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# Reorganization Update

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Agency for International Development

August 1991

## **Introduction**

This *Reorganization Update* summarizes progress on implementation of the Management Action Plan announced on May 8, 1991. A team of senior managers has met daily since that date to oversee and coordinate all aspects of implementing the plan, focusing on the two principal areas of change: **MANAGEMENT REFORMS** and **STRUCTURAL REORGANIZATION**. The goal is to have the organizational structure in place by October 1, 1991. In addition to this team, many A.I.D. employees are supporting the overall effort by working on committees that will provide recommendations on improving Agency processes. These will be implemented as they are ready. We have set targets for each of the months from September to December.

Earlier on, much attention centered on the area of making needed organizational adjustments. We are now at the stage when the major focus is on making management reforms. We are moving forward rapidly to streamline and improve the way the business of the Agency is conducted.

## **Management Reforms**

Significant activities are underway to address the five actions outlined in the Management Action Plan as Action Set #2: Priority Management Reforms. These activities are:

- Streamline the process for design and approval of A.I.D.'s development programs and projects. Have a new, simpler system in place when the fiscal year begins in October;

- Recharge the incentive system so that it rewards sound management and encourages those employees who are getting the business of the Agency done;
- Implement an integrated system of performance measurement, keeping score out in the open where the Congress and taxpayers can see how well we are doing;
- Shorten the contracting cycle and open it to wider competition; and,
- Get the Agency's technical capacities lined up with our real business of delivering development overseas.

These management reforms are interrelated and will contribute significantly to the goal of strengthening A.I.D.'s ability to function effectively as a results-oriented development organization.

Committees are currently in high gear working to review and make recommendations to modify the programming process, incentives, performance measurements, and procurement. These committees are composed of a broad cross-section of experienced Agency personnel.

Major changes will be forthcoming in all areas under review:

Redesign of the Programming System - This committee is charged with defining a new, streamlined process by which:

- Agency policy and goals can be better translated into bureau- and mission-level strategies;

- Explicit and measurable objectives can be identified at the country, program and individual project levels; and,
- Management decisions can be made with better information about program performance.

Among the specific proposals being considered by this committee are:

- Delegating much more authority to the field, redefining A.I.D./W's role as more of a support and monitoring organization. Under this approach, bureaus and the missions reporting to them would annually agree on four or five country-level objectives. They would also agree on strategies for meeting those objectives. Washington's approval authority for most missions would end after the bureaus have concurred with missions' strategies.
- Eventually, as missions trim objectives, the number of management units can also be reduced and implementors can be moved up into the design phase.

Incentives - This committee is looking at incentives in a broad sense that includes:

- Recognition awards;
- Performance pay;
- Management techniques; and,
- Career pathing.

The impact of each of these as they apply to FS, FSN and GS employees is being analyzed. More details on this committee will be provided in a future *Reorganization*

*Update.*

Performance Measurement - This group is discussing performance measurement issues such as:

- What kinds of performance should be measured/monitored (country, program, administrative/management)?
- How should they be measured?
- Who should collect/analyze information?
- What are the uses of the information?

Procurement - This committee is exploring new methods of contracting to reduce the number of contracting actions and the time required for the contracting cycle. Issues being explored include:

- Performance-based contracting;
- Getting contractors more involved during the design phase of the project; and,
- Contracting for all phases of a project's lifecycle at one time.

These improvements are expected to increase operational efficiency by shifting increased responsibility to field missions, simplifying and reducing design documentation, demonstrating organizational performance through measurable and successful results, and creating contract mechanisms that reduce intensive demands for project management.

Work is also proceeding to improve the

alignment between the Agency's technical capabilities and its operational needs. Employees are encouraged to submit any comments or suggestions to the committee chairpersons listed at the end of this *Update*.

It is important to note that the reorganization will be an ongoing activity that will not end on October 1. The real work of the reorganization, which includes improvement of our incentive systems, development of performance measurement systems, and streamlining of administrative procedures, is an ongoing process. Healthy organizations are continuously looking for ways to improve their internal operations, and we intend to do precisely this. The reorganization can only be successful if we are successful in these areas.

## **Structural Reorganization**

### ***What has been done:***

Intense activities have been underway in each of the three directorates: Policy; Operations; and Finance and Administration. Organizationally, several key events have occurred. These include:

- Completion of FTE allocations at the directorate level;
- Functional statements and most position descriptions together with detailed staffing patterns have been submitted to the Office of Human Resources Development and Management (HRDM);
- HRDM has begun to notify the

unions of reorganization proposals and responded to inquiries; and,

- HRDM has completed position classifications for several reorganized bureaus and offices.

### ***What to expect:***

Bureau and office functional statements and organizational charts will be made available to employees in the near future. In addition, bureau and office heads will be meeting with employees to explain the reorganization and to answer questions.

After all positions have been classified and consultation with the unions has been completed, vacant positions will be advertised. HRDM will advertise FS and GS vacancies, prepare all documentation necessary to change official Agency records and notify employees who are affected by the reorganization. Every employee will have a job when the transition is completed.

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As the transition process progresses, periodic *Reorganization Updates* will be provided.

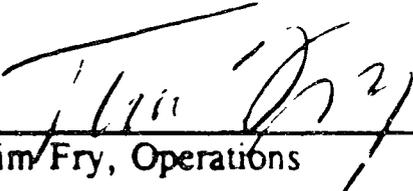
Committee Chairpersons

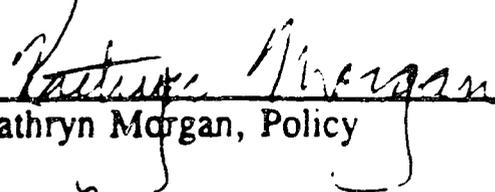
A.I.D. Programming Systems

- Steering Committee . . . . . Tim Fry (647-8548)
- Program Strategy/Analysis . . . . . Peter Davis (663-5624)
- Project Design . . . . . Tom Bebout (647-8383)
- Procurement . . . . . Terry McMahon (875-1150)
- Performance Measurement . . . . . Wendy Stickel (875-4919)
- Budgeting and Reporting . . . . . Jim Painter (647-6483)

Employee Incentives

- Steering Committee . . . . . Ken Sherper (647-4630)
- Formal Recognition Awards . . . . . Gene Morris (663-2370)
- Management Incentives . . . . . Brian Kline (647-5572)
- Performance Awards . . . . . Bob Bonnaffon (663-2333)
- Career Enhancement . . . . . Terry Liercke (663-1491)

  
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Tim Fry, Operations

  
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Kathryn Morgan, Policy

  
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Jack Owens, Finance and Administration

# **REORGANIZATION OF THE AGENCY FOR INTERNATIONAL DEVELOPMENT**

A.I.D. is in the midst of a major reorganization, the first comprehensive reform of the Agency's structure and procedures since the middle '70s. This reorganization will achieve five important objectives.

- Management responsibilities and staff will be reallocated to better support new priorities such as Eastern Europe.
- Staff and procedures dedicated to improving accountability and financial control will be substantially strengthened.
- Program planning and project development procedures will be simplified, paperwork and review substantially reduced, and management attention refocused to emphasize achievement of results.
- Senior management will be streamlined, with day to day responsibility for policy, operations and management vested in separate Directorates.
- Programs managed by the Agency's central and geographic bureaus will be more closely coordinated to enhance effectiveness and efficiency.

The need for reform of A.I.D. has become increasingly evident both within the Agency and to those outside who are interested in improved U.S. foreign assistance programs. Congress has expressed strong support for change, through both formal committee reports and informal recommendations to the Administration. The unprecedented pace of change in the world has made the need for reform ever more obvious. A successful U.S. foreign assistance program and the vital foreign policy interests it supports depend on the expeditious introduction of these reforms. As events change and implementation proceeds, there will be opportunity for adjustments.

The framework for the reforms was established by studies carried out in 1990, followed by recommendations prepared by four internal Agency task forces in early 1991. This framework was presented in a

Management Action Plan in May 1991. Refinement and implementation of the Plan has been vigorously underway since May. Following is a brief update of the status of implementation of the Plan.

The Management Action Plan has two major components - one addresses organization structure changes and the other management reforms. Although both components are critical to a successful reorganization of A.I.D., the most important long term benefits will be derived from implementing key management reforms.

## **Organization Structure Changes**

- A principal change is the establishment of three directorates (Policy, Operations and Finance & Administration) which will oversee and coordinate activities of bureaus and offices within their respective directorates.
- The Policy Directorate will focus its role on strategic planning, policy analysis and recommendations, budget guidance and program performance.
- The Operations Directorate composed of five regional bureaus and three central bureaus will have an important coordination role and a strengthened capability to support mission operations.
- The Finance & Administration Directorate will strengthen internal controls through improved coordination of financial and human resources, budget allocation, procurement and administration.

Progress on realignment of the organizational structure of A.I.D. has been excellent. To date, legal delegations of authority have been completed or modified, or new functional statements have been prepared for all affected organizational units. All individual position descriptions requiring changes have been drafted, and most position grade classifications have been completed. All documentation has been reviewed by the personnel office and is currently under review by employee representative groups. Implementation of planned structural changes is on schedule.

## **Management Reforms**

- **Streamlining the programming system will be accomplished by increasing delegations to field missions, reducing A.I.D./Washington's role in program/project design and implementation, reducing design documentation and reporting requirements, and strengthening A.I.D./Washington field support and service responsibilities.**
- **New methods of procurement are expected to decrease the number of contracting actions and reduce the time required for the contracting cycle. Consideration is being given to expanding performance-based contracting and initiating design/implementation contracting.**
- **Program performance measurement will be based on Washington-field mission agreed upon strategies and objectives. It will help reorient the programming system toward implementation, successful results and accountability.**
- **Changes are required in the employee incentive system to reward performance that advances achievement of Agency goals and objectives, while simultaneously providing positive career development opportunities for employees. This requires changes in performance awards, formal recognition, management incentives, and career enhancement.**

**Committees have been established to address all management reforms and progress has been excellent. Major changes have been proposed in all areas and specific suggestions for changing several current systems are under review. The proposals have been sent to field missions and throughout the Agency for comment, and recommendations for finalization should be completed as scheduled.**

**Although no major problems have been encountered with the reorganization, some employees have expressed concern because of the uncertainties associated with the transition to an improved organization. In response to these concerns, the Agency is actively soliciting comments and recommendations from staff, in Washington and overseas. In addition, the Administrator has pledged that every Agency employee will have a productive position to fill upon completion of the reorganization.**

In sum, the reorganization is expected to accomplish the management objectives set forth, particularly improvement in organizational operating efficiency, focusing on achieving results in priority programs, accountability, and allocation of financial and human resources. Progress on implementing the reorganization is on schedule with structural changes to be in place October 1. Most management reforms will also be finalized by October 1 (some are scheduled for November 1), with implementation to take place over the next several months.

## Reforming the Programming System

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