

Memorandum From the Administrator of the Agency for International Development (Hannah) to Secretary of State Rogers¹

Washington, January 20, 1972.

As you know, we have been engaged for a period of many months in a thoughtful and comprehensive study looking toward reorganizing and redirecting A.I.D. to better achieve objectives attuned to the present and the future and within existing legislation.²

We have completed this effort and are about to proceed with it.

I have kept Under Secretary Irwin informed as each step has been taken.

This morning I am personally hand-delivering copies of the material attached to this memorandum to the Chairmen and Ranking Minority Members of the Foreign Relations Committee and Appropriations Subcommittee of the Senate, and to the Chairmen and Ranking Minority Members of the Foreign Affairs Committee and the Appropriations Subcommittee of the House. A copy of one of the letters accompanying this material is also attached for your information.

You will note that I am not asking for approval, but providing an opportunity for them to point out anything they feel to be unwise or undesirable before the last steps are taken.

There will be general distribution of the overall document with an accompanying memorandum to A.I.D. employees in Washington on Monday. Copies of this material are also being forwarded to the President, Henry Kissinger, Clark MacGregor, George Shultz and Cap Weinberger.

I am sure you do not have time to read the longer document. The briefing paper on reorganization will give you the thrust of it.

J.A.H

Attachment

Letter From the Administrator of the Agency for International Development (Hannah) to the Chairman of the Senate Foreign Relations Committee (Fulbright)

Washington, January 20, 1972.

Dear Mr. Chairman:

As you know from our previous conversations, we have been engaged for a period of many months in a thoughtful and comprehensive study looking toward reorganizing and redirecting A.I.D. to better achieve its objectives attuned to the present and the future and within existing legislation.

We have completed this effort and are about to proceed with it.

It seems appropriate that I should give you a copy of what is contemplated before it is distributed within the agency and give you an opportunity to look at it and give me the benefit of your judgment as to whatever you see in it that seems unwise or undesirable.

Because experience has taught me that within the bureaucracy any distribution soon becomes public, and that a request for approval provides an incentive for disapproval, I am delivering in person, if possible, or if that is not possible through Matt Harvey, copies of this material only to the Chairmen and ranking Minority Members of the Foreign Relations Committee and the Appropriations Subcommittee of the Senate, and to the Chairmen and ranking Minority Members of the Foreign Affairs Committee, and the Appropriations Subcommittee of the House.

I am not asking you to approve it or ratify it.

Unless there are substantial objections, I plan to distribute it to A.I.D. employees the first of next week and will move to implement it as rapidly as possible beginning on February first.

To achieve the staff reductions contemplated will require legislation permitting early retirement of a substantial number of people and the retention of the most competent and able.

The material attached includes:³

1. Briefing paper on Reorganization
2. Memorandum to A.I.D. Employees with attachment, "Reform of U.S. Economic Assistance Programs"
3. Copy of proposed legislation to accomplish early retirement of A.I.D. personnel

I will appreciate your advice or any comments you care to offer.

Sincerely,

John A. Hannah

Attachment 1

Washington, January 20, 1972.

AGENCY FOR INTERNATIONAL DEVELOPMENT BRIEFING PAPER ON REORGANIZATION

The Agency for International Development is undertaking a comprehensive self-reorganization, designed to

- emphasize humanitarian and economic aspects of U.S. development assistance;
- adjust traditional techniques and policies to changed development needs and resources in the world's poorer countries;
- coordinate more effectively U.S. development assistance within multilateral and consortia channels;
- further emphasize the participation of private organizations in assistance;
- focus U.S. development resources on a sector basis; and
- reduce the size and complexity of the A.I.D. structure.

The new organizational plan is in keeping with President Nixon's call for a more efficient and modernized U.S. foreign assistance program and is consistent with the philosophy of legislative proposals presently under review by the Congress. It also reflects many of the suggestions for program improvements previously expressed by the Congress.

In recent years a number of steps have been taken to modernize U.S. assistance strategy and techniques. The establishment of an Auditor General has improved program management. The sector approach has been introduced into many country programs. More participation by private U.S. organizations has been achieved. Administration of Supporting Assistance has been placed within a separate bureau.⁴ A.I.D. staff has already been reduced by nearly a third in the past three years. These and other steps have produced good results in terms of program efficiency and effectiveness.

Nevertheless, basic A.I.D. structure and many A.I.D. procedures continue to reflect development needs and conditions of a decade or more ago when the U.S. played a predominant, nearly exclusive, role in providing development resources and guidance to the poor countries. Since then, other advanced nations have greatly increased their national contributions to the world's development programs, international lending institutions have expanded their resources and administrative capacities, the underdeveloped nations have gained perspective and understanding of their own problems and begun to develop their own plans and their own human resources to deal with them. And those problems have been seen to be more complex and intractable, requiring remedies more highly sophisticated and innovative than was originally recognized.

All this compels new approaches, including

- a more collaborative style of assistance which places the developing countries at the center of the development process;
- greater application of U.S. scientific and technical advances on research and development of new and innovative techniques for development problems;

—broader participation of American private groups in the practical work of development.

To achieve these ends the Agency is undertaking the following changes within the framework of existing legislation.

1. *A new Bureau for Population and Humanitarian Assistance* will incorporate all elements of the Agency's programs and research in population and family planning, the grant "Food for Peace" program, disaster relief, and support for 82 U.S. voluntary agencies engaged in overseas assistance. Disaster relief capability will be upgraded and strengthened. Problems of exploding population growth and birth control will receive the highest priority.
2. *The Bureau for Technical Assistance* will provide Agency leadership in technical assistance policy, program development and research focused on basic human problems, where American technology and experience can make distinctive contributions. Coordinating A.I.D.'s resources in research and institutional grants to undertake major pilot programs stressing innovative techniques for adaptation of modern technology will be a major task of this bureau.
3. *Regional Bureaus* established on geographical lines, which have been semi-autonomous and equipped to undertake detailed individual country analysis and programming will continue, but will rely increasingly on outside sources, including private organizations and recipient nations themselves, to do more of the programming and project management.
4. All program support and administrative service functions, including personnel, accounting, contracting, procurement, training, data systems and management analysis, will be consolidated in a new *Bureau for Program Services*. The new arrangement is designed for greater flexibility, speed, policy consistency, procedural simplifications and more efficient use of manpower.
5. Economic supporting assistance, sometimes called security assistance, will continue to be administered, for now, by a separate bureau within A.I.D., and will be subject to general policy changes of the Agency. We hope these programs will ultimately be transferred to the Department of State.
6. An *Administrator's Advisory Council*, composed of senior officers, will be formed to assist the Administrator in the redirection of the Agency's program and to strengthen central policy direction.

When this reorganization is completed, the Agency expects to do its work better with fewer people. If (but only if) necessary Congressional authorities, previously urged, are obtained, the Agency is confident it can assure improved effectiveness and achieve further personnel savings of a magnitude approaching 25 percent of present American staff. These authorities include incentives for selective retirement of eligible personnel and permitting better utilization of the Agency's solid bedrock of highly skilled and dedicated staff. Alternative methods of staff reduction could not achieve this.

¹ Source: National Archives, RG 59, Central Files 1970-73, AID (US). No classification marking.

² See **Document 65**.

³ Attachment 1 is printed below. Attachments 2 and 3 were not found.

⁴ In the attachment (not printed) to his September 20 letter (**Document 65**), Hannah discussed the separation of security from development assistance as follows: "A.I.D. has centralized its Supporting Assistance programs into a new Supporting Assistance Bureau. This Bureau is now responsible for managing all economic security programs in Vietnam, Laos, Cambodia, Thailand and Jordan. In its recent report (No. 92-380 of July 26, 1971), the House Foreign Affairs Committee acknowledged A.I.D.'s intention of creating the new Supporting Assistance Bureau and noted that this 'should facilitate the eventual transition of these functions to the Department of State.'"