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UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

OFFICE OF
THE EXECUTIVE SECRETARY

October 1, 1981

MEMORANDUM

TO : A/AID, Mr. Tom Rollis
Mr. Ain Kivimae

FROM : ES, Franz Herder

SUBJECT: Undated Action Memo--Summary Action Recommendation to the Administrator on Proposed Improvements in the Agency Programming and Implementation Process

1. The task Force recommendations were approved by the Administrator as submitted, effective September 30, 1981, with the following exceptions:

--Recommendation A2c, Length of Project Life: Approved with the following comment: "This assumes money will be obligated for a period not to exceed five years, but with a longer term expectation".

--Recommendation A2d, re the report on redelegations of authority: Approved with the comment: "This report can be 'eyes only'".

--Recommendation Cla. Approved with the word "informally" inserted before "agreed" in the second line.

--Recommendation C2, Establishment of a Senior Mission Management Review Group. Disapproved.

--Recommendations D1 and D2. Recommendation D1, regarding clarification of policy regarding host country contracting. Disapproved with the comment: "This does not go far enough. Frequently host government contracting really does work for contracts with a heavy technology transfer side. Joe, let's discuss". The Administrator did not act on Recommendation D2 re revising HBs 3 and 11.

--Recommendation E1, re the establishment of an ad hoc Training Advisory Committee. Approved with the condition: "Assuming (Dr.) Brady agrees".

10/2

To all 13-15

Action - Joe - Determine any 1' errors

2. Actions Required

--Please arrange, with Mr. Wheeler, for the requested review of host country contracting policy. As appropriate, after that review, resubmit Recommendations D1 and D2.

--Please respond to the Administrator's question on Recommendation D3, review of contractor performance problems: "What next (by way of followup)".

--Please consult with Dr. Brady re the Training Advisory Committee recommendation, E1.

--With respect to Recommendation E2, portfolio analyses and other implementation trading devices, respond to the Administrator's request that you: "please develop draft cable".

--Ain, please also see Mr. McPherson's note to you on page one--"very nice job".

cc: DA/AID, JWheeler
SAA/S&T, NBrady

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON DC 20523

15 SEP 1981

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU : A/AID, Mr. R. T. Rollis, Jr. *Rollis*
FROM : A/AID, Ain H. Kivimae *Kivimae*
SUBJECT: ~~Summary Action Recommendation to the Administrator~~
on Proposed Improvements in the Agency Programming
and Implementation Process

FINANCE
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At your request, two Ad Hoc Task Forces were organized to review 1) the AID Programming Process and 2) the AID Program/Project Implementation Process. The action recommendations on the programming process were submitted on May 1, 1981 and the action recommendations on the implementation processes were submitted on June 5, 1981. The action recommendations were reviewed by the AID senior staff in July and again on August 17 at the Senior Staff Policy meeting. This is a final version of the action recommendations which takes into account added concerns voiced during the Senior Policy meeting. However, there are several recommendations with which some will still disagree, but in all honesty we cannot further compromise our position.

The following is a summary of the action recommendations for your approval/disapproval.

A. INTERNAL TO AID

1. Country Development Strategy Statement (CDSS)

An immense amount of mission and AID Washington senior staff time is invested annually in the CDSS process as it is presently structured. Over the past several years we have learned the value of developing a country strategy and we have also seen that rewriting it and reviewing it every year is not an effective use of scarce management time both at the mission and in AID/W. It is apparent that there are major sections of

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The Task Force recommends that:

Assistant Administrators be delegated the authority to authorize projects and non-projects with life of project funding not to exceed \$20 million, and that Assistant Administrators be given explicit discretion to further redelegate this authority to their Mission Directors on a selected basis.

Approved M/L 30 SEP 1981

Disapproved _____

b. Project Amendment: Assistant Administrators are presently delegeted authority to amend the projects which they authorized, but can only amend projects authorized by the Administrator to the extent of making non-substantive amendments:

The Task Force recommends that:

Assistant Administrators be delegated the authority to amend projects to increase funding by 100 percent of the original funding authorization or up to a maximum limit of \$10 million. Projects authorized by the Administrator would be included within this authority.

Approved M/L 30 SEP 1981

Disapproved _____

c. Length of Project Life: Assistant Administrators are currently delegated authority to authorize a life of project of up to five years and extend total project life by up to five years from the point of extension. We have in the past unintentionally misled ourselves and the Congress by proposing projects in food production, family planning, health, energy and others which deal with very fundamental long-term problems of development which cannot realistically be accomplished in five years. Many of these projects call for the upgrading or even the creation of new institutions, carrying out research or introducing new concerns like family planning. Certainly there are specific aspects of these problems which can be accomplished in shorter periods of time, however, institution building and technology transfer activities by their very nature call for long term perspectives and our projects in these areas should reflect these development realities.

6

The Task Force recommends that:

Assistant Administrators be delegated the authority to authorize new projects with an initial life of project of up to ten years.

This assumption never will be reached, but for a period not to exceed 5 years, with a longer period of time if necessary.

Approved MLH 30 SEP 198

Disapproved _____

THIS ASSUMPTION MUST BE RE-EVALUATED AT A PERIOD NOT TO EXCEED 5 YEARS

d. Assistant Administrators would be able to redelegate fully these three increases in their authorities to Mission Directors assuring that adequate legal and technical reviews are exercised at the Mission.

The Task Force recommends that:

Assistant Administrators have the discretion to redelegate all, part or none of their authorities for life of project funding, project amendment and length of project life. Each Assistant Administrator should negotiate the appropriate levels of redelegation to the field missions under his/her control. Ninety days after the formal promulgation of these authorities to the Assistant Administrator they are to submit a report stating what redelegations of authority were made to the mission; why the level was chosen and what actions will be taken to further increase redelegations.

THIS REPORT CAN BE "EYES ONLY"

This report can be "eyes only"

Approved MLH 30 SEP 1

Disapproved _____

3. Project Paper Requirements.

The Task Force also considered the advisability of reducing project paper requirements especially of items that could be judged marginal in terms of the need for a specific study in a particular project.

The Task Force recommends that:

a. A quick review of the proposed Handbook 3 changes be made to ensure that there is appropriate flexibility to change project paper requirements as determined by the Mission Director.

Approved MLH 30 SEP 1981

Disapproved _____

4. Waivers

Assistant Administrators are currently delegated authority to approve a total of \$500,000 of waivers per transaction (source origin and nationality). Because of inflation and with a greater delegation of authority for project authorization to the Assistant Administrators, a greater waiver authority logically follows:

The Task Force recommends that:

a. The level of waiver authority (source origin and nationality) delegated to Assistant Administrators be increased to a level of \$3 million for each project.

Approved MLH 30 SEP 1981

Disapproved _____

b. A review should be made by the Procurement Policy Advisory Panel (PPAP) of the possibility for blanket waivers by geographic, country, or waiver items.

Approved MLH 30 SEP 1981

Disapproved _____

B. EXTERNAL

General Counsel and Legislative Affairs have done an extensive study of the basic AID legislation and have made numerous recommendations in Mr. Bolton's Action Memorandum to you dated May 29, 1981.

The Task Force recommends that:

Priority emphasis be given to the following three problem areas because they are the most serious impediments to the Agency's programming and implementation process.

1. Deobligation-Reobligation Authority

This authority is particularly needed for earmarked funds and in situations where we are forced by legislation or for other reasons to terminate a program (e.g., Syria). It would permit us to deobligate a project that was originally funded in a previous fiscal year and reobligate the funds for a similar purpose in a subsequent year. Without obligation authority, deobligated funds would be returned to the Treasury. The loss of deobligated funds is, therefore, a disincentive to the termination of older projects, and leads to inefficiency and waste.

2. Modify the Loan Floor

Since FY 1975 the Congress has included a "loan floor" in AID's appropriations legislation. This floor is an absolute level which we must meet via lending. When AID's budget levels are cut, the loan floor is maintained and this results in a greater proportional cut in grants. Shifts to technology transfer and institution building do not lend themselves to loans as do dams.

LEG, GC, and PPC initiate discussion with Congress to provide AID deobligation-reobligation authority and modify the the loan floor.

Approved WIL

30 SEP 77

Disapproved _____

C. ACTION RECOMMENDATIONS ON PROPOSED IMPROVEMENTS IN THE AGENCY'S IMPLEMENTATION PROCESSES

1. Planning for Implementation:

In considering ways to improve the implementation process, the Task Force noted that many of the problems attributed to poor implementation can be traced to inadequate planning -- or the lack of planning -- for implementation in the first instance. It was generally agreed that implementation planning must be an integral part of project design and must be given the same careful attention accorded to other project design elements. To be meaningful, implementation planning should be done collaboratively with the host government and agreement reached on the essential elements of implementation with the agencies responsible for carrying out specific implementation tasks.

The Task Force recommends that:

a. All project papers include an appropriate ^{in large capital} implementation plan which has been agreed upon with the host government and which will be verified and updated during project negotiation, agreement and implementation.

Approved MPL 30 SEP 1981

Disapproved _____

b. Mission Directors be held accountable by their Regional Assistant Administrators for the adequacy of project design and implementation including the proper planning for both. As part of this accountability all Mission Directors and AID Representatives will be required to prepare an end of tour report prior to departing the mission. This report will help newly assigned Mission Directors to grasp the outstanding issues in the mission and will also provide AID/W a record of mission status. The report is not to exceed 10 pages.

Approved MPL 30 SEP 1981

Disapproved _____

2. Establishment of a Senior Mission Management Review Group

We believe that the Agency needs to re-institute a Senior Mission Management Review Group under the auspices of the AID Administrator. This senior group would be composed of a small core staff and assigned TDY senior staff from the various bureaus and missions. The Mission Management Review Group would have a regular schedule of visits to USAID missions and would review for the Administrator and the Regional AA the management effectiveness of each mission. Its primary purpose would be to provide constructive advice to the mission and the regional bureaus, but it would also make judgments about senior mission management style and effectiveness.

During discussions at the Senior Staff Policy meeting various participants suggested that the review group should report to the Assistant Administrators of the region and not the AID Administrator. We do not believe that the Review Group should come under the control of the regional AAs. Good management requires

a system of checks and balances. While the AID Administrator delegates further authorities to the Assistant Administrators and they further redelegate these authorities to the field missions, the AID Administrator is still directly responsible to the President and the Congress for any actions taken by his subordinates through delegations of authority. We believe that it is only good management which dictates that the Administrator have an independent senior group reporting directly to him to assure that Agency policies and procedures are followed and to evaluate the overall management effectiveness of AID missions. We would stipulate that the Review Group work very closely with the regional AAs in planning their visits and would immediately on return from a region brief the region's AA. But the final report would go directly to the Administrator and the report would contain the comments of the regional Assistant Administrators on the findings of the report.

We recommend that:

The Administrator establish a Senior Mission Management Review Group reporting directly to the Administrator but coming under the operational control of the Assistant to the Administrator for management who will establish the operating procedures and staffing of the group.

Approved _____

Disapproved MPW 30 SEP 1961

AID Direct Contracting and Procurement

The Task Force examined AID direct contracting and procurement processes and is recommended changes to procedures and delegations of authority which could result in significant time savings.

a. Jurisdiction for the Noncompetitive Procurement Review Board: An Agency review board is presently required to review all proposed non-competitive procurements over \$100,000, including unsolicited proposals. Extensive documentation is required and board members, project officers and contract personnel have spent a significant amount of time at board meetings. Increasing the threshold for Board review of procurements to \$250,000 and dropping unsolicited proposals would reduce workload significantly. All non-competitive procurement under \$250,000 will be carefully reviewed by the Contracts Management Office.

The Task Force recommends that:

The Noncompetitive Review Board no longer be responsible for reviewing unsolicited proposals and that its role be limited to reviewing only proposed non-competitive procurements over \$250,000. If this recommendation is approved the AA/SER should be authorized to adjust non-competitive review procedures to most effectively implement the changes.

Approved *M W W* 30 SEP 1981

Disapproved _____

b. Pre-Award Audit Pricing Reviews: The Federal Procurement Regulations (FPR 1-3.809) require contracting officers to request and obtain auditor's reports of contract price proposals in excess of \$100,000 for fixed price contracts or \$250,000 when a cost type contract will be used. When a proposed contractor is new to AID, these reviews are essential to verify the contractor's accounting system and financial capability.

The Task Force recommends that:

The IG be urged to seek ways to expedite further the conduct of requested pre-award reviews of contractor price proposals, e.g., by giving such reviews priority over other contract cost reviews.

Approved *M W W* 30 SEP 1981

Disapproved _____

c. Technical Evaluations of Contractor Proposals: When a number of competitive proposals or expressions of interest are received, a panel (usually chaired by the project officer) is convened to review and evaluate these against established technical criteria. This is often a complex process involving host country members of the panel, and especially for university selections, visits to contractor's facility. A sample examined by Booz, Allen revealed an average of 68 days for this segment of the contracting process.

While the Task Force considered recommending a timeframe of 14-30 days for technical evaluations, we concluded that the circumstances surrounding each case varied too much to set targets on other than a case-by-case basis.

Therefore, the Task Force recommends that:

The time being taken for technical evaluations be brought to the attention of bureaus and missions and that they be urged to expedite the process whenever possible by setting targets on a case-by-case basis in an effort to cut the average time substantially.

Approved M W L 30 SEP 1981

Disapproved _____

d. Processing of PIO/Ts: The Contracts Office services the bureaus and thru them their missions or other subordinate units. The Task Force feels that his relationship is appropriate and should not be changed. However, it was noted that mission-submitted PIO/Ts have too-often gotten lost or delayed in the transmittal process.

The Task Force recommends that:

Assistant Administrators be directed to assure their bureaus have systems in place for controlling and expediting the processing of all PIO/Ts and for keeping SER/CM currently informed of the individuals assigned this responsibility.

Approved M W L 30 SEP 1981

Disapproved _____

e. Delegations of Authority to the Field: When AID contracting was centralized in mid-1972, Area Contract Officers (ACOs) in the field were delegated contracting authority to \$1 million, single missions contract officer (COs) to \$300,000 and principal officers at all AID posts \$25,000 (\$100,000 for personal services contracts). The small delegation to principal officers was intended mainly for his administrative officer or GSO to purchase supplies and enter into leases. It was increased to \$50,000 about two years ago to reflect inflation. Also, as a separate action in 1976, the Deputy Administrator delegated all mission authority to execute operational program grants to PVOs up to \$500,000.

Increased levels of delegated authority will permit missions to more fully implement their programs with less dependence upon AID/W.

The Task Force recommends that the following increases to field delegations of contracting and procurement authority:

(1) Increase delegation of contract/grant authority to senior Area Contracting Officers to \$5 million.

Approved WY 30 SEP 1981

Disapproved _____

(2) Increase delegation of authority to single mission COs (usually less experienced individuals) to \$1 million. (Exceptions may be made by AA/SER when mission needs require and the experience level of the assigned individual justified doing so.)

Approved WY 30 SEP 1981

Disapproved _____

(3) Increase delegation of contracting authority to AID principal officers to \$100,000. (If this is approved, missions will be expected to handle virtually all of their contracting under \$100,000 unless the Mission Director specifically requests and justified AID/W contracting.)

Approved WY 30 SEP 1981

Disapproved _____

(4) Increase mission authority to make operational program grants to U.S. PVOs from \$500,000 to \$1 million.

Approved WY 30 SEP

Disapproved _____

(5) The Procurement Policy Advisory Panel be requested to consider amending the AID Procurement Regulations (7-3.101-50) to permit missions to procure goods or services up to \$100,000 without formal competition. (Requirements to seek informal competition to the maximum practicable extent would be retained.)

Approved W H 3052

Disapproved _____

f. Logistics Support for AID Direct Contractors: A special implementation problem in many countries, particularly in Africa is the provision of logistical support for AID financed contractors. Although it has been AID's policy for direct contractors to provide their own administrative and logistics support, this is not always possible in some country situations while it may impede project implementation in others. Missions normally are not staffed to provide such services. Some missions have been able to develop alternative ways of providing such support through separate logistics support contracts with local or U.S. enterprises.

The Task Force recommends that:

In those situations where inadequate contractor support is impeding project implementation, field missions should develop cost effective, alternative means of providing such support through separate logistics support contractors who would provide such services for all AID-direct contractors. Guidance on such contracts should be obtained from SER/CM and GC:

Approved W H 3052

Disapproved _____

D. HOST COUNTRY CONTRACTING

The Task Force examined two aspects of host country contracting: 1) AID's policy preference for this approach over AID direct contracting and 2) possible procedural improvements. We also examined the problem of contractor performance under host country and AID-direct contracts.

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1. Policy

AID's policy on the use of host country contracting is currently set forth in Policy Determination No. 68 (PD 68) and in Handbook 1, Supplement B, Chapter 3 and 12 ("Choice of Procurement Entity" and "Procurement Policies, respectively). PD 68 expresses a preference for host country procurement of goods and services and permits Mission Directors to make exceptions in cases where the host country has a "record of poor contracting performance" or "inadequate staff resources" and in other special circumstances, some of which are described. PD 68 also requires Mission Directors to document "the reasons and justification for the exception(s)" made. Regional Bureaus and the Inspector General are charged with monitoring "field application of the policy and justification for exceptions to it."

There is evidence that some Mission Directors have applied too rigidly the policy preference set forth in PD 68 and have used host country contracting even in circumstances which would have warranted an exception. This may be due in some part to the repeated use of the term "justification" in PD 68 and Handbook 1B, with the implication that Mission Directors' decisions not to use host country contracting although fully justified, would be scrutinized by Regional Bureaus and the IG. The Task Force believes that the Agency's policy should be clarified to emphasize that Mission Directors have discretion in the use of host country contracting on a case-by-case basis depending on the contracting capacity of the host country agency involved in the particular project activity.

We would like to emphasize that host country contracting is an essential part of the development process and regardless of the minor inconveniences and some delays involved, AID encourages the host governments to take greater responsibility in handling development assistance contracts. The experience gained through this responsibility is essential for developing self-reliance and also often reduces the level of AID direct hire staff overseas and in AID/W to handle contracts. Considering our stringent personnel ceilings this aspect of host country contracting is also very important.

The Task Force recommends that:

The Procurement Policy Advisory Panel be directed to revise Handbook 1B, Chapter 3 to clarify the policy on host country contracting and to consolidate the discussion of the policy and alternative contracting methods in that Chapter; and that PD 68 be cancelled after Handbook 1B has been revised and Handbook 3 has been issued and that a cable be sent by the Administrator to the field explaining his position on host country contracting.

Handbook 11, which contains the rules and guidance related to host country contracting, has undergone a complete revision during the last three years. That revision was undertaken to separate rules, which must be applied unless waived, from guidance, which is only advisory in character, and to clarify the substance and rationale of both rules and guidance. Comments received from the field so far indicate that the revised Handbook is viewed as a considerable improvement over its predecessor.

Approved _____

Disapproved 30 SEP 19

2. Procedure

Handbook 11, which contains the rules and guidance related to host country contracting, has undergone a complete revision during the last three years. That revision was undertaken to separate rules, which must be applied unless waived, from guidance, which is only advisory in character, and to clarify the substance and rationale of both rules and guidance. Comments received from the field so far indicate that the revised Handbook is viewed as a considerable improvement over its predecessor.

The Task Force recommends that:

a. A discussion of ways to minimize delays due to advertising requirements be included in Handbook 3 and 11 and that two procedures be specifically mentioned; i.e., (1) advertising all project requirements for all goods and services required for one project at one time regardless of the number of contracts involved, and registering the suppliers who express an interest in any of the contracts; (2) advertising in consolidated form, or separately for each contract, as soon as a requirement becomes known rather than waiting until procurement documents are available. (This could be done in some cases during project development, i.e., when the project paper, including the Implementation Plan, is submitted for AID/W review since advertising is used to solicit expressions of interest for later mailing of Invitation to Bid on specific procurements.) The Procurement Policy Advisory Panel would be assigned the task of revising Handbooks 3 and 11.

Approved _____

Disapproved _____

* THIS DOES NOT GO FAR ENOUGH. FREQUENTLY
HOST COUNTRY CONTRACTING REALLY DOES WORK
FOR CONTRACTS WITH A HEAVY TECH. TRANSFER

*Joe
10/3
1/6*

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3. Contractor Performance

The performance of contractors retained by host countries or AID for implementation of projects has become the subject of widespread criticism in the Agency. Among the shortcomings in performance which have been observed are:

- the substitution of less qualified staff after contract award which normally is based, in part on an evaluation of the qualifications of the proposed staff;
- lack of language qualifications;
- replacement of staff during execution of the contract;
- insensitivity of contractor personnel, and inability to adjust to the cultural environment in which they must operate;
- inability to work harmoniously with host country officials;
- dissatisfaction of contractor personnel with logistical support, both on and off the job.

There are no easy solutions to these problems. The Task Force was not prepared to make recommendations on the adoption of any of the approaches to the above problems, but feels strongly that the problems require urgent attention.

The Task Force recommends that:

The problem on contractor performance be reviewed by the Senior Management of AID.

Approved

Disapproved

30 SEP 1981
WILLIAM
NEA

E. HUMAN RESOURCES AND MANAGEMENT

Both generalist and specialist skills are involved in the project development and implementation process. We need technical professionals who have an in-depth knowledge of their professional fields, who are up to date on the state-of-the-art in terms of technical developments as well as project strategies and approaches, who can oversee the preparation and appraise the soundness of sectoral analytic

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studies, and then articulate the technical design of projects addressing the problems identified. We need professionals who can manage time and resources as well as relate to and influence senior host country decision-makers by virtue of their technical expertise and knowledge. Although these officers must have a good understanding of Agency processes and procedures, we also need project officers whose expertise is in how to structure and manage workable projects around given development objectives.

Most of the concerns of the Task Force have been somewhat overtaken by your establishment of the new Science and Technology Bureau and its role in the career development of AID technical professionals. The following is a listing of the major Task Force concerns as they relate to the improvement of the Agency's technical capacity.

Organizational Change and Accountability

The scarcity of field staff with extensive operating experience makes on-the-job training difficult. To capitalize on scarce talent, the Assistant Administrators of Regional Bureaus and S&T should organize their project staffs in a manner in which the best qualified officers are given the responsibility and authority to ensure that:

- implementation aspects of project design are given the same importance as analytical aspects;
- missions receive prompt and effective assistance with implementation problems;
- implementation tasks assigned to AID/W are performed promptly and effectively; and that
- other officers are trained in the process.
- Bureaus explore opportunities to promote greater inter-regional exchange of staff and experience through TDY assignments, participation in project design or evaluation teams, involvement in project review, etc.

Staff Retention -- Rewards and Compensation

In recent years, it has become commonplace to say that AID rewards by recognition and promotion those personnel who perform programming functions. That is true. It is not clear, however, that "rewarding success in implementing projects" is an adequate answer, primarily because such successes depend on many factors over which neither an individual project design or implementation officer of a

Mission has complete control. Instead, it is important to cease thinking in terms of the dichotomy, "design" and "implementation", and view project process as a whole; rewarding those who give careful attention to implementation questions in project design and to these managing the implementation process.

Assistant Administrators, Mission Directors, other supervisors, and appraisal boards should be instructed to give greater emphasis to project implementation performance in their rating of officers who have program management, program support, and project design and implementation responsibilities.

In order to assure that the training activities undertaken by the Training Office and the Science and Technology Bureau are truly representative of the needs of the Regional Bureaus in the field, the Task Force recommends that:

An ad hoc Training Advisory Committee be established composed of representatives from each Bureau to make a thorough review of current AID training programs which could be considered along with new training proposals which will evolve from the Science and Technology Councils.

(1)

[Handwritten signature]

Approved 11/1/63 ^{ASSUMING} ^{READY TO GO} 30 SEP 1963

Disapproved _____

Executive Management Actions

The Administrator needs to express his concern by cable to the field that adequate emphasis be given to implementation aspects of the development process. He should inform the Regional Assistant Administrators that he is looking to them to enforce his policy and the AAs, in turn, should hold their Mission Directors accountable for results. To exercise this responsibility, the AAs should employ varied means, including periodic reporting, portfolio reviews, and, where necessary, field visits to keep abreast of special problems and recommend corrective action. The Annual Portfolio Analysis should be institutionalized in each bureau as an essential element in the Bureau's and Agency's overall Budget and Management System.

(2)

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Approved 11/1/63 30 SEP 1963

Disapproved _____

Discuss Further _____

PLEASE DEVELOP
DRAFT CABLE

19'

10 AUG 1981

ACTION MEMORANDUM FOR THE ADMINISTRATOR

THRU : A/AID, Mr. R. T. Rollis, Jr. *RT Rollis*

FROM : A/AID, Ain H. Kivimae *AH Kivimae*

SUBJECT: Summary Action Recommendation to the Administrator on Proposed Improvements in the Agency's Programming and Implementation Process

As you requested, two Ad Hoc Task Forces were organized to review 1) the AID Programming Process and 2) the AID Program/Project Implementation Process. The action recommendations on the programming process were submitted on May 1, 1981 and the action recommendations on the implementation processes were submitted on June 5, 1981. The action recommendations were reviewed by the AID senior staff in July and the recommendations were deleted or modified taking into full consideration the comments by the senior staff.

The following is a summary of the action recommendations for your approval or disapproval.

I. Action Recommendations on Proposed Improvements in the Agency's Programming Process.

A. Internal to AID

1. Country Development Strategy Statement (CDSS)

a. Increase the discipline and flexibility of the CDSS process. Every mission will be required initially to write a full CDSS. A full CDSS will continue to be required until an approved strategy has evolved. A number of countries have approved CDSS's and will be exempted from a CDSS next year. Whenever a mission has an approved CDSS, they will be exempted from writing a CDSS for up to five years or until a revision becomes necessary as determined by the Mission Director or the regional Assistant Administrator.

with clarifications in role of CDSS

Approved _____

Disapproved _____

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2. Delegations of Authority

a. Project Authorization: Assistant Administrators are presently delegated the authority to authorize projects with life of project and non-project funding up to \$10 million. They in turn may redelegate this authority to Mission Directors. All projects with initial life of project and non-project funding levels above \$10 million are authorized by the Administrator. The Task Force recommends that:

Assistant Administrators be delegated the authority to authorize projects and non-projects with life of project funding not to exceed \$20 million, and that Assistant Administrators be given explicit discretion to further redelegate this authority to their Mission Directors on a selected basis.

Approved _____

Disapproved _____

b. Project Amendment: Assistant Administrators are presently delegated authority to amend the projects which they authorized, but can only amend projects authorized by the Administrator to the extent of making non-substantive amendments.

The Task Force recommends that:

Assistant Administrators be delegated the authority to amend projects to increase funding by 100% of the original funding authorization or \$10 million, whichever is the lesser. Projects authorized by the Administrator would be included within this authority.

Approved _____

Disapproved _____

c. Length of Project Life: Assistant Administrators are currently delegated authority to authorize a life of project of up to five years and extend total project life by up to five years from the point of extension. Authority to extend projects would remain at five years from the point of extension. The Task Force recommends that:

A/AID wants more definition of types of projects

21

Assistant Administrators be delegated the authority to authorize new projects with an initial life of project of up to ten years.

Approved _____

Disapproved _____

d. Assistant Administrators would be able to redelegate fully these three increases in their authorities to Mission Directors, assuring that adequate legal and technical reviews are exercised at the Mission. The Task Force recommends that:

Assistant Administrators have the discretion to redelegate all, part or none of their authorities for life of project funding, project amendment and length of project life. Each Assistant Administrator should negotiate the appropriate levels of redelegation to the field missions under his/her control. Ninety days after the formal promulgation of these authorities to the Assistant Administrator they are to submit a report stating what redelegations of authority were made by mission; why the level was chosen and what actions will be taken to further increase redelegations.

Approved _____

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a. A quick review of the proposed Handbook 3 changes be made to ensure that there is appropriate flexibility to change project paper requirements as determined by the Mission Director.

Approved _____

Disapproved _____

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a. The level of waiver authority (source origin and nationality) delegated to Assistant Administrators be increased to a level of \$3 million for each project.

Approved _____

Disapproved _____

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Approved _____

Disapproved _____

B. External

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therefore, a disincentive to the termination of older projects, and leads to inefficiency and waste.

2. Modify the Loan Floor

Since FY 1975 the Congress has included a "loan floor" in AID's appropriations legislation. This floor is an absolute level which we must meet via lending. When AID's budget levels are cut, the loan floor is maintained and this results in a greater proportional cut in grants. Shift to technology transfer and institute building does not lend itself to loans as dams do.

3. Transfer Authority Between Functional Accounts

This will facilitate a speed up in the programming process as projects are held up because of the constraints on a functional account while funds are available in another account because of unexpected developments that result in projects not ready for obligation. The Task Force recommends that:

LEG, GC, and PPC initiate discussion with Congress to provide AID deobligation-reobligation authority, modify the loan floor and provide for easier transfer authority between functional accounts.

Approved _____

Disapproved _____

II. Action Recommendations on Proposed Improvements in the Agency's Implementation Processes

A. Planning for Implementation

In considering ways to improve the implementation process, the Task Force noted that many of the problems attributed to poor implementation can be traced to inadequate planning -- or the lack of planning -- for implementation in the first instance. It was generally agreed that implementation planning must be an integral part of project design and must be given the same careful attention accorded to other project design elements. To be meaningful, implementation planning should be done collaboratively with the host government, and agreement reached on the essential elements of implementation with the agencies responsible for carrying out specific implementation tasks. The Task Force recommends that:

1. All project papers include an appropriate implementation plan which has been agreed upon with the host government and which will be verified and updated during project negotiation, agreement and implementation.

Approved _____

Disapproved _____

2. Mission Directors be held accountable by their Regional Assistant Administrators for the adequacy of project design and implementation including the proper planning for both. As part of this accountability all mission directors and deputies and AID Representatives will be required to prepare an end of tour report prior to departing the mission.

Approved _____

Disapproved _____

To think more about this

2.a. The Administrator establish a Mission Management Review Group to carry out periodic mission management reviews. The details for establishing this group would be worked out by a task force designated by the Administrator.

Approved _____

Disapproved _____

3. AID Direct Contracting and Procurement

The Task Force examined AID direct contracting and procurement processes and is recommending changes to procedures and delegations of authority which could result in significant time savings.

1. Jurisdiction for the Noncompetitive Procurement Review Board:
An Agency review board is presently required to review all proposed non-competitive procurements over \$100,000, including unsolicited proposals. Extensive documentation is required and board members, project officers and contracts personnel have spent a significant amount of time at board meetings. Increasing the threshold for Board review of procurements to \$250,000 and dropping unsolicited proposals would reduce workload significantly. All non-competitive procurement under \$250,000 will be carefully reviewed by the Contracts Management office.

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The Task Force recommends that:

The Noncompetitive Review Board no longer be responsible for reviewing unsolicited proposals and that its role be limited to reviewing only proposed non-competitive procurements over \$250,000. If this recommendation is approved the AA/SER should be authorized to adjust non-competitive review procedures to most effectively implement the changes.

Approved _____

Disapproved _____

2. Pre-Award Audit Pricing Reviews: The Federal Procurement Regulations (FPR 1-3.809) require contracting officers to request and obtain auditor's reports of contract price proposals in excess of \$100,000 for fixed price contracts or \$250,000 when a cost type contract will be used. When a proposed contractor is new to AID, these reviews are essential to verify the contractor's accounting system and financial capability.

The Task Force recommends that:

The IG be urged to seek ways to expedite further the conduct of requested pre-award reviews of contractor price proposals, e.g., by giving such reviews priority over other contract cost reviews.

Approved _____

Disapproved _____

3. Technical Evaluations of Contractor Proposals: When a number of competitive proposals or expressions of interest are received, a panel (usually chaired by the project officer) is convened to review and evaluate these against established technical criteria. This is often a complex process involving host country members of the panel, and especially for university selections, visits to contractor's facility. A sample examined by Booz, Allen revealed an average of 68 days for this segment of the contracting process.

While the Task Force considered recommending a time frame of 14-30 days for technical evaluations, we concluded that the circumstances surrounding each case varied too much to set targets on other than a case-by-case basis.

Therefore, the Task Force recommends that:

The time being taken for technical evaluations be brought to the attention of bureaus and missions and that they be urged to expedite the process whenever possible by setting targets on a case-by-case basis in an effort to cut the average time substantially.

Approved _____

Disapproved _____

5. Processing of PIO/T's: The contracts office services the bureaus and thru them their missions or other subordinate units. The Task Force feels that this relationship is appropriate and should not be changed. However, it was noted that mission-submitted PIO/Ts have too often gotten lost or delayed in the transmittal process.

The Task Force recommends that:

Assistant Administrators be directed to assure their bureaus have systems in place for controlling and expediting the processing of all PIO/Ts and for keeping SER/CM currently informed of the individuals assigned this responsibility.

Approved _____

Disapproved _____

6. Delegations of Authority to the Field: When AID contracting was centralized in mid-1972, Area Contract Officers (ACO's) in the field were delegated contracting authority to \$1 million, single missions contract officers (CO's) to \$300,000 and principal officers at all AID posts \$25,000 (\$100,000 for personal services contracts). The small delegation to principal officers was intended mainly for his administrative officer or GSO to purchase supplies and enter into leases. It was increased to \$50,000 about two years ago to

reflect inflation. Also, as a separate action in 1976, the Deputy Administrator delegated all missions authority to execute operational program grants to PVOs up to \$500,000.

Increased levels of delegated authority will permit missions to more fully implement their programs with less dependence upon AID/W.

The Task Force recommends the following increases to field delegations of contracting and procurement authority:

- a. Increase delegation of contract/grant authority to senior Area Contracting officers to \$5 million.

Approved _____

Disapproved _____

- b. Increase delegation of authority to single mission CO's (usually less experienced individuals) to \$1 million. (Exceptions may be made by AA/SER when mission needs require and the experience level of the assigned individual justified doing so.)

Approved _____

Disapproved _____

- c. Increase delegation of contracting authority to AID principal officers to \$100,000. (If this is approved, missions will be expected to handle virtually all of their contracting under \$100,000 unless the Mission Director specifically requests and justified AID/W contracting.)

Approved _____

Disapproved _____

- d. Increase mission authority to make operational program grants to U.S. PVO's from \$500,000 to \$1 million.

Approved _____

Disapproved _____

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e. The Procurement Policy Advisory Panel be requested to consider amending the AID Procurement Regulations (7-3.101-50) to permit missions to procure goods or services up to \$100,000 without formal competition. (Requirements to seek informal competition to the maximum practicable extent would be retained.)

Approved _____

Disapproved _____

7. Logistics Support for AID Direct Contractors: A special implementation problem in many countries, particularly in Africa is the provision of logistical support for AID financed contractors. Although it has been AID's policy for direct contractors to provide their own administrative and logistics support, this is not always possible in some country situations while it may impede project implementation in others. Missions normally are not staffed to provide such services. Some missions have been able to develop alternative ways of providing such support through separate logistics support contracts with local or U.S. enterprises.

The Task Force recommends that:

In those situations where inadequate contractor support is impeding project implementation, Field missions should develop cost effective, alternative means of providing such support through separate logistics support contractors who would provide such services for all AID-direct contractors. Guidance on such contracts should be obtained from SER/CM and GC.

Approved _____

Disapproved _____

C. Host Country Contracting

The Task Force examined two aspects of host country contracting:
1) AID's policy preference for this approach over AID Direct Contracting and 2) possible procedural improvements. We also examined the problem of contractor performance under host country and AID-direct contracts.

1. Policy

AID's policy on the use of host country contracting is currently set forth in Policy Determination No. 68 (PD 68) and in Handbook 1,

Supplement B, Chapters 3 and 12 ("Choice of Procurement Entity" and "Procurement Policies," respectively). PD 68 expresses a preference for host country procurement of goods and services and permits Mission Directors to make exceptions in cases where the host country has a "record of poor contracting performance" or "inadequate staff resources" and in other special circumstances, some of which are described. PD 68 also requires Mission Directors to document "the reasons and justification for the exception(s)" made. Regional Bureaus and the Inspector General are charged with monitoring "field application of the policy and justification for exceptions to it."

There is evidence that some Mission Directors have rigidly applied the policy preference set forth in PD 68 and have used host country contracting even in circumstances which would have warranted an exception. This may be due in some part to the repeated use of the term "justification" in PD 68 and Handbook 1B, with the implication that Mission Directors' decisions not to use host country contracting would be scrutinized by Regional Bureaus and the IG and their "justifications" could be found inadequate. The Task Force believes that the Agency's policy should be clarified to emphasize that Mission Directors have discretion in the use of host country contracting on a case-by-case basis depending on the contracting capacity of the host country agency involved in the particular project activity.

The Task Force recommends that:

- a. The Procurement Policy Advisory Panel be directed to revise Handbook 1B, Chapter 3 to clarify the policy on host country contracting and to consolidate the discussion of the policy and alternative contracting methods in that Chapter;

A/AFD to think more about

Approved _____

Disapproved _____

- b. PD 68 be cancelled after Handbook 1B has been revised as recommended above and Handbook 3 has been issued; and

Approved _____

Disapproved _____

c. When the new or revised guidance in Handbooks 1B and 3 is ready for issue, the Administrator send a cable to the field emphasizing the most important points related to host country contracting policy and stressing the importance of these points for implementation planning during project development.

Approved _____

Disapproved _____

2. Procedures

Handbook 11, which contains the rules and guidance related to host country contracting, has undergone a complete revision during the last three years. That revision was undertaken to separate rules, which must be applied unless waived, from guidance, which is only advisory in character, and to clarify the substance and rationale of both rules and guidance. Comments received from the field so far indicate that the revised Handbook is viewed as a considerable improvement over its predecessor.

The Task Force recommends that:

a. A discussion of ways to minimize delays due to advertising requirements be included in Handbooks 3 and 11 and that two procedures be specifically mentioned, i.e., (1) advertising all project requirements for all goods and services required for one project at one time regardless of the number of contracts involved, and registering the suppliers who express an interest in any of the contracts; (2) advertising in consolidated form, or separately for each contract, as soon as a requirement becomes known rather than waiting until procurement documents are available. (This could be done in some cases during project development, i.e., when the project paper, including Implementation Plan, is submitted for AID/W review since advertising is used to solicit expressions of interest for later mailing of Invitations to Bid on specific procurements.) The Procurement Policy Advisory Panel would be assigned the task of revising Handbooks 3 and 11.

Approved _____

Disapproved _____

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3. Contractor Performance

The performance of contractors retained by host countries or AID for implementation of projects has become the subject of widespread criticism in the Agency. Among the shortcomings in performance which have been observed are:

- the substitution of less qualified staff after contract award which normally is based, in part, on an evaluation of the qualifications of the proposed staff;
- lack of language qualifications;
- replacement of staff during execution of the contract;
- insensitivity of contractor personnel, and inability to adjust to the cultural environment in which they must operate;
- inability to work harmoniously with host country officials;
- dissatisfaction of contractor personnel with logistical support, both on and off the job.

There are no easy solutions to these problems. The Task Force was not prepared to make recommendations on the adoption of any of the approaches to the above problems, but feels strongly that the problems require urgent attention.

The Task Force therefore recommends that:

A Working Group (consisting of representatives of the Bureaus, SER/CM and the Training Office) be established and that it be charged with an in-depth exploration of contractor performance problems and the development of measures to alleviate these problems.

Approved _____

Disapproved _____

D. Human Resource and Management

Both generalist and specialist skills are involved in the project development and implementation process. We need technical professionals who have an in-depth knowledge of their professional fields, who are up to date on the state-of-the-art in terms of technical developments as well as project strategies and approaches, who can oversee the preparation and appraise the soundness of sectoral analytic studies, and then articulate the technical design of projects addressing the problems identified. We need professionals who can manage time and resources as well as relate

to and influence senior host country decision-makers by virtue of their technical expertise and knowledge. Although these officers must have a good understanding of Agency processes and procedures, we also need project officers whose expertise is in how to structure and manage workable projects around a given development objective.

Most of the concerns of the Task Force have been somewhat overtaken by your establishment of the new Science and Technology Bureau and its role in the career development of AID technical professionals. The following is a listing of the major Task Force concerns as they relate to the improvement of the Agency's technical capacity.

Organizational Change and Accountability

The scarcity of field staff with extensive operating experience makes on-the-job training difficult. To capitalize on scarce talent, the Assistant Administrators of Regional Bureaus and S&T should organize their project staffs in a manner in which the best qualified officers are given the responsibility and authority to ensure that:

- implementation aspects of project design are given the same importance as analytical aspects;
- Missions receive prompt and effective assistance with implementation problems;
- implementation tasks assigned to AID/W are performed promptly and effectively; and that
- other officers are trained in the process.
- Bureaus explore opportunities to promote greater inter-regional exchanges of staff and experience through TDY assignments, participation in project design or evaluation teams, involvement in project reviews, etc.

Staff Retention -- Rewards and Compensation

In recent years, it has become commonplace to say that AID rewards by recognition and promotion those personnel who perform programming functions. That is true. It is not clear, however, that "rewarding success in implementing projects" is an adequate answer, primarily because such successes depend on many factors over which neither an individual project design or implementation officer of a Mission Director has complete control. Instead, it is important to cease thinking in terms of the dichotomy, "design" and "implementation," and view project process as a whole; rewarding those who give careful attention to implementation questions in project design and to those managing the implementation process.

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Assitant Administrators, Mission Directors, other supervisors, and appraisal boards should be instructed to give greater emphasis to project implementation performance in their rating of officers who have program management, program support, and project design and implementation responsibilities.

In order to assure that the training activities undertaken by the Training Office and the Science and Technology Bureau are truly representative of the needs of the Regional Bureaus in the field, the Task Force recommends that:

An ad hoc Training Advisory Committee be established composed of representatives from each Bureau to make a thorough review of current AID training programs which could be considered along with new training proposals which will evolve from the Science and Technology Councils.

Approved _____

Disapproved _____

Executive Management Actions

The Administrator needs to express his concern that adequate emphasis be given to implementation aspects of the development process. He should inform the Regional Assistant Administrators that he is looking to them to enforce his policy and the AAs, in turn, should hold their Mission Directors accountable for results. To exercise this responsibility, the AAs should employ varied means, including periodic reporting, portfolio reviews, and, where necessary, field visits by special teams to keep abreast of special problems and recommend corrective action. The Annual Portfolio Analysis should be institutionalized as an essential element in the Agency's overall Budget and Management System.

Approved _____

Disapproved _____

Discuss Further _____

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Mr. Ellis

Copies to all
SER Office Directors
Wampler

10 AUG 1981

MEMORANDUM FOR THE ADMINISTRATOR

THRU: A/AID, Mr. R. T. Rollis, Jr. *fs*

FROM: A/AID, Ain H. Kivimae ~~X~~

SUBJECT: Summary of Comments from AID Senior Staff on
Task Force Action Recommendations

We have reviewed the attached memoranda commenting on the action recommendations contained in my memorandum to you dated 6/25/81 on proposed improvements in the Agency's programming and implementation process. The following is a review by action recommendation of comments and suggested changes by the various bureaus and the Office of the General Council ("GC"). We have changed the memorandum containing the action recommendation to reflect these comments.

I.A.1 - Country Development Strategy Statements (CDSS)

This recommendation drew a great deal of comment, as many reviewers felt that it would be impossible and unwise to accept a CDSS as valid for up to five years because host country circumstances could change drastically during that period and the CDSS would not be "flexible" enough to meet AID's needs. We suggest a compromise and change the last sentence in the recommendation to read: "Whenever a mission has an approved CDSS, it will be exempted from preparing a new CDSS for up to five years or until a revision becomes necessary as determined by the Mission Director or Regional Assistance Administrator." This change would place greater emphasis on making the decision on the validity of the CDSS on the Regional Bureaus and USAID missions.

I.A.2 - Delegations of Authority

a. Project Authorization:

Three Regional Bureaus and GC commented on increasing the project and non-project authorization levels from \$10 to \$20 million.

The Africa Bureau believes that the project authorization to Assistant Administrators should be increased to \$20 million but did not believe that the Africa Bureau would redelegate more than \$10 million to the field.

Latin American also agreed with the increase to the Assistant Administrators and made the point that further re delegation to the field should be determined by the AA of each Bureau.

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The Asia Bureau agreed with the increase to the AAs but they were not certain how much additional redelegation to the field could be made before added experience is gained on the present levels of redelegation to the field.

The comments of the GC clarified the point that the delegation of authority now includes, and should include in the future, project and non-project assistance. We agree with this position. We further agree with the GC's position that further redelegation to the field be at the explicit discretion of the Regional AAs. We have changed the wording of the recommendation to further clarify these points.

An added suggestion from GC was to establish some type of reporting system so that the Administrator has some idea of the types of projects being approved above a certain dollar level (e.g., \$10 million). There is merit in some reporting, but we should avoid setting up another reporting system which will act as a deterrent to timely action in the field or here in AID/W. The least restrictive system would be a brief quarterly report listing country project and dollar amounts with a brief description from each AA on all projects approved during the quarter above \$10 million. If we accept a reporting system on proposed projects then the system will slow down because the AAs will seek prior "clearance" to approve projects, that would defeat our purposes. We believe that if you would like a report of all projects above \$10 million that you agree to an "after the fact" report on a quarterly basis: PPC will coordinate these reports.

Recommended above I.A.2.a. Project Authorization, would now read as follows:

Assistant Administrators be delegated the authority to authorize life of project and non-project funding not to exceed \$20 million, and that Regional Bureau Assistant Administrators be given explicit discretion to further redelegate this authority to their Mission Directors on a selected basis.

I.A.2.b. Project Amendment:

Only the GC commented on this recommendation indicating that the Administrator may wish to institute a reporting procedure for project amendments similar to project authorizations. Again we believe that if the Administrator feels the need for this type of report it be made on amendment actions taken by the Bureaus during the previous quarter.

I.A.2.c. Length of Project Life:

The Africa, GC and the Science and Technology Bureaus ("S&T Bureau") commented on the increased authority to approve new projects with a life of project from 5 to 10 years. The S&T Bureau believed the increased authority was more realistic particularly for research, population, and CRSP's. Both Africa and S&T Bureaus noted that longer life of projects make for longer pipelines and greater mortgaging. Our purpose in including this recommendation was to bring

more reality into the thinking process when long term projects in agriculture production, population, and other areas are being considered. The BIFAD has for many years faulted AID for having a too short a time perspective on most of these basic development problems and has urged AID particularly in its collaborative agreements with universities to increase the life of projects to at least 10 years.

GC has noted that Section 635 (A) of the Foreign Assistance Act now limits the life of a contract or agreement which entails a commitment for the expenditure of funds at one time to not to exceed 5 years. This section does not limit project life for five years but it does mean that we cannot forward fund projects beyond 5 years unless the legislation is changed.

I.A.2.d. Redelegation to the Field

We suggest that in the actual promulgation of these delegations of authority, the Assistant Administrators be required to submit to the Administrator a complete report of all redelegations to field missions stating the type of authority and giving explicit reasons why the level of redelegation was chosen and at what point in the future and or under what circumstances further redelegations could be made. We would expect that the AAs would be candid in their comments.

We suggest a change in the language for recommendation I.A.2.d. to read as follows:

Assistant Administrators have the discretion to redelegate all, part or none of their authorities for life of project funding, project amendment and length of project life. Each Assistant Administrator should establish appropriate levels of redelegation to the field missions under his/her control. Ninety days after the formal promulgation of these authorities to the Assistant Administrators they are to submit a report to the Administrator stating what redelegations of authority were made by mission; why the level was chosen and what actions will be taken to further increase redelegations.

I.A.4 - Waivers

We have made some changes in the wording in the paragraph describing this recommendation as suggested by GC. It should be noted that the waiver authority is now on a per project basis and not on a per transaction basis.

External

There were no other substantial comments on recommendations relating to the programming process. LEG and GC have already begun consultations on the Deobligation-Reobligation and Loan Floor Issues and LEG is willing to discuss increased transfer authority between functional accounts but is skeptical that that provision can be removed.

II. Action Recommendations on Proposed Improvements in the Agency's Implementation Processes.

II.A.1 - Planning for Implementation

Several Bureaus suggested revisions in this recommendation. We have reworded it to take account of these suggestions. It should now read as follows:

All project papers include an appropriate implementation plan which has been agreed upon with the host government and which will be verified and updated during project negotiation, agreement and implementation.

II.A.2 - Accountability of Mission Directors

All Regional Bureaus and others seriously questioned the feasibility of this recommendation. Most agreed that some type of system needs to be instituted to review and document senior mission management performance, but none believed that the "residual responsibility" approach was fair or feasible. Various suggestions were made to accomplish the intended goals. PPC suggests that we have to consider the Mission as a team and develop an agreed set of specific objectives with the team, support these objectives with adequate resources and incentives and then supervise and evaluate the results. PPC believes that a task force or similar group be established to develop a comprehensive mission management and evaluation system.

The Near East Bureau suggests an alternative system of end of tour reports wherein a departing mission director and deputy would be required to submit a report to his/her parent bureau on the status of the program he/she was leaving behind. The report would then be reviewed by the bureau and commented on as appropriate. This approach would stimulate the departing mission director and deputy to resolve issues and would provide some continuing record of the status of the program and outstanding issues.

The Asia Bureau suggests that we simply consider keeping mission directors and deputies in their jobs at least two full tours (4 years). This period would provide ample opportunity to judge the management performance of senior mission staff. Beyond this period it is the responsibility of the Regional Bureau to keep track of mission directors and deputies management capacity.

We believe that the Near East Bureau's suggestion of an end of tour report from the Mission Director should be instituted as soon as possible. In addition, we believe that the Agency needs to re-institute a Senior Mission Management Review Group under the auspices of the AID Administrator. This senior group would be composed of a small core staff and assigned TDY senior staff from the various bureaus. The State Department has a similar operation which has been very effective. One serious pitfall is the tendency to use this type of a group as AID/W complement for unassigned ex mission directors - that must be avoided. The Mission Management Review Group would have a regular schedule of visits to USAID missions and would review for the Administrator and the Regional AA the management effectiveness of each mission. Its primary purpose would be to provide constructive advice to the mission and the Regional Bureau, but it would also make judgments about senior mission management style and effectiveness.

We suggest that recommendation II.A.2. be revised in the following manner:

Mission Directors be held accountable by their Regional Assistant Administrators for the adequacy of project design and implementation including the proper planning for both. As part of this accountability all mission directors and deputies and AID Representatives will be required to prepare an end of tour report prior to departing the mission.

II.A.2.a. The Administrator will establish a Mission Management Review Group to carry out periodic mission management reviews. The details for establishing this group would be worked out by a task force designated by the Administrator.

We agree that Recommendation II.A.3. should be deleted.

II.B. AID Direct Contracting and Procurement

II.B.1. 'W Small Purchase Authority

The GC and SDB have raised objections to increasing the Small Purchase Authority from \$10,000 to \$25,000. Considering that we will have to ask for a class deviation to the Federal Procurement Regulations in consultation with GSA, it does not appear that this recommendation is worth the effort and we will delete it.

II.B.2. Jurisdiction for the Noncompetitive Procurement Review Board

SDB is against increasing the threshold for Board Review of Procurements from \$100,000 to \$500,000. GC also is concerned about this large jump. We have discussed this matter and have compromised by increasing the threshold from \$100,000 to \$250,000 rather than to \$500,000. We have changed the language of the recommendation accordingly.

There were no substantive objections to other recommendations under the section of AID Direct Contracting and Procurement. There also were no comments on Section C on Host Country Contracting.

II.D. Human Resources and Management

The Task Force did not have the time to delve into the various complexities of Personnel Management and other issues. Also at the time these papers were being completed work was underway to establish the Science and Technology Bureau with its role in technical professional career development and its system of S&T Councils.

We have revised the single recommendation in this section to take account of the suggestions from the Africa and S&T Bureaus. The recommendation should now read:

An ad hoc Training Advisory Committee be established composed of representatives from each Bureau to make a thorough review of current AID training programs which could be considered along with new training proposals which will evolve from the S&T Council.

Executive Management Actions

There were several reactions to the last sentence in this recommendation which suggested that the Annual Portfolio Analysis should be institutionalized as more important to the Administrator than budget preparation. We would like to revise this sentence to read as follows:

The Annual Portfolio Analysis should be institutionalized as an essential element in the Agency's overall Budget and Management System.

Attached is a revised Action Memorandum incorporating all of the changes in this memorandum.