

DRAFT OPERATIONAL PLAN

INTEGRATED FOREIGN AID AGENCY

MARCH, 1961

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PROPOSED OPERATIONAL PLAN

FOR A

NEW INTEGRATED U.S. FOREIGN ASSISTANCE AGENCY

Background

The trend toward fragmentation of U.S. economic assistance efforts which began in 1955 with the dissolution of the Foreign Operations Administration should now be reversed. As a solution to this problem, most studies during the past several years have proposed the creation of a single agency to administer U.S. foreign aid programs.

Much has been accomplished to develop new plans, new program concepts and new legislation for such an agency. This study builds on these efforts and attempts to translate them into a practicable operational plan. Included are details of organization, the internal division of major functions and responsibilities, budget and staffing proposals, a suggested appropriation structure, and a timetable of the major steps required to achieve these objectives.

The organizational structure, budget and staffing distribution proposed in this operational plan have taken into account the numerous problems which will attend any merger of the functions and responsibilities of existing organizations such as DLF, ICA, Food for Peace, the Mutual Security Coordinator functions, the Inspector General-Controller

responsibilities and the Mutual Security Information activities of the Department of State. It is believed that the arrangements proposed herein will facilitate the blending of these diverse activities and staffs into a logically arranged and effective organization. As will also be apparent, recognition has been given to the new program concepts and emphases implicit in the now admittedly long-term nature of U.S. foreign assistance responsibilities, the essentiality of "integrated" country development planning, the role and contribution of cooperating countries and the vital interrelationship of "social" development to economic growth. An attempt has been made to give appropriate institutional recognition to these new programming approaches and to assure that the new agency's internal division of functions and responsibilities is consistent with and responsive to what are now conceived to be the basic purposes of U.S. foreign assistance.

Assumptions

The operational plan is based on a number of assumptions. It has been assumed at the outset that there will be created a new integrated Foreign Aid Agency responsible for the direction, control and coordination of all U.S. foreign economic assistance activities under the leadership of the Under Secretary of State for Economic Affairs. This new aid agency will acquire all or certain of the functions and responsibilities of the DLF, ICA, PL 480 programs, the Office of Mutual Security Coordinator, The Inspector General-Controller and Mutual Security Information activities, and certain training programs of the International Exchange Service. In

THERE WILL BE:

A new, integrated foreign aid agency combining all or part of: DLF, ICA, PL 480, IES, MSC, IGC, MSI, Peace Corps and Food for Peace programs.

THE NEW AGENCY WILL:

- 1. Report to the Under Secretary for Economic Affairs**
- 2. Have major institutional status within the Department of State**
- 3. Be administratively self-sufficient**
- 4. Operate under longer-term, more flexible legislation**
- 5. Formulate and execute integrated development programs for each country**

addition, it has been assumed that the proposed "National Peace Corps" and Food for Peace programs will be an integral part of the new organization.

There have been various proposals envisaging the inclusion of certain Export-Import Bank functions in the new agency. This operational plan consciously omits Export-Import Bank operations but incorporates a discussion which explains the nature of those EX-IM functions which should eventually be transferred to the new organization. (See Appendix XI.)

Because of the complexity and magnitude of U.S. foreign assistance activities and in recognition of the sensitive inter-agency relationships at play, it has been assumed that the new agency will enjoy major institutional status within the Department of State. To achieve this it is proposed that the agency's senior official will be accorded full Under Secretary of State ranking, as the fourth principal officer in the Department of State ranking immediately below the Under Secretary for Economic Affairs.

Other assumptions underlying this operational plan are briefly as follows:

- a. Major emphasis must be given to research and long-term planning.
- b. The basic unit for economic and social development planning will be the country program, within the framework of which all proposed U.S. assistance will be assessed.

Longer-term Fund Authorization and Appropriation

No-year Obligation Authority

Career Personnel System

Broad Public Information Program

Simplified Appropriation Structure

Integration of U.S. Foreign Aid Activities

Recognition of Continuing Nature of U.S. Foreign Aid

Introduction of New Program Dimensions- Peace Corps, Food for Peace, Social Development

Bill enacted by the Senate and the House of Representatives...

ELIMINATION OF CONGRESSIONAL RESTRICTIONS

Country and Geographic Limitations (e.g. Spain)

Privileged Data Requirement

Fund Transferability Limitation

Limitation on Re-use of De-obligated Funds

Mansfield Amendment Phasing out Grant Assistance

Time Limitation on Obligational Authority and Appropriations

RESULTING IN

Simplified Documentation and Procedures

Minimum Review Fewer Clearances at Headquarters

Greater Authority for Field Missions

Greater Reliance on Country Implementation Channels

Fewer External Coordination Mechanisms

Sharper Lines of Internal Authority

- c. The division of functions and authorities within the new agency will be so arranged as to give primary line authority to the geographical area.
- d. New authorization and appropriation legislation will be required emphasizing the long-term nature of foreign economic activities.
- e. The new agency will operate as an administratively self-sufficient organization.

For purposes of this paper, the new aid organization has been entitled the "Economic Development Administration." Other titles are, of course, possible and Appendix XII lists a number of suggested alternative agency names for consideration.

Mission of the Agency

A major change in U.S. policies and approaches to foreign aid is reflected in the following statement made by President Kennedy in his Inaugural Address:

"To those peoples in the huts and villages of half the globe struggling to break the bonds of mass misery, we pledge our best efforts to help them help themselves, for whatever period is required - not because the Communists may be doing it, not because we seek their votes, but because it is right. If a free society cannot help the many who are poor, it cannot save the few who are rich.

"My fellow citizens of the world: ask not what America will do for you, but what together we can do for the freedom of man."

In his State of the Union message, the President set forth in dramatically concise language the primary mission of the proposed new aid agency:

"Our role is essential and unavoidable in the construction of a sound and expanding economy for the entire non-Communist world, helping other nations build the strength to meet their own problems, to satisfy their own aspirations, to surmount their own dangers. The problems in achieving this goal are towering and unprecedented - the response must be towering and unprecedented as well, much as lend-lease and the Marshall Plan were in earlier years which brought such fruitful results.

"I intend to ask the Congress for authority to establish a new and more effective program for assisting economic, educational and social development of other countries and continents. That program must stimulate and take more effectively into account the contributions of our allies, and provide central policy direction for all our own programs that now so often overlap, conflict or diffuse our energies and resources. Such a program, compared to past programs will require:

More flexibility for short-run emergencies,

More commitment to long-term development,

New attention to education at all levels,

Greater emphasis on the recipient nations' role, their purpose, with greater social justice for their people, a broader distribution and participation by their people and more efficient public administration and more efficient tax systems of their own, and

Orderly planning for national and regional development instead of a piecemeal approach."

Organization and Functions

Under Secretary for Economic Affairs

Overall direction, control, policy formulation and coordination of all U.S. foreign economic assistance activities will be exercised by the Under Secretary of State for Economic Affairs. General economic-military coordination will be handled on his behalf by a small staff arm

of the Under Secretary to the extent major problems of coordination cannot be resolved at lower levels.

Economic Development Administration

The head of the new agency, to be called the "Administrator", will report directly to the Under Secretary for Economic Affairs. The new EDA will consist of the following major units:

- Office of the Administrator
- Office of the Associate Administrator - Program Operations
- Office of the Deputy Administrator - Economic Resources
Development and Loans
- Office of the Deputy Administrator - Social Resources
Development
- Office of the Deputy Administrator - Food for Peace
- Office of the Deputy Administrator - National Peace Corps
- Office of the Deputy Administrator - Program Services

In addition, the new organization will have as its basic programming and operational unit an overseas mission located in each of the countries receiving assistance.

Each of the foregoing units is discussed separately below.

Office of the Administrator

The Administrator reports to the Under Secretary of State for Economic Affairs. In this capacity he will hold full Under Secretary of State rank as the fourth principal officer in the Department of State, ranking immediately below the Under Secretary of State for Economic Affairs.

He is assisted by a full Deputy Administrator who serves as his "alter ego" and acts for him in his absence or as otherwise authorized by the Administrator.

In addition, the Administrator has several staff arms essential to the discharge of his responsibilities for the direction of the entire

agency. These include four Assistants to the Administrator for Congressional Affairs, Public Information, Program Evaluation and for Planning and Research. In addition, the General Counsel and Executive Secretariat are included as staff units reporting to the Administrator.

The Assistant to the Administrator for Planning and Research is envisaged as a small, senior-level staff devoting full time to long-range planning and to research programs (normally arranged by contract with external specialists and organizations) necessary to the exploration and development of new approaches to foreign assistance.

It is generally conceded that the lack of a public information staff and facilities has prevented adequate understanding and support of the program by the U.S. public. For this reason, a public information staff, headed by an Assistant to the Administrator, is proposed.

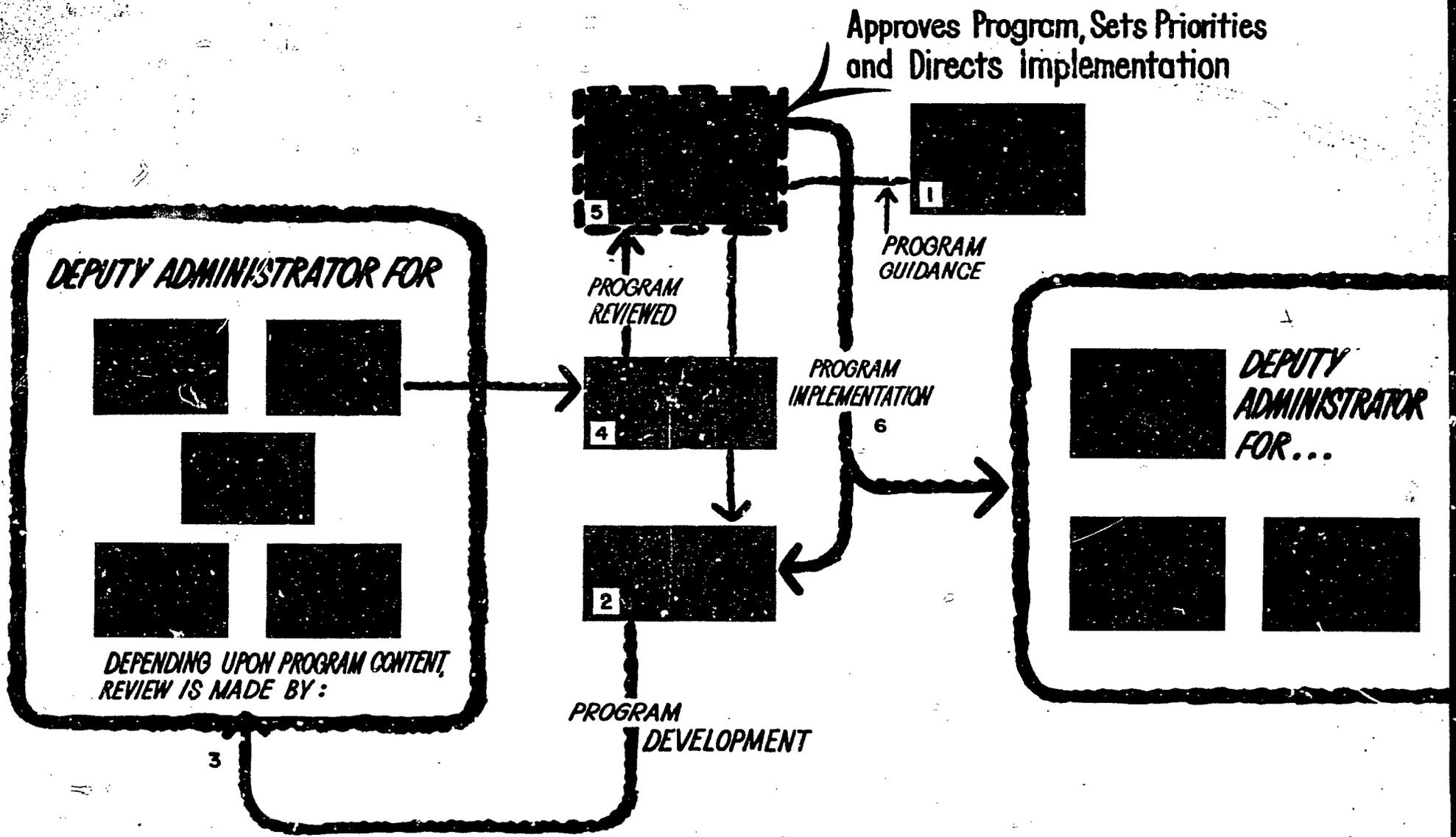
The Assistant to the Administrator for Program Evaluation conducts substantive evaluations of the conduct, direction and effectiveness of overseas programs and will report his findings and make appropriate recommendations to the Administrator.

The Assistant to the Administrator for Congressional Affairs is responsible for (a) day-to-day Congressional liaison (b) coordination of the annual Congressional presentation and (c) coordination of agency actions arising from major Congressional studies and investigations.

Office of the Associate Administrator - Program Operations

The Associate Administrator is the chief line officer responsible for all programs overseas. On behalf of the Administrator, he reviews and approved all programs of EDA, regardless of the nature of

ASSOCIATE ADMINISTRATOR ASSURES PROGRAM INTEGRATION



the program or the channel through which assistance is to be furnished. He coordinates the development of program guidelines for the field missions; arranges for periodic field program submissions; presides over both inter-and intra-agency program review; coordinates all programs for presentation to the Under Secretary, the Bureau of the Budget and Congress; recommends to the Administrator the distribution of program resources by country, by region and by function; establishes program priorities and directs implementation of approved programs and projects in accordance with such priorities. In the discharge of these responsibilities, he looks to the Deputy Administrators for technical advice and guidance and for such implementation assistance as is necessary to carry out approved programs and projects. In approving programs for either budget presentation or implementation purposes, however, he may accept, reject or modify the recommendations of the Deputy Administrators.

The Office of the Associate Administrator includes Assistant Administrators for the Far East, Near East and South Asia, Latin America and Africa-Europe. These regional officers are responsible within their geographic area for the formulation of country and regional policies, objectives and programs; and for assuring that such programs are implemented by country missions and EDA headquarters in accordance with approved operational priorities and program plans. Each Regional Office normally includes two Deputy Assistant Administrators, an Executive Office, a Program Office, and country desk officers within divisions established on a geographic basis.

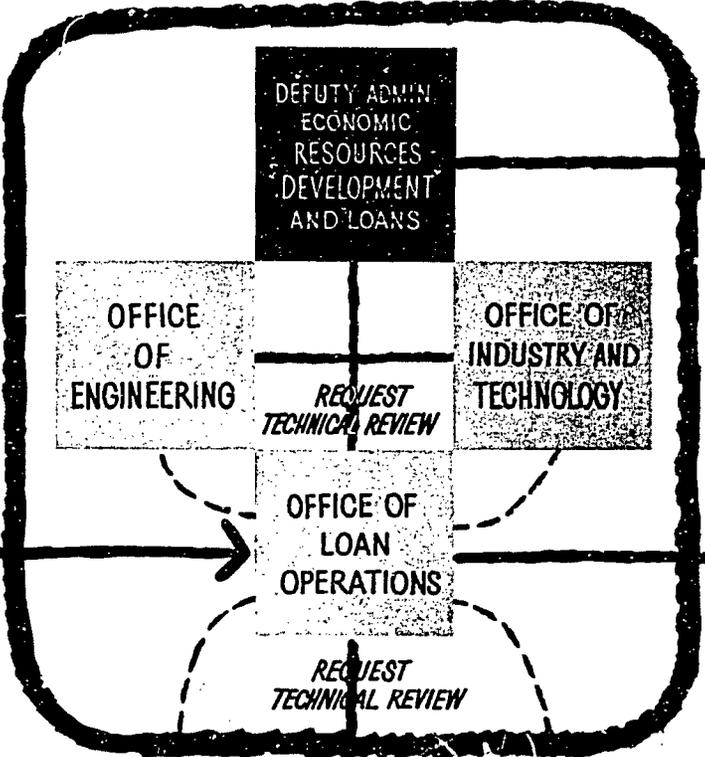
Appendix II provides further details regarding the role, functions and authorities of the Associate Administrator and the regional Assistant Administrators reporting to him.

In addition to four regional Assistant Administrators, the Office of the Associate Administrator includes a Policy and Coordination Staff and a Multilateral and Interregional Staff. The Policy and Coordination Staff serves as the central program office for the entire agency. The Multilateral and Interregional Staff formulates programs for U.S. participation in activities related to economic development which transcend regional lines or which involve participation by or relationships with multilateral agencies.

Appendix II describes in greater detail the functions, authorities and organization of the Office of the Associate Administrator - Program Operations.

Office of the Deputy Administrator - Economic Resources Development & Loans

The Deputy Administrator - Economic Resources Development and Loans is responsible for programs and projects designed to develop the industry, transportation, communications, power, whether in the public or private sectors of the economies of underdeveloped countries; for programs applying advanced technology and scientific break-throughs in underdeveloped areas; for the issuance of investment guarantees to protect business investment overseas; for the technical analysis of proposed programs and projects and the technical surveillance of project progress during and after construction; for the analysis of loan applications and the negotiation and execution of EDA dollar loan agreements; and for providing staff services to the Economic



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SUBMIT APPLICATION WITH COMMENTS

Deputy Administrator Social Resources Development

Assistant Administrator's Regional

Loans Signed in Washington or in the Field



Development Loan Fund and its Board of Directors.

In addition to the immediate Office of the Deputy Administrator, this major organizational unit includes the Offices of Loan Operations, Industry and Technology, Transportation, Private Investment, Engineering, and Investment Guaranties.

The most complex and expensive programs administered by the EDA are those concerned with the development of industry, transportation, communications, power and the private business sectors of the economies of underdeveloped countries. It is anticipated that many of these activities will be financed through loans. There will nonetheless continue to be significant economic and industrial requirements overseas which can be met only through the extension of grant aid, technical assistance and contributions from the resources provided by the National Peace Corps and surplus agricultural commodity programs.

This new Office is intended to provide a central focus for all activities of EDA concerned with basic economic and industrial development in underdeveloped countries. It is felt that the cluster of functions and staffs proposed, and particularly the association of these activities with the loan operation, will make for more effective and concentrated planning and implementation. As will be noted subsequently, functions and responsibilities related primarily to the development of education, human and social resources have been centralized in another coordinate major organizational unit (the Office of the Deputy Administrator - Social Resources Development). Thus, this operational plan attempts to draw a sharp line of distinction between programs and projects devoted to direct economic

and industrial stimulation on the one hand, and programs and projects concerned primarily with the development of human, institutional and social resources on the other hand.

A major feature of the Economic Resources Development unit is the inclusion of the Office of Loan Operations. This Office will review all dollar loan applications submitted to EDA (whether submitted by a borrower through a field mission or directly), for obtaining necessary technical, engineering and program reviews on such applications, and for recommending loan approvals to the Board of Directors of the Economic Development Loan Fund. The Economic Development Loan Fund is administered by a Board of Directors consisting of the Administrator as Chairman; the Deputy Administrator - Economic Resources Development & Loans, as Managing Director of the Fund; and the Associate Administrator and Deputy Administrator - Social Resources Development, as Board Members. Staff services to the Board will be provided by the Office of Loan Operations.

The Offices of Transportation, Industry and Technology, and Private Investment provide planning in their respective fields of activity for the development of effective programs and projects in each cooperating country. In addition, they transmit appropriate technical guidelines to the field missions and other EDA offices, and perform required technical review of programs and projects within their functional jurisdiction.

The Office of Engineering services the entire agency, both headquarters and field missions, to the extent engineering analysis and assistance is required at any stage during the program development or implementation processes. In addition, it maintains technical surveillance

SOCIAL RESOURCES DEVELOPMENT PROGRAMS BUILD INSTITUTIONS, EDUCATION AND HUMAN RESOURCES

Assists Countries
in Development
Planning

**ECONOMIC
DEVELOPMENT
INSTITUTE**

**DEPUTY ADMIN.
SOCIAL RESOURCES
DEVELOPMENT**

TECHNICAL UNITS

HOUSING

EDUCATION

PUBLIC
SAFETY

PUBLIC
HEALTH

PUBLIC
ADMINISTRATION

COMMUNITY
DEVELOPMENT

LABOR

AGRICULTURE

COMMUNICATIONS
MEDIA

Grants, Loans, Credits, and
Technical Assistance
for Peace Program, and Voluntary
Service

over the progress of capital projects financed by EDA (whether by loan or grant) and submits progress reports on such projects to the Deputy Administrator - Economic Resources Development. Engineering services may be provided either directly by the staff of the Office of Engineering or pursuant to contractual arrangements made with other U.S. agencies and private firms.

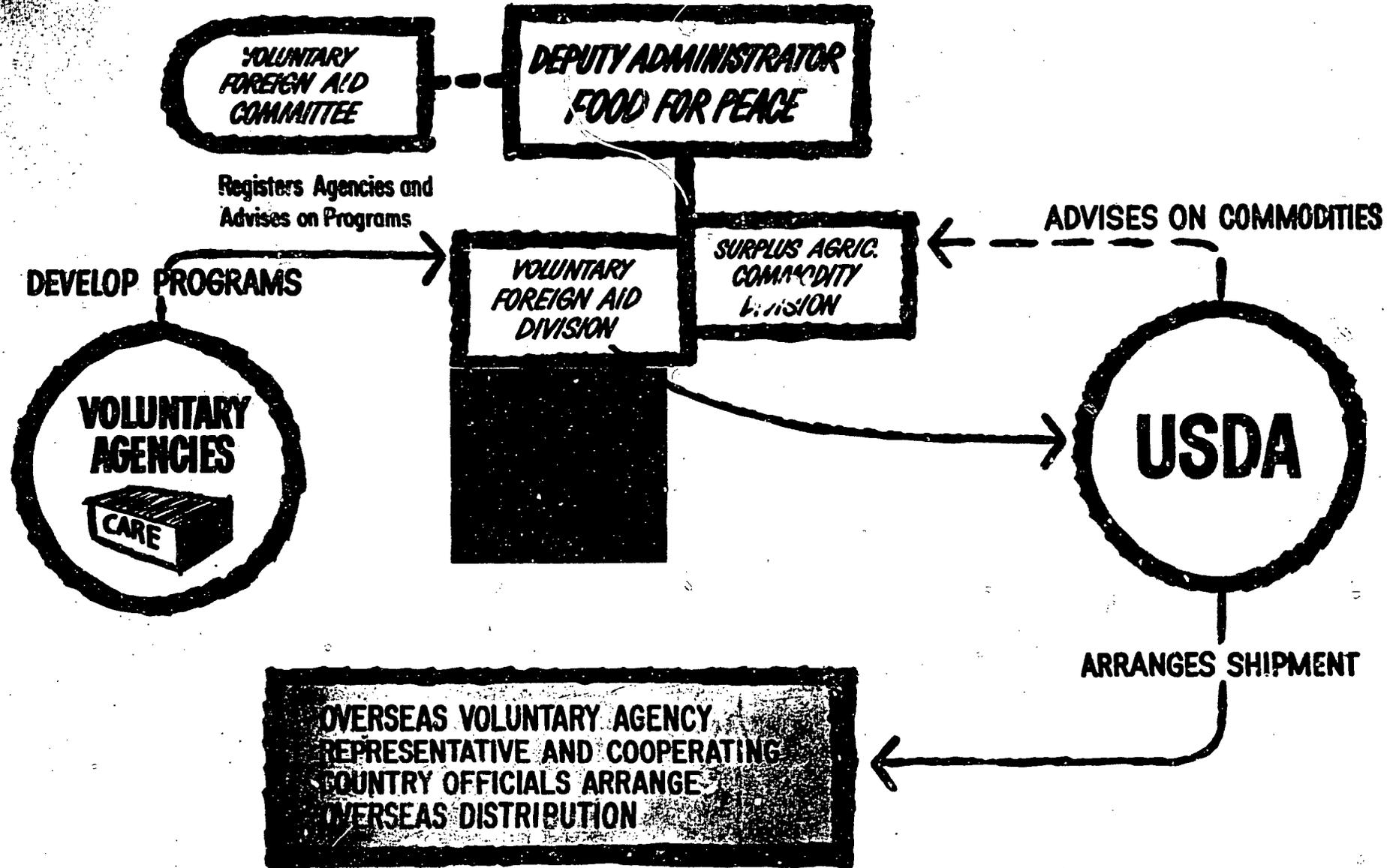
For further detail regarding the functions of these Offices, see Appendix III.

Office of the Deputy Administrator - Social Resources Development

The Deputy Administrator - Social Resources Development is responsible for the development and implementation of programs and projects designed to expand and improve the institutions and human resources of underdeveloped countries. Major emphasis along these lines will be given to the fields of agriculture, health, education, housing, public administration, community development, communications media, public safety and labor and social welfare. The Deputy Administrator - Social Resources Development is also responsible for the direction of the "Economic Development Institute" which assists other governments in formulating long-range economic development objectives and plans.

The Office of the Deputy Administrator includes six technical offices as follows: Agriculture, Labor and Manpower, Public Health, Educational Development, Public Services and Communications Media. These technical offices provide planning in their respective fields of activity for the development of effective programs and projects in each cooperating country. In addition, they issue appropriate technical guidelines to the

VOLUNTARY AGENCIES HAVE A SIGNIFICANT ROLE IN FOOD FOR PEACE PROGRAMS



field missions and other EDA Offices and perform required technical review of programs and projects within their functional jurisdiction.

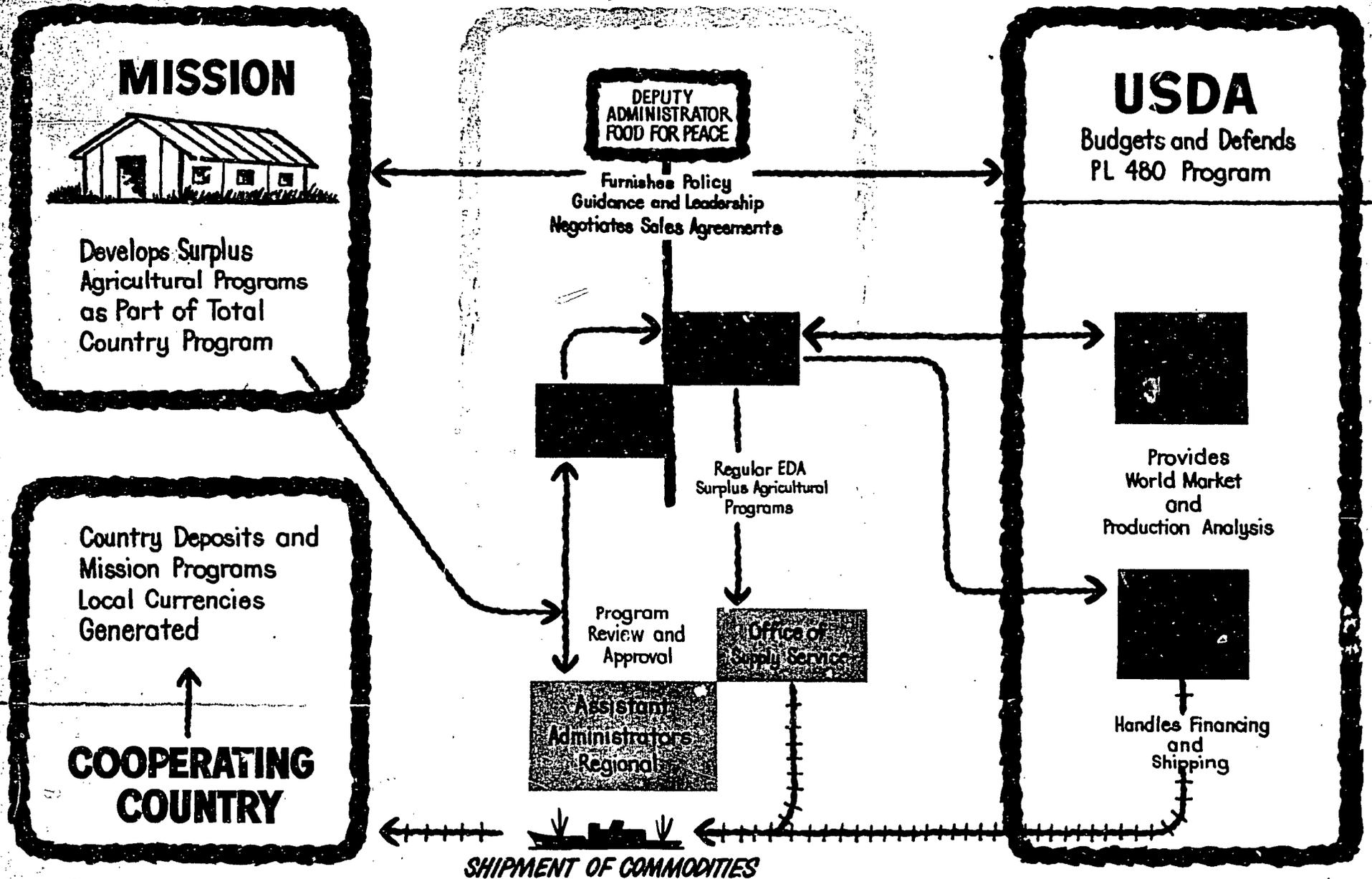
It is believed that this alignment of functions and technical offices under the direction of a single Deputy Administrator will facilitate agency concentration on the basic social and human resources development problems facing most underdeveloped countries. Programs concerned with land reform, the creation and expansion of educational facilities, the improvement of country government public services, tax reform, health and nutrition, human resources utilization and similar "social infrastructure" activities essential to the growth and stability of underdeveloped countries will be given new impetus and emphasis in this organizational environment.

Because of the nature and objectives of the activities within this major office, maximum use will be made of the resources of other U.S. agencies, universities and foundations, the National Peace Corps, and private organizations and contractors possessing specialized skills in the functional fields involved.

Most programs and projects of a social development nature will be in the form of grant assistance involving the transferral of knowledge, skills and techniques.

The proposed Economic Development Institute is a research and training institute of specialists in the field of economic development and programming. The primary purpose of the Institute is to assist foreign governments in developing and strengthening their own economic planning mechanisms. The Institute will work in close collaboration with the

FOOD FOR PEACE PROGRAMS NOW MAJOR INSTRUMENT IN ECONOMIC DEVELOPMENT



academic community in the U.S. and abroad to stimulate research in the field of economic development. It will furnish assistance to other governments upon request, normally through contractual arrangements with universities, foundations and other organizations possessing the specialized skills required.

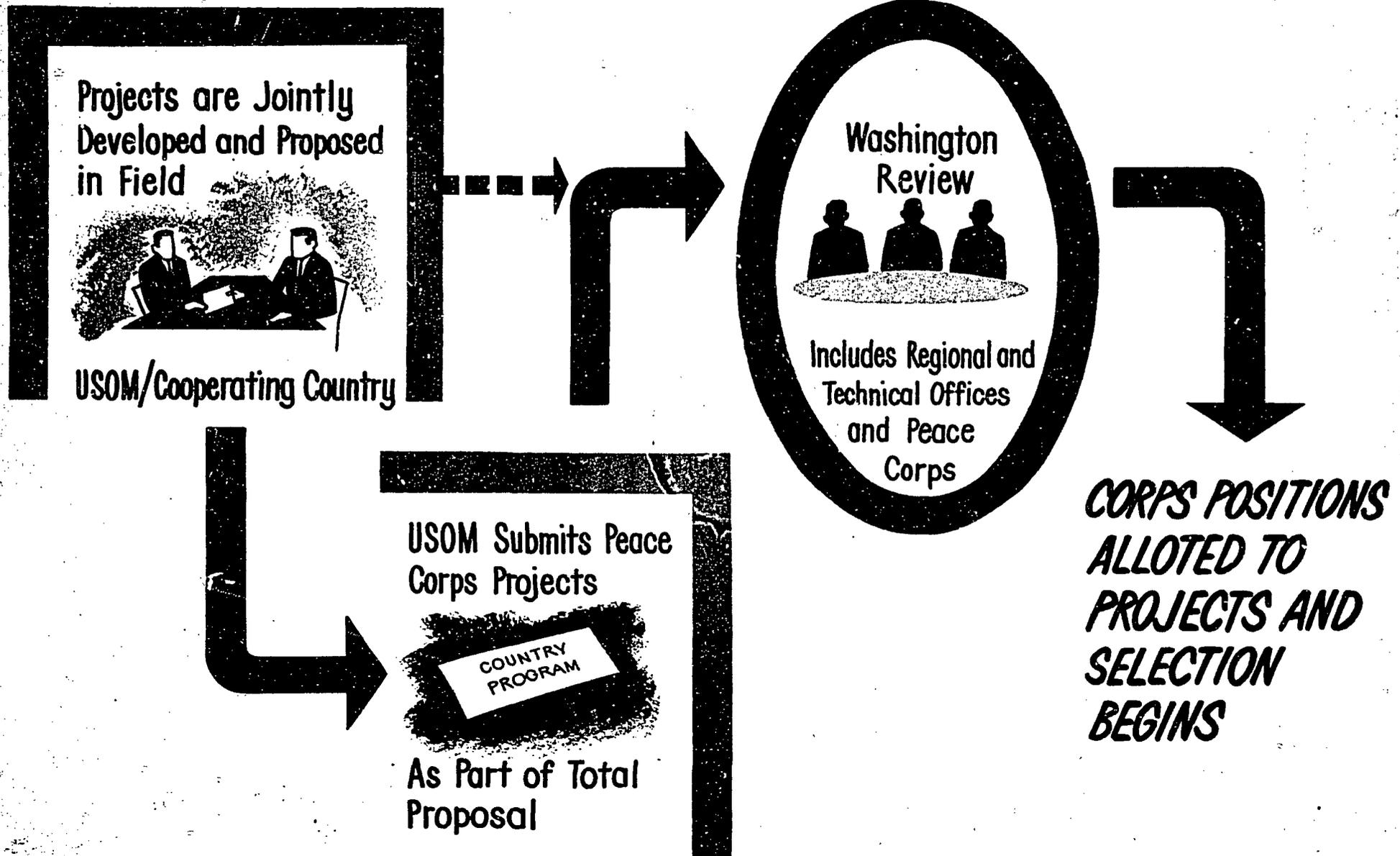
Food for Peace Programs

The Deputy Administrator - Food for Peace will be responsible for the coordination of all EDA programs utilizing surplus agricultural commodities. Guidance and leadership to EDA missions abroad in the development of ways of using farm surpluses to help the underdeveloped world will originate from this office. As explained in Appendix V no change in PL 480 legislation is proposed. It is planned to continue the constructive role of the Department of Agriculture in determining overseas production and markets, designating surplus commodities and making necessary arrangements for financing and shipping of goods under approved programs.

EDA missions abroad, under the leadership of the Deputy Administrator - Food for Peace will work with host governments to develop surplus agricultural programs as a part of the total EDA development program. These programs will be reviewed in Washington by the appropriate geographical arm of the agency and the Food for Peace organization. The Food for Peace Office will conduct necessary negotiations, both within the agency and with other U.S. agencies with respect to sales agreements and commodity grants. When programs have been approved and agreements signed, the procurement and shipment of the commodities will be arranged either

PEACE CORPS PROJECTS ARE DEVELOPED AS PART OF TOTAL COUNTRY ASSISTANCE

With Peace Corps Director Stimulus:



by the Department of Agriculture (for PL 480 programs) or by the program services area of EDA (for regular surplus agricultural programs).

The Food for Peace office will also include a Voluntary Foreign Aid Division which has the central U.S. Government function, through the Voluntary Foreign Aid Committee, of registering voluntary agencies and providing advice and guidance to these agencies, as necessary. Voluntary agencies, under PL 480, are authorized to receive direct donations of surplus food stocks and receive freight reimbursement for these stocks and for other shipments of relief goods abroad.

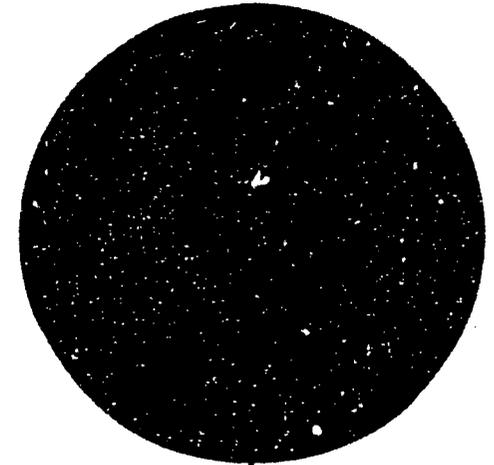
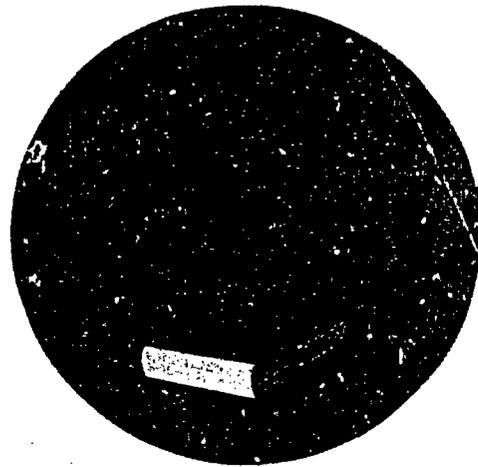
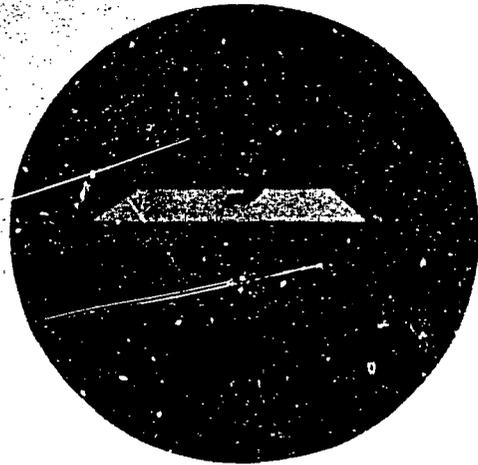
Appendix V provides further details regarding the role, functions and authorities of the Deputy Administrator - Food for Peace.

National Peace Corps

The National Peace Corps program represents an additional resource to be used in developmental work overseas. The Peace Corps will operate through three mechanisms - through grants in aid to programs carried out by voluntary agencies; contracts with private organizations; and through the assignment of direct-hire Corpsmen. The voluntary organization program will operate in a manner similar to Food for Peace programs with voluntary agencies. It is anticipated that a budget item for grants in aid to voluntary agencies will be administered by a special council. The Peace Corps organization would develop standards for projects to be carried out by these agencies. The private organizations, however, would plan and administer their own programs.

Peace Corps corpsmen could be used for social or economic resources development projects in the field, either assisting EDA technicians and

PEACE CORPS WILL HELP VOLUNTARY ORGANIZATIONS THROUGH GRANTS-IN-AID



contractors or working with host governments and universities on special projects not directly related to other EDA programs. With the help, guidance and stimulus of the Peace Corps Deputy Administrator, projects will be jointly developed and proposed in the field by EDA missions and cooperating country groups. The projects will be submitted as a part of and related to the total country program plans. These projects will be reviewed in Washington with the assistance of the appropriate geographical area and the technical offices for the purpose of determining program feasibility. The Peace Corps organization will be supported by EDA Program Services units.

Appendix VI provides further details regarding the role, functions, and authorities of the Deputy Administrator - National Peace Corps.

Program Development and Approval Process

An essential prerequisite of U.S. economic assistance operations is an integrated total program within the framework of which all U.S. overseas economic activities are planned and executed. The Economic Development Administration accomplishes this planning and program integration through the relationships among and the coordination of its overseas missions, its headquarters geographic and functional units, and its servicing arms.

At the core of this entire process is the Associate Administrator - Program Operations. His Policy and Coordination staff prepares guidelines for the field missions. These guidelines represent a composite of

Executive Branch decisions related to U.S. foreign policy objectives in each country.

Based on this guidance, EDA Missions abroad analyze country conditions in the light of prevailing social, political, economic, governmental and military factors to determine the requirements for U.S. economic action. These analyses lead to the construction of a country economic development program encompassing both long-term and essential short-term objectives and plans. These programs include all types of assistance required, regardless of its form or the channel through which it is to be made available, including dollar and local currency loans and grants, technical advice and assistance, voluntary agency activities, non-U.S. external assistance, Food for Peace programs, utilization of surpluses, and proposed Peace Corps activities.

Country programs will be submitted by missions at periodic intervals to EDA Washington. They are reviewed in EDA headquarters by the appropriate functional units concerned (e.g. Social Resources Development, Economic Resources Development, Peace Corps, Program Services, Food for Peace) and by the appropriate regional office. Upon completion of this review and after assessment of the comments and recommendations (both intra-and inter-agency) developed during this process, the Associate Administrator, on behalf of the Administrator, approves, modifies or rejects proposed programs for budget presentation purposes and for implementation. In these processes he is assisted by his Policy and Coordination Staff which takes into account competing claims, availability of funds, and country, regional and world-wide priorities.

Program Execution

Much criticism has been directed at foreign aid operations for delays in program execution. These criticisms include allegations of administrative inflexibility; duplicative, slow and inadequate technical review; failure to delegate adequate authority to the field; and general inefficiency and delay in the prosecution of approved programs and projects.

Certain changes in agency operating concepts and in field authorities are proposed to minimize these difficulties. It is proposed, for example, that once programs have been approved and funds allotted by EDA Washington, field Missions will be given maximum authority to implement such programs by ordering required services and supplies directly from approved country, U.S. agency or private sources.

Essential to the expeditious servicing of Mission demands will be the establishment of responsive implementation units in Washington to provide contract, training, supply and personnel services. These servicing offices will proceed with implementation upon receipt of a Mission order without prior review or approval by other headquarters units. Missions will thus communicate directly with these Headquarters implementing offices which will either provide the services directly, or will arrange for such services to be provided through other U.S. agencies or private suppliers and contractors. The Washington implementation units responsible for contracting, supply, personnel and training will seek the advice of the technical units only to the extent Mission orders are inadequate for implementation as received.

OVERSEAS MISSIONS

The Economic Development Administration has a "United States Operations Mission (USOM)" as its economic planning and operational arm in each country overseas. These Missions work directly with the governments of the cooperating countries to develop economic and social development programs and projects in furtherance of U.S. and country objectives.

Each Mission is headed by a senior EDA official who represents the Administrator of the aid agency overseas. Administratively, he reports to the Assistant Administrator responsible for the region concerned. As a member of the U.S. "country team" overseas, his activities are coordinated by the Ambassador as provided in Executive Order 10893 and the related Presidential letter dated November 8, 1960.

A. PROGRAM DEVELOPMENT

Based on current statements of U.S. objectives and periodic program guidelines received from EDA headquarters in Washington, the Mission determines the significant socio-economic problems in the country which require solution in order to achieve U.S. objectives. The Mission then attempts to determine the extent to which mutual U.S.-country objectives can be reached by means other than U.S. assistance. Finally, it estimates the extent of U.S. assistance

MISSIONS ABROAD DEVELOP LONG-TERM INTEGRATED COUNTRY PROGRAMS

THOROUGH ECONOMIC, POLITICAL AND SOCIAL ANALYSIS OF CONDITIONS, INCLUDING:

COORDINATION WITH COUNTRY TEAM

MULTI-YEAR DEVELOPMENT PLAN

U.S. OBJECTIVES

+ *Country Conditions*

Balance of Payments	Social Requirements	Political Climate
Private Sector	Agricultural Sector	Military Requirements
Industrial Production	Voluntary Programs	Multilateral Programs
U.S. Cultural Programs	Educational and Health Conditions	

EDA OVERSEAS MISSIONS

ECONOMIC DEVELOPMENT PROGRAM
(Revised Periodically)

INCLUDES

- Food for Peace
- Peace Corps Needs
- Social Development Programs
- Economic Resources Program
- Economic Development Loans
- Special Assistance Programs
- Voluntary Agencies Program
- Multilateral Program Recommendations

required to meet total U.S.-cooperating country objectives.

On the basis of these analyses, the Mission sets forth the U.S. resources required to build the necessary programs for these purposes. These programs are included in comprehensive, integrated submissions including grants, loans, technical assistance, capital assistance, Peace Corps, surplus agricultural commodities, guarantees and other types of assistance which appear to be required. A total country program is then recommended on a multi-year basis with project requirements stated in multi-year terms but with short-range requirements (e.g. balance of payments deficits) detailed on an annual basis. Where projects appear suitable for loan financing, the Mission will develop or arrange for the preparation of all data (technical and economic) necessary to evaluate the feasibility and soundness of the projects.

As a part of the programming exercise, the Mission analyzes each proposed program and project to determine its immediate and future impact on the country's balance of payments, budget, and physical resources and manpower. Included in the total program is an estimate of the economic impact of any proposed military programs in the country.

Programs are submitted by the Missions to Washington periodically as required for program review and budget presentation purposes. Depending upon the nature of the authorization and appropriation legislation ultimately approved by the Congress, efforts will be made to simplify and reduce both the number and content of future program submissions. In the intervals between program

submissions, the Missions may develop special submissions for EDA concerning newly developed projects involving grants, loans or proposed changes in established programs.

Mission program submissions contain only that data which is essential for Washington to determine the magnitude and purposes of the programs and their economic impact. It is assumed that Missions generally are (or will be made) capable of developing technically sound projects and of carrying them out. Technical review by Washington of programs and projects normally is required only for capital project proposals or for projects on which Missions seek assistance or advice. Fundamentally, Washington technical review is to provide guidance to the geographic regions and the Missions. Headquarters assistance in project implementation is provided the Missions upon their request.

B. PROGRAM IMPLEMENTATION

EDA Missions overseas are responsible for program implementation activities in the country whether financed through grants or loans and whether conducted by direct-hire government personnel, Peace Corpsmen, contractors, country agencies and importers, or participating U.S. agencies.

In addition to program, executive and fiscal staffs, EDA Missions are usually organized into technical divisions corresponding to the technical units in the offices of the Deputy Administrators for Social Resources Development and for Economic Resources Development. Where Peace Corps members are detailed to projects, they will report to

MISSIONS ORDER PROGRAM SERVICES DIRECTLY

REGIONAL OFFICES

TECHNICAL UNITS

TECHNICAL ADVICE & MONITORING

*EDA/W
CHANNEL* >



*DIRECT
CHANNEL* >



TECHNICAL ADVICE & MONITORING



the Mission technical unit responsible for the project. Where large numbers of Peace Corps personnel are working on a special Peace Corps project, the Mission may establish a special Peace Corps supervisory unit reporting either to a technical division or to the Mission Director.

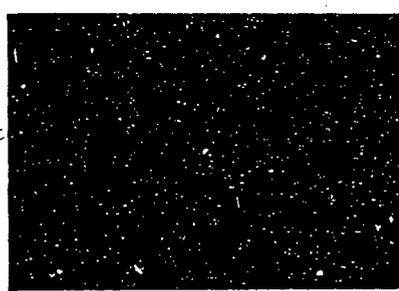
A basic management concept underlying the activities of the new agency is maximum decentralization of operating authority and flexibility to its field missions. Once proposed programs have been approved by Washington, the Mission is authorized to take such steps as are necessary, subject only to limitations of staff and resources, to proceed with implementation. Where headquarters assistance is required (e.g. training arrangements, contracting services, procurement advice, etc.), such assistance is ordered by the Mission pursuant to procedures to be established. Wherever feasible, existing Mission authorities will be expanded in all implementation processes, including agreement negotiation, authorization issuance, and contracting for services. Mission authority to hire, or to arrange for country employment of local and third country personnel will be liberalized. Authority to contract for needed services, or to requisition such services directly from other U.S. agencies such as the Corps of Engineers, will be granted to facilitate and expedite the procurement of technical expertise required for surveys, engineering and design, construction or other program and project purposes.

In short, affirmative recognition of the fact that the site of U.S. foreign economic operations is overseas guides the new agency in its analysis of Mission staffing requirements, authorities and operational processes.

THE ECONOMIC DEVELOPMENT PROGRAM REQUIRES A SPECIALIZED PERSONNEL SYSTEM



Departmental Staff
Under Regular
Civil Service and
Economic Development
Personnel
On Rotation



OVERSEAS



Non-Professional
Technical and
Clerical Personnel



(ALL NEW
PROFESSIONALS)

1. 30 Months
Tenure

2. Restricted by
Specialization
or Availability



(EVALUATION
BY PANEL)

1. Completed at
Least One Tour

2. World Wide
Availability

3. Permanent
Tenure

ALL EMPLOYEES COVERED BY CIVIL SERVICE RETIREMENT

Personnel System

The economic development program requires a specialized personnel system tailored to its needs. Inasmuch as a major portion of technical and economic assistance programs involve the "export of experts", the personnel function has a direct impact on the success or failure of the Agency's substantive program.

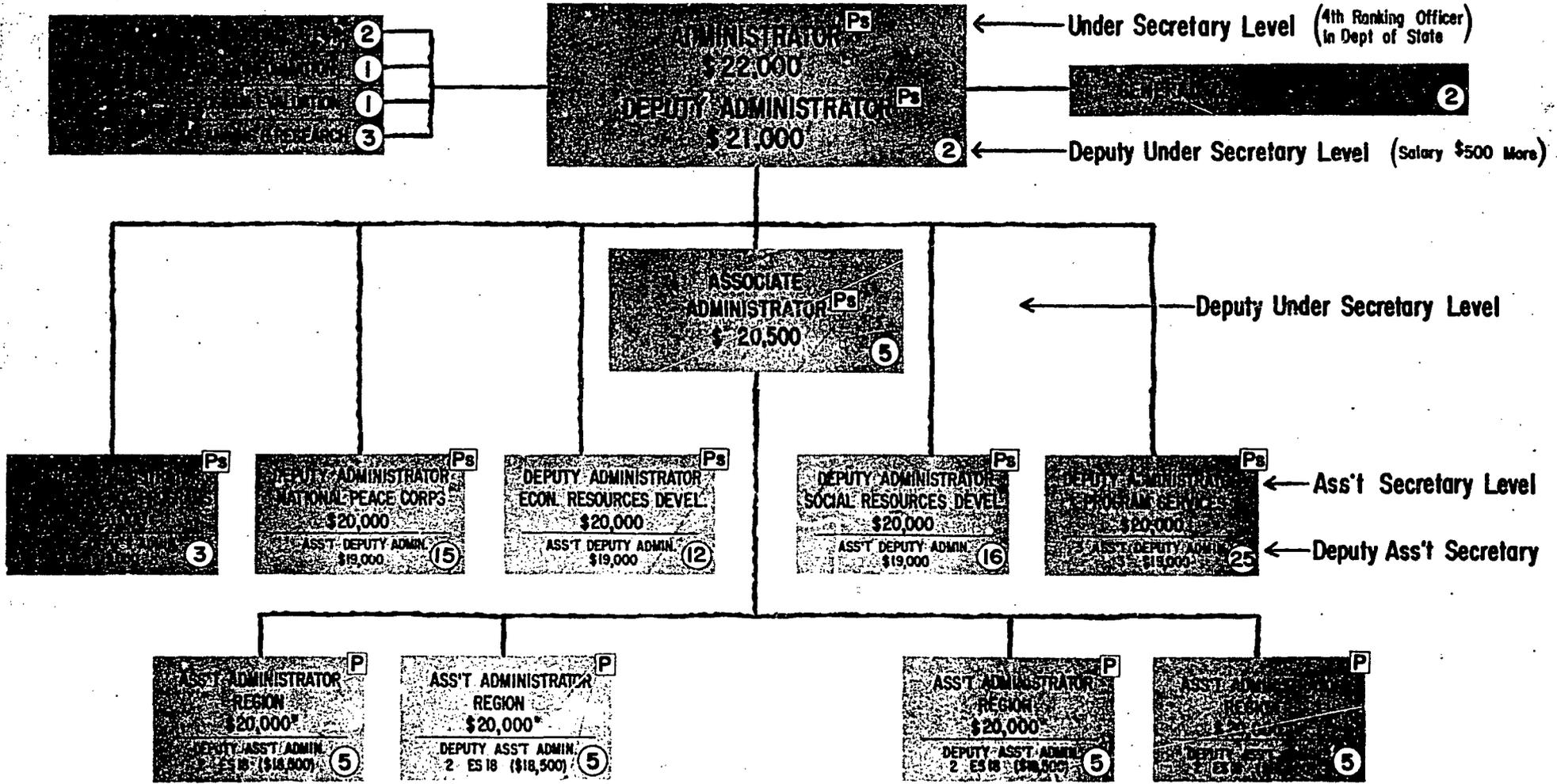
The personnel function is more complex in an agency administering economic and technical assistance because: (1) a wide variety of skills are required, i.e., administrative, program, managerial, broad technical, highly specialized, etc.; (2) recruitment is primarily from among technical and professional personnel at middle and upper grade levels; (3) the majority of the programs are located in underdeveloped areas; and (4) the headquarters office does not contain a sufficient number of comparable positions to provide systematic rotation back to the U.S. for all employees.

These factors contribute significantly to the problems of recruiting and retaining qualified personnel. The following is believed to represent the best combination of personnel systems in order to meet the particular needs of the Economic Development Administration:

- a. Washington Staff. The headquarters office in Washington would be staffed through the regular Civil Service mechanism. This system, currently in use in all agencies concerned, has proved flexible in meeting demands for headquarters personnel.
- b. Overseas Staff. The overall foreign service personnel

system would be generally patterned after that of ICA, which has been adapted from the State Department Foreign Service system. In order for EDA to attract and retain mature, qualified personnel necessary to the successful implementation of the economic development program, it must provide a personnel system with career inducements. The personnel system must be geared to meet adequately the diverse staffing requirements of a dynamic program of technical and economic cooperation in more than seventy countries. It can meet these requirements only through the maintenance of a "career-core" of mobile professional-level employees with the skills which experience has shown are required on a continuing basis. This caliber of personnel cannot be attracted to the foreign service without all the elements of a continuing career system. Accordingly, any new legislative proposal authorizing a new agency to administer economic development programs should include provision for a career personnel system with the following three categories of employees: (1) Economic Development Staff Corps - Similar to the Foreign Service Staff Corps of the Department of State for non-professional technical and clerical personnel. (2) Economic Development Reserve Corps by which all professional employees would enter the EDA overseas service. Appointments to the Reserve Corps

EXECUTIVE POSITIONS AND SALARY STRUCTURE



← Under Secretary Level (4th Ranking Officer) (In Dept of State)

← Deputy Under Secretary Level (Salary \$500 More)

← Deputy Under Secretary Level

← Ass't Secretary Level

← Deputy Ass't Secretary

Salary for Assistant Administrator - Region could be fixed at \$19,500

KEY

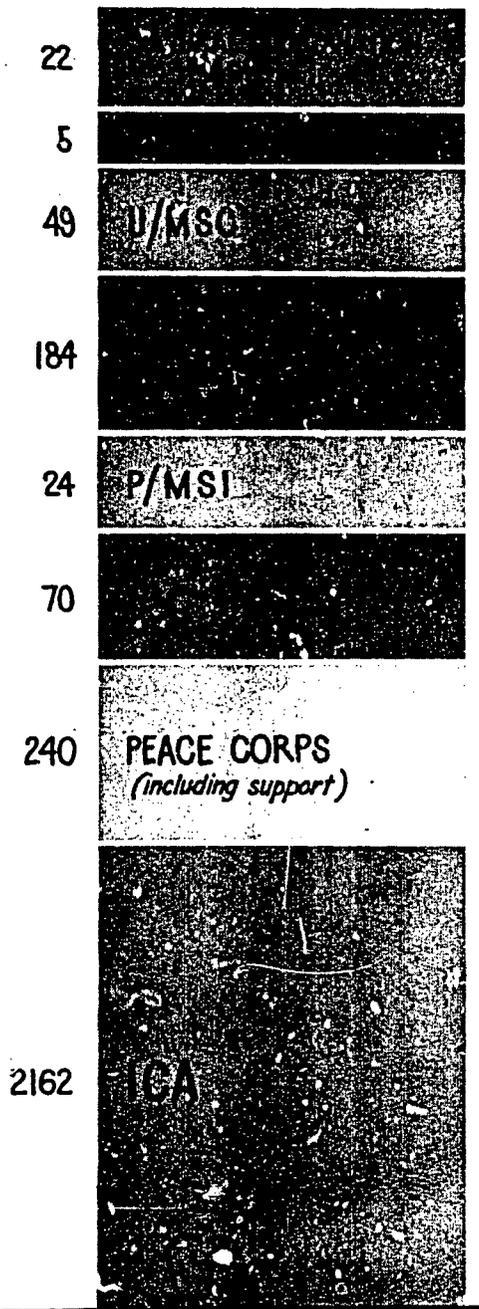
Ps	Presidential Appointees Requiring Senate confirmation.....	8	(\$20,000 & Above)
P	Presidential Appointees Not requiring Senate confirmation.....	4	
	Executive Level Positions.....	12	(\$19,000)
○	Super Grade Positions (Including 8 Deputy Ass't Admin. in regions)	115	24 - ES 18 35 - ES 17 56 - ES 16

would be for thirty months with provision for reappointment at the discretion of EDA as often as required. Personnel would remain in the Reserve Corps until certain criteria were met and they were recommended for appointment in the Officer Corps. (3) The Economic Development Officer Corps would be comprised of highly qualified professional, technical and administrative personnel selected for the permanent career nucleus of the EDA foreign service system. It would provide permanent tenure for those appointed to it. However, a provision would be made for "selection out" for personnel whose performance for a specified period is inadequate but not deficient enough to warrant separation for cause.

Most pay and benefits would be the same as those of the Foreign Service, but it is proposed that all EDA employees be covered under the Civil Service Requirement Act with special legislative authority for increased benefits based on the length of overseas service. Recognition would be given to the needs of economic development personnel through the provision of special authorizations for additional medical and educational facilities. Provision would be made for overseas employees to rotate to EDA Washington and Stateside training assignments periodically.

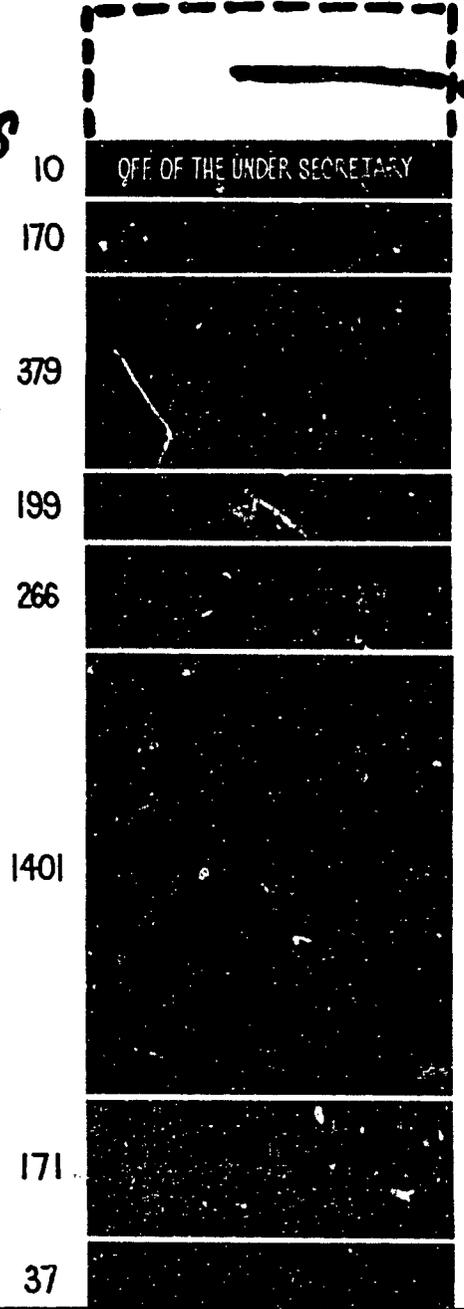
A more detailed explanation of the personnel system is contained in Appendix IX.

REORGANIZATION REDUCES PERSONNEL COSTS



EXISTING ORGANIZATIONS (FY '62 PLANNED)

TOTAL
PERSONNEL
2756



ECONOMIC DEVELOPMENT ADMINISTRATION

TOTAL
PERSONNEL
2633



Executive Staff - The EDA Headquarters organization will require a number of Presidential appointees and super-grade equivalent positions as shown on the related chart ("Top Level Position & Salary Structure" page opp). The Administrator will have Under Secretary rank and will be the fourth ranking officer in the Department of State. The comparable ranking of other EDA executive level officers is also indicated on the chart referred to above.

Of the 12 Presidential appointees proposed, 8 will require confirmation by the Senate. In addition to the Presidential appointees, 7 officers are to be paid at the \$19,000 level, and 115 supergrade-equivalent positions (ranging from \$15,255 to \$18,500) are proposed. A separate tabulation showing the supergrade requirements by office is included as Appendix K.

Legislation

To facilitate the development and implementation of EDA programs, completely new legislation is needed to replace the existing Mutual Security Act. The long-term continuing nature of U.S. foreign assistance activities should be given specific recognition in such legislation. The principles and objectives laid down by President Kennedy in his Inaugural Address and State of the Union Message should form the basis for a new legislative statement of policy. Maximum operational authority and flexibility should be requested, including uncomplicated appropriation structure and longer term obligational authority. The new program emphasis upon social and economic resources development should also be given specific legislative recognition.

DISTRIBUTION OF POSITIONS IN NEW ORGANIZATION

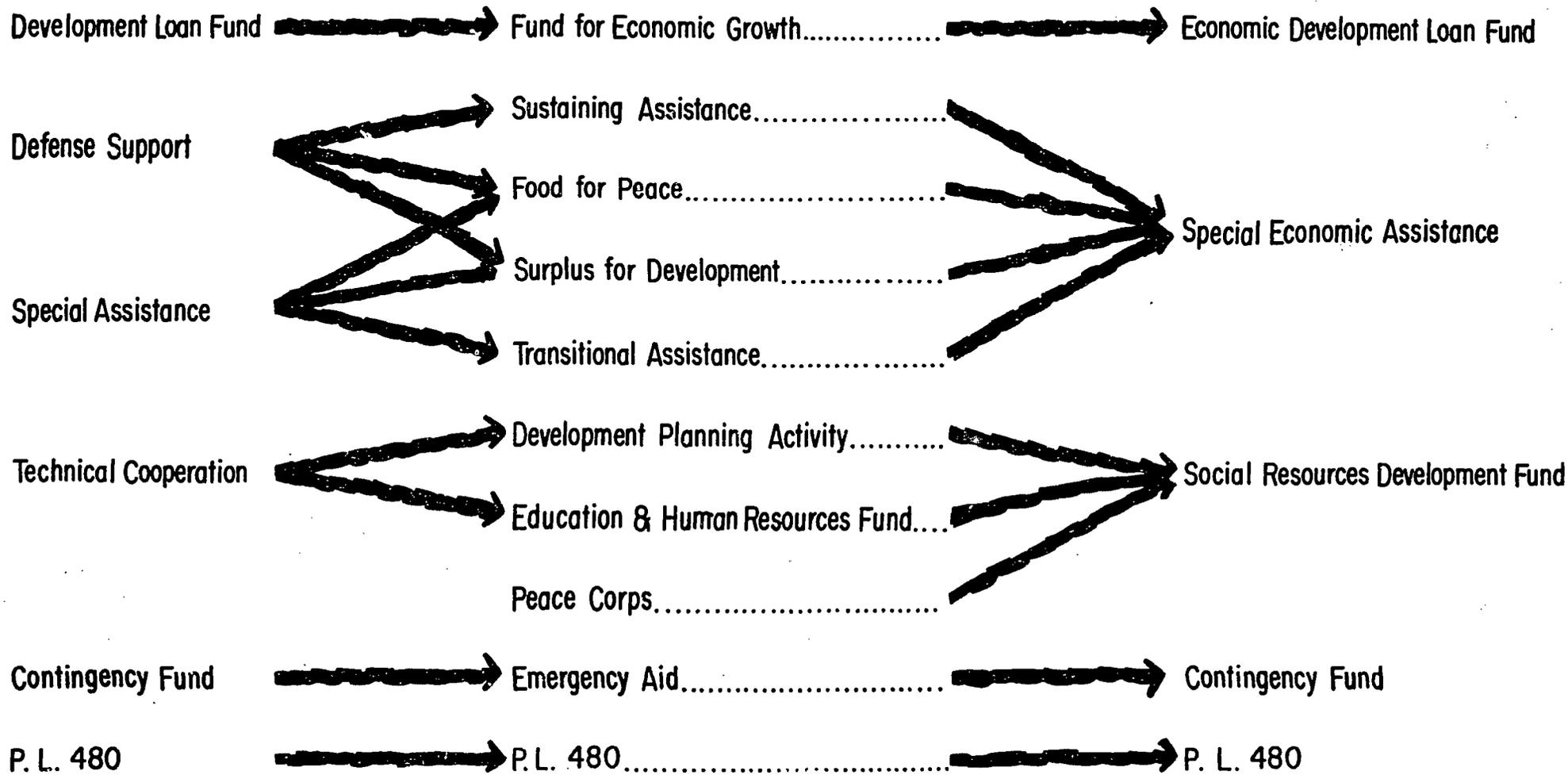
Organization	FY 1962 Positions	Office of the Under Secretary	Administrator	Associate Administrator	Deputy Adminis- trator - Economic Resources Dev. and Loans	Deputy Adminis- trator - Social Resources Dev.	Deputy Adminis- trator - Pro- gram Services	Deputy Adminis- trator - Peace Corps	Deputy Adminis- trator - Food for Peace
ICA	2162		101	354	135	248	1292		32
DLF	184		12		95	5	72		
U/MSU	49	11		28		10			
IGC	70		30				40		
Peace Corps	240		6			5	58	171	
Food for Peace Coordination	5								5
Cultural Coordination (State)	22						22		
P/MSI	24		24						
SUBTOTAL	2756	11	173	382	230	268	1484	171	37
Positions Eliminated	-123	-1	-3	-3	-31	-2	-83		
Proposed Positions	2633	10	170	379	199	266	1401	171	37

NEW LEGISLATION SHOULD SIMPLIFY APPROPRIATION STRUCTURE

CURRENT APPROPRIATION STRUCTURE

CONTEMPLATED PROGRAMS

PROPOSED APPROPRIATION STRUCTURE



Functional, geographical, and administrative limitations should be eliminated or minimized. Wide discretionary authority for fund transferability should be specifically included in the new Act.

It is proposed that the EDA operate with four primary appropriations - Special Economic Assistance, Social Resources Development Fund, Economic Development Fund and the Contingency Fund. In addition, an administrative appropriation would be required. This arrangement would reduce the number of existing appropriations and would preclude the addition of new appropriation categories for each new program concept developed. It is also proposed that the Department of Agriculture continue to budget and defend the separate appropriation for PL 480 Programs.

Manpower and Funding Requirements

It is anticipated that the combination of the several agencies and units into a single organization will result in a requirement for less manpower and funding than would be required if each entity were to operate independently. The FY 1962 administrative budget request for all units involved in the proposed consolidation is estimated to include funds for a total of 2,756 permanent positions in Washington. As a result of the establishment of a single aid agency, it should be possible effectively to implement the program in Washington with 2,633 positions, or 123 positions less than those estimated to be included in the various FY 1962 budget requests. A significant portion, 68, of these positions would be administrative in nature. The balance of 55 would be program funded positions.

AND
NEWLY PROPOSED AGENCY ADMINISTRATIVE BUDGETS

	AUTHORIZED POSITIONS			COST ESTIMATES (In \$ thousands)		
	Current Staff ^{1/}	FY 1962 Budget	EDA 1962	FY 1961 ^{1/}	FY 1962 Budget	EDA 1962
ICA	1589	1612 ^{2/}		16,929	18,135 ^{4/}	
DLF	155	184		1,800	2,250	
IGC	88	70		1,200	1,200	
MSC	49	49		2,000	2,000 ^{5/}	
Cultural Affairs (State) ^{7/}	22	22		250	275	
Food for Peace Coordination	2	5		10	50	
Peace Corps	-	240		500	3,000	
Mutual Security Information	24	24		1,000	1,000 ^{5/}	
Economic Development Administration	-	-	2138 ^{3/}	-	-	27,300
Total, Administration (Wash.)	1929	2206	2138	23,689	27,910	27,300
Administration (Field)	1180	1352 ^{6/}	1352	26,918	35,600	35,600
TOTAL, ADMINISTRATION	3109	3558	3490	50,607	63,510	62,900
		<u>Saving: 68 Positions</u>			<u>Saving: \$610,000</u>	
Total Domestic Program Positions - Wash.	496	550	495	3,968	4,400	3,960
		<u>Saving: 55 Positions</u>			<u>Saving: \$440,000</u>	
		<u>TOTAL SAVING: 123 Positions</u>			<u>TOTAL SAVING: \$1,050,000</u>	

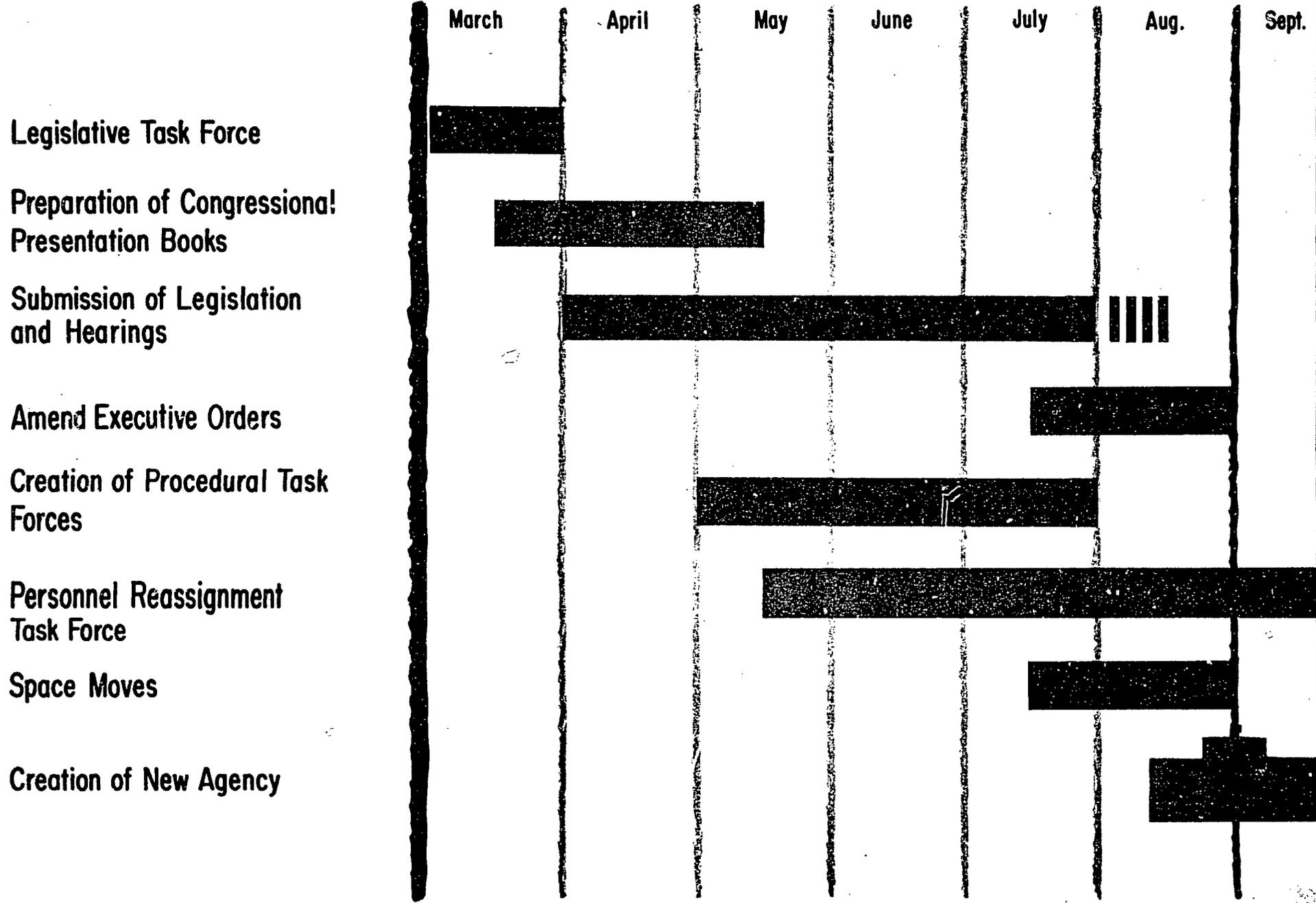
- 1/ Positions and cost figures for current year are estimated in some instances.
- 2/ Excludes 550 program funded positions.
- 3/ Excludes 495 program funded positions. Total Washington positions amount to 2633.
- 4/ ICA plan, rather than present Bureau of the Budget Plan.
- 5/ Assumes all other functions funded from 411(c) appropriation, such as costs incident to administration of the Battle Act and Escapee and Refugee Programs, will be funded from Dept. of State appropriations.
- 6/ Assumes an increase of 60 positions for Peace Corps activities and 30 for expanded operational activity in Latin America in order to better implement social development activities.
- 7/ Includes only those positions whose functions would be transferred to EDA.

It has been assumed that the Peace Corps - a new program - would require 171 positions to be assigned to the Deputy Administrator - Peace Corps, 69 positions in supporting units elsewhere in EDA Headquarters, and 60 positions in support of the program overseas.

Field positions for FY 1962 which would be funded from administrative appropriations are estimated at 1352, including those required for Peace Corps activities, and an additional 30 positions to implement an expanded program of social development in Latin America. No increase is expected to be necessary as a result of the establishment of a single aid agency. The proposed staffing plan should provide the field with sufficient administrative manpower to respond to problems with which they are expected to be confronted.

The administrative budget for the new EDA organization is estimated at \$62.9 million, of which \$27.3 million would be required in Washington and the balance of \$35.6 million in the field. This represents a reduction of \$.6 million from the estimated proposed FY 1962 administrative requirements, including that of the Peace Corps, were they to operate as separate entities. In addition, it is anticipated that the lesser number of program positions required would result in savings of approximately \$440,000. Total budget reductions, therefore, are estimated at slightly more than \$1 million.

ACTION STEPS REQUIRED



Plan of Action

If this draft operational program is approved, implementation will require urgent development and submission of legislation, amendments of related Executive Orders, and the selective appointments of staff to new key positions. Special task forces will be essential to handle these assignments. The Agency should operate under existing regulations and procedures pending completion of the work of the task forces.

Of particular significance in the transition period will be arrangements for adequate space for the new agency. EDA units are presently scattered in at least eight different buildings throughout Washington. No single building currently in use is adequate to house the entire new organization. The new Department of State building is already inadequate to house even the ICA component. It is therefore proposed that arrangements be made through GSA as soon as possible to acquire one of the several large new buildings being privately constructed in Washington to house the new EDA organization.

OFFICE OF THE ADMINISTRATOR

OFFICE OF THE ADMINISTRATOR

The Administrator of the Economic Development Administration reports to the Under Secretary of State for Economic Affairs. The Administrator is the fourth ranking officer of the Department of State. He is responsible for the development of economic assistance policies and programs and for the execution of such programs in furtherance of those U.S. foreign policy objectives which can be attained through programs of economic assistance. The operations of EDA are self-contained, with the exception of certain limited administrative services provided by the Department of State and surplus agricultural services provided by the Department of Agriculture. There are six major units, six staff units, and a Loan Board reporting to the Administrator. These are as follows:

Major Units:

- (a) The Associate Administrator - Program Operations
- (b) The Deputy Administrator - Economic Resources Development and Loans
- (c) The Deputy Administrator - Social Resources Development
- (d) The Deputy Administrator - Food for Peace Programs
- (e) The Deputy Administrator - National Peace Corps
- (f) The Deputy Administrator - Program Services

Each of these major units is described in separate sections of this paper.

The six staff units and the Loan Board are as follows:

- (a) Assistant to the Administrator for Congressional Affairs
- (b) Assistant to the Administrator for Public Information
- (c) Assistant to the Administrator for Program Evaluation
- (d) Assistant to the Administrator for Planning and Research
- (e) General Counsel
- (f) Executive Secretariat
- (g) Economic Development Loan Fund Board

Each of these units, the Loan Board, and the Immediate Office of the Administrator is described below.

(1) Immediate Office

The Immediate Office of the Administrator contains the Administrator, the Deputy Administrator, and confidential staff assistants to the Administrator.

(2) The Assistant to the Administrator for Congressional Affairs

The Assistant to the Administrator for Congressional Affairs is responsible for:

- (a) Liaison with members of Congress and Congressional committees concerned with the operations of the Economic Development Administration,
- (b) The EDA Congressional Presentation, and
- (c) Coordination of agency actions in connection with major Congressional studies and investigations.

(3) The Assistant to the Administrator for Public Information

The Economic Development Administration has a major responsibility for keeping the American public fully informed on its purpose, programs and progress. The Assistant to the Administrator for Public Information is charged with this responsibility. He is supported by small numbers of field personnel who assure that news of program developments abroad are promptly and completely reported. The Assistant to the Administrator is responsible for liaison with the U.S. Information Agency, which is primarily responsible for the presentation of EDA programs to foreign countries.

(4) The Assistant to the Administrator for Program Evaluation

A major responsibility of the EDA is a close and continuing review of program operations, to learn from the successes and failures of prior programs so that existing and new programs can be improved. The Assistant to the Administrator may, on a detailed basis, utilize the resources of officers throughout the EDA and of private individuals and organizations throughout the U.S. in the development and carrying out of a comprehensive program to evaluate the content, direction, and effectiveness of EDA overseas programs.

(5) The Assistant to the Administrator for Planning and Research

The Assistant to the Administrator is responsible for working in close collaboration with the academic and intellectual communities at home and abroad and with the domestic and field staffs of the EDA to stimulate and conduct research in economic development. The Assistant

to the Administrator will use grants and contracts for research and development activities in areas in which it appears that expenditure of funds will provide useful answers to questions of multiplying the effectiveness of U.S. operations overseas.

He is also responsible for the development of new policies and new techniques for foreign economic assistance, and for the development of long-range plans concerning the future direction, content, and objectives of U.S. economic assistance programs.

(6) The General Counsel

The General Counsel serves as a principal advisor in the EDA and is the chief advisor to the Administrator and all EDA units on legal matters. The General Counsel has responsibility for final legal decision within the Administration. The Office has an advisory, rather than an operating function. Offices with operating legal requirements such as the drafting of contracts, loan agreements, or commodity agreements have their own legal staffs included in and responsible to such offices. ("House Counsel" concept.) The General Counsel of EDA, however, renders opinions on matters of law which are binding on all legal staffs throughout the Administration.

(7) Executive Secretariat

The Secretariat furnishes staff assistance to the Executive Staff of the agency, including dissemination of policy information, communications review services, preparation of cable summaries, etc.

(8) Economic Development Fund Board

The Administrator serves as the Chairman of the Economic Development Fund Board. In addition to the Administrator, this Board is composed of the Associate Administrator and the Deputy Administrators for Economic

Resources Development and Loans and for Social Resources Development. It establishes EDA loan policies and approves EDA dollar loans to foreign governments and institutions. Staff services for the Economic Development Loan Fund Board, are provided by the Office of Loan Operations in the Office of the Deputy Administrator - Economic Resources Development and Loans. In connection with certain classes of loans or guarantees, the functions of the Board may be delegated by the Board to the Deputy Administrator - Economic Resources Development and Loans.

OFFICE OF THE ADMINISTRATOR

EXISTING UNITS	FY 1962 Positions	TO THE ADMINISTRATOR							TOTAL	TO OTHER UNITS
		Immediate Office	Congressional Affairs	Public Information	Program Evaluation	Planning and Research	GC	EXSEC		
DIRECTOR, ICA	13	8	5						13	
EXSEC	24							24	24	
DD/C	6		6						6	
GC	37						32		32	5
DD/P	24					14			14	10
DLF	(12)					4	4	4	12	
IGC	70				30				30	40
TASG	12					12			12	
P/MSIA	24			24					24	
PEACE CORPS	(6)			6					6	
SUB TOTAL	228	8	11	30	30	30	36	28	173	55
Positions Eliminated	3	-	-	-	-	-	1	2	3	-
Positions Proposed	225	8	11	30	30	30	35	26	170	55

OFFICE OF THE UNDERSECRETARY FOR ECONOMIC AFFAIRS
TO MILITARY ECONOMIC COORDINATOR

<u>EXISTING UNITS</u>	<u>FY 1962 Positions</u>	<u>Immediate Office</u>
U/MSC	11	10
Positions Eliminated	1	1
Proposed Positions	10	10

OFFICE OF THE ASSOCIATE ADMINISTRATOR - PROGRAM OPERATIONS

OFFICE OF THE ASSOCIATE ADMINISTRATOR - PROGRAM OPERATIONS

The Associate Administrator is the chief line officer responsible for all programs overseas. On behalf of the Administrator, he reviews and approves all programs of the Economic Development Administration, whether these be through grants or loans, technical assistance, surplus commodities or Peace Corps. He coordinates the development of program guidelines for the field, requests the annual program submission, presides over its review, coordinates the program for presentation to the Administrator and the Under Secretary and to the Bureau of the Budget and Congress, recommends to the Administrator the allocations of appropriated funds by country and by function and assures expeditious program implementation.

The Office of the Associate Administrator is made up of seven units: (a) the Immediate Office of the Associate Administrator, (b) the Policy and Coordination Staff, (c) the Multilateral and Inter-regional Staff and (d) Assistant Administrators for Far East, Near East and South Asia, Latin America and Africa-Europe.

Policy and Coordination Staff

The Policy and Coordination Staff is the central program office of EDA. It coordinates the development of annual guidelines,

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develops requests for program submission, arranges for agency program review, coordinates the preparation of the program for the Bureau of the Budget and Congress, and the allocation of appropriations by country and function. The Policy and Coordination Staff also maintains liaison with U.S. government policy-making inter-agency bodies to assure that EDA worldwide and country objectives conform to U.S. Government policy objectives.

The Multilateral and Inter-regional Staff

This staff formulates programs for U.S. participation in multilateral activities relating to economic development abroad. These include participation in the development of instructions to U.S. representatives on such bodies, developing programs for assistance and provision of U.S. contributions to U.N. agencies, etc. This staff is also responsible for program functions relating to inter-regional programs within EDA.

The Assistant Administrators for Regions

Assistant Administrators for Regions are responsible for the following:

Each Regional Office is responsible, within its geographic area, for formulation of country and regional policies, assumptions, objectives, and programs, and for assuring that such programs are implemented by country missions and EDA Headquarters in accordance with approved operational priorities and program plans. In exercising this responsibility, each Assistant Administrator:

- a. Assures that regional plans and actions are consistent with and further overall U.S. policies;
- b. Provides policy and operations guidance to the country Missions;
- c. Adapts global technical service policies for regional and country application.

A Regional Office normally includes the immediate office of the Assistant Administrator; two Deputy Assistant Administrators; the Executive Office; the Program Office; and divisions appropriately established on a geographical basis.

Each Regional Office includes country specialists or Desk Officers for those countries in which EDA programs are conducted. Desk Officers are usually grouped into area Divisions which are responsible for one or more country programs. These Divisions:

- a. Review and recommend general scope and character of total aid programs for the area by evaluating country situations and by applying or interpreting: (1) basic U.S. objectives, (2) regional considerations, and (3) global EDA technical policies and objectives in and to individual country programs;
- b. Provide guidance to EDA Field Missions on program development, program operations and related program responsibilities in consultation with other interested offices and divisions;

- c. Recommend approval of country programs and budgets to the Assistant Administrator for the region after reviewing the Mission recommendations and coordination with other EDA offices functionally affected;
- d. Recommend amounts and timing of country allotments to the Assistant Administrator.
- e. Review and approve projects and programs in the light of conformance with and furtherance of program objectives; initiate action for necessary EDA implementation; refer projects to the appropriate technical or staff offices for review and clearance, indicating program approval or disapproval; keep informed of progress on project implementation; and recommend action to the Assistant Administrator when implementation is not forthcoming or is delayed; and
- f. Evaluate country program progress in terms of insuring timely program implementation balance among fields of activity and achievement of objectives, and recommend necessary program changes or other actions based on such evaluations.

ASSOCIATE ADMINISTRATOR - PROGRAM OPERATIONS

Existing Units	FY 1962 Positions	TO THE ASSOCIATE ADMINISTRATOR				Total	TO OTHER UNITS
		Immediate Office	Multilateral and Inter-regional	Program Coordination	Regions		
DD/O	8	8				8	
Regions, ICA	327				327	327	
ADD/O	24		9			9	15
DD/P	24			10		10	14
U/MSC	49		10	18		28	21
Sub-total	432					382	50
Positions Eliminated	-3	-2	-1			-3	
Positions Proposed	429	6	18	28	327	379	50

OFFICE OF THE DEPUTY ADMINISTRATOR -
ECONOMIC RESOURCES DEVELOPMENT AND LOANS

OFFICE OF THE DEPUTY ADMINISTRATOR -
ECONOMIC RESOURCES DEVELOPMENT AND LOANS

The Deputy Administrator - Economic Resources Development and Loans is responsible: for programs of assistance through grants, technical assistance or loans to develop the industrial, transportation, communications, power and private business sectors of the economies of underdeveloped countries; for programs applying advanced technology and scientific break-throughs in the underdeveloped areas; for provision of investment guarantees to protect business investments abroad; for technical analysis of proposed projects and inspection of projects during and after construction; for drafting, analysis and signature of EDA dollar loan agreements, management of the EDA loan portfolio, and staff services to the Economic Development Loan Fund and its Board of Directors.

The Office is arranged into seven units:

- (1) The Immediate Office of the Deputy Administrator
- (2) The Office of Loan Operations
- (3) The Office of Industry and Technology
- (4) The Office of Transportation
- (5) The Office of Private Investment
- (6) The Office of Engineering
- (7) The Office of Investment Guarantees.

(1) The Immediate Office of the Deputy Administrator is responsible for supervision of the programs of economic resources development and for EDA loans of dollars, whether repayable in local currencies or in dollars. The Deputy Administrator will also serve as the Managing Director of the Economic Development Loan Fund and will implement the decisions of the Fund's Board of Directors.

The Immediate Office contains the Deputy Administrator, the Assistant Administrator and the Administrative Office.

(2) The Office of Loan Operations is responsible for review, analysis and preparation of loan agreements for all dollar loans made by the Economic Development Administration, whether to be repaid in dollars or local currencies. The Office is arranged into four units: The Office of the Director, the Loan Policy Staff, the Loan Portfolio Division, and the Loan Analysis Division.

(a) The Loan Policy Staff is responsible for establishing loan criteria and standards governing all loans by Economic Development Administration including dollar, local currency and applicable commodity loans. The staff analyzes rates of interest, repayment terms, agreement provisions, etc.

(b) The Loan Analysis Division is responsible for review of dollar loan applications, for drafting and obtaining clearances on dollar loan agreements and for providing basic staff work for the Economic Development Loan Board. The Loan Analysis Division obtains technical judgments on loan applications from overseas USOMs, the Office of Engineering, appropriate Economic Development Administration technical offices, and obtains program approval of the loans from the appropriate regional offices.

(c) The Loan Portfolio Division is responsible for maintaining records and reports on all outstanding loans, for management of corporate loan funds, and for preparation of Congressional and budget presentation on dollar loan matters. The Division relies on the Office of Financial Management for disbursements, collections, and for accounting and auditing on outstanding loans.

Technical Offices: Office of Transportation, Office of Industry and Technology, Office of Private Investment. Each of these three offices, within its functional field, is responsible for:

- (a) Formulating technical policies and assisting in the development of objectives for the guidance of USOMs and other EDA offices in the management of regional and country programs in its field of activity.
- (b) Performing the technical review and recommending approval, disapproval, revision or modification of programs and projects.
- (c) Determining the effectiveness of ways and means of implementation, measuring the progress toward the attainment of objectives, and evaluating projects to insure conformity to administration policies.

These offices are responsible for technical analysis of all programs, whether implemented through loans or grants, technical assistance, Peace Corps, or by other means.

Each office has a planning staff which is responsible for broad planning of the development of the economy of an underdeveloped country. This planning staff will assure that planning is being conducted in USOMs abroad and will prepare technical guidance on the technical development of the function.

Each office includes a Programs Division which is responsible for project and program review and for assistance in staffing and implementing programs.

(3) The Office of Industry and Technology is responsible for the development of programs to expand the industrial sector of underdeveloped countries, including mining and minerals, power, manufacturing, service industries, and management development to support industrial development and for the development of programs to utilize advanced technology such as nuclear energy and desalination of water in underdeveloped countries.

The Office includes the Industrial Planning Staff, the Industrial Programs Division and the Advanced Technology Division.

(4) The Office of Transportation is responsible for the development of programs to assure an adequate transportation system within underdeveloped countries, including rail, land, sea and air transportation, port development, rivers and inland waterways, and communications development.

The Office includes the Transportation Planning Staff and the Transportation Program Division.

(5) The Office of Private Investment is responsible for the development of programs designed to expand the growth of private activities in underdeveloped countries. This includes creating adequate investment legislation and climate, industrial development banks, industrial development centers, investment promotion and industrial districts.

The Office includes the Private Investment Planning Staff and the Private Investment Programs Division.

(6) The Office of Investment Guarantees administers programs of guarantees to private U.S. or foreign businesses which assist in expanding the amount of foreign or indigenous investment in underdeveloped countries.

(7) The Office of Engineering is responsible for engineering analysis of all projects of an engineering or construction nature financed by EDA. It reviews projects prior to approval, and reviews engineering drawings prior to construction as a basis for agency approval. The Office also provides on-site inspection of construction projects during and after completion of construction. It makes final reports and recommendations of these inspections to the Deputy Administrator - Economic Resources Development.

The Office includes an Inspections Division and an Engineering Analysis Division.

DEPUTY ADMINISTRATOR ECONOMIC RESOURCES DEVELOPMENT LOANS

EXISTING UNIT	FY 1962 Positions	TO ECONOMIC RESOURCES DEVELOPMENT								TO OTHER UNITS
		Immediate Office Loan Operations	Investment Guaranties	Private Investment	Engineering	Industry	Transportation	Total		
DLF	184	8	45	6	6	20	6	4	95	89
O/IND	164					27	46		73	91
O/TRANS	51					10		20	30	21
O/PE	32			12	20				32	
SUB TOTAL	431	8	45	18	26	57	52	24	230	201
Positions Eliminated	-31	-2	-7	-2	-3	-11	-5	-1	-31	
Positions Proposed	400	6	38	10	23	46	47	23	199	202

OFFICE OF THE DEPUTY ADMINISTRATOR
SOCIAL RESOURCES DEVELOPMENT

OFFICE OF THE DEPUTY ADMINISTRATOR
SOCIAL RESOURCES DEVELOPMENT

The Deputy Administrator - Social Resources Development is responsible for the development and implementation of programs designed to expand and improve the human resources and public services of underdeveloped countries in the fields of agriculture, health, education, housing, public administration, community development, communications media, public safety, labor and social welfare. He is also responsible for the direction of an "Economic Development Institute" to assist other governments and foreign groups in formulating and establishing development goals and plans for resource management to achieve such goals.

The Office of the Deputy Administrator includes eight units:

1. The Immediate Office of the Deputy Administrator
2. The Economic Development Institute
3. Six technical offices, as follows:
 - a. Office of Agriculture
 - b. Office of Labor and Manpower
 - c. Office of Public Health
 - d. Office of Educational Development
 - e. Office of Public Services
 - f. Office of Communications Media

1. The Immediate Office of the Deputy Administrator includes the Deputy Administrator, an Assistant Administrator, and an Administrative Office. The Deputy Administrator is also a member of the Economic Development Loan Fund Board.
2. Economic Development Institute is a research and training institute, composed of specialists in the field of economic planning and programming. The Institute, upon request, assists foreign governments in developing central economic planning units, economic development programs, and central banking institutions. It operates either through the training of foreign officials, by sending teams of specialists to foreign countries, or through the preparation of surveys and reports for foreign governments. It works in close collaboration with the academic and intellectual community at home and abroad and, where appropriate, arranges by contract or other means for the services of economic experts and specialists to provide such assistance to underdeveloped countries.
3. Technical Offices under the Deputy Administrator have the following functions in common:
 - a. Formulating technical policies and objectives and subsequent guidance in the development of regional and country programs in the technical fields concerned.
 - b. Performing the review of programs and projects in these technical fields.
 - c. Initiating appropriate action to implement approved projects within established priorities.

- d. Evaluating implementation performance and progress toward objectives of such technical programs.

Each technical office advises and assists corresponding technical units in EDA overseas Missions and is responsible for assisting in the provision of staffing for these units. Each technical office contains a Planning Staff and a Programs Division. The Planning Staff is responsible for assistance in the development of guidelines for country-wide and world-wide programs in the technical field. The Program Division reviews programs and projects and assists in assuring their implementation in accordance with proposed plans. The Program Division works with regional offices and the Peace Corps and with other participating U.S. Government agencies. These offices are responsible for review of Inter-Agency Agreements for technical services provided by other U.S. Government participating agencies. Funds for social development programs may come from grants, loans, or local currencies. In addition, social development projects may use Peace Corpsmen in the implementation of specific projects or overall programs.

Implementation services for social development projects are furnished by: the Office of Contract Services, which negotiates and executes contracts; the Office of Training Services, which provides participant training services; and the Office of Supply Services, which provides for supplies and equipment needed on projects.

Existing Units	FY 1962 Positions	TO SOCIAL RESOURCES DEVELOPMENT								Total	TO OTHER UNITS
		Immediate Office	Economic Development Institute	Agriculture	Labor	Education	Public Health	Public Services	Communications Media		
O/FOOD	90			44						44	46
O/CM	23								23	23	
O/LAF	34				19					19	15
O/PH	55						46			46	9
O/ED	73					41				41	32
O/PUB	98							60		60	38
ADD/O	15	6	9							15	
Peace Corps	5					5				5	
DLF	5		5							5	
U/MSO	10		10							10	
SUBTOTALS	408	6	24	44	19	46	46	60	23	268	140
Positions Eliminated	-2			-2						-2	
Proposed Positions	406	6	24	42	19	46	46	60	23	266	140

OFFICE OF THE DEPUTY ADMINISTRATOR - FOOD FOR PEACE

OFFICE OF THE DEPUTY ADMINISTRATOR - FOOD FOR PEACE

General Functions:

The Deputy Administrator - Food for Peace is responsible for:

- a. Negotiation, approval, and implementation of loan, sale and barter agreements with foreign governments for United States surplus agricultural commodities, under Titles I and IV, Public Law 480.
- b. Programs of famine relief or other emergency shipments under Title II, Public Law 480.
- c. Central United States Government contact with voluntary foreign agencies and administration of United States Government programs concerning voluntary foreign agencies dealing with surplus agricultural commodities and freight payments for commodities, including programs of Title III of Public Law 480.

Organization:

The Office of the Deputy Administrator - Food for Peace is organized into four units:

- Immediate Office of the Deputy Administrator
- Voluntary Foreign Aid Division
- Surplus Agricultural Commodities Division
- Programs Division

1. Immediate Office of the Deputy Administrator

The Immediate Office contains the Deputy Administrator and the Assistant Administrator - Food for Peace. These officers are responsible for coordination of all Food for Peace and other surplus agricultural commodity programs, and for voluntary foreign aid programs. Where the approved program calls for the provision of surplus agricultural commodities from U.S. sources, it would become the task of the Deputy Administrator - Food for Peace to assure the conclusion of all necessary arrangements to effect the delivery of these commodities. This office would work in close conjunction with the Department of Agriculture which would continue to budget for, finance and handle the physical movement of the goods under Public Law 480.

The Deputy Administrator - Food for Peace would also have responsibility for general coordination with the Department of Agriculture to assure that U.S. agricultural policy decisions accurately and adequately took into account the needs of the Growth for Freedom program for agricultural products. He would seek to develop opportunities for more effective use of our produce to achieve our goal and would work in close conjunction with field staffs and regional offices to this end. He would also be responsible for coordinating Food for Peace programs with field staffs and regional offices to assure they were not inconsistent with but serve U.S. interests.

In addition, the Deputy Administrator is responsible for approving sales and loan agreements with foreign governments for Public Law 480 programs, and for signing such agreements (either directly or through the USOM Director) on behalf of the Administrator.

2. Voluntary Foreign Aid Division

The Voluntary Foreign Aid Division is the central point of contact within the U.S. Government with private voluntary agencies in the field of foreign aid and is responsible for:

- a. Serving as the Executive Staff for the Advisory Committee on Voluntary Foreign Aid which correlates U.S. Government and voluntary agency programs in the field of foreign relief and rehabilitation.
- b. Maintaining a register of private U.S. non-profit agencies approved by the Advisory Committee to provide voluntary relief, rehabilitation, and reconstruction assistance in the foreign field.
- c. Processing new applications for registration.
- d. Reviewing and evaluating program material submitted by registered voluntary agencies, and maintaining current data on programs of registered agencies.

- e. Appraising foreign needs for appropriate American voluntary agency programs and correlating them with related U.S. Government programs.
- f. Serving as the central point within EDA to encourage and facilitate the activities of voluntary agencies in the field of technical cooperation.
- g. Developing and maintaining a roster of voluntary agencies competent in the technical cooperation field and desirous of working with EDA.
- h. Administering the EDA program of reimbursement to registered American voluntary agencies for ocean freight costs on relief and rehabilitation supplies shipped abroad in conformance with applicable U.S. statutes and regulations.
- i. Approval, coordination, and implementation of Title III of Public Law 480 foreign disposal programs.

3. Burplus Agricultural Commodities Division

The Burplus Agricultural Commodities Division is composed of technical specialists whose competence extends to all U.S. surplus agricultural commodities. They maintain a regular liaison with the Department of Agriculture concerning eligible commodities and world production and requirements.

The Commodities Division determines, with the assistance of the Department of Agriculture, the "usual marketings" of each commodity in prospective countries to which surplus agricultural commodities may be shipped. The Division formulates policies and procedures to insure expeditious implementation of programs utilizing agricultural commodities. It provides the basic commodity advice needed by the other divisions of the office in developing and implementing sales and loan agreements.

4. Programs Division

The Programs Division is the primary point of contact with EDA regional offices for coordinating activities in the formulation of policies and programs using U.S. surplus through Titles I, II and IV of Public Law 480. They will also review other EDA programs using surplus agricultural commodities to insure effective coordination.

The Title I and IV Programs will operate as follows:

Title I and IV and other EDA Commodity Assistance Programs (other than II and VFA Programs) will be developed by EDA country missions as a part of a total country program. Surplus agricultural portions of these programs will be reviewed by the Programs Division in the light of agreed policy objectives, economic and supply factors, country team recommendations and legal limitations. The review of the proposed uses of local

currency is the responsibility of the EDA regional office. The Programs Division will develop standard agreements for sales and will conduct negotiations if such negotiations are handled in Washington. The implementation of Public Law 480 programs will be handled as heretofore by the Department of Agriculture.

The Programs Division is also responsible for the programming and transfer of Title II surplus agricultural commodities for:

- (i) Famine relief or other urgent or extraordinary relief requirements, and
- (ii) Grant programs of such commodities to promote economic development in underdeveloped countries.

The Division maintains liaison with regional offices to determine the areas of the world where Title II programs are required. It works with regional offices and EDA missions to develop Title II programs. When programs have been approved by a regional office, the Programs Division issues a transfer authorization to the Commodity Credit Corporation to deliver commodities endorsed with the recipient country's request and acceptance.

An agreement is reached in the transfer authorization or separately on the use of the commodities and legal currencies generated from local sales of the commodities.

The Commodity Credit Corporation is responsible for shipment of the commodities. The Programs Division is responsible for expediting the transaction and making arrangements through the EDA field mission for receipt and use of the commodities. Members of the Programs Division may make arrangements for the Deputy Administrator-Food for Peace or for members of the Division to travel to disaster areas to supervise administration of Title II Programs.

DEPUTY ADMINISTRATOR - FOOD FOR PEACE

	TO FOOD FOR PEACE						TO OTHER UNITS
	FY 1962 Positions	Immediate Office	Voluntary Foreign Agency Division	Program Division	Surplus Commodities Division	Total	
<u>Existing Units</u>							
O/FOOD	27		5	14	8	27	
O/VFA	5		5			5	
FEP COORDINATION	5	5				5	
Sub Total	37	5	10	14	8	37	
Positions Eliminated							
Proposed Positions	37	5	10	14	8	37	

DEPUTY ADMINISTRATOR - NATIONAL PEACE CORPS

DEPUTY ADMINISTRATOR - NATIONAL PEACE CORPS

The National Peace Corps is a program designed to take advantage of the skills, talents, devotion and idealism which is inherent in American young people by placing numbers of dedicated individuals who can assist in carrying out programs of economic and social development in operating positions in underdeveloped countries. The Peace Corps works on projects in the field of education, health, industry, transportation, agriculture and other areas in which a limited amount of specialized knowledge is needed and operating skills are called for.

The Deputy Administrator - National Peace Corps is responsible for development of policy and standards governing the Peace Corps, working with the Associate Administrator to determine the requirements for the Peace Corps of personnel and working with universities and voluntary agencies to recruit, train, and place Peace Corps personnel on projects abroad.

The Office of the Deputy Administrator is organized into four units: (a) Immediate Office, (b) Office of Peace Corps Selection and Training, (c) Office of Peace Corps Program Development, and (d) Office of Peace Corps Evaluation and Reports.

(a) Immediate Office

The Immediate Office of the Deputy Administrator consists of a Deputy Administrator and an Assistant Deputy Administrator, the Executive Office, and two special public groups:

- (1) The Public Advisory Committee of 12 people, appointed by the President of the United States and representing various public groups throughout the U.S.
- (2) The Special Voluntary Agency Council responsible for approval of voluntary agency projects and allocation of grants-in-aid to these agencies.

(b) Office of Peace Corps Selection and Training

An Office of Peace Corps Selection and Training, responsible for: final selection of Corpsmen employed by the Government; assignment of Corpsmen to approved projects; selection of universities to be used for training Corpsmen; and for contracting for services of universities and voluntary agencies.

(c) Office of Peace Corps Program Development

The Office of Peace Corps Program Development works with overseas Missions and units under the Associate Administrator to determine Peace Corps requirements through review of projects proposed by overseas Missions and others. It places Peace Corps personnel in projects and coordinates the direction and implementation of Peace Corps projects abroad.

(d) The Office of Peace Corps Evaluation and Reports

The Office of Peace Corps Evaluation and Reports is responsible for reporting on Corps activities and for conducting a continuous review of their activities to determine the effectiveness of their operations.

DEPUTY ADMINISTRATOR - PEACE CORPS

UNITS	FY 1962 Positions	TO PEACE CORPS				Total	TO OTHER UNITS
		Immediate Office	Selection and Training	Program Development	Evaluation & Reports		
Peace Corps	240	30	72	48	21	171	69

THE DEPUTY ADMINISTRATOR - PROGRAM SERVICES

THE DEPUTY ADMINISTRATOR - PROGRAM SERVICES

The Deputy Administrator - Program Services provides essential management and program implementation services to all parts of the Economic Development Administration and its overseas missions. Specifically, the Deputy Administrator is responsible for: provision of administrative support to EDA operations; all phases of management including budget and fiscal policy and procedures; internal audit; manpower recruitment and utilization; organization, agency communications and records; management improvement programs and methods; administrative budget formulation and presentation; financial audit; contracting for services; participant training operations; and EDA supply management operations.

The Office of the Deputy Administrator is organized into five units: (a) the Immediate Office, (b) the Office of Management Planning, (c) the Assistant Deputy Administrator - Management Services, (d) the Assistant Deputy Administrator - Technical Services, and (e) the Assistant Deputy Administrator - Financial Management.

- (1) The Immediate Office consists of the Deputy Administrator's Special Assistants, including a Special Assistant for Executive Recruitment.
- (2) The Office of Management Planning is responsible for:
 - (a) Developing methods and procedures guiding agency operations;
 - (b) Recommending the allocation of personnel resources throughout the agency;

- c. Control of the organizational structure of all units in the Economic Development Agency;
 - d. Control of agency policy and procedural instructions;
 - e. Central data processing services for the entire agency; and
 - f. Management services leading to recommendations on improvements in agency policies, procedures, methods, operations, and practices.
3. The Office of the Assistant Deputy Administrator for Management Services is organized into four units: (a) the Immediate Office, (b) the Office of Personnel, (c) the Office of Inspection and Security and (d.) the Office of Administrative Services.

Office of Personnel

The Office of Personnel is responsible for the development and administration of an effective worldwide personnel program. The objectives of EDA personnel management are to recruit, place, retain, motivate and develop the best available persons capable of making an immediate and sustained impact. To achieve these objectives, the Office plans for and maintains recruitment, compensation, determination, employee assignment and utilization, promotion, staff development and personnel relations operations.

The Office of Personnel includes the Personnel Relations Staff, Evaluation Panel Secretariat, Program and Policies Division, Employment Division, Career Development Division, Operations Division, and Management Controls Division.

The Office of Inspection and Security

The Office of Inspection and Security is responsible for:

- a. Personnel, physical and document security within the Agency;
- b. Ascertaining facts to determine compliance with Agency security regulations and procedures;
- c. Conducting inquiries and developing the facts surrounding possible violations of EDA regulations or directives concerning employee conduct or behavior, which do not relate to malfeasance in connection with EDA program operations;
- d. Making special inquiries and investigations requested by the Administrator;
- e. Examining personnel performance for the purpose of ascertaining whether their activities have an adverse effect on the Agency's objectives and reputation;
- f. Determining lack of compliance with administrative policies and regulations and any abuses of administrative authority; and
- g. Conducting investigations of improper activities in connection with programs administered by EDA, and making inspections with respect to the use of EDA-financed commodities and services.

Office of Administrative Services

The Office of Administrative Services is responsible for:

- a. Providing EDA with general office services;
- b. Backstopping the Missions with advice and support in this area of management;

- c. Preparing policy determinations, regulations and procedures concerning administrative services;
- d. Administering EDA funds allotted for supplies, equipment, printing, rent, communications, and related services; and
- e. Economical and effective use of EDA resources applied to administrative services.

The Office includes the Communications and Records Management Division; General Services Division and Printing, Distribution, and Graphics Division.

4. Assistant Deputy Administrator - Technical Services

The Assistant Deputy Administrator - Technical Services is responsible for the provision of services in the areas of contracting, supply management, and participant training, to programs administered by the Economic Development Administration. In all of these fields the Technical Services area is primarily a service arm of the regional units, although relying on technical offices in EDA for guidance on technical matters such as specification detail, etc. The Office of the Assistant Deputy Administrator - Technical Services includes four units:

- (a) Immediate Office
- (b) Office of Training Services
- (c) Office of Contract Services
- (d) Office of Supply Services

(1) The Office of the Assistant Administrator

The Office of the Assistant Administrator includes the Assistant Administrator, an Administrative Office and an Expediting Staff. The Expediting Staff is responsible for maintaining reports designed to indicate the production of subordinate units reporting to the Assistant Deputy Administrator. On the basis of these reports, the staff determines sources of production bottlenecks and assists in determining priorities and expediting programs.

(2) The Office of Training Services

The Office of Training Services is responsible for the training of foreign nationals in the United States and Third Countries in programs and projects financed by the Economic Development Administration. To conduct this training, the Office of Training Services acts upon approved project requests from overseas missions to make arrangements for placing trainees in educational institutions for workstudy or other programs.

The Office is responsible for:

- a. Developing, coordinating and approving overall participant training policies, standards and procedures;
- b. Conducting or making arrangements for the conduct of all U.S. training operations;
- c. Conducting negotiations with other Federal Agencies on inter-agency agreements under which training services are furnished to EDA.

- d. Providing liaison with the Special Assistant to the Secretary of State for the Coordination of International Education and Cultural Relations, and with other agencies and organizations on overall participant training program matters;
- e. Evaluating progress in the overall participant training program;
- f. Conducting programs for foreign specialists which include practical work experience in addition to training;
- g. Conducting programs for extending aids to American-sponsored schools abroad;
- h. Conducting programs for engineering, language testing, and teaching for foreign nationals in the United States.

The Office includes the Policies and Standards Division, the Training Services Division, the Evaluation and Orientation Division and the Training Operations Division.

(3) The Office of Contract Services

The Office of Contract Services is responsible for:

- a. Formulation of policies and standards on the use of contracts to implement programs;
- b. Formulation of policies, procedures and standards for the negotiation and execution of approval of contracts.
- c. Reviewing project implementation orders to determine adequacy of contents for contracting action.

- d. Issuing invitations for proposals, evaluating proposals, and selecting or approving selection of contractors;
- e. Drafting, negotiating and executing contracts;
- f. Assisting in the drafting and negotiation of co-operating country, cooperative service and USOM contracts as required and reviewing and approving for EDA financing;
- g. Interpreting contract terms and provisions;
- h. Determining and advising contractors on the acceptability to EDA of proposed actions under the contract.
- i. Taking necessary action to enforce compliance with contract responsibilities and taking such action as may be necessary to protect EDA's rights in the event of non-compliance.

The Office includes an Executive Office, Policy and Planning Staff, Contract Audit Staff, the Contract General Counsel, the Commercial Contracts Division and the Institutional Contracts Division.

(4) The Office of Supply Services

The Office of Supply Services is responsible for:

- a. Developing, coordinating, implementing and evaluating commodity supply management policies, regulations, and procedures governing EDA-financed commodity transactions for both project and non-project assistance.

- b. Collaborating, advising, and assisting USOMs and cooperating country governments in all aspects of supply management including: operations, procedures, and EDA policies,
- c. Controlling, processing, and issuing commodity program authorization and implementation documents submitted to EDA for action or review;
- d. Review of shipping transactions to assure compliance with EDA regulations and compliance with U.S. flag preference legislation.

The Office includes the Policy and Methods Staff, the Commodity Trade Division, the Technical Resources and Staffing Division, the Excess Property Division, the Small Business Staff, the Field Support Division, and the Authorization Division.

5. Assistant Deputy Administrator - Financial Management

The Assistant Deputy Administrator - Financial Management is responsible for the budget, accounting and audit of all funds within the Economic Development Administration, and for the development of statistical, economic and financial reports as a service to the EDA Executive Staff, other Government agencies, the public and the Congress.

The Office of the Assistant Deputy Administrator includes three units:

- (a) The Immediate Office
- (b) Office of the Controller
- (c) Office of Reports

(1) The Office of the Controller

The Office of the Controller is responsible for:

- a. Interpreting the financial provisions of EDA legislation and rules and regulations thereunder.
- b. Developing budgetary, fiscal, accounting and auditing policies and standards, as well as implementing and managing these functions to provide sound and effective financial support to operating programs in EDA/W and overseas missions.
- c. Maintaining close and active liaison with the Assistant to the Administrator for Congressional Affairs and the Office of the Associate Administrator in organizing, justifying and presenting foreign aid programs and in the subsequent allocation of available resources and program approval processes.

This Office includes: The Financial Policy Staff, the Field Operations Staff, the Accounting Division, the Audit Division, the Budget Division, and the Financial Review Division.

(2) Office of Reports

The Office of Reports is responsible for:

- a. Collecting and analyzing basic data of an economic, military and political nature necessary for the planning and execution of the EDA program;

- b. Presenting such data for top management, Congressional and public use including preparation of complete statistical briefings for the Administrator and his Executive Staff;
- c. Developing, coordinating and controlling EDA reports system, and other statistical functions of the EDA.

The Office includes: The Reports Coordination and Development Staff, the Economic Statistics Division, the Program Reports Division, and the Regional Reports Division.

TO PROGRAM SERVICES

Existing Units	FY 1962 Positions	Executive Office	Management Planning	ADA Technical Services	Training Services	Contract Services	Supply Services	ADA Management Services	Personnel	Inspection & Security	ASD	ADA Financial Management	Controller	ADP	TOTAL
AD/IN	10	10													10
M/ASD	16													16	16
M/ADMIN	169										169				169
M/PROG	197								197						197
M/OP	51														51
M/INT	24									24					24
M/CONT	308												308		308
Educational Exchange (Act)	22			4	18										22
ISF	72	1	6	2		14	6	4	9	2	14		8	4	72
Technical Services (END)	113				113										113
Technical Offices (END)	112				91	16	5								112
O/IN	73						73								73
O/CO	95					95									95
O/IT	84				84										84
OC	5					5									5
SC	40									20		5	15		40
Trace Corps	58		6			6		1	19	4	14		6	2	58
ADS/O	3			3											3
SUBTOTAL	1484	13	65	9	306	136	78	5	225	50	197	5	337	52	1484
Positions Eliminated	-83	-3	-5		-18	-16	-6		-10	-10	-7		-7	-1	-83
Proposed Positions	1401	10	60	9	288	120	78	5	215	40	190	5	330	51	1401

BEST DOCUMENT AVAILABLE

APPROVAL 11

APPROPRIATION STRUCTURE

APPROPRIATION STRUCTURE

A number of new ideas for categories of financial assistance and programs have been advanced recently in conjunction with the proposal to establish a single agency responsible for administration of all U. S. economic aid activities abroad. Definite plans for blending these various categories of financial assistance and programs into a specific appropriation structure are urgently required. The appropriation structure of foreign aid has been changed on numerous occasions since the institution of the Marshall Plan. The result is that members of the Congress and Executive Branch personnel have difficulty in keeping informed on the different purposes and limitations of the various Mutual Security Program appropriations. Serious thought, therefore, should be given to plans for further amendments.

Many of the proposals which have been advanced, such as the Peace Corps and Food for Peace concepts, will unquestionably have considerable popular appeal. It is essential in the authorizing legislation that these concepts should be clearly set forth. However, it is not necessary that the appropriation structure provide separate categories of funds for each program proposal. The appropriation structure should be designed in such manner to offer maximum clarity as to types of programs to be funded from the several appropriations and minimum program restrictions and limitations.

There are a number of reasons for limiting foreign assistance appropriations to the smallest number possible. The advantages are:

- (1) Increased program flexibility
- (2) Fewer legislative restrictions
- (3) Elimination of "cigar box" accounting problems and simplification of program implementation
- (4) Elimination of the necessity for effecting numerous complicated and time-consuming comparative transfers in budget presentation documentation.

If possible, it would appear preferable to have only two appropriations, excluding Administrative Expenses - one covering loan activity (Economic Development Loan Fund) and another covering grant assistance. Desirable as this might be, it is recognized that it is probably not possible to effect such a radical change in the appropriation structure, especially when so many other new and less restrictive proposals are currently being advanced in connection with the new legislation. The institution of this two-appropriation system might also result in opposition to the granting of multi-year authorization and no-year appropriation authority on that portion of the grant assistance for which it is being proposed.

It is, however, possible that a structure involving only four primary appropriations might be acceptable to the Congress. It is, therefore, suggested that the following appropriation structure for program-funded operations be given most serious consideration:

- A. Special Economic Assistance. This appropriation would incorporate activities presently funded from Defense Support and Special Assistance. It would be entirely

on a grant basis. It would also accommodate activities of the kind termed "Transitional Assistance" and "Sustaining Assistance." All grant-type operations other than those of a contingency nature and those proposed for financing from the Social Resources Development Fund would be funded from this appropriation. To the extent that surplus agricultural commodities other than those procured under P.L. 480 are financed, they would be funded from this source. Similarly, excess and surplus properties would be financed primarily from this source. It is proposed that this category of assistance be annually authorized and appropriated.

- B. Social Resources Development Fund. This appropriation would provide grant-type assistance of the nature currently provided under the Technical Cooperation Program as well as grant assistance of the kind contemplated under the recently proposed "Education and Human Resources Fund." It is proposed that Peace Corps program activity also be funded from this appropriation.

This fund, then, would be the source of financing all activities which involve technical training through the provision of technicians in an advisory, consulting and managerial capacity,

together with operational personnel as envisaged by the Peace Corps; demonstration equipment and supplies; contracts with universities and foundations; and construction involved in establishing and supporting public and private institutions in the fields of education, health, agriculture, and governmental administration, etc. Development Research and the Economic Development Institute would also be funded from this source. It is proposed that two-year authorization with an annual appropriation be sought for this activity. Although proposed for annual appropriation, funds should be "no-year" in character, that is, they should have no requirement for annual obligation but should be continued available until expended. If it were to be subsequently determined that this category of assistance encompassed too broad a range of activities, the Peace Corps operation could be divorced from the category and a separate appropriation proposed.

- C. Economic Development Loan Fund. It is proposed that this appropriation be made available to a corporate organization similar to the existing Development Loan Fund. It would finance current

Development Loan Fund activities and the type of activity envisaged under the recently proposed "Fund for Economic Growth." All loan and guarantee operations would be funded from this source. Obviously, loans should be for dollars wherever possible but it is anticipated that many loans will of necessity be on terms of foreign currency repayment.

It is not considered practical to obtain financing of this operation through Treasury borrowing authority, especially since it is apparently not considered feasible to transfer Expo-Import Bank operations immediately to the new agency. It is proposed, however, that all payments of dollar and foreign currency interest and principal be made available to the Fund for purposes of relending.

A four-year capitalization for this Fund should be authorized with no-year obligational authority. With such authorities, an annual appropriation cycle would, perhaps, not be unnecessarily restrictive.

- D. Contingency Fund. This would be an unprogrammed grant appropriation designed to accomodate emergency situations for which other resources are inadequate. No change, therefore, is considered necessary in the existing definition or nature of this appropriation.

For the purpose of this plan of appropriation organization, it is assumed that it will continue to be necessary to obtain a separate administrative appropriation. Thus, in order to arrive at estimated budget costs, no change in the existing criteria for attributing administrative and program changes has been proposed. It is proposed, however, that during FY 1962 a comprehensive review of the current system be undertaken in conjunction with the Bureau of the Budget with the objective of establishing a more satisfactory arrangement.

Similarly, it has been assumed that separate appropriations will continue for contributions to multi-lateral operations such as the Palestine Refugee Program, the United Nations Children's Fund, United Nations High Commissioner for Refugees, etc., and for programs such as Atoms for Peace. However, it is recommended that serious consideration be given to incorporating these activities into one of the appropriations listed above which best encompasses the nature of the activities being financed from these separate appropriations.

The attached table indicates the relationship of the proposed new appropriation structure to the existing structure and to the various programs advanced for adoption within the single aid agency concept.

THE PERSONNEL SYSTEM

THE PERSONNEL SYSTEM

The personnel function in an agency administering technical and economic assistance programs in underdeveloped countries overseas is of necessity more complex and assumes greater significance in the overall organizational pattern than is normal in most agencies. This is due to the fact that in such a situation, the personnel function is not merely a staff service but a major part of the agency's substantive program. Technical cooperation is basically the "export of experts" with professional and technical know-how. The effectiveness of this program is measured in large by the effectiveness of the personnel assigned to it. Therefore, the Office of Personnel role in the selection, utilization and development of these employees has considerably greater impact on the success of agency programs than is normally the case.

The personnel function is also made more complex by the fact that:

1. The agency's broad economic and technical activities involve the use of a large variety of skills and professions. No other agency of comparable size employs as many differing specialists from among such a widely dispersed range of occupational categories.
2. The agency is faced with a unique need for attracting large numbers of well-qualified specialists in the middle and upper grade ranges who are capable of advising and assisting underdeveloped nations.

As contrasted to the Department of State's policy of inducting its young Foreign Service Officer employees directly from the university campuses, EDA must, to the greatest feasible extent, hire mature persons with fifteen or more years of professional experience. As a result the new hires will usually be in the 40-50 year age bracket with well established careers and with families accustomed to the U.S. standard of living. The problems of attracting and retaining this type of person to an overseas service are most difficult.

3. Nearly all of the economic assistance programs are located in underdeveloped areas. For the most part these programs are in hardship areas which are hazardous to health, morale, and, in some instances, physical safety. Educational facilities are also often lacking. Moreover, the compensating factor of an opportunity for reassignment, in time, to pleasant, healthful posts does not exist to a meaningful degree. For this reason, the problem of recruiting and retaining personnel is probably more complex than in any other agency.

Accordingly, in establishing the personnel system, it is important that these factors be recognized and the benefits designed accordingly. It must also be recognized in establishing the Office of Personnel that it is important that the Office be given both appropriate status and staff to meet effectively and efficiently its responsibilities.

The following is believed to represent the best combination of personnel systems in order to meet the particular needs of the Economic Development Administration:

A. EDA Washington Staff

The EDA/W staff would be, for the most part, subject to regular Civil Service competitive appointment procedures. Provision should be made, however, in authorizing legislation for the rotation of qualified overseas personnel and for adequate appointment and salary-fixing authority at the executive levels, to permit necessary flexibility. Specifically, legislative authorization should be obtained which would set forth by title the executive positions to be filled by Presidential appointment, thus giving the positions and the related programs an aura of continuing permanence. Salary-fixing authority should also be obtained which would provide, that of the personnel in the U.S., 122^{1/} could be compensated without regard to the provisions of the Classification Act of 1949 at rates in excess of the GS-15 (\$15,030) level but not in excess of \$19,000 with a further proviso that an additional 30 could be paid at lesser rates. It is proposed that a request should be made to Congress for the entire number needed without regard to whether or not the positions may at some time be encumbered by Foreign Service Officers. As a quid pro quo, however, the agency should be prepared to assure Congress that to the extent any super-grade position is occupied by a Foreign Service employee, the salary authority for that position will not be used elsewhere.

In all cases where appropriate for top level positions, requests would be made to the Civil Service Commission for exemption from competitive Civil Service examination, appointment and removal procedures under either Schedule A or Schedule C authority.

^{1/} A separate tabulation showing the supergrade requirements by office is included as Appendix X.

It is believed that there are definite advantages to using the Civil Service System for the staffing of EDA/W headquarters. Among these are:

1. All of the "component" agencies now have this setup;
2. No special legislation would be required and thus no additional "sales job" with Congress;
3. It would provide increased opportunities for persons seeking a "Federal career", and would facilitate recruitment of all types of personnel from other Federal agencies through lateral entry under the Civil Service System; and
4. It would provide an existing body of regulations, procedures and guidelines for personnel administration. Conversely, it would eliminate many of the problems inherent in establishing a completely new system.

B. EDA Overseas Staff

The overseas personnel system of the Economic Development Administration could function effectively within the present framework of the ICA Foreign Service Personnel System which is patterned along the general lines of the State Department Foreign Service. However, the use of the present Foreign Service Reserve category for all professional, technical, and administrative personnel does not provide sufficient recognition of the "career" concept of personnel administration. The very name "Reserve" connotes "qualification" or "holding in abeyance." In order for EDA to attract and retain mature, qualified personnel necessary to the successful implementation of the economic development program, it must provide a personnel system with career inducements. The personnel system must be geared to meet adequately the diverse staffing requirements of a dynamic program of technical and economic cooperation in more than seventy countries. It can meet these requirements only

through the maintenance of a "career-core" of mobile professional level employees who have the kinds of skills which experience has shown are required on a continuing basis. This caliber of personnel cannot be attracted to the foreign service without all of the elements of a continuing career system. Accordingly, any legislative proposal authorizing a new agency to administer economic development programs should include provision for a career personnel system with the following categories of employees:

1. Economic Development Officer Corps - This group would be comprised of qualified professional, technical and administrative personnel selected for the permanent career nucleus of the foreign service system. These employees - constituting approximately 50 percent of a total professional and technical foreign service group - would achieve the rank of EDO by having met certain prescribed standards and by having been recommended for appointment by the Agency's Foreign Service Evaluation Panel. Among the criteria for appointment to the Officer Corps would be:
 - (a) completion of initial tour;
 - (b) willingness to serve worldwide;
 - (c) high professional and personal suitability standards determined through evaluations which include other employees in the same occupation; and
 - (d) capability in one of the Agency's larger continuing program or administrative fields.

These employees would be distinguished from the remaining categories of employees on the basis of (a) career status

(i.e., no time limitation on appointment), (b) the exclusion from normal reduction-in-force actions, and (c) their "status symbol" identification as "Officers."

2. Economic Development Reserve Corps - This group would consist of professional, technical and administrative personnel serving under either limited or unlimited appointments.

Economic Development Reserve - Limited category would include all employees (a) serving an initial tour of duty, and, (b) those whose current performance is adequate but does not measure up to the high standard required of the EDO category. The Economic Development Reserve - Unlimited category would include those employees who have completed their initial tour, but (a) whose technical specialization limits their long-term use in EDA, and (b) those available for service only at a limited number of posts.

The principal purpose for the differentiation between the two levels within this category is to recognize that some persons may be retained in the reserve group beyond their initial tour without the stigma of not having met the performance standards for appointment to the "Career Officer" category.

Appointment as an EDR would have a specific time limitation (i.e., 30 months) at which time the appointment would automatically terminate.

All employees in the category would have personal rank.

3. Economic Development Staff Corps - The Staff Corps would consist of U.S. citizen clerical and non-professional employees serving under either limited or unlimited appointments.

- a. "Limited appointments" having a specific time limitation would be given to persons appointed to the EDS Corps for a single tour of duty, and those on a second tour not recommended for unlimited appointment by an Evaluation Panel.
- b. "Unlimited appointments" without specific time limitation would be given to employees who successfully meet criteria similar to that specified in paragraph 1 above for the EDO group.

Foreign nationals would be employed locally by missions in accordance with the Department of State Foreign Service Local Program. However, provision should be made in the legislation for the direct employment of non-citizen employees, both local national and third country nationals.

C. Utilization and Development of Overseas Staff

The selection, assignment, evaluation, and promotion of employees would be the responsibility of the Office of Personnel and would be accomplished along the lines now used within ICA, including Selection Panels, Assignment Boards and Evaluation Panels to advise and assist in insuring the best utilization and development of available personnel.

In this respect, recognition must be given to the principle that the Office of Personnel have primary responsibility and staff for the effective placement of personnel. Once minimum qualification standards for positions have been agreed upon by the regions and technical offices, the Office of Personnel should have authority to make the final assignment

of employees for a position. Similarly, the wide latitude which missions have for vetoing placement actions should be curtailed if the concept of centralized personnel administration is to work effectively.

In the area of training and employee development, increased emphasis should be given to expanding training agency facilities and its capability for "in-house" training. Legislative authorization should be sought for the establishment and staffing of a Training Center which would promote and foster programs of study for employees incident to economic development activities.

D. Pay and Allowances of Overseas Staff

All categories of personnel would have personal rank and would generally be entitled to the same pay, allowances, privileges and benefits which officers of the State Department Foreign Service are entitled to receive. To the maximum feasible extent, they would also be given diplomatic title and rank within the total U.S. representation analagous to that of State Department Foreign Service employees engaged in work of comparable importance. In addition, however, recognition should be given to the fact that economic development programs differ from the programs of the Department of State and in order to attract and retain the best qualified personnel, certain additional allowances and benefit programs are necessary. The Government should recognize that in sending employees into underdeveloped areas, it must assume greater responsibility for health and general welfare of its employees than is normally the case. Among the additional benefits are:

1. Medical Care - EDA employees and their dependents

should be eligible to receive all medical benefits available to Foreign Service personnel under the Foreign Service Act of 1946 (i.e. hospital care and nursing services, physical examination and immunization, medical travel, etc.). Whereas State Department personnel are for the most part located in capitol cities and trade or transportation centers, economic development personnel are often required to serve in isolated areas. In such places there is often the double hazard of the lack of medical facilities as well as the cost of getting the employee and his dependents to a suitable facility in case of emergency. The latter situation presents a serious morale problem especially if the technician has a young family. Accordingly, legislation should be sought to provide separate authority to EDA to provide travel for employees and their dependents from their posts of assignment to the nearest adequate medical facility for the purpose of medical examinations, diagnosis and treatment. This authority is especially needed in Africa. Additionally, EDA should seek authority to establish supplementary clinics, and provide physicians and other trained personnel at posts where sufficient U.S. personnel are assigned to warrant it, and the State Department Medical Program is not in a position to provide such services.

2. Retirement - It is believed that the EDA employees should be subject to coverage under the Civil Service Retirement Act, with a special legislative authorization for increased benefits based on overseas service.

A separate EDA retirement system such as that of the Foreign Service would be administratively and actuarially difficult to establish

and fund. Because some of the professional and technical personnel hired for economic development programs come from other federal agencies already subject to Civil Service retirement benefits, it would be to the agency's advantage to utilize the established Civil Service Retirement System.

Also, in view of the fact that a large portion of the overseas development programs are located in hardship areas which are hazardous to health and morale, and in many instances physical safety, legislation should be sought to establish a revised formula for computing annuities under the CSR system to provide that all periods of service overseas at a hardship post be computed at a higher percentage of the employee's average basic salary than the system now provides for. An authorization should be sought for retirement at an earlier age provided the employee has spent a certain number of years in the overseas service (i.e., retirement at 50 with 20 years' service if 10 of those years are spent at a hardship post. Such provision would make overseas service more attractive thus facilitating EDA recruitment and retention of qualified personnel. There is also a precedent in the additional retirement benefits afforded Federal law enforcement officers for similar reasons. (Sec. 6(c) of CSR Act.)

Another retirement provision which should be explored is legislative authorization for Agency to pay into other than Federal CS Act systems. Employees from universities particularly, on one or two tour assignments overseas, would find the service more attractive if contributions were being made to their regular retirement system.

3. Selection Out - Legislative authorization is needed to provide the agency with a means of separating by "selection out" those employees in the career category whose performance or personal conduct is marginal but not sufficiently deficient that action can be taken under separation for cause. Severance benefits would be needed for a limited period to enable the employee to re-establish himself after having been divorced from professional and employment contacts by virtue of his overseas employment.

4. Need for Authority to Provide Dependent Educational Facilities - Because of the backward conditions in a large number of the underdeveloped areas into which economic assistance is being expanded, adequate school facilities are, in many cases, almost non-existent. While State Department employees, who are recruited out of college and have grown up, so to speak, under Foreign Service conditions, are willing to send their children to schools away from the post, those serving on economic development programs are not. They have traditionally had their families with them and unless education can be provided at the post, the majority are either reluctant to accept employment or unwilling to remain long in the overseas service. Accordingly, specific legislative authority should be provided whereby the Economic Development Administration uses funds to provide physical facilities and equipment and enter into contracts with individuals or institutions for the provision of educational services abroad (including staffing and operating schools where necessary).

5. Need for Personnel Complements - There is a continuing need within any personnel system operating on a world-wide basis to have sufficient flexibility of assignment available whereby foreign service

employees may be temporarily employed at Washington between assignments or for training or for emergency purposes without encumbering regularly established headquarters positions. In the past, both the Department of State and ICA have used various types of personnel complements to meet this need. Employees have been assigned to and paid from such complements from time to time without being charged to any mission or Washington office. Recently, however, the General Accounting Office has questioned the legality of assigning employees to such complements for temporary periods; they interpret the authorizing language to mean that there must be a specific position available in Washington before such an assignment can be made. Since EDA/W does not have available sufficient comparable positions to accomplish this, legislation should be obtained which would clearly authorize the establishment of such personnel complements as are deemed necessary by the Administrator.

REQUIREMENTS FOR SUPERGRADE POSITIONS

Grades	<u>18</u>	<u>17</u>	<u>16</u>	<u>Total</u>
GRAND TOTAL	<u>24</u>	<u>35</u>	<u>56</u>	<u>115</u>
OFFICE OF ADMINISTRATOR	1	1		2
ASSISTANTS TO ADMINISTRATOR FOR				
CONGRESSIONAL AFFAIRS		1	1	2
PUBLIC INFORMATION		1		1
PROGRAM EVALUATION		1		1
PLANNING AND RESEARCH	2	1		3
OFFICE OF GENERAL COUNSEL		1	1	2
ASSOCIATE ADMIN. FOR PROGRAM OPERATIONS				33
Multilateral & Regional		1	1	
Policy & Coordination Staff		1	2	
Regional Offices	8	4	16	
FOOD FOR PEACE PROGRAM				3
Programs Division		1	1	
Voluntary Foreign Aid Division				
Surplus Agr. Commodities Div.			1	
NATIONAL PEACE CORPS				15
Executive Office	1	2	2	
Office of Selection and Training	1	1	3	
Office of Evaluation and Reports			1	
Office of Program Development	1	1	2	
ECONOMIC RESOURCES DEVELOPMENT				12
Office of Loan Operations	1	1	1	
Office of Engineering	1	1		
Office of Investment Guarantees			1	
Office of Private Investment		1	1	
Office of Industry and Technology		1	1	
Office of Transportation		1	1	
SOCIAL RESOURCES DEVELOPMENT				16
Office of Educational Development	1	1		
Office of Public Services		1	2	
Office of Labor and Manpower		1	1	
Office of Public Health	1	1		
Office of Agriculture	1	1		
Office of Communications Media			1	
Economic Development Institute	2	1	1	

	Grades	<u>18</u>	<u>17</u>	<u>16</u>	<u>Total</u>
PROGRAM SERVICES					25
Office of Deputy Administrator				2	
Office of Management Planning			1	1	
Asst. Administrator - Technical Services					
Office of Supply Services			1	1	
Office of Training Services			1	1	
Office of Contract Services			1	1	
Asst. Administrator - Management Services					
Office of Personnel	1		2	1	
Office of Administrative Services				1	
Office of Inspection and Security	1			2	
Asst. Administrator - Financial Management					
Office of Controller	1		1	4	
Office of Reports				1	

EXPORT - IMPORT BANK OPERATIONS

EXPORT - IMPORT BANK OPERATIONS

It should be noted that the Export - Import Bank Act contains the following provision in Section 3(a):

"The Export - Import Bank of Washington shall constitute an independent agency of the U.S. and neither the bank nor any of its functions, powers, or duties shall be transferred to or consolidated with any other department, agency, or corporation of the Government unless the Congress shall otherwise by law provide."

Thus, any transfer of functions or staff from the Bank would clearly appear to require legislative authority.

It has been assumed that it is not presently feasible to transfer certain foreign economic development functions being performed by the Export - Import Bank to the newly proposed single aid agency. Therefore, in determining the organization structure and establishing the staffing requirements, it has been decided to exclude certain functions now being performed by the Export - Import Bank which could logically be transferred consistent with the general concept of maximum integration of U.S. aid programs into a single agency. The Bank is now performing the following functions which it would be logical to transfer, if not at present, at least eventually:

- (1) Granting of Development Project Loans - a major portion of the Bank's assistance for equipment, material and services is in the form of medium and long-term credits and development projects abroad.

- (2) Administration of Local Currency Loans Authorized Pursuant to Section 104(e) of Public Law 480 - this legislation sets aside 25 per cent of the currencies generated under Title I, Public Law 480, for sales and loans to United States business firms for development and trade expansion and for loans to domestic or foreign firms for the establishment of facilities for aiding in the utilization, distribution, or otherwise increasing the consumption of, and markets for, U.S. agriculture products.
- (3) Servicing Loans and Guarantees from Mutual Security Appropriations other than the Development Loan Fund.

A major portion of the Export - Import Bank's operation involves development project loans. The President's Budget indicates that credit authorizations totaling \$371.3 million for this purpose were effected in 1960. Total activity of the bank with respect to loans and guarantees during 1961 are planned for \$773.7 million. The Bank has estimated their activity in FY 1962 at \$1,142.0 million, of which \$602 million is expected to be in development project loans. This is a sizeable percentage of anticipated overseas economic development activity being carried out by the U.S. The agency made 59 project loans in 1960 and expects to make 80 and 85 in 1961 and 1962, respectively.

The program of foreign currency loans was initiated in 1958 and obligations in 1960 were relatively small amounting to only \$17.3 million

equivalent. However, the Bank anticipates a step-up in this activity in 1961 and 1962 to about \$70 million per annum, according to their budget document.

Activity of the Bank with respect to servicing loans and guarantees made by ICA is minimal and involves less effort than the other two activities set forth above.

If it were to be decided to accommodate the above functions within a single aid agency, rough estimates have been made as to the funds and number of people required to perform the functions involved. It should be noted that these estimates are extremely tentative and that cost figures are related to experience of the Export - Import Bank for their entire organization. The Export - Import Bank is requesting approximately \$3 million for administrative expenses for FY 1962 including 264 permanent positions. A summary of estimated positions and costs for each of the three activities, if they were to be transferred, follows:

	<u>Positions</u>	<u>Cost</u> <u>(\$thousand)</u>
1. Development Project Loans	29	500
2. Administration of Local Currency Loans	15	350
3. Servicing of ICA Loans and Guarantees	6	50
<u>Total</u>	<u>50</u>	<u>900</u>

It is anticipated that the professional personnel to be transferred would consist primarily of loan officers, engineers, fiscal specialists, and economists. It is not anticipated that it would be necessary to transfer staff commensurate with the ratio of loan authorizations for development purposes to total Export - Import Bank loans and guarantee authorizations

inasmuch as such a staff would be additive to an existing staff employed in similar activities in the newly established agency.

SUGGESTED AGENCY TITLES

Economic Development Administration

Cooperative Development Administration

International Development Assistance Administration

Development Cooperation Administration

Development Assistance Administration

International Growth Administration

Free World Growth Administration

International Resources Development Administration

Mutual Assistance Administration

Foreign Resources Development Administration

Economic Independence Administration

Assistance for Freedom Administration