

PN-ABR-699

LSN 88370

The Administration of the  
Agency for International Development

AGENCY FOR INTERNATIONAL  
DEVELOPMENT

Washington, D.C.

This report is intended solely for the information of the client to whom it is addressed.

February 10, 1965

NOTED - WSG

December 26, 1968

*Belmont*  
*Mr. Gaud*

MEMORANDUM FOR: Mr. Gaud

Here is the Booz, Allen study we talked about. I've asked our people to locate the summary of actions taken.

Incidentally, I'm planning "leave" for tomorrow, Monday and Tuesday. Jim Kearns will be back tomorrow.

Please return report to us when it has served its purpose.

*EFT*  
Edward F. Tennant  
AA/A

Attachment  
Report  
"The Administration of the  
Agency for International  
Development"  
February 1965

EFT/eth

BOOZ · ALLEN & HAMILTON Inc.

*Management Consultants*

NEW YORK WASHINGTON CLEVELAND DETROIT  
CHICAGO LOS ANGELES SAN FRANCISCO

380 MADISON AVENUE

NEW YORK · 10017

OXFORD 7-1900

AREA CODE 212

February 10, 1965

The Honorable David E. Bell  
Administrator  
Agency for International Development  
Washington, D. C.

Dear Mr. Bell:

We are pleased to submit to you herewith the report covering our management survey of the Agency for International Development. The survey was conducted during the months of October and November 1964 and concentrated on headquarters organization and processes. No field study was included in the scope of the assignment.

The survey was initiated by top management of AID as part of its continuing drive for improvement of administrative organization and manpower utilization. The report identifies a number of areas that are subject to managerial or operational improvement and presents a wide range of recommendations to that end. In fact, however, practically none of the problems analyzed are new or unknown to you and your associates. AID has been actively engaged in taking self improvement actions for

practically all of the problem areas discussed in the report but wished the perspective of independent consultants to help shape a more confident program of action.

We should like to emphasize that the terms of our agreement with AID called for a "broad reconnaissance study" with emphasis on a diagnostic approach. Time limits fixed by the agency did not permit depth analysis of this complex organization with its vast multi-faceted program. For this reason, while we are confident as to the validity and feasibility of our basic recommendations, the report does not purport to be definitive concerning many areas covered. Several important recommendations will require amplification and more detailed attention before they are ready for actual implementation.

We are impressed with the advances achieved within AID during the last year or two and believe that the foreign aid program is likely now being administered better than at any time in its history. We salute your drive for even higher standards of efficiency and effectiveness and are pleased to be of assistance in this worthy endeavor.

Very truly yours,

*Boyd, Allen & Hamilton Inc.*

MP OFFICIAL  
FILE COPY

The Administration of the  
Agency for International Development

AGENCY FOR INTERNATIONAL  
DEVELOPMENT

Washington, D. C.

30313

BOOZ · ALLEN & HAMILTON Inc.  
*Management Consultants*

OFFICE OF MANAGEMENT PLANNING  
FILE COPY

5

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON

OFFICE OF  
THE ADMINISTRATOR

DEC 27 1968

MEMORANDUM FOR: Mr. Tennant

Thanks for sending me the attached summary of actions on the Booz, Allen and Hamilton report.

As you know better than I, since October 10, 1966 we have done a good many things which implement recommendations of that report. Setting up PRR, for example. Setting up the War on Hunger office. Setting up your compliance shop. Setting up the Joel Bernstein operation. And there are others. I see no need to get up an additional paper listing them all, but we should have this in mind if anybody wants to discuss the report. Some of its recommendations, of course, we have not carried out.

*WSG*  
William S. Gaud

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

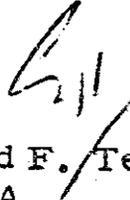
December 26, 1968

Mr. Gaud:

You might want to glance at the attached summary of actions on the Booz, Allen and Hamilton Report.

It will probably refresh your memory on a number of points you are familiar with.

Please return it to us when you have finished with it.

  
Edward F. Tennant  
AA/A

Attachment  
Memo 12/26 from  
DeAngelis to Tennant

EFT. eth

UNITED STATES GOVERNMENT

# Memorandum

NOTED - WSG

TO : AA/A, Mr. Edward F. Tennant

DATE: December 26, 1968

*Manlio DeAngelis*

FROM : A/DSM, Manlio F. DeAngelis

SUBJECT: Status of Action on Booz, Allen and Hamilton Report on A.I.D. Organization

You asked by phone this morning if I could find in our files any report regarding the status of action taken on the Booz, Allen and Hamilton report on "The Administration of the A.I.D.", dated February 10, 1965.

I have found in A/DSM files the following material:

1. The BAH report itself (attached).
2. A draft action memorandum for the Administrator, dated 10/10/66 from Mr. Hall (attached). It reports the status of A.I.D. implementation of BAH recommendations as of that time. Harry Fite's October 20th cover note to Mr. Hall transmits the action memorandum and also indicates that there are two recommendations for further implementation action contained in the draft memorandum. (These were (1) a review of the PC organization, and (2) the establishment of a closer relationship between TCR and the Regional Bureaus. In effect, both of these recommendations were acted upon during 1966-67 when both TCR and PC were completely reorganized.)
3. Herder's route slip of 1/27/67 to Harry Fite indicates that the MP draft status report did not go to the Administrator. The reorganizations of PC and TCR are, I believe, the unstated events which took place in '67. I do not find that there was any further resubmission or further summary.

Two other BAH reports were also prepared: one dated 6/23/65 was entitled "Survey of the Management and Operation of the A.I.D. Data Processing Program"; the other dated 3/11/66 was entitled "Top Management Reporting Requirements." It is my understanding that these two studies were considered separate from although follow-on studies on A.I.D. organization. (I understand that Fred Fischer has a set of all three of these BAH reports in his office in case you want to see them.)

Attachments

- 1-Copies (Nos. 9 and 10) BAH study a/s
- 2-Two copies of memos referred to above

cc: DAA/A, Mr. Fischer



1347  
12/26

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(FOLD ON THIS LINE)

TO:	INITIALS	DATE
1. <i>Replies</i>		
2.		
3.		
4.		
5.		

APPROVAL	PREPARE REPLY
COMMENT	SIGNATURE
NECESSARY ACTION	SEE ME
INVESTIGATE	AS REQUESTED
NOTE AND RETURN	FOR YOUR INFORMATION
INITIAL FOR CLEARANCE	PER CONVERSATION

REMARKS OR ADDITIONAL ROUTING

*I sent a note to Herder along the the line of your suggestion. Put this in your folder. Tel. by the middle of March.*

FROM (Name or Organization)	ROOM NO.	DATE
	PHONE NO.	<i>A</i>

AID-5-50 (7-55) ROUTER

**Best Available Copy**

(FOLD ON THIS LINE)

TO:	NAME OR TITLE	ORGANIZATION	ROOM NO.	BLDG.	INITIALS	DATE
1.	Henry Fite, A/MP					
2.	<i>Fate's Report</i>					
3.						
4.	<i>Let's discuss what's appropriate</i>					
5.	<i>action today in light of</i>					

APPROVAL	PREPARE/REPLY
COMMENT	SIGNATURE
NECESSARY ACTION	SEE ME
INVESTIGATE	AS REQUESTED
NOTE AND RETURN	FOR YOUR INFORMATION
INITIAL FOR CLEARANCE	PER CONVERSATION

REMARKS OR ADDITIONAL ROUTING  
*interim developments*  
*17*

The attached report re actions taken re Booz-Allen-Hamilton report and suggesting that MP study further by working with TCR and PC - for several reasons, did not go to the Administrator.

In view of possible pending events when and if they happen, it appears that the paper should be somewhat altered for re-submission to the Administrator.

Attachment:  
 10/20/66 Memo Fite to Hall with Action Memo to A/AID on status of imple. of B-A-H report

FROM (Name or Organization)	ROOM NO.	DATE
	PHONE NO.	
RWHerder AA/A		1/27/67

AID-5-50 (7-55) ROUTER

**Best Available Copy**

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

SEP 20 1966

NOTE FOR: Mr. William O. Hall, AA/A

SUBJECT: Review of Status of Action on Booz,  
Allen and Hamilton Report

Attached is an action memorandum for the Administrator reporting on status and proposing further action on the recommendations of the Booz, Allen and Hamilton study of AID/W organizational arrangements.

*HF*  
Harry H. Fite  
A/MP

*1356* *19/20*

DRAFTED: October 10, 1966

INITIALED:

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THROUGH: EXSEC

FROM: AA/A, William O. Hall

Problem: To review the status of implementation of the Booz, Allen and Hamilton report recommendations on the administration of AID and determine if any additional action is needed.

Discussion: As you know, the general thrust of the Booz, Allen and Hamilton study of AID/W organizational arrangements was one of approval of the current organization, and support for continuation and extension of current program and administrative policies. The study findings pointed up: the need for a period of freedom from sweeping readjustments; the successful policy and structural integration of ICA and DLF; and the improvement in standards of administration.

A number of changes--organization, systems and program--have taken place in AID since issuance of the Booz report in February 1965. In general these changes have moved the Agency in the directions recommended by the report. Many of the recommendations were in the nature of observations to continue, extend and/or accelerate existing efforts and policies, thus making a clear determination as to whether we ought to do more in areas covered by the report difficult. I have, however, asked MP to prepare a status report on the implementation actions taken thus far with respect to the Booz recommendations.

The attached spread-sheet lists 68 separate, identifiable recommendations (18 general, 50 specific) made in the report, and shows that 53 were accepted or partially accepted, while 15 were not accepted. Of the 53 accepted, implementation action has been and/or is being taken on 51. Thus there are only two recommendations on which specific, additional action is recommended. This tally of the status of implementation and the remarks as to the need for additional action reflect MP judgment, after discussion in some cases with affected offices. Thus, while somewhat different judgments as to the degree of acceptance or implementation of the recommendations affecting their activities might be made by other Agency offices, I believe the MP analysis to be substantively accurate.

The two Booz recommendations on which we recommend further implementation action are: (1) a review of the PC organization; and (2) the establishment of a closer relationship between TCR and the Regional Bureaus.

The Booz report indicated that:

"The present internal structure of PC is diffuse. The absorption of these additional functions (recommended in the report) will both require and offer the opportunity for further consideration of divisional organization and more precise definition of assigned responsibilities."

Such a study has not yet been conducted. The apparent continuing need for clearer functional delineation between PC divisions (particularly Sector and Market Analysis, Policy Planning, and Economic Program); the full integration of appropriate functions of the Statistics and Reports Division into the mainstream of PC operations; the better definition of the responsibilities and perhaps elimination of duplicatory functions of PC Regional Coordinators; and more precision in specifying the PC agency-wide role in the areas of sector analysis, program evaluation, research, and PPBS leadership--all argue the continued need for such a study. We recommend therefore that the feasibility of undertaking such a study sometime this fiscal year be explored with PC.

One of the specific courses of action proposed under the general Booz recommendation to strengthen Agency technical advisory services was to "Develop a closer, continuing professional relationship between regional and agency technical staffs." The lack of such a relationship has been particularly identified with respect to TCR and the Regional Bureau institutional development and technical advisory staffs. This problem was specifically discussed with TCR by Mr. Bell at the time of the TCR reorganization in November of 1965. In connection with the recent AID/W manpower reviews, I also expressed my concern with this problem in a memo to Dr. Moseman. Some time ago the proposal was made that TCR staff bear the same relationship to the Regional Bureaus as do GC staff. I believe this proposal has some merit. I therefore recommend the mechanics of institutionalizing this proposal, at least on a trial basis, be explored with TCR.

**Best Available Copy**

13

Recommendation: (1) That you approve the proposals for action on each of the two as yet unimplemented recommendations of the Booz, Allen and Hamilton report, described above and contained in the attached spread-sheet.

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Date: \_\_\_\_\_

(2) That you approve the adequacy of the action taken or in process on the other 51 accepted recommendations shown on the attached spread-sheet.

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Date: \_\_\_\_\_

Clearances: HFFite, A/MP \_\_\_\_\_  
PALrohat, MP/MGT \_\_\_\_\_

Drafted by: LFMiller:MP/MGT

## RECOMMENDATION AND AGENCY RESPONSE

## ACTION TAKEN ON RECOMMENDATIONS

- D. Improve the management of data processing operations.

Accepted

- E. Develop a comprehensive data processing program.

Accepted

18. Develop a career service for AID. (pp. 150-167)

Accepted

- A. Provide central control over career-type positions.

Accepted

- B. Retain regional authority for personnel management of technical, non-permanent employees.

Accepted

- C. Strengthen professional performance of A/PA

Accepted

- D. Assign executive recruitment to a Special Assistant to the Administrator located in the AA/A's office.

Not accepted

A second contract with BAH was let to make specific recommendations in this area. Most of these recommendations have been implemented.

Implementation of this recommendation is a continuing function of the Data Systems Planning and Operations Division of MP. The data processing program is now being closely related to the special effort in the information systems area now underway.

In addition to the Agency's endorsement of the Hays Bill, which would have further contributed to achievement of a career service a number of the specific actions described below, which were achieved within AID's current administrative authority, were taken with the objective of improving the AID career service.

The recent "A" area paper proposing recentralization of basic personnel authorities with respect to employment and other personnel actions is being discussed and agreements as to the extent of central control are being worked out with the Regional Bureaus. These discussions include consideration of personnel authority with respect to both "career-type positions" and "technical, non-permanent employees."

See above remarks.

As a part of the recent reorganization of A/PA, new personnel have been assigned to head the Training Division, Recruitment Division, Personnel Data Management Division, and Policy and Planning Staff. Additional internal reassignments have been made to strengthen A/PA performance.

More disadvantages than advantages were seen as resulting from this recommendation, (e.g. separation of executive recruitment from assignment process and career system). No clear advantages were apparent. No action was therefore taken.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- E. Assign A/PA responsibility for coordinating recruiting efforts.

Accepted

- F. Continue centralized Washington position classification and extend to all but the top overseas positions.

Partially accepted

- G. Create central evaluation panels for all personnel and strengthen evaluation procedures.

Accepted

- H. Develop a comprehensive career development program.

Accepted

- I. Continue compilation of a skills inventory

Accepted

- J. Use existing authority more aggressively on marginal performance.

Accepted in principle

Agreement is unanimous that A/PA has and should have coordinating responsibility for recruiting efforts. In addition, the transfer of all recruiting responsibility (except for Vietnam and public safety positions) to A/PA is under active study and discussion.

Washington position classification continues to be performed by A/PA. Assumption by A/PA of overseas position classification authority from the Regional Bureaus is one of the items which can be considered as a part of the current review of the proposal to recentralize most basic personnel authorities described in the A/PA-A/MP memo to A/AID dated August 24, 1966.

Action effecting this recommendation has been completed. The performance rating and evaluation program has been completely re-examined and revised, and manual orders issued installing the new systems.

A/PA has implemented on a pilot basis a project which it is hoped will eventually lead to the development of a comprehensive, long-range career development plan for FSRs. Ten year career development plans for 200 officers will be completed under this program by December 31, 1966. Extension to other FSRs will then be considered.

The M.O. establishing and putting the AID skills inventory into effect was issued May 24, 1966.

Implementation is being carried out on a case by case basis as warranted.

(FOLD ON THIS LINE)

TO:				INITIALS	DATE
NAME OR TITLE	ORGANIZATION	ROOM NO.	BLDG.		
1.	<i>Replies</i>				
2.					
3.					
4.					
5.					

APPROVAL	PREPARE REPLY
COMMENT	SIGNATURE
NECESSARY ACTION	SEE ME
INVESTIGATE	AS REQUESTED
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INITIAL FOR CLEARANCE	PER CONVERSATION

REMARKS OR ADDITIONAL ROUTING

*I sent a note to Herber along the the line of your suggestion. Put this in your Herber file by the middle of March*

FROM (Name or Organization)	ROOM NO.	DATE
	PHONE NO.	

AID-5-50 (7-55) ROUTER

(FOLD ON THIS LINE)

TO:				INITIALS	DATE
NAME OR TITLE	ORGANIZATION	ROOM NO.	BLDG.		
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2.	To: <i>Ordeat</i>				
3.					
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5.	<i>action policy in light of</i>				
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COMMENT			SIGNATURE		
NECESSARY ACTION			SEE ME		
INVESTIGATE			AS REQUESTED		
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*interim developments*  
*IF*

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	PHONE NO.	

AID-5-50 (7-55) ROUTER

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

OCT 20 1966

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*HF*  
Harry H. Fite  
A/MP

*138* *10/20*

DRAFTED: October 10, 1966

INITIALED:

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THROUGH: RASBC

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**Best Available Copy**

34

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Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Date: \_\_\_\_\_

(2) That you approve the adequacy of the action taken or in process on the other 51 accepted recommendations shown on the attached spread-sheet.

Approved: \_\_\_\_\_

Disapproved: \_\_\_\_\_

Date: \_\_\_\_\_

Clearances: HNFite, A/MP \_\_\_\_\_  
PADrohat, MP/MGT \_\_\_\_\_

Drafted by: LFMiller:MP/MGT

25

STATUS OF IMPLEMENTATION ON 1963, ALLEN AND HAMILTON STUDY  
RECOMMENDATIONS CONCERNING AA/A ORGANIZATIONAL ARRANGEMENTS

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

1. Broaden the program leadership and oversight responsibilities of the Office of Program Coordination. (pp. 58-61, Appendix A)

This was one of the major recommendations made in the study. The concept of PC's role set forth in the report was that of the pre-eminent staff office of the Agency. This role has not historically been played by PC, nor was the concept ever fully accepted as a desirable objective. A number of specific steps have been taken since this recommendation was made, however, which have expanded the role and responsibility of PC. These actions are described below in connection with the specific recommendations to which they relate.

- A. Assign new and broadened responsibilities to PC. Focus additional efforts on long-range planning; strengthen program policy guidance; improve program planning; designate PC as responsible for overview and coordination of program evaluation processes; assign new and broadened responsibilities for implementation review, program and project review, and program reporting. (pp. 94-101)

Since the presentation of this recommendation, PC has been assigned leadership responsibility for the Agency's Planning-Programming-Budgeting System; has established a Sector and Market Analysis Division; has been assigned additional new responsibilities under the Food for Peace/War Against Hunger initiative; and has been heavily involved in the AED Information Systems Task Force concerned with the whole range of program systems in the areas of planning, implementation, evaluation and reporting.

Partially accepted

- B. Rename the Office of Program Coordination the Office of Program Policy and Coordination.

While no objections to such a change were raised, no clear advantages were seen.

Not accepted

- C. Retain in AA/PC all present functions.

No action necessary.

Accepted

- D. Transfer to AA/PC from AA/A the National Accounts and Finance Branch and the Country Economic Data Branch of the Statistics and Reports Division.

The Statistics and Reports Division was transferred intact to PC on August 13, 1965.

Accepted

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- E. Transfer to AA/PC from AA/MR the planning and interagency liaison functions of the Food for Peace Division.

Partially accepted

- F. Study total AA/PC organizational structure to assure a more precise definition of the responsibilities assigned to the various divisions.

Accepted

2. Establish a Bureau for Institutional Development and Research (AA/IDR) to replace the present Office of Technical Cooperation and Research (AA/TCR). (pp. 61-66, Appendix B.)

Partially accepted

This recommendation was considered as a part of the plan for assignment of War Against Hunger/Food for Peace responsibilities. A major AID/W action role was assigned to PC in the memo from A/AID to all AAs of August 18 allocating responsibilities for the Food for Peace Program and the planning and programming of the War Against Hunger Program. Agency-wide planning functions have been assigned to PC; interagency liaison with BOB has been assigned to PC while responsibility for liaison with USDA has been retained by MR. Implementation is in process.

The Booz report indicated that:

"The present internal structure of PC is diffuse. The absorption of these additional functions (recommended in the report) will require and offer the opportunity for further consideration of divisional organization and more precise definition of assigned responsibilities."

Such a study has not yet been conducted. The apparent continuing need for: clearer functional delineation between PC divisions (particularly Sector and Market Analysis, Policy Planning, and Economic Program); the full integration of appropriate functions of the Statistics and Reports Division into the mainstream of PC operations; better definition of the responsibilities and perhaps elimination of duplicatory functions of PC Regional Coordinators; and more precision in specifying the PC Agency-wide role in the areas of sector analysis, program evaluation, research, and PPBS leadership--all argue the continued need for such a study. We recommend therefore that the feasibility of undertaking such a study sometime this fiscal year be explored with PC.

While the title of TCR was not changed, a substantial reorganization was planned, approved and initiated in 1965. It was undertaken primarily to accomplish several of the specific FAH recommendations below. Implementation of the reorganization is still underway.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- A. Transfer Office of International Training (A/IT) from AA/A to TCR. (p. 76)

Not accepted

The first draft of the PAH report recommended transfer of A/IT to MR. The final version, while acknowledging that IT could be appropriately placed organizationally in several places, recommended its transfer to TCR. Such a transfer of essentially operational functions to TCR, however, runs counter to another PAH recommendation which proposes transferring as many operating responsibilities out of TCR as possible. In addition IT is almost twice the size of TCR in terms of staff. Such a transfer would change the functional balance of TCR from a preponderance of staff policy, advisory, and support functions to a preponderance of operating functions, and would tend to require a disproportionate amount of TCR executive attention to such functions, to the detriment of the development of Agency-wide technical assistance policy, program guidance, and review. No action was therefore taken on this recommendation.

- B. Transfer the MR International Cooperative Development Service (MR/ICDS) to TCR.

Not accepted

The draft PAH report recommended that ICDS be transferred to DFPE. The final report recommended its transfer to TCR. Comments on this recommendation received from AID/W offices when the PAH report was issued included: MR felt that if ICDS were moved, it should go to TCR; TCR opposed the move; DFPE was uncertain that the transfer had merit; AFR questioned the move. In summary, ICDS functions do not fit neatly and logically with any of the three program offices (MR, TCR, DFPE). The lack of a compelling rationale for any move resulted in no action being taken.

- C. Transfer policy and overall technical support functions of the Office of Public Safety to IDR. (pp. 46-48)

Not accepted

The transfer of OPS to TCR was specifically considered by Mr. Bell in February of 1965 in a meeting to review and determine action on the PAH recommendations. The Administrator decided at that time that such a consolidation was inappropriate.

- D. Transfer functions of Office of Labor Affairs to IDR. (pp. 48-49)

Not accepted

The transfer of O/LAB to TCR was specifically considered by Mr. Bell in February of 1965 in a meeting to review and determine action on the PAH recommendations. The Administrator decided at that time that such a consolidation was inappropriate.

RECOMMENDATION AND AGENCY RESPONSE

- E. Assign IDR broader responsibilities for the technical review of country projects.

Accepted

- F. Transfer as many present operating responsibilities as possible from TCR to Regional Bureaus and country missions including the Central Book Fund, American Schools and Hospitals Abroad and English as a Second Language.

Partially accepted

- G. Transfer the Industry, Transportation and Housing Service from TCR to CDPE.

Not accepted

ACTION TAKEN ON RECOMMENDATIONS

TCR clearly has authority to review technical assistance projects as provided in M.O. 1323.1, III, C. When Mr. Bell reviewed the TCR reorganization plan in November of 1965, the need for TCR to play a more active role in this area was stressed by him and concurred in by Dr. Roseman. Action to undertake this responsibility was predicated on restaffing the TCR Services with personnel oriented toward carrying out this kind of function. These changes in staffing are still in the process of being effected.

The transfer-out of operating functions from TCR has been proposed periodically since the establishment of AID in 1961. Decentralization of these functions (as were most other operating programs) was considered and rejected at the time AID was organized. During the 1965 TCR reorganization, this was again one of the major issues examined. At the time of the Administrator's review of the TCR reorganization plan in November of 1965, TCR indicated it had carefully reviewed its centralized operating programs with the objective of transferring them to the Regional Bureaus, but had found that such a change with respect to the programs listed by PAH would be both impractical and inefficient. It pointed out, however, that several actions were underway to divest itself of other operating functions. Since that time implementation action taken has included the abolishment of the Communications Resources Staff and the transfer of responsibility for centralized coordination of the malaria eradication program to PHS.

Since a Capital Development and Private Enterprise Bureau as recommended by PAH was not constituted, the technicians assigned to this Service were not moved from TCR. The appropriateness of their placement in TCR rather than DPPE or ENGR was raised in the Administrator's review of the TCR reorganization (Nov., 1965), however, and it was agreed to maintain the status quo for the time being. At that time the distinction made by Mr. Bell between the role of TCR and that of DPPE was that TCR was to provide policy leadership in the stimulation and strengthening of indigenous host country efforts to achieve industrial growth, while DPPE's primary responsibility was to stimulate investment opportunities for U.S. private industry in countries where AID

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

G.

H. Substantially reorient TCR manpower and reassign TCR personnel who are more suited to operating responsibilities

Accepted

3. Establish a new Bureau for Capital Development and Private Enterprise with substantially broadened responsibilities. (pp. 66-67, Appendix C)

Partially accepted

A. Strengthen private enterprise emphasis.

Accepted

B. Rename the Office of Development Finance and Private Enterprise (AA/DFPE) the Bureau of Capital Development and Private Enterprise. (AA/CDPE)

Not accepted

is operating. The only change in this area which has since occurred is the transfer of responsibility for sanitary engineering functions from TCR to ENGR.

As a result of the TCR reorganization, a major effort to bring new personnel into TCR was launched; implementation of the personnel turn-around is still underway. New directors of most of the TCR Services have now been appointed and other personnel reassignments are in process.

While the title of DFPE was not changed, and the specific recommendations to transfer other organizational units into DFPE were not accepted, considerable attention has been given by DFPE during the past year to strengthening its capability to carry out assigned responsibilities more effectively. Additional actions taken in response to specific RAI recommendations are described below.

Action taken in response to this recommendation has been subsumed under Agency actions taken in response to the Watson Committee Report. A progress report on Watson Committee recommendations was issued on February 7, 1966. In addition, proposals to establish an independent Office of Private Enterprise have been put forth from several different sources at several different times, but have never been pursued. Additional action by DFPE may be necessary in implementation of new legislative requirements to establish an "effective system" for utilizing non-governmental resources in the development process, to stress contracting with private enterprise, and to establish a Private Investment Advisory Council.

No clear advantage for such a change was shown. No action was taken.

RECOMMENDATION AND AGENCY RESPONSE

C. Retain current functions of new bureau

Accepted

D. Transfer the Office of Engineering (ENGR) to CDPE and designate the head of ENGR as Chief Engineer (pp. 49-51)

Not accepted

E. Assign expanded responsibility for providing technical support and backstopping in assigned technical areas and for conducting reviews of technical projects.

Not accepted

4. Establish a new Bureau of Program Logistics to embrace all program support functions. (pp. 72-75)

Not accepted

A. Change name of the Office of Material Resources (AA/MR) to Bureau for Program Logistics (AA/PL).

Not accepted

B. Transfer Food for Peace programming functions to the new Office of Program Policy and Coordination (AA/PC).

Partially accepted

ACTION TAKEN ON RECOMMENDATIONS

No action necessary.

Consideration was given on several occasions to the transfer of ENGR to DEPE. Mr. Bell, in December of 1965, decided to retain an independent central engineering organization.

Acceptance of this recommendation was predicated on the transfer of the staff and functional responsibility of the Industry, Transportation and Housing Service from TCR to DEPE (see BAH Recommendation 2G above) and the transfer of ENGR to DEPE (see BAH Recommendation 3D above). Non-acceptance of these recommendations precluded acceptance of this recommendation.

Since all "program support" functions were not transferred to MR as recommended, this recommendation was not put into effect. Actions taken on specific recommendations are described below.

No clear advantages for such a change were shown. No action was taken.

The memo of August 18, from A/AID to AA/A, allocating responsibilities in the programming area for the Food for Peace program places action responsibility for development of program plans with the overseas missions, review of plans with the Regional Bureaus, and recommendations for establishment of OYB world-wide food assistance requirements with PC. PC and MP are currently developing food budgeting procedures to effect this distribution of functional responsibility.

RECOMMENDATION AND AGENCY RESPONSE

- C. Transfer function of drafting Food for Peace Sales Agreements negotiation instructions and signing authorizations to Regional Bureaus.

Not accepted

- D. Transfer responsibility for negotiating administrative personnel services contracting from the General Services Division (A/GSD) to MR's Contract Services Division (MR/CSD).

Accepted

5. Assign Bureau status to the Assistant Administrator for Administration AA/A. (pp. 76-77)

Not accepted

- A. Retain in AA/A Office of the Controller, Office of Management Planning, Office of Personnel Administration, Office of Security and General Services Division.

Accepted

- B. Abolish the Statistics and Reports Division, transferring the National Accounts and Country Economic Data Branches to AA/PC and Program Reports to A/CONT.

Partially accepted

- C. Transfer the Management Inspection Staff (MIS) to the AA/A, merge with the Office

ACTION TAKEN ON RECOMMENDATIONS

The August 18 memo allocating responsibilities for the Food for Peace program places responsibility for participation in this function with the Regional Bureaus, but MR retains action responsibility. The proposal was made to transfer this function to the Regional Bureaus but was resisted both by the Regional Bureaus and by MR. M.O.'s defining AID's role and the distribution of functional responsibility in this area have been issued in draft for Agency comment and clearance. They require Regional Bureau signature of a Food Assistance Approval Document which authorizes to go to ISC with a proposal.

This transfer of functions was implemented by a memo from AA/A to AA/MR dated March 29, 1965.

No clear advantage to such a change was shown. No action was therefore taken.

No action necessary.

All elements of SRD including the Program Reports Branch were transferred to PC pending a complete re-examination and restructuring of the Agency reporting and information management system.

MIS was transferred from A/AID to AA/A April 19, 1965. It was not merged with A/SMC at that time, however, since it was felt

## RECOMMENDATION AND AGENCY RESPONSE

## ACTION TAKEN ON RECOMMENDATIONS

- D. Improve the management of data processing operations.

Accepted

- E. Develop a comprehensive data processing program.

Accepted

18. Develop a career service for AID. (pp. 150-167)

Accepted

- A. Provide central control over career-type positions.

Accepted

- B. Retain regional authority for personnel management of technical, non-permanent employees.

Accepted

- C. Strengthen professional performance of A/PA

Accepted

- D. Assign executive recruitment to a Special Assistant to the Administrator located in the AA/A's office.

Not accepted

A second contract with BAH was let to make specific recommendations in this area. Most of these recommendations have been implemented.

Implementation of this recommendation is a continuing function of the Data Systems Planning and Operations Division of MP. The data processing program is now being closely related to the special effort in the information systems area now underway.

In addition to the Agency's endorsement of the Hays Bill, which would have further contributed to achievement of a career service a number of the specific actions described below, which were achieved within AID's current administrative authority, were taken with the objective of improving the AID career service.

The recent "A" area paper proposing recentralization of basic personnel authorities with respect to employment and other personnel actions is being discussed and agreements as to the extent of central control are being worked out with the Regional Bureaus. These discussions include consideration of personnel authority with respect to both "career-type positions" and "technical, non-permanent employees."

See above remarks.

As a part of the recent reorganization of A/PA, new personnel have been assigned to head the Training Division, Recruitment Division, Personnel Data Management Division, and Policy and Planning Staff. Additional internal reassignments have been made to strengthen A/PA performance.

More disadvantages than advantages were seen as resulting from this recommendation, (e.g. separation of executive recruitment from assignment process and career system). No clear advantages were apparent. No action was therefore taken.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- E. Assign A/PA responsibility for coordinating recruiting efforts.

Accepted

- F. Continue centralized Washington position classification and extend to all but the top overseas positions.

Partially accepted

- G. Create central evaluation panels for all personnel and strengthen evaluation procedures.

Accepted

- H. Develop a comprehensive career development program.

Accepted

- I. Continue compilation of a skills inventory

Accepted

- J. Use existing authority more aggressively on marginal performance.

Accepted in principle

Agreement is unanimous that A/PA has and should have coordinating responsibility for recruiting efforts. In addition, the transfer of all recruiting responsibility (except for Vietnam and public safety positions) to A/PA is under active study and discussion.

Washington position classification continues to be performed by A/PA. Assumption by A/PA of overseas position classification authority from the Regional Bureaus is one of the items which can be considered as a part of the current review of the proposal to recentralize most basic personnel authorities described in the A/PA-A/MP memo to A/AID dated August 24, 1966.

Action effecting this recommendation has been completed. The performance rating and evaluation program has been completely re-examined and revised, and manual orders issued installing the new systems.

A/PA has implemented on a pilot basis a project which it is hoped will eventually lead to the development of a comprehensive, long-range career development plan for FSRs. Ten year career development plans for 200 officers will be completed under this program by December 31, 1966. Extension to other FSRs will then be considered.

The M.O. establishing and putting the AID skills inventory into effect was issued May 24, 1966.

Implementation is being carried out on a case by case basis as warranted.

STATUS OF IMPLEMENTATION ON 1963, ALLEN AND HAMILTON STUDY  
RECOMMENDATIONS CONCERNING AA/A ORGANIZATIONAL ARRANGEMENTS

RECOMMENDATION AND AGENCY RESPONSE

1. Broaden the program leadership and oversight responsibilities of the Office of Program Coordination. (pp. 58-61, Appendix A)

Partially accepted

- A. Assign new and broadened responsibilities to PC. Focus additional efforts on long-range planning; strengthen program policy guidance; improve program planning; designate PC as responsible for overview and coordination of program evaluation processes; assign new and broadened responsibilities for implementation review, program and project review, and program reporting. (pp. 94-101)

Partially accepted

- B. Rename the Office of Program Coordination the Office of Program Policy and Coordination.

Not accepted

- C. Retain in AA/PC all present functions.

Accepted

- D. Transfer to AA/PC from AA/A the National Accounts and Finance Branch and the Country Economic Data Branch of the Statistics and Reports Division.

Accepted

ACTION TAKEN ON RECOMMENDATIONS

This was one of the major recommendations made in the study. The concept of PC's role set forth in the report was that of the pre-eminent staff office of the Agency. This role has not historically been played by PC, nor was the concept ever fully accepted as a desirable objective. A number of specific steps have been taken since this recommendation was made, however, which have expanded the role and responsibility of PC. These actions are described below in connection with the specific recommendations to which they relate.

Since the presentation of this recommendation, PC has been assigned leadership responsibility for the Agency's Planning-Programming-Budgeting System; has established a Sector and Market Analysis Division; has been assigned additional new responsibilities under the Food for Peace/War Against Hunger initiative; and has been heavily involved in the AED Information Systems Task Force concerned with the whole range of program systems in the areas of planning, implementation, evaluation and reporting.

While no objections to such a change were raised, no clear advantages were seen.

No action necessary.

The Statistics and Reports Division was transferred intact to PC on August 13, 1965.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- E. Transfer to AA/PC from AA/MR the planning and interagency liaison functions of the Food for Peace Division.

Partially accepted

- F. Study total AA/PC organizational structure to assure a more precise definition of the responsibilities assigned to the various divisions.

Accepted

2. Establish a Bureau for Institutional Development and Research (AA/IDR) to replace the present Office of Technical Cooperation and Research (AA/TCR). (pp. 61-66, Appendix B.)

Partially accepted

This recommendation was considered as a part of the plan for assignment of War Against Hunger/Food for Peace responsibilities. A major AID/W action role was assigned to PC in the memo from A/AID to all AAs of August 18 allocating responsibilities for the Food for Peace Program and the planning and programming of the War Against Hunger Program. Agency-wide planning functions have been assigned to PC; interagency liaison with BOB has been assigned to PC while responsibility for liaison with USDA has been retained by MR. Implementation is in process.

The Booz report indicated that:

"The present internal structure of PC is diffuse. The absorption of these additional functions (recommended in the report) will require and offer the opportunity for further consideration of divisional organization and more precise definition of assigned responsibilities."

Such a study has not yet been conducted. The apparent continuing need for: clearer functional delineation between PC divisions (particularly Sector and Market Analysis, Policy Planning, and Economic Program); the full integration of appropriate functions of the Statistics and Reports Division into the mainstream of PC operations; better definition of the responsibilities and perhaps elimination of duplicatory functions of PC Regional Coordinators; and more precision in specifying the PC Agency-wide role in the areas of sector analysis, program evaluation, research, and PPBS leadership--all argue the continued need for such a study. We recommend therefore that the feasibility of undertaking such a study sometime this fiscal year be explored with PC.

While the title of TCR was not changed, a substantial reorganization was planned, approved and initiated in 1965. It was undertaken primarily to accomplish several of the specific EAH recommendations below. Implementation of the reorganization is still underway.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- A. Transfer Office of International Training (A/IT) from AA/A to TCR. (p. 76)

Not accepted

The first draft of the BAH report recommended transfer of A/IT to MR. The final version, while acknowledging that IT could be appropriately placed organizationally in several places, recommended its transfer to TCR. Such a transfer of essentially operational functions to TCR, however, runs counter to another BAH recommendation which proposes transferring as many operating responsibilities out of TCR as possible. In addition IT is almost twice the size of TCR in terms of staff. Such a transfer would change the functional balance of TCR from a preponderance of staff policy, advisory, and support functions to a preponderance of operating functions, and would tend to require a disproportionate amount of TCR executive attention to such functions, to the detriment of the development of Agency-wide technical assistance policy, program guidance, and review. No action was therefore taken on this recommendation.

- B. Transfer the MR International Cooperative Development Service (MR/ICDS) to TCR.

Not accepted

The draft BAH report recommended that ICDS be transferred to DFPE. The final report recommended its transfer to TCR. Comments on this recommendation received from AID/W offices when the BAH report was issued included: MR felt that if ICDS were moved, it should go to TCR; TCR opposed the move; DFPE was uncertain that the transfer had merit; AFR questioned the move. In summary, ICDS functions do not fit neatly and logically with any of the three program offices (MR, TCR, DFPE). The lack of a compelling rationale for any move resulted in no action being taken.

- C. Transfer policy and overall technical support functions of the Office of Public Safety to IDR. (pp. 46-48)

Not accepted

The transfer of OPS to TCR was specifically considered by Mr. Bell in February of 1965 in a meeting to review and determine action on the BAH recommendations. The Administrator decided at that time that such a consolidation was inappropriate.

- D. Transfer functions of Office of Labor Affairs to IDR. (pp. 48-49)

Not accepted

The transfer of O/LAB to TCR was specifically considered by Mr. Bell in February of 1965 in a meeting to review and determine action on the BAH recommendations. The Administrator decided at that time that such a consolidation was inappropriate.

RECOMMENDATION AND AGENCY RESPONSE

- E. Assign IDR broader responsibilities for the technical review of country projects.

Accepted

- F. Transfer as many present operating responsibilities as possible from TCR to Regional Bureaus and country missions including the Central Book Fund, American Schools and Hospitals Abroad and English as a Second Language.

Partially accepted

- G. Transfer the Industry, Transportation and Housing Service from TCR to CDPE.

Not accepted

ACTION TAKEN ON RECOMMENDATIONS

TCR clearly has authority to review technical assistance projects as provided in M.O. 1323.1, III, C. When Mr. Bell reviewed the TCR reorganization plan in November of 1965, the need for TCR to play a more active role in this area was stressed by him and concurred in by Dr. Roseman. Action to undertake this responsibility was predicated on restaffing the TCR Services with personnel oriented toward carrying out this kind of function. These changes in staffing are still in the process of being effected.

The transfer-out of operating functions from TCR has been proposed periodically since the establishment of AID in 1961. Decentralization of these functions (as were most other operating programs) was considered and rejected at the time AID was organized. During the 1965 TCR reorganization, this was again one of the major issues examined. At the time of the Administrator's review of the TCR reorganization plan in November of 1965, TCR indicated it had carefully reviewed its centralized operating programs with the objective of transferring them to the Regional Bureaus, but had found that such a change with respect to the programs listed by PAH would be both impractical and inefficient. It pointed out, however, that several actions were underway to divest itself of other operating functions. Since that time implementation action taken has included the abolishment of the Communications Resources Staff and the transfer of responsibility for centralized coordination of the malaria eradication program to PHS.

Since a Capital Development and Private Enterprise Bureau as recommended by PAH was not constituted, the technicians assigned to this Service were not moved from TCR. The appropriateness of their placement in TCR rather than DPPE or ENGR was raised in the Administrator's review of the TCR reorganization (Nov., 1965), however, and it was agreed to maintain the status quo for the time being. At that time the distinction made by Mr. Bell between the role of TCR and that of DPPE was that TCR was to provide policy leadership in the stimulation and strengthening of indigenous host country efforts to achieve industrial growth, while DPPE's primary responsibility was to stimulate investment opportunities for U.S. private industry in countries where AID

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

G.

H. Substantially reorient TCR manpower and reassign TCR personnel who are more suited to operating responsibilities

Accepted

3. Establish a new Bureau for Capital Development and Private Enterprise with substantially broadened responsibilities. (pp. 66-67, Appendix C)

Partially accepted

A. Strengthen private enterprise emphasis.

Accepted

B. Rename the Office of Development Finance and Private Enterprise (AA/DFPE) the Bureau of Capital Development and Private Enterprise. (AA/CDPE)

Not accepted

is operating. The only change in this area which has since occurred is the transfer of responsibility for sanitary engineering functions from TCR to ENGR.

As a result of the TCR reorganization, a major effort to bring new personnel into TCR was launched; implementation of the personnel turn-around is still underway. New directors of most of the TCR Services have now been appointed and other personnel reassignments are in process.

While the title of DFPE was not changed, and the specific recommendations to transfer other organizational units into DFPE were not accepted, considerable attention has been given by DFPE during the past year to strengthening its capability to carry out assigned responsibilities more effectively. Additional actions taken in response to specific RAI recommendations are described below.

Action taken in response to this recommendation has been subsumed under Agency actions taken in response to the Watson Committee Report. A progress report on Watson Committee recommendations was issued on February 7, 1966. In addition, proposals to establish an independent Office of Private Enterprise have been put forth from several different sources at several different times, but have never been pursued. Additional action by DFPE may be necessary in implementation of new legislative requirements to establish an "effective system" for utilizing non-governmental resources in the development process, to stress contracting with private enterprise, and to establish a Private Investment Advisory Council.

No clear advantage for such a change was shown. No action was taken.

RECOMMENDATION AND AGENCY RESPONSE

C. Retain current functions of new bureau

Accepted

D. Transfer the Office of Engineering (ENGR) to CDPE and designate the head of ENGR as Chief Engineer (pp. 49-51)

Not accepted

E. Assign expanded responsibility for providing technical support and backstopping in assigned technical areas and for conducting reviews of technical projects.

Not accepted

4. Establish a new Bureau of Program Logistics to embrace all program support functions. (pp. 72-75)

Not accepted

A. Change name of the Office of Material Resources (AA/MR) to Bureau for Program Logistics (AA/PL).

Not accepted

B. Transfer Food for Peace programming functions to the new Office of Program Policy and Coordination (AA/PC).

Partially accepted

ACTION TAKEN ON RECOMMENDATIONS

No action necessary.

Consideration was given on several occasions to the transfer of ENGR to DEPE. Mr. Bell, in December of 1965, decided to retain an independent central engineering organization.

Acceptance of this recommendation was predicated on the transfer of the staff and functional responsibility of the Industry, Transportation and Housing Service from TCR to DEPE (see BAH Recommendation 2G above) and the transfer of ENGR to DEPE (see BAH Recommendation 3D above). Non-acceptance of these recommendations precluded acceptance of this recommendation.

Since all "program support" functions were not transferred to MR as recommended, this recommendation was not put into effect. Actions taken on specific recommendations are described below.

No clear advantages for such a change were shown. No action was taken.

The memo of August 18, from A/AID to AA/A, allocating responsibilities in the programming area for the Food for Peace program places action responsibility for development of program plans with the overseas missions, review of plans with the Regional Bureaus, and recommendations for establishment of OYB world-wide food assistance requirements with PC. PC and MP are currently developing food budgeting procedures to effect this distribution of functional responsibility.

RECOMMENDATION AND AGENCY RESPONSE

- C. Transfer function of drafting Food for Peace Sales Agreements negotiation instructions and signing authorizations to Regional Bureaus.

Not accepted

- D. Transfer responsibility for negotiating administrative personnel services contracting from the General Services Division (A/GSD) to MR's Contract Services Division (MR/CSD).

Accepted

5. Assign Bureau status to the Assistant Administrator for Administration AA/A. (pp. 76-77)

Not accepted

- A. Retain in AA/A Office of the Controller, Office of Management Planning, Office of Personnel Administration, Office of Security and General Services Division.

Accepted

- B. Abolish the Statistics and Reports Division, transferring the National Accounts and Country Economic Data Branches to AA/PC and Program Reports to A/CONT.

Partially accepted

- C. Transfer the Management Inspection Staff (MIS) to the AA/A, merge with the Office

ACTION TAKEN ON RECOMMENDATIONS

The August 18 memo allocating responsibilities for the Food for Peace program places responsibility for participation in this function with the Regional Bureaus, but MR retains action responsibility. The proposal was made to transfer this function to the Regional Bureaus but was resisted both by the Regional Bureaus and by MR. M.O.'s defining AID's role and the distribution of functional responsibility in this area have been issued in draft for Agency comment and clearance. They require Regional Bureau signature of a Food Assistance Approval Document which authorizes to go to ISC with a proposal.

This transfer of functions was implemented by a memo from AA/A to AA/MR dated March 29, 1965.

No clear advantage to such a change was shown. No action was therefore taken.

No action necessary.

All elements of SRD including the Program Reports Branch were transferred to PC pending a complete re-examination and restructuring of the Agency reporting and information management system.

MIS was transferred from A/AID to AA/A April 19, 1965. It was not merged with A/SMC at that time, however, since it was felt

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

C. of Security (A/SEC) and rename the Office of Security (A/SEC) the Office of Security and Inspection (A/SI)

Partially accepted

6. Provisions should be made for a more intensive review of technical assistance projects at superior levels. (pp. 80-82)

Accepted

A. Isolate the kinds of technical assistance projects by type and character which should formally be reserved for top review and approval.

Accepted

B. Authorize the Assistant Administrators of the new Bureaus for Institutional Development and Research (AA/IDR) and for Capital Development and Private Enterprise (AA/CDPE) to select out of the headquarters review process those projects which, in their judgment, warrant intensive analysis before final approval.

Accepted

7. Develop and install a comprehensive management reporting system. (pp. 85-87)

Accepted

the advantages of such a merger were not sufficient to warrant such action.

See implementation actions taken on specific recommendations below.

This proposal was first initiated and considered under the "Implementation Project." At that time M.O. 1323.1 was issued which requires A/AID approval of new projects in excess of \$1 million, or \$7 million over the entire life of the project, and projects presenting significant political, economic or strategic issues or deviating from established standards or criteria. These criteria for top level review and approval are generally considered adequate. No further action is planned.

AAs of TCR and DFPE are authorized to analyze, comment on, and raise issues on proposed or continuing projects. DFPE participates in Regional Bureau Executive Committee reviews of capital projects prior to their authorization and reserves the right to raise problems on such projects with the Administrator. TCR receives copies of all CAPs, and is specifically authorized under M.O. 1323.1 to advise and comment on any project contained therein. The already existing authority therefore is generally considered adequate.

As an outgrowth of this recommendation, a second Broz, Allen and Hamilton study was conducted which focused on a reporting system for top management and improvement of data processing operations; the FAIME (Foreign Affairs Information Effort) was undertaken with State-USIA and BOB; and the AID Information Systems Task Force was established to consider necessary changes to the basic programming and reporting system of the Agency. In addition, the

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

7.

8. Strengthen technical advisory services in the regional bureaus. (pp. 105, 107-108)

Accepted

- A. Reexamine the scope, depth and composition of available technical expertise (i.e. are the right fields represented, is staff adequate for workload, should new technical fields be added.)

Accepted

- B. Reestablish primary focus of technical staff on project review functions.

Accepted

- C. Restrict participation of technical personnel in the recruiting process. (p. 160)

Accepted

- D. Develop review techniques for major projects similar to those for capital assistance loans.

Accepted

- E. Develop closer continuing professional relationships between Regional and Agency technical staffs.

Accepted

TAPRR (Technical Assistance Project Evaluation Report) pilot test undertaken by MP will contribute toward implementation of this recommendation.

Since this recommendation was made, a management survey of AFR/ID has been completed and implemented and a similar effort is now underway in MESA/TECH (planned for completion this year). The objectives of these studies have included determining the appropriateness of the functions performed by Regional Bureau technicians and the adequacy of the staffing levels to perform appropriate functions. As a result of the survey of AFR/ID, most personnel functions previously performed by technicians were transferred to AFR/PERS thus freeing technical staff to devote increased attention to project review. With respect to the questions as to whether the right technical fields are represented, staff is adequate for workload, or new fields should be added, a number of adjustments in technical staff composition and organization have been made. In FE, a separate Office of Logistics has been established and the Technical Advisory Staff has been increased from 23 to 40. In IA, a new Population Staff and an Operation Ninos staff have been established and the total IA/ID staff has increased from 59 to 64. In Africa, a Public Services Division has been established combining technicians in housing community and urban development, public administration, and supply in one organization, and a separate Office of Private Enterprise was established.

The AID Information Systems Task Force has developed proposals in this area which have been sent to the field for comment.

The lack of a close, continuing professional relationship has been particularly identified with respect to TCR and the Regional Bureau institutional development and technical advisory staffs. This problem was specifically discussed with TCR by Mr. Ball at the time of the TCR reorganization in November of 1965. In connection with the recent AID/W manpower reviews, AA/A in a

## RECOMMENDATION AND AGENCY RESPONSE

## ACTION TAKEN ON RECOMMENDATIONS

E.

9. Enhance the role of the country desk officer.  
(pp. 105, 109-110)

Partially accepted

10. Clarify, simplify and codify the Agency's delegation pattern. Increase delegations to the field missions. (pp. 79, 105, 111)

Accepted

memo to AA/TCR expressed continuing concern with this problem. Some time ago the proposal was made that TCR staff bear the same relationship to the Regional Bureaus as do CC staff. This proposal has some merit. It is therefore recommended that the mechanics of institutionalizing this proposal, at least on a trial basis, be explored with TCR.

BAH proposed that the desk officer be the AID/W counterpart of the USAID program officer, and that he be responsible for as many AID/W actions as possible, even though the substantive input might be made by some other office. Thus he would evaluate priorities and establish deadlines, coordinate staff contributions, and focus attention on delays and bottlenecks. In 1965, MP prepared a concept paper for AFR on the role of the desk officer. It was accepted by AFR and implementation is in process. The paper was also circulated to the other Bureaus. The MP concept differs somewhat from the BAH concept. Its premise is that to enhance the role of the desk officer as a Mission program officer counterpart, and enable him to devote maximum attention to program policy, review and evaluation, he must be relieved of duties which detract from his performance of such functions. Specifically, he must rely on responsible project managers in the Bureau technical advisory staffs for necessary project control and implementation follow-up. A second MP study of NESA/TECH currently underway for NESA has as one of its objectives a similar strengthening of the desk officer capability to carry out country program analysis activities.

Codification of delegations of authority and their further extension is in large part dependent on the existence of standardized operating policies. Much progress has now been made in this latter area, e.g. development of standard loan agreement, standard procurement regulations, capital project procurement guidelines. This work is now actively underway in the delegations of authority area. A preliminary list of principal delegations to Regions has been developed. Plans are now underway to contract with a management consulting firm to codify all Agency delegations of authority and set up a system for maintaining such data. Increased authorities which have been delegated to the

## RECOMMENDATION AND AGENCY RESPONSE

## ACTION TAKEN ON RECOMMENDATIONS

10.

field since this recommendation was made include delegations of authority: to specific missions to let contracts in excess of \$25,000; to certain African countries on administrative matters as a result of the Ethiopia pilot project; to Vietnam in several program areas; and to IA missions and large NESEA missions in the capital development area.

11. Re-examine the organizational arrangements, methods, systems and manpower requirements of the Office of Material Resources (AA/MR) and its components. (p. 112)

Management surveys of several major components of AA/MR have already been completed. Included have been studies of the Food for Peace and the Government Property Resources Divisions, and the Voluntary Foreign Aid Service. Surveys of remaining organizational units of MR are planned.

Accepted

12. Continue decentralized service contracting. (p. 117)

No action necessary.

Accepted

13. Decentralize further contracting authority to missions and to host countries. Delegate Mission Directors authority to consummate contracts substantially in excess of \$25,000. (pp. 119-120)

Several actions have been taken to implement this recommendation: 1) With respect to delegating contracting authority to missions, IA has delegated authority to contract up to \$100,000 to its missions. Other regions have delegated authority to contract in excess of \$25,000 to selected missions or in particular instances. Contracting officers have been placed in a number of field missions to facilitate the carrying out of contracting functions at the field level. 2) With respect to delegating contracting authority to host countries, AID does so extensively in the capital development area. MOs pertaining to technical assistance make clear that first preference is to be given to host country contracting, although it is still infrequent.

Accepted in principle

## RECOMMENDATION AND AGENCY RESPONSE

14. Rely less on cost-plus-fixed-fee contracts; adopt more flexible policy on the use of other types of contracts. (pp. 121-122)

Accepted

15. Reduce audit workload; improve audit quality and timeliness. (pp. 128-129)

Accepted

16. Complete reorganization of A/IT. (p. 131.)

Accepted

## ACTION TAKEN ON RECOMMENDATIONS

Much attention has been given to the subject of AID contracting policy in the last several years--most recently by the Procurement Policy Task Force. MR indicates that this specific recommendation reflects current government-wide policy and that AID follows this policy where practicable. In areas where it lends itself (such as with engineering firms for engineering services) the Agency has used fixed price contracts. Through open-end contracts, it draws on the services of such firms at fixed daily rates. The indefinite nature of many of the services AID buys, particularly in the technical assistance area, however, makes other than CPFF contracts difficult to use extensively. Estimates of requirements for technical assistance expertise vary widely as to scope, method, and time required and thus do not easily lend themselves to fixed price contracting. In addition, universities with whom we do much business, will not generally contract on a fixed price basis. Improvement in the techniques of estimating requirements for technical assistance services may well have to precede extension of fixed price contracting beyond its current level of usage.

One of the "auditing" problems specifically mentioned in the BAF report was an excessive number of voucher transactions processed in the program assistance area. The Policy Determination since issued which excludes AID financing of any transaction valued at less than \$1,000 has materially improved this situation. A manual order on the form and content of mission audit reports has also been issued; the M.O. was designed to improve the quality of audit reports by placing emphasis on substance, importance and the need for prompt, corrective action by senior management officials. In addition AA/MR-AA/A action is underway to move P.L. 480 Title III audit workload from AID to the voluntary agencies.

The restructuring of A/IT has been completed.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

- A. Clarify responsibilities of A/IT Program Division and its relationships with other IT divisions.
- Accepted
- B. Clarify qualifications for training officers.
- Accepted
17. Proceed with plans for simplifying the internal organization of A/MP. (pp. 133-139)
- Accepted
- A. Provide data processing expertise to Procedures and Directives Division to assist in systems development.
- Accepted
- B. Initiate an ADP training program for management analysts.
- Accepted
- C. Plan eventually to recombine the Procedures and Directives Division and the Data Processing Division.
- Not accepted

A two-phase management study of the A/IT Program Division has been completed by A/MP and a number of specific recommendations for improvements made. The recommendations made as a result of the first phase of the study have been implemented. Implementation by A/IT of the recommendations made as a result of the second phase of the study should take place later this fiscal year.

Implementation of this recommendation has been completed. As part of the A/IT reorganization, job descriptions for Training Officers were rewritten and qualifications requirements clarified and specified. A number of Training Officers have subsequently been promoted on the basis of their increased experience.

The MP reorganization combining 5 units into 3 has been completed.

Data processing expertise from the Data Systems Planning and Operations Division is being made available to the Procedures and Directives Division as needed.

A/MP examined currently existing ADP training facilities and found that there was no need for a separate formal program of ADP training solely for AID management analysts. Instead, in implementation of this recommendation, MP management analysts in all divisions have been and are being scheduled for training in the many training courses sponsored by IBM, other Federal agencies, the CSC, and local universities.

On examination of this recommendation it was felt that such a combination would create too large and unwieldy a division and would place together organizationally a number of unrelated functions. No action has therefore been taken.

RECOMMENDATION AND AGENCY RESPONSE

ACTION TAKEN ON RECOMMENDATIONS

<p>D. Improve the management of data processing operations.</p>	<p>A second contract with PAH was let to make specific recommendations in this area. Most of these recommendations have been implemented.</p>
<p>Accepted</p>	
<p>E. Develop a comprehensive data processing program.</p>	<p>Implementation of this recommendation is a continuing function of the Data Systems Planning and Operations Division of MP. The data processing program is now being closely related to the special effort in the information systems area now underway.</p>
<p>Accepted</p>	
<p>18. <u>Develop a career service for AID.</u> (pp. 150-167)</p>	<p>In addition to the Agency's endorsement of the Hays Bill, which would have further contributed to achievement of a career service a number of the specific actions described below, which were achieved within AID's current administrative authority, were taken with the objective of improving the AID career service.</p>
<p>Accepted</p>	
<p>A. Provide central control over career-type positions.</p>	<p>The recent "A" area paper proposing recentralization of basic personnel authorities with respect to employment and other personnel actions is being discussed and agreements as to the extent of central control are being worked out with the Regional Bureaus. These discussions include consideration of personnel authority with respect to both "career-type positions" and "technical, non-permanent employees."</p>
<p>Accepted</p>	
<p>B. Retain regional authority for personnel management of technical, non-permanent employees.</p>	<p>See above remarks.</p>
<p>Accepted</p>	
<p>C. Strengthen professional performance of A/PA</p>	<p>As a part of the recent reorganization of A/PA, new personnel have been assigned to head the Training Division, Recruitment Division, Personnel Data Management Division, and Policy and Planning Staff. Additional internal reassignments have been made to strengthen A/PA performance.</p>
<p>Accepted</p>	
<p>D. Assign executive recruitment to a Special Assistant to the Administrator located in the AA/A's office.</p>	<p>More disadvantages than advantages were seen as resulting from this recommendation, (e.g. separation of executive recruitment from assignment process and career system). No clear advantages were apparent. No action was therefore taken.</p>
<p>Not accepted</p>	

RECOMMENDATION AND AGENCY RESPONSE

- E. Assign A/PA responsibility for coordinating recruiting efforts.

Accepted

- F. Continue centralized Washington position classification and extend to all but the top overseas positions.

Partially accepted

- G. Create central evaluation panels for all personnel and strengthen evaluation procedures.

Accepted

- H. Develop a comprehensive career development program.

Accepted

- I. Continue compilation of a skills inventory.

Accepted

- J. Use existing authority more aggressively on marginal performance.

Accepted in principle

ACTION TO BE TAKEN

Agreement is unanimous that A/PA has and should have coordinating responsibility for recruiting efforts. In addition, the transfer of all recruiting responsibility (except for Vietnam and public safety positions) to A/PA is under active study and discussion.

Washington position classification continues to be performed by A/PA. Assumption by A/PA of overseas position classification authority from the Regional Bureaus is one of the items which can be considered as a part of the current review of the proposal to reconstitute post basic personnel authorities described in the A/PA-2/22 memo to A/AID dated August 24, 1966.

Action effecting this recommendation has been completed. The performance rating and evaluation program has been completely re-examined and revised, and manual orders issued installing the new systems.

A/PA has implemented on a pilot basis a project which it is hoped will eventually lead to the development of a comprehensive, long-range career development plan for FSRs. Ten year career development plans for 200 officers will be completed under this program by December 31, 1966. Extension to other FSRs will then be considered.

The M.O. establishing and putting the AID skills inventory into effect was issued May 24, 1966.

Implementation is being carried out on a case by case basis as warranted.

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## I. AID ADMINISTRATION IN PERSPECTIVE

Beginning with the inauguration of the Marshall Plan in 1948, foreign economic assistance has been a vital force in U. S. international relations and has come to be of central importance to our national security and foreign policy objectives. For many countries, U. S. foreign aid represents our principal contribution to their achievement of political stability and economic maturity. Program success is crucial, both for a world order of free nations and for our own national goals of prosperity and security in a peaceful international society.

The structure, manpower, and processes employed by the Agency for International Development for the administration of U. S. foreign assistance programs take on a critical importance in light of the high stakes involved. Optimum standards of organization and management must be achieved for what is a large-scale government operation of extraordinary complexity with profound implications for our national welfare.

1. FOREIGN ASSISTANCE HAS ENDURED MANY TRANSITIONS AND CONVOLUTIONS

The history of foreign assistance has been marked by periodic and frequently disruptive structural, personnel, and policy changes. These have occurred as the agency moved from efforts to achieve economic recovery in Europe, to political and military security objectives, and more recently to emphasis on economic and social advancement in developing countries. Hardly a year has passed that has not witnessed some major shift in the focus of this volatile agency with its high public visibility.

The nature of the foreign aid function demands an adaptive organization which is flexible and subject to rapid adjustment. For this reason many of the administrative vicissitudes of the past were unavoidable in an attempt to keep pace with international trends and to bring AID policies in closer concert with our international objectives. Many other changes were motivated by a desire to improve the program image for public or congressional purposes with only modest change in established functions and processes.

Whatever the rationale, the foreign assistance organization has lacked the administrative stability and assured program base of older line federal agencies. This instability has been a major deterrent to full realization of our goals in this sphere of government operations.

The mutations and transformations of the past have left their mark on the agency. A sense of uncertainty still prevails among many employees concerning future program levels and their long-range career prospects. For many employees, also, there exists a "status anxiety" concerning their place in the foreign affairs personnel structure. But while there will always be those who are insecure or who have a feeling of resignation concerning their work situations, it is our observation that morale, notoriously low in other years, is clearly on the upgrade under present stable and confident leadership.

## 2. STANDARDS OF ADMINISTRATION ARE IMPROVING

In spite of difficulties and handicaps, AID administration reflects a high standard of effectiveness and accomplishment. The agency is probably achieving a better record on this front than at any time in foreign aid history. Advances in the last 2 or 3 years and strengths in the present situation which give promise for the future may be summarized as follows:

Executive leadership is vigorous, perceptive, and sophisticated. There is a notable sense of management consciousness pervading responsible executive and managerial levels as well as a realistic appreciation of the world context in which the agency operates.

There has been significant improvement in the planning and programming process, with consistent and intelligent professional judgment being brought to bear on the formulation of sound regional and country economic assistance measures.

- . The concentration of manpower and authorities at the regional office level under top assistant administrators has served tangibly to improve coordination of geographic programs and operations and has afforded a clear and direct line of command from the top to the bottom of the organization.
- . The "Implementation Project," which overhauled, unified, and clarified the processes governing the loan, grant, and technical assistance responsibilities, has been completed.
- . Notable progress has been made in the personnel management function, particularly with respect to formulating policy, strengthening the employee evaluation and performance rating system, and improving the promotion system. These advances are helping to unify divergent bureau personnel operations and providing a fairer and more accurate means of both identifying marginal employees and selecting those with potential for higher responsibility.
- . The inauguration of a revitalized management improvement program under the leadership of the Office of Management Planning gives promise of simplifying procedures, increasing productivity, and reducing costs.

Perhaps the most impressive achievement within the last 2 years has been the successful integration, in both policy and structure, of the Development Loan Fund and the foreign aid agency. Diverse standards and procedures as well as conflicting orientations have been effectively reconciled and merged into a single unified administrative entity. Further evidence that AID is achieving a tangible measure of success in its efforts to tighten administration and improve staff utilization is afforded by the fact that manpower (both U. S. and foreign

national) has been reduced from 16,782 as of June 30, 1963, to 15,353 as of October 25, 1964.

These represent impressive advances and favorable assets on which to base future progress toward optimal operating standards. However, the road to improvement is difficult, because (1) the magnitude and diversity of AID programs create unique problems of internal administration, and (2) there are external impediments to good administration which are outside the immediate control of AID leadership. We shall examine these latter before turning to internal problems.

3. SOME UNDERLYING FACTORS AND FORCES CONDITION THE QUALITY OF AID ADMINISTRATION

AID necessarily and appropriately must operate within the bounds of superior policy and administrative regulation established by both the Congress and other central agencies of the executive branch. AID is not and cannot be a discrete or independent agency removed from the conventional controls of government. But these controls and relationships have direct bearing on the capacity of the agency to do its job well.

AID is unavoidably preoccupied with its relationships with the Congress and with the preparation of materials justifying its requests to the Appropriations and other committees on the Hill. To the outside observer it sometimes appears that the entire agency is oriented to serving this oversight function of the Congress. Certainly, it is a fact that the time and energy devoted to the congressional submissions and appearances constitute an extravagant drain on the time and energy of top officials. At times this expenditure approaches practical totality for the Administrator and his aides, especially during the budget period which (for AID) extends over a period of 6 months or more with appearances before 4 different committees.

The particular conditions imposed by both substantive legislation and appropriation enactments with respect to particular countries or programs further complicate AID administration. In a program of high public interest of this kind, meticulous consideration by the Legislature is understandable and necessary. It must be recognized, however, that the situation often operates as an excessive diversion from the main business of program development and execution on the part of responsible officials.

Related to the above is the impediment which derives from the assumption, implicit in all foreign aid legislative history, that the program is temporary or emergency in nature. This concept has plagued and handicapped the agency from its very beginnings. Long-range planning is frustrated, organizational stability is difficult to achieve, and personnel recruitment is circumscribed by this condition.

This point has been made repeatedly by all those who have studied the problem and need not be further belabored. We simply join those who have cited it as a major deterrent not only to sound administration but as an obstacle to our long-range and continuing efforts toward economic and political viability in underdeveloped countries.

- . A further problem for AID is the persistent ambiguity of its relationship to the general field of foreign policy and its status within the State Department. There is no question but that the foreign assistance agency must be subject to the general policy decisions of the Secretary of State and operate within the purview and overall structure of the Department. But how this should be implemented, how operating relationships are to be defined, and how political and economic viewpoints are to be finally reconciled involve areas of doubt and, in some cases, controversy. The accommodation will be less than satisfactory until a more definitive pattern of relationships is worked out.
  
- . A final overall problem stems in part from the relative inflexibility of the civil service system under present security and tenure policies. AID is a fast-moving, volatile agency that must have the capacity for swift adjustment to changing conditions, needs, and crises over the world. Every effort must be and is being made to fit existing manpower into the job needs of the time. But qualifications of available personnel and changing position requirements do not always match. Further, there is the problem of those whose performance is not up to the ever-rising standards being fixed by the agency as necessary for the requisite level of accomplishment.
  
- . Unfortunately, the civil service system of the government, grounded in strong tenure and protective concepts, is not wholly suited in practice to the demanding standards and resilience which are an imperative of AID administration. The whole problem of personnel is so central to AID's current status that further discussion is warranted as follows.

4. PERSISTENT PROBLEMS OF PERSONNEL HAVE CONFRONTED FOREIGN AID ADMINISTRATION

While AID has made commendable progress on many fronts in the last 2 or 3 years, since the reorganization of 1961, its leadership

is well aware of persistent shortcomings which require correction and remedy. Few of these problems are new, but all demand attention in the management improvement effort.

The question of manpower quality and utilization continues to be of prime concern to the agency. Personnel are of central importance to any organization, but it is crucial in the case of AID, given the fact of its role on the frontiers of international economic development. The task of creating policy, translating intentions into concrete programs, and implementing a prodigious volume of operations challenges the ingenuity of the best of our society.

But AID has been handicapped in recruiting the best. Until the recent Federal Pay Act corrected gross inequities in the upper ranks, the relatively low pay for executives and professionals operated as an unfortunate disincentive for federal service generally. In addition, for AID there has been the added burden of being cited as a temporary agency without the assurance of long-term career opportunities.

Even more important than recruitment, however, is the necessity of maintaining an alert, progressive, and productive organization while substantially using the inherited personnel of predecessor agencies, some proportion of whom are not suited to, or are ill equipped for,

current operating responsibilities. In the early days of the Marshall Plan and during subsequent changes in the early 1950's, many professional and administrative personnel were recruited by the foreign assistance agency hurriedly and in a limited manpower market. Many, even then, were in the later years of their careers and at or near the peak of their productive work life. Many served well over the years when aid to European recovery and assistance to military allies were primary goals.

Assistance to developing countries, however, requires a different outlook, approach, and set of skills. Some employees recruited in earlier days are simply not suited to present needs, or otherwise have proved unable to keep pace with higher performance standards. In the meantime, while waiting out their retirement or for other opportunities to come along, they occupy valuable posts and serve to augment administrative costs.

We wish to be clearly on record as to our conviction that the great bulk of AID employees observed during this survey are capable and dedicated public servants who are performing at levels higher than mere adequacy. But there are some who are not up to their jobs or who are overclassified for the level of responsibilities they are equipped, able, or willing to perform.

The problem of some numbers of unneeded and unwanted staff members who are secure in their government status is compounded by the decentralized personnel system which does not adequately center responsibility for career development and utilization. The situation gives rise to a futile and unproductive procedure in which names of those "available" are circulated among various divisions and offices in an effort to pass off those no longer considered useful. This problem of unloading marginal or surplus personnel has proved to be most difficult.

It must be stated that AID has not fully exercised its broad discretionary powers in coping with the situation of unnecessary or marginal employees. Until recently, there was no tradition in AID of the tough exercise of evaluative judgment as a basis for personnel actions. Only within the last year has tangible progress been made on this front.

Nevertheless, it must be acknowledged that the complex and attenuated civil service procedures governing separation for cause in the classified service discourage separation actions and are not practically usable except in the most flagrant cases. The cost in terms of top-level time and energy to pursue dismissal actions to conclusion is so excessive as to discourage significant reliance on

this procedure. Similarly, reduction in force regulations, with their emphasis on seniority and bumping rights, are not designed to retain the best and separate the worst. Too often, the opposite is the case. This is a fact of life in government personnel practice. Other remedies must be sought.

It is our conviction that for reasons of efficiency as well as to fulfill its mission responsibly and well, AID must be given some measure of latitude to terminate or otherwise select out employees whose capabilities are clearly marginal or whose performance is mediocre and not consistent with the quality required in the post. Judicious and fair administration of such authority, with full cognizance of both civil service and human values but with the public interest supreme, could do much to bring AID administration closer to its potential for optimum accomplishment.

5. SIGNIFICANT STRUCTURAL AND ADMINISTRATIVE WEAKNESSES MUST ALSO BE REMEDIED

While personnel considerations are pervasive and stand athwart many opportunities for improvement, there are a number of weaknesses in organization, process, and management whose remedy must parallel the continuing tasks of upgrading personnel quality and performance. Clearly, good personnel will work best in the framework of a sound

administrative system. Our evaluation of the situation indicates that the following represent the most critical problems of structure and process:

- . The Administrator and his general deputy are in a somewhat exposed position with respect to maintaining surveillance and control of the organization. Of necessity, they have had to delegate broad authorities down through the hierarchy but are lacking adequate informational bases and control systems which are prerequisite to management by delegation. Management reporting is fragmented and tends to be statistical, without identifying emerging problems or giving a current picture of progress on programs and important projects.
- . While the operating line of command and decision is clear and short, one legacy of the 1961 reorganization is still a lack of accommodation between functional staff offices and operating line offices. Many problems arise, and the role of the staff offices is either unclear or weak, resulting in failure to offer a full contribution to the program. The pattern of widely autonomous regions, while embodying many strengths, has given rise to varying forms of regional organization and procedures.
- . Shifts in program emphasis are not always accompanied with reasonable promptness by corresponding adjustments in organization and manpower. Although a dynamic agency, AID reflects some of the attributes of an old-line federal department in which established ways are deeply embedded. Change is difficult to carry through and faithful performance under revised systems is not always assured.
- . AID structure is overly segmented in staff and functional offices. Unified impact, in terms of a sustained and coordinated contribution to program and implementation processes, is lacking. Some units have higher status than is warranted, while some functions are not adequately recognized. The structure tends to place an extraordinary burden of coordination on top leadership with respect to line and staff relationships.

- . Operating and administrative processes, while generally sound as articulated in manuals and regulations, are too often modified or circumscribed in practice. The momentum of past practice tends to persist. Many administrative procedures continue to be cumbersome and insensitive to program priorities; implementation actions are frequently ponderous and drawn out.
- . Staff offices that have been assigned responsibility for the formulation of basic policies to govern and focus actions in the regional bureaus have generally failed to perform adequately.
- . Many broad decision-making powers on final approval of programs and projects, and their implementation, have been widely delegated to regional offices and missions. But onerous and unnecessary clearances with headquarters, vis-a-vis field missions, or with higher authority for headquarter units, are required for the minutiae of administration. This is particularly true in the field of personnel and contract execution.
- . Manpower is not always well utilized and there are many situations in which persons occupying positions requiring superior professional skills are being diverted to lower level administrative chores. This ministerial level of work is being carried on at the expense of applying their skills to the more vital functions of program and project review and implementation.
- . Evaluation of program results, and exploiting the judgment and experience derived therefrom in program planning and development, has been a notorious weakness of AID and its predecessor agencies. There is insufficient cross-fertilization of ideas and techniques largely because evaluative efforts, although frequently intensive, have been uneven in the absence of a clear focus of responsibility for coordinating such efforts and assuring effective follow-up and use of findings.

These various shortfalls are discussed and amplified in subsequent chapters with proposals for their remedy.

6. AID NEEDS TO PRESERVE BASIC STRENGTHS WHILE CONTINUING ITS DRIVE FOR ADMINISTRATIVE IMPROVEMENT

AID has come a long way on the road to improvement in the direction of a strong, unified, and effective agency. Much yet remains to be done in the way of refinement, adjustment, and modification. After a history of upsetting changes and realignments, AID needs a period of freedom from the threat of sweeping readjustments. Some change is unavoidable, both for purposes of conforming to shifting program emphasis and for reasons of efficiency. However, these should be effected within the basic pattern of present operating structures and relationships.

The following proposed measures, representing highlights of our recommendations, are designed to capitalize on present strengths and trends in the organization while advancing toward ever higher standards of administrative performance.

- . Intensify the policy of contracting for technical assistance projects and encourage the wider use of participating agency service agreements with commensurate reduction of direct hire personnel.
- . Strengthen the private enterprise function both in terms of program emphasis and manpower.
- . Broaden the program leadership and oversight responsibilities of the Office of Program Coordination, recasting it in an overall staff capacity.

- . Establish a new Bureau for Institutional Development and Research by revitalizing and upgrading the present Office of Technical Cooperation and Research; provide for selective, intensive review of technical assistance projects and vest responsibility for coordination of proposed technical assistance contracting relationships therein.
- . Establish a new Bureau for Program Logistics to embrace all program support functions with attendant organizational adjustments.
- . Rationalize Food for Peace responsibilities by transferring (1) resource allocation functions to the Office of Program Policy and Coordination and (2) program negotiation and implementation functions to the regional bureaus.
- . Effect other principal organizational transfers as follows:
  - Industrial Development, Transportation, and Housing Service (TCR) and the Office of Engineering to the proposed Bureau for Capital Development and Private Enterprise
  - The Office of Labor Affairs and the Office of Public Safety to the Bureau for Institutional Development and Research
  - Office of International Training to the Bureau for Institutional Development and Research
  - All program reporting functions other than those clearly in the Controller's area to the Office of Program Policy and Coordination
- . Develop a more comprehensive and meaningful system of management reports reflecting program status and identifying incipient problems for better agency control by top management.
- . Intensify and accelerate the process of delegating functions and authorities to field missions; adopt the policy of encouraging wide flexibility and the exercise of discretionary judgment at operating levels, within policy and management controls.

- . Instruct regional officers to exercise powers of intervention and decision in contracting matters; expedite the contracting process by placing technical contracting officers in a supportive rather than judgmental role.
  
- . Continue working toward an AID career service; maximize personnel utilization by vesting control over the recruitment, placement, and assignment of career categories of staff in the central personnel office; and strengthen headquarters personnel management by clarifying and improving internal organization structure and operating procedures.

These and related proposals are presented in detail in the chapters to follow.

## II. MANAGEMENT IMPLICATIONS OF EMERGING POLICY AND PROGRAM TRENDS

Because AID operates in the unpredictable environment of developing countries, programs and measures must be flexible as continuing efforts are made to be responsive to changing needs. The stage of economic development in host countries ranging from the rudimentary to those approaching maturity will be a prime determinant of the program best tailored to prospective growth. Furthermore, AID itself is constantly sharpening its tools and introducing improved program techniques and emphasis. It is one of the hallmarks of the foreign assistance program that the agency has sought to adjust its program measures to evolving country economic and political situations with reasonable promptness and success.

The administrative implications of shifting programs have not, however, always been carefully analyzed in advance and plans made early to accommodate indicated changes. Steps to adjust personnel resources, organization structures, and administrative systems have often lagged. Processes and people are frequently less resilient than ideas, and former patterns tend to prevail sometimes long after concepts and policies have been revised. Furthermore, policies or programs

are sometimes changed without considering administrative feasibilities and the prospective effect on established procedures and workloads.

Since the agency's organization structure and operating practices should faithfully reflect program content, this chapter analyzes current trends and prospective shifts in substantive policies and activities as a guide to future structural adjustments and manpower allocations.

1. BALANCED RELIANCE ON PROGRAM AND PROJECT LOANS AND DEVELOPMENT GRANTS WILL LIKELY CONTINUE

Increasing reliance is now being placed on program loans in selected countries, largely for imports of commodities required to sustain production and consumption. There is some difference of opinion among economists concerning the effectiveness of this kind of assistance in fostering the development of productive capacity, as compared to specific capital projects. Nevertheless, there seems to be general agreement within AID that commodity import loans (and other balance of payments assistance) inject money into the economy faster and can be highly effective as an economic stimulant. Many also believe that such program loans generally provide the United States with better leverage opportunities for insisting on concomitant economic and institutional reforms than do capital project loans. It is understood that this device must be used with discrimination, and

for selected countries with sound economic development plans and appropriate institutional facilities.

Program loans are a fast and direct method of providing economic assistance and usually require considerably less intensive involvement in the review and implementation apparatus of AID. Top-level economic analysis is necessary rather than intensive application of established project review and implementation processes. To the extent that program loans are used more extensively in the future and reduce the number of individual project loans and grants, this could lead to a lessening of review and implementation workloads in some offices. This in turn could result in some staff reductions and would place greater emphasis on the need for people with broad economic and financial experience.

It seems more likely, however, to expect that continued heavy use of program loans will not substantially displace project loans or grants, nor operate to diminish the overall scope and emphasis of technical assistance programs. Rather, it is assumed that long-term development objectives will call for a continued and balanced reliance on both program and project types of assistance.

2. THE SHIFT IN RECENT YEARS FROM GRANTS TO LOANS HAS NOT BEEN ACCOMPANIED BY PARALLEL MANPOWER ADJUSTMENTS

In general, loan processes do not receive manpower allocations equivalent to those involved in the careful examination and administration of technical assistance projects. This is true both in AID/Washington and in the field. In part, this is due to recruitment and personnel ceiling problems; in part, it represents the momentum of historic emphasis. The magnitudes involved, however, and the general importance of the function require that loan operations receive more equitable treatment when considering manpower requirements.

3. THE TREND TOWARD CONTRACTING FOR TECHNICAL ASSISTANCE PROJECTS SHOULD BE INTENSIFIED

Technical assistance has been one of the principal tools of economic recovery and development since the inception of the program. While results have not been uniformly outstanding, the weight of evidence supports the view that one of the most effective and useful instruments for achieving social and economic improvement abroad is through the export of our unique managerial experience and technical expertise. The emphasis placed on and significance attached to this program are indicated by the fact that about two-thirds of overseas manpower and about 65% of headquarters personnel are primarily

devoted to technical assistance activities which, however, absorb only some 14% of available funds.

There is strong evidence that the potentially greatest multiplier in the growth of stable, viable nations is the development of the skills, motivations, technology, attitudes, and institutions to permit effective resource utilization. Because of this, it is anticipated that the agency will continue to seek ways to improve the effectiveness of its technical cooperation activities.

Fundamentally, foreign assistance programs have relied largely upon direct hire technical personnel for the conduct of technical assistance programs. From the earliest days, however, there has been some reliance on contracting with private organizations, particularly universities, for the performance of selected technical cooperation assignments. In recent years there has been a policy shift to greater use of contract services, a policy which was given strong impetus by the present Administrator. Congressional mandate and the recent Gardner report\* have also strongly supported this trend.

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\* A.I.D. and the Universities, J. W. Gardner, Agency for International Development, Washington, D. C., April 1964.

The case for more intensive use of technical assistance contracts is admirably and cogently expressed by the Gardner report. It seems axiomatic that the total institutional resources of the nation must be considered as a reservoir of potential contribution in this program. The program is so consequential and vast that nothing but the best individual and institutional talent in the country will suffice. The contractual relationship can be mutually beneficial and enriching and provides a flexibility not resident in the direct hire policy. AID simply cannot expect to recruit either the amount or the level of expertise required within the limitations that exist.

For this reason, we add our voice to those who urge preponderant and more intensive use of the contract procedure. It is recognized that there is an ingrained reluctance within some parts of AID, particularly at the field level, to shifting away from direct employment to staff for technical assistance performance. This predilection in favor of direct hire is partly due to a bias on behalf of doing things themselves as well as a desire to maintain tight control over operations by direct AID personnel. This attitude is also partly due, it is claimed, from certain unfortunate contract experiences.

The remedy, however, is not to discourage the use of contractors, but to select the most competent and responsible institutions and then give them the latitude to do the job with less meticulous surveillance

of the minutiae of contract administration. Technical reviews of contractor progress and accomplishments (as well as the necessary administrative audits) will need to continue. However, this can be done without interfering with contractor performance and losing an overall perspective of accomplishment through unnecessary involvement in details.

It may be expected that a progressively expanding use of contractual agencies and institutions will have these administrative implications:

- . Some reduction in the numbers of direct hire technical personnel required in the agency
- . Less need for highly specialized experts within the agency, relying more on contract personnel for such expert services
- . Greater need for program managers in AID who possess solid technical backgrounds but who are equipped for broad administrative and program responsibilities
- . Less need to divert available technical personnel into recruiting of direct hire personnel and other nonsubstantive activities, although some increased involvement in the arrangement of contract services may be anticipated
- . To some extent, diminishing need for administrative support and logistic services since contracting agencies can be called on to provide much of their own under contract terms

It should not be assumed that increased use of contractor personnel means increased program costs. Recent studies have concluded that the suspected greater cost of doing work by contract is an assumption that has not been proven, and the reverse may well be true. Frequently, the indirect costs of direct hire personnel are not included in cost analyses; comparisons to contract personnel costs are, therefore, misleading. Moreover, recent upward civil service salary adjustments have largely eliminated disparities for comparable services that may have existed before, for all but the very top positions.

As a passing comment derived as a by-product of our review we would like to urge a higher priority for carefully conceived public administration projects in the technical cooperation program. Strengthening the organs of government in developing countries exerts a pervasive effect on all sectors of national life and underpins development efforts in agriculture, industry, education, and all other aspects of social and economic growth. It is our observation that the public administration program needs to be revitalized, expanded, and emphasized along lines designed to enhance capacity for developmental administration. A considerable reorientation and lifting of horizons is in order which would place more emphasis on broad human resource capabilities and less on public management techniques.

4. AN INCREASED USE OF PARTICIPATING AGENCY SERVICE AGREEMENTS FOR PROGRAM TECHNICAL SUPPORT SERVICES SHOULD ALSO BE ANTICIPATED AND ENCOURAGED

Foreign assistance programs have been effectively supported by many federal agencies for many years. AID currently has a number of general and project agreements (PASA's-participating agency service agreements) in effect with several federal agencies under which AID is able to acquire technical personnel, substantive technical back-stopping, and planning and implementation assistance. While there have been, and still are, many problems associated with interagency contracting for professional services, the concept is basically sound and its increasing use should be expected and encouraged in the future.

AID should strengthen its permanent general agreements as a basic framework for interagency cooperation during the renegotiations now under way by TCR. It should also make more intensive use of special agreements for particular projects or programs, identifying the same detail that would normally be included in a contract with a private concern for technical services (viz., objectives of the PASA, accomplishments sought, general activity scope, level and quality of personnel required, cost sharing arrangements, manpower plans, and special administrative arrangements).

The goal should be to delegate, through the PASA, major responsibility for support to be provided under jointly agreed terms and working arrangements, with AID retaining overall accountability and control of the program or project. Increased reliance on the PASA device should serve not only to enrich and strengthen AID's technical assistance program, but should also operate to reduce administrative burdens in ways and degrees similar to those described above for contract services. But if these benefits are to be derived, participating federal agencies must assign a top priority to these activities and encourage their best people to take advantage of opportunities for AID service.

5. AN INCREASING FOCUS AND RELIANCE ON PRIVATE ENTERPRISE AS A DEVELOPMENT TOOL WILL REQUIRE AUGMENTED EMPHASIS

Foreign assistance agencies have always recognized the importance of private enterprise in the development process. AID has articulated policies and programs to this end and has encouraged country planning and programs designed to produce growth of the private sector in less developed countries. It has also expressed the desirable intent to bridge the gap between the American investment potential and foreign opportunities.

While recognizing the importance of private enterprise to the development process, the agency has done very little to give full force and effect to the objective in its operating policies and priorities. Generally, what is being done is performed well. Thus, a good job is being done on investment guarantees, liaison with American business, and information and communication services. However, there appears to be substantially less program emphasis in the field. Leadership and guidance from Washington are weak in terms of specific approaches to the difficult area of fostering industrial and commercial investment. Staff resources are limited in both Washington and the field for this purpose.

We strongly recommend an increasing stress on this function in the future. While recognizing the difficulties attached to any government-to-government program fostering private investment activities, we are convinced that a number of tangible benefits to the development objective can result from a more forceful and positive approach. Measures to be taken include:

Assignment of more manpower to the task, in Washington and in the field, utilizing contracts as appropriate with realistic standards and criteria

- . Selective research and counseling in the techniques, motivations, and practical considerations underlying the establishment of a favorable private enterprise climate in developing countries
- . Innovational thinking about ways of transmitting the American private enterprise system, tailored as necessary but not compromised, into the cultures and political and economic structures of less developed countries
- . Increased emphasis in the formulation of country programs on measures to foster private enterprise

These are challenging tasks, but the consequences of their successful attainment are so favorable, to both the posture of the agency and the success of the United States foreign assistance program, that a sustained effort is justified.

6. A NUMBER OF ADDITIONAL SHIFTS IN PROGRAM EMPHASIS MAY BE ANTICIPATED

In addition to the likely and desirable developments in program scope and composition discussed in each of the sections, there are a number of other shifts in emphasis, and possible new program developments, that are likely to occur in the future. These include the following:

- . An increased emphasis is expected to be placed on the "self-help" principle, both as it applies to specific project considerations and as it applied to aggregate country efforts. This trend should be encouraged to marshall individual country resources, structure incentives, and otherwise foster maximum country development.

- . Increasing emphasis is likely to be put on the long-range projection of U. S. foreign assistance plans, within a framework of global need, global resources, international consequences, and specific United States policy considerations.
- . An expanding effort will need to be made to develop new, different, and better techniques for fostering productive, stable growth and political stability in the less developed areas of the world.

These anticipated shifts in program emphasis will likewise have implications on organization planning, management, and manpower considerations in the future.

7. IN TERMS OF FUTURE PROGRAM SUCCESS, THE GREAT NEED IN AID IS TO SPEED UP AND IMPROVE THE IMPLEMENTATION PROCESS

In the final analysis, the success or failure of foreign assistance will be determined by how effectively AID programs are implemented. It is with respect to this function that AID faces both its greatest opportunity for unique achievement and some of its most enervating problems.

The need for improvement of the implementation process has long been apparent. AID and its predecessor agencies have all been preoccupied with measures for expediting and strengthening the implementation process. It provided one of the principal justifications for the major reorganization in 1961, creating strong regional bureaus

and shortening the lines of communications. These changes aided the implementation process in part, but also introduced a few additional problems and failed to solve others. A continuing need exists to find additional solutions and ways to improve and streamline the implementation process.

Some implementation problems that still require solution include the need to:

- . Improve the contracting function by:
  - Providing a basic framework of agency-wide policy, standards, and criteria within which contracting officers operate
  - Decentralizing contracting to field missions and recipient countries to the maximum practicable extent
  - Emphasizing the contract role as an instrument for advancing major projects rather than strictly as a control device
- . Improve the sensitiveness and capacity of all implementation processes to recognize and respond to differences in priorities of program need and emphasis.
- . Develop an overall pervading sense of urgency in handling implementation actions and impatience with unnecessary stress on form and detail.
- . Focus on Washington-field relationships, seeking to obtain the maximum benefits available from responsible delegation of authority, within the realities of staff limitations, the agency's external accountability, and the public scrutiny applied to most major judgments.

- . Develop new means of exploiting the global experience of the agency in planning and implementing future developmental activities.

The solutions to these implementation problems will place different requirements on the agency's organization structure and its management processes. These are considered in additional detail in subsequent chapters of this report.

8. BROAD AND GRADUAL REDEVELOPMENT OF PERSONNEL IS CALLED FOR TO REFLECT PROGRAM TRENDS

The many trends in AID program scope and emphasis, discussed earlier, will require broad and gradual changes in agency management. A number of structural, process, and manpower changes can be anticipated to accommodate increasing emphasis on:

- . Long-range program planning
- . Effective country development planning
- . Private enterprise promotion
- . Development research and evaluation
- . Use of contract services
- . Implementation actions
- . Further delegation of loan and contract responsibilities to USAID's and country governments, and other projected program developments.

In summary terms, we recommend the following management policy directions as being called for to conform with and accommodate to the program trends presented above:

- . Resort to direct hire of technical and other personnel only on demonstration that no other suitable resource is available for the particular assignment.
- . Gradually reduce the number of direct hire technical personnel; place more emphasis on program manager types; and rely on contractor and PASA arrangements for an increasing proportion of technical staff needs.
- . Strengthen the loan functions in both headquarters and the field with additional qualified manpower.
- . Strengthen the private enterprise function in terms of both program emphasis and manpower.
- . Augment the staff resources and focus responsibility more sharply for program implementation and project surveillance.

In addition to the effects of program requirements on organization and management, a number of administrative factors and principles also exert strong influences. These are discussed in the next chapter.

### III. ADMINISTRATIVE FACTORS AND PRINCIPLES AFFECTING AID ORGANIZATIONAL DEVELOPMENT

The present organization and procedures of AID are the product of a long process of reorganization and adjustment over the years in which different administrative concepts have been pursued under a succession of administrative leaders. The power structure or balance of influence in subordinate organization under the Administrator has changed periodically, depending upon personalities, program emphases, and formal structural patterns.

For some years prior to 1961, the major influences on policy and program approval were exercised by top agency program staff and technical personnel in the various specialties of agriculture, health, public service, and so forth, organized along strong functional lines. The regional and country operations were, despite strong formal mandates, relatively weak and served largely in an administrative, coordinating, and clearinghouse role.

Since 1961, the basic operating powers of AID have been substantially delegated to the regional bureaus. For the most part, and with some specific exceptions, agency-wide functional and support

offices have been effectively removed from the decisional process with respect to programs and projects. Their contribution to sector and project content is now marginal in most cases. Personnel management, contracting, and other services directly bearing on operations have also been substantially decentralized to the regions.

This section of the report evaluates the present organization structure and operating procedures, identifies strengths and weaknesses, and suggests considerations which should govern the future direction of organizational development.

1. THE PRESENT BASIC OPERATING PATTERN SHOULD BE RECONFIRMED, WITH SOME MODIFICATION IN THE POWER BALANCE

The basic concept of operating through strong regional entities under officers with the status and title of Assistant Administrator is dictated by the scope and nature of AID's mission. While broad overall policies and program objectives are indispensable, it is essential that the organization be so arranged as to facilitate the tailoring of programs which are responsive to the distinctive requirements of differing regions and the discrete needs of particular countries. This can best be done by regional organizations which concentrate on geographic areas with generally similar cultural, economic, and political patterns.

Experience with the 4 regional offices of AID in the last 2 or 3 years has demonstrated a number of tangible advantages:

- . Massive operations are divided into more manageable segments.
- . Responsibility for results is clearly fixed.
- . Lines of responsible authority from the Administrator to the field missions are direct and clear.
- . There is greater assurance of program consistency and validity by regions and countries.
- . Decisional processes are less attenuated.
- . United States policy coordination is made more effective by organizing AID regions in a manner similar to the global grouping of countries employed by the State Department.

These are important benefits which should be preserved in any refinement or adjustment of the organization in the future. At the same time, it should be noted that the strengthening of the regions has been achieved at some significant weakening of the staff organizations which are intended to give policy guidance and program consistency to the entire operation. In some respects, the regions are too self-contained, rely excessively on their own resources, do not always take full advantage of more global experience and insights in central staff groups, and tend to follow the letter rather than the spirit of procedural requirements. These are generalizations from

which notable exceptions may be cited. But a better accommodation and power balance is needed while maintaining the operating concept of strong regional administration.

2. MANAGEMENT BY DELEGATION MUST REST ON A SOUND STRUCTURE OF ORGANIZATION AND BE ACCOMPANIED BY STRONG POLICY AND MANAGEMENT CONTROLS

The formidable size of the foreign assistance program and the ramifying scope of operations leave no feasible alternative to a policy of management by delegation. Substantial delegations have already been effected by the Administrator throughout the range of functions. In some areas and for some functions these should perhaps even be extended. There are other areas in which it is possible that delegation has gone too far and does not give adequate opportunity for top agency administrators to make precedent or important decisions. Furthermore, these are cases in which first-line officers have failed to redelegate appropriate sectors of authority to subordinate offices and field missions, clinging to practices of central control over minutiae which are not consistent with sound administrative doctrine and which distort control priorities. Whatever the defects in the present system, the point made here is that AID has wisely followed the principle of management by delegation.

A broad delegation of powers and authorities, however, does not and should not mean the relinquishing of surveillance or control on the part of top management. The danger implicit in strong regional operations is that the geographic offices may tend to operate as semiautonomous entities with disparate operating policies and processes. To assure that the entire agency operates as a unified entity under a managerial policy of delegation and decentralization, the system must embody these prerequisites:

- . The formulation and articulation of clear, distinct objectives and policies based on perceptive long-range as well as short-range planning
- . An organization structure which assures the balanced contribution of economic insights, management feasibilities, technical expertise, and regional perspectives, with unified impact
- . The establishment of management policies covering personnel, contracting, and other supportive services which are sufficiently definitive and meaningful as to effectively govern their performance
- . The continuous evaluation of program results, with provision for sustained feedback of experience into both policy and operations
- . The development of a system of reporting which assures that top management is kept informed of progress and incipient problems in order to permit timely action

Thus, concomitant with the wide practice of delegation, there must be an organization pattern and a system of policy and management controls which, to the maximum extent feasible, not only

provide internal coordination, but also assure that transcendent issues are identified and referred or called up for top decision. The present organization is deficient in several of these important respects. Some functions are recognized but not performed adequately. Others are not adequately recognized or provided for. Furthermore, the present organization tends to be diffuse, thereby placing an excessive burden of coordination on top management both with respect to the various facets of the programming function and with respect to staff office - regional bureau relationships.

### 3. EVALUATION IS SPORADIC, WITH LITTLE FEEDBACK

It has often been said that AID has an inadequate memory. Evaluation reports on projects in process or completed are scarce, and what has been done tends to go into the files and disappear. Moreover, files become incomplete and their contents lost over the years.

In spite of substantial evaluation efforts, frequently on an ad hoc basis, it is still true that AID has not yet developed a systematic process to appraise the consequences and results of its program operations and to exploit the rich accumulated experience of the agency. Self-evaluation on the part of the missions tends to be of secondary importance and is frequently relegated to a low priority

in the pressures of current events. Conversely, the missions are not given the benefit of the distilled knowledge gained over the past 10 or 15 years of operation. There is little joint planning or feedback of earlier successes and failures into the current review processes.

Administrative audits, a form of evaluation, serve necessary fiscal and other administrative purposes but often fail to receive proper executive attention in either AID/Washington or the missions. Special teams created for specific evaluation tasks have also been used. While frequently of substantial value, the findings of such teams can represent uneven bases for comparing evaluation findings and frequently introduce the prejudices and parochial views of individual team members. Moreover, an inordinate amount of time and energy is occasionally required on the part of mission and Washington personnel to acquaint, inform, interpret, and accommodate the team.

Many other types of evaluation devices and techniques have been used over the years, and others are being proposed. There is clear need to organize the overall evaluation mechanisms of the agency into a systematic process that will produce critical findings that are shared by the agency in many useful ways and become a part of tomorrow's planning resources.

4. MANAGEMENT REPORTING IS UNSTRUCTURED,  
STATISTICALLY ORIENTED, AND NOT PROPERLY RELATED  
TO THE PROGRAM FUNCTION

There is at the present time no organization unit in AID specifically vested with the responsibility for establishing and maintaining a comprehensive management reporting system consciously oriented to the Administrator's need.

The Statistics and Reports Division has a limited function and does not embrace the range of program progress reporting needed by the Administrator in order to keep current on present status and to be given early warning of potential shortfalls in performance. By and large, the reports the top management group receive are primarily compilations of statistical detail, with relatively little analysis and interpretation of the significance of the data being reported. While the statistical reports are generally well designed and in substantial detail, they do not give top management an overview which can quickly isolate areas requiring early attention.

The present status of management reporting and the contours of an effective and systematic management reporting system will be discussed more fully subsequently. What is intended to be emphasized here is the clear and distinct need for further refinement of the agency's important management reporting services.

A key organizational need is to assign specific responsibility for the fundamental features of an effective management information system: program analysis and reports control. The function should be located in the program staff area where it can serve to enrich and buttress the planning, policy, and evaluation processes of the agency.

5. STAFF FUNCTIONS AFFECTING PROGRAM AND PROJECT VALIDITY ARE DIFFUSED AND LACK FOCUS

It is in the nature of AID operations that a number of diverse elements and considerations must be fused into a cohesive process for program and project determination. Even with this requirement, however, under the present plan of organization, the various structural components of the staff policy and programming process are too widely dispersed. These contributing elements embrace not only the Office of Program Coordination, but some or all of the following units as well:

- . Office of Technical Cooperation and Research
- . Office of Public Safety
- . Office of Labor Affairs
- . Office of Development Finance and Private Enterprise
- . Office of Material Resources
- . Office of Engineering

There needs to be a clearer designation of unified responsibility for coordinated overall program policy and program review below the level of the Administrator. Through the use of such devices as the long-range assistance strategies (LAS) and shorter range strategy and country program reviews, the agency seeks to accomplish such effective coordination. However, this periodic focus of the many contributing elements of the agency on a country program takes place only at long intervals, usually not more than once annually. Furthermore, the process fails to answer the need for:

- . Balanced emphasis in the policy and program guidance supplied to regions and country missions on a continuing basis
- . Consistency in policy interpretation and guidance in program planning
- . Balance in the emphasis and influence afforded to the several technical staff offices and their relative impact on policy and program decisions

One of the principal consequences of this lack of a strong unifying influence at staff levels is that the several staff units in their separate and discrete workings do not make a significant impact as a coordinating force on the regions. Thus, there is something less than fully integrated and sustained consideration of

all factors bearing on the adequacy and suitability of particular programs, their responsiveness to need, and their conformance to policy and objectives.

Other comments about staff offices generally:

- . There is an unnecessarily large number of implementing responsibilities assigned to some staff policy offices.
- . There is an inconsistent pattern of relationships with corresponding staff and service units in the regional bureaus.

6. THE OFFICE OF PROGRAM COORDINATION IS STRONG, BUT FALLS SHORT OF PROVIDING COMPREHENSIVE PROGRAM INTEGRATION

This office has greatly strengthened the economic validity of programs and projects. It is strongly oriented, however, to specialized economic approaches concerned with developmental planning and tends to give disproportionate emphasis to this aspect of policy throughout the entire agency.

The Office of Program Coordination (O/PC) does not purport and does not have a clear mandate to encompass the totality of development policy and program planning responsibilities for the entire agency. It has on occasion served to coordinate such staff functions, but with uneven and unsustained focus. Thus, it has tended to concentrate on the utility and validity of program loans more than it has given attention to the whole field of technical assistance.

The coordinating and program policy functions of this office, or its successor unit, need to be both clarified and broadened.

7. THE CENTRAL TECHNICAL SERVICE FUNCTION IS WEAK AND LARGELY DIVERTED TO OPERATIONAL FUNCTIONS OUTSIDE THE MAINSTREAM OF PROGRAM FORMULATION

TCR was stripped of many of its better personnel after the 1961 reorganization, with most of its experienced staff placed in regional technical service offices. In spite of strong efforts, it has not been able to regain its original level of technical competence.

The role of the Office of Technical Cooperation and Research (TCR) was reasonably well conceived in 1961 when it was revamped as part of the reorganization. The formal assignment of responsibilities was sound and it was given a clear mandate to participate in the programming process. In broad terms, its functions were and are defined to include:

- . Technical subject-matter leadership and backstopping in such areas as: agriculture, natural resources, public administration, health, education, community development, industry, housing, transportation, and other areas
- . External agency relationships in these fields
- . Research and technical communications
- . Evaluation

However, with notable exceptions, particularly in the fields of health and rural development (agriculture), its contribution has become minimal and it does not serve now as an effective force for proficiency, coordination, and program leadership in technical cooperation. This unfortunate circumstance has come about because of a number of interacting factors:

- . TCR's current role is in practice somewhat ambiguous.
- . Strong regional bureaus have not relied on TCR services and, except occasionally, have not requested services or assistance.
- . Staff inadequacies have been both a causal factor and a result of this lack of contribution or lack of opportunity to contribute.
- . Partly to compensate for the lack of program participation, TCR seems to be preoccupied with many operating responsibilities and is further diverted from its primary function of technical leadership in most sectors.

Thus TCR, in addition to uneven staffing and a collection of operating functions (like the Central Book Fund, American Schools and Hospitals Abroad, and English as a Second Language), has not been able to formulate a role which would make it an indispensable part of the whole policy and program stream. Its own deficiencies have been real and these have been magnified by the skeptical attitude of the regions and country missions generally. Beyond

this, however, is the fact that its limited role has not succeeded in bringing TCR into a meaningful relationship with the central program and policy flow.

The potential roles of TCR and other technical staff services, are real and necessary. They should be grouped so as to obtain a maximum mutual reinforcement of their technical expertise, and to backstop most effectively the substantive programs they appropriately complement.

8. SPECIAL FUNCTIONAL OFFICES FURTHER FRAGMENT TECHNICAL LEADERSHIP AND PRODUCE DISPARATE OPERATING ARRANGEMENTS

There are several technical service offices that operate outside the TCR framework under different mandates and authorities. There is wide disparity in the responsibilities and operating relationships assigned to these units. These include the:

- . Office of Public Safety
- . Office of Labor Affairs
- . Office of Engineering

The Office of Public Safety is responsible for technical direction concerning the development and implementation of programs and projects designed to strengthen the capacities of host countries for maintaining internal law and order. At one time, the function

was located within the Office of Technical Cooperation and Research, but the office now reports directly to the Administrator.

Public safety was separated from other technical activities some time ago and given special organizational status on recommendation to the President of a Cabinet-level committee which expressed the need for imparting reinforced emphasis and drive to internal security measures in developing countries. The Office of Public Safety now administers a discrete operating program largely outside the normal program stream. While resource allocation and other overall limitations apply, the office nevertheless operates with substantial independence.

There may well have been and there may continue to be valid reasons for such special treatment of this function. From a management point of view, however, it is no more unique or indispensable than many other elements of country development and should be considered an integral part of the regular programming and operational process. Special organizational status is not required to preserve program thrust--AID has well proven that it is aware of the importance of the program and will continue to give it commensurate emphasis. It may even be argued that bringing this function back into the normal operating plan can serve to rekindle a higher sense

of responsibility and participation by the missions and regions which now consider the activity somewhat removed from them.

Since the purpose of the special status has now been accomplished, namely, to impart adequate emphasis in the AID program scope, we recommend that structure be rationalized by bringing O/PS back into its appropriate association with other technical services. It is recognized that transcendent considerations may still require special status for O/PS apart from conventional organizational principles. But we urge this unifying measure in the interest of minimizing dispersive factors in the present structure.

The Office of Labor Affairs is responsible for providing the Administrator with top-level advice and guidance upon the implications of AID programs for the international and host country labor movement. Separate organizational status was accorded the office to assure that adequate emphasis is given to labor and manpower resource development considerations in country and regional programs.

While the establishment of the Office of Labor Affairs has provided necessary status and recognition to the function, such distinction from a management viewpoint now distorts its place within the total scope of agency activities. Labor considerations

should also be an integral part of the programming process and should be infused at all levels and stages rather than primarily on the occasion of review at the Administrator's level through a separate staff office operating independently from other central technical services.

We, accordingly, recommend that this function be placed in the appropriate central technical staff. Here, too, considerations beyond organizational and management factors may require continued special treatment. But, in our judgment, the entire AID operation will benefit from unification of this important program component.

The Office of Engineering serves an important agency function. AID is involved heavily in major activities throughout the world requiring high-level engineering expertise. Its development loan activities alone require major inputs of engineering judgment at all levels within AID--especially in the regional bureaus.

The reorganization of 1961 decentralized engineering services to the regions. This was a sound move to insure that engineering competence was introduced into programs and projects during early review stages. There is, however, need also for top-level engineering judgment at the central level to insure that consistent

policies and standards are formulated and observed with respect to engineering practices. Additionally, there should be a center for liaison with the engineering community as well as provision for highly specialized services not available in the regions.

Regional bureaus tend to bypass or ignore the central Office of Engineering. In part, this is because of a desire to maintain regional self-sufficiency, and in part because the regions claim that no useful contribution is afforded by the Office of Engineering. This attitude, whether justified or not, in no way diminishes the need for a high standard of engineering proficiency in the central office and for its full participation in program and project review, either directly on a selective basis, or through effective policy.

Once again, from the viewpoint of sound organization, there is no more overriding justification for assigning special status to the Office of Engineering than there is for many other technical functions. Its closer alignment to other services concerned with technical adequacy can be mutually reinforcing. We, therefore, recommend that the office be relocated in the staff office concerned with capital development where its special talents can be applied directly and with greatest impact in the development loan policy formulation and review process.

In summary, we propose that all three of these special functions be brought directly into the program structure. We believe the best interests of AID will be served if they are now reassigned to their appropriate locus in the organization where they can make the greatest contribution.

9. THE PRIMARY NEED IS TO PROVIDE A STRONGER, MORE EFFECTIVE MECHANISM FOR ASSURING CONSISTENT POLICY PLANNING, PROGRAM FORMULATION, EVALUATION, AND REPORTING THROUGHOUT THE AGENCY

The primary focus of AID is toward the achievement of meaningful progress through the program operations of overseas missions. Every facet of AID organization and management is oriented to this purpose. None contributes more directly to its realization than the functions of overall policy formulation, program planning, and implementation.

Program planning and implementation take place at all levels of the agency. They proceed downward from the Administrator to country missions in the form of policy guidance, upward from country missions in the form of analysis and plans, and in both directions to arrive at agreed program levels and scope. The emphasis applied to these tasks, and the involvement of the several organization levels of AID vary both with respect to the elements of country programs and with respect to the priorities assigned to country programs.

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There can be no simple, consistent pattern of involvement in all instances. However, there must be well-articulated organizational responsibilities and management processes for assuring that whatever pattern of involvement is followed, a consistent and high-quality program planning, program formulation, evaluation, and reporting result is achieved throughout the agency. In our judgment, present organization arrangements and management processes do not provide adequate assurance to the Administrator if these conditions prevail to the desired degree of consistency and quality.

While the Administrator is not expected to involve himself in all agency program matters, he does exercise a unique accountability for all such matters. He can and has, generously delegated authorities and responsibilities to staff offices, regional bureaus, and field missions, but he cannot and has not delegated his overall accountability.

Consequently, the exercise of prudent executive leadership requires that the Administrator take whatever steps he feels necessary to assure himself that:

- . Adequate program policies are established and followed
- . Acceptable standards of quality and comprehensiveness are achieved in program planning and implementation
- . The pace and scope of program accomplishments are adequate

It is our general conclusion that the Administrator requires further assurance that all essential elements of the agency's program process are receiving balanced and adequate attention. Overall, there is need to make more positive the assignment of more general responsibility in a central staff which can assist the Administrator by exercising a broad overview of all matters pertaining to program planning and implementation. What is suggested is in the nature of a general staff to engage in a range of functions from policy to surveillance of results in a monitoring and "eyes and ears" capacity.

Such a staff facility is not inconsistent with the pattern of strong regional operations. Rather, such a general staff would provide a necessary centripetal force to counterbalance the unavoidable and even desirable centrifugal thrust of the geographic units. Recommended actions to meet these needs will be discussed in following chapters.

10. STAFF SHORTAGES HAVE IMPAIRED THE CAPABILITY OF DFPE TO CONTRIBUTE ITS FULL POTENTIAL TO ENCOURAGEMENT OF PRIVATE ENTERPRISE

The Office of Development Finance and Private Enterprise (DFPE) has been assigned a combination of operating and staff functions but with insufficient resources to perform both. As

usually happens in such circumstances, the operating functions have tended to suppress or minimize the staff functions. Investment guarantees and investment surveys appear to be handled in a very creditable manner. DFPE also is making a substantial contribution to strengthening the review process for capital development loans.

The leadership of DFPE is fully aware of the importance, to the achievement of AID's objectives in the less developed countries, of expanding private enterprise--both indigenous and foreign--and appears fully capable of directing a meaningful attack on the problems impeding such development. As already noted, necessary staff resources have not, however, been provided in either AID/Washington or in the field.

The DFPE is performing an essential function in the AID framework and its organizational status and responsibilities must be not only preserved but strengthened in any restructuring of the general program area. But its primary need is an adequate staff both to support its loan functions and to permit the assumption of strong leadership on the private enterprise front.

11. PROGRAM SUPPORT FUNCTIONS SHOULD BE BETTER RATIONALIZED AND THEIR SERVICE ROLE EMPHASIZED

At present, the Office of Material Resources (O/MR) is responsible for a miscellany of functions. These functions are largely, but by no means exclusively, of a program support character. Notable exceptions are the Food for Peace Division, which is heavily engaged in the programming and implementation processes, and the International Cooperative Development Service, which performs functions much like those assigned to TCR and DFPE in other fields of activity. A better rationalization of the program support functions is desirable in any organizational revision, and further clarification of role and relationships is also called for.

The principal deficiency of O/MR has been its general failure to carry out its mandate for the development of policies and standards governing contract services. This failure has severely hampered the operations of the agency. Its rectification offers one of the principal opportunities to AID for expediting and improving the entire implementation procedure.

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The above presentation of issues and problems provides the premises and considerations upon which specific organizational recommendations are presented in the next chapter.

#### IV. PROPOSED BASIC PLAN OF ORGANIZATION

The basic test of any plan of organization and system of administration is whether they free the energies and creative abilities of staff to perform carefully delineated functions under reasonable, but firm and explicit, controls and coordinative mechanisms. A far-flung and ramified organization conducting a vast program and embracing a wide range of activities like AID is peculiarly dependent on sound organization to channel productive effort.

Our analysis of the AID organization convinces us that no fundamental revision is warranted or required. Nevertheless, there are a number of important adjustments which can and should be made in the interest of producing a more sharply focused organization and providing improved opportunities for coordination, more logical functional groupings, and better balance among functions. Our primary objectives in suggesting a number of organizational adjustments are the following:

- . To provide a mechanism for the more comprehensive fusion of all planning, policy, and resource allocation functions below the level of the Administrator
- . To assign primary organization status to those functions and responsibilities which are central to AID objectives

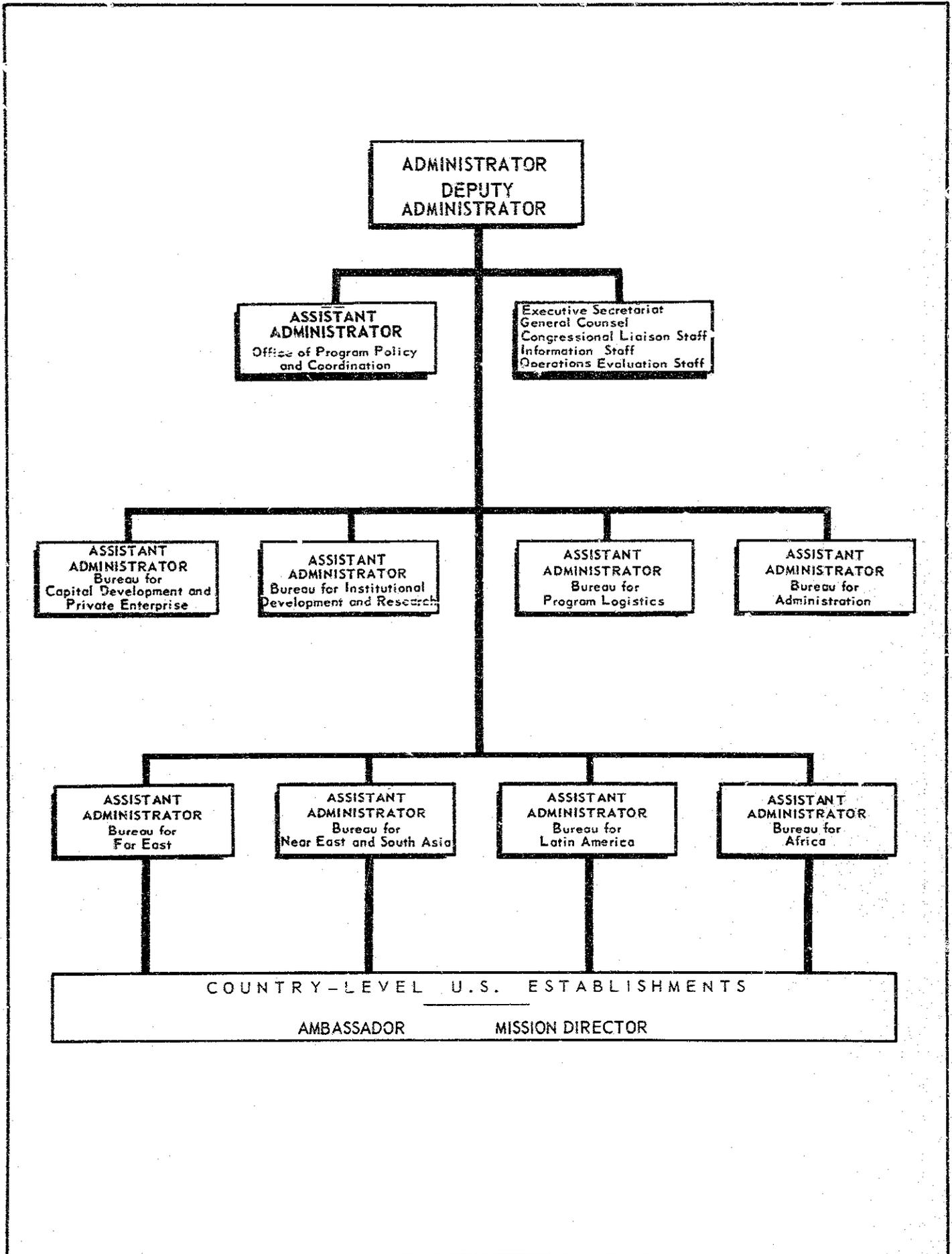
- . To realign certain functions in conformity with the principle of unity of purpose
- . To decentralize further a number of operations now vested in staff units, placing such functions in regional bureaus
- . To strengthen the focus on progress evaluation and program reporting functions

The recommended plan of organization is portrayed graphically in Exhibit I, following this page. The specific proposals designed to solve the problems and rectify inadequacies cited in the preceding chapters are discussed in the balance of this chapter. It should be emphasized that the several proposals are described primarily in concept without the definitive treatment that can only be applied after further delineation incident to implementation measures.

1. BROADEN THE PROGRAM LEADERSHIP AND OVERSIGHT RESPONSIBILITIES OF THE OFFICE OF PROGRAM COORDINATION AND RECAST IN AN OVERALL STAFF CAPACITY

In our judgment, the primary structural need of the agency is to clarify and strengthen overall program leadership responsibilities. It is our recommendation that this be accomplished by broadening the scope of responsibilities of the Office of Program Coordination as a principal staff arm of the Administrator. The office should be retitled: Office of Program Policy and Coordination (PPC) to reflect its broader role and should be directed by an Assistant Administrator.

AGENCY FOR INTERNATIONAL DEVELOPMENT  
 PROPOSED ORGANIZATION OF THE AGENCY FOR  
 INTERNATIONAL DEVELOPMENT



Basically, the new office should continue to perform the functions now assigned to the Office of Program Coordination, placing increased emphasis on the evaluation of overall program accomplishments, review of implementation progress, and long-range program planning. A detailed description of functions recommended for PPC is included as Appendix A to this report. In summary, the new office should perform the following functions as the immediate substantive staff arm of the Administrator:

- . Formulate and maintain basic agency policies relating to program planning, implementation, and evaluation; review and evaluate all agency policies originated within the agency to ascertain their impact on program
- . Prepare proposals for basic resource allocation among regions and countries
- . Develop general long-range program plans for the agency; and provide overall guidance for, and overview of, the preparation of long-range program plans for participating countries
- . Provide economic planning assistance to the agency
- . Maintain external liaison for the agency in broad program and global economic matters (viz., P. L. 480, IDOS, military, excluding technical fields)
- . Prepare basic agency-wide guidelines for the preparation of annual country program plans and budgets
- . Provide a general overview of the preparation, review, and approval of all annual country program plans and budgets, bringing selected CAP's (and occasionally, selected projects) to the Administrator for review and approval

- . Prepare the annual agency budget; assist in its submission to the executive branch and the Congress
- . Establish and conduct an economic, statistical, and program reporting system for the agency
- . Provide a selective evaluation of program implementation working with and through the regional bureaus
- . Conduct a formal annual evaluation of broad program accomplishments

The intent is not to prescribe functions for the broadened PPC that duplicate or substitute for any program functions performed basically at the country or regional bureau levels, except to the extent determined by the Administrator (LAS reviews, for example). Similarly, there will be selected instances in which it is felt necessary by the Program Assistant Administrator to focus more than the usual overview attention to specific country programs and possibly selected projects, in order adequately to represent the Administrator and to keep informed on the activities of the agency in program planning and implementation matters.

The nucleus of the proposed Office of Program Policy and Coordination should be the present O/PC. All functions and units currently included in O/PC would be absorbed in the new PPC. In addition, the following units should be transferred to the PPC as being

directly relevant to and supportive of the basic program, policy, and reporting functions vested therein:

- . National Accounts and Finance Branch (SRD/NAF)
- . Country Economic Data Branch (SRD/CED)
- . P.L. 480 policy, global planning, and inter-agency liaison functions of the Food for Peace Division (MR/FFP)

The present internal structure of O/PC is diffuse. The absorption of these additional functions will both require and offer the opportunity for further consideration of divisional organization and more precise definition of assigned responsibilities.

2. ESTABLISH A NEW BUREAU FOR INSTITUTIONAL DEVELOPMENT AND RESEARCH TO REPLACE AND UPGRADE THE PRESENT OFFICE OF TECHNICAL COOPERATION AND RESEARCH

Substantial strengthening of the top technical services of the agency is a major component of any further improvement program in AID administration. It is our recommendation that this be accomplished by reorienting the focus of TCR responsibilities on a fewer number of technical services, upgrading the scope and level of technical back-stopping, and incorporating certain additional functional areas into a new unit titled: Bureau for Institutional Development and Research (IDR).

The concept of this bureau is to bring together in a single concentrated unit the key technical talent of the agency concerned with human resources development, communications, and other social and behavioral aspects of technical assistance programs. This would include the following areas from present TCR:

- . Rural development, including agriculture, natural resources, and community development
- . Health services
- . Population and demographic services
- . Education and human resources development services
- . Public administration services
- . Communications services

(Note: Other TCR functions are proposed for transfer to the Bureau for Capital Development and Private Enterprise.)

In addition, it is proposed to transfer the Office of International Training (O/IT) from its present location where it reports to the Assistant Administrator for Administration. The activities of this office are largely determined by mission requirements arising from program implementation. While the bulk of its activities consists of ministerial type operations involved in handling the logistics of a large volume of trainees, discretion is involved in assigning trainees to suitable institutions and arranging appropriate curricula. Participant

training is an important function which, if properly geared to discrete program needs, can make an even more significant contribution to AID objectives.

There is no uniquely suitable functional home for this office. It could well be left where it is because of its concern with a wide range of administrative arrangements. It can also be argued that O/IT represents a program support operation and that it should, therefore, be transferred to the Bureau for Program Logistics. On balance, however, we are inclined to emphasize the positive and substantive aspects of O/IT rather than its ministerial functions and to believe that this important program will gain strength and guidance from the organizational setting provided by IDR. This bureau has extensive relationships with the educational community and is directly involved with many of the programs which give rise to training needs for foreign nationals. IDR can, therefore, provide a hospitable and knowledgeable environment of supervision for O/IT, and its transfer there is accordingly recommended.

It is further recommended that the International Cooperative Development Service (MR/ICDS) be transferred to IDR. There is a sound basis for associating this function with the private enterprise activities of DFPE. On balance, however, we believe that the

institutional development character of ICDS responsibilities together with the fact that its activities are largely related to the agricultural sector argue for its preferred location in the IDR setting.

Likewise, we propose that the policy and overall technical support functions of the Offices of Labor Affairs and Public Safety be merged herein, as previously discussed. The talents required for all the above areas are similar in nature, compatible, and mutually reinforcing.

Overall coordination of all agency research activities, as well as the planning and management of research associated with the above technical fields, should be assigned to this bureau because of both current emphasis and location in TCR, and the fact that the bulk of agency research falls into the fields assigned to IDR.

The proposed functions to be performed by IDR are necessarily diverse and broad. They are detailed in Appendix B to this report, and include the following:

- . Provide broad agency leadership and overview in assigned technical areas
- . Develop and maintain agency-wide technical policies and guidelines; advise PPC on the technical component of basic developmental policies

- . Project long-range plans and requirements for the technical components of foreign assistance programs
- . Perform detailed technical reviews of LAS's and selected review of the technical components of CASS's, Goal Plans, and CAP's.
- . Advise PPC in the preparation of the overall agency annual program and budget
- . Undertake a general review of all new technical projects, and major continuing projects at periodic intervals
- . Undertake a detailed review of selected new projects and major continuing projects
- . Provide technical support and backstopping services for regional bureaus
- . Maintain the principal external relationships of the agency relating to assigned technical fields; provide a general overview of the external liaison functions performed by other AID bureaus and offices
- . Serve as the principal central point of agency contact with universities and other similar contractors
- . Negotiate and administer inter-agency service agreements
- . Coordinate all research activities of the agency
- . Undertake selected research and pilot projects related to assigned technical responsibilities
- . Perform selected evaluations of the technical components of AID programs and projects

In order to give IDR new vitality and traction, and to induce a focus away from a number of operating functions and procedural involvements, the conversion of TCR to IDR should include:

- . A transfer of as many present TCR operating responsibilities as possible to regional bureaus and country missions. Functions relating to the Central Book Fund, American Schools and Hospitals Abroad, English as a Second Language, and other similar TCR projects should be reexamined to this end
- . A substantial reorientation of manpower, involving reassignment of some TCR staff members who are more suited to operating responsibilities than to the more specialized policy and leadership role of IDR recommended for emphasis in the future

With the infusion of a few new and different professional talents into the bureau, IDR should be better equipped to provide the agency with the broad leadership and top expertise required to move toward a high level of technical cooperation achievements.

3. ESTABLISH A NEW BUREAU FOR CAPITAL DEVELOPMENT AND PRIVATE ENTERPRISE WITH SUBSTANTIALLY BROADENED RESPONSIBILITIES

Perhaps no other functions in AID have as much potential for significant breakthrough in program techniques and accomplishment than capital development and private enterprise. In order to provide these with new vitality together with a broader and more related scope of technical responsibilities, and to upgrade their posture within the agency, we recommend that DFPE be merged into a new unit titled: Bureau for Capital Development and Private Enterprise (CDPE), under the direction of an Assistant Administrator.

The proposed status and broader role of CDPE are designed to underscore the importance of expanding private enterprise for the achievement of viable economies and self-sustaining growth rates in the less developed countries. Structural recognition of the role of private enterprise in U. S. foreign assistance programs is, of course, insufficient. Imaginative, soundly conceived, and well-executed projects and programs aimed at creating the environment which will encourage indigenous and foreign private investment are the prerequisite.

Basically, CDPE should continue to be responsible for those functions now formally assigned to DFPE and for extending them to a number of additional technical fields: transportation, industry, housing, engineering, and other special services relating to capital financing, investment banking, and private enterprise promotion. A broader technical leadership and backstopping role is envisaged and recommended.

The details of functions recommended to be performed by CDPE are noted in Appendix C to the report. In summary, it is recommended that the new bureau perform the following:

- . Provide broad agency leadership and overview in assigned technical areas
- . Develop and maintain agency-wide technical policies and guidelines

- . Undertake long-range planning of technical service components of foreign assistance programs
- . Provide technical support and backstopping services in assigned technical areas, including:
  - Industry
  - Transportation
  - Housing
  - Engineering
  - Investment banking
  - Capital project loans
  - Guarantees
- . Administer the agency's responsibilities for private enterprise promotion, investment surveys and information, risk guarantees, and liaison with American business and industry
- . Perform detailed technical reviews of LAS's and selected review of the technical components of CASS's, Goal Plans, and CAP's
- . Advise PPC in the preparation of overall agency annual program and budget instructions
- . Undertake a general review of all new technical projects and major continuing projects at periodic intervals
- . Undertake a detailed review of selected new projects and major continuing projects
- . Maintain the principal external relationships of the agency relating to assigned technical fields; provide a general overview of the external liaison functions performed by other AID bureaus and offices
- . Conduct selected reviews of capital development loans
- . Operate the DLC Secretariat
- . Perform selected technical evaluations of country programs and projects

As previously indicated, it is proposed to transfer and consolidate the following units in CDPE:

- . Office of Engineering
- . Technical service staffs (from TCR):
  - Industry Service
  - Transportation Service
  - Housing Service

It is recognized that this bureau will continue to be responsible for a mixture of staff and operating functions. In the latter category are the review and issuance of investment guarantees and the review of investment surveys. In principle, many of these responsibilities could appropriately be transferred to the regional bureaus. In the future, this should perhaps be the goal. However, these functions are now operating well as they are, and it does not appear wise to disturb present arrangements at this time. Adequate and well-trained staffs would be a prerequisite of such decentralization. These are not now available.

4. RELATIONSHIPS AMONG STAFF OFFICES WILL REQUIRE CAREFUL DELINEATION, WITH PPC SERVING AS THE POINT OF SYNTHESIS

The relationships between the Office of Program Policy and Coordination and the two substantive technical staff bureaus (IDR and

CDPE) will require more careful delineation and further specificity than is possible in this reconnaissance survey, which has concentrated on diagnosis and concepts.

All functions encompassed by the three offices are closely interacting. Even with thoughtful preparation, a period of operating experience will be required to firm up arrangements and relationships which can only be suggested by the foregoing functional descriptions.

It is our intention to establish a strong central staff core for the Administrator in the proposed PPC. But this is not intended to supersede or to subordinate the other offices, although PPC must necessarily operate in a transcendent role of policy and program coordination. The other offices will be expected to initiate policy and plans within their own orbits. These must, however, be validated and coordinated by PPC in terms of total agency interests and from the perspective of the Administrator. Similarly, both IDR and CDPE will have occasion to review programs and projects on referral from the regions. If policy considerations require the Administrator's approval, or should otherwise be referred for his review, these are intended to be submitted through PPC for staff examination and advice in the light of all germane factors. One of PPC's prime obligations is to assure that IDR, CDPE, and other agency resources are adequately brought to bear on policy and program issues or reviews.

Such a relationship as a general staff arm to the Administrator on the part of PPC in no way shortcuts the technical bureaus in their access to and counseling role with top management. Within their discrete areas of responsibility, they should be considered as housing the top knowledge and wisdom of the agency. They represent resources which the Administrator, the regions, and the program office will use, and they will possess certain direct authorities in their own right. They must be free to advise the Administrator, to call matters to his attention, and to appeal for decision. But in matters which cut across policy fields, program sectors, or jurisdictional lines, the administrator should be expected to use his general program staff as the point of synthesis, reconciliation, and balanced evaluation.

A note of caution also needs to be expressed with respect to staff relationships with regional offices. The basic operating responsibilities of the regions should be reaffirmed and they should continue to exercise the broad decisional powers entrusted to them. They must, however, recognize and accept the need for a closer and stronger oversight role by staff offices operating as arms of and on behalf of the Administrator, and they should look upon these offices as valuable resources which can help them do their jobs better.

The staff offices, on their side, must exercise their prerogatives with restraint and with respect for the heavy burden of performance responsibility carried by the regions. Staff should have the right to call for information; and in selected cases which may involve policy or precedent or just important decisions that might not otherwise receive coordinated review or topside attention, they must be able to interpose and extract such from the operating flow. But the regions must not be harassed or confronted with unreasonable demands. They still represent the operating strength of the agency, and their capacity to perform must not be diluted while accepting the unavoidable conditions of superior coordination. At the same time the power structure needs to be brought into somewhat better balance with both groups recognizing the mutuality of their relationships and reasonable limitations on their authority.

5. ESTABLISH A NEW BUREAU FOR PROGRAM LOGISTICS TO EMBRACE ALL PROGRAM SUPPORT FUNCTIONS

The present Office of Material Resources performs a number of essential functions in support of general program operations. These activities are important in their own right and their efficient performance is vital to program success. They must be service-oriented with recognition that their role is to facilitate and strengthen the agency's operational units.

Certain functions now in O/MR should be removed to more suitable association with other relevant functions, while other units should be consolidated in the logistics area. But the complex of functions dealing with logistic support belongs together and appears to be of sufficient importance to warrant bureau status under an Assistant Administrator. At some later time, however, we would urge consideration of an organization plan which would bring under single supervision both the logistics and general administration areas. For the present, however, we propose a dual structure.

It is accordingly recommended that present O/MR be converted to a new Bureau for Program Logistics, with certain transfers in and out as indicated. The core functions of the bureau would be those assigned to the following present O/MR units:

- . Office of Small Business
- . Transportation Resources Division
- . Industrial Resources Division
- . Procurement Policy Staff
- . Government Property Resources Division
- . Voluntary Foreign Aid Service
- . Contract Services Division

The bureau would also continue to provide important leadership to headquarters and field in the area of supply management and would work with GSA on the resolution of problems in this area.

The Food for Peace Division, which now handles AID responsibilities in connection with P. L. 480, is engaged in both resource allocation and logistical duties. Several aspects of the function transcend the scope and nature of the proposed bureau and are now misplaced in O/MR. This refers particularly to FFP functions involving policy formulation and interagency and Congressional liaison which should be transferred to PPC. It is logical that all resource allocation functions be unified for both P. L. 480 and the Foreign Assistance Act since they form integral and related components of basic country assistance programs. It is therefore recommended that these responsibilities be transferred to PPC.

Similarly, implementation functions such as the negotiation of country agreements should be delegated to the respective regional bureaus. These are operating responsibilities which should be carried on by the appropriate country and regional representatives. There should be retained in the Bureau for Program Logistics only those functions currently performed for other types of assistance.

The Contract Procurement and Supply Branch in the General Services Division performs purchasing for the Washington and overseas missions consistent with GSA authority. Most of the purchasing, as much as 90% in dollar volume, concerns commodity procurement and general housekeeping services. It would be appropriate for this function to remain in this branch. However, about 10% of the dollar volume is involved in contracting for professional personnel services paid for from administrative funds, such as data processing consultants. It is recommended that responsibility for negotiating these special types of contracts be transferred to the Contract Services Division, located in the new Bureau for Program Logistics. That office is more likely to have the resources, experience, and expertise that is required to negotiate such contracts.

Finally, it is recommended as previously noted that the functions of the International Cooperative Development Service be transferred from O/MR to the Bureau for Institutional Development and Research. This is strictly a technical service and is now misplaced in O/MR. It should be located in IDR where it can be given the same role and relationships as apply to other technical assistance activities.

6. ASSIGN BUREAU STATUS TO ADMINISTRATIVE FUNCTIONS

Administrative offices are now appropriately grouped under the Assistant Administrator for Administration. These are essential functions which underpin and support the entire AID operation and continue to warrant their primary organizational status in the agency. We propose, however, that these activities be formally grouped in a Bureau for Administration embracing all the internal administrative management programs of AID including organization and methods, financial management, personnel management, and office services.

In order to rationalize the scope of this bureau and to assure better functional unity, the following adjustments are recommended:

- . Abolish the Statistics and Reports Division and transfer its functions as follows:

National Accounts and Finance Branch)to Office of Program  
Country Economic Data Branch )Policy and Coordination

Program Reports Branch to Office of the Controller

- . Transfer the functions of the Management Inspection Staff to the Bureau for Administration for merger with the Office of Security, which should be named the Office of Security and Inspection. Both of these functions are investigatory in nature and should be performed under common direction.

- . Transfer the Office of International Training to the Bureau for Institutional Development and Research as previously indicated.

Attendant upon these several transfers, we propose that the Bureau for Administration consist of the following offices:

- . Office of the Controller
- . Office of Personnel Administration
- . Office of Management Planning
- . Office of Security and Inspection
- . General Services Division

\* \* \* \*

No recommendations are submitted which would change the present arrangement of staff units now attached to the Office of the Administrator. This refers to Executive Secretariat, General Counsel, Congressional Liaison Staff, Information Staff, and Operations Evaluation Staff. There are some problems of relationships involved with some of these units, but our review has not been sufficiently definitive to warrant further comment.

Exhibit II, following this page, summarizes proposed functional transfers and organizational adjustments.

## Agency for International Development

SUMMARY OF PROPOSED FUNCTIONAL TRANSFERS  
AND ORGANIZATIONAL ADJUSTMENTS

<u>FROM</u> Present <u>Office</u>	<u>Function</u>	<u>TO</u> Proposed Bureau or Office
AA/TCR	All present functions, except those specified below:  Industrial Development, Transportation, and Housing Service (IDTH)	AA/IDR  AA/CDPE
AA/DFPE	All functions	AA/CDPE
O/ENGR	All functions	AA/CDPE
O/PS	Staff functions Operating functions	AA/IDR Regional Bureaus
O/LAB	All functions	AA/IDR
AA/MR	All functions except those specified below  <u>International Cooperative Development Service (ICDS)</u>  <u>Food for Peace Division (FFP)</u> Policy formulation program planning, inter-agency and congressional liaison Program negotiation and implementation functions (P. L. 480) Commodity technical services	AA/PL  AA/IDR  AA/PPC Regional Bureaus AA/PL
MIS	All functions	AA/A/S&I
AA/A	All functions except those specified below: <u>Statistics and Reports Division (SRD)</u> National Accounts and Finance Branch Country Economic Data Branch <u>Office of International Training (O/IT)</u>	AA/A  AA/PPC AA/PPC AA/IDR

## V. EXECUTIVE DIRECTION AND CONTROL

In any big and ramifying agency such as AID, the Administrator can be expected to make but a small fraction of the decisions necessary to maintaining a sound and progressive flow of operations. He must not only be sure that he has a mature basis of facts and judgments for his decisions, but that the machinery of administration will produce a subordinate decisional pattern which is consistent with his policies and desires. The Administrator must be free to concentrate on the basic directional functions of planning and policy but cannot be so far detached from the operating stream that he loses touch with reality. Essential to his perspective is finding time for frequent field trips where he can observe and communicate at first hand.

All these requirements place weight upon the devices of management control which permit the Administrator and his deputy to be broadly informed and which facilitate the identification of problems or policies to be dealt with. The administrative structure and management system must produce timely information and early warning of incipient difficulties before available options are foreclosed by swift-running events. There must also be adequate facilities for policy, technical, and administrative surveillance so organized as to

yield to the Administrator the opportunity for making those crucial decisions which give force and precedent to his leadership. AID at the present time does not wholly meet these standards.

1. MANAGEMENT BY DELEGATION REQUIRES AN EFFECTIVE DELEGATION AND PROGRAM CONTROL SYSTEM

From the perspective of the Administrator, good organization and good personnel are imperatives of successful management. A reliable system of financial control is also essential, as well as provision for independent operational inspection and evaluation of actual performance in the field.

In addition, there are two other prerequisites for effective executive direction under a plan which relies preponderantly on management by delegation.

- . A delegation pattern which, while broadly and progressively decentralizing responsibilities down through the hierarchy to the field, reserves precedent and policy decisions to the Administrator as well as those which may embody factors of unusual public or congressional interest.
- . A management and program reporting system which keeps him well informed and which permits him to select those issues on which he wishes to exert his influence and judgment. Intervention in the decisional process must not always be solely at the behest of his subordinates but must be at his own discretion as well.

2. THE BASIC DELEGATION PATTERN IS SOUND, BUT PROVISION SHOULD BE MADE FOR MORE INTENSIVE REVIEW OF TECHNICAL ASSISTANCE PROJECTS AT SUPERIOR LEVELS

The key to any delegation pattern is a clear and unequivocal body of policies authoritatively expressed which serve as governing parameters for subordinate decision-making in particular instances. When policies are clear and explicit, power can be entrusted down the line with relative confidence in its faithful exercise. As already indicated, continuing improvement is needed on the policy-making front in both program and operational areas.

In spite of inadequate policy guidance in some areas and a tendency to retain control over some minutiae, particularly between headquarters and field, the delegation pattern of AID has developed progressively, strongly, and in the right direction. To the outsider, the delegation and redelegation instruments give the impression of being fragmented, ad hoc, and piecemeal. Nevertheless, the process appears to be carefully considered, and delegations are explicitly stated in formal written documents. Certainly there is clear need for clarification, simplification, synthesis, and codification. But the general delegation policy is sound though subject to improvement in some specifics.

No change is recommended in the present regulations governing delegations for the approval of loans and grants. Present provisions for signing off capital assistance proposals up to \$10 million by Regional Assistant Administrators while reserving approval authority to the Administrator above this level are working well and give the Administrator adequate opportunity for policy judgments.

The formal provisions governing technical assistance projects embodied in Manual Order 1323.1 provide that new projects in excess of \$1 million and continuing projects exceeding a total of \$7 million must be approved by the Administrator. Unique projects or those involving new areas or precedents are also to be referred to the Administrator. The norms and criteria for such referral are explicit and well stated.

In practice, however, surprisingly few technical assistance projects are in fact given intensive review by other than the regions and submitted upward for final approval. This may be because regional officers are not sufficiently alert to the provisions of M. O. 1323.1 or because inadequately discriminative judgment is being exercised. In any case, the net effect is that technical cooperation projects are by and large not benefiting from superior policy or technical judgment, and the Administrator is not being given sufficient opportunity to involve himself in the operational flow on important projects, regardless of dollar limits.

We are disposed to recommend a reduction in the present high limits of regional authority with respect to technical assistance projects (up to \$1 million for new and \$7 million for continuing projects). No specific change in the amounts of the formal delegation should be made, however, until more definitive study isolates the levels by type and character which should formally be reserved for top review and approval.

In addition, however, as suggested in Chapter IV, we recommend that the proposed central technical staffs, specifically the Assistant Administrators of IDR and CDPE, be authorized to select out of the headquarters review process those projects which, in their judgment, warrant special analysis before final approval. Such projects should be those most critical in terms of achieving LAS objectives without reference to time or budget cycle or whether new or continuing. The staff bureaus may then choose to advise the regional bureau of their recommendations, or they may wish to advise the Administrator of their views for his further consideration and decision. Further refinement and clarification of this proposal will be required before it is ready for implementation. But such discretionary provision should go far to help the technical offices make their intended contribution to the program and project review process as a staff arm of the Administrator.

3. PROGRAM REPORTING IS NOT SYSTEMATIZED AND IS NOT ORIENTED TO TOP MANAGEMENT NEEDS

Any top executive must rely on the good judgment, sensitivity, and loyalty of his subordinates to keep him informed and to refer matters for his consideration which warrant top attention, even though the matter is covered by formal delegation. AID Assistant Administrators and other executives are conscientious about this matter and refer issues and reports to the Administrator in which they believe he would be, or should be, interested. Furthermore, executive staff meetings, the Operations Review Committee, and other devices are useful to keep information flowing and to identify problems. However, full reliance cannot be placed on these more informal mechanisms in a program as wide and multi-faceted as that engaged in by AID.

The cardinal element in achieving central control of the large-scale and far-flung operations of AID is a meaningful and useful management reporting system. At present, while a mass of operational detail is produced by the organization, it cannot be said, with some exceptions, that a comprehensive and adequate management reporting system exists in the agency.

Instead, AID officials are largely dependent upon a continuous flow of daily activity information obtained through staff meetings,

informal conversations, and review of cables, airgrams, and logs. Although such means of communication are necessary and useful, they do not provide the Administrator and his principal assistants with the full means by which to appraise program and progress results. Equally important, there is little attempt to identify, through periodic reports, anticipated problem areas and the future implications of alternative courses of action.

Principal deficiencies existing in the agency's present reports to the top staff in Washington are as follows:

- . Reports are primarily compilations of statistical detail, with relatively little analysis and interpretation of the significance of the data being reported.
- . Report preparation offices have few guidelines regarding the need of top officials for periodic information. Further, they have only limited recognition of the tremendous work-load pressures on these officials, and their consequent inability to find time to study and analyze reports. Thus, many reports submitted to these officials are not used, except occasionally as reference documents.
- . The concept of "management by exception" is almost entirely lacking in the types of reports now prepared for top management.
- . Only limited attempts have been made to establish "bench marks" by which the meaning of present actions can be measured and appraised. Whether a particular function is ahead of or behind the target, budget, plan, or other type of predetermined goal is rarely indicated in reports.
- . Data reported are almost entirely historical in nature, rather than incorporating projections or estimates of future conditions.

- . With the exception of the Management Report, relatively few reports submitted to top officials contain trend or comparative data designed specifically for management readership. Because of other limitations, including some of those mentioned above, even the Management Report is of limited value to present officials.
- . Present reports are largely concerned with the rate at which funds are obligated, rather than the utilization of funds expended and the effectiveness of results obtained. Measurement of accomplishment appears to be given less emphasis than the rapidity with which funds are committed and expended. To put this shortcoming another way, AID reports stress accounting for funds rather than determining the value received from their use.

4. A COMPREHENSIVE MANAGEMENT REPORTING SYSTEM SHOULD BE DEVELOPED AND INSTALLED

A broad-based and systematic plan of management reports is an indispensable component of any management system for AID. Properly conceived and constructed, it can serve as one of the principal instruments of the Administrator in his continuing efforts to stay abreast and to give him the opportunity to select from the massive flow of operations those issues, projects, or problems over which he wishes to assert jurisdiction, regardless of formal lines of command or delegations. We urge that the rationalization of present reporting media and delineation of a total and meaningful system be undertaken as a priority measure by the agency.

Basic concepts to be incorporated in a management reporting system for AID are as follows:

- . Information submitted to each level of management should be related to the level of responsibility of the person receiving it.
- . Actual need for information by the recipient should be clearly established.
- . Clear distinction should be made among the following basic types of management information needs in order to establish the content, frequency, and timeliness of data reported:
  - Action
  - Planning
  - Policy determination
  - Information
- . Data reported must be readily usable for management purposes. To this end, information should be summarized as it moves upward in the organization, with appropriate highlights of significant developments.
- . Reports should contain sufficient "clue points, " or danger signals, which alert management to trouble spots before they become critical.
- . Appropriate yardsticks or bench marks should be established whenever possible for measuring accomplishment against some predetermined goal.
- . Reports should provide an integrated analysis of financial, program and personnel data in order that a composite appraisal of operating effectiveness and performance against bench marks can be made.
- . Appropriate combinations of graphic presentations and textual explanation should be incorporated in reports when trend data and variances are to be highlighted.

A sound and well-articulated system of program and management reports can well prove to be the most constructive means for maximizing the knowledge and capacity of the Administrator and his deputy in governing this great and complex agency. As indicated in Chapter IV, we propose to place basic responsibility for this function in the Office of Program Policy and Coordination.

## VI. STRENGTHENING THE PLANNING AND EVALUATION FUNCTIONS

The Agency for International Development and its predecessor agencies have appropriately assigned a high priority to their planning and evaluation functions. Results have varied in their perception and effectiveness, and have occasionally failed to exert an enduring, constructive influence on AID operations. For example, the inability of AID regularly and rigorously to develop an evaluative memory and the lack of administrative procedures to apply acquired experience to similar problems on a worldwide basis have been noted.

Evaluation receives considerably less formal attention than planning, but is present informally in most planning judgments. While AID/Washington is vitally concerned with the implementation process and with efforts to speed it up and make it more effective, it has necessarily assigned a higher priority to its planning and evaluative roles.

1. SEVERAL DISTINCTIVE EFFORTS HAVE BEEN MADE IN RECENT YEARS TO STRENGTHEN PLANNING AND EVALUATION

A number of actions have been taken in recent years to strengthen AID's planning and evaluation functions:

- . The program planning process has been carefully organized, set forth in writing, and tightly scheduled.
- . Increasing emphasis has been placed on long-range planning through the development of long-range assistance strategies for selected countries.
- . The planning process has been generally speeded up as a result of the placement of technical staff resources in regional bureaus.
- . Evaluation functions have received continuous attention (viz., AID/OES; CAP reviews (including E-1 reviews); selected project, sector, and country evaluations in depth; management and financial audits; progress reports; and some global project reviews).
- . Throughout the agency, there has developed an increased skill in the use of statistical data and supporting dialogue to describe and justify program plans. There is a more skillful and sophisticated use of planning devices and techniques.

These have all resulted in general improvement in planning and evaluation functions, even though such improvement is frequently more apparent in the form of plans and programs than in content.

In looking to the future, present AID planning and evaluation functions offer a number of strengths that will continue to be important and should be retained:

- . Program planning receives major agency emphasis and top management attention.
- . Many basic program policies relating to the allocation and use of resources have been formulated and are in use. Others are in process of development. These relate to all aspects of programs: global economic, developmental, nondevelopmental, and other..
- . Planning systems and procedures for regions and countries are rigorous, sophisticated, and highly structured. Long-range strategy statements, in particular, have encouraged careful, definitive, country long-range development planning. They have not always accomplished their purpose.
- . Annual country assistance programs (CAP's) are detailed, comprehensive, and strongly oriented to traditional needs within AID for structuring congressional presentations, providing answers to detailed questions, and reflecting evidence of sound planning. CAP's are not intended to substitute for careful planning--merely to summarize the basis and results of such planning.
- . Diligent efforts are made to shift program scope and emphasis in response to shifts in U. S. objectives and strategies. There is frequently, and expectedly, a substantial difference in the timing of such shifts on the part of AID/Washington efforts and those in field missions.
- . Planning efforts frequently reflect high levels of staff competence varying in their comprehensiveness and focus on critical issues.
- . Many excellent, productive evaluations are made of general and specific aspects of AID's operations.

The scope and significance of these favorable aspects of AID planning and evaluation functions are impressive. There still remain, however, a number of opportunities for further improvement.

2. THE NEED CONTINUOUSLY TO STRENGTHEN PLANNING AND EVALUATION FUNCTIONS WILL REMAIN IN THE FUTURE AS ONE OF AID'S CRITICAL AND ONGOING TASKS

Planning and evaluation functions are, of course, never-ending responsibilities of the agency. Continuous efforts are expected to be placed on the improvement of their quality, consistency, and validity.

A number of opportunities for improvement were noted during the study:

- . Long-range program planning is incomplete. Some countries and geographic areas are well covered; others require long-range planning. The content of LAS's and Goal Plans is uneven in quality.
- . Country program planning remains the most critical element in the entire planning process and continues to offer opportunities for improvement.
- . Agency programming procedures are tending to become overformalized, too structured, too demanding of field and Washington staff time and talents. These procedures may have exceeded the point of diminishing returns, in some elements, and may require simplification and more selective emphasis.
- . Country assistance plans (CAP's) tend to become too verbose and fail to focus on critical information. Activity targets and sector goals are occasionally too general, and progress is evaluated more frequently in terms of the use made of AID resources rather than in terms of changes in the activity or sector goals sought.
- . Agency reviews of country program and project plans are uneven, lack focus, and are frequently more rigorous in form and procedure than in substantive content.

- . The Administrator is occasionally involved too heavily in capital project loan matters, insufficiently in technical cooperation project matters.
- . Technical support of agency planning and programming functions, at both regional and staff levels, is uneven in quality, scope, and emphasis. Both TCR and DFPE contribute too little to the planning and programming processes of the agency, and are underutilized, in large part, as sources of technical support.
- . The overview functions of O/PC and TCR, as well as other staff offices, in general are not performed consistently or in sufficient scope and depth.
- . Evaluations of program plans and accomplishments tend to be unstructured and not part of a general plan to focus on the most critical global needs of the agency. The quality and usefulness of evaluation findings vary and result in uneven follow-up action.

A number of these opportunities to improve program planning and evaluation can be realized in time through a appropriate remedial actions. Some, however, will be restricted as a consequence of unavoidable rigidities built into the structure and operations of the agency.

3. A FEW KEY ASPECTS OF UNITED STATES FOREIGN ASSISTANCE PROGRAMS WILL OPERATE AS REALISTIC LIMITATIONS TO OPTIMUM PLANNING AND EVALUATION EFFORTS

AID has a number of characteristics that will limit its ability to accommodate fully to opportunities for improving its program planning and evaluation functions. These include:

- . Manpower resources will likely never be so unrestricted as to permit every desired and necessary aspect of planning and evaluation to be completely staffed. It will likely always be necessary to accommodate to manpower ceilings and apply judgments selectively.
- . AID can never be so completely thorough and precise in its operations as to avoid errors. Efforts should be made, through organization structure and management processes, to minimize the chances for gross error, but complete avoidance is unattainable.
- . Manpower quality will always reflect a range in competency. Allowances in organization structure and management processes can provide for checks and balances, frequently with some loss of efficiency, but can never make up fully for such deficiencies.
- . Resource limitations, foreign policy objectives and priorities, political considerations, and unpredictable developments in the governments and economies of less developed countries all serve to restrict optimum planning and evaluation efforts.
- . Basically, if sound program planning is to be done, it must be done in the field. AID/Washington can: (1) provide guidance, (2) confirm a good job, (3) recognize a bad job and send it back to the mission, (4) perform minor improvements in structure and arrangements, and (5) apply a much broader, more penetrating perspective than the mission. However, AID/Washington cannot substitute for the mission nor provide the difficult, basic, substantive, country-level input into the planning process.

Restated differently, AID/Washington is faced with realistic limitations on what it can do to reshape a poor job of country planning. The point of diminishing returns is reached rather rapidly when AID/Washington regional and staff efforts become out of proportion to any substantive benefits that might accrue to the plan itself. As a

consequence of these efforts, the plan might read better and more convincingly; it is not likely to be a better plan.

With these restricting forces in mind, there are a number of actions that can be taken to improve program planning and evaluation.

4. FOCUS ADDITIONAL EFFORTS ON LONG-RANGE PLANNING, AT ALL LEVELS

The benefits that accrue to AID from effective long-range planning are substantial and well recognized. To name just one, annual program planning is substantially more sound and in better balance when structured within the context of a prior established long-range plan. The development of comprehensive country planning mechanisms and the long-range assistance strategies within AID (plus the national policy papers of DOS) are important long-range planning devices. However, they are largely country-oriented. Moreover, they do not exist for all countries, or in reasonably similar form and depth. Further, they tend to be structured around the economic aspects of national development, and do not include equally detailed projections in depth of the possible political developments, human developments, and several nondevelopmental considerations that are essential ingredients in shaping future AID programs.

Long-range planning is of such transcendent importance to the strengthening of U. S. foreign assistance programs that special efforts should be made to improve such planning. The following actions are recommended:

- . Strengthen the staff resources of the new Office of Program Policy and Coordination to enable it to devote additional professional attention and support to the long-range planning function.
- . Develop more comprehensive long-range projections of global, regional, and area requirements and plans for possible AID involvement, as a basis for appraising short-range policy and allocations of resources.
- . Develop long-range strategies (LAS's) for all countries and political jurisdictions expected to remain AID recipients for a reasonable number of years.
- . Continue to make major use of LAS reviews, Goal Plan appraisals, intensive evaluations of Parts I and II of CAP's, and continuous intensive technical dialogues as the principal devices for focusing on long-range policy implications and compliance.
- . Strengthen the staff input to LAS reviews. This is expected to continue to be the single most important long-range planning mechanism for country program planning. Specifically,
  - Continue to bring together key mission and AID/ Washington staff and DOS and other agency staffs for LAS reviews.

- Require written staff inputs to LAS reviews (reactions, comments, suggestions, questions), not only from AID, but from DOS and other federal agencies involved in such evaluations. Negative responses, or silent participation, should not be acceptable. A technical input is likely always required and every feasible effort should be made to extract such contributions to the planning process.
- . Continue to use the present policy and procedural guidelines prescribed in the 1020 Manual Order series for the development of long-range assistance strategies. This is an excellent set of policy and procedural guidelines and will continue to be valid.

The agency has made commendable progress in recent years in the development of long-range plans, and should continue to focus on this key function, at all levels.

5. STRENGTHEN PROGRAM POLICY GUIDANCE

Program policy guidance is available today in considerable depth and detail. The need is to strengthen the role of PPC as the single point in AID responsible for coordinating all policy matters and determining which have application to overall program planning, allocation and use of program resources, and similar program consequences.

This judgment cannot be left to the discretion of originating offices. Procedures should be strengthened to assure that all policy determinations are reviewed by PPC before approval so that this

office can ascertain their effect on program considerations. Once approved as policy, the AA/A should continue to exercise responsibility for assuring that implementing manual orders are in full compliance with the intent and scope of the basic authorizing policy.

6. IMPROVE PROGRAM PLANNING THROUGH MORE EFFECTIVE EMPLOYMENT OF EXISTING PROCESSES

An excellent though very detailed program planning and review process has been established by AID through its 1020, 1200 and 1300 Manual Order series. Extending from detailed, comprehensive instructions on the development of LAS's, CAP's (CASS), Goal Plans, and project details (E-1's) to the equally comprehensive implementation procedures for capital development and technical cooperation programs, these series provide detailed guidelines for program planning and implementation purposes.

The need is to improve the judgments, precision, and thinking that comprise the substance of plans prepared under established guidelines and also to simplify the procedures and gradually delegate more of the detail to field commissions. Several actions are recommended with this goal in mind:

Continue to use the "call for budget estimates," CAP (CASS) reviews, project (E-1) reviews, and special communications as the major devices for focusing on policy implementation and review in annual country program planning.

- Obtain a positive PPC, IDR and CDPE contribution (not simply a clearance) to the "call for budget estimates"--the basic instructions for preparation of CAP's.
- Use LAS's as the means of projecting specific country program trends, shifts in policy and emphasis, check points for review of policy, and other program planning guidelines that extend beyond the budget year.
- Upgrade the quality and precision of regional staff reviews of CAP's, especially project details for technical cooperation projects (E-1's) and capital development loan projects. This will require upgrading the staff selectivity in concerned regional offices.

Bring IDR and CDPE into the review cycle when they can be helpful. All new technical cooperation (and capital development projects) should be reviewed by technical staff offices at both the regional and agency levels. Projects over limits established by policy, or selected by the regional bureaus or by the agency technical staff bureaus for that purpose, should be approved by the Administrator.

The geographic area desk officers and country desk officers should exert primary efforts to cause the mission to focus on planning at least 2 years ahead of the budget year. This is an effort complementary to, and based on, the LAS determination and review. The mission must be guided to a practical review--well ahead of the intensely time-phased annual budget cycle. This should be directed to program composition and balance and project content in order to get early AID/Washington notice of general concurrence to actions that require substantial advance notice (e. g., project terminations, staff reductions or increases, new sector programs or major shifts in activities, etc.). To do this most effectively, country desk offices and geographic area offices should be strengthened.

Seek ways to simplify agency program procedures and guidelines, especially with regard to AID/Washington involvement in review and approval procedures. Understandably, this must depend upon a concomitant development of programming expertise in field missions. One way to develop field expertise is not to make agency program planning procedures more complicated, but to make AID/Washington review more perceptive and analytical. This can be done through transmission of constructive guidance relating more to the substance of programs and projects and less to arithmetic and format.

Frequently, the field attitude is to meet minimum standards, get the program approved and funds allocated, conform to the requirements of the current AID/Washington budgeting exercise with the least time and energy input required, and then focus on field implementation matters. Superficial or low-level technical reactions to field submissions reinforce this attitude.

PPC should continue to be involved selectively in the review of CAP's, in the regions. Similarly, IDR and CDPE should receive notice of CAP reviews and exercise a choice of participating (TCR has had such choices but has seldom been able to respond effectively). They should exercise a positive overview function, ascertaining that adequate technical and overall program reviews are conducted by regional bureaus.

Overall, every reasonable means should continue to be exploited to strengthen the capabilities of field missions to prepare meaningful country programs. AID/Washington efforts can help in this process but cannot substitute for mission input.

7. PLAN AND VALIDATE PROGRAM EVALUATION PROCESSES  
SO AS TO FOCUS SUCH EFFORTS WITH GREATEST EFFECT

The agency is involved in a constant stream of evaluation efforts. These are performed at all levels of AID, by all major staff offices, and by each of the four regional bureaus. Special ad hoc evaluation teams are used occasionally for special tasks. All of these efforts result in a bewildering array of evaluation findings that serve many purposes.

In general, evaluation functions within the agency need to be:

- . Structured according to plan
- . Reviewed in advance against a few key policies and determined to be valid and necessary
- . Conducted so that their results are used with the broadest possible effect to benefit the agency

This is not to suggest that there should be a single focus for actually conducting all evaluation efforts of the agency. There are many good and sufficient reasons for many evaluation efforts by separate AID offices. The recommended reorganizations of PPC, IDR, and CDPE provide for each to exercise selected evaluation functions. Similarly, regional bureaus, USAID's, and technical support offices of AID have requirements for specialized evaluations. But we suggest that PPC be designated as the office responsible for overview and coordination of this function for the entire agency.

The problem is intensely complex and detailed. The terms of reference for this survey did not permit us to examine this area of AID operations in depth. Nevertheless, enough general insight was gained to permit the following courses of action to be recommended:

- . A detailed review should be made of the evaluation efforts of AID as a basis for subsequent improvements in management.
- . A single office in AID ought to know at all times what significant evaluation projects are completed, under way, contemplated, or required. This should be PPC.
- . New thinking is required to devise ways of incorporating evaluation findings into AID's "memory" where it can be readily recalled and applied to future judgments.
- . Evaluation techniques and devices need to be reappraised.

## VII. REGIONAL OPERATIONS

The regional bureaus of AID were created in their present image following the reorganization of 1961. They exist today as strong, largely self-contained units responsible for directing the field operations of the agency, principally through country missions.

These bureaus represent the primary front-line strength of the headquarters organization. Our limited observation of their operation indicates that they are given firm, conscientious, and perceptive leadership with appreciation for both the policy and management implications of program administration. While generally operating well in their own orbits, some sections of regional operations appear to be somewhat bureaucratic in outlook vis-a-vis field missions and other headquarters offices. Regional office performance, though now good, can be further improved.

1. REGIONAL BUREAUS HAVE SIMILAR FUNCTIONS BUT TEND TO ADOPT DISCRETE ADMINISTRATIVE ARRANGEMENTS

Although highly independent, and with due recognition of the amalgamation of the Bureau for Latin America (AID) with the Bureau of Inter-American Affairs (STATE), the four regional bureaus have approximately the same functions and basic operating systems:

- . Each has responsibility for, and is staffed to provide:
  - Development planning services
  - Capital development services
  - Technical support services, including engineering and loan services
  - Management support services
  - Country and geographic area desk services
- . With some differences in procedures and delegations, each region provides a number of similar management support services, including contracting, personnel, central files, and other administrative services.
- . BUR/AFR is responsible for a number of field operations serving more than one country, which have been consolidated in a separate unit titled: Regional USAID (AFR/RUA).

Because wide latitude has been granted the regional bureaus in their administrative arrangements, significant variations have developed. In part, this reflects suitable response to dissimilarities in geographic regions and programs as well as differences in individual executive practices among the Assistant Administrators. Thus, there is rather considerable difference in patterns of delegation to field missions. Different internal functional groupings of staff services are employed. Also the role of desk officers varies quite widely.

Strict uniformity in administrative structure and operating practices is neither possible nor desirable. But, in our judgment, some of the differences among the regions do not comport with general agency administrative policy and are subject to some further measure of standardization. Criteria for delegation of program and administrative authorities to the field would be a particularly fruitful area for study to this end.

2. STRONG REGIONAL BUREAUS BRING MANY ADVANTAGES TO THE AGENCY AND THIS PATTERN OF ORGANIZATION SHOULD CONTINUE

As described in Chapter III of this report, there are a number of basic advantages to a regional form of operations. In addition to those cited earlier in an overall context, it should be noted that the regions have demonstrated capacity to adjust their patterns of organization and operation to: (1) accommodate differences in program composition and magnitude, (2) capitalize on unusual staff resources, and (3) adjust to varying regional workloads.

Compared to the problems and frustration encountered in the review of country programs and projects before 1961, the present regional operations accommodate more expeditiously to program planning and review requirements. CAP's, E-1's, clearances (IAD's), and related communications travel shorter internal AID

routes, are more easily followed up and expedited, and generally receive more rapid attention. The scope and depth of technical review and upgrading have been improving but, in many fields, is felt to be less penetrating and comprehensive than existed prior to 1961.

It may also be noted that engineering and development loan services are reported to show distinct recent improvements.

3. THE REGIONAL BUREAUS SHOULD MOVE TO PROVIDE INCREASINGLY EFFECTIVE SUPPORT OF PROGRAM PLANNING AND IMPLEMENTATION ACTIVITIES

The regional bureaus have performed with increasing effectiveness since 1961, during a difficult period of transition, and their operations have now settled down into a reasonably predictable pattern. One visible need is to strengthen program planning and implementation support. There are several opportunities common to all regions that can be exploited to strengthen their capacity in this respect.

- . The role of the country desk officer is unique in AID in contributing to the orderly and effective support of country programs. This role needs to be given clearer focus and responsibility.
- . Engineering, industry, private enterprise, and related functions will likely receive increased AID program emphasis in future years and should receive a corresponding emphasis in regional organization and operating patterns.

- . Some functional groupings and organization titles in regional bureaus need to be revised to reflect changing circumstances.
- . Increased delegations to field missions and cooperating countries are indicated as likely future needs, to reduce AID/Washington involvement in program operations, and to accelerate implementation actions.

4. REGIONAL OPERATIONAL POLICY SHOULD ENCOURAGE WIDE FLEXIBILITY AND THE EXERCISE OF DISCRETIONARY JUDGMENT AT OPERATING LEVELS, WITHIN MANAGEMENT AND POLICY CONTROLS

The organization and operating systems established for the governance of the AID program should be founded on and accommodate these basic premises, with respect to both headquarters and field relationships:

- . Headquarters should reserve those judgments and decisions that must be based on global or regional considerations.
- . Judgments and decisions that are based primarily on an evaluation of country conditions or which involve coordination of elements in the country program should be reserved to the field.
- . Generally, headquarters control should be directed to prescribing limits of discretion and broad program changes rather than attempting to stipulate particular types of activity or program content.

- . Procedures designed to prevent mistakes and which necessarily introduce restrictive conditions should be balanced against a procedural pattern designed to encourage the exercise of sound judgment within basic policy and program limits.
- . AID must be prepared to take the risk of possible mistakes of commission in the field and accept this as preferable to likely errors of omission for untimely performance.

5. STRENGTHEN THE TECHNICAL ADVISORY SERVICES IN REGIONAL BUREAUS

While noting that the services provided by technical staffs in the four regional bureaus (technical cooperation and capital development functions) have been improving during recent years, there is still room for improvement. These services are of such importance to the regions that every reasonable means should be taken to strengthen them. This should take the form of improving the professional competence of technical staffs, relieving staff members of many routine involvements, and, in a very few instances, adding additional staff members.

Again, in recognition of regional differences, no single plan of improvement will be suitable for all regions. However, the following courses of action are likely to have some application to each region, and should be employed to the extent they are appropriate:

- . Reexamine the scope and depth of technical expertise now available. Are the right fields represented? In sufficient depth? Are the numbers of people right for workloads? Should there be new technical fields added? Can better use be made of contracts for scarce technical services, including PASA's? Is adequate use made of IDR and CDPE (formerly TCR and DFPE)?
- . Discontinue a number of personnel functions of a non-substantive nature now performed by many technical staff personnel. Regional technical staff technicians should continue to assist in the location and evaluation of direct hire personnel, but transfer other personnel-related functions to regional and agency personnel offices.
- . Reestablish the primary focus of regional technical staff efforts on the review of country programs and projects. Minimize their involvement in personnel, contract, and administrative support functions. Encourage increased review and appraisal of the technical components of country programs during periods of time between annual CAP and E-1 reviews.
- . Develop techniques whereby new and major continuing technical cooperation projects are given the same intensive staff review (in the regions) as capital development project loans.
- . Develop a closer, continuing professional relationship between regional and agency technical staffs.

The objectives of thorough, competent technical support at regional levels are sound and attainable. Reasonable effort should be made to strengthen these services at this level.

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6. ENHANCE THE ROLE OF THE COUNTRY DESK OFFICER

Possibly no other position in AID is subject to such varied demands and stresses of time and circumstance as is the country desk officer (and the geographic area desk officer). Attempting to bridge the gap between AID/Washington and field USAID's can be a most frustrating experience. The opportunities to apply one's energies and time are almost limitless. The key problem is to determine with what priority and emphasis these ought to be applied. This is not an easy judgment to make, and it will vary from time to time and from country to country. There is no standard answer.

The key role of the desk officer is clearly evident, and many of our recommendations impinge to some extent on this function. While the specific role of desk officers varies from region to region, they perform a number of key services and their effectiveness should be enhanced. A number of steps are suggested:

- . Develop the concept of the country desk officer as a counterpart to the USAID program officer and, to a lesser extent, to other first-line mission administrators.
- . Develop the concept of the geographic area desk officer as a counterpart to the mission deputy director, and as a direct representative of the Assistant Administrator.

- . Place the desk officer in an "action responsible" position for as many AID/Washington actions as possible, even though the substantive input may be made by some other office (e. g. , capital development project loans contracts, PIO/T's, E-1's, and so forth). This will result in:
  - A clear focus on the responsibility of the desk officer to evaluate priorities and establish deadlines.
  - A more effective coordination of staff contributions
  - Fewer delays and a focusing of executive attention on bottlenecks
  - Improved consistency in AID/Washington-field communications
  - A generally applied pressure to keep things moving throughout the agency, since few staff officers feel as personally motivated to serve the needs of field missions as do the desk officers.
  
- . Preferably, rotate field personnel into country desk positions for at least a 2-year tour of duty. Geographic area officers should serve longer tours in Washington and in general be fully acquainted with the problems and processes of AID/Washington, so as to effectively backstop country desk officers.
  
- . Appraise the entire scope of responsibilities and duties requiring the attention of country desk officers. Determine if this work is better accommodated by: (1) assigning additional specialized staff to selected desks (now done to some extent), (2) similarly staffing geographic area offices, or (3) rigorously shunting many duties and responsibilities to other offices.

The optimum role and function of country desk officers still remains a difficult judgment and will require continuing appraisal.

## 7. INCREASE DELEGATIONS TO FIELD MISSIONS

The pros and cons of field delegations have been the subject of many thoughtful agency discussions over the years. Positive steps have been taken to focus on the issues. As noted in other chapters of this report, many specific delegations to field missions have been made. In addition, there is still in progress a pilot study of almost complete delegations to USAID/Ethiopia. The results of this experience are inconclusive at this point although it is apparently proceeding satisfactorily.

In general, we recommend increased delegations to field missions in most AID matters. The agency should establish a minimum standard set of delegations to field missions which regional bureaus may exceed at their discretion, but cannot fail to provide without specific authorization by the Administrator.

This will, of course, require the development of the necessary skills in participating countries and field missions. It will also require AID/Washington to design administrative systems and procedures that will enable these delegations to be implemented successfully, without the introduction of so many checks and balances as to counterbalance the potential benefits of increased field delegations. Progressively, we envision a redeployment of personnel, perhaps of significant dimensions, from headquarters to the field. But this will require much careful study.

## VIII. LOGISTIC AND CONTRACTING FUNCTIONS

The Office of Material Resources performs a wide variety of services essential to effective program implementation and to insuring conformity with ground rules established by the Congress and other government control agencies. Through its Transportation Resources Division, it maintains compliance with the so-called 50/50 provisions of the Foreign Assistance Act of 1961; the Industrial Resources Division provides technical services required by regional bureaus and suppliers in the implementation of commodity import programs; the Office of Small Business brings AID-financed trade opportunities to the attention of American business; various other divisions and staffs provide equally important and necessary services.

Our survey did not encompass a review in depth of the several divisions comprising O/MR. In many areas and on some special projects, O/MR appears to be doing a satisfactory job. However, implementation of the proposed revisions and transfers suggested earlier should be the occasion for a reexamination of the organizational arrangements, methods and systems, and manpower requirements of the unit and its components.

The principal problem confirmed in this area related to contracting, the subject of the remainder of this chapter.

1. FORMULATION AND RECOMMENDATION OF CONTRACTING POLICY IS THE RESPONSIBILITY OF THE PROCUREMENT POLICY STAFF OF O/MR

Contracting for services has been a persistent problem for AID and has constituted one of the most serious impediments to prompt and effective program implementation. The contracting function was decentralized as part of the 1961 reorganization, with each regional bureau maintaining a unit for this purpose. A fifth unit, the Contract Services Division of O/MR, performs contracting functions for other than the regional bureaus.

A Procurement Policy Staff, also in O/MR, has been assigned responsibility for formulating and recommending agency-wide policies, standards, and criteria to govern all AID contracting for services. This staff is also responsible for the performance of similar functions concerned with commodity procurement. Establishment of this staff constituted AID's response to the call enunciated in the 1961 Glick report for a strong central policy staff to perform such functions.

The need for a uniform framework within which the regional bureau's contracting units would operate was clearly recognized at

that time. On the other hand, the Glick report also recognized that Assistant Administrators would find it necessary, on occasion, to set aside considerations of uniformity. The report therefore recommended that such authority be delegated subject to the requirement that the responsible Assistant Administrator document his reasons therefor.

2. WHILE AID HAS UPDATED AND RECODIFIED REGULATIONS GOVERNING COMMODITY PROCUREMENT, LITTLE OR NO PROGRESS HAS BEEN MADE IN THE SERVICE CONTRACT AREA

The special "Project Implementation" focused on the need for agency-wide policies, standards, and criteria to govern procurement of both commodities and services. Task forces were assigned to both aspects. The revision and recodification of Regulation I, recognized as a basic need for many years, constituted a substantial achievement by the commodity procurement task force working in conjunction with the banking and business community.

In the service contract area, however, the assigned task force did not accomplish similar results. This group reaffirmed the recommendation for a strong central policy staff and identified many important policy problems in need of resolution. However, when the task force was disbanded, many basic problems were left to the Procurement Policy Staff for resolution.

Although the Procurement Policy Staff has been in existence for some time, a basic framework of contract policy still is lacking. Contracting officers are, therefore, still largely dependent on Regulation 6, promulgated on a trial basis in 1959, which, with the passage of time, has become increasingly less useful as an adequate guide to contracting for AID. In addition, there is a broad area of guidance still required for borrower/grantee contracting.

3. THE PROCUREMENT POLICY STAFF HAS NOT DEVELOPED A TECHNIQUE FOR DEFINING POLICY ISSUES AND UNTIL RECENTLY LACKED A FORUM FOR RESOLUTION OF SUCH ISSUES

Except rarely when unanimity on the resolution of a problem existed throughout the agency, the Procurement Policy Staff has been unable to promulgate doctrine concerning contract services. This area of concern is admittedly complicated and extensive, but no technique has been developed to approach the problems as they occur. Rather, there appears to have been an unfortunate tendency to attempt to tackle broad areas in massive proposals not subject to assimilation.

For example, a very voluminous document, intended to be AID's version of the Federal Procurement Regulations, was drafted and circulated. Its volume alone was enough to discourage the busy recipient from reading, let alone studying it and preparing thoughtful comments. To make matters worse, the document failed to distinguish

those parts of the Federal Procurement Regulations left unchanged and those parts which would be amended. Accordingly, the document had to be compared, page by page, with the equally voluminous Federal Procurement Regulations to gain complete understanding of what was intended. Had the drafters taken one section of the regulations at a time and indicated clearly the manner and degree to which it was proposed that AID deviate, much more productive results could have been obtained.

In those instances where fairly discrete subject matter has been chosen, the Procurement Policy Staff seems to have been unable to consider the various dissenting points of view, define the issues, and develop pros and cons for resolution. Moreover, until the recent establishment of the Operations Review Committee, a proper forum for the resolution of defined issues was not in existence.

4. AID MANAGEMENT IS AWARE OF THE PRESSING NEED FOR A BODY OF SERVICE CONTRACT POLICY AND HAS CONSTITUTED A NEW TASK FORCE TO DEVELOP THE BASIC FRAMEWORK

Upon the joint recommendation of the Assistant Administrators for Materials Resources and Administration, the AID Administrator has established a new task force under the leadership of a senior officer with headquarters and field experience to develop the basic framework of a body of service contracting policy.

This action, plus the planned redrafting of the uniform university contract and the establishment of the Operations Review Committee, creates the environment in which a basic policy framework may well be developed and promulgated. Such an authoritative body of policy is indispensable to confident, prompt, and faithful execution of the contract responsibility throughout the agency.

5. SERVICE CONTRACTING SHOULD CONTINUE ON A DECENTRALIZED BASIS

At the present time, there are about the same number of positions allocated to service contracting policy and operations as was allocated when the function was centralized. Meanwhile, the number of service contracts (other than the simple interpreter contracts) and amendments negotiated has risen from 742 in fiscal year 1961, the last full year under a centralized organization, to 1,231 in fiscal year 1964. While not conclusive, this would indicate some improvement in performance.

Decentralization of contract negotiations and operations is strongly favored by regional offices, which understandably prefer to have their own contract staffs rather than to rely on a central office whose priorities may not coincide with their own. The former

atmosphere of highly critical complaints about delays in contracting seems to have been largely muted. There is no factual basis for judging relative efficiency in practice, but it may likely be true that contracting services are now more responsive to operating needs than under the former system. The disappearance of the previous intramural rancor is certainly a gain.

Quite aside from these considerations, however, is the fact that the principle of decentralizing this function is sound. Given a strong governing policy, there is no superior discretion required which would warrant central review or handling of the particular contracts. Determination of contract terms and circumstances, within standard policy, is a legitimate and necessary exercise of implementation authority by regional administrators and their designees. AID should avoid separation of responsibility for results from control over the reasonable means to achieve the results. We, therefore, propose no change in the basic delegation arrangement.

This is by no means to imply that all is well on the contracting front. There are still difficulties and unreasonable delays that threaten the desirably swift pace of the implementation process. Many delays are unavoidable, of course, because of substantive decisions or country negotiations on policy conditions. But those which can be

ascribed to AID procedural deficiencies or rigidities are subject to correction.

Urgency is also indicated by the fact that the institutional and business communities have been outspokenly critical of apparent differences in policies and procedures under which the various contract offices have operated heretofore. There is also reason to believe that, at least in some instances, some contractors have played one office against another with some success. Moreover, there is continuing complaint about rigidities and negative attitudes in negotiating and amending contracts. These situations can be ameliorated, if not eliminated. Following are proposals to this end.

6. AID SHOULD MAKE A POSITIVE EFFORT TO FURTHER DECENTRALIZE CONTRACTING TO MISSIONS AND TO HOST COUNTRIES

Policy control and program leadership are functions of AID/Washington; as a matter of sound principle, operations should be, to the maximum extent practicable, a function of the country missions and the host countries. In the final analysis, the success or failure of an AID project is determined in the field and reasonable control over the means to assure results should be vested therein. These considerations argue strongly for even further decentralization of the

contracting process to USAID missions and in defined circumstances to host countries.

At present, contracting by host countries is virtually limited to contracting under loans. It is difficult to understand why AID procedures entrust loan contracting authorities to host countries and other borrowers, subject to AID approval of the selection of the contractor and of the contract, but do not extend such discretion to contracting under grants. The fact that a loan is expected to be repaid is not an adequate base for the distinction. AID will share in any criticism concerning any allegedly unwise assistance measure, whether loan or grant. In the interest of both country participation and AID administration, we urge that this policy be reexamined.

In only a few instances has AID/Washington delegated authority to mission directors to consummate contracts in excess of \$25,000. This limit renders the delegation of authority virtually meaningless since few important contracts are below this level in amount. We believe that authority to contract substantially in excess of this amount should be progressively and selectively delegated to mission directors. When such authority is exercised by the missions, AID/Washington should review (not approve) the contracts consummated and provide additional guidance to mission directors as the review process indicates necessary.

7. AID RELIES TOO HEAVILY ON COST-PLUS-FIXED-FEE CONTRACTS AND SHOULD ADOPT A MORE FLEXIBLE POLICY

AID Manual Orders permit contracting on a lump sum (fixed price) basis, a cost-plus-fixed-fee basis, or a time-rate basis. However, lump sum contracts are supposed to be used "...whenever the objectives and scope of the work to be performed may be defined with sufficient precision to enable both contracting parties to identify and evaluate the manpower and other requirements necessary for the performance of the contract." In practice, CPFF contracts are used almost exclusively for services. The rationale offered by contracting officers is simply that the scope of work is usually not sufficiently defined to permit fixed price arrangements.

There is a fallacy in the widespread belief of contract offices that CPFF contracts offer better protection to the government and assure lower cost. CPFF agreements impose no obligation and offer no incentive on the part of the contractor to keep costs to the minimum. It can almost be claimed that the contrary is the case. Furthermore, CPFF contracts impose a requirement on the agency to audit the costs for which reimbursement is claimed with consequent increase in audit workload. This is not to suggest, however, that such contract types should be abandoned, since CPFF arrangements are appropriate and useful for some services.

The advantage of fixed price contracts lies in the fact that they place maximum risk and responsibility upon the contractor and afford the greatest incentive for efficient performance with resultant benefit of economy. For many, if not most, projects it is entirely feasible to define the specifications sufficient for fixed price proposals.

Question may well be raised as to the maturity of the proposed undertaking when such is not the case. On occasion, it may be desirable to arrange for a preliminary survey or pilot operation in order to permit more complete and informed definition of the total project, following which more informed contract judgment can be applied.

For these reasons we recommend less reliance on CPFF contracts and greater flexibility in the use of other appropriate types.

8. REGIONAL ASSISTANT ADMINISTRATORS MUST EXERCISE POWERS OF INTERVENTION AND DECISION

Government contracting is a highly technical process governed by a large body of law, Comptroller General regulations, and court decisions. In addition, the contracting process continuously involves the exercise of discretion and judgment on matters not precisely defined in law or regulations.

While a clear body of agency-wide policy and standards will do much to establish the norms within which contracting officers operate, it cannot and is not intended to eliminate the need for the exercise of substantial discretion by such officers or by superior authority when necessary. Regional Assistant Administrators and comparable officials in staff offices now have the authority, on their own initiative, to resolve issues of judgment or to set aside standards when in their view the prescribed standards are inconsistent with the fulfillment of program requirements. The problem is that this authority is not adequately exercised. Intervention in contracting issues is infrequent, leaving the process preponderantly in the hands of subordinate contracting officers who do not ordinarily carry responsibility for program progress.

It is recommended that Regional Assistant Administrators more broadly delegate contracting authorities to responsible staff and line officers with a broader judgmental base and who are prepared to exercise the discretion intended. Even though the details of contract preparation and negotiation are entrusted to technical contract officers, responsibility for their oversight and for making discretionary decisions should be vested in the operating superior. No subordinate contract officer should be allowed to enter negotiations without such direct supervision and immediate point of decision.

9. TECHNICAL CONTRACTING OFFICERS SHOULD BE CAST  
IN A SUPPORTIVE RATHER THAN JUDGMATIC ROLE

Contractors, both profit and nonprofit, to a large extent are familiar with laws and regulations governing government contractors. It may fairly be assumed that those contractors who are not so familiar are willing to learn and that they also fully understand the force of law in these matters. Problems with prospective or current contractors are, therefore, substantially limited to the areas in which ground rules are not precisely defined and latitude exists for discretionary determinations. Reduced to its simplest terms, the problem in the initial instance is to motivate contracting officers to avoid narrow protective attitudes, which do not serve the government well in any case, while properly insisting on compliance with the specifics of law and regulation or advising their superiors thereof.

It must be recognized that contracting officers assume personal responsibility when signing contracts not only for compliance with pertinent laws and regulations but also for the exercise of judgment. No contracting officer can be directed to sign a contract if he believes it in error as to either law or judgment.

The problem has been that technical contracting officers have been given too much responsibility and latitude for negotiation and decision on behalf of the agency. Because they are knowledgeable in

the intricacies of federal procurement, while but few operating officers are so informed, they are put in leadership or decisional roles often beyond their competence or level of responsibility.

Career contracting officers should be used to the maximum-- they can be extremely useful and helpful. But they must be considered as being engaged in a technical ministerial role. They should on their own initiative refer upward for policy decision those issues not within their capacity or responsibility. Furthermore, each contracting officer should be instructed to report upward his intention to reject proposals or requests of contractors which have been endorsed by the country desk or area officer when such propositions do not involve departure from law or regulations.

Above all, regional administrators and operating or staff officers authorized to execute contracts must be prepared to substitute their judgment and sign contracts if and when they believe the regular contracting officer is being unnecessarily restrictive or protectionist and when they are convinced it is in the best interests of the government to do so.

## IX. ADMINISTRATIVE AND FINANCIAL FUNCTIONS

Administrative activities are suitably grouped under an Assistant Administrator though there are certain transfers and adjustments previously suggested which would represent better functional association. Our general impression, based largely on summary observation, is that the several offices are operating well but with some particular opportunities for improvement discussed in the following sections.

### OFFICE OF THE CONTROLLER

The Office of the Controller performs, on a centralized basis, the accounting, auditing, budgeting, and miscellaneous financial management functions for AID/Washington. These functions are pervasive and strategic in that they are an essential part of almost every AID activity or decision.

#### 1. CONTROLLER OPERATIONS HAVE GROWN MORE COMPLEX WITH PROGRAM CHANGES AND RISING WORK VOLUMES

Examination of financial functions as performed today in comparison with the situation which existed a few years ago strikingly reveals the impact of changing organization and procedures

on a staff office. The switch from grants to loans is illustrative. Loan servicing was handled on a reimbursable basis by the Export-Import Bank until a short time ago because it required only two or three people. Today, 26 personnel with steadily increasing productivity are preparing amortization tables, maintaining loan accounts, billing periodically for principal and interest due, and preparing reports on loan status.

Meanwhile, the work involved in processing original disbursements for loan programs and project assistance has not only continued but has increased in volume and complexity. No longer are commodity imports financed under one set of ground rules. The "alternative" method, the special letter of credit, and other devices have been introduced which require custom handling of formerly routine transactions and which induce a vast increase in the number of such transactions.

Differences in operating philosophy and arrangements among regional bureaus also have their impact and call for different handling of similar transactions among regions. LA has decentralized its loan operations and the related financial management functions gravitate in large part to the respective mission controllers. But AFR operates on a centralized basis and disbursement control over the loans must be handled in the Office of the Controller.

Thus, all changes in policy, program, or procedures within AID bring swift repercussions to the Controller's Office requiring corresponding adjustment. The effect of program and policy developments over the years has been to increase the Controller's workload progressively and substantially. Impressive gains in productivity have greatly reduced the rate of necessary staff increase to handle the larger work volume.

2. MEASURES SHOULD BE TAKEN TO REDUCE AUDIT WORKLOAD AND IMPROVE AUDIT QUALITY AND TIMELINESS

The vast increase in the number of transactions handled by the Financial Review Division--in both the Voucher Examination Branch and the Price Analysis Branch--as a result of the introduction of the "alternative" method of financing commodity import programs has been brought to the attention of the Operations Review Committee. The committee is now examining the possibility of placing a minimum value on the transactions which can be financed under the alternative method much as has always been the case under the standard method. Such a move would lead to elimination of a substantial number of small transactions (not infrequently of less than a dollar in value) and make possible improved audit quality.

In the contract area, the newly acquired authority to establish predetermined overhead rates for universities instead of provisional rates should be seized upon as an opportunity to reduce substantially the audit time required on such contracts. This will also remove a major point of difficulty with the universities. Serious consideration should also be given to the possibility of "selective" auditing of such contracts based on audit experience with the particular contractors. When repeated audits in a particular university or other type of institution reveal consistent reliability of the documentation, AID, from the standpoint of sound management and generally accepted audit principles, should feel free to eliminate or reduce the intensity of such audits. Increased use of "fixed price" and "time-rate" contracts, recommended elsewhere, would also operate to reduce the contract audit workload and permit better quality.

Unless such measures and others of a similar nature are adopted, AID faces the prospect of ever-increasing staff demands to accommodate workloads in the controller area arising from adoption of new techniques. Factors of administrative feasibility should be elements entering the consideration of policy and program change.

## GENERAL SERVICES DIVISION

This division performs general administrative support services organized in six branches, which encompass printing, travel, mail and messenger, property management, and related services. About 170 persons are employed in the division. Operations are satisfactory in that the basic structure is sound, service appears adequate, and the supervisory staff is experienced and capable.

## OFFICE OF INTERNATIONAL TRAINING

As part of its foreign aid program, the United States finances the training of foreign nationals in this and other countries. Administration of the training program is the responsibility of the Office of International Training. This office was recently reorganized on a geographic basis to provide greater emphasis and appreciation for the particular needs of participants coming from varied cultures and environments.

The reorganization was a sound move, but several related issues remain which require further careful consideration. For example:

There is some uncertainty, if not conflict, concerning the exact role of this office in determining training needs. Expanded O/IT activity in the training program should not modify mission responsibility for identifying country training requirements, defining programs, and selecting participants. In our judgment, the O/IT should be cast in the role of a support function for program activities.

The work responsibilities of the programming division and its relationship to the logistical and orientation and counseling divisions need further clarification. The basic issue is whether training officers, as the primary contact for participants, can be effectively kept from becoming involved in time-consuming nonprogram related matters.

The proper qualifications of training officers remains an issue and requires further clarification in spite of extensive recent consideration and negotiation. This issue is whether a single year of overseas experience, even though dating back many years, provides necessary familiarity in a geographic area and how this should be equated against extensive experience in actually programming participants.

The workload of the unit tends to peak in conformity with the school year. Recently, an agreement was reached with a professional association for assistance in evaluating the educational qualifications of prospective participants. Greater use of the facilities of universities for receiving reports, issuing subsistence checks, and making other service arrangements should be explored to reduce the paper work volume now being funneled into Washington.

The office is conscientiously trying to become a more effective service organization through the recent reorganization and by resolving unavoidable problems incident thereto. Further review will be desirable following a settling-down period.

## OFFICE OF MANAGEMENT PLANNING

The Office of Management Planning, with a professional staff of about 26, supplies expertise to the agency on management, organization, manpower utilization, and systems and procedures. The Data Processing Division, with a staff of about 33, is located within this office and serves other AID units and the Peace Corps. Because O/MP represents the most strategic resource of AID in the management improvement drive, it is treated in more detail herein than other offices.

O/MP has a strong and competent staff with a sound appreciation of the management problems confronting AID. It has produced analyses, reports, and proposals of impressive professional standards. Such a staff is an indispensable management facility in an agency as big and complicated as AID. However, staff resources assigned have not permitted AID to enjoy the full potential of this office in helping to resolve either the procedural or organizational problems confronting the agency. More internal management analyses and deeper involvement of the office in organizational matters, particularly below the office level, are clearly desired.

Management Planning has not been able to devote its full energies to a planned program of management improvement for several reasons:

- . The office is frequently assigned ad hoc but high-priority special assignments by top management without prior notice. This is unavoidable and necessary. But such special work is performed by diverting staff from scheduled assignments.
- . Some staff have responsibilities for several house-keeping activities that are not suitably placed in the office.
- . The unresolved question of the appropriate role, emphasis, and location for the EDP division has prevented the development of a broad management program for data processing.

The Office of Management Planning is taking a number of remedial steps within its authority to remedy or otherwise soften the impact of these factors upon internal operations.

1. PROCEED WITH THE SIMPLIFICATION OF THE INTERNAL STRUCTURE OF THE OFFICE

The Office of Management Planning has been organized into four divisions and a policy staff. These are:

- (1) The Management Policies Staff, which handles problems of management policy and selected foreign affairs agency relationships.
- (2) A Program Methods Division, which specializes in substantive program procedures along with responsibility for selected client offices

(3) A Management Assistance Division, which provides advice and guidance on structure, staffing, and management improvement problems for regional bureaus and overseas organizational units

(4) An Administrative Operations Division, which is responsible for such activities as delegations of authority, forms analysis and control, issuance of directives and manual orders, and space allocation, along with responsibility for selected client offices and manpower allocation and control.

(5) A Data Processing Division, which has responsibility for machine systems development and for operation of the EDP equipment.

Simplification of the structure has been considered necessary by the director, and appropriate moves are now under way. Although final arrangements have not been completed, one plan includes:

(1) The dissolution of the Administrative Operations Division by transferring space allocation and several other housekeeping activities out of O/MP to the General Services Division and distributing the remaining functions between the Program Methods Division and Management Assistance Division.

(2) The assignment of all program systems development responsibility, including machine systems development, to the Program Methods Division.

(3) The assignment to the Management Assistance Division of expanded responsibilities for client office functions, the manpower management program, and management policy.

We support the general objectives of the proposed structural changes being undertaken. The assignment of responsibility for all systems development to a single unit is particularly desirable.

2. PROVIDE DATA PROCESSING EXPERTISE TO THE PROGRAM METHODS DIVISION TO ASSIST IN SYSTEMS DEVELOPMENT

Several years ago, the data processing unit was part of a Systems Development Division. However, the function apparently needed additional status and more continual supervisory attention. Consequently, the unit was given divisional status.

Since then, a question has persisted as to which unit is responsible for total systems development. The Program Methods Division, lacking data processing specialists, has not been able to assume leadership. At the same time, the data processing staff has not had a sufficiently broad perspective of operations or authority to do so. Consequently, systems development has not received desirable attention.

If past history could be discounted, we would endorse a single systems development division with the data processing function included therein. However, the operational problems in data processing dictate a less ambitious move at this time. Therefore, with the assignment of systems development responsibility to the Program Methods Division, it is recommended as a first step that a management-oriented data processing expert be added to that unit.

This professional should help identify data processing potential in the program area and define the practical limitations and requirements imposed by the technology. He would be expected to draw upon the expertise of the data processing staff as needed.

3. INITIATE AN EDP TRAINING PROGRAM FOR MANAGEMENT ANALYSIS

Another step should involve placing proper emphasis upon imparting general data processing knowledge to the analysts in O/MP. It is recommended that an EDP training program for management analysts be initiated along the following lines.

- . An initial 2-week course in basic computer programming
- . A 6- to 8-week working assignment in the agency data processing unit
- . An additional week's course in computer programming which is more advanced than the basic course

An 8-week assignment in programming a project within the individual's work area

We understand that plans for such training are included within a broad training program which O/MP is initiating with the assistance of outside help.

4. PLAN EVENTUALLY TO RECOMBINE THE PROGRAM METHODS AND DATA PROCESSING DIVISIONS

At an appropriate future time, when the program methods staff is strengthened with data processing expertise, the data processing unit should be reabsorbed within that division. This arrangement would provide the best assurance that data processing potentials in the agency receive continual attention. This move has several prerequisites as follows:

(1) A broad-gauged, management-oriented division chief who is equipped by training and background to give unified direction to the program methods and data processing staffs and provide a comprehensive data processing program for the agency.

(2) Program methods staff analysts with some data processing training as noted earlier

(3) A well-managed data processing unit that is providing responsive, high-quality service to agency units

The following section pertains to the steps needed to achieve this last condition.

5. IMPROVE THE MANAGEMENT OF DATA PROCESSING OPERATIONS

The data processing unit, with 33 employees, has both AID and Peace Corps work responsibilities. The division is equipped with an IBM 1401 computer and is now operating two shifts daily. The services to using offices are considered unsatisfactory in terms of both timeliness and quality. Furthermore, as noted previously, there is little new systems development work, and staff time is spent preponderantly upon systems maintenance--that is, revising and updating existing applications.

A program is required for improving the internal operations of the data processing unit. This program should include:

- . Strengthening management leadership within the unit
- . Improving documentation which today is considered to be virtually nonexistent
- . Reviewing the technology of the system to improve programming language, to increase memory utilization, and to assure that the appropriate equipment is being used
- . Measuring workload and studying machine utilization to determine the need for currently contracting out certain work

6. DEVELOP A COMPREHENSIVE DATA PROCESSING PROGRAM

In working toward a resolution of the organizational and operational problems of data processing, the agency should have the firm guide afforded by a comprehensive EDP program. Several basic categories of potential applications appear to fall within such a program:

- . Substantive program systems applications--Virtually no work has been done in this area as of today.
- . Further administrative applications--The number and quality of applications now on the equipment can be expanded. Although there are several applications on the machines today, there is still much more to be done. The Controller's area alone has several proposed applications which are waiting upon the data processing unit for attention.
- . Scientific applications--This potential area involves broad considerations affecting resource allocations and the resultant consequences.

The first two areas are considered to be within the long-term capability of present data processing resources in AID. Successful application in the scientific field will, however, require expertise not now present.

## X. PERSONNEL ADMINISTRATION

The nature and magnitude of the AID program and its pervasive effect on our international relations pose an insistent requirement for a personnel force of exceptional competence, maturity, and discretion. The agency recognizes this need and is diligently seeking to develop and institutionalize a comprehensive, positive personnel program.

1. COMMENDABLE PROGRESS HAS BEEN ACHIEVED, BUT MAJOR HANDICAPS TO A SOUND SYSTEM OF PERSONNEL MANAGEMENT PERSIST

Frequent changes in agency leadership, revisions of organization structure and operating philosophy, the indefinite nature of future foreign aid authorizations, and understandable emphasis upon immediate operational needs have all been impediments to the development of a well-balanced and comprehensive personnel program suited to AID's needs. In addition to these environmental considerations, AID is still hampered by a number of circumstances and factors directly germane to personnel management:

The absence of a career system has made it difficult to attract, retain, and develop sufficient numbers of exceptionally able personnel.

- . The substantial decentralization of personnel authority to the bureaus, for overseas personnel, although facilitating operational flexibility, has not served broad agency-wide interests in personnel employment, utilization, and development.
- . The central personnel office has not been geared to provide strong leadership because of internal staffing and structural deficiencies.

This chapter discusses the problems in AID personnel administration in terms of these three related yet distinct aspects and presents a number of recommendations.

2. THE AGENCY'S MANPOWER REQUIREMENTS ARE BEING FILLED UNDER A VARIETY OF SYSTEMS RESULTING IN NO UNIFORM PERSONNEL PROGRAM

AID has about 15,353 employees as of October 1964, some 8,700 of whom are foreign nationals employed in overseas missions. Another 3,700 are American nationals employed overseas, and the balance of about 2,900 is located in the AID/Washington staff.

At present, the needs of the agency for American nationals are met in various ways. A few posts are filled by foreign service officers of the State Department serving a tour of duty in AID. There are also AID foreign service reserve officers, some 40% with limited appointments. In Washington, however, the preponderant number of employees are in the classified civil service, possessing the security and tenure rights of the regular federal employment system.

In AID, therefore, there is no single integrated personnel program with uniformly applicable conditions, rights, and privileges. The conditions of employment for the various staffs depend upon the particular circumstances of their initial service with AID. This situation, plus the decentralized arrangement, results in a corps of employees possessing career service rights and privileges without providing the agency with the positive elements for employee development and full utilization in a single unified system.

3. PARTIAL DECENTRALIZATION OF PERSONNEL  
MANAGEMENT HAS NOT ASSURED THE MOST EFFECTIVE  
UTILIZATION OF PERSONNEL RESOURCES

Authority for personnel management in AID is now dispersed in a number of organization units. The Office of Personnel Administration is responsible for the formulation of general policy governing all employees and for administration of the personnel program of all AID/Washington personnel. This latter responsibility covers recruitment, placement, classification, evaluation, promotion, and training. With respect to overseas personnel, the office is responsible for evaluation, training, promotion, standard position descriptions, employee relations, and broad policy. About 116 employees are assigned to the central office to discharge these duties.

Each regional bureau has authority for recruitment, placement, and reassignment of most overseas personnel within its own area. There are 126 employees distributed among the four bureaus to perform these personnel duties. Responsibility for overseas public safety employees has now been removed from the bureaus and centralized in the Office of Public Safety. Thus, there are six offices in AID vested with formal personnel authorities. Some 250 employees are assigned to personnel functions in these offices, a number over 25% larger than the total engaged in these functions when it was centralized. In addition, many of the regions' technical employees are involved in personnel operations, particularly recruiting.

The decision in mid-1962 to decentralize substantial authority for personnel management to the regions was reportedly made because of claimed failure to perform adequately on the part of the central personnel office. There were charges that the central office was dilatory and unresponsive to urgent regional needs. A decentralized personnel system for overseas positions was adopted to permit the regions to take direct and prompt action within their own discretion for their respective areas. In these terms, delegation of personnel authority has been of advantage to the regions:

- . Each bureau's operating needs now receive top priority.
- . Applicant processing takes less time than previously and receives more immediate attention.

- . Positions are filled more quickly than formerly.
- . Personnel may be reassigned more rapidly within each region.

This tangible improvement should be tempered by the recognition that there are now 50 more persons engaged in personnel operations than previously and that the retrenchment program during the past year has reduced the number of vacancies to be filled with corresponding reduction in workload. Looking to the future, it may also be anticipated that fewer direct hire technical personnel will be retained as discussed in Chapter II.

While it is likely that the system adopted in 1963 has been of definite benefit to the regions in terms of flexibility and quick action, these advantages have been bought at the price of both higher cost and weakening of the general personnel system. Unfortunately, decentralization took place in the absence of a body of strong central personnel policies and standards. Consequently, each regional bureau proceeded along its own way, leading to significant differences in operating procedures, standards, and the contributing role of desk officers and technical staff.

Substantial progress has been made by the central personnel staff in formulating standard policies, but there are inherent weaknesses in the decentralized personnel system stemming from each bureau's preoccupation with its own operating needs and the dilution of central perspective in dealing with total personnel resources. The personnel office has recognized that agency-wide interests in terms of employee utilization and development are not wholly served by the present system for overseas personnel. It has, therefore, attempted to overcome the problem through coordinating committees on recruitment and placement. These committees are intended to give unity to bureau recruiting efforts and to facilitate the transfer of available manpower among bureaus. The committees are commendable in that they are trying to make the present system operate more effectively, but as discussed subsequently, the results to date cannot be judged as adequate or as a substitute for more positive involvement.

Many of the specific problems with which central personnel management has been attempting to cope under the present system still largely persist, principally because they tend to be products of the system itself:

- . Despite O/PA efforts in developing training opportunities, insufficient consideration is still being given to individual career development needs or overall agency manpower and skills requirements. Although the bureaus are expected to recommend persons for training, they do not always nominate those persons who would benefit most. Too often they view training assignments as convenient niches for shunting incapable people out of operations.
- . The reassignment of overseas personnel by the bureaus sometimes results in underutilization of employees. There is no central control for assuring that employees without assignments are rapidly transferred to other bureaus or are terminated. As a consequence, in October there were about 225 persons on bureau availability lists, some of whom had been there for 6 or more months.
- . A person appears on an availability list only after a bureau decides it cannot use him. The impression is widely held that, except in instances when their skills clearly are no longer needed, only unsatisfactory employees ever appear on the lists. To counteract this impression, the evaluations of some employees are occasionally softened to make them more attractive to other bureaus.
- . Bureau recruiting efforts are generally conducted independently of each other without assurance that uniform qualifications and standards are being applied. Separate contacts with a single source have occasionally occurred. Thus, the quality of personnel may vary from bureau to bureau. In addition, the supply of applicants for one bureau may far exceed its requirements, but there is no procedure which assures across-the-board considerations for all potential needs.

Thus, in operating practice, several problems have developed in the decentralized personnel system which the central personnel office has not been able to overcome by clearance and consultation, committee devices or by other informal means. The central personnel

office, lacking the authority, is essentially removed from the process and has no basis for direct intervention.

In summary, there are sound reasons for retaining a pattern of personnel management which vests wide discretion in operating units for employee decisions that relate to its own internal operations. This should not, however, extend to decisions which inhibit either the career development of the employee or impair the agency's capacity to make maximum use of its personnel resources.

Clearly, there must be a unified personnel system for the entire agency with uniform policies and practices, assuring equitable treatment of all employees and protecting overall agency interests in matching jobs and manpower. Decentralization of many facets of personnel operations is not inconsistent with this objective. But some modification in present delegated authorities is called for to achieve central objectives.

4. THE CENTRAL PERSONNEL OFFICE HAS IMPROVED ITS POLICY GUIDANCE FUNCTION, BUT INADEQUATE INTERNAL STRENGTH AS WELL AS ITS DETACHED ROLE HAVE IMPAIRED ITS EFFECTIVENESS

In any critique of AID personnel operations, it must be recognized that the present decentralized personnel arrangement for overseas

employees was instituted in mid-1962 because it was claimed that the then central personnel office had been unable to meet the bureaus' operating requirements. That office allegedly functioned at lower than desirable professional levels and did not exhibit a capacity or appreciation for urgent operating needs.

Substantial progress has since been made in improving the leadership role of the central personnel office. A Personnel Council, under the leadership of the Personnel Director, comprised of officers from both the central office and the regional bureaus has been established. Significant advance has been made in developing uniform personnel policies and procedures and setting them forth in writing. In addition, employee evaluation techniques are being improved and the promotion process for Classification Act employees in Washington is being revamped to equalize opportunity for promotions throughout the agency and to assure a broad base of qualified applicants. It is significant that authority in these areas has never been decentralized.

However, parallel success has not been achieved in coordinating decentralized activities. A coordination committee to minimize overlapping and duplicative recruitment efforts and a placement committee to facilitate the transfer of available personnel from bureau to bureau have been established under the aegis of the personnel office. But these committees have not been wholly effective for several reasons.

- . Basic authority is vested with the bureaus and the committee cannot enforce decisions.
- . The committees become involved only after the bureaus have run into a particularly difficult recruiting or placement problem. The chances of making a significant contribution are minimized because the most difficult problems come before these committees only after other options and opportunities have been foreclosed.
- . The bureaus feel no obligation to participate in the sessions of the committees or the particular projects.
- . The professional leadership provided from the central office has not been sufficiently strong or of sufficient stature to command respect and cooperation.

Thus, although the personnel office has initiated various useful measures, the problems of dispersion and compartmentalization still persist, and the agency has little assurance that overseas personnel are being assigned and handled in the optimum interests of AID as well as of the employees.

The personnel office has faithfully applied its best efforts to making the present system work. Improvement has been tangible and further refinements and advances are being planned and implemented. Yet, in addition to the impediments inherent in decentralized operation the office is hampered by several internal problems:

- . Frequent changes in leadership and the sometime use of the position of Personnel Director as a tour of duty for foreign service staff deprives the office of continuity and stability.

- . The professional staff, despite many exceptions, generally lacks expertise commensurate with the requirements of rising personnel standards in the agency.
- . The internal organizational structure places heavy operating responsibilities upon top officials and thereby precludes adequate time for proper performance in staff roles.

Thus, in summary, the agency's manpower needs are being filled by a variety of systems which complicate the whole personnel management function. Efforts to upgrade the quality of agency staff are hampered by the lack of career opportunities within AID. Secondly, existing delegations of authority to regional bureaus are meeting operating requirements but are not assuring adequate consideration of overall agency manpower and career development needs. Commendable efforts by the personnel office to overcome this problem have had only partial success. Finally, the central personnel office has not been as effective as desirable in assuming a strong leadership role because of several internal staffing and structural problems. The balance of this chapter presents recommendations for overcoming these problems.

##### 5. DEVELOP A CAREER SERVICE FOR AID

Although events clearly indicate that the assistance needs of emerging nations will persist for many years and that U. S. involvement

in a foreign aid program is unlikely to be terminated within the near future, the AID personnel program is not founded on these long-range expectations. A comprehensive foreign development career service uniformly applicable to all AID personnel and embracing well-defined career development opportunities should be considered a prerequisite of effective foreign aid administration as enunciated earlier by the Herter Committee.

A career service for AID would be a distinct asset to the program in that it would provide a more stable, long-term source of required expertise, contribute stability and permanence to operations by reducing frequent changes in key positions, improve employee status and morale, and enhance the agency's attractiveness to competent personnel. A career service for all personnel now in AID is not considered feasible or necessary since some are filling a short-term technical need. However, career opportunities should be offered to program development personnel whose skills are expected to be utilized on an agency-wide basis and for extended periods of time. Such personnel would include program officers, loan officers, executive and administrative personnel, and some chief technical positions. These employees would constitute a long-term cadre of foreign assistance expertise.

The need for technical personnel for project implementation overseas varies and thus does not offer or require career

opportunities. The particular skills required at any given time or within particular geographic areas will change with shifts in program emphasis and country needs. Therefore, a career opportunity for these types of personnel is not feasible or necessary.

But the establishment of a foreign development career service should be a priority objective for the agency as a prerequisite foundation for sound personnel management. The recent establishment of an FSO information cadre for career USIA personnel might well serve as a precedent for AID. Acknowledgement is due the personnel office for the extensive work it has been doing in developing career service proposals for consideration by the Administrator.

6. REVISE PRESENT PERSONNEL AUTHORITIES TO PROVIDE  
CENTRAL CONTROL OVER CERTAIN CAREER-TYPE  
POSITIONS

The present delegation of authority to the regional bureaus would have to be substantially revised if a career service were instituted in order more fully to guarantee employee development and utilization agency-wide. However, an early resolution of the career service question is not likely. Therefore, the agency is still confronted by the problems of delegation under the present system.

It is recommended that irrespective of the decision on a career service, the agency modify regional authority for certain overseas personnel actions affecting career-type positions. Specifically, it is recommended that the following steps be taken at this time to strengthen agency personnel administration:

- . Identify those positions in AID for which a career opportunity clearly exists. The "hard core" concept widely discussed in the agency is valid in recognizing a continuing need for certain professional expertise. The personnel office should prepare lists or position categories for such purpose for approval by the Administrator. Initially, such categories should be quite limited with progressive extensions as experience dictates.
- . Place responsibility for administering these career-type positions within the central personnel office. These positions would include some number currently being administered by the bureaus as well as those now administered by the central personnel office. That office should then conduct all recruitment, initial placement, annual evaluation, and reassignment functions relevant to personnel in these positions.
- . Vest responsibility in the personnel office for determining career development needs of these employees and providing training assignments for these purposes.
- . Following determination of assignment, the processing of all personnel and related actions should be performed by the operating bureaus.

7. RETAIN REGIONAL AUTHORITY FOR PERSONNEL  
MANAGEMENT OF THE TECHNICAL, NONPERMANENT  
EMPLOYEES

It is recommended that the regions retain their present authority for administering the personnel function affecting technical employees

engaged in project implementation. Several considerations support this judgment:

- . The immediate operating requirements of the regional bureaus generate the need for such personnel. The bureaus now have the ability to respond rapidly to meeting these needs. Therefore, since no long-term, agency-wide personnel consideration is present, the bureaus should continue to be responsible for such personnel functions.
- . Greater emphasis is now being given to securing these services through contract rather than direct hire personnel. This arrangement diminishes bureau personnel operations. At the same time, greater emphasis will be placed upon measuring technical proficiency and expediting the processing of contract agreements. Personnel considerations, in the classic sense, are not of priority consideration. The bureaus are best able to determine these immediate technical needs, identify the logical sources, and make the selection.

Central policy control and coordination will, of course, continue to be required for purposes of guiding these individual regional operations.

8. STRENGTHEN THE CAPACITY OF THE CENTRAL PERSONNEL OFFICE FOR MORE EFFECTIVE PROFESSIONAL PERFORMANCE

The career-type positions that would be administered by the Office of Personnel Administration under our proposal would eventually place extensive additional responsibilities therein for perhaps some 1,500 additional overseas personnel. There is now lacking within that office sufficient professional expertise to assume the extensive recruitment, placement, assignment, evaluation, and training responsibilities for such personnel.

The question is not more personnel, but better qualified professional employees. Many strategic positions within the personnel office today are occupied by employees who have ascended a promotion ladder without acquiring necessary horizon and technical competence on the way. Many conceive personnel administration as a requisition processing operation designed to refill vacant positions.

Thus, as a prerequisite to revising the bureaus' personnel authority, the professional capabilities of the personnel office should be strengthened. This effort should be directed along several lines.

- . Provide strong professional personnel leadership to the program on a sustained basis rather than relying on temporary duty assignments.
- . Minimize the frequent changes in top supervisory positions within the office. Over the last 5 years, 25 different individuals have occupied 5 key positions in the personnel office.
- . Redistribute the personnel staff of the bureaus to adjust to the changed workload and to provide the central office with additional positions.
- . Upgrade the general level of supervisory competence by setting and maintaining high performance standards. The evaluation process must be used to identify employee weaknesses and to provide a basis for removal if such is needed. Proper and vigorous use of the evaluation process to identify performance that is not commensurate with job requirements is indicated.

Seek to inuse the staff with younger, professionally trained, management-oriented employees to provide a source of future leadership requirements. The average age of professional personnel in the central personnel office at this time is about 45 years. The office in the past has resisted the entrance of competent young people on the theory that they were inexperienced. The present lack of broadly trained staff in that office is the result of such policy. Therefore, a vigorous effort should be made to place each year several management interns in the personnel office as the nucleus of a future cadre.

Adoption of these measures will help to overcome the problems that are now contributing to performance that is no better than adequate. In addition, a reorganization of the personnel office along the following lines will help equip it to assume the proposed broader responsibilities:

- . Focus responsibilities for all personnel policy activities with a central policy staff. The personnel office is small. Therefore, staff men in the policy unit will not be too far removed from line personnel problems.
- . Establish functional units for basic personnel operations such as recruitment, classification, employee evaluations, and training.
- . Place the program evaluation staff in either the policy group or in the Director's office according to the preferences of the Personnel Director.
- . Remove the executive placement function from the personnel office, as proposed subsequently.
- . Assign responsibility to the functional units for coordinating central and bureau personnel activities.

Such reorganization would allow the development of a strong policy staff to give basic direction and guidance to the personnel program and permit other personnel office employees to focus upon their operating responsibilities.

9. ASSIGN RESPONSIBILITY FOR EXECUTIVE RECRUITMENT  
IN A SPECIAL ASSISTANT TO THE ADMINISTRATOR AND  
PLACE THE FUNCTION IN THE OFFICE OF THE ASSISTANT  
ADMINISTRATOR FOR ADMINISTRATION

There are approximately 150 positions in the agency which are reserved to the Administrator for appointment. These include 51 administratively determined super grades, 17 GS super grades, and 82 mission appointments. In addition, there are 12 presidential appointments in the top management structure. No change in the Administrator's role in these key appointments is proposed. This represents a key device for direction and control.

The executive staffing section in the personnel office is generally responsible for locating and screening candidates to be considered for these positions. The operations of this unit are not meeting the agency's needs for several reasons:

There is virtually no external recruiting. Applications are either sponsored to the agency or submitted by individuals on their own initiative.

- . The function is inappropriately placed in the personnel office, being submerged and not given status requisite to its importance.
- . Insufficient prestige and status are granted to personnel involved in the activity, although a considerable portion of their work requires direct contact with top agency officials.

To revitalize this function and to give it appropriate emphasis, it is recommended that several steps be initiated:

- . Place responsibility for executive recruitment and placement in a Special Assistant to the Administrator.
- . Elevate the function by placing it within the Office of the Assistant Administrator for Administration.
- . Place greater emphasis upon aggressive recruitment from external sources. This activity should include the use of executive placement organizations and extensive and more frequent contacts with professional organizations and universities.
- . Comb the agency staff on a regular basis to identify employees with potential for advancement.

A top-level professional in the field of executive recruitment should occupy this post. The title of Special Assistant to the Administrator is suggested for prestige purposes in external contacts rather than primarily for reasons of internal status.

10. ASSIGN THE OFFICE OF PERSONNEL ADMINISTRATION  
RESPONSIBILITY FOR PLANNING, PROGRAMMING, AND  
COORDINATING THE BUREAUS' RECRUITING EFFORTS

The retention by the bureaus of responsibility for technical short-term positions admittedly places a difficult recruiting task upon them. Recruiting for nonpermanent overseas positions has inherent handicaps and therefore the central personnel office should plan, program, and coordinate the bureaus' recruiting effort more actively and positively. This role should follow these general lines:

- . Utilize the soon-to-be-implemented manpower programming system developed by O/MP to identify the numbers and kinds of specialists that will be required in each geographic area.
- . Identify the common needs of bureaus and offices for certain professional skills.
- . Compile data on the expected availability of currently employed nonpermanent personnel who can be utilized to fill anticipated needs.
- . Determine the logical sources of required manpower and the agency's contacts with such sources, particularly other government departments.
- . Plan the recruitment programs for common bureau needs and assign responsibility to bureaus to avoid overlap and to utilize resources most effectively.
- . Provide support services for common recruiting efforts.

Operating responsibility for recruiting nonpermanent personnel should thus remain in the bureaus, with the central office playing a stronger planning and coordinating role. Bureaus should continue

to be responsible for recruiting to fill unique needs, but they should have the improved resources of the central office available upon request.

11. RESTRICT PARTICIPATION OF TECHNICAL PERSONNEL IN THE RECRUITING PROCESS TO IDENTIFICATION OF SOURCES, EVALUATION OF TECHNICAL COMPETENCE, AND SELECTION

The involvement of technical employees in personnel matters has been a point of contention for some time. There seems to be excessive involvement of technicians in personnel matters, particularly recruiting. This often serves to divert technical staff in the regional bureaus from more important substantive duties. In recognition of this problem, several bureaus are transferring processing operations to their internal personnel offices. This transfer should be intensified.

Recruitment activities should be conducted primarily by personnel employees with specific input at appropriate times from technical staff. For example, the technical people may well participate in the following:

- . Defining the kind of experience and training needed to perform a given job
- . Identifying the logical sources for such personnel and instituting, with the help of recruiters, the initial contact if such is deemed necessary
- . Interviewing potential employees on referral to measure their technical proficiency against the requirements of the job.

Participating in the final selection to the extent of making a recommendation on an applicant.

Under this arrangement, bureau personnel employees would be responsible for initial interviews, preliminary evaluation of applicants' qualifications, and all paper processing. Technical staff would participate in the process only at those points at which their contribution is unique and dependent upon specialized expertise. They should not dissipate their time and energies on a volume of miscellaneous ministerial functions.

12. CONTINUE THE PRESENT CENTRALIZED CLASSIFICATION AUTHORITY FOR ALL WASHINGTON PERSONNEL AND EXTEND TO ALL BUT THE TOP OVERSEAS POSITIONS

The central personnel office is now responsible for all classification activities with the exception of overseas positions. Responsibility for classification of overseas positions was transferred to the Office of Management Planning in 1958 in order to simplify and streamline the process and to apply hierarchical rather than civil service standards to the functions. O/MP decentralized responsibilities for all but FSR-2 and FSR-1 grades to the regional bureaus in 1963 within criteria provided by Manual Order.

We recommend that authority for classification of Washington positions be retained by the central personnel office. In addition, the central personnel office should assume responsibility for classifying overseas positions below FSR-2 by transfer from the regional bureaus. Present authority for classifying FSR-1 and FSR-2 held by O/MP should be continued.

13. CREATE CENTRAL EVALUATION PANELS FOR ALL PERSONNEL ALONG THE LINES NOW BEING ESTABLISHED FOR OVERSEAS PERSONNEL AND STRENGTHEN EVALUATION PROCEDURES

The overseas personnel evaluation panel has been an effective arrangement and is constantly improving. We recommend that this device be extended to include Washington personnel. The panels are now being asked to distinguish between employee performance and potential and are evaluating each. We support this innovation and urge rapid implementation.

It is also recommended that evaluation procedures be slightly revised to require contributions from persons who do not have supervisory responsibility for an individual but who are yet in a position to judge performance in a particular functional area. For example, although a mission director should evaluate an auditor in his unit, personnel in the Controller's office who have reviewed his work should also have an opportunity to register an appraisal of technical proficiency, particularly when such work has been unsatisfactory.

The evaluation panels are necessarily confined to a paper review. However, since their findings are basic determinants of promotion listings, the record presented for evaluation should be as complete as possible.

14. DEVELOP A COMPREHENSIVE TRAINING PROGRAM BY IDENTIFYING CAREER DEVELOPMENT NEEDS AND PLANNING THE EFFECTIVE USE OF AVAILABLE RESOURCES

The present training resources of AID do not offer systematized programs of instruction for employees. The resources available to the agency are impressive, but excessive reliance is placed upon employee initiative for identifying their own needs and selecting courses of study. Although counseling on training is available, there is no assurance that training activities include the right employees or are geared to their best career interests and to agency needs. Despite the personnel office's appreciation for this need, AID units are not committed to the need for training. Thus, waivers and exceptions are frequently asked for when training opportunities are available.

In the interests of improving performance, the agency should identify the particular training needs of its employees as well as those of the organization. The proposed evaluation system should

provide the basic data on individual training needs. The needs can be summarized as follows:

- . Specific training programs in substantive matter for improved on-the-job performance. Such programs should be administered by operating units with the support of the personnel office.
- . Training programs to develop potential skills and abilities of individuals. Such programs should be administered by the central office.
- . Supervisory and management training to provide potential managers with expertise in supervisory methods. Such programs should be centrally administered by the personnel office.

Once a training need that relates to future performance has been identified, it should be placed upon the employee's personnel record. The need should then be considered by the Assignment Panel and assignments to training programs made on a regular basis.

15. CONTINUE THE COMPILATION OF A SKILLS INVENTORY TO IMPROVE THE PRESENT PROMOTION PROCEDURE FOR WASHINGTON PERSONNEL

AID/Washington promotions are administered by placing notices of vacancies on bulletin boards and receiving applications from employees over a fixed time period of 7 days. This procedure is not satisfactory since:

- . Worthy applicants are not always assured an opportunity to be considered.
- . The bulletin board technique does not result in a wide range of applicants.
- . The agency has no assurance that the best qualified personnel were being promoted.

In recognition of these shortcomings, the personnel office has been developing a skills inventory of all overseas and Washington employees so that the particular requirements of a position can be matched against employee capabilities in order to identify prospective appointees. A skills inventory, if adapted satisfactorily to data processing, should remedy the shortcomings of the present promotion system. We urge that the project continue to receive top priority.

16. USE EXISTING AUTHORITY MORE AGGRESSIVELY TO DEAL WITH THE PROBLEM OF MARGINAL PERFORMANCE

There is widespread impression that some, or even many, agency personnel are not competent and equal to their responsibilities. Because of such claims, action was initiated last year to obtain selection-out authority from Congress for Classification Act employees at grade 13 levels and above.

It is likely that a number of employees are occupying positions beyond their capabilities or are not performing satisfactorily.

However, their number is subject to exaggeration and the problem can easily be magnified out of proportion. Specifically,

- . 4,100 of the agency's 6,700 American nationals are in foreign service categories and are subject to existing selection-out authority. About 40% of these persons have limited appointments with no tenure or security rights.
- . About 200 persons are on miscellaneous schedules and retain their employment at the pleasure of the Administrator.
- . There are only 2,400 Classification Act employees against whom removal procedures are admittedly difficult and attenuated. However, even this number does not pose as large a problem as may appear on the surface.
  - About 1,670 employees are in grades 2 through 12 and do not occupy positions critical to agency leadership.
  - There are only 700 employees in grades 13, 14, and 15 with security and tenure rights that could pose problems in terms of desirable personnel flexibility.

Thus, the problems of rigidity and inflexibility are centered in some 700 employees, all of whom are obviously not unsuitable or incompetent--to the contrary. Significantly, about 50% of these 700 were employed only within the past 5 years.

Nevertheless, we confirm the existence of a problem of marginal performance in AID. However, the problem requires more explicit definition and isolation so that a more informed determination can be made of possible utilization of existing powers and of the need for further authority. The record to date indicates that existing authority

has not been fully utilized despite persistent complaints about the severity of the problem.

Even though present separation processes should be used more vigorously, we acknowledge the formidable difficulties involved in their implementation. Accordingly, we support the need for more discretionary power in the Administrator to separate marginal staff, but recommend a sharper focus on the exact nature and magnitude of the problem. We also urge a more discriminating use of the performance evaluation system to identify unsatisfactory service and to use such a record as the basis for separation action.

APPENDIX A

FUNCTIONAL RESPONSIBILITIES OF THE  
OFFICE OF PROGRAM POLICY AND  
COORDINATION (PPC)

The Office of Program Policy and Coordination should perform the following functions:

1. PROGRAM POLICY FORMULATION AND PROGRAM PLANNING (This is a continuing, enlarged responsibility of the present O/PC.)
  - . Formulate and maintain basic agency policies relating to broad program matters (viz., international economic concerns (trade, stabilization, and exchange practices), basic developmental criteria and priorities, and non-developmental criteria and priorities, including P.L. 480 policy).
  - . Formulate general long-range program plans for the agency (5 to 10 years in the future), including projections of objectives, goals, priorities, and strategies of the United States relating to global concerns.
  - . Provide overall guidance for and overview of the preparation of long-range program plans for geographic areas and specific countries. Exercise overall responsibility for the preparation of LAS's; establish guidelines and selectively evaluate completed CASS's, Goal Plans, and other program plans extending beyond the budget year.
  - . Provide economic planning assistance to the agency. Evaluate and recommend improvements to agency program planning and implementation processes. Provide selective technical assistance backstopping to field missions and participating countries in economic and developmental planning matters.

- . Provide liaison with other United States agencies, especially the State Department, and with international organizations concerned with global development and related matters (IDOS function, P. L. 480, and relations with other U. S. agencies, including military liaison). (Excludes purely technical liaison.)
- . Provide a general overview of external liaison functions performed by other AID offices and bureaus (including technical staff bureaus and regional bureaus) as these relate to basic program planning, implementation, and evaluation matters, to assure adequate agency representation and dissemination of discussion highlights.

## 2. PROGRAM FORMULATION AND RESOURCE ALLOCATION

(This is a continuing responsibility, with country statistics transferred from SRD, and increased emphasis on selected country program reviews.)

- . Develop agency-wide program formulation policy and procedures, relating to the form and content of annual country program plans and regional consolidated programs.
- . Provide guidance and counsel to the regions in the review and strengthening of country programs (1) as requested by regions, and (2) as determined by PPC to be necessary to assure the continued suitability of agency policies and standards.
- . Establish and conduct an economic, statistical, and program reporting system for the agency, including participating country economic statistics.
- . Conduct selected CAP reviews for the Administrator, as requested, and as provided by policy.
- . Prepare the annual agency budget for submission to the executive branch and to Congress. Coordinate the requests from regional bureaus and other staff offices in AID/Washington, negotiating differences within limits of established policy and referring matters requiring superior judgment to the Administrator for review.

- . Assist the Administrator in the presentation of the annual budget.

3. PROGRAM IMPLEMENTATION AND PROGRESS EVALUATION

(This is a substantially broadened responsibility for PPC. Responsibility for operations should remain in the regional bureaus.)

- . Provide a selective evaluation of program implementation, on a regular periodic basis, as the senior staff program office for the Administrator, working with and through the regional bureaus. Provide brief narrative reports periodically to the Administrator, interpreting global program status and progress, enabling the Administrator to focus in depth on issues of his choice.
- . Conduct a formal evaluation annually of broad program accomplishments, focusing on global and inter-regional considerations, as a basis for: major policy reevaluations, possible shifting of United States priorities, and other longer term considerations.

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APPENDIX B

FUNCTIONAL RESPONSIBILITIES OF THE  
BUREAU FOR INSTITUTIONAL DEVELOPMENT  
AND RESEARCH (IDR)

The Bureau for Institutional Development and Research should perform the following functions:

- . Provide broad agency leadership in the technical areas assigned, including counsel on professional and technical matters, exercise of personal influence and stimulation, and development of innovational and creative approaches to specific technical fields in the development process. Leadership will also entail assistance in the staff development process of technicians throughout the agency while avoiding preoccupation with personnel processing details.
- . Develop agency-wide technical policies and guidelines to assist regional bureaus and field missions in their planning and evaluation of country programs and technical projects. This will also involve assisting the central program office in the preparation and evaluation of the technical components of basic economic and developmental policies.
- . Project long-range technical program and/or project requirements, as feasible and necessary, on a global area and country basis. This may be done on the initiative of IDR itself or as a result of regional or country needs. Such plans must be consolidated ultimately into the overall long-range program plans to be prepared by PPC or participating countries (Examples: malaria control, population planning).

Provide technical support and backstopping services to field missions, regional bureaus, and other AID staff offices. These services may include: consultations on technical matters, drafting of technical review guidelines, assistance in contract negotiation, arrangement and administration of interagency service agreements, and other technical services in such fields as:

- Rural development
- Agricultural and natural resources
- Health
- Population and demography
- Education
- Human resource development
- Public administration
- Communications
- Cooperatives

Perform detailed technical reviews of all LAS's and general reviews of the technical components of CASS's, Goal Plans, and CAP's, when: (1) requested by the regional bureaus, or (2) as desirable at the initiative of the technical office itself, to assure the continued adequacy of technical program policies and guidelines.

Undertake detailed review of new or unique technical projects when (1) requested by regional bureaus, (2) the size or nature of the project requires approval by the Administrator under present reservations of delegated authority, or (3) as desirable at the initiative of the technical office itself, to assure the continued adequacy of technical program policies and guidelines. The central technical staff should continue to receive E-1's and other information concerning proposed technical assistance projects. It should be authorized to select for more intensive review those which, in its judgment, raise issues or are of such importance as to warrant advice to the Administrator.

Maintain the principal external relationships of the agency concerning technical assistance projects in the assigned fields. IDR should be the main point of contact with colleges, universities, and other contract groups and should establish policies related to the substantive elements of such contracts. Furthermore, in order to assure

coordination in such relationships and to avoid conflict, duplication, or improper selection, it should be given responsibility for authorizing contract negotiations to be undertaken with specific institutions or private agencies after projects are approved but before contacts are made. This should include advice and clearance with respect to the suitability and capacity of the proposed contractor.

- . Provide a general overview of the external liaison functions performed by other AID bureaus and offices in the technical fields assigned to the IDR for broad leadership responsibility.
- . Serve as the principal point of relationship with other federal participating agencies, including the negotiation and administration of both general and project agreements (PASA's).
- . Coordinate research activities relating to the development process for the agency. All AID research and pilot projects should be coordinated through this unit. Procedures should be established to provide that any new research or pilot project proposed by any AID office, not part of an approved country program, will be cleared through IDR before implementation. If IDR does not clear, the proposal should be referred to the Administrator for review. An interdepartmental committee should continue to be used to recommend general agency research policy and to review major research proposals. The committee should be chaired by the director of the unit responsible for research coordination in IDR. To the maximum extent possible, research and pilot projects should be assigned to regional bureaus and country programs for actual operations, with their concurrence. A consolidated research budget should be prepared by IDR covering all agency research activities except those included in country programs.
- . Undertake selected research projects and pilot projects related to assigned technical responsibilities. These should be designed to develop new approaches to AID tasks, to capitalize on agency experience, and to accumulate the knowledge required to inject new ideas, motivations, and stimulus into AID programs.

- . Perform selective evaluations of the technical components of AID programs and projects for purposes of appraising progress and results. This function should tie into and support the general responsibility of PPC for overall evaluation. IDR should prepare an annual plan for the conduct of technical evaluation within the agency's program and use its findings to reexamine technical policies and provide guidance for technical program and project planning.

APPENDIX C

FUNCTIONAL RESPONSIBILITIES OF THE  
BUREAU FOR CAPITAL DEVELOPMENT AND  
PRIVATE ENTERPRISE (CDPE)

The Bureau for Capital Development and Private Enterprise  
should perform the following functions:

- . Exercise broad technical leadership and overview within the agency in those technical fields assigned to CDPE for this purpose. The major new element of service sought for this bureau is in the exercise of technical leadership. This leadership should in time pervade the agency and result in new approaches and refocused efforts on problems of capital development and private enterprise growth in the less developed areas of the world.
- . Formulate technical policies and advise PPC on the technical components of basic program economic, developmental, and nondevelopmental policies.
- . Undertake long-range planning of technical service components of foreign assistance programs. Projections should be made of the long-range technical service requirements of AID programs, integrated into overall projections prepared by PPC. With these projections, more effective planning and implementation actions can be taken with respect to annual program requirements.
- . Provide technical support and backstopping services to field missions, regional bureaus, and other AID staff offices. These services may include: consultations on technical matters, drafting of technical review guidelines, assistance in contract negotiation, arrangement and administration of interagency service agreements, and other technical services, in such fields as:

- Industry
- Transportation
- Housing
- Engineering
- Investment banking
- Capital project loans

- . Undertake a few carefully planned and needed research projects related to the technical fields included in CDPE and especially related to the identification and authentication of possible new approaches to the increment of the growth of private enterprise.
- . Administer the agency's responsibilities for private enterprise promotion, including investment information, specific and extended risk guarantees, liaison with American business and industry, and technical advice and support to regions and country missions.
- . Perform detailed technical reviews of all LAS's and general reviews of the technical components of CASS's, Goal Plans, and CAP's, when: (1) requested by the regional bureaus, or (2) as desirable at the initiative of the technical office itself, to assure the continued adequacy of technical program policies and guidelines.
- . Undertake detailed review of new or unique technical projects when: (1) requested by regional bureaus, (2) the size or nature of the project requires approval by the Administrator under present reservations of delegated authority, or (3) as desirable at the initiative of the technical office itself, to assure the continued adequacy of technical program policies and guidelines. The central technical staff should continue to receive E-1's and other information concerning proposed technical assistance projects. It should be authorized to select for more intensive review those which, in its judgment, raise issues or are of such importance as to warrant advice to the Administrator.

- . Conduct selected reviews of capital development loans, while developing agency loan policies and technical expertise and experience. CDPE should continue to represent the Administrator on DLCS matters.
  
- . Continue to assist the Development Loan Committee (DLC) in its work through operation of the DLC Secretariat.
  
- . Perform selective technical evaluations of the progress and results of individual country programs (sectors) and projects, as well as projects common to several countries. Perform special evaluations as requested by the Administrator or PPC.