriate, outside the Bureau participate in the committee which is charged with the initial review and development of "issues". The process calls for twosteps: (1) an issues meeting, chaired by PD, where concerns are expressed by the project committee and recommendations are formulated in response to each and (2) an Executive Committee for Project Review (ECPR), chaired by the DAA/AFR or his designee, where the issues and recommendations of the project committee are further debated and approved/modified/rejected.

In addition to approving the PID/PAIP, the ECPR also decides where the PP/PAAD will be reviewed. Bureau policy is that for projects under \$20 million PP approval authority is delegated to the Category A missions. For the Category B missions, delegation is contingent upon REDSO review and approval of the final document. In that few DFA-funded projects have an LOP in excess of \$20 million, the Bureau will rarely require that a PP have a Washington review.

The exception to this policy has been (since FY 1988) the NPA proposals. No matter what the level of LOP funding, the Bureau has required that all NPA PAADs be reviewed in A.I.D./Washington because of the relatively limited experience with this type of activity and the variety of policy issues that tend to surround each.

Following the ECPR, within one work day a cable is sent to the Mission on the outcome of the meeting. This is followed within approximately two weeks by a guidance cable providing the detail on the results of the meeting and instruction for PP/PAAD development. Experience has been that the clearance process (which involves all individuals who attended the ECPR) tends to take longer than two weeks.

#### PPs/PAADs

As noted above, authority to approve most PPs (and PAADs for ESF-funded cash grants and CIPs) is delegated to the field. At the end of each fiscal year, PD divisions randomly sample PPs authorized by the field to check for completeness of analysis and overall quality of the document. On limited occasions problems have been identified: in those cases, PD communicated directly with the respective mission to assure that the problems were brought to management attention and resolved. In general, however, the Bureau's experience has been positive and there is no reason to cut back on the delegations.

In the case of the NPA PAADs, the A.I.D./Washington review process is the same as that followed for PIDs/PAIPs: a project committee is established, an issues meeting is held to set the agenda and make recommendations for the ECPR, and the ECPR meets to review the issues/concerns raised and to approve/disapprove the PAAD. If the PAAD is approved, PD then prepares the necessary authorization documents and manages the clearance process through to signature. As the Bureau gains more experience with the NPA approach and the various policy issues that must be considered, it is expected that review and approval of these PAADs will be delegated to the field.

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Food Aid

Recently, the Bureau has begun to review food aid activities (PL 480 Title I/III and Title II Section 206 monetization programs) in a more formal manner. In accordance with a November, 1988, Headquarters Notice, proposals are reviewed by a project committee. While an ECPR may be called, the intent is to hold only one meeting which will then result in a recommendation for the AA to advise FVA of Bureau approval and to request that it be considered for funding by the DCC. If the project committee has any questions on a proposal it queries the mission for additional information and withholds making recommendations until outstanding concerns have been resolved. Thus far, the process of the project committee taking the lead has worked well.

Impact of Decentralization and Redelelegation to the Field

The Bureau has redelegated the maximum degree of authority permitted by the Agency. This has had a positive impact on projects since, even though most PIDs are reviewed in A.I.D./Washington, more time can be devoted to completing PP analyses with less time going to preparation for an additional review process. As noted already, the quality of PPs under this process has been adequate.

The case for NPA PAADs is somewhat different as the Bureau is moving more cautiously with the documentation process. Nonetheless, the expectation is that, with more experience and a better understanding of the issues (policy and operational) involved in NPA activities, delegations for PAAD approval in the field will be made.

LAC Bureau Project Review and Approval Process

1. Delegations of Authority

The LAC Bureau recognizes that field missions have primary responsibility for the design and implementation of country programs and places primary emphasis on field mission project approval and authorization. Project review and approval in A.I.D./Washington is therefore the exception rather than the rule. Subject to certain caveats, thirteen missions<sup>1</sup> have been delegated authority to authorize projects if the project's LOP funding does not exceed 20 million and the life-of-the project is less than 10 years, to amend project authorizations if the amendment does not result in a LOP of more than 30 million, and to approve PACD extensions for a cumulative period of not more than two years if total project life will not exceed 10 years. The A.I.D. Representative Offices in Belize, Brazil, Chile, Columbia, Mexico, and Paraguay/Uruguay have a more limited

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delegation in part because of the small size of their staff. Their delegation permits them only to authorize projects for recipients other than foreign governments, agencies of such governments and international organizations when LOP funding does not exceed \$5 million and project life is less than five years.

No LAC Mission has standing authority to approve PIDs and no LAC Mission exercises authority to approve concept papers or PAADs for program (economic support) assistance without prior A.I.D./Washington approval. In practice, concept papers and PAADs are reviewed and approved in A.I.D./W.

1/ Bolivia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Guatemala, Haiti, Honduras, Jamaica, Panama, Peru, ROCAP, RDO/C. Panama's delegation, while retained, is currently restricted because there is at post only one USDH to close out the program.

## 2. New Project Descriptions

The LAC Bureau's project approval process is based on consideration of new project descriptions (NPD's), PIDs and project papers (for DA, and projectized ESF-funded projects or housing guarantee activities) or concept papers and PAADs for program assistance. NPDs are required for all new projects with an expected LOP of more than \$500,000 or for project amendments which increase the LOP amount by 10% of existing funding or \$500,000 (whichever is greater). These NPD's are normally submitted for activities planned for the next two fiscal years in a Mission's annual action plan document as is a listing of planned smaller projects. Decisions on delegating PID approval to the Missions for activities planned for the next fiscal year are primarily made during action plan review (program week). (NPD's for the out year (e.g., FY 91) are used to determine only if the planned activity will be included in the subsequent A.B.S.. NPD's may also be submitted for consideration outside the Action Plan; however, LAC requires that a PID be provided for any new project which has a planned LOP of more than \$5 million if an NPD was not provided in the Action Plan.

During the period for review of a Mission's Action Plan, NPD's are reviewed in a separate meeting chaired by the Director of LAC/DR and attended by Mission representative(s). An issues paper is prepared for this meeting by the LAC./DR finance (project) officer based on input provided by other offices. The NPD is considered in the context of the approved CDSS, action plan goals and objectives, other Mission projects, and consistency with A.I.D. and/or LAC Bureau policy. Decisions made at this meeting are normally one of the following: to approve the NPD and delegate authority to the Mission to approve the PID

and exercise Mission authority to authorize the project; to approve the NPD but require the PID to be approved in A.I.D./Washington; to disapprove the NPD, or to approve the NPD but to require the Mission to shift start of the activity to a later fiscal year.

In the majority of cases the Bureau's NPD decision has been to approve the NPD and delegate PID approval authority to the field. However, PID reviews in Washington are normally required in the following cases:

1. because of the greater risk involved, all unguaranteed credit projects;
2. projects for which it is determined that there exists policy or political issues of concern;
3. projects for which information in the NPD is significantly deficient;
4. where there is limited Mission project development and review capacity (such as small staff, e.g., Belize, or an absence of a key technical capability);
5. when Missions request A.I.D./Washington consideration of the PID.

When PIDs are reviewed in Washington, the Bureau only rarely requires that the Project Paper be reviewed in Washington. Decisions made at the Action Plan NPD meeting are reflected in an attachment to the issues paper utilized for the Bureau's review of the overall Action Plan and any unresolved NPD issues are carried into the full review meeting which is usually to require A.I.D./Washington PID review is made by the Director of LAC after consideration of the views of other A.I.D./Washington offices, in consultation with AA/LAC, as appropriate. In the past few years, such policy issues have included local currency uses and procedures such as use for endowments and debt buy-backs, subsidized credit, agricultural production/processing impact on U.S. industry, democratic initiatives, narcotics, macroeconomic concerns related to ESF balance of payments programs, and sector support especially related to housing guarantees chaired by the AA/LAC or in the absence of the AA/LAC by the Director of LAC/DR or LAC/DP. Final action plan decisions are communicated to the field by cable. This cable may also provide guidance for project development.

### 3. PID and Project Paper Approval Process - LAC/W

When Concept Papers, PAADs, PIDs, and Project Papers are reviewed and approved in A.I.D./Washington the process consists of:

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1. Distribution of the document to concerned offices with a request for submission of issues to the LAC/DR finance (project) officer;
2. Preparation of a draft issues paper by the LAC/DR finance (project) officer;
3. Consideration at an issues meeting chaired by the LAC Deputy Director for Finance or Technical Services and attended by concerned offices and a Mission representative at which issues are refined or resolved;
4. Preparation of a final issues paper by the LAC/DR finance officer;
5. Review and decision at a meeting of the Development Assistance Executive Committee chaired by the AA/LAC, DAA/LAC, or Director, LAC/DR attended by concerned offices and a Mission representative;
6. Preparation of an action memo to AA/LAC by LAC/DR recommending action on the document such as approval, authorization, or delegation to the Mission to authorize;
7. Cable to the USAID Mission noting AA decision and providing whatever guidance to the Mission is appropriate.

The Project Review Process within the S&T Bureau

The project development and review process in the S&T Bureau is in conformance with the guidelines set forth in Handbook 3; Delegation of Authority No. 113; and the requirements of the Agency's programming cycle. The S&T Central Program Strategy Statement and Agency policy statements provide the structural framework and overall guidance as to the broad directions of the S&T program. With this as a basis, ideas are conceived, discussed, and then incorporated within the program, depending on where we are in the programming cycle. Within agency project development precepts, S&T's processes reflect bureau emphases and practices including the following:

- Research represents a primary S&T Bureau focus with activities carried out on an ongoing basis over several years. Relationships and networks have been developed with the university, scientific, and technical communities to which S&T has ready access. S&T's research efforts are focused on specific development issues/constraints. In this context, S&T is concerned with dissemination of research findings, replicability, and the effective application of the research.
- Most S&T projects now envision significant levels of buy-ins and other participatory financing arrangements.

Thus, the S&T "project" often includes a level of effort (and financing) beyond the S&T core funding.

- S&T's projects are usually aimed at longer-term objectives, including research, mission support, or institution building. Successful activities are often continued through follow-on projects which are only new in respect to form.

New S&T activities are reviewed through the project development process and through the program review process. The ABS, the Congressional Presentation, and the Annual Action Plan provide detail as to the direction, the level of effort, and the funding of new or follow-on projects. Agency and Bureau processes guide the development, review, and approval of the Concept Paper, the Project Identification Document (PID), and the Project Paper (PP).

#### Project Development Process Concept Paper

Within S&T, the Concept Paper is the first step in the project development process. Under S&T's redelegation of authority it may be the only project document reviewed and approved by the SAA/S&T. Though it is as brief as possible, the Concept Paper provides more information and detail than that provided in the "New Project Description" document (NPD). The Concept Paper addresses policy or program management issues up front. The Concept Paper must be approved by the SAA/S&T before the S&T technical office can proceed with the formal preparation of a PID or PP for any new or substantially revised project. Its basic purposes are: (1) to assure Senior S&T Management an early opportunity to provide guidance in the design process; (2) to ensure that the project design effort is on the right track; (3) to show how the proposed activity complements the sector policy and strategy of the office and the S&T portfolio; and (4) to assess long-term funding availability and priorities.

The Concept Paper addresses the degree to which: (1) the proposed project contributes to A.I.D.'s research portfolio; and (2) there is collaborative planning and implementation with regional bureaus. The Concept Paper includes the following information:

How the proposed project intervention impacts the specific problem to be addressed.

The technology to be employed in carrying out the project.

The region(s) in which the project focuses or has particular relevance.

The type of institution that is most likely to be engaged to execute the project and through what type of mechanism.

The budget level and the period of time that are contemplated.

Why the proposed project is judged to be of high priority.

The Concept Paper also provides a preliminary Logical Framework. The Concept Paper is reviewed and cleared within S&T by S&T/PO prior to submission to the SAA.

### Project Design Team

After the Concept Paper is approved and before any design work begins on a new project (or a major revision to a continuing project), the Agency Director or Office Director establishes a project team to guide and collaborate on the design. At minimum, each project team consists of the project officer, another technical officer, such as a Division Chief, the technical office's program analyst, and a representative of the Program Office. Some project design teams need additional members such as: another technical officer (from a collaborating S&T office), technical representatives of one or more of the Regional Bureaus, and a representative from GC or M/SER/OP, or both. Some of these members might serve on an ad hoc basis for special problems. The team is chaired by the project officer.

The team approach allows full participation in the conceptual stage of the project design, to assure that essential design considerations are incorporated from the start, and to provide a sounding board for draft versions of project design documents (PID and PP).

### Project Identification Document (PID)

In the S&T Bureau, the PID is the second document, after the Concept Paper, in the design process leading to project approval. There are two basic scenarios that take place in S&T with respect to PID development.

- In the case of an entirely new project, i.e. a new area of endeavor for S&T, a full PID is prepared in accordance with HB 3 guidelines, once the Concept Paper has been approved by the SAA/S&T. The PID is reviewed by the appropriate Sector Council and then approved by the appropriate Agency Director in consultation with the SAA/S&T.

- In follow-on projects, where the "new project" is a direct and clear continuation of a previous activity (and where S&T has a track record demonstrated through completed evaluations), the office may provide a Concept Paper with greater detail, and request that the SAA approve the document as an "abbreviated PID" (see HB 3, Chapter 2, Section 2E).

### Project Paper (PP)

As specified in HB 3, the PP is the detailed project design and justification document which summarizes analyses carried out during project development and incorporates modifications recommended during the review process. A project paper is normally required for all new projects. A substantially revised project requires a Project Paper amendment. Changes in funding or PACDs without other substantive changes in the project are generally handled through amendments to the Project Authorization.

The degree and level of analysis within a project paper depends to a great extent on whether the project is a follow-on or truly a new activity. Normally a greater amount of analysis is expected for totally new activities. Even for this latter type of project, however, particularly for longer-term activities, the project paper may provide only an illustrative scenario for the overall life-of-project with more specific planning for the first two or three years. In the case of a "follow-on" to a previous activity, the prior experience gained, the operational structures, and the results of evaluations are woven into the design.

### Continuing Activities and Special Cases

Certain S&T activities are continuing in recognition of the longer-term nature of either the specific activity or of the relationships involved. Such activities include: (1) Program Development and Support (PD&S) and related activities; (2) special program mechanisms -- Population Account commodity procurement and program "pass through" for UNFPA and A.I.D.S/WHO; (3) ongoing university related programs such as the HBCUs and Strengthening Grants; and (4) Collaborative Research Support Programs (CRSPs).

Some of the continuing activities (PD&S, population commodities and the "pass through") represent mechanisms rather than discrete activities and, as such, are "continuing" as a matter of form. Other continuing activities (University Programs, CRSPs, and special cases) are based on longer-term commitments which require continuing relationships. However,

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from a programming and contractual perspective, none of these activities is open-ended. Each activity (or the sub-elements thereof) has an authorization document which includes an end-date and a total amount of obligated funding. Nonetheless, there is a presumption of continuing support for these programs (though not necessarily for particular recipients).

Some activities do not require formal program development documentation. In such cases, S&T responds, on behalf of the Agency to special program requirements identified and described through unsolicited proposals or as otherwise stipulated by the Agency (participation in the WHO-A.I.D.S program, for example).

A.I.D. encourages outside organizations to submit unsolicited proposals that have scientific merit and contribute new ideas useful to S&T's research programs. Consequently, the S&T Bureau is the recipient of a number of these unsolicited proposals. Generally, awards are made in the form of grants, pursuant to HB 13 guidelines, upon completion of a scientific and technical review process with representation from both within and outside the Bureau. Most unsolicited proposals fall easily within the objectives of existing S&T projects. In some cases, however, a separate activity may be established on the basis of the unsolicited proposal itself, for which S&T follows standard project review procedures and prepares a project paper facesheet, Action Memorandum, and Project Authorization package to accompany the proposal.

### Review Process

Sector Councils have been established for each of the technical areas in which the S&T Bureau has substantial involvement. In addition to other duties, the Sector Councils serve as a mechanism for providing advice and assistance on the technical aspects of the S&T Bureau's program and project development and implementation. In this capacity, the Councils provide the formal interagency review mechanism for S&T Bureau PIDs and PPs.

The Sector Councils help to assure that every project document approved and authorized in the S&T Bureau has considered: (a) the concerns of the regional bureaus and their missions, and how best to provide services; and (b) the broader policy issues of concern to the Agency as a whole. Project design documents (PIDs and PPs) are reviewed and discussed by members of the Sector Councils. Issues are identified. Solutions and approaches to problems are worked out and incorporated into the design and into subsequent contracting documents.

In addition to the extensive review by the Sector Councils, the S&T Program Office (S&T/PO) is involved in the design and review process early in the programming cycle and performs an ad hoc internal review function for program documentation. In addition, S&T/PO manages the annual Project Implementation Review (PIR) process to assure that project implementation is on track and evaluative mechanisms are in place and being used effectively, particularly if there are to be amended or follow-on projects.

The S&T portfolio, including new projects, is also reviewed by the Agency through the Action Plan/ABS process. After distribution of the proposed Action Plan/ABS, agency-wide issues meetings, chaired by S&T/PO, are held for each technical area. An Agency review meeting chaired by the SAA/S&T provides a forum for a senior-level discussion of the proposed programs. S&T project proposals are also reviewed in PPC's meetings on the S&T Budget and in the context of the functional account reviews.

#### Delegations of Authority

The Senior Assistant Administrator for Science and Technology, like other AAs, has no dollar ceiling with respect to approval of project papers. Restrictions still apply, however, with respect to significant policy issues, waivers that may only be approved by the A/A.I.D., and a life of project in excess of 10 years.

The SAA/S&T also can exercise considerable redelegation of authority to the S&T Agency Directors. To date, however, this redelegation has not been given by the SAA/S&T. Therefore, pursuant to the (a) SAA/S&T's delegation of authority memo, dated December 18, 1981, and (b) S&T Information Guidance No. 82-02, dated January 6, 1982, the following redelegations of authority, with respect to the project review and approval process, are currently in effect within the S&T Bureau.

- (1) Project Identification Documents (PIDs): The Agency Directors may approve PIDs in consultation with the SAA/S&T.
- (2) Project Authorizations: The Agency Directors may authorize projects with a life of project (LOP) cost of up to \$10 million. Projects with an LOP cost in excess of \$10 million require SAA/S&T approval.
- (3) Project Amendments: The Agency Directors may amend project authorizations provided that the amendment does not result in a total LOP cost in excess of \$20 million. Amendments resulting in LOP costs in excess of \$20 million require SAA/S&T approval.

At this time, the S&T Bureau is reassessing the existing redelegations with the view of bringing them more in line with the February 10, 1986 Amendment No. 1. However, redelegation of authority is not a major issue because of easy access to senior bureau management.

### Bureau for Food and Voluntary Assistance

#### I. Food for Peace Legislation

Neither Food for Peace P.L. 480 nor Section 416 programs are funded under the Foreign Assistance Act, although A.I.D.'s administrative and management costs (OE) are. Thus, the Agency's Congressional Presentation, for example, does not request food aid authority. The Agricultural Trade Development and Assistance Act of 1954, as amended funds P.L. 480 Titles I, II and III and includes such special local currency initiatives as Section 108 (lending local currencies which accrue as a result of Title I sales through private financial intermediaries to promote private lending for production of food and related goods and services), and Section 206, which permits sale of Title II grant commodities by a recipient country under specific policy reform conditions. Section 416 of The Agricultural Act of 1949, as amended by the 1985 Food Security Act, permits the CCC to donate available edible commodities held by the CCC. Food for Progress programs, authorized under the 1985 Food Security Act have as their sole objective agricultural policy program is not a new source for commodity funding and will depend upon available Section 416 stocks.

#### II. Food for Peace Interagency Approvals/Resources Allocation

The Working Group of the Food Aid Sub-Committee of the Development Coordinating Committee meets alternate weeks in separate meetings for Title I/III programs, and Title II programs. The Title I/III subcommittee is chaired by USDA, and the Title II and Section 416 subcommittee is chaired by A.I.D. (see attached delegations). Each committee is composed of representatives from OMB, State, Treasury, USDA and A.I.D. All decisions by these subcommittees are done on a consensus basis. Unlike DA and ESF projects, "the DCC," as the Working Group is known, approves each new and continuing food aid activity annually before funds are released for purchase of commodities, or commodities are released from stocks. This contrasts with multi-year DA and ESF projects whose Project Papers are generally formally reviewed once before funds are allowed for obligations even if the activity is to be funded during more than one fiscal year.

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### III. Food for Peace Resource Controls

Resource allocation is monitored by the various DCC members but especially by USDA, FVA/FFP and the regional A.I.D. bureaus. With the exception of control of obligations of USDA funds designated to pay ocean, inland and in-country costs of eligible PL 480 and Section 416 commodities, neither FM personnel within the A.I.D. bureaus, nor FM itself tracks obligation of food aid resources provided under either the Agriculture Trade Development Act or the Agricultural Act.

Whereas dollars remain available to fund approved food aid programs subject to fiscal year legislated limits, specific commodity availability may change between and during fiscal years. Unlike DA and ESF multi-year activities, commodity availability during the life of an activity can change depending upon judgments of the Secretary of Agriculture regarding the effect food sales or grants may have on domestic prices and on U.S. foreign commercial sales and prices. A.I.D. has no authority to make or formally appeal such determinations, although such determinations have become issues of contention between FVA and USDA in Washington and between FFP and PVOs affected by discontinuation of commodities under continuing programs. When milk was removed from the docket in FY 1988 for example, many PVO feeding programs were affected, as was the Title II budget since substitutions tended to increase program cost. Limited availabilities of rice and certain grades of wheat created some difficulties for Title I recipients during the same year.

### IV. Delegations of Authority

The following Executive Orders, Delegations and Memoranda of Understanding lay out the authorities under which A.I.D. implements food aid programs:

Executive Order 12220 of June 27, 1982. Agricultural Trade Development and Assistance Act: Title II administration is delegated to IDCA; Title I is delegated to USDA.

IDCA Delegation of Authority No. 5 (July 10, 1980), delegates authorities to the Administrator of A.I.D. from the above EO 12220.

Delegation of Authority No. 900 (Jul 1981), establishes the position of AA/FVA and includes "the coordination of the Food for Peace Program (Pub. L. 480)" as a responsibility.

Delegation of Authority No. 23 of January 22, 1963, Section 2 delegates to the AA/FVA the function of negotiating and

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entering into agreements for Title I and Title II, including the authority to redelegate the authority to Mission Directors or Deputies.

Delegation of Authority No. 951 of June 22, 1983 from AA/FVA to the Director, Office of Food for Peace for "all of the authorities regarding coordination of the Food for Peace Program delegated to me..." from other delegations including No. 23 (above).

Memorandum of Understanding of August@ 1987 between the CCC and A.I.D. for implementation of programs using donated Section 416(b) commodities under provisions of the Agricultural Act of 1949, as amended.

#### V. Project Review Process

Initially, this bureau's (FVA/FFP) greatest influence on Mission food aid planning may occur through our participation in Washington CDSS, or subsequent ABS, or Action Plan reviews where such projections as future desired commodity or dollar program needs, PVO trends and policy dialogue strategy may be reviewed. Multi-year operations plans (MYOP) for regular Title II PVO programs also afford considerable opportunity for Washington input during this A.I.D./Washington review. Approval by A.I.D./Washington can be taken as an initial signal for a Mission to proceed to develop new or continuing food aid programs, or to phase out such programs if the Mission so indicates. Also, when reviewing new programs, the Missions must consider their ability to manage and monitor the activity, issues which are further considered in the appropriate A.I.D./Washington review. PVO project proposals are reviewed in the field before being sent on to FVA/FFP and the regional bureaus for review prior to their formal presentations to the DCC for approval.

FFP presents each new and continuing project to the appropriate DCC working group for approval each fiscal year. Before this happens (i) USAID approval is received and (ii) the regional bureau's clearance is also assured. Regional bureau review procedures for P.L. 480 and Section 416 proposals vary by bureau, by the kind and size of program and whether it is a new or continuing activity. In most cases, continuing PVO Title II programs receive routine review and approval by the regional bureaus. Title I, Title III and Section 206 government-to-government projects, frequently policy driven, may involve considerable local currency programming, receive considerably greater attention both by the Missions, the regional bureau, FFP and the DCC working group.

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The three regional bureaus differ in the manner in which they review these projects:

The Africa Bureau has issued a formal Headquarters Management Notice (No. 88-86) covering its Food Aid proposal review procedures. It convenes an ECPR (Executive Committee for Project Review) for Title 1, Section 206 and Food for Progress proposals, which the DAA/AFR chairs with FFP participation. The ECPR decision constitutes a recommendation which FFP is asked to advance to the DCC Working Group.

LAC and ANE conduct ad hoc reviews, chaired by either FFP or bureau personnel, when necessary. The conclusions of these meetings generally guide the positions FFP presents to the DCC. More generally, consultation within A.I.D. between the bureaus is done by phone.

#### VI. Project Review Results

World Food Programs (WFP) are approved in meetings of the Committee on Food Aid Policies and Programmes (CFA) of the WFP, which meets twice yearly in Rome. A.I.D./FVA and USDA alternate as delegation heads with State usually attending as well. Copies of all project proposals are sent by A.I.D.'s FODAG office in Rome to all USAIDs. A.I.D./Washington distributes them to regional A.I.D./Washington bureaus and FFP divisions for comment. While none were rejected in the most recent CFA meeting, significant comments and direction to programs were provided by donors. All Missions did not respond with comments, however, and some were late in arrival.

The FODAG office provides ongoing comment on WFP's development of the food aid projects. However, HB 9 Chapter 12 "U.S. Government Actions and Responsibilities" stresses that: "it is particularly important (emphasis in original) that a report be dispatched promptly when the Mission learns that WFP is considering a program in its country." The HB 9 text also points out that Missions should assure WFP is not duplicating ongoing PVO or other ongoing activities and that appropriate self-help measures are included in the activity. "...The Mission role should be viewed as one concerned primarily with assuring coordination with ongoing bilateral programs...it is in the early stages of project development preferably before the host country submits a formal request to WFP, that the Mission can have its greatest influence on the project." These early discussions in the field frequently form the basis of Mission comments on WFP projects, especially since the formal project documents sent by FODAG can be late in arriving. Problems of mismanagement, program irregularities and commodity distribution

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should be taken up with WFP representatives in-country, or if not possible or not successful, with A.I.D./Washington which will deal with the matter in Rome. Hence, at the CFA, approval of projects is not unusual since once included on the CFA agenda, Missions should have had the earlier opportunity to comment. FVA/FFP and FODAG staff to the CFA appreciate the opportunity to bring Mission/field views to the WFP project review for comment by WFP/Rome management and to be part of the official records of the project review.

VII. Recommendations for Procedures/Systems for Project development/review/implementation leading to greater efficiency in project work

FVA/FFP has noted within the Agency in the last two fiscal years a greater attention to food aid in general and program food aid (sales programs having significant policy conditionality) in particular. Whether this is motivated by continued pressure on DA and especially ESF, or by a better recognition of food aid's intrinsic value, or by changes in recent legislation, the changes are salutary and include:

appointment of food aid coordinators in ANE and AFR

greater attention to budget planning and resource allocation in the Agency's CP process

greater Mission and A.I.D./Washington attention to food aid management

greater A.I.D./Washington attention to personnel matters affecting FM attention to resources management issues, and

greater Agency attention to local currency implementation.

Notwithstanding, a higher profile for food aid concerns evident within A.I.D. in recent months, more is needed if the agency is to use this resource to maximum advantage. However, food aid's unique multi-agency approval process, where unanimous approval is required, and USDA controls of commodity availability ("the docket"), and the different, sometimes conflicting concerns of the USDA, Treasury, OMB and State, plus complex commodity shipment requirements, mitigate against increasing reliance on food aid. Indeed, significant elements within the PVO community and Mission managers continue to express frustration with its process. Their criticisms include:

cumbersome reporting/control responsibilities on the PVOs and the Missions

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local currency management requirements staff burdens in an era of generally shrinking staffs  
Country team problems reflecting differing agenda (trade, policy reform, political priorities) of the DCC member agencies  
inconsistent DCC decision making

While FVA/FFP and various other Agency senior staff attempt to deal with these problems, they appear to be beyond the purview of this exercise.

### The Private Enterprise Bureau (PRE)

The Bureau for Private Enterprise employs two independent processes for designing its projects. The distinctions between these two procedures are directly related to the major differences that exist in the operational programs they serve.

Two general points must be given special note. First, PRE uses a Project Committee system in the design and implementation of all of its projects. A Project Committee may include members from outside the Bureau. Further, the Bureau has an Executive Review Committee (ERC) which reviews project design proposals at all stages and advises the Assistant Administrator on their disposition.

Secondly, the title of PRE's Office of Project Development (PRE/PD) is a misnomer. PRE/PD does not design projects for implementation by other offices throughout the Bureau. Rather, it manages PRE's core technical assistance projects. However, PRE/DP does design the projects in its own implementation portfolio.

PRE Central Bureau Projects: PRE/PD is responsible for the design and implementation of PRE's core technical assistance projects. They are of the type that fits A.I.D.'s traditional project design pattern. Accordingly, they are designed in conformity with normal Handbook 3 guidelines. One special consideration must be cited. Prior to FY 1988, PRE used two 'exceptional' design documents, the Project Concept Paper and the Private Enterprise Paper, as the basis of its project authorization process. These 'Papers' were similar to expanded Action Memoranda, and they were justified on the grounds that the Bureau could not afford the luxury of the Agency's traditional two year project development and design process. Now that the Agency's Private Enterprise Initiative is well established, project design on such an accelerated and exceptional basis is no longer justified.

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Private Sector Revolving Fund Projects: Operating through two specially legislated authorities, the Revolving Fund is a unique instrument within A.I.D., as well as within the USG. It is managed by PRE's Office of Investment (PRE/I), and provides projects of two types: direct loans to private sector entities (usually financial intermediaries), and investment guarantees. Revolving Fund projects are not government to government interventions, they are not designed by A.I.D. project development officers, and they are not developed in the manner of traditional A.I.D. projects.

Unique to the Agency, PRE/I employs Investment Officers, i.e., investment bankers recruited from the U.S. private sector, to develop, design, and negotiate Revolving Fund projects. The process through which these projects are designed is also unique, although it bears a resemblance in some of its aspects to Handbook 3 design guidance.

The Revolving Fund design process starts with a very brief document called the Summary of Project Concept. This document is reviewed within PRE/I. Concepts surviving the internal PRE/I review are considered by the Bureau's ERC, and a recommendation is made on whether to continue the design process.

An approved Project Concept is then developed into a PID-type document, called an Investment Opportunity Proposal (IOP), by an Investment Officer and an associated Project Committee. The resulting IOP, in turn, is reviewed by the ERC.

If approved, a Congressional Notification is forwarded and the IOP (including such modifications as may have been requested by the ERC) is developed into a Project Paper-like document called an Investment Paper (IP). The IP is then reviewed by a special U.S. private sector group called the Loan Review Board. The Board is composed of experienced investment bankers well aware of international investment banking institutions and operations.

With receipt of Loan Review Board approval, the IP is returned to the ERC for final review and approval by AA/PRE. After a Revolving Fund project is authorized, GC/PRE and the Investment Officer negotiate the appropriate financial instrument with the recipient of the loan or guarantee.

It should be noted that the A.I.D. field mission and regional bureau approval is sought during all stages of Revolving Fund project design. When and where possible, the direct involvement of regional bureau and field mission staff is sought. Regional bureau clearance is obtained on the Action Memorandum seeking formal AA/PRE project authorization. Almost all

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Revolving Fund projects instituted during the past two years have involved, and benefited from, collaborative design of this sort.

### OFDA/ASP Project Review Process and Requirements

OFDA's program activities review process (as it applies to non-relief obligations) differs in some ways from the rest of the Agency. OFDA does not have any projects or activities which require project papers. Except for minor activities (usually \$5,000 or less), all activities are reviewed as part of the OFDA normal budget review process, under four areas: 1) Latin America/Caribbean activities; 2) Asia/Pacific activities; 3) Africa/Europe activities and 4) Non-regional activities.

The majority of OFDA activities are carried out through grants to U.S. public and private organizations. The proposals are reviewed by relevant OFDA officials and once a decision is made to proceed, appropriate documentation (usually a PIO/T) is prepared. Based on the document prepared, a grant, or less frequently, a contract is prepared by M/SER/OP. Grants and contracts generally comply with Agency requirements, including timely reviews of activity progress, evaluation of final deliverables and final reporting.

### Human Rights Project Review Process

Section 116 of the Foreign Assistance Act, as amended, (FAA) prohibits assistance to any government that is a consistent gross violator of human rights unless such assistance will directly benefit the needy in such country. The section also directs the Administrator of A.I.D., in consultation with the Assistant Secretary for Human Rights and Humanitarian Affairs, to determine whether a government is a consistent gross violator, and whether the assistance will directly benefit the needy.

Section 116 states in part:

."(a) no assistance may be provided...to the government of any country which engages in a consistent pattern of gross-violations of internationally recognized human rights...unless such assistance will directly benefit the needy people in such country."

and:

"(c) in determining whether or not a government falls within

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the provisions of subsection (a)...the Administrator shall consider in consultation with the Assistant Secretary for Human Rights and Humanitarian Affairs...."

(1) the extent of cooperation of such governments in permitting an unimpeded investigation of alleged violations of international recognized human rights by appropriate international organizations.

(2) Specific action which have been taken by the President or the Congress relating to multilateral or security assistance to a less developed country because of the human rights practices or policies of such country.

The Administrator assures compliance with these provisions through an interagency committee known as the Working Group on Human Rights. The Working Group is composed of representatives from the Department of State, IDCA, A.I.D., OPIC, and the Departments of Treasury, Defense, Agriculture, Commerce and Labor, and receives information from the World Bank, the Inter-American Bank, and the Export-Import Bank. A.I.D.'s Bureau of Program and Policy Coordination is the representative for A.I.D. on the Working Group.

The procedures for reviewing A.I.D. projects for purposes of compliance with Section 116(a) are as follows.

PROJECT REVIEW

1) CDSS and ABS Reviews. Participation by the Bureaus of Human Rights and Humanitarian Affairs provides an opportunity to alert A.I.D. planners regarding countries with serious human rights problems.

2) Annual Project Review

Once the Operating Year Budget for the fiscal year has been approved by the A.I.D. Administrator, PPC will forward to the Working Group a list of the new projects A.I.D. proposes for the fiscal year. The Working Group will review the status of human rights conditions in those countries for which new projects are proposed, and will determine what countries will be reviewed throughout the fiscal year.

Projects proposed for these countries require a determination by A.I.D. as to whether the project directly benefits the needy people in the country for purposes of Section 116. A.I.D. will make an initial determination for each project in a country reviewed by the Working Group, and, upon finding a project directly benefits the needy, will forward this initial

determination to the Working Group for review and approval. In cases where the Working Group is unable to reach consensus agreement, the issues will be referred to the Deputy Secretary.

3) Projects Developed During the Fiscal Year

With regard to a project developed during the fiscal year in a country under review by the Working Group, PPC will forward the proposed PID to the Working Group. The Working Group will review the current status of human rights in the country and notify AID if a determination whether the project directly benefits the needy is required. A.I.D. will make the initial determination and, if it finds the project directly benefits the needy, will forward this initial determination to the Working Group.

4) Projects to be Authorized in the Field

The procedures outlined above in A(2) and A(3) apply equally to new projects to be authorized in the field and to new projects to be authorized in Washington. Regional bureaus shall coordinate communications between the field and PPC to ensure timely review and consideration of the project by the Working Group. The Working Group shall be notified 15 days prior to a planned authorization.

OTHER CONSIDERATIONS-

1) Authorization of projects during the Fiscal Year for Countries Under Review

In addition to following the procedures set forth previously, A.I.D. will notify the Bureau of Human Rights and Humanitarian Affairs (HA) in the State Department 15 days prior to a planned authorization of any new project in a country which is under review by the Working Group.

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