

MANAGEMENT DEVELOPMENT STRATEGY WORKSHOP
AID IN FIVE YEARS: A STRAWMAN PREDICTION

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AID is in the process of change. We are changing in response to significant geopolitical shifts in the world and we are changing to respond to a Federal Government environment in which efficiencies of operation will be absolutely essential to achieving foreign policy goals in an austere fiscal setting.

What are the probable terms of reference for our Agency five years from now? How far will we have moved towards that new future in two years? Today's management choices must be built upon a view of our future, and this paper begins with a view of the operating realities for AID at the end of 1996 and at the end of 1992. There is always uncertainty in forecasting; however, the forecasts are embedded in an assessment of very broad trends in the US Government and in US foreign policy.

AID at the end of FY96: a snapshot

Six years from now AID will be responsible for substantially more foreign assistance resources than we are today. The range of US foreign policy interests in each major region of the world will drive an increase in assistance levels and we will have 50 percent more program funds (in real terms) by FY96. We will be expected to deliver resources to at least as many countries as we do today, but the chances are great that we will have more customers in 1996. This paper assumes a ten percent increase in the number of bilateral assistance recipients. Increased program resources will not, however, be accompanied by increased operating funds. In FY96 we will have (in real terms) the same level of OE that we do today. Our US direct hire (USDH) staff will be 25 percent lower. In short, we will be delivering considerably more money to a somewhat larger client base with fewer people and no increase in operating funds. To do this AID will have changed in several important ways. We will have greatly concentrated our product lines (the kinds of development activities we undertake). Missions will be focussed on two or three problems and the agency as a whole may be focussed on no more than ten significant development products. We will have learned to fully "contract out" some small lines of business which are more efficiently delivered by non-government organizations or by other Federal agencies. Indeed, we may well have "contracted out" entire country programs at the bottom end of our client list, with a foundation, a PVO or a university self-managing an entire small country program.

To sustain this tighter, more sharply delineated operating structure we will well before 1996 have installed an overall information system which approaches the state of the art within the Federal Government. The system will encompass both management/financial information and substantive development program information. All aid staff in Washington and in the field will have direct access to the system and our workforce will be adjusted to reflect this dramatic change.

Our US direct hire staff will be different in several ways. We will have a better balance between younger and more senior staff. There will be clearer delineation between technical staff and broad program management staff, with a higher proportion of technical staff serving for periods of five years (or less) and a higher proportion of managers serving full careers. Our career core staff will need to be predominately foreign service, and the civil service cadre will be reduced. Improvements in our information system will mean we will have far fewer purely clerical staff and rather more middle grade analysts.

While AID will continue to be characterized by its country missions, those missions will be smaller, more tightly focussed and significantly restructured. Transactional activities (writing checks, buying things, contracting, legal services, etc) will be increasingly handled in consolidated service centers or the headquarters, while field staff will be concentrated in three areas: high level program management; economic and country analysis; direct implementation of programs in no more than two or three areas. Using top flight external management advice we will develop accountability mechanisms which will be consistent with these changes. We will have radically different delivery mechanisms for our foreign assistance products - delivery systems which are increasingly standardized and "wholesale" in character as opposed to the hand-tailored mechanisms which prevail today in our country programs.

AID's approach to accountability will be radically restructured. Field and Bureau managers will continue to have very substantial levels of delegated authority, but that authority will be accompanied by clear systems of accountability for performance. Bureaus and missions will have well defined goals which are subject to measurement and independent verification. AID will have a strong independent Operations Evaluation and Appraisal staff accountable directly

to the Administrator. Projects, country programs and centrally managed accounts will be rigorously and objectively assessed in terms of efficiency and effectiveness. The Agency's systems for personnel evaluation, promotions and staff incentives will be integrated with the overall systems of accountability and performance appraisal.

Finally, the overall structure of the agency will be quite different. There will be no more than five bureaus. Field programs will be organized functionally (by the development characteristics of the clients and the political character of US interests) rather than geographically. We will have one bureau with broad responsibility for product design and development. We will have a small, high quality policy staff structured along the model of State's Policy Planning staff. We will have a strong independent operation appraisal and evaluation staff similar to that in the World Bank. AID will continue to have a modest sized staff apparatus structured to relate to the State Department's geographic bureaus, but this will not shape our basic organizational structure as it does today. With a predominately foreign service staff, AID officers will expect to serve a career which involves service in most of the five bureaus, and there will be little chance for staff to remain parochially locked into one nook of the organization.

FIGURE 1: Comparing AID in FY90 and FY96

FACTOR CHANGE	FY90	FY96(e) (in 1990 dollars)	PERCENT
PROGRAM BUDGET (DOLLARS)	\$ 6.0B	\$ 9.0B	+50%
PROGRAM BUDGET (FOOD)	\$ 1.5B	\$1.2B	-25%
OPERATING BUDGET	\$435M	\$435M	0%
USDH STAFF (FOREIGN SERVICE) (CIVIL SERVICE)	3200 (1650) (1550)	2400 (1500) (900)	-25%*
COUNTRIES WITH AID PROGRAMS	84	92	+10%
COUNTRIES WITH AID MISSIONS	67	54	-20%
NUMBER OF BUREAUS ("PROGRAM BUREAUS)	10 (6)	4 (3)	-60% -50%

*Total OE funded workforce reduced by 25% (including PSC's and FSN's).