



- oo There is too little attention paid to reaching agreement on clear, concise statements of verifiable objectives.
- oo Since objectives are not clear, it is impossible to assess progress and hold managers accountable for results.
- oo Since there is no way to hold managers accountable for results, Washington covers by requiring additional review and by withholding full delegation of project development authority.
- oo There is no clear connection between the allocation of resources and intended accomplishments. As a result, the budget cycle has forced the Agency to focus narrowly on obtaining and obligating funds.
- oo There is no systematic basis for assessing either program or management performance.

The operating bureaus have recognized these problems and have introduced their own new procedures to compensate. It is our intention to provide flexibility to operating managers to permit them to continue to tailor overall Agency requirements to the specific circumstances of their regions and countries. Nevertheless, the Task Force has already identified and has agreed on the broad outlines of an overall system which will govern programming throughout the Agency.

The goals of this system are first to reduce the workload devoted to program review and documentation--freeing staff to devote more attention to implementation--and second to provide a basis for establishing accountability for achievement of results. The new system will consist of the following elements.

- oo Agency policy will include clear guidance on program priorities--deciding what is central to Agency operations and what will be less important. OPS and Policy will begin to shape this policy guidance during the current 1993 budget cycle.
- oo Operating bureaus will integrate Agency policy priorities with country objectives. This will help ensure programs are mounted in the countries where they make most sense and have the greatest potential for success.

- oo Missions will establish clear objectives and will agree on a basis for verifying achievement of these objectives. This "contract" will include planned support from the R&D bureau, helping to integrate Agency operations at the planning stage. In reviewing and approving mission proposals, the focus will be on consistency with policy rather than second guessing field analysis.
- oo Since objectives will be clearly stated, it will be possible to hold managers accountable for results. Much of the review held in Washington will be devoted to assessing progress, finding ways to help missions improve performance, and allocating resources accordingly.
- oo The focus of project documentation will be shifted away from obligation of money and onto achievement of results. We are working on procurement procedures which will bring those who will implement activities into the design process. In some cases, we expect to specify performance standards as part of contracts, making achievement of results a condition for payment.
- oo On several levels, we will tie the Agency's resource allocation system into program performance. We will be able to explain to OMB and Congress what we expect to achieve for the resources we request. We will be able to ensure resources are allocated only when performance is acceptable and funding is actually needed. We will also be able to account for our use of funds in terms of actual development results.

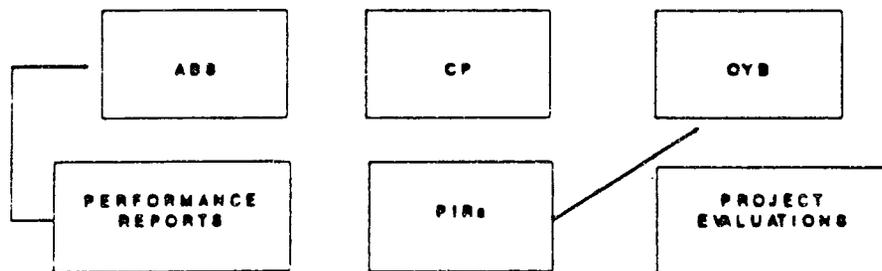
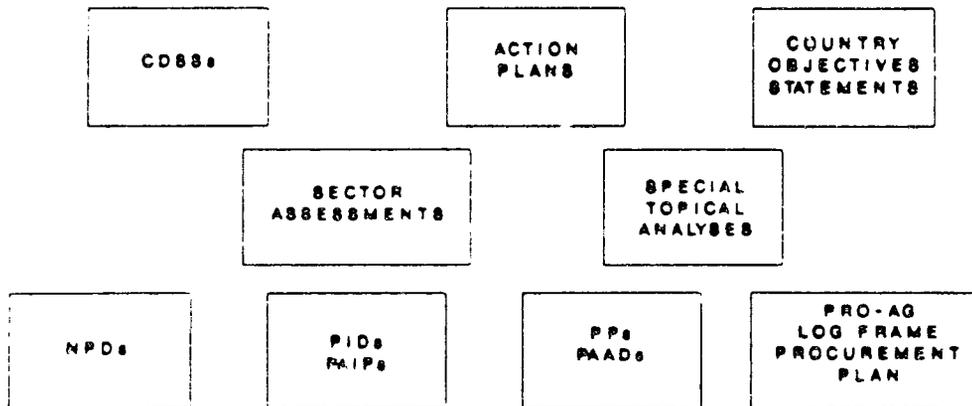
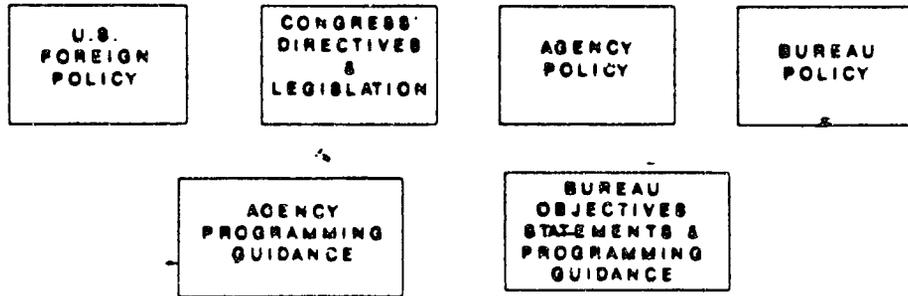
While there are many details which need to be worked through, there appear to be no insurmountable problems. The real test will come in implementation; and success will depend on the commitment of Agency managers, particularly in the field. It is encouraging that there is widespread support in the Agency for change, for improving the ways the Agency manages itself, and for focusing our efforts on achieving development results.

The task force should be in position to brief senior staff early in September. Assuming we are on the right track, OMB and the Hill will be briefed. Once final adjustments are in place, the structure of the new system can be put in place by September 30.

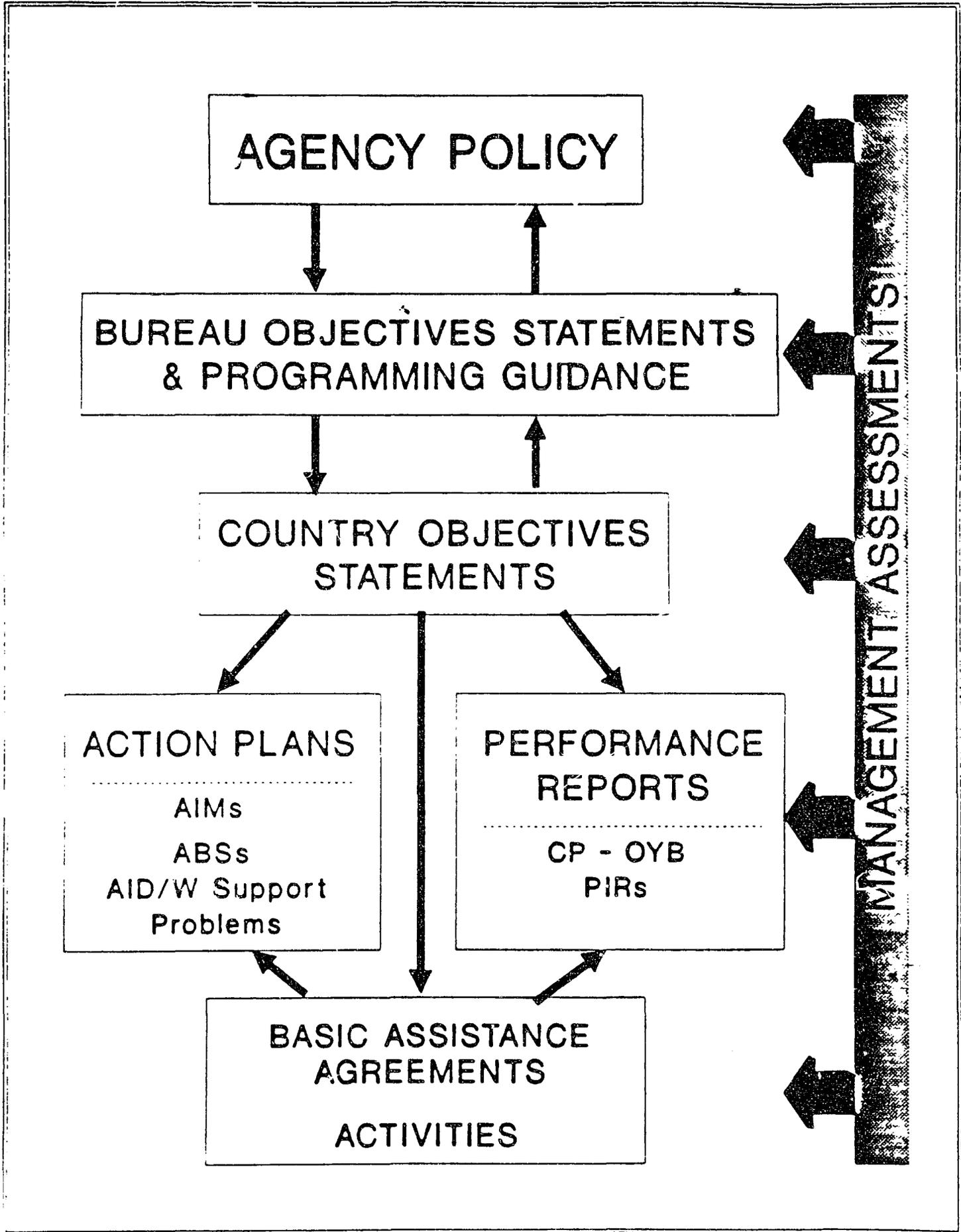
Attached for reference are two schematics we have been using to compare the old and the new. Again, the emphasis in the new system will be on reduced paperwork and increased accountability for results.

OPS:LRogers:8/7/91:X79701:roskmem.lr

# PROGRAMMING SYSTEM



IMPLEMENTATION : CONTRACTS, PILs



AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON DC 20523

ACTION MEMORANDUM FOR THE ADMINISTRATOR

FROM: A-AA/OPS, Howard M. Fry

SUBJECT: Reforming the Programming System, Phase II

Issue: In August, I reported on the progress being made by the Task Force working to develop a new programming system for the Agency. As you recall, over forty A.I.D. staff have been working through a series of interlocking groups to design a reformed basic management system. There is now general agreement on the structure of the new system, and we are ready to move to Phase II--actual implementation.

Discussion: During the past months, extensive briefings have been held to explain the proposals and solicit views. XA has arranged a series of meetings for "opinion leaders" from the private sector and over 100 representatives from PVO's and the business community have attended. LEG has arranged Hill briefings with over 20 staffers from five committees. Many meetings have been held with Agency staff and over 30 missions have responded to cables soliciting their views. OMB has been briefed. There is consensus in support of the need for reform, general agreement on the proposals of the Task Force, and recognition that implementation will inevitably present problems and will require perseverance. There is also a desire to be kept informed and to have an opportunity to provide input as issues arise and decisions are made.

Throughout the preparation of proposals for reform of the process, we have stressed three goals:

- to substantially reduce paperwork and time devoted to Washington review;
- to focus on results; and
- to improve accountability both for resources and results.

The task force members recognize that achievement of these goals will be difficult, requiring a change in the "corporate culture" of the Agency. To have a chance of success, it will be critical that managers "buy into" the new, results oriented programming system. As an incentive, the task force strongly recommends the Agency continue its policy of decentralization, giving managers

at each level greater control over decision making appropriate to their program management responsibilities. At the same time, oversight of implementation will be necessary, and we are beginning to identify mechanisms which will ensure the Agency stays on the track we are laying here.

It will also be important to provide positive incentives to managers as they adopt this new focus on results, and a separate task force will shortly report on this facet of reform. The difficult challenge will be to reward those employees who manage resources to achieve results, at the same time ensuring that we not penalize candid reporting on performance. Good development programs will involve risks and some failure is inevitable. The key will be to identify and reward those who are willing to specify objectives and manage for results.

In essence, a results oriented programming system will require us to:

- \*\* Clarify programming priorities and concentrate on doing a few things well. Policy will take the lead in helping decide what is critical to our mission and, more difficult, what is less important. The bureaus are already moving to concentrate field programs. Senior Agency management will need to assess the support for those activities which will be seen as less important and to develop political support for the priorities the Agency selects.
- \*\* Decide the most important interventions and appropriate delivery modes for the countries we will assist. The geographic bureaus will need to match the Agency's programming priorities and their own with their missions' objectives. Most of the bureaus have provided field guidance on objectives, but it will need to be revised to reflect the clearer statement of Agency priorities.
- \*\* Better utilize Washington resources in support of field programs. We have already begun a planning process which should result in more efficient and effective delivery of technical services to field missions. This process involves all of the central and geographic bureaus.
- \*\* Specify our objectives for each country program in terms of expected results. CDIE is close to development of standards and is working on a training and technical assistance program. The bureaus will decide a schedule for working with field missions to bring them into conformity with standards.

- \*\* Continue to decentralize decision making in exchange for holding managers accountable for results. Managing for results requires that all Agency managers be accountable for vigorously pursuing well-defined strategic objectives; for getting and using information on performance; for understanding why programs within their sphere of influence are succeeding or failing; for reporting results with integrity and candor; and for continuously reorienting resources to more effective and productive uses. Bureaus use a variety of systems of delegation of authority to control approval of project design and implementation. As a results oriented programming system is introduced, it will be possible to give increasing control over program design and implementation to line managers.
  
- \*\* Simplify contracting procedures, incorporating where feasible performance standards directly related to planned results. In briefings with outside groups, Agency contracting procedures have been widely mentioned as needing reform. The Contracts Office is in the midst of developing new models which will be introduced this year.
  
- \*\* Simplify and integrate the Agency's information systems. Field missions are currently required to generate a large volume of information which is not used in decision making or which duplicates information elsewhere available. At the same time, senior management does not have regular information on Agency performance. The Regional Bureaus, working with CDIE, will take the lead in developing program performance reporting systems. F&A/Bud has already begun design of new systems, focusing first on the needs of senior managers, and will form a task force to integrate new budget and program results reporting systems. As the Agency is able to demonstrate progress on our new approach to programming, we hope to be able to agree with Congress on a more focused CP.
  
- \*\* Rewrite the the handbooks. While it is our intention to extend flexibility to bureaus and missions on most facets of process, design and documentation, it will still be necessary to provide guidance on statutory and policy requirements. We would also like to establish "standards of excellence" which field personnel can use as reference in developing programs and designing projects. We have already begun to organize to develop new handbooks to replace those on policy, planning and budgeting, and project and non-project assistance.

\*\* Better assess mission performance. As the Agency increases its emphasis on implementation and decentralizes decision making authority, it will be even more important to have frank assessments of overall mission management performance. In particular, these assessments can be used to help ensure that policy and handbook guidance are being implemented in a decentralized system. There are already numerous assessments conducted of field operations, so the task may primarily be one of coordination.

As indicated, implementation is already proceeding on many facets of the new system. Design work on other facets is well along. Many problems and issues will arise as we proceed, and the challenge in Phase II will be to ensure that bottlenecks are resolved quickly and that the work of the various offices remains focused on results. As we discussed following the briefing on this matter for senior staff, we are working on an elaboration of next steps in implementing this system. I will be creating a working group of mid-level managers drawn from the bureaus, F&A and Policy to oversee implementation and to identify problems as the system evolves. In addition, I will be writing letters of appreciation to all those who have contributed to the first phase of the Agency's new focus on results oriented programming.

Recommendation: That you approve the above procedures for reform of the A.I.D. programming system.

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

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

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

Attachments:

1. An outline of next steps.
2. A set of principles which will guide the development of bureau and Agency systems.

Clearance: AA/POL, K. Morgan \_\_\_\_\_ date \_\_\_\_\_  
 AA/F&A, R. Ames \_\_\_\_\_ date \_\_\_\_\_

Drafted by:OPS/PRC:LRogers:12/12/91:7-8899:phaseII

## Reforming the Programming System

- \* Reduce paperwork and Washington review
  - \* Focus on results
  - \* Improve accountability both for resources and results
- 

1. Clarify priorities and concentrate on doing fewer things well.
  - Policy will establish a strategic planning process and propose a structure of priorities for the 90's in the CP (Jan 92)
  - Field missions will begin concentration of programs, with reports prepared by the bureaus in the CP (Jan 92)
2. Bureaus develop new procedures and field guidance (March 92)
  - Eliminate CDSS and replace with a simpler document focused on objectives and performance tracking systems
  - Delegate additional project approval and implementation authority as field capacity is established
  - Streamline and reduce review of Action Plans/ABS's
3. Set clear country objectives.
  - CDIE will complete guidelines on performance management and criteria for assessing objectives (Dec 92)
  - Bureaus will establish schedules for bringing all countries up to guideline standards: as many examples as possible by the CP (Jan 92), countries covering 75% of all resources by Sept 92, 100% of all countries by June 93.
4. Make more effective use of Central Bureau resources.
  - Bureaus prepare plans for field support requirements from central programs (Dec 92)
  - R&D, PRE and Bureaus concentrate central programs on highest priority countries and programs (Jan 92)
  - F&A/FM develops and introduces as part of the AWACS system a means for accounting for countries benefitting from central programs (FY 93)
  - F&A/Bud formalizes planning for central provision of field technical support as part of the ABS system (March 92)
5. Simplify contracting and relate to program objectives.
  - F&A/CM completes development of new contracting modes (Dec 91)
  - F&A/CM trains field missions and selects prototypes for new modes (March 92), ready for worldwide implementation in FY 93
  - R&D, Bureaus and FA/Bud introduce budgeting and accounting procedures to minimize the need for "buy-ins"
6. Simplify and integrate Agency information systems.
  - OPS and F&A/Bud complete design of senior management information system (Jan 92)
  - F&A/Bud downsizes ABS submission and summer budget review requirements (March 92)
  - Leg and Pol review progress on implementing new programming process and decide whether to begin discussions with the Hill on simplified CP (Jun 92)

- CDIE and Bureaus develop and install in each field mission program performance reporting systems, with regular reports submitted as part of the bureau programming process, system in place (Mar 92)
  - IRM and IMC review program information reporting systems and related automated systems and develop plans for integration and simplification (Jun 93)
7. Better relate resource allocation and performance
    - Pol will develop a procedure for assessing country economic performance and propose how it can be considered in budget decisions (Jan 92)
    - CDIE and OPS will develop a procedure for ensuring that those programs which are performing best receive adequate funding (Jun 92)
  8. Rewrite handbooks 1-4
    - Pol will prepare a proposal for rewriting the programming handbooks, including a review of purpose, structure and content (Mar 92)
    - Pol will oversee working groups drawn from throughout the Agency to prepare the new handbooks (Mar 93)
  9. Better assess mission operations and policy implementation
    - OPS and MCRC will prepare a proposal for assessing mission operations, drawing largely on currently available sources (Mar 92)
    - Bureaus will implement and maintain the system (Ongoing)
  10. Restructure Agency training programs consistent with results oriented programming F&A/HRDM plan in place (Mar 92)
  11. Introduce incentives for managing for results (All Hands)
  12. Monitor progress and adjust as necessary (All Hands)

## **RESTRUCTURING A.I.D.'S PROGRAMMING SYSTEM**

To bring A.I.D.'s reorganization to a successful conclusion, the Agency's organizational culture must be transformed. This means moving away from procedures that focus on program related design and obligation, toward a set of relationships and operational procedures that emphasize and reward implementation and development results. Managing for results requires that all Agency managers, from Assistant Administrators to field project managers, be accountable for vigorously pursuing well-defined strategic objectives; for getting and using information on performance; for understanding why programs within their sphere of influence are succeeding or failing; for reporting results with integrity and candor; and for continuously reorienting resources and activities in more effective and productive directions.

There is broad agreement that the Agency's programming process, documents, and procedures can be streamlined and refocused to better support a results oriented development strategy. A new process that ties Agency objectives to Mission program and project investments is needed. This process must be based on a clear statement of Agency objectives, must be flexible enough to support development of program objectives through internally consistent Bureau and/or Mission investment strategies, must facilitate decentralization of decision making and accountability for results, and must foster consensus on a set of measurable performance indicators that track and reward program achievements at the Mission, Bureau and Agency level.

The momentum established by the Agency reorganization provides an opportunity to transform the programming system from one focused on descriptive documents such as CDSS's and action plans to a focus on program objectives and achievements. Most Bureaus have already taken significant steps to simplify process, reduce paperwork and focus on results. Limited experience thus far has demonstrated that agreement between senior managers on strategic objectives, which explicitly define expected program impacts can sharpen program focus, lead to increased delegations of authority to the field, and can replace detailed guidance and cookbook instructions on program design and implementation. In short, accountability for results can replace laborious Washington review and second guessing.

If such a system is to work effectively within A.I.D.'s geographically and administratively diverse program, operating Bureaus have to have the flexibility to select among Agency program priorities, to identify investment strategies best suited to the unique circumstances found in their regions, and to tailor documentation requirements

and review procedures to suit the special circumstances of individual country programs. This system must foster a set of relationships wherein Bureaus and Missions have the independence to identify a limited set of strategic objects that are clearly defined, developmentally sound, and are consistent with Agency objectives, yet reflect regional and country conditions.

To reduce paperwork and review, thus freeing resources for reallocation to more productive phases of the process, the system must rely on a clear set of agreements that define the operating relationship between field Missions, operating Bureaus and senior Agency management. A clear and internally consistent understanding must be reached between senior Agency and Bureau managers and between Bureau and Mission managers on the set of strategic objectives to be pursued at each level, Agency resources required, and the likely impact of associated investments. Agreement on strategy must be accompanied by both the appropriate delegations of authority to facilitate implementation and the activation of procedures to collect, analyze and report on results to higher level managers in the Agency. Finally, the system must generate information and reports that can be used to demonstrate Agency-wide management and program accomplishments to Congress and OMB.

Revamping the current system will require the close cooperation of staff in the operating Bureaus, and the Operations, Policy and Finance and Administration on Directorates. The following principles, which form the base for the attached schematic, are recommended for use in revising the current system:

### **Principle One**

The Policy Directorate, working with the operating Bureaus, will define the Agency's objectives, establish criteria to be used by operating Bureaus in identifying Bureau and Mission level program objectives, and establish procedures for monitoring performance toward these objectives. In articulating Agency objectives, the Directorate will be responsible for considering the development problems faced by A.I.D. client countries, the Agency vision statement, U.S. foreign policy, Congressional interests and legislative requirements. These objectives will establish the Agency's long-term programming and research emphasis. Both the Operations Directorate with its operating Bureaus and the Finance and Administration Directorate will take an active role in establishing objectives, and will review program objectives prior to approval by the A.I.D. Administrator.

## **Principle Two**

Central and regional Bureaus will develop strategies to implement Agency objectives. Bureau strategies will conform to these objectives, will establish long-term Bureau objectives and benchmarks against which Bureau performance will be measured, and will establish Bureau management procedures and reviews to assure that portfolios and new program plans conform to Agency objectives. Bureau strategies will not be extensive, but will be backed up by the appropriate level of analysis and documentation that Bureaus require to establish the credibility of the strategy.

Regional Bureau strategies will reflect development experience and U.S. foreign policy interests in the region. Staff from the Policy Directorate will assist with strategy development, as required, and will review the final version of the strategy prior to the Administrator's approval.

Central Bureau strategies will reflect the substantive requirements of the regional Bureaus, will establish procedures for servicing field support requirements, will establish long-term operational objectives and benchmarks against which Bureau performance can be measured, and in consultation with the Policy Directorate will develop and maintain the Agency's long-term research agenda. Strategy development will be undertaken in cooperation with the Operations Directorate and its regional and central Bureaus, for review by the Policy Directorate prior to approval by the Administrator.

## **Principle Three**

Each country and centrally funded program will have one or more clearly stated objectives that are linked to the overall regional or central Bureau objectives. These objectives will be consistent with the respective Bureau objectives, and will normally be achievable in the medium term - five to seven years. Achievement of objectives will be within the sphere of influence of program managers and in large part result from actions taken by the A.I.D. staff and/or through the use of A.I.D. financial resources. Each regional and central Bureau will establish procedures to guide development and approval of country and central program objectives. Participation in the review of objectives statements by the Operations, Policy and Finance and Administration Directorates will ensure that the best effort will be made by the Agency to furnish the staff and financial resources necessary to

achieve objectives. Objectives once approved will remain until achieved or explicitly abandoned. Adjustments to agreed upon objectives might occur, among other things, as a result of major changes in the economic, political or social environment within a country; changes in the country's relationship with the U.S.; or because of unacceptable progress toward achieving the objective. While the Operations, Policy and Finance and Administration Directorates will participate in the review of new objectives, the Bureaus will have final approval over all changes in objectives recommended by their respective field missions.

#### **Principle Four**

Each Bureau will establish procedures to assure that individual country or central program investment activities are consistent with approved Bureau objectives. At some point in the development of activities, the responsible Assistant Administrator must determine that the activity supports Bureau objectives, is consistent with agreed upon Agency and country level objectives, and makes developmental sense within a specific country context. Beyond that point, considerable latitude will be delegated to Bureau and field managers to decide on appropriate documentation and analysis required to develop investment activities and to adjust investment flows to reflect field performance. The goal will be to reduce the effort devoted to documenting detailed project and program designs, while increasing emphasis on identifying measurable investment objectives, facilitating and monitoring progress toward these objectives and adjusting resource flows to take account of new and more promising programming opportunities consistent with country objectives.

#### **Principle Five**

Program managers in the field and in Washington must have a mutually acceptable system for reporting program performance to operating Bureau Assistant Administrators. Normally these systems will establish baseline conditions, determine appropriate indicators of progress, and identify interim milestones toward objectives. While quantifiable indicators are desirable, it is most important that systems provide an accurate assessment of true progress or lack thereof. As such, Washington must invest the effort necessary to understand the assessment system and to evaluate field reports. Line managers must see it in their interests and in the interests of the Agency to provide accurate reports and to interpret those reports as objectively as possible. As the Agency gradually concentrates its program over time, an effort will be made to establish objectives

which are similar, and utilize the same or similar indicators of progress for those objectives. Standardization will not be imposed from above, but allowed to develop over time as a result of continuous dialogue between the field, Bureau and Policy Directorate performance system managers. An explicit objective of the Agency's programming system will be to ensure that resources are allocated to those programs which have the greatest impact on recipient country development.

### **Principle Six**

Accountability for prudent management of Agency resources in achieving country and Bureau objectives will be the cornerstone of the Agency's programming system. To effectively operationalize the system, a simplified reporting process will be developed. The system will require that all country and central programs report annually to their respective Bureaus on the necessary budget and program information required to meet Bureau and Agency programming needs. Management issues and resource requirements would be reported in the Spring, combining the current Action Plan and ABS documents. In the Fall, progress on performance would be reported along with simplified CP information. These documents, while reflecting country level objectives, will be separate and distinct from Mission objective statements. To assure a consistent core of information is provided by field Missions, the Operations Directorate, working through the operating bureaus and the Policy and Finance and Administration Directorates, will prepare and update guidance on the form, timing, and content of the annual reports. As a minimum, the system will: (a) record annual progress toward agreed upon objectives; (b) analyze constraints toward achieving objectives and identify solutions to be undertaken during the next year; (c) establish milestones against which the next year's efforts will be assessed; and (d) request additional resources (human, financial, central or regional) needed to obtain expected results. Bureaus will be responsible for consolidating country level information into Bureau level reports for review by the Agency. These reports will establish resource levels required by the Bureaus to carry out the next year's program, will establish the level of support Bureaus will require from central and Washington based Bureau resources, will report on country and Bureau level performance, and will alert Bureau and Agency level staff to upcoming problems and prospects. Annual reports on performance and resource requirements will replace Action Plans, CP's, ABS'S, and PIR'S.

# A.I.D.'S PROGRAMMING SYSTEM

