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IN-COUNTRY PRESENCE ASSESSMENT STUDY
REPORT OF FINDINGS

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IN-COUNTRY PRESENCE STUDY FINDINGS

Within USAID, "in-country presence" is accepted as the single core modality by which it delivers development assistance. However, for this Study "in-country presence" should be thought of as a variable characteristic of the USAID Mission structure which ranges in value between 0 and several hundred people. The "in-country presence" questions to be addressed by this study are related to identifying, if possible, the factors affecting an appropriate level of a cost effective presence. The findings discussed in this report include (1) an analysis of the data collected in the field interviews conducted in more than 10 missions during October - November, 1991, (2) the results of mathematical modeling of Mission staffing and (3) other non-systematically gathered data like impressions from interviews, conversations and observations, documents, reports and other archival material.

ASSUMPTIONS

While it may not be officially stated, USAID assumes that successful development assistance is best provided by an organization and social system defined by the following interdependent elements:

1. Development assistance is best provided by an in-country presence resident in the Host Country.
2. To provide this resident presence, the USG established and supports: a mobile workforce of development professionals (USAID FSOs), willing and able to serve wherever needed.
3. Because this workforce consists of development professionals who are resident in the HC where the work is to be done they are in a uniquely knowledgeable position to gather information and make decisions. The Agency therefore relies upon each Mission to do its own in-country programming.

What links these elements into a coherent whole, i.e. a living organization and social system, is reliance on a resident in-country presence substantially greater than zero.

The data collected in this study provide an empirical insight into the current state of that organization and social system of USAID Missions. Specifically, they indicate (and possibly document) substantial problems as well as suggesting some opportunities or remedies.

IN-COUNTRY PRESENCE: BENEFITS AND DISADVANTAGES

Benefits

Given the importance of a resident in-country presence in the organizational psyche of USAID, when interviewees were asked if they believed that an in-country presence provided benefits to the USG an overwhelming number (99.5%) of USAID professionals (USDH) said "yes". In addition, all but 4 other employees -- 100% of PSCs, 98% of FSNs and 88% of other employees (PASAs) -- also said "yes" to that question.

When both groups were asked to identify some of the most important benefits, their responses formed two sets -- one with similar proportions citing the benefits. A second set contains dissimilar proportions.

Both groups agreed in similar proportions:

<u>USDH</u>	<u>FSN, PSC OTHER</u>	<u>BENEFIT</u>
49%	41%	Better understanding of local conditions.
39%	40%	Better development performance.
38%	31%	Personal contacts.
28%	24%	Productive policy dialogue.
16%	13%	USG interests advanced.
15%	14%	Rapid decisions.

The first four sets of benefits cited are certainly consistent with the organization and social system assumptions described earlier. The relatively low rate of citation given to advancing USG interests and rapid decisions are somewhat inconsistent with those assumptions.

Another set of responses identifies a set of benefits which are between 1.3 to twice as likely to be cited by USDH as by other employees. These benefits are:

<u>USDH</u>	<u>FSN, PSC OTHER</u>	<u>BENEFIT</u>
40%	20%	Better accountability.
35%	25%	Better access to HC officials.
32%	24%	Serve as technical resource to Host and resident donors.
21%	10%	Development interests better defined because of professional participation.

Accountability may have become so important to USDH that this benefit is significantly more salient to them. The differences in the next two benefits, though statistically significant, are probably only marginally important. It is possible that all USDH would be about 1.25 - 1.3 times more likely than non-USDH to see access to HC officials and serving as a technical resource as a benefit. Unless, however, there is some reason to believe that non-USDH have less opportunity to have access to HC officials or to function as a technical resource to others, it is likely that the observed differences are anomalous.

Another result, which may also be anomalous is:

<u>USDH</u>	<u>FSN, PSC OTHER</u>	<u>BENEFIT</u>
8%	13%	Bureaucratic inertia reduced.

Non-USDH seem to be more than 1.5 times as likely to see this benefit as are USDH. Perhaps as managers, rather than technicians, USDH see (or feel) bureaucracy more acutely than others in the Mission. However, the cited proportions for both groups are rather small and slight shifts would have changed the outcomes -- only 5 more non-USDH would have had to mention the benefit to have produced a tie.

Finally, one benefit was mentioned too infrequently by both groups to warrant an interpretation. In that instance, 6% of USDH and 3% of non-USDH, leveraging of development resources as

a benefit.

A number of respondents also identified the following as other benefits: "US Visibility", "Better Information", "Flexible Response to Change" and "Help for Local Economy". Of these cited benefits, better information and flexible response to change are consistent with the USAID organization and social system assumptions.

Examples of Benefits. Respondents were also asked to identify "...some examples which document or illustrate some of the more important benefits." Rather than examples to "document or illustrate" the benefits of an in-country presence the "examples" were often assertions and testimonials. Others' "examples" were weak, narrow and often trivial -- especially considering the presumed professionalism of the respondents and the substantial investment in development assistance USAID has administered to produce those "benefits".

Here is a sample of representative responses:

Ag sector project -- reforms in handling wheat has moved country toward bulk handling rather than by bag. [Pakistan]

AID formed working group of NGOs/POP groups to draft a training manual for family planning workers. [Kenya]

AID has better expenditure performance than 3 of the top 5 donors. [Senegal]

[To show better accountability] AID loses about 10% of funds but Japanese & Germans write checks but don't know where the money goes. [GUINEA]

Being on the ground helps HC "sell" a need to AID/W once validated by mission staff. [Indonesia]

Bolivia Policy Reform Project helped bring about change. [Bolivia]

Can also learn about local politics from FSNS. [Senegal]

Can give the US Ambassador info so he can give good speech. [Bolivia]

Demonstrated to the Deputy Auditor General of Uganda how, over the last 4 FYs, we tracked

local currency projects, source of funds and expenditures by computer. They were stunned. [Uganda]

After long efforts by the Director, a family planning program was introduced with Presidential support, something the WB would never have been able to do. [Rwanda]

The banality of these responses is more disturbing when one considers that the respondents had ample time to formulate thoughtful examples. As early as August, all Missions received a world-wide cable telling them about the Study and that they would be asked, during a site visit, to help identify the benefits of in-country presence. In addition, shortly after each Team of interviewers arrived in a Mission they distributed an outline of the topic areas which the interviews would cover. Those topic areas of course specified the benefits of the in-country presence. These responses are therefore not the product of surprised interviewees unable to formulate a mature response "on the fly".

The lack of quality examples suggests two disturbing explanations. One explanation assumes that although appropriate examples do exist, the respondents have a naive understanding of what would constitute an example adequate to support the size and importance of the USG development program. A second explanation is, crudely put, "what you see is what you get!" Neither explanation is consistent with the presumed level of professionalism of the USDH workforce. The workforce image projected by these comments is unflattering to say the least.

Disadvantages

Although both sets of respondents overwhelmingly identified benefits from an in-country presence they were also aware of disadvantages associated with an in-country presence. About 71% of the USDHs and almost 60% of the other respondents said that there were disadvantages to the presence. Of those who saw disadvantages, about 70% and 52% respectively, cited high cost as the most significant disadvantage.

In addition, about 60% of the USDH and 53% of the others acknowledge having "heard criticisms" of the in-country presence. In both cases, respondents were asked to identify the criticisms. In both cases respondents used the interview as an opportunity to identify problems they had observed in the implementation of one or more aspects

of the resident in-country presence.

IN-COUNTRY PRESENCE: REPORTED PROBLEMS

Most of the cited problems can be grouped in three major categories:

1. Reaction to Nature and/or Cost of the American Presence.
2. Effect of USAID Personnel System.
3. Size of an Appropriate Presence.

To clarify the nature of each category representative comments are presented below. In each category, reported items come from separate individuals.

Problem Category 1: Reaction to Nature and/or Cost of the American Presence

Danger of projecting image of fat cats sitting in air conditioned offices. [USDH, Senegal]

Americans have come for a holiday. [FSN, Kenya]

"Ugly American." Care and feeding of prima donnas [who] demand EXO/GSO service daily -- must staff to demand. [USDH, Honduras]

CONT office is being refurnished while money not available for travel. [FSN, Pakistan]

Discussion: The cost of housing and supporting USDH overseas may be the single most emotionally charged topic associated with the study of in-country presence. Yet in a very substantial way, any attempt to control, modify or reduce OE expenditures must necessarily consider both the size and the support provided to Expat staff.

Based on 1990 actual expenditures from the Mission OE accounts, OE expenses per USDH average almost \$200,000 per year. Mission OE expense accounts do not include (1) salary and benefits (leave, medical insurance, retirement) or (2) Post and cost of living differentials which are computed as a percentage adjustment of salaries. Although not included in Mission OE expenses they are part of USAID OE expenses. With these

additional expenses, the per capita USDH cost would average around \$300,000.

These expenses and the supports they buy have not gone unnoticed. An FSN in Guinea said that "\$50k to get a house ready and \$3k/mo rent and maintenance is average." Some outside interviewees reported:

AID does have a high operating cost to carry out its program. Some Senegalese comment that this money might be better used for development programs.
[Vice President, Citibank Senegal]

USAID and WB pay too much in benefits.
[World Bank Kenya]

The notion that there might be competing claims for an alternative use for the same OE funds is the obvious message in the following statement:

Lots of that money [local currency] is used by AID's OE needs. [Min of Finance Honduras]

Not visible in these figures is the fact that there is a comparable organization with essentially the same purpose, staff and resources sitting "next door" to the USAID organization. The parallel organization provides essentially the same support to US Embassy personnel. USAID staff are quick to point out that in those situations where the Embassy provided support to USAID Mission personnel were mistreated as "poor cousins". Nevertheless, the two support organizations are duplicative. Their continued joint existence represents a very expensive "solution" to bureaucratic, inter-Agency problem.

Finally, the nature of the living style and support arrangements were viewed by at least one respondent as possibly affecting the ability of USDH to really get close to and better understand local conditions.

Provision of commissaries, American clubs, etc. keep people from really joining into Indonesian society.
[Director, Business Advisory Indonesia]

Possible Responses: Several USDHs suggested substituting allowances for the current system:

Experiment with having USDH responsible for own GSO type support services by giving them adequate allowances. [Bolivia]

Care and feeding Americans does eat up EXO, probably unnecessarily. EXO is more expensive than housing allowance. [Honduras]

Housing allowance more efficient -- reduce EXO. Could try IBRD approach. [Morocco]

These suggestions assume that OE costs would be reduced by allowances. Certainly, GSO FSN employment, and attendant costs, would be reduced. No one suggested some way to combine the Embassy and USAID GSO operations but that alternative, given the cost of the duplication, cannot be ignored.

Finally, one possibility proposed by a USDH in Bolivia might also be considered, "Pamper AID employees overseas less." In doing so the Agency might provoke a reaction noted by a USDH in Kenya who contemplated a cut in EXO/GSO and observed, "...but then the incentives to serve here would be reduced."

Problem Category 2: Effect of USAID Personnel System

In countries with harsh environments it's hard to recruit the most qualified staff. [USDH, Guinea]

AID assignment system leaves people at Post for two years even though assigned task may have vanished. [USDH, Indonesia]

Quick turnover. US staff leave as soon as familiar with country. [FSN, Pakistan]

Strong Mission Director Syndrome: Results in aid programs based on personal goals, objectives and biases...Hard to sustain continuity when strong Directors follow each other. [USDH, Indonesia]

Discussion: One of the fundamental assumptions underlying the creation of the Foreign Service Officer system is that, like their military counterparts, they constitute a mobile professional workforce willing and able to serve wherever needed. The problem recruiting staff for "harsh" (hardship?) assignments indicates that there is an empirical limit to mobility of the

workforce. A summary of how the system seems to work is provided by a USDH in Indonesia:

FSOs search out assignments which are good for their families. There is too much permissiveness in the AID personnel system which favors those who can network effectively to get their choice of assignments.

Perhaps more important than the noted lack of mobility in the workforce are problems caused by three other factors: (1) assignments are too short to support accountability (2) too long to allow reassignment in response to program changes and (3) many program changes driven by changes in assignments -- especially Mission Directors -- rather than some objective need.

Accountability:

Longer tours [more than four years]...would help to see project through from design to completion...
[Pakistan]

Long...commitments...enhance accountability.
[PSC, Uganda]

US staff leaves as soon as familiar with country.
[FSN, Pakistan]

USDH move too often to maintain continuity.
[Indonesia]

The lack of mobility, the unwillingness to accept assignments selectively, also makes it difficult to reassign staff when priorities change.

Reprogramming:

Hard to reprogram people to program needs because system slow -- could take two years placement.
[Guinea]

...Staffed for one set of objectives and want to change later could take four years to change staff.
[Other, Senegal]

Positive performance assessments are associated with initiating new programs rather than successfully implementing the work others started. The incentives are therefore loaded to encourage

continuous changes of direction. Mission Directors are in a uniquely powerful position to redirect everyone under their charge. The effect of such redirections might well be unnecessary changes and suboptimal development assistance.

New Mission Directors

Change in Mission Directors usually means change in Mission focus and programs.
[FSN, Senegal]

Changing of strategy year by year depending upon thinking of the moment. [CIDA, Indonesia]

...Hard to sustain continuity when strong Directors follow each other. [USDH, Indonesia]

Short assignment tours not only limit accountability but they are also very expensive. The 1990 OE expenditures for Post assignment travel and freight cost \$9,649,500.

Finally, the assumption that Mission programming is both appropriate and desirable should be reevaluated. Mission programming allows each new USDH, especially Senior staff and most especially Mission Directors, to independently redesign the program at the Mission. The interviews revealed evidence to question the validity of the "unique and superior knowledge of HC conditions" assumption which is the basic support for Mission programming. During the interviews USDH were asked if the HC had each following five characteristics:

1. An economy with sustainable growth
2. Ability to mobilize outside resources
3. Policy environment which supports free markets
4. Political stability
5. Ability to deliver services to its citizens

HC	Sustainable Growth		Mobilize Resources		Free Markets		Political Stability		Deliver Services	
	Percent		Percent		Percent		Percent		Percent	
	N	Y	N	Y	N	Y	N	Y	N	Y
BOL	84	16	63	37	56	44	71	29	100	--
CR	27	73	--	100	10	90	--	100	9	91
GUI	75	25	57	43	62	38	100	--	100	--
HON	90	10	72	28	60	40	37	63	80	20
IND	7	93	--	100	43	57	19	81	56	44
KEN	100	--	50	50	67	33	72	28	39	61
MOR	35	65	37	63	70	30	40	60	50	50
PAK	66	34	66	34	63	37	87	13	79	21
SEN	67	33	28	72	67	33	22	78	78	22
UGA	29	71	--	100	43	57	43	57	100	--

No Mission has complete agreement on all characteristics -- Costa Rica with agreement on four of five is the only one close to agreement. Several Missions have "near agreement" (one fifth or less in disagreement) on one or two characteristics. None but Costa Rica have agreement on more than two characteristics. Morocco has no minority position less one third the staff.

This inability to reach near agreement among "development professionals" who are resident in the country together and who interact with each other daily does not support the assumptions behind Mission programming. Excluding the exact matches and near misses, the average size of the minority opinion is 36% across nine Missions other than Costa Rica.

Possible Responses: None of the Mission staff interviewed offered any suggestions for remedying the problems emanating from the operation of the personnel system. Also, since none of the respondents suggested that Mission programming might be a problem, none offered solutions.

It seems as if the answer to the personnel problems is mostly managerial. The system to "pick and choose" and "network" your next assignment is almost certainly correctable by applying the rules which must exist within the Foreign Service. The assumption of the Foreign Service, after all, is that FSOs are ready and able to serve where assigned. But since the mobility provisions of the formal system have been subverted it might help to create a new set of assignment procedures. The purpose of new procedures would be to disrupt the established "networks" and expectations until management's revitalized commitment to mobility can take root. Perhaps something like an Agency-wide Assignment Board could review Mission needs and FSO qualifications. The

Board would have the authority to make reassignments. A one step appeal of the Board's decision might be necessary to avoid unnecessary hardships.

It is also a managerial decision to increase the standard length of assignments for the purpose of increasing accountability and reducing OE charges for Post assignment travel and freight. Coupled with such a change, new standards may need to be devised to make evaluations consistent with successful implementation.

Is there a better way to do programming? One possibility might be a regular (e.g. annual) review and programming conference which included the most knowledgeable staff from AID/W and the field. The conference could be charged to develop programs for all Missions within guidelines set by the Administrator and AAs.

Problem Category 3: Size of an Appropriate Presence

Have too many projects, even duplicative efforts. Downsizing but not reducing...
[USDH, Honduras]

Mission staff grossly underemployed.
[FSN, Pakistan]

Too big. [PSC, Uganda]

Staff breeds staff. Work begets work...Can sometimes have people in search of a project rather than vice versa. [USDH, Senegal]

Self perpetuation of Mission. The more people you have the more diverse the program.
[USDH, Indonesia]

Discussion: Congress, OMB and the Agency itself struggle with the size and employment mix of appropriate Mission staffing. Most of the respondents did believe that their Mission could be "configured, structured or staffed" differently. But specific proposals received little or no support.

Proposal	USDH	FSN	PSC	OTHER
Regional Staff	19	4	2	1
East Europe Model	1	--	--	--
FSN vice USDH	46	50	2	5
More cont/PVO vice USDH	20	7	4	7
Combine Prog Off and PDO	33	9	2	1

Only the possibility of substituting FSNs for USDHs received support from more than a quarter of those USDHs (138) who favored some change. Not surprisingly, almost 80% of the 63 FSNs who favored change, supported a shift to FSNs.

However, while most of the staff favored some change and some staff (and external observers) challenged the size or composition of individual Missions, no proposals emerged which might guide such a change. In fact offered contradictory advice like:

...enhance REDSO [USDH, Uganda]
 ...REDSO isn't viable [USDH, Uganda]

In Africa, policy reform is needed so Missions
 don't need as much staff.

[USDH, Indonesia]
 ...Policy reform projects require just as much, if
 not more, staff..

[USDH, Kenya]

Even though a third of those who favored some change supported the substitution of FSNs for USDHs, very few USDHs actually favored reassignment of functions they themselves performed.

During the course of the interview, respondents were asked to identify functions they performed and the percent of time (both actual and ideal) they devoted to the activity. In addition, they were asked if the work could be done by others: TDYers, Contractors, HG and FSNs.

A majority of USDHs said that, with two very limited exceptions, the functions which they were performing could not or should not be performed by others. The exceptions were Travel & Transportation and OE Procurement which were opposed at the 0% 14% levels respectively.

Below is a summary of the opposition by USDH to alternative ways of performing their current functions.

FUNCTION	COULD NOT/SHOULD NOT BE PERFORMED BY: (Percent)			
	FSN	Contr	TDY	HG
Accounting	50	50	100	100
Certification	100	80	80	100
Contracting	79	88	88	100
Econ Analysis	50	80	80	100
Evaluation	45	50	59	62
Financial Analysis	73	93	87	100
Legal	100	71	100	100
Motor Pool	60	40	100	100
OE Budget	60	90	100	100
OE Procurement	14	57	100	100
Participnt Tng	62	75	88	75
Personnel Admin	76	87	96	91
Policy Dialogue	89	86	89	73
Program Budgtng	56	83	100	94
Proj Monitng & Imp	65	73	98	95
Project Dsgn Anlys	76	82	81	86
Real Property	64	100	100	100
Strategy Form	84	86	88	86
Travel/Trans	0	40	100	100
Voucher Exam	71	71	100	100
Warehouse & Inven	75	78	89	100

While FSNs might be considered trustworthy and competent for any number of assignments, they are not considered competent or appropriate to perform managerial/executive functions like strategy formulation, policy dialogue or project design. Curiously, there seems to be a substantial minority which is willing to share (unload?) the evaluation function on almost anyone.

It seems clear from these data that USDH are not willing to see their own functions reassigned. They would not support a regional structure. Similarly, they would view the East European Mission model as unworkable and would oppose an extension of a variant of it to other places.

The opposition to TDY is probably a way of differentiating USAID from other donors -- especially the World Bank. The vast majority of USDH (72%) said that USAID was more effective than other donors. But of the more than 90 who offered comments, virtually no examples actually supported that judgment. The following are representative of the better examples.

AID is the only donor in Guinea that has managed its LC accounts -- would not have been possible

without our presence.
[Guinea]

WB bank finance the El Cajon dam which created 50% of GOH debt. But it doesn't work well. AIDs presence kept us out of bad projects. [Honduras]

Japanese come, design program, leave, come back, no progress, suspend assistance. World Bank has a better professional attitude and technically more sophisticated design but AID is more effective because we are here all the time. [Pakistan]

Among bilaterals (Japan, Germany, Italy, France) AID is the leader on policy dialogue. ADB doesn't do policy dialogue in a substantive sense. WB loses credibility because it's based in Washington. [Indonesia]

There were a number of instances where USDH stated that other donors were considering an expansion of their presence. At each Mission the Teams interviewed representatives of Bilaterals, Multilaterals and PVOs.

Each of these representatives were asked if they had enough in-country staff to support the HC. Of the 36 respondents who answered directly 26 said they had enough; 10 said they would like to increase, most on the order of 1 or 2 locals. This attitude is summed up by a comment from the German DCM in Honduras,

Every project can be managed better if we bring more Germans in but we want to rely on the local people...German residents are too expensive.

When these representatives were asked to assess the in-country presence approach, a number used it as an opportunity to comment on USAID staffing.

AID is everywhere. It creates dependence and animosity. [Ambassador Japan, Honduras]

Part of USAID staffing is history. It's been here a long time. There's a certain amount of inertia in drawing down staff to correspond to program levels.

[Res Rep, Indonesia]

I think it can be very effective and often is.

Both styles of assistance are valid.
[AMIDEAST, Morocco]

**More people in USAID/Senegal than in the Ministry
of Planning -- out of proportion.**
[CIDA, Morocco]

**EC operates in a similar manner but on a smaller
scale.** [Chief of Del, Pakistan]

All the comments should be interpreted in light of their own assessment that they either need no staff increase or only a nominal increase -- mostly local hire.

Possible Responses: What does account for current staffing? No doubt some portion of the answer is history plus incremental change. Last year AID did an informal study of staffing which, not surprisingly, showed that the best single predictor of current staffing is last year's staffing. More recently, the African and Latin America Bureaus independently developed regression models which explained USDH staffing as a function of funding levels. As a part of this Study, the work of those two bureaus was validated and extended. A number of regression models were examined. One, which seems to have excellent explanatory and predictive power, states that USDH staffing is a function of:

1. Development Assistance (in millions)
2. Economic Support Funds (in millions)
3. PL 480 Title III (in millions)
4. Total Number of Mission Projects

In one model there was some evidence that the average size of projects (total funds/total projects) was inversely related to staffing -- as the same funding level was cut up in smaller and smaller pieces, USDH staffing increased. This inverse relationship is probably an artifact of what respondents described as anecdotes.

**The more people you have, the more diverse the
program.** [Indonesia]

Have too many projects...even duplicative efforts.
[Honduras]

**Staff breeds staff. Work begets work...Can
sometimes have people in search of a project
rather than vice versa.** [USDH, Senegal]

However, this factor was removed from the final model for

mathematical reasons -- the variable was not independent of the other variables. Perhaps the direction of causality in the anecdotal observations reported above are correct. Average project size does not "cause" staff size. Rather, excess staff reduces project size, i.e. "...have people in search of a project rather than vice versa".

The final model shows that (without including Egypt) USDH is a function of:

1. (.15)(DA \$m) +
2. (.06)(ESF \$m) +
3. (.07)(Title III \$m) +
4. (.20)(Total # Projects) +
5. An initial "start-up" staff of 2 or 3

Since the regression "explains" 70% of the variation, the staffing level derived by the 5 steps above might need to be adjusted plus or minus 30% (to account for special or local conditions).

This model statistically "explains" about 70% of the considerable variation in USDH staffing Mission by Mission. In addition, another set of values was computed to determine the relative weight or effect each of these variables had on USDH staffing. These weights (Beta coefficients) further reinforce the anecdotal observations quoted above. The percent of the variation in USDH staffing "caused by" each variable is:

- | | |
|-----------------------|-----|
| 1. DA | 25% |
| 2. ESF | 24% |
| 3. Title III | 11% |
| 4. Number of Projects | 53% |

As a management tool, these findings show that control over the number of Mission "management units" is the single most important factor in controlling USDH staffing.

In a secondary sense, the Agency can tell OMB and Congress what effect changes in funding will have on Mission staffing.

While this model can be very helpful in making staff allocation a more rational process, it does not answer the following normative questions:

1. Should there be a resident presence to deliver development assistance?
2. If there is a resident presence, should it be USDH? What mix is appropriate?
3. What functions should USDH perform more or less exclusively? What should they contract out? What should they turnover to FSNs?

There is no way these questions can be answered by the data from a study. These choices are normative and will reflect the values of both the one who asks the questions as well as the one who answers them.

Except for some limited legal restrictions, this study has not identified a reason to insist upon the current type of in-country presence. The study has uncovered no reasonable evidence that USAIDs substantial presence has produced any benefit remotely justified by the cost of placing, replacing and supporting a substantial expat staff in-country. But, conversely, it has not uncovered sufficient evidence to warrant an immediate wholesale restructuring. What it has uncovered is more limited.

This study has identified a number of very serious, systemic organizational problems which challenge the validity of the assumptions behind how USAID does business. The study has also uncovered a pervasive attitude that resists almost any deviation from the traditional USAID Mission model. Left to its own, the current organization would never change.

Is the current organization and its methods effective? A different process will have to answer that question. What can be said is that the current way of doing business is very expensive and, as yet, unjustified empirically. Without challenging the basic organization world-wide, AID has an opportunity to experiment with a radical alternative today. The new area for development assistance is the former USSR and Eastern Europe. The current approach of the Eastern European Mission, based predominantly in Washington with a smaller presence in the Embassies serving the Host, is a potentially "least cost" model. This approach should be studied and supported. As problems arise solutions should be crafted within the concept of a very small resident presence with the Mission here. Given the change resistance within the organization at every opportunity the internal system will try to convert the new Mission into a typical Mission. The urgency of the aid program to be administered and its political visibility can give organizational leverage to those who would resist change. Two interviewees summed up the issue facing the Agency:

We need to think about restructuring without blinders. We look like we did 30 years ago.
[USDH, Morocco]

Our way of doing business is staff intensive -- change or no savings.
[USDH, Honduras]