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REORGANIZATION TASK FORCE

DRAFT REPORT

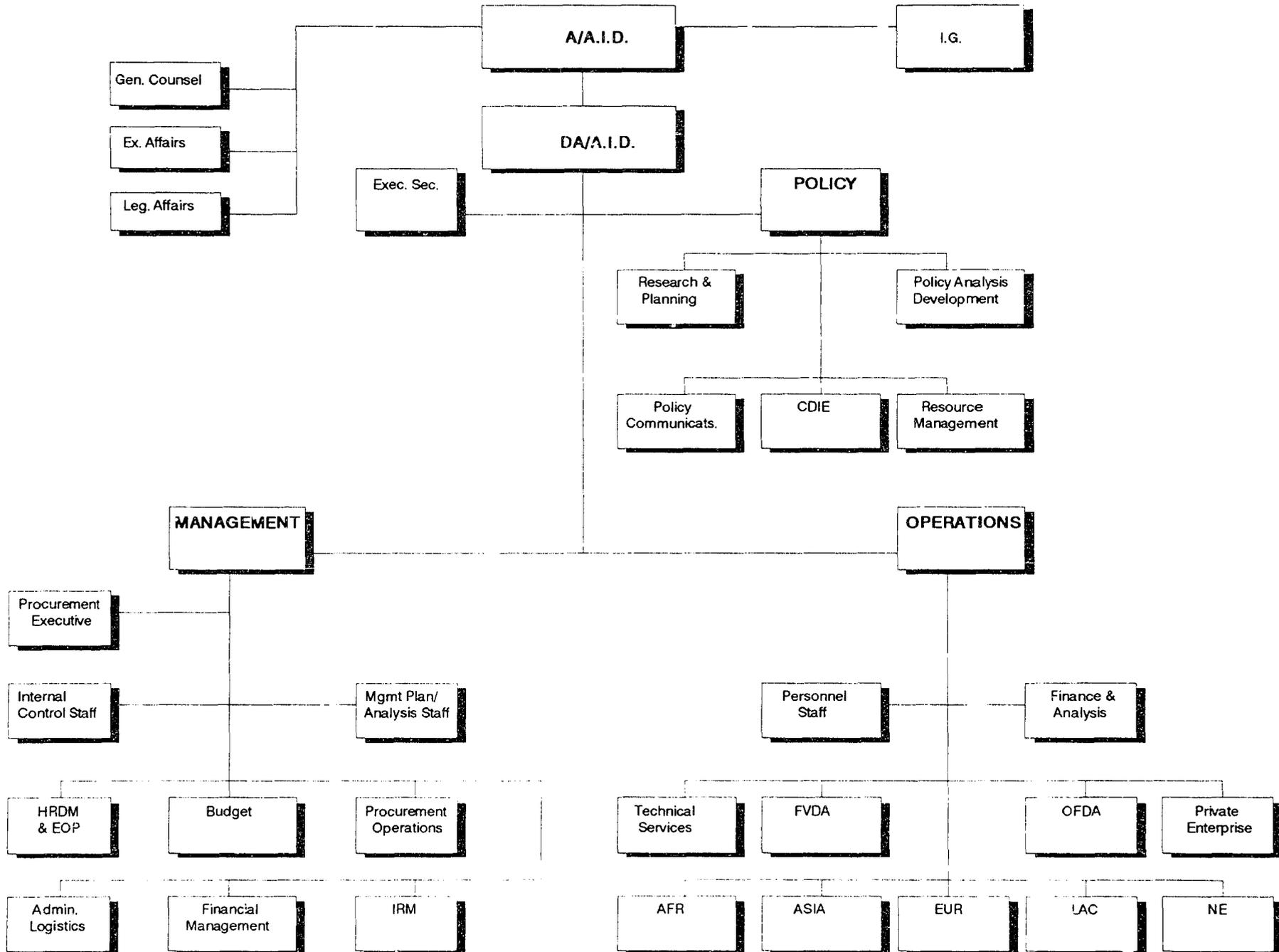
10 APRIL 1991

REORGANIZATION TASK FORCE REPORT

- I. PROPOSED ORGANIZATION STRUCTURE
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PROPOSED AGENCY ORGANIZATION STRUCTURE

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MANAGEMENT GROUP

DRAFT REPORT

10 APRIL 1991

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EXECUTIVE SUMMARY

We envisage a strengthened Management structure to support fully the operations and policy of the Agency, and to undertake this in a service-oriented and responsive fashion. The operations in the Management structure are critical to the overall success of this Agency's goals. The proposed FTE levels of the structure are 616, as opposed to a level of 682 today. These are rough estimates.

Heading the proposed Management structure will be an Associate Administrator for Management (AA/M), with possibly a Deputy Associate Administrator given the number of offices in Management.

The Associate Administrator will also serve as the Chief Financial Officer (CFO), pursuant to the very important Chief Financial Officer's legislation of 1990.

To give greater focus and attention to improved accountability and management, we are recommending three units:

- An Internal Control Staff: To orchestrate internal control efforts, working with the Controller and the Management Control Review Committee (MCRC). The staff will also provide leadership on internal advisory services for financial management issues.
- A Management Analysis and Planning Staff: To give the Agency a service-oriented, consumer responsive in-house capability in making management and organizational changes, and improving processes and procedures. It will operate as a management consultant to both A.I.D./W and the field and will supplement, not replace the CDIE agenda.
- Procurement Policy Staff: This staff unit will include the Procurement Executive who is responsible for Policy and Evaluation of Procurement and an officer who is the Competition Advocate.

We are recommending no change in the present direct reporting relationships to the Administrator of the Equal Opportunity Programs (EOP) Officer and the Office of small and Disadvantaged Business Utilization (OSDBU). We are discussing with the EOP, ways in which equal opportunity efforts can be more fully integrated into HRDM activities. The Agency must do everything

possible to strengthen its commitment to minority and women's rights.

BUDGET

The Committee is divided on where the primary budget function should be located. The Budget subcommittee reported out a proposed split of budget into Policy (formulation), Operations (operational budgeting) and Management (budget execution). However, within the Committee, there was strong sentiment for placing budget formulation and the primary budget function in the Management structure. This is an issue yet to be resolved by the Task Force.

FINANCIAL MANAGEMENT (FM)

The FM office will be a key component in Management with a strong voice in the Agency due to its charter as set forth in the Chief Financial Officers' Legislation of 1990.

HUMAN RESOURCES DEVELOPMENT AND MANAGEMENT (HRDM)

We welcome the Human Resources Development and Management -- service-oriented-- approach taken recently in the Personnel field - and this is reflected in our proposed structure. Human Resources Development is an area of critical Agency concern and must receive visible and substantive top-level support. We recommend a strong central personnel system and note and applaud that efforts will be made to develop an overall Human Resources Strategy - and that the emphasis will be on the needs of the client-- the various field Missions, Bureaus and offices within A.I.D.

Improvements are needed in many personnel areas and a major start has already been made by HRDM. HRDM must develop close working relationships with the Bureaus to ensure the fullest Bureau input into personnel policies, recruitment, career development programs and practices, etc.

Workforce Planning, defined simply as, "to get the right person in the right place at the right time," is essential to the success of the Human Resources Development and Management strategy and should be a centerpiece in this office.

PROCUREMENT

In Procurement, we recommend little change in the present Procurement Office structure. Problems are more of process than of organization and we are making several recommendations for improvement. Included among these are:

- Strengthening implementation capability through increased numbers and training of contract officers and project officers;
- Improving implementation planning by requiring a plan, including drafts scopes of work (PIO documents) in the authorization process (at least for non-bilateral projects);
- Increasing the accessibility of procurement staff to Bureau project and program design efforts; and
- Establishing more stringent time management by senior bureau personnel of procurement action steps from implementation planning to contract award.

INFORMATION RESOURCES MANAGEMENT (IRM)

In Information Systems, we continue with an IRM office - again issues are more of process than organization, although there are questions of how much decentralization is desirable.

- We recommend that IRM move away from direct control and towards the establishment, monitoring, and enforcement of Agency-wide automation standards.
- We are recommending an intra-Agency Information Management Committee (IMC) to provide an Agency perspective on IRM issues, and to give guidance to IRM on major policy issues.

ADMINISTRATIVE SUPPORT/LOGISTICS

In the Administrative Support/Logistics element, we are recommending a transfer of overseas support functions to the Operations cone, to an office there reporting to the Associate Administrator for Operations. That office in Operations would provide support in travel, shipment, storage of effects, mail, etc. for field Missions. It would also handle Foreign Service National (FSN) support. The Administrative Support/Logistic unit in Management would provide logistics support for A.I.D./W.

* * * * *

That, in summary is our proposed Management structure. We have not found significant organizational redundancies in the Management area. Therefore, we are not making major changes in the structure, with a possible exception in the budget area, but are focusing on process changes which will lead to savings in staff time and resources to be directed to other areas of high priority need in the Agency. Throughout the Management Structure, we are attempting to identify bottlenecks in programs and processes to be improved, and alternatives by which the Management structure can best support the goals and mission of this Agency. In this effort, we are cataloging suggestions which have come in from personnel throughout the Agency on proposed improvements. A listing of some of the process areas which the Management Committee has identified as requiring special attention follows below. Details on actions to be taken are included in a separate paper on process covering the work of all three transition teams.

Processes Identified as Requiring Change

- Project/Program design and approval;
- Incentives;
- Personnel;
- EOP;
- Information Systems;

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- Information Systems;
- Internal control; and
- Procurement.

Upon completion of the basic reorganization, there must be a clear-cut follow-on implementation effort, which takes necessary action and fully explains to the Agency, the nature and implications of the planned changes.

The figure on the next page sets forth the proposed organization chart.

PROPOSED MANAGEMENT GROUP

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April 5, 1991
 Provisional –
 For Committee Use Only

ASSOCIATE ADMINISTRATOR
 FOR MANAGEMENT
 = CFO

INTERNAL
 CONTROL
 STAFF

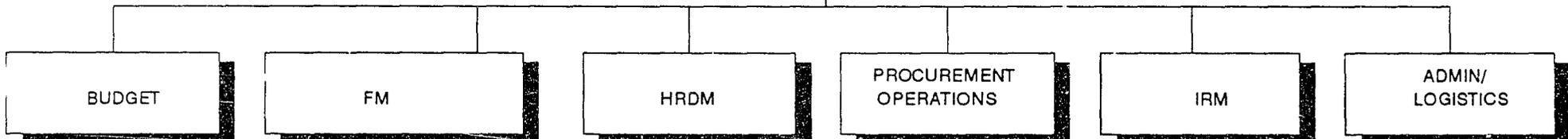
MANAGEMENT
 PLANNING &
 ANALYSIS
 STAFF

PROCUREMENT
 EXECUTIVE: POLICY
 & EVALUATION
 OF PROCUREMENT

- Manage Internal Control Efforts
- Internal financial management services

- In-house Capability in Mgmt. Assessments
- Organization Review/Analysis and approval
- Operations and Procedures Analysis
- USAID Appraisals
- Handbook management, analysis, coordination

- Central Procurement Standards
- Certification of the Procurement System
- Competition Advocate



- BUDGET**
- Primary overall budget responsibility
 - Budget execution in management structure

- FM**
- Management of Funds Control System
 - Establishment and management of Financial Management Systems
 - Loan accounting and services
 - Management of the Management Control Program
 - Reporting of financial activity to Treasury, OMB, Congress
 - Establishment of worldwide financial management policies

- HRDM**
- Existing Personnel functions
 - Workforce Planning

- PROCUREMENT OPERATIONS**
- Awarding of Contracts, Grants, etc
 - Shipment of PL 480

- IRM**
- Formulation of IRM plan
 - Corporate Information Systems development
 - Automated Data Processing support
 - Telecom management
 - Office automation
 - Computer security
 - Data collection and management standards
 - Oversight and guidance of program-funded activities

- ADMIN/LOGISTICS**
- AID/W Logistics such as:
 - Space Planning
 - Property Mgmt.
 - Motor Pool Mgmt.
 - General Mgmt.
 - Printing
 - Mail
 - Admin Purchasing
 - Graphics
 - Records Mgmt.

NOTE: NUMBERS ARE PROPOSED FTEs: TOTAL =

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DESCRIPTION OF THE PROPOSED MANAGEMENT GROUP

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The Management Committee envisages a strengthened Management structure to support fully the operations and policy of the Agency, and to undertake this in a service-oriented and responsive fashion. The operations in the Management structure are critical to the overall success of this Agency's goals. These tasks in Management must be performed efficiently at a high level of competency and with a total service approach to the clients of the Management cone. This is essential.

This group will have responsibility for personnel, financial management, procurement, information systems and administrative support and logistics. It will also play a role in the budget; the exact nature of this role is yet to be determined.

The recommended Management structure is set forth in the organization chart on page 6. The proposed FTE level for functions proposed in the Management structure is 616 (compared a current FTE level of 682). Much additional work is needed to refine these FTE estimates. We are also including rough approximations of contractor personnel (wherever possible) in the units within the Management structure. We emphasize that these contractor projections are only approximations. In fact, in both categories of personnel, there must, at this point be considerable flexibility. Refinement of the personnel estimates will continue; moreover, AA/M when appointed will be expected to have major input on staffing levels within the units under his/her jurisdiction.

We have not found significant organizational redundancies in the Management area. Therefore, we are not making major changes in the structure, but are focusing on process changes which will lead to savings in staff time and resources to be directed to other areas of high priority need in the Agency. These process changes are noted where appropriate in the following description of functions by organizational unit and in a separate paper covering the three transition teams process areas identified by the Management Committee as requiring improvement include:

- Project/Program design and approval;
- Incentives;
- Personnel;
- EOP;

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DESCRIPTION OF THE PROPOSED MANAGEMENT GROUP

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- Information Systems;
- Internal control; and
- Procurement.

Throughout the Management structure, we are attempting to identify bottlenecks to programs and processes to be improved, and all ways in which the Management structure can best support the goals and mission of this Agency.

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The Office of the Associate Administrator

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Management consciousness within the Agency will be elevated by the establishment of a high-level Associate Administrator who will coordinate a number of administrative and financial areas. This unit will provide clear plans on how the Agency will improve its provision of management services.

Functions of the Unit

- Overall coordination of the Management structure.
- Serve as Chief Financial Officer pursuant to the Chief Financial Officer's legislation of 1990.
- To give greater focus and attention to improved accountability and management, we are recommending an Internal Control Staff, a Management Planning and Analysis Staff, and a Procurement Policy Staff.

Location

Reports to the Administrator (A/A.I.D.)/Deputy Administrator (DA/A.I.D.).

Staffing

Four FTEs.

Interaction with the Agency

Self-evident.

Differences from the Past

This is a new coordinating unit which will provide more discipline, greater focus and higher visibility to the Agency's management support efforts.

Issues

- The primary issue is what role AA/M will play in the budget

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process.

- A second issue is whether the AA/M should have a Deputy. The committee was split on this question.
- A decision is also needed on whether the Office of the Associate Administrator requires a small staff to undertake EMS-type functions or whether these can be handled by HRDM. No decision has been reached on this issue.

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Internal Control Staff

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This staff would orchestrate internal control efforts working in close coordination with the Controller and the Management Control Review Committee (MCRC) and using staff throughout the Management structure for its efforts. These efforts include risk and vulnerability assessments, as required by the Federal Financial Managers' Integrity Act, to ensure that all of the Agency's procedures and processes are operating with the right type of checks and balances to prevent waste, fraud, etc.

Internal control is defined by the U.S. General Accounting Office as:

The plan of organization and methods and procedures adopted by management to ensure that resources use is consistent with laws, regulations, and policies; that resources are safeguarded against waste, loss, and misuse; and that reliable data are obtained, maintained, and fairly disclosed in reports

More simply, internal controls are the "management controls" essential to the proper conduct of Agency business with full accountability for the resources made available for that purpose.

The staff would also provide an in-house capability to look at incipient financial management problem areas, upon request from Agency units.

Functions of the Unit

- Serves as a staff resource to the Management Control Review Committee with responsibility for development and operation of the Agency's internal control system. Ensures compliance with OMB guidance and relevant legislation.
- Manages the Agency's audit follow-up system.
- Provides confidential analysis and advisory services on all issues and problems related to financial management throughout the Agency, including the Office of Financial Management. These services would be provided at the request of line managers or the CFO.

Staffing

The recommended staff would be eight FTEs, consisting of three transferred from FM and five new positions to provide the confidential analysis and advisory services. No contractor staff is contemplated.

Location

This unit will be a staff reporting directly to AA/M.

Interaction with the Agency

The staff will provide internal control guidance, and on request, carry out confidential analyses and advisory services throughout the Agency.

Differences From the Past

The Internal Control function was previously within FM, and more recently orchestrated by the MCRC. The new staff will also work closely with the MCRC.

Issues

- Should the MCRC, with which this staff will relate, be under the Associate Administrator for Management or be chaired by the Deputy Administrator?
- How extensive should we expect the financial management, confidential, and advisory services to be?

Management Analysis and Planning Staff

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This unit is designed to give the Agency a service-oriented, consumer-responsive in-house capability in making management and organizational analyses and improving processes and procedures, It will operate as a management consultant to both A.I.D./W and the field.

Functions of the Unit

- Agency-wide responsibility for providing organization and management advisory services, including operational and systems analysis, to requesting A.I.D./W and A.I.D. field Mission clients as requested (e.g., when considering reorganization, the establishment of a new unit, the implementation of a new function).
- Providing formal Agency approval for all proposed intra-Agency organizational changes after assuring compliance with established procedures.
- Author office for Handbook 17, "A.I.D. Organizational Handbook," to assure compliance with current organizational structure, including related policy change.
- Defining organizational change in terms of function, approved position description and classification, and dollar-denominated FTE values.
- Coordination with CDIE and FM concerning functional and operational evaluations related to programmatic, management, and financial analysis.
- MPA, primarily, will be a client-based service staff. Its only operational functions will be to assure that Handbook 18 is maintained in conformity with existing conditions, and to assure compliance with formal Agency procedures in the implementation of proposed organizational change.

Location

- MPA will be a staff office reporting to AA/M.

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Staffing

- Best Estimate: Office Director, two secretaries, and six analysts, or nine FTEs.
- As a new unit, staffing requirements are, at best, provisional.
- No contractor staff initially, although at least one IQC might be required.

Differences from the Past

- This is a new unit. It will require establishment and acceptance of its role within the Agency.

Issues

- This unit must be seen as a client service-oriented institution. It can play an important role in ensuring quick in-house attention to management, organizational, and procedural deficiencies.

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Procurement Policy Staff

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Functions

Responsible for procurement policy, evaluation of the procurement system, assessment of contracts officers and competition advocacy. This unit will also house the Procurement Executive.

Location

This staff will report to the AA/M.

Staffing

18 FTEs, up from 15 in policy today. An increase is warranted across the board in procurement. We have hurt ourselves in the Agency by cutting back on procurement personnel.

Interaction with the Rest of the Agency

Overall procurement guidance will flow from this staff including development of standards.

Differences from the Past

None.

Issues

None.

Functions of the Unit

The Management Committee had been divided on how to handle the Budget function. The Budget subcommittee issued a report which assigns responsibility for budget formulation to Policy, operational budgeting to Operations, and budget execution to the Management structure. The subcommittee's report would set up a budget office in Management to carry out the "budget execution" activities, including some presently in FM. Appendix B to this report section lays out very clearly the assignment of responsibilities as proposed in the subcommittee report.

In the full committee itself, several members opted for having Budget formulation in the Management cone, with Management to have the primary budget responsibility. There was also support expressed by some for little change in the present system -- in fact, to strengthen Policy's role in budgeting or at least not dilute it. The argument for a strong Policy role in budget functions will be argued by others - suffice it to say that a main reason is to have a central coordinated focus for the budget responsible to the Administrator, and a view that if Policy is to be credible, it needs a budget authority to help sustain it.

There is merit in these arguments. There is also merit in placing budget formulation and the primary budget function within the Management structure under the authority of AA/M, the Chief Financial Officer of the Agency. Having the main budget function under AA/M would clearly be more consistent with the intent of the Chief Financial Officers' Legislation of 1990. It also would help to ensure that there be the fullest cooperation between the budget and financial management functions and would provide the basis for strong objective financial management of the budget, which would be more independent of program development functions. In addition, it would also facilitate having one set of budget numbers at all times - a necessity for A.I.D.. It could sharpen the emphasis on accountability.

The staff to perform the primary budget function in the Management structure would come from transferring of the budget staff currently in PPC. Under this scenario, Management would continue to follow the policy directions laid out by Policy with its broad enunciation of Agency priorities.

While the Management Committee cannot speak with one voice on

this issue at this point (unlike most other items within the Management domain), we urge that the most careful attention be given to the subject, and that all options be given the most careful and thoughtful analysis.

Location

This depends upon its situs within one of the Groups. The key is budget formulation and primary coordination of the budget - to be or not to be in Management or in Policy. In either case, the Chief budget offices will report to A/A.I.D..

Staffing

To be determined.

Interaction with the Rest of the Agency

Self-evident.

Differences from the Past

There could be few difference or there could be substantial differences depending on the question of location.

Issues

- How we should handle the budget function is yet to be determined.
- A corollary issue is what should be the role of FM in the budget function. Our Financial Management Sub-committee called for a clear split between budget and accounting, and that present budget execution functions should be placed elsewhere. Some of the full Committee object to this and believe that FM should maintain its present budget execution functions under whatever budget setup emerges.

Financial Management

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The Office of Financial Management is responsible for all financial management activities relating to the programs and operations of the Agency. The Director of the Office serves as the Agency Controller and will be Deputy Chief Financial Officer.

Functions of the Unit

- Management of Funds Control System;
- Establishment and management of Financial Management systems;
- Loan accounting and servicing;
- Management of the Management Control Program;
- Reporting of financial activity to Treasury, OMB, and Congress; and
- Establishment of worldwide financial management policies.

Location

This office will report to AA/M.

Staff

To be determined.

Interaction with the Rest of the Agency

FM will be the Agency's primary office in the financial administration area.

Differences from the Past

The head of FM will no longer report to A/A.I.D..

Issues

- Should the CFO be AA/M or should there continue to be a

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direct relationship between FM and the Office of the Administrator? The Committee recommends that AA/M, if he is to have any credibility, must be the Chief Financial Officer.

- What future role should FM play in the budget?

Functions of the Unit

With reorganization, HRDM would continue with all of its presently planned and recently reorganized functions. These include:

- Personnel policy;
- Workforce planning;
- Recruitment;
- Training;
- Assignments;
- Position classification;
- Career development;
- Executive personnel management;
- Employees services and benefit;
- Employee relations;
- Labor management relations;
- Personnel information systems;
- Personnel systems evaluations;
- Agency awards systems;
- Foreign service national personnel systems and benefits; and
- Liaison and representation with other USG agencies.

The following functions represent changes to the responsibilities of HRDM:

- Except for the policy and benefits aspects, responsibilities for administration of the foreign service national personnel system would be transferred to the Overseas Management Staff, which in turn is being recommended to be transferred from Management Services to the Operations cluster; and
- Internally, within HRDM, we are recommending the following changes to HRDM just implemented reorganization:
 - Move the classification function from the current Policy shop to the new Staffing and Career Development Division;
 - Move the Organization Management Review function, now in HRDM's Policy shop, to the new Management Planning and Analysis Staff attached to the front office of the AA/M; and
 - Combine the remaining functions in HRDM's current policy shop with the newly approved Workforce Planning function and the existing Personnel Systems and Program Evaluation Staff (PSPE) into a new Policy and Workforce Planning Staff Office reporting directly to the Director of HRDM.

Staffing

The Committee had looked at the FTE issue within HRDM, EOP and Workforce Planning and has arrived at the following conclusions:

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Conclusions:

<u>Personnel Area:</u>	<u>Current Ceilings</u>
HRDM Proper	139.8
EOP	10
Workforce Planning (proposed)	5
Total Current: (rounded)	155

Committee Recommendations:

HRDM, including EOP & WFP 139¹

HRDM has a total of 31 contractors:

- 2 in labor management relations; and
- 31 in training

Location

The Office of HRDM will report to the AA/M.

Interaction

- In performing the personnel functions listed above, HRDM interacts not only with all units of the Agency, but also with all employees of the Agency.
- Stronger measures need to be taken to assure that this interaction will increase and improve, especially in terms of communications between program and personnel managers, and in terms of substantive career counselling for employees.

¹Or 129 if classification is transferred to Operations.

Differences from the Past

- The head of HRDM will not report directly to A/A.I.D. as he does now.
- Foreign Service Personnel Administration is transferred from HRDM to the Overseas Management Staff under Operations.
- The Organization Management Review function is transferred from HRDM to the Management Planning and Analysis Staff.
- Minor modifications are made in the organization and distribution of functions within HRDM (e.g., classification and combining policy, PSPE and Workforce Planning).
- The assignment function would be further centralized and controlled by HRDM.

Issues

- Centralize or Partially Decentralize the Agency's Personnel System. The Management Committee, including the Personnel Sub-committee, strongly opposes decentralization of mainline personnel functions, except those mentioned above concerning FSNs, and in fact believes that the assignment function should be even more centralized than at present.

There has been some discussion from the Operations Committee of a shift of classification of Operations. The Management Committee has reservations on this issue. Moreover, the personnel sub-committee has some concern about the full Management Committee's position for transferring Foreign Service National support to Operations. However, both the full Management Committee and the Personnel Sub-committee urge strongly that the basic personnel functions be centralized. Our reasons are:

- Decentralization does not guarantee improvement, and may in fact lead to less discipline, more disparate standards and performance and fairness levels, as well as invite undue competition and piracy among operating units. In other words, it might result in a very uneven, confrontational and chaotic situation.

- Decentralization could eviscerate HRDM's recently implemented reorganization and plans for reform and revitalization of A.I.D.'s personnel systems. These include the development of an HRDM strategy for the Agency, with workforce planning and a new career path system as centerpieces of the strategy; a new IDI program and recruitment strategy; a client and service-oriented "one-stop-shop" division which combines the administration of foreign and civil service staffing and career development, and to which we would add classification and a new look at the Agency's incentive systems.
- Personnel's bold initiatives could have a major and far-reaching impact, and should be given a chance to work.
- Personnel system must be a strong and effective centralized resource. Without a strong and effective centralized personnel system, it would be difficult to set and enforce corporate policies, standards and values with respect to the management of the Agency's human resources.
- This also implies that top management will give appropriate priority to the HRM area and assure that some of the Agency's best talent is assigned to and recognized for service in this important area.

• The Equal Employment Opportunity Program

The Personnel sub-committee stressed the extreme importance of this area and noted a widespread perception that this function is not working well, and has not worked well for sometime. Consideration should be given to integrating its operational aspects with HRDM. This is not inconsistent with the way the function is placed and operating in some other Federal agencies. Whatever is done, there must be an active effort to strengthen the Agency's commitment and programs in minority and women's rights. Possible steps include: develop an action plan on EOP procedures to be basic part of personnel practices; and assign senior-level FSNs to EOP.

• Workforce Planning: Where Should it be Located?

The Administrator has just approved the institutionalization of a workforce planning function in A.I.D.. In the reorganization effort there has been a debate as to where this new function would be most appropriately located since it is strongly related to Agency policies and program priorities, as well as to operations and to human resource management. After careful consideration of all alternatives, the Management Committee believes that HRDM is the most appropriate organization location for workforce planning because the analyses and outcomes of workforce planning are closely related to human resources management functions.

It is recognized, however, that this is not an independent self-contained function. It must operate on the basis of strong clear signals from the Agency's direction setters and policy formulators, and also operate on the basis of the skills needs identified by the Agency's operating units. It is only on the basis of this guidance, and considerable dialogue with and participation by program managers, that a workforce planning unit can analyze and translate these signals and requirements into proposed and realistic personnel policies and programs to meet the Agency's current and future staffing and skills needs. Workforce planning should provide management with a more systematic means of determining and managing the size, shape and respective roles of the workforce.

It is also essential that this workforce planning function be led by a Senior Foreign Service Officer.

- The Role of the EMS Offices

There are several issues with respect to EMS offices, the main ones of which relate to the role of the EMS offices vis à vis the Central Personnel Office, and whether all the EMS offices should be consolidated into one under the Operations Box.

With respect to the first issue, the Management Committee envisions a continuing need for strong and effective EMS offices that function as representatives of their respective organizations on personnel matters, but also function, in a much closer partnership with Central Personnel. This does not, however, imply a decentralized personnel system.

This also implies that Central Personnel will perform some of the functions that have been neglected or abdicated by PM in the past(e.g., the validation process).

On the second issue, consolidation of EMS offices should result in the elimination of some redundancies and some staff savings. One question that should be addressed is whether EMS offices could represent the communications between central personnel and the program managers better from a consolidated or unconsolidated EMS function.

• Physical Location of HRDM

The fact that all of Central personnel functions are located some distance from Main State has been identified as a problem. Employees from the field often discuss personnel issues with the EMS offices rather than Central personnel because of the EMS's proximity and convenience. The suggestion is made that much could be gained in terms of access, confidence, service, rapport, etc. if at least some of HRDM's mainline functions, including those of the Director, could be located in Main State. This would not only improve employee access to HRDM, but would also facilitate HRDM's outreach to the Agency manager's and the access of program managers to the Director of HRDM and his key staff. It would also make the Director of HRDM more accessible to the Administrator and vice versa.

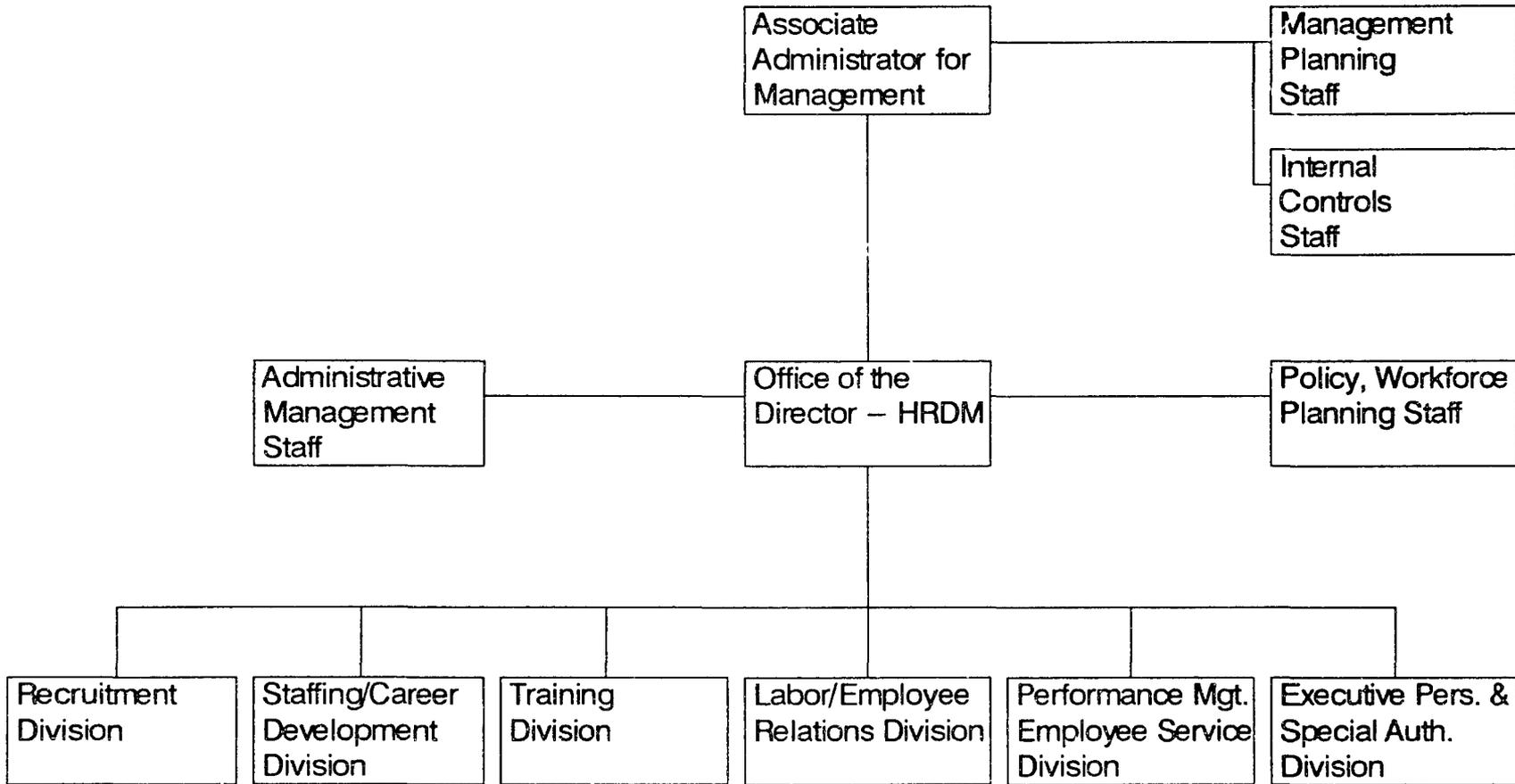
• Longer Term Issues

The major personnel issues that have been identified and will require address over a longer term are:

- Reform of the Agency's Incentives System;
- Consideration of unification of the Agency's two major personnel systems; and
- Defining the role of A.I.D.'s technical staff including the possible establishment of a two-track promotion system beginning at the FS-01 level.

PROPOSED HRDM

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Procurement Operations

Functions of the Unit

We recommend a centralized Washington-based line procurement facility for project and program goods and services. This is not a significant change from the present structure. A brief summary of the functions to be performed by this unit follows:

- Procurement of goods and services for Washington-based clients;
- Contracting for field Missions in some cases;
- TDY assistance to the field;
- Advice on personnel assignments for contracts officers;
- Arrangement for shipment of food and other bulk commodities;
- Centralized reporting on contract activities worldwide; and
- Backstopping and monitoring commodity import programs.

We also recommend a separate staff unit responsible for procurement policy, assessment of contracts officers, and competition advocacy. This unit could also house the Agency's procurement executive. This unit should not be integrated with the line operations unit described above.

We also discussed administrative purchasing operations, and concluded that it is best left as a separate organization within the Finance and Administration area. Its rules and procedures are different, and there is little to be gained by merging it with program procurement.

Location

The staff reports to AA/M.

Staffing

We recommend major increases in Washington-based USDH program procurement staff:

- For line operations, up from 112 (total, including support) to 125;
- For the policy unit, up from 15 to 18.

The recommended increases are not to address any new functions or roles, but rather to enable the units to handle their existing workload in a manner which is both responsive to needs and which decreases vulnerabilities. Procurement staff have been reduced over the past 15 years from about 150 to 112, despite growing workload. This has directly led to many of the vulnerabilities identified by the PPAP. The Procurement Sub-Group explored a variety of organizational and functional alternatives to try to relieve the workload of the procurement facility, and thus to allow it to function within the existing FTE level. We found no better alternative. The dilemma is decentralization, quick response, and double or triple current staffing levels on one hand, versus a combination of a central unit in Washington and decentralized field offices, and only a 30 percent increase in staffing on the other. The only way to significantly improve the responsiveness and quality of the Agency's program procurement is to increase staff. If staffing levels are left where they are, procurement will continue to function, but at roughly its present level of effectiveness. Marginal improvements can be made without increasing staff by following the recommendations in the Appendix C.

We also considered devolving some procurement functions to others (e.g. project officers). This would lead to only marginal improvements. Contracts officers and project officers already collaborate extensively. In fact, smoother procurement will result from more, not less, participation of contracts officers in project design and conceptualization. This means more, not less, work for contracts officers.

Interaction with rest of the Agency

Procurement policy must stay independent of, but closely related to, procurement operations. It is "policy", but of a different sort than that to be handled by the Agency's policy group. It should therefore not be integrated within the policy group, but rather left within the same group as procurement operations,

however operated as a separate function.

OSDBU must likewise remain a stand-alone unit reporting to the Administrator, because:

- Standing legislation requires OSDBU to be responsible only to, and report directly to, A/A.I.D. or DA/A.I.D.;
- OSDBU's functions and objectives are different from those of the contracts officers. OSDBU's purpose is to maximize small and disadvantaged contracting. Procurement's function is to contract as quickly and efficiently as possible. Sound organizational theory requires that these two sets of purposes be pursued by separate units. Issues not resolvable by the two must be elevated beyond the head of procurement. Recognizing the Administrator's need for a manageable span of control, OSDBU's special status could be maintained without requiring undue amounts of the Administrator's time; (e.g., OSDBU need not attend daily staff meetings); and
- We felt that putting OSDBU within Procurement would in fact slow down the process; internal conflicts would take more time and attention than if they could be resolved externally, as now. This is not a mere supposition; it is exactly what happened when OSDBU was a part of Procurement some years ago.

Differences from the Past

We recommend little substantive difference beyond increased staffing and a sharpening of the current processes. The present organization of the Agency's procurement is tailored and quite responsive to the Agency's needs, given shortage of workforce, and requirements beyond A.I.D.'s control, i.e. CICA, etc. Put another way, the problems we face in procurement are best solved by means other than reorganization.

Appendix C contains a listing of the Procurement subgroup's top ten recommendations.

Issues

The procurement facilities in the present Management Services Bureau deal with just a portion of the entire acquisition process, if one includes conceptualization and design of the projects for which contracts for goods and services are required. Many of the problems confronting A.I.D. in the procurement arena concern articulation of the services needed to support project objectives, and this needs to be addressed well before a procurement order reaches a contracts officer. A good portion of the recommendations in the attachment address this point.

The Procurement Sub-Group believes significant improvement in Agency procurement could be achieved by locating contracts officers with their clients, enabling them to interact continually on project and program development, and thus to contribute and guide it into sound, contractible scopes of work. The dilemma comes from the equally compelling need to keep contracts officers together for professional collaboration and support and administrative efficiency. The only way to satisfy both needs is to put both Procurement and its clients all in one building, and that is simply not a feasible course of action. Forced to choose between keeping Procurement together as a group and dispersing its staff to client locations, the Procurement Sub-Group recommends leaving it together. The staffing increases recommended are to enable the Procurement staff to spend more time visiting client offices to participate early in the project development process. This would achieve the benefits of collocation and the efficiencies of a centralized operational and support unit.

The Sub-Group examined the proposition that Procurement be placed within the Operations Group, as opposed to the Finance and Administration Group. The Sub-Group felt that they belong in Management, but in either group Procurement will have to service the Agency's operations, and yet do so from an independent base (in order to be able to say "no" to an unsound procurement). It is importance to maintain objectivity; if that can be done with Procurement in Operations, we would have no objection. However, we think it would be more effectively done in Management. A final point is that the entire body of A.I.D./W is responsible, directly or less so, for the Agency's operations; whether Procurement is in Operations or somewhere else, its responsibilities remain the same. The question then becomes what is gained by moving procurement.

Information Resources Management

Functions of the Unit

- Formulation, promulgation and enforcement of Agency-wide automation standards for hardware, software, information systems and data.
- Operation and management of A.I.D.'s central automation and telecommunications facilities and systems.
- Maintenance of the corporate data base and promotion of the use of corporate data by Agency entities both internally and for external purposes.
- Formulation and implementation of A.I.D.'s information resources management strategic plan.
- Development of corporate data systems and support for the development of other information systems.
- Oversight and guidance for all A.I.D./IRM activities, including those financed through program activities.

Staffing

- The functions to be decentralized to operating bureaus (see below) are not being performed adequately at present. Therefore, the subcommittee recommends that the current staff levels (85 USDH and about 120 contract staff) will need to be maintained. The actual level will need to be determined.
- As part of the post-May 1 effort, the ratio of contract staff to direct hire staff should be examined to determine whether more of the "routine" tasks of the office can be performed by contractors.

The structure of the office proposed by management appears appropriate for the new role of IRM, but the specific tasks to be performed by the Systems Development and Maintenance Division and the Customer Liaison and Support Division should be reevaluated in light of decentralization of some functions.

Location

The Office of Information Resources Management and Services will report to the Associate Administrator for Management.

Interaction with the Rest of the Agency

- IRM will have both service and control relationships with other bureaus and offices and with field missions. It will facilitate the use of automation equipment and systems; to do so, it will need strong authority to establish and enforce standards.
- The main day-to-day contact in operating entities will be with technically proficient people located in bureaus and offices whose responsibilities will include the identification and articulation of data requirements and, to some extent, systems development work.
- In addition, a senior-level Information Management Committee comprised of managers from operating bureaus and offices will provide Agency views and guidance to IRM on major policy and substantive issues.

Difference from the Past

- Given the advent of A.I.D.-wide automation and the installation of PC, LAN and E-mail capabilities, IRM's functions will evolve substantially from day-to-day direct management responsibilities for all information systems to setting and enforcing the "rules of the game." It becomes extremely important that one organization be accountable for ensuring the compatibility of Agency equipment and systems and for economical use of IRM resources.
- IRM will need to take a more active role in promoting and enforcing the use of corporate data to ensure that the Agency speaks with one voice internally and externally. This will require working with other offices to ensure that corporate data availability is understood and that steps are taken to make the kinds of information that are needed on a corporate basis are available in a timely and accurate fashion. This will be a long-term effort, but the policy

and approach must be articulated immediately.

- The existence in operating bureaus of technically oriented staff to carry out data requirements and analysis functions is also a departure from the past. It will ensure that the needs of operating entities are correctly articulated, and IRM's function will be to ensure that such requirements can be translated into an applications drawing, to the maximum extent, on existing corporate data. In practice, this will mean using standard data or systems (e.g., OYB control, correspondence tracking) that will be 95% of what an office wants rather than developing a brand new system to cover the full 100%.
- To ensure that IRM policies and approaches are based on Agency-wide requirements, a senior-level Information Management Committee will provide guidance to the IRM office. The specific role of this committee will need to be defined in a charter, but it is intended to serve as a systematic feedback loop to help integrate IRM into the mainstream of Agency operations.

Issues

The issues that arise from enhanced automation of the Agency are largely functional rather than organizational, but may have organizational implications. Resolution of these issues will depend on the overall Agency structure and the extent to which service and support functions generally are to be decentralized to operating units. Major issues include:

- The need to support the use of corporate data (rather than non-corporate data which covers the same subject matter) by A.I.D. entities;
- Whether information requirements analysis and systems development functions should be lodged exclusively in the central IRM office or shared with operating bureaus;
- The degree to which budgets for automation-related items (hardware and software procurement and maintenance, systems development, etc.) can or should be decentralized to operating bureaus where they could be traded off against funding for other requirements; and

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- The main functions to be carried out by a senior-level IMC and whether that Committee needs to be supported by a permanent Secretariat function located outside the IRM office.

Administrative Support/Logistics

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Functions of the Unit

In our proposal in this area, we are recommending that overseas management support be transferred to the Operations Group. The Committee is still deliberating on the total functions which would be included in that office, but we have agreed that it should include the following:

- Transport and storage of HHE, UAB and POV;
- All international and domestic travel;
- Overseas mail and the diplomatic pouch system;
- Administrative purchasing for overseas missions;
- Claims for damage/theft of personal property overseas, en route, or in storage; and
- Records management training and technical assistance for overseas missions.

It would also include all Foreign Service Personnel support currently carried out by region Eureau EMS's and HRDM. One possible structure for the office is described in the memorandum included in Appendix D. (This has not been approved by the full Committee, but gives a profile of what such an office in its fullest configuration might include). The numbers in this new office could range from 35-85 FTEs.

The functions of the remaining A.I.D./W A/S Logistics Office will cover support to A.I.D./W in such areas as:

- Space Planning;
- Property Management;
- Motor Pool Management;
- General Management;
- Printing;
- Mail;

- Administrative Purchasing;
- Graphics; and
- Records Management.

Location

This office will continue as an Office reporting to the AA/M.

Staffing

- 75 FTE
- 50 Contractor work years

Interaction with the Rest of the Agency

The office will service only A.I.D./W operations. Field service operations will be transferred to the OMS office in the Operations Unit.

Differences From the Past

See above

Issues

The key issue is whether overseas logistic support should be placed in the Operations cone as this Committee is recommending. Whatever is decided, this area needs strengthening and our proposal is designed to accomplish that objective.

The Reorganization Team on Management Functions (M-Team) was appointed by the Administrator of January 29, 1991 as follows:

Chair	-	Henrietta Holsman Fore	
Members	-	Rick Nygard	John Mullen
		Carol Adelman	Ann Van Dusen
		Linda Lion	Phil Christenson
		Peter Askin	Terry McMahon
		Bob Friedline	
Ex Officio	-	Regi Brown	
Full Time	-	John Hummon	Tom Bebout

Subsequently, Jim Murphy was assigned to replace Terry McMahon, Phil Christenson left his position in the Agency and the Committee and was not replaced, and John Mullen was asked to serve as the Deputy Chair.

The M-Team was charged by Dr. Roskens to:

- Catalog all the existing functions in the management area;
- Sort them out in terms of relative priority and appropriate size;
- Recommend whether or not there were functions which should be discontinued and/or added;
- Clearly specify the measurable management objectives for each function; and
- And, in collaboration with the other two restructuring teams, recommend a final organizational structure for the Agency.

Beginning on February 1 and continuing until the present, M-Team has been meeting for at least one and one-half hours twice a week. In addition, since the week of February 4th, full-time staff members have held regular weekly meetings with the principal management services officers (Mike Doyle, AA/MS; Mike Usnick, FM/Controller; and Tony Cauterucci, PM/OD) to provide routine two-way communications between the M-Team and those officers. Henrietta Holsman Fore and full-time staffers also met with the Under-secretary for Management of the State Department,

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Ivan Selin, and with Al Huntington who leads the GAO Team which recently initiated a long-term management study of A.I.D.

On February 5th the Team agreed that the scope of its assignment could be broken down into five distinct sub-areas: Financial Management Services, Personnel Services, Information Services, Procurement Services, and Administrative-Logistical Services. Members of the M-Team were appointed as Sub-committee (SUBCOM) Chairs for each of these five areas and a sixth Chair person was appointed to lead a sub-committee on Communications which was to be responsible for communicating Reorganization teams efforts to and for collecting input from all A.I.D. employees. Some members of the M-Team also serve on SUBCOMs but, for the most part, SUBCOM membership has been made up of other employees who were not already involved in the restructuring process, thereby broadening overall participation in the effort. During the week of February 18th a statement of general assumptions, a preliminary Timeline Schedule, a Scope of Work, and a suggested outline for the SUBCOMs' final reports to the M-Team were distributed and discussed.

Regular weekly meetings (of both the M-Team and SUBCOMs) have continued to date with SUBCOM Chairs reporting on their progress weekly and requesting guidance as needed at M-Team meetings. Agendas of just the M-Team meetings have covered a wide spectrum of management functions and issues. In addition, a tremendous amount of general reading and analytical materials have been distributed to M-Team members, the other two team's, SUBCOMs' members, and a "ghost" list of other individuals interested in our progress. To date about 110 different items have been distributed. At this point in time SUBCOMs have completed their preliminary oral reports to the M-Team and are in the process of preparing their final reports to M-Team. The final SUBCOM reports, where agreed to by the majority of the M-Team, will provide the basis for M-Team's final recommendations to the Administrator.

RESTRUCTURING TEAM ON MANAGEMENT
PARTIAL LIST OF AGENDA ITEMS
Through 3/29/91

TEAM'S MANDATE FROM THE ADMINISTRATOR
INTERNAL AND EXTERNAL COMMUNICATIONS
DISTRIBUTIONS OF MINUTES TO "GHOST MEMBERS"
BRIEFING ON EXISTING STUDIES
FORMATION AND TASKING OF SUB-COMMITTEES
BRIEFING ON THE FAA REWRITE
CATALOGING THE FUNCTIONS
LEGAL PARAMETERS TO REORGANIZATION
FINALIZING OUR SCOPE OF WORK
ACCOUNTABILITY ALTERNATIVES
REPORT ON WORK FORCE PLANNING
COMMUNICATIONS--SOLICITING INPUT FROM A.I.D. EMPLOYEES AND OTHERS
FINAL SUBCOMMITTEES' MEMBERSHIP LISTS
FINAL SCHEDULE AND SCOPE OF WORK
WEEKLY REPORTS FROM THE SUBCOMMITTEES
REPORT ON THE INTEGRATION TEAM
MEETINGS WITH PRINCIPALS
ORGANIZATIONAL MODELS
CROSSCUTTING ISSUES WITH THE OTHER TEAMS
ALTERNATIVE ORGANIZATIONAL LOCATIONS OF THE BUDGET FUNCTION

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ORGANIZATIONAL CHART/WITH FUNCTIONS (PRELIMINARY)

MEETING WITH IVAN SELIN, UNDERSECRETARY FOR MANAGEMENT

PROFESSIONAL SERVICES COUNCIL MEETING

INCENTIVES AS A SEPARATE ACTIVITY

IMPACT OF CONTRACTING OUT

MEETING WITH MANAGERS NETWORK TO IMPROVE COMMUNICATIONS

RESPONDING TO SUGGESTIONS FROM THE FIELD

JOINT MEETING OF THE THREE RESTRUCTURING TEAMS

Division of Budget ResponsibilitiesBudget Formulation

Responsibility for budget formulation should be located in the Agency's policy bureau. Establishment of funding priorities is the essence of policy in a program management agency such as A.I.D. The federal budget cycle provides a regular opportunity to present Agency policy to State, OMB and Congress. The budget system provides opportunity to monitor the implementation of policy by the operating bureaus. Budget formulation includes:

- Provision of program guidance on Agency priorities, including new initiatives;
- Provision of programming standards and guidance, such as the need to focus on a limited number of activities;
- Establishment of "orders of magnitude" of resources to be provided to implement country strategies;
- Preparation of the Agency's budget presentation to State and OMB, including development of an overall programming strategy with the Administrator;
- Preparation of the Agency's presentation to Congress, including assisting with drafting of new legislation;
- Preparation of the Operational Year Budget based on new legislation and the Administrator's programming strategy;
- Development of standards to guide the staffing of field missions and allocation of overall FTE ceilings to the bureaus; and
- Development of standards to guide funding of Agency operations, such as use of Trust Funds, and allocation of overall Operating Expenses levels to the bureaus.
- Management of information systems which are necessary to formulate and present budgets and monitor the implementation of policy. This includes PBDS and the AC/SI system.

Operational Budgeting

The operating bureaus of the Agency are responsible for utilization of available resources to achieve program objectives. Under the Agency's new evaluation initiative, they will be held accountable for achievement of those objectives. To fulfill this responsibility, the operating bureaus need the flexibility to allocate available resources to meet their most pressing operational requirements. This would include:

- Translation of Agency programming policy into specific strategies and programs for individual countries. This includes establishment of verifiable program objectives, based on the overall resource levels established in item "3" above;
- Establishment of specific funding levels for individual projects and countries for any given fiscal year. These levels are based on progress toward achievement of objectives. If policy issues arise, the policy bureau clears;
- Reallocation of available funds throughout the operational year as requirements change. If policy issues arise, the policy bureau clears;
- Monitoring of pipelines and mortgages in individual projects and countries and deobligation as appropriate;
- Preparation of country and project data for submissions to State, OMB, and Congress. Support of the policy bureau as necessary in these submissions;
- Allocation of FTE ceilings to individual field missions based on program requirements and country conditions;
- Allocation of Operating Expenses levels to individual field missions based on program requirements and country conditions;
- Decisions on a broad range of operational management options ranging from staff training to procurement of ADP software to telecommunications controls in a "manage to budget" system; and

- Management of information systems necessary for the above.

Budget Execution

Responsibility for budget execution should be lodged with the Chief Financial Officer, as envisioned in the new legislation and OMB's directives. This will help assure tight financial control over Agency resources. It will also help integrate the CFO more directly into Agency operations and policy formulation. This function should be located outside FM to preserve FM focus on accounting--perhaps as a staff to the CFO. The responsible organization would perform all of the operational budgeting related to administration and management for the Agency, based on policy guidance and participation of the operating bureaus in the "manage to budget" system as noted above. Budget Execution would include:

- Control of funds by establishing Agency apportionment and budget allowance systems;
- Preparation of all apportionment requests to OMB and clearance of all budget allowances issued by operating bureaus;
- Preparation of President's Budget schedules;
- Maintenance of the Operational Year Budget and monitoring progress on obligations throughout the year; and
- Preparation of Operating Expense budget estimates for all Washington management and administration Bureaus and Offices. As required by the CFO legislation, this would include decisions on all aspects of the budget related to financial management, whether in the field or in the operating bureaus, including decisions on personnel.

APPENDIX C - PROCUREMENT RECOMMENDATIONS

Procurement Sub-Group's Top Ten Recommendations

1. Increase FTEs:

A. Procurement Operations: from 111 to 140. This will improve its ability to:

- work with project officers early on;
- help them formulate projects that make contracting sense;
- help them thus to prepare good scopes of work; and
- respond to quick turnaround needs.

B. Procurement Policy: from 15 to 23. This will improve its ability to:

- undertake more frequent mission and A.I.D./W assessments of contract quality -- now on eight year cycle;
- keep handbooks current and revise project officers guidebooks;
- provide policy guidance and advice to mission contracts officers;
- Revise, update, monitor Agency courses on procurement, project implementation, etc.
- Meet contractors and prospective contractors; maintain dialogue with these entities.

2. Continue and increase Agency training of contracts officers and project officers: project implementation, contracting for non-procurement personnel, how to write scope of work, etc. Initial courses, refreshers, workshops.

3. Improve implementation planning for projects: require draft

scopes of work in authorization documents

-- i.e., require project designers to follow through immediately to scopes of work.

4. Look carefully at the Eastern Europe contracting procedures; consider refining and replicating elsewhere.
5. If FTEs increased as first recommended, make sure procurement staff is more available to participate in project and program design.
6. Streamline the authorization process -- look at the Eastern Europe project design procedures, consider refining and replicating.
7. Update the Project Officer's Guidebooks on A.I.D. direct and host country contracting.
8. Establish closer monitoring of procurement action steps -- from implementation planning to contract award. This will:
 - identify bottlenecks;
 - encourage people not to be bottlenecks.
9. Meet periodically with contracting community to discuss A.I.D. contracting procedures and requirements (World Bank model).
10. Give prospective contractors better information on upcoming procurement:
 - new computerized procurement information system
 - pre-solicitation meetings with prospective bidders/offerors.

IRAF

MEMORANDUM

DATE: April 2, 1991
TO: DAA/APRE - Bob Friedline
FROM: MS/IRM - Linda Lion and MS/DMS - Ann Dotherow
SUBJECT: Administrative/Logistics Subcommittee: Proposed Organizational Structure of New Office of Overseas Management Support in Operations Cone

The attached chart is a rough cut of a proposed organizational structure for the new Office of Overseas Management Support (OMS) which we recommend be housed in the operations cone reporting directly to the Associate Administrator for Operations.

The travel and mail functions currently in MS/AS do involve contractor resources, but we have not included an estimate of these in the attached. These are the only two areas where contractor resources would be utilized.

The total 85 FTEs for the Office is a very rough estimate. We arrived at this number as follows:

- For each of the 4 Geographic Divisions under Personnel Services, we are showing approximately one-half of the existing FTE resources in each of the Regional Bureau EMSs, assuming that the workload in these offices is roughly equally divided between domestic and overseas support operations.
- For the Travel and Transportation Division, we are showing all of the FTEs currently devoted to these functions in MS/AS.
- For the Communications and Records Division, we are showing approximately one-half of the FTE resources currently devoted to the mail function in MS/AS and about one-half of the FTE resources (and none of the contractor resources) currently devoted to the records management function in MS/AS.

- For the Property Management and Purchasing Division, we are showing 6 of the 9 FTEs currently in MD/OMS and 1 FTE from MS/AS for the administrative purchasing function for a total of 7 FTEs for this Division.
- For the Policy and Planning Division, we are showing the 3 remaining FTEs currently in MS/OMS, 1 FTE from MS/PPE for PSC policy issues, and 2 "new" FTEs for a total of 6 FTEs for this Division.
- For the Resources Management Division, we are showing 1 FTE from PPC/PB for the FAAS budget analysis function and 5 "new" FTEs for a total of 6 FTE's for this Division.
- Finally, we are showing one SFS Director and 3 SFS Deputy Directors, each with their own secretary, for a total front office staff of 3 "new" FTEs.

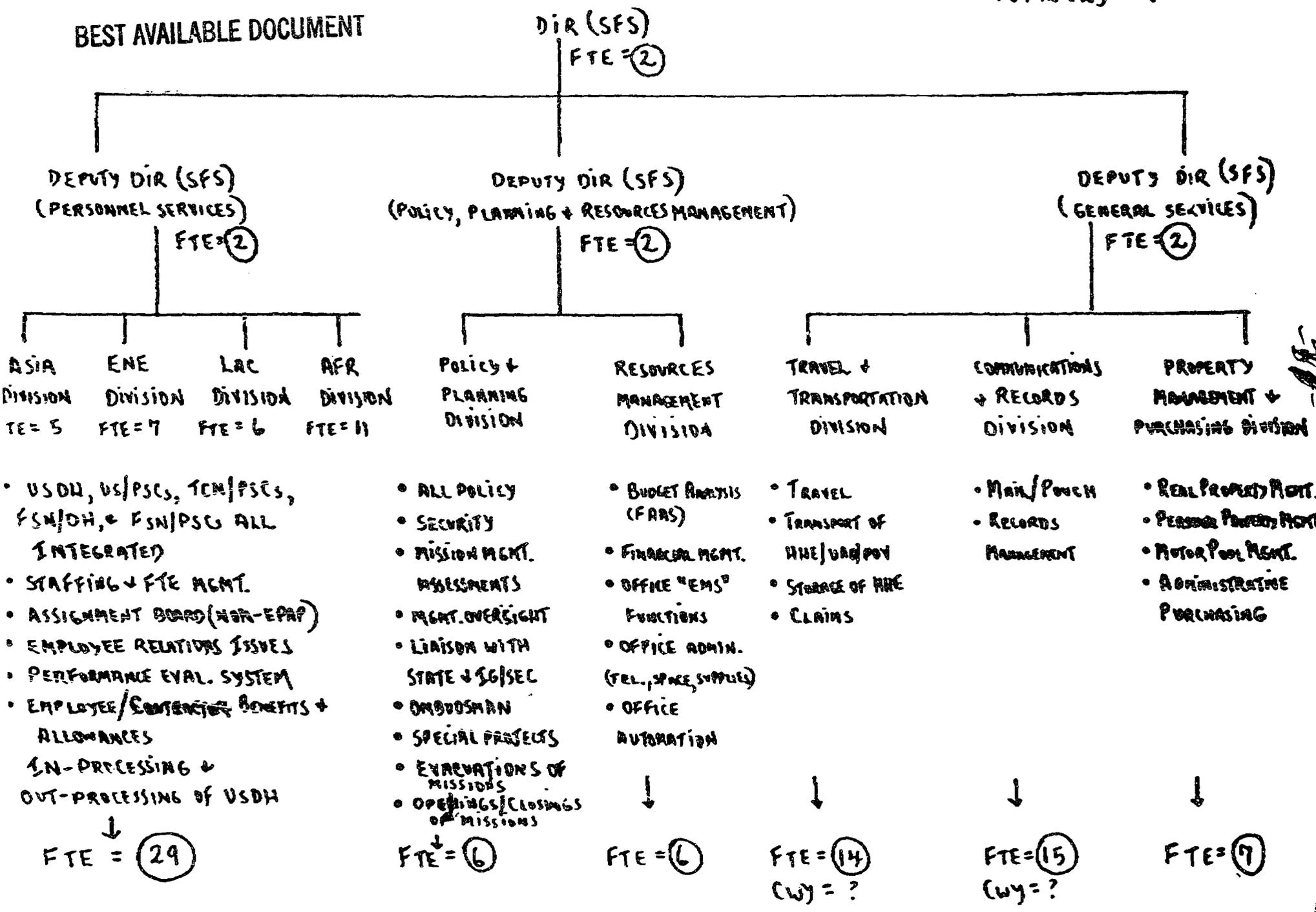
In summary, our very preliminary FTE estimates reflect the consolidation of 70 existing FTEs and 15 "new" FTEs for a total office FTE level of 85.

Attachment: a/s

OFFICE OF OVERSEAS MANAGEMENT SUPPORT (OMS)

TOTAL FTE = 85
TOTAL CWY = ?

BEST AVAILABLE DOCUMENT



- USOH, US/PSCs, TCM/PSCs, FSN/OH, & FSN/PSG ALL INTEGRATED
 - STAFFING & FTE MGMT.
 - ASSIGNMENT BOARD (NOR-EPAP)
 - EMPLOYEE RELATIONS ISSUES
 - PERFORMANCE EVAL. SYSTEM
 - EMPLOYEE/CONTINGENT BENEFITS & ALLOWANCES
 - IN-PROCESSING & OUT-PROCESSING OF USDH
- FTE = 29

- ALL POLICY
 - SECURITY
 - MISSION MGMT. ASSESSMENTS
 - MGMT. OVERSIGHT
 - LIAISON WITH STATE & SG/SEC
 - OMBUDSMAN
 - SPECIAL PROJECTS
 - EVALUATIONS OF MISSIONS
 - OPENINGS/CLOSINGS OF MISSIONS
- FTE = 6

- BUDGET ANALYSIS (FABS)
 - FINANCIAL MGMT.
 - OFFICE "EMS" FUNCTIONS
 - OFFICE ADMIN. (TEL., SPACE, SUPPLIES)
 - OFFICE AUTOMATION
- FTE = 6

- TRAVEL
 - TRANSPORT OF HWE/JAR/POV
 - STORAGE OF HWE
 - CLAIMS
- FTE = 14
CWY = ?

- MAIL/POUCH
 - RECORDS MANAGEMENT
- FTE = 15
CWY = ?

- REAL PROPERTY MGMT.
 - PERSONNEL MGMT.
 - MOTOR POOL MGMT.
 - ADMINISTRATIVE PURCHASING
- FTE = 7

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OPERATIONS GROUP

DRAFT REPORT

10 APRIL 1991

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I. ORGANIZATION

- The main function of the Operations Directorate is to facilitate efficient and effective execution of the Agency's strategies and programs in AID/W and the field.

- Regional Bureaus and their field missions remain the loci for Agency program formulation, justification, design, and execution.

- OFDA and the three proposed Central bureaus in Operations are structured to support the bureaus with specialized expertise/activities and to facilitate field program implementation.

II. BASIC CHANGES

Included in this Operations Directorate proposal are:

- A new EUR bureau is established, in addition to the existing four geographic bureaus, and the reassignment of some countries between Near East and Asia (e.g. Pakistan, Philippines, Afghanistan and Cambodia).

- The former Private Enterprise portion of the APRE Bureau will become a separate unit; its activities will be expanded by the inclusion of Capital Projects and Cooperatives Program Support, and possibly the new Guaranty Authority program.

- The S&T bureau is modified by contributing some staff to the new central Policy Group and by dividing the remainder internally along research and technical services lines. In this capacity it becomes the new Technical Services Bureau and will provide improved support to regional bureaus and field mission programs.

- The FVA bureau remains essentially the same except that: a) the FFP geographic offices are spun off to the regional bureaus with responsibility for program design and budgeting, b) PVC cooperatives has been moved to the PRE bureau, c) the PPM Program Office is disbanded with its functions to be absorbed by FFP and the Policy Directorate, d) the former MS/OP/TRANS unit moves to FFP to more closely unite its functions with its client, and e) a Democratic Initiatives unit is included in this new FVDA bureau to give the Agency a focal point for these activities. ASHA continues as at present.

- OFDA, is expanded to add disaster mitigation activities within its scope. It becomes a separate bureau within the Operations Directorate instead of reporting directly to the Administrator.

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To support the ADA for Operations, a small Finance and Analysis Staff is created to provide budget formulation services and to manage Operational year budget changes and allotments. A Personnel Staff is also provided to the ADA/Operations consisting of some former bureau EMS staffs and HRDM personnel.

III. CROSSCUTTING ISSUES

A. Budget

We believe that Policy should be responsible for overall budget formulation based on submissions from the Operations Directorate which, in turn, are based on the field's ABS submissions to their regional bureaus.

Although we appreciate the allegation of the Policy Committee that "budget making is policy making", the Operations working group is convinced that Policy's role regarding the allocation of resources should remain at the macro level (country levels and basic functional proportions) and not concern itself with intra-country or project level allocations and changes during the operational year --- unless there is a policy matter (e.g. changing earmarks) involved.

Further, our committee believes that Operational year budget execution/tracking belongs in the Office of Financial Management where responsibility for this information system and funds control/allotments lies. This would be consistent with the CFO Act.

Implementation of the OE budget should likewise be managed by FM, and we are proposing the return of regional bureau controller staff to central FM to support these recommendations.

B. Technical Personnel

We have reviewed the use and location of technical staffs in the regional and central bureaus. The committee noted that LAC and ENE have significantly larger technical staffs than are in PRE and the revised AFR technical office. We are recommending the transfer of approximately half of ENE's technical staff to the new EUR bureau. We also recommend that technical staff being released by the AFR reorganization be placed in the new Technical Services Bureau, along with any other technical staffs that might be available as a result of staff realignments (to improve upon the imbalance that exists in S&T between its FS and GS/other categories of employees).

Those technical staff transferred to the TSB will help reinforce its new focus on meeting regional bureau and field mission needs for technical services and on supporting their activities. Because the regional bureaus have expressed concerns about the orientation and availability of technical

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personnel in the current S&T environment (as well as the relevance of its research agenda), we are proposing that the regional Bureaus approve the priorities and allocation of TSB budget resources and its program of research activities. In addition, we believe the placement of regional bureau technical personnel in the TSB will help address its GS/FS staffing imbalance and open up opportunities for some of S&T's GS staff to work in the regional bureaus and other parts of AID/W.

C. Personnel Administration

The Committee was impressed with Tony Cauterucci's general plan for improving and managing direct hire personnel in A.I.D. However, the longer timescale of HRDM's reform plan and the skills required to restructure the personnel system lead us to believe that Tony and his staff will need help in two ways in order to be successful in pursuing their objectives:

- PM's current workload and scope of responsibilities are significantly in excess of its staff and supervisory capacities and, as noted below, we propose to lighten this burden in the short run (two - three years) by transferring some personnel functions to the new Personnel Management Staff in the new Operations Directorate, and

- there are significant administrative and communications inefficiencies between PM and the regional and central EMS offices. By introducing a higher level Personnel Management Unit in the Operations Directorate, much of the game-playing and work associated with, e.g., personnel assignments, the Staffing Pattern, and position classification, that has existed between bureau EMSs and central personnel will, in the short run, be assumed by the Operations Unit.

It is envisioned that for a several year period the Operations Directorate will reform and streamline these activities. Assuming that HRDM's plan succeeds in establishing effective personnel development and total workforce management, it may be appropriate for Operations to return these responsibilities to the central HRDM office.

D. Changing S&T

There were numerous concerns expressed about the orientation of S&T's programs and staff. We recognize that S&T is performing a number of valuable functions for the Agency, e.g. research activities, buy-ins for field Missions, technical outreach, but it was concluded that these central services would be more beneficial to the Agency if they could be focused more directly to support field programs.

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As a consequence, our committee is proposing the internal restructuring of S&T to separate, where appropriate, research and technical support functions. This would be reinforced by the movement of some technical staffs from the regional bureaus and PPC into the new Technical Services Bureau as noted in B above.

In addition, our committee has recommended the transfer of some S&T staff to the new Policy Directorate, since S&T will no longer be leading policy development. The primary responsibility of S&T's remaining staff will be to support the regional bureaus in program formulation, design and implementation activities. In addition, we would expect the sector councils and technical expertise in S&T to remain actively involved with their counterparts in the regional bureaus and the central policy staff in the formulation of overall Agency policy and in the setting of objectives and viable strategies to achieve these objectives.

E. Field Management Support

We understand the Management Committee is proposing to transfer a number of overseas management support functions to the Operations Directorate, e.g. travel, shipment of personal effects, overseas purchasing. The transfer of these functions, they estimate, will require 35 - 85 FTEs.

The Operations Committee does not believe there is a significant problem or inefficiency with these functions as presently managed. In addition, these functions require close coordination and communication with other elements of the current MS bureau, especially with MS/IRM in the overseas environment and with certain State Department offices. Since these are management support functions, moving them to the Operations group does not present any obvious efficiencies or level of focus that would offset the burdens they would face by being further separated from the above MS and State units. Housing them with the Operation Staff in Main State seems highly unlikely and leaving them in their current Rosslyn offices would assuredly present communications problems between this group and the small headquarters staff of the Operations Directorate.

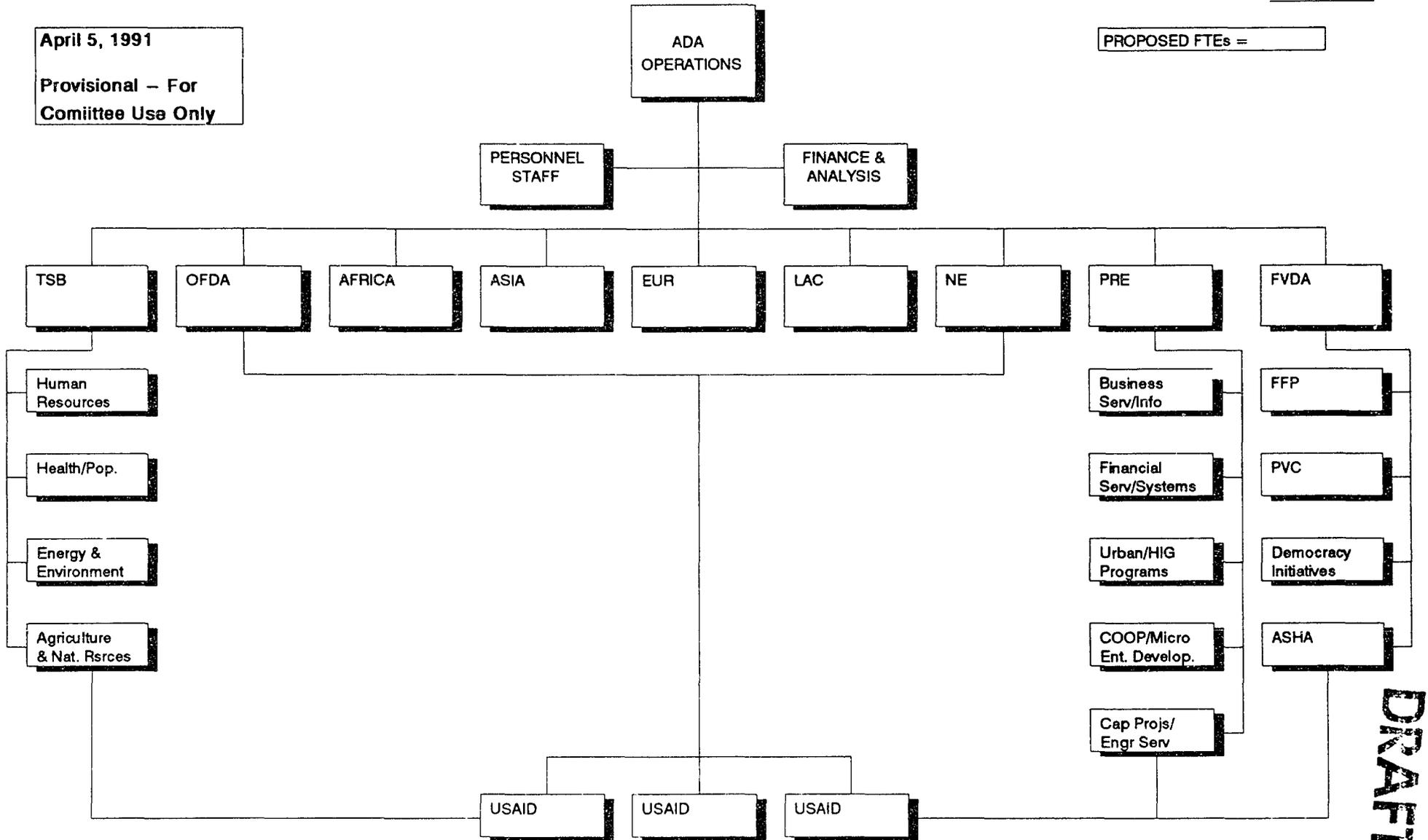
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PROPOSED OPERATIONS GROUP

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PROPOSED FTEs =



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DESCRIPTION OF THE PROPOSED OPERATIONS GROUP

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The primary function of the Operations Group is to facilitate efficient and effective execution of the Agency's strategies and programs in A.I.D./W and the field. Regional Bureaus and their field missions remain the loci for Agency program formulation, design, and execution.

OFDA and the three proposed Central Bureaus in Operations are structured to support the bureaus with specialized expertise/activities and to facilitate field program implementation.

Office of the Associate Deputy Administrator for Operations

The Associate Deputy Administrator for Operations is the focal point for all activities, in the field and in A.I.D./W, dealing with the execution of programs and projects. The principal vehicle for delivering assistance to the field is through the regional bureaus. Operations also delivers assistance directly and through field missions via central bureaus/units, such as OFDA, FFP, and ASHA. The field missions report to the ADA/OPS through the Regional Bureau Assistant Administrators. Decisions regarding competing requirements for personnel and financial resources are made at this level, subject to policy guidance and financial controls. The ADA/OPS reports to the Deputy Administrator.

The Office of the Associate Deputy Administrator for Operations (ADA/OPS) is served by two small staff units:

- An Office of Personnel Management (PM); and
- A Finance and Analysis Staff (FAS).

Function of the Unit

Office of Personnel Management (PM)

This unit acts as the consolidated EMS office for the OPS Group, especially including Regional Bureau, A.I.D./W, and field personnel.

- Reviews and approves all personnel actions, staffing patterns and personnel recruitment requirements presented to it by the regional bureaus, and establishes such assignment patterns for the AID/W OPS Group offices;
- For the ADA/OPS, assures that Bureaus and Missions are appropriately staffed to carry out the desired program portfolio;
- Represents all Operations Group personnel needs and requirements on Agency-wide assignment panels;
- Coordinates all Agency awards and incentive programs within the Group;
- Assigns/reassigns AID/W office space and represents the

Group in competition with other Groups for such available resources;

- Maintains all necessary administrative controls (FTEs, SPARS, etc) within the Group;
- Assures that EEO minority staffing goals are met, if not exceeded, within the Group;
- With the Office of Personnel in the Management Group, assures that appropriate policies and programs affecting Foreign Direct Hire staffs are equitable, current and reflect field management desires;
- Maintains and tracks use of the OE budget during the Operational Year; formulates the consolidated Operations Directorate OE request for the Planning Year based on submissions from the Regional Bureaus; and
- Advises and assists the ADA/OPS on all management and personnel decisions he/she must make. As the Senior Executive Management Unit within the Operations Group, advises and guides AID/W and field management staffs in the Group in the execution of their responsibilities, and is the principal conduit to represent their views and concerns to Agency managers outside of the Operations Group.

Finance and Analysis Staff (FAS)

This unit acts as the Program Office for the Operations Group. To a large extent it oversees responsibilities held by the regional bureaus and the central bureaus' DPs, but does not necessarily clear their actions. It can settle competition for resources. It is responsible for seeing that the Administrator's agenda and priorities are adhered to and supported in the planning and execution of programs and policies in the field. It strengthens the link between Policy as issued and developed by the Policy Group, and Programs, as designed, justified and executed within the Operations Group. It assures that Agency targets for obligations, strategic concerns, and various legislative earmarks and minima are met. Its prime sources of information and analyses are the regional bureaus and A.I.D.'s central financial information system. In this manner the ADA/OPS depends upon the constituent OPS Bureau units for candid, current and useful program and management analyses. The ADA/OPS has the authority to request special studies, evaluations and analyses from units within the Regional Bureaus.

Specifically, for the Operational Year, it MAY and as necessary:

- Review on a selective basis new CDSSs, Action Plans and strategic policy analyses prepared by the field or Regional Bureaus.
- Review and approve resource reprogramming requests between countries, between Bureaus or within a Bureau when such action would increase a country or project level beyond that stated in the CP. Consider resource reallocation from a broader perspective than that of a single Regional or Central Bureau.
- Set Bureau/country program levels as required by changes in the Agency budget after an appropriation is voted; makes further adjustments as evolving requirements during the year progress. Recommends how the OFDA borrowing authority should be executed.
- Coordinate Bureau responses to IG and GAO draft audits and reports. Assure that recommendations and findings in published reports are complied with.
- With assistance from CDIE, direct the Group's evaluation program. Sets the agenda for country specific, regional and cross-cutting studies, analyses and evaluations. Represents the Group's interests with CDIE and supports their activities.
- Monitor and adjust program emphases in accord with available resources and changing priorities due to, e.g. unanticipated emergencies; assure that the Agency's priorities are being supported on a worldwide basis.
- Motivate field and Washington planners and programmers to assure that all resources are considered in the design of country programs and otherwise works to assure that programs and policies represent optimal integration of resources, regardless of origin (i.e. ESF, DA, DFA, FFP).
- Review and approve all bureau and field vulnerability assessments.

For the Planning Year:

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Office the Associate Deputy Administrator

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- Chairs the OPS budget review for assembly of the consolidated budget request for the Planning Year.
- Chairs ad hoc reviews, analyses and evaluations of program and other operational issues.
- Coordinates preparation of Operations materials for the CP, including establishing of all program resource and staff levels.
- Monitors the pace of resource obligation and commitment by the Bureaus.
- Assures that plans reflect Agency priorities and objectives.

Location

The Office of the Associate Deputy Administrator for Operations reports to A/A.I.D.

Staffing

To be determined

Interaction with the Rest the Agency

This unit will interact with organizations throughout the Agency.

Differences From the Past

Regional Bureau Construct

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The Regional Bureaus retain full management control of the country CDSS and sector assessment processes, overall program management, and new project design. Project approval for all activities carried out in the field, regardless of how financed, will be approved by the Regional Bureaus, as delegated.

Functions of the Unit

- The Regional Bureau is the central coordination point in A.I.D. with the field. The Regional Bureau initiates or approves new projects or programs and, as appropriate, delegates authority to the field to approve projects or programs as well. The Regional Bureau is accountable for the quality of management of the existing portfolio, and for its ultimate success.
- Regional Bureaus will be headed by an Assistant Administrator (AA) who is responsible for the conduct of all programs and policies (including those carried out by central bureaus such as PVC, FFP and S&T) in the region.
- The AA reports to the ADA for Operations and is the principal liaison with the State Department geographic bureaus. The AA speaks for the Bureau on budget application, strategic and personnel matters. The AA represents the bureau to the public at large and to the Congress, in coordination with the ADA for Operations.
- The Bureaus will have Country Desks as appropriate.
- Present EMS offices will be consolidated at the ADA/OPS level. Residual Regional Bureau responsibilities shall include:
 - Administrative support to bureau AID/W staff on e.g. OE budget, travel orders, routine personnel actions;
 - Coordination with field Mission's administrative officers on such personnel activities as position management (staffing patterns), awards programs, etc.
 - Liaison with ADA/OPS on allocation of FTEs, approval of staffing patterns, etc.

- Advises OPS Personnel Management Staff on personnel requirements and desires. (Bureau EMS staff no longer will vote in the assignment process. This function will be handled by the OPS Personnel Management Staff representative. Bureau EMS offices may act in an advisory capacity to the OPS personnel unit).

Development Program (DP) offices

In the Regional Bureaus, DP offices will have the following functional responsibilities:

For the Operational Year:

- Formulate implementation strategies for the geographic region and set obligation schedules/targets;
- Issue geographic-specific program and project guidance;
- Monitor, analyze and react to program implementation activities in the field;
- Set country/regional program levels within the region as required by changes in the Agency budget after an appropriation is voted; make further adjustments as evolving requirements during the year progress;
- Review and approve resource reprogramming requests between countries in the bureau; seek approval for such actions from the CPS Finance and Analysis Staff under special circumstances (e.g. a sudden program termination) and keep OPS and Policy senior staff aware of budget or implementation issues which may affect compliance with earmarks or other legislative mandates;
- Act as staff to the Regional Bureau AA (and as requested to the ADA/OPS); prepare responses on Congressional testimony, public relations, program execution responsibilities; and
- Participate with the Operations Group Finance and Analysis Staff in decisions on cross-cutting budget matters, and in allocation and reallocation decisions.

For the Planning Year:

- Prepare the consolidated Bureau budget request based of field submissions (ABSS) and submit it to the OPS Finance and Analysis Staff and represent the bureau in the consolidated reviews at the ADA level;
- With Bureau DR/TR staffs, as appropriate, conduct/coordinate bureau and field strategy document design and AID/W reviews (CDSS, Action Plans, etc); and
- Represent bureau at all Operations Group reviews dealing with resource allocation including DA, ESF, DFA and FFP.

Economic Analysis Units

These units would remain in the DPs or analytic offices; they would, inter alia:

- Conduct economic analyses of Mission programs and proposals; liaise with MDBs on country/program and regional issues (e.g. economic integration, duty free zones, tax treaties, etc.)

Regional Bureau Controller

These functions are discontinued in the proposed structure.

- At bureau option, OE controls would be maintained within the bureau either by the personnel office or by the DP unit.
- Fiscal allocations; The operational precept is that reprogramming and allocations will be accomplished by interaction between the regional bureaus in the Operations Group and the central Budget Office in the Policy Group with a largely informational role for the Operations Finance and Analysis unit. The ADA/OPS and the Finance and Analysis unit may, when necessary, initiate reallocation actions using bureau as staff. In general:
 - For approved programs during the operational year, allowances would flow from FM to the Missions, with information to the OPS Finance and Analysis Staff and clearance by the DP unit.

- Reprogramming of Operational Year funds within the same Regional Bureau, between projects, regardless of whether within the same country or not, will require OPS Finance and Analysis staff notice.
- Reprogramming of Operational Year funds between countries in the same bureau but within CP levels, will require Finance and Analysis notice.
- The CN/TN process will be coordinated by the Finance and Analysis Staff but will be the responsibility of the Regional Bureau Dps.
- All Deobligation/Reobligation actions will be approved by the Finance and Analysis Staff, initiated by either that office or the bureau Dps, and will require central Finance and Analysis staff approval.
- Operational Year budget changes which exceed an approved CP country level will require central Finance and Analysis staff approval.
- Monitoring of compliance with earmarks or other mandates, whether country specific, activity specific (e.g. child survival, microenterprise), or tied to funding type (e.g. Farm Bill food aid tonnage and processed/bagged minimas) and the effect of programming changes on these mandates, shall be shared among the Regional Bureau DPs and the Finance and Analysis Staff.
- In cases of requirements arising outside of their specific region, Regional Bureaus will be expected to cooperate with the OPS Budget Staff to identify resources which could be made available outside of the bureau's countries of responsibility.

Regional Bureau TR/DR offices

These units will be responsible for supporting all activities in the region. They may be somewhat reduced in size in some of the Regional Bureaus, reflecting the partial consolidation of technical officers within the new Technical Services bureau of the Operations Directorate. Regional Bureaus will be insured access to the consolidated technical resources:

- Technical personnel for each of a Regional Bureau's major program areas would remain as necessary to assure effective day-to-day coordination of the provision of technical knowledge (whether for project review, design or evaluation) from Bureaus' own resources or direct hire, contract or PASAs housed in the Technical Services Bureau or from elsewhere via the Technical Services Bureau.

Private Sector Offices

Those offices located within the regional bureaus, in contrast to the Private Sector Bureau in Operations, will be responsible for supporting the conduct of private enterprise programs in the field. The central Private Enterprise Bureau within Ops will be responsible for overall sector strategy and technical leadership; it may manage a limited number of worldwide or centralized special service "buy-in" contracts as well.

Democratic Initiatives Offices

Democratic Initiatives offices would be responsible for supporting the conduct of democratic initiatives programs in the field. The central office in the FVDA Bureau of the Operations Group would be responsible for overall strategy and would manage a limited number of centralized special "buy-ins."

Location

The AA of the individual Bureaus report to AA/Operations.

Staffing

To be determined.

Interaction with the Rest the Agency

The Bureaus will interact with organizations throughout the Agency.

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Regional Bureau Construct

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Differences From the Past

Private Enterprise Bureau

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The Private Enterprise Bureau is responsible for the overall outreach to and support for the United States private sector. It is the major locus of specialized technical assistance in the design and analysis of proposed overseas programs in support of the private sector. It also includes the housing and urban affairs unit, the new capital projects initiative, and the financial services/guaranty program.

Basic Assumption: PRE's role is not fully articulated within A.I.D. At present, PRE does not have sufficient staff or the authority to significantly add to A.I.D.'s Private sector knowledge, attitudes or practices. Consequently, PRE requires reorganization and continuing development.

The present situation of competition and unclear mandates among the regional bureaus and PRE is not conducive to efficient resource management. PRE should be a smaller, more focused unit which develops and translates "cutting edge" PRE areas and activities, does not compete with regional bureaus in the provision of services, is the initial and principle contact point in A.I.D. with the domestic and international private sector, and A.I.D.'s representative with other federal agencies in the establishment of clear demarcation of responsibilities and authorities.

In this fashion, PRE will have a leadership role in private sector/trade policy making, shared with the Policy Directorate and with the Regional Bureaus. The Regional Bureaus will increasingly be the project designers, financiers and implementors of Private sector activities. The USAIDs will be A.I.D.'s points of contact in the field with foreign private sectors and with U.S. investors. The Regional Bureau Private sector offices will be the Washington representatives for execution of field private sector initiatives and programs. Except perhaps for the EUR Bureau, they will not finance regional service contracts or programs, which will be the responsibility of PRE, e.g. the IESC buy-in programs.

Under this mandate, PRE exists as a service Bureau to the Regional Bureaus and as a point of focus for A.I.D. private sector/trade/capital markets project initiatives. If in the view of the new Private Sector Development Council, these services are not being performed in a facilitative fashion, the Bureau should be disestablished. Further, a sunset provision will be instituted to formally review after three years the structure,

functions and continued need for a separate PRE bureau.

Functions of the Unit

- In consultation with Policy/Donor Coordination acts as central point of contact and coordinator for A.I.D.'s private sector programs with regard to a) multilateral financial institutions (e.g. IBRD, European Bank for Reconstruction and Development, IFC), b) USG financial agencies and units (e.g. Ex-Im, TDP, Commerce, TEA and other USDA programs), with c) State and Municipal international investment offices, and d) promoting U.S. trade.
- Heads an A.I.D. Private Sector Development Council, with regional bureaus and the Policy Group. On a continuous basis, this unit assesses the Agency's overall strategy and budgets and PRE and Bureau programs to eliminate duplication; it would recommend programs and budget improvements and have the authority to discontinue programs of minimal utility within PRE.
- Manages central buy-in contracts for Financial Markets, privatization, and for IESC.
- HIG and Urban program unit continues with more emphasis on the role of urban centers in socio-economic development.
- Manages the Capital Projects Initiative and guarantee authorities, if approved.
- Cooperatives program support moves from FVA/PVC.

Location

PRE reports to AA/Operations.

Staffing

To be determined.

Interaction with the Rest the Agency

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Acts as central point of contact and coordinator for A.I.D.'s private sector programs with regard to a) multilateral financial institutions (e.g. IBRD, European Bank for Reconstruction and Development, IFC), b) USG financial agencies and units (e.g. Ex-Im, TDP, Commerce, TEA and other USDA programs), with c) State and Municipal international investment offices, and d) establishing the expansion of U.S. trade.

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Bureau of Food, Voluntary Assistance and Democratic Activities (FVDA)

The new FVDA bureau is responsible for food aid, private and voluntary agency support, democratic initiative program central activities, and the American Schools and Hospitals Abroad program. The major changes between this office and the predecessor FVA Bureau are:

- Food For Peace delegations and responsibilities for program approval will now be concentrated in the regional bureaus. The essence of this change is that the Regional Bureaus take leading responsibility for project design and approval in accord with CP levels. Reflecting this, most of the present regional FFP division staff will be transferred to the regional bureaus. FVDA/FFP will still directly manage WFP programs and represent A.I.D. Interests regarding WFP/FAO governance and pledging. It will advise and assist the Regional Bureaus and OFDA on matters involving emergency relief, protracted refugee and other special requirements. It monitors compliance with the various tonnage, monetization and other earmarks, and thus will need to concur with program approvals either directly or through the OPS/Finance and analysis staff.

FVDA/FFP will be responsible: for A.I.D./W commodity purchasing, with USDA/Kansas City: with PVOs and the shipping industry for booking of vessels and for cargo preference compliance (the SER/OP/TRANS unit will migrate here); with FODAG/Rome for matters concerning world food program activities; and with State regarding world food program/food and agriculture organization governance (Committee on Food Assistance (CFA)), and satisfaction of third country consultation requirements. Regulations will continue to be issued/revised by FVDA/FFP. FFP will share implementation of the Farm Bill Food Aid Grant Program with FVDA/PVC and the regional bureaus.

- A new Democratic Initiatives coordination and management unit is established to coordinate cross-cutting issues and support buy-ins.
- The present FVA/PPM Program Office is disbanded. Its policy making functions are moved to the policy directorate. Its food aid functions related to issuance and maintenance of regulations and of world food program operations are moved into the food for peace office. OE, personnel backstop and other administrative functions are to be handled in a small

unit attached to the office of the AA/FVDA.

The FVDA Bureau is led by an AA/FVDA whose responsibilities include overseeing central agency activities supporting execution of the food aid program, supporting initiatives and programs strengthening PVO involvement in field execution of food and other programs, and making equitable and effective allocation of grants under the ASHA program. A significant part of the FVDA's responsibilities involve representing A.I.D. to concerned PVO, food aid producer, processor and shipping, ASHA, and democratic initiative constituencies. Many of these also involve important Congressional constituencies as well.

Functions of the Unit

Office of the AA/FVDA

Consists of the AA/FVDA, staff and a small Administrative Support unit analogous to the Regional Bureau residual EMS offices. This unit:

- Provides administrative support for the FVDA personnel;
- Manages the Bureau's OE budget; and
- Acts as the Bureau's program office for implementation of the dollar programming aspects of FFP, ASHA, PVC.

(Alternatively, these functions may be handled by directly by the OPS Finance and Analysis staff.) As a principal spokesperson for A.I.D. programs having domestic outreach (e.g. Biden-Pell, ASHA, FFP, etc.) this office will need skilled media staff access.

Food for Peace (FVDA/FFP)

Most of the former geographic division staff will be situated in the regional bureaus. The remaining staff will have the following roles:

- Supporting implementation of food aid programs;
- Managing the budget as prices, docket availabilities change, as emergencies arise, etc.;
- For keeping PVOs in funds for the payment of ocean freight under Title II; and

- For coordination with FODAG Rome, the bureau's officer responsible for World Food Program coordination.

FFP also organizes a continuing series of seminars and programs designed to improve management of food aid, particularly in the field. The office also is responsible for:

- Keeping the regulations (Handbooks 10 and 11) current; and
- For issuance of periodic special guidance and interpretations.

While by their nature there is a continuing policy element in this allocation process and on the choices regarding how alternative delivery methods may be used and their cost, the operational nature of this process calls for it to remain consolidated in the central food aid office.

As is now the case, all budget/operational data, and shipping and commodity data will continue to receive immediate distribution Agency wide to facilitate broad information on changing requirements, budget requirements and implementation status.

Private and Voluntary Cooperation

This office remains unchanged from its present functions and responsibilities with the one deletion of the Cooperative Development Program (Cooperative Program Support Grants, Cooperative Initiative Grants and the Farmer to Farmer Program (FY - 90 \$7.0 million), which has been transferred to the PRE Bureau).

The Office of American Schools and Hospitals Abroad

This is a unique program of high political profile, is well managed with its current small staff. It should continue unchanged in the FVDA Bureau.

Location

This unit report to ADA/Operations.

Staffing

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Bureau for Food, Voluntary Assistance

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To be determined.

The Operation's Committee was composed as follows:

- Chair: Howard Fry
- Members: Brad Langmaid
Fred Zobrist
Paul White
Leslie Dean
Mark Mathews
Joan Wolfe
Hadiadene Johnson
Steve Tisa
George Hill
Anne Langhaug
- Full-Time: Frank Kenefick
Bob Hechtman

It also was assisted by Ms. Belinda Barrington of GC. Ms Johnson was only able to work for a few days due to illness.

The Committee met frequently to discuss issues and formulate recommendations. It held numerous discussions with individuals and groups from within and beyond A.I.D. to clarify functions and responsibilities and to review the appropriateness of organizational options and proposals. Some of these concepts were discussed with and/or cleared by members of the other two reorganization committees. Issues and recommendations being submitted for consideration by the Integration Team were ultimately decided by the Chairperson.

POLICY GROUP

DRAFT REPORT

10 APRIL 1991

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The Policy Reorganization Committee is recommending a strong policy group, with clear responsibility for leadership in strategic planning, establishing and communicating policy, program monitoring and review, and program evaluation, for the U.S. Agency for International Development.

The recommendation of the Policy Reorganization Committee would produce clear, Agency-wide, policy leadership, and result in:

- Improved resource allocation;
- Policy expertise that reflects technical capacity and field experience;
- Increased "scanning and planning" capabilities;
- Effective communication of policy; and,
- Strong evaluation and monitoring functions.

Guidance from the Administrator and the work of external consultants identified four focal organizational issues:

- "Speaking with one voice";
- Accountability;
- Span of control; and
- Redundancy.

The committee's recommendations for a restructured and strengthened policy group were informed by twenty-three information gathering and discussion sessions focused on these four issues.

The committee recommends a strong policy group as one of three major units in a restructured Agency, each making a critical contribution to A.I.D.'s mission.

The policy group itself would manage:

- Overall program and policy research, analysis, and formulation;
- Strategic and program planning; program coordination and review;
- Resource allocation;

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- Program evaluation;
- Policy communication; and
- Management of the information systems that support these functions.

These functions would be accomplished within five policy organizations, structured so as to group similar functions, avoid duplication and limit the cost of restructuring. The five component organizations of the policy group would be:

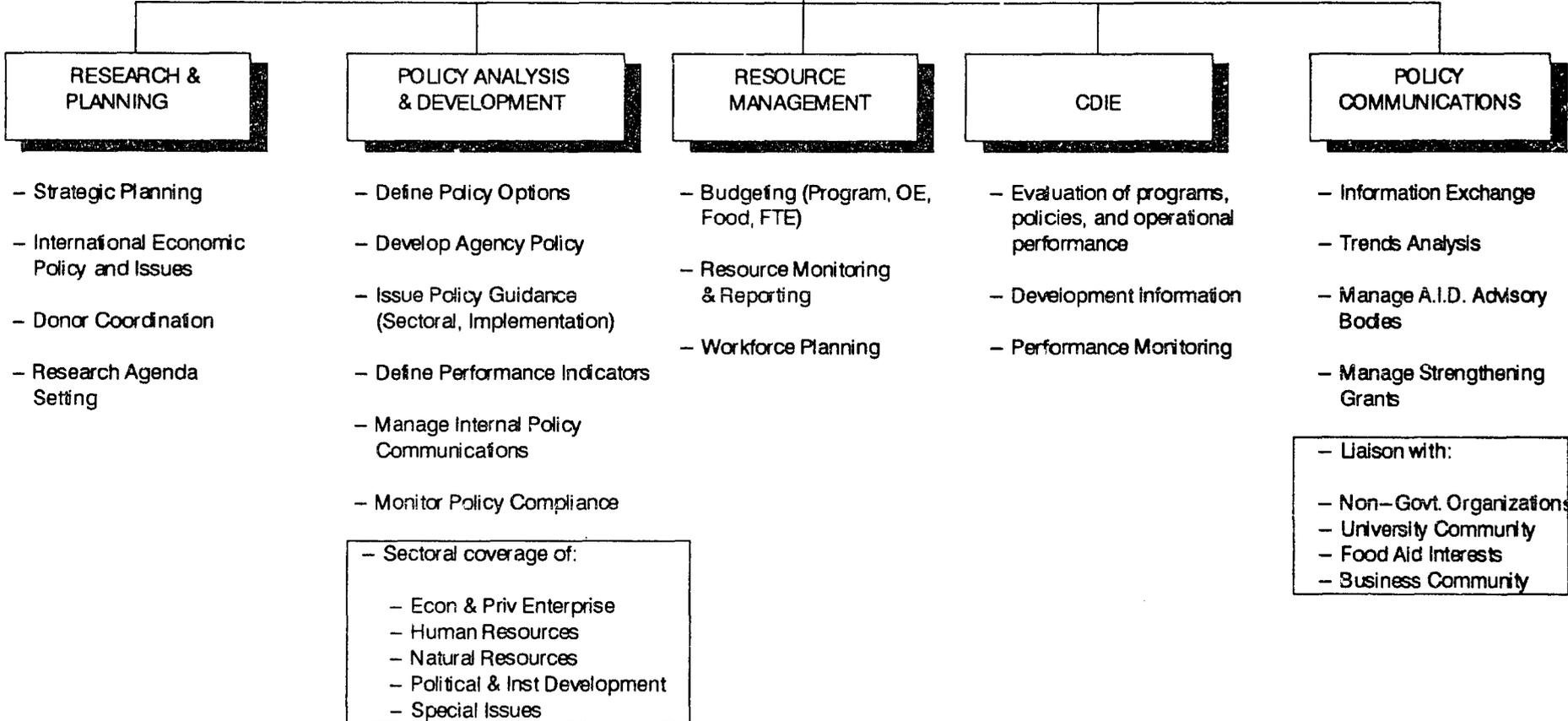
- Planning and Research;
- Policy Analysis and Development;
- Resource Management;
- Development Information and Evaluation; and
- Policy Communication.

PROPOSED POLICY GROUP

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April 5, 1991
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POLICY



NOTE: NUMBERS ARE PROPOSED FTEs: TOTAL FTEs =

Policy Leadership

Given the problem of speaking with one voice in the context of a decentralized operating style, we see the need for a strong policy development and communications unit. In seeking "strength," we depend on several sources of influence and authority:

- Resource allocation responsibility;
- Policy formulation that reflects technical expertise and field experience;
- An increased "scanning and planning" capacity;
- More effective communication of policy; and
- A strong evaluation and monitoring function.

These are reflected in the five major "boxes" within the proposed policy unit.

We recommend that the policy unit exercise primary responsibility and leadership in establishing policy guidance for the Agency, working closely with staffs of the regional bureaus and the successors to the existing "central" bureaus and units.

Starting Points

Based on our initial session with the Administrator, and the work by Deloitte & Touche, we started with five bedrock considerations.

- As emphasized in the Mission Statement, the field missions are A.I.D.'s strong point. Policy formulation should incorporate their experience and wisdom, and support their activities.
- The Agency needs to speak with "one voice." Where policy is concerned, there have been problems with credibility, coherence, and unity.
- Accountability for key management functions needs to be

increased.

- The Administrator's span of control needs to be reduced. Too many people report directly to him, diverting his attention from key policy issues.
- There is redundancy. Too many separate units are engaged in policy formulation.

Description of Our Process

Before further framing and analyzing the problem before us, we embarked on an intensive information-gathering effort, including interviews and reading. (See Appendix for more detail). On the basis of this effort, and extensive discussion and debate, we sought to establish a common definition of policy; a diagnosis of the one-voice problem; and guiding principles and conclusions that underlie our organizational recommendations.

We allotted seventeen afternoons to discussing these issues and presenting and debating alternative organizational structures. The debates were open and frank. This process served to forge a consensus on most of the issues before us, and to isolate the key elements of the few issues on which we have not yet reached closure.

Major Conclusions

Our interviews, reading, and debates led to several overriding conclusions.

- We reached a consensus in favor of three major organizational units (Management, Operations, and Policy) as proposed by Deloitte & Touche.
- It is critical that there be a balance of power among the three units. In particular, the challenge is to bring Policy to a position of rough parity with Operations. Our discussions with the World Bank, as well as general considerations (power resides where decisions about resource allocation are made) suggest that this challenge is very real.
- We believe that the Agency should continue to operate

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through decentralized program implementation. In particular, we explicitly rejected the idea of the policy unit approving (clearing) specific projects as in the past. Although this would represent a major source of power and influence, all agreed that recentralization along these lines would be too cumbersome.

Critical Issues

Our Definition of the Policy Function

Our efforts identified several essential characteristics of policy that have a bearing on the size and shape of a policy unit, and also shed light on the one-voice problem.

- Policy identifies not only which problems we want to address, but also what objectives we want to accomplish, and how we expect to use our resources to achieve these objectives.
- Coherent and credible policy calls for choosing, justifying, and prioritizing the problems to be addressed; carefully analyzing the nature of these problems and establishing meaningful objectives; and providing direction and guidance that is understandable and feasible. (Feasible is not just doable, but doable at costs that bear a favorable relationship to expected benefits; it is not simply throwing money at a problem.)
- This relatively broad view of policy contrasts sharply with a more constrained view of policy as essentially broad direction-setting, with objectives and guidance to be established separately and subsequently. In our view, these should not be separated. Effective policy calls for some hard, very well-informed choices about what we do and what we don't do, and considerable homework and analysis to establish meaningful guidance.
- We also considered and embraced George Schultz' dictum that "Budget is policy making." A detailed understanding and command of agency programs and budgets are key to effective policy-making.
- Policy arguably stops where operational guidance begins. The line of demarkation is not always easily drawn.

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Speaking with One Voice

We attached great importance to examining possible causes or sources of the "one-voice" issue, which revolves around problems of credibility, coherence, and unity. We identified the following as plausible, not mutually exclusive "suspects." Some of these have implications for the organizational structure, while others demand different remedies.

- There has been a decentralization of policy-making. Some feel that this has been the result of decentralization of operations; others have argued that it stems from a policy-making vacuum at the center.
- Processes for setting policy have been ad hoc and not transparent; lines of authority and responsibility have been blurred.
- Somewhat related to this, technical and field input into many of our policy statements has been inadequate. Justification, analysis, and guidance have been weak. Consequently policy statements lack credibility and do not command unified support.
- As budgetary pressures have become intense, disparate groups in A.I.D. have allied with disparate development constituencies, leading to a proliferation of priorities and efforts, and a lack of focus and coherence. Management has consistently avoided the sort of prioritizing that would alienate a constituency, and threaten a budget. The Agency is basically pursuing the central goal of protecting budgets in the near term, to the detriment of effectiveness and availability of resources in the future. Without clear focus and prioritization, the Agency cannot improve either its interim effectiveness or its image in Congress.
- Related to this is a lack of consensus about A.I.D.'s role in development. Within the development community there is arguably a fairly common view of "the development problem," one that is largely shared by A.I.D.'s professional staff. However, there is not a consensus either within A.I.D. or among A.I.D.'s many constituencies concerning A.I.D.'s role in addressing the problem.
- Similarly there is a lack of consensus about A.I.D.'s role

with respect to foreign policy. One view is that A.I.D.'s central mission is development, an important foreign policy concern, and that we adapt our approach to development in one country or another to assure harmony with other U.S. foreign policy goals in that country. An alternative view is that A.I.D. and its resources should serve a variety of foreign policy interests in developing countries, including some that may have little to do with development objectives. This latter view may also be related to "constituency seeking," beyond the development community.

- The span of control problem has diverted the Administrator from devoting more attention to establishing policy.

Policy Staffing

We consider it essential that the policy staff comprise well-trained, technically expert, experienced development professionals. Without such a staff, a policy unit with bureaucratic clout (e.g., flowing from budgetary responsibilities) is likely to be ineffective at best, and counterproductive at worst.

Even with this strong staff, there is a risk in centralizing policy: that it may become insensitive and unresponsive to regional and operational considerations. Therefore, we consider it vital that the Bureaus have enough expertise assigned directly to them to permit active and effective interaction with their counterparts in the policy unit on issues of formulating, implementing, monitoring, and evaluating policies.

Policy as a Collaborative Process

Related to this, we see policy as we've defined it being established through a collegial, collaborative process. We want to avoid establishing a policy unit that is isolated from operations.

Our interviews indicated that A.I.D. professionals readily adopt a task force or working group approach to policy issues. This collaborative style should continue. We see the regional bureaus and other units in Operations as providing a critical reality check and direct link to field experience that must inform policy formulation.

Limiting the Costs of Restructuring

In looking at reorganization of the policy function, we have tried to avoid needless disruption and costs. We have tried to avoid fixing what is not broken. Where feasible we have incorporated existing units and functions. In particular, we see CDIE as little-changed.

The POLICY GROUP is the overall policy unit within A.I.D.. The five "organizations" listed below are the proposed subdivisions of the Policy Group, each of which is comprised of several "units".

Functions

The POLICY GROUP is responsible for the Agency's overall program and policy research, analysis, and formulation; strategic and program planning; program coordination; resource allocation; program evaluation; policy communications; and management of the information systems which support these functions. The POLICY GROUP:

- Provides guidance to the Agency on long-range program planning, economic analysis, sector assistance strategies, and project analysis and design, and provides leadership in the development of A.I.D. policies and procedures for the integrated programming of capital, technical, food, and other assistance;
- Develops and issues Agency-wide policy on the full range of Agency programs, including (but not limited to): food assistance, private sector development, basic research, environmental and natural resources management, human resources development, and democratic initiatives;
- Analyzes and assesses the effectiveness of various forms of assistance and delivery modalities and incorporates these findings into A.I.D. directives;
- Coordinates the formulation and presentation of the Agency's program and budget to the Congress and monitors implementation to assure compliance with policy and general allocation decisions;
- Reviews and monitors country and sectoral strategies and programs to ensure their compliance with A.I.D. policy guidance, their impact, and their cost-effectiveness;
- Provides analysis of national and international economic policies, practices, and developments which influence Agency operations, responsibilities, and the development process generally. This includes international trade and investment, finance and debt, environmental and natural resources issues, and institutional issues;
- Serves as the focal point within A.I.D. for coordination with other U.S. Government agencies on economic policy issues which affect the development process and developing

countries, and serves as secretariat for the Development Coordination Committee;

- Serves as the focal point within A.I.D. for liaison with other bilateral and multilateral donors and develops Agency positions on donor programs and international assistance policies;
- Carries out evaluations of and research on development efforts which can add to improved understanding of the development process generally and improved Agency programs and projects in particular;
- Maintains liaison with external constituencies to inform the strategic planning function, to provide external input into the policy formulation process, and to communicate Agency policy to external groups (including liaison with business groups, NGOs, universities, etc.) and chairs Agency advisory or consultative groups which serve to focus this dialogue; and
- Exercises systems management responsibilities for the policy, planning, and program management systems, both automated and non-automated, and provides A.I.D.'s central statistical services.

Differences From the Past

- A new Research and Planning organization would be established that would include functions now performed in PPC's Offices of Economic Affairs (EA) and Donor Coordination (DC), and two new units -- Strategic Planning and Research Planning. The Strategic Planning unit will provide long-range issue scanning to inform the Agency's policy development process. The Research Planning unit would coordinate the Agency's long-term research planning review. It is proposed that the staff and functions of the Research Advisory Committee (RAC) be transferred to this unit. It might also be desirable to transfer the research agenda setting functions of the Science Advisor's Office to this unit.
- A new Policy Communications organization would be established that would be charged with policy liaison with the Agency's major external constituencies (e.g., business, PVOs, universities, etc.). The function of the organization would be both to be a "listening post" for the Agency and to communicate Agency policy concerns. For this purpose staff would be drawn from XA and from existing liaison units located in several bureaus. This organization would manage the Agency's several advisory or consultative committees that provide a formal link to external constituencies.

- Program review functions currently accomplished by PPC's Office of Policy Development and Program Review (PDPR) would be significantly restructured (broader coverage) and strengthened.
- Operational aspects of the Women in Development (WID) Office would be moved to the operations group. WID's policy functions would remain in the Policy Analysis and Development unit.

Staffing

The Policy Task Force has reviewed staffing requirements for the Policy Group and recommends a preliminary total FTE level of 197, to be drawn from PPC's present FTE ceiling of 174 and the transfer of a limited number of slots from other bureaus (S&T, FVA, XA, PRE, etc.) The Task Force believes that the proposed increase of 23 FTEs above PPC's current level is modest in light of the recommended expansion of policy functions. Whether or not present PPC staffing represents the appropriate mix of skills and experience needed in the new Policy structure requires further analysis.

Interaction with the Rest of the Agency

A strengthened POLICY GROUP would have responsibility for Agency strategic planning, policy development and program monitoring, budget formulation, program evaluation, and policy liaison with external organizations. As such it would make a significant contribution to "speaking with one voice." Throughout this process it is expected to maintain a close working relationship with other bureaus and with field missions.

Issues

- In addition to the structural issues which are the focus of this report, we need to clarify the policy, budget, and program review processes. This will require coordination with the other Task Force Committees.
- We have to find a way to strengthen and focus Agency policy development and implementation in the areas of science and technology, research, private sector, democracy, food and PVO programs.

The proposal to link strategic planning, international economics, donor coordination and long-term research agenda-setting represents a commitment to strengthen A.I.D.'s ability to provide long-term planning and objective setting, issue scanning, and to think actively about the Agency's role within the USG and the donor community. This office will have significant liaison functions (internal and external) but will have no program management functions other than managing fairly short-term research related directly to strategic planning or international economic issues. Distancing the unit from the Agency's day-to-day operations should allow it to focus on broader and longer-term trends and issues. Placing research agenda-setting in this unit is intended to address two perceived problems with the current R&D agenda:

- That it is externally driven; and
- That it has not been well integrated with Agency priorities.

There should be maximum interchange among staff in the office's four sub-units (see below) as issues are identified and examined. Strong links should also be maintained with the other four Policy offices and with Operations and Management.

Functions

General

This organization will analyze the external development and political environment and A.I.D.'s organizational environment to alert Agency senior management to critical emerging issues that should be taken into account in setting the Agency's mission, goals and objectives. To accomplish this it will:

- Set the agenda for long-term research needs (both technical and policy) of the Agency and recommend budget priorities;
- Monitor the international economic environment and provide analysis and recommendations on USG policy on international economic issues (e.g., trade, debt, and capital markets) which impact on A.I.D.'s developmental responsibilities;
- Coordinate A.I.D. relations with other USG agencies on international economic policy;
- Manage A.I.D.'s relationship with the international development and economic institutions (World Bank,

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regional development banks, Development Advisory Committee (DAC), Organization for Economic Cooperation and Development (OECD), International Monetary Fund (IMF), etc.); and

- Maintain liaison with International Financial Institutions (IFIs) and Multilateral Development Banks (MDBs), bilateral donors, United Nations (UN), and regional organizations; contribute to USG policy and positions toward these organizations; and, represent the USG to these organizations.

Strategic Planning Unit

This unit will analyze the policy, technical, economic development, and organizational environment to identify key emerging issues that should be taken into account in establishing Agency goals, objectives, and programs. It will:

- Monitor long-term trends, both internationally and in developing countries, and provide analysis of the implications of these trends for Agency programs; and
- Identify potential problem or "hot" areas for the attention of top management.

Research Planning Unit

This unit will bring together the major units within the Agency which plan and evaluate the long-term research agenda of the Agency, monitor its effectiveness, and maintain liaison with the external scientific community. This would give the unit control over the external advisory functions related to research and peer review processes, and provide the Research Planning unit with the capacity to develop effectively the Agency's R&D budget. In particular, it will:

- Establish the long-term research agenda for the Agency and assure integration of research activities with Agency objectives and programs;
- Review the progress of research activities and evaluate progress toward program goal; and
- Maintain liaison with external research organizations (universities, international centers, USG agencies, etc.) to inform the planning process.

International Economics Unit

This unit will provide the Agency with a center of expertise on international economics issues (and other macro-economic issues) relevant to A.I.D. programs. It will:

- Monitor LDC debt, balance of payments, financing needs, etc. in order to inform A.I.D./USG positions in international fora, and set the broader international context for A.I.D. programs and policies;
- Monitor global trends in trade, investment, economic policy, and structural changes in national economies;
- Provide input into the Agency's long-term development objectives and planning of assistance flows; and
- Provide analysis of Agency input into USG international economic policy positions that impact on development programs and the development environment of developing countries.

Donor Coordination Unit

This unit coordinates Agency program and policy liaison with other development assistance donors (IFIs, UN, bilateral donors, etc.). It will:

- Provide analysis and strategic appraisal of programs of international donors and recommend A.I.D. positions on such programs and related budget reviews; maintain liaison with State Department, Bureau for International Organization (STATE/IO), Treasury, and other affected USG agencies, and negotiate multi-agency positions on issues related to IFI and donor policies, programs, and funding levels;
- Backstop the A.I.D. Representative (A.I.D.REP) to the DAC in Paris, the U.S. Director. of International Fund for Agricultural Development (IFAD), and AIDREP in Tokyo; and
- Provide guidance to the U.S. executive directors of the MDBs on developmental aspects of MDB policies and programs.

Location

This unit would report to the Policy Group.

Differences From the Past

- The proposal to link strategic planning, international economics, long-term research, and donor coordination together represents a commitment to strengthen the Agency's ability to provide long-term planning and objective setting and issue scanning, and to enhance A.I.D.'s role within the USG and the donor community;
- Traditionally, the strategic planning function has been performed by PPC/PDPR and PPC/EA (or their predecessor units). This proposal establishes a small, independent strategic planning unit;
- The International Economics unit is essentially the existing PPC/EA. It is not intended that this should be the sole economics shop in the policy unit (there will also be a strong economics unit in the Policy Development unit more directly focused on the economic issues related to existing programs). The present unit constitutes the existing expertise on international economics and on economic development issues more directly related to the global context in which the Agency program operates; and
- A variety of Agency offices plan and manage long-term research. They also manage a variety of external advisory groups to inform Agency agenda setting and to provide peer review. We propose to bring the Agency's various research planning and advisory functions (although not research management) together in one place.

Interrelation with the Rest of the Agency

The units in the Planning and Research Organization are not directly related to the day-to-day management of the Agency's programs. This distance is intended to permit them to focus on the analysis of long-term options and trends, and to focus on A.I.D.'s external environment. For example, Donor Coordination and International Economics units deal with the international environment within which A.I.D. functions. Research Policy deals with shaping the future options available to the Agency.

All of these units have significant liaison functions (both internal and external). This scanning function enhances their advisory role in policy development, but would not exclude liaison with the research community by other technical units in the Agency in pursuit of their appropriate research functions.

Issues

- Should the strategic planning unit be an independent staff reporting directly to the head of the Policy Group or The Administrator, or can it function better if linked to other strategic activities in a unit such as that proposed here? Should strategic planning operate primarily as a scanning and "think tank" operation that advises and informs, or should it have direct authority to set in motion program and policy changes?
- The Research Policy Unit clearly has strong links to the S&T Bureau (perhaps reconstituted under the Operations Group). Given the fact that the university community will probably prefer a "one stop shop" for its relations with the Agency, how can we assure that the long-term research program is better integrated with the Agency's priorities and vision statement?

This office will have a critical role in strengthening central policy leadership in A.I.D.. It will have principal responsibility within the Agency for the formulation, clear articulation, dissemination, and monitoring of A.I.D. policy, including program, implementation and design policy. The policy process will be participatory and interactive to ensure that the final product reflects all relevant considerations (technical, geographic, economic, political, etc.) and that a sense of ownership has been created. To assure credibility and operational validity, Policy Analysis and Development must not only be technically up-to-date; it must also stay in close touch with the Agency's experience in the field and fully understand A.I.D.'s operational capabilities and limitations. It will accomplish this through continuous interaction with the Operations and Management Groups; by having a sufficient number of FS technical and generalist officers on its staff; and through continuing interaction with other units in the Policy Group (Planning and Research, Development Information and Evaluation, Resource Management, and Development Communications). To assure feasibility (input) and "one voice" (output), this office will have a strong liaison function with LEG, GC, State, NSC, the White House, other USG agencies, etc.

The proposal to establish a Program Office within Policy Analysis and Development is intended to strengthen the management of the policy process. This means assuring, inter alia, that policy options are well defined, are based on sound technical and empirical grounds (meet the test of developmental soundness), coincide with broad Agency objectives, and are feasible. It is this process that will provide senior management with the foundation for informed decision-making and strengthen the quality and integrity of A.I.D.'s policy-making process.

Functions

General

This unit has principal responsibility within A.I.D. for the formulation, articulation, dissemination and monitoring of program policy, including program implementation and design policy. It will:

- Provide the Agency's central source of expertise, information and guidance on economic, social, institutional and political analysis relating to program development;
- Identify for the head of the Policy Group and senior staff major policy and program issues requiring Agency

- attention and suggest options for resolving issues;
- Provide policy analysis and guidance on the full range of Agency programs including, but not limited to, policies in food, private sector development, health and human resource development, agriculture and natural resources, democracy and institutional development, economic policy and structural adjustment, and environment;
 - Manage research related to Agency program directions, general development theory and practice, and new approaches to programming and managing development efforts;
 - Provide Agency program guidance including preparation of regional, sectoral, and mission strategies; program reporting and program review procedures; and project design, review, implementation, and reporting procedures;
 - Provide Agency-wide guidance on operational policy, including procurement, local cost financing, conditionality, non-project assistance, etc;
 - Provide program analysis and review to support the Agency budget process;
 - Participate in Bureau program reviews (e.g., projects, action plans, Country Development Strategy Statement (CDSS), strategy) to assure consistency with policy guidance and program objectives;
 - Work with the Center for Development Information and Evaluation (CDIE) in the development of program performance standards and indicators;
 - Provide analytical coverage across the full range of A.I.D.'s development sectors and activities;
 - Have the right to review country-level planning documents, and the responsibility to review sectoral/Bureau strategy documents. This will include closer review of A.I.D./W-managed programs in food, private enterprise and private voluntary assistance programs; and
 - Review the nearer-term research output of S&T (or successor units).

Program Unit

This staff will manage the process of developing,

articulating, and monitoring Agency policy. It will:

- Manage the policy review process;
- Manage and/or coordinate the dissemination of policy guidance;
- Monitor adherence to Agency policy;
- Review Agency implementation of special concerns (e.g., narcotics, AIDS, WID, microenterprises); and
- Coordinate policy analysis.

Policy Analysis Units

Five sectoral units are proposed, corresponding to the A.I.D. Mission statement:

- Economics and Private Enterprise: This unit will provide analysis on such issues as: general growth issues, structural adjustment, financial markets, trade & investment, housing & urban development, microenterprise, privatization, business services, infrastructure, institutional economics and public choice, micro-economics, and technology transfer;
- Human Resources: This unit will provide analysis on: population, health, nutrition, education and training, labor markets, family, WID, and broad poverty issues;
- Natural Resources: This unit will provide analysis on agriculture, environment, energy, natural resources, and common property management;
- Political & Institutional Development: This unit will provide analysis on democratic initiatives (courts, elections, local governance, associations, etc.), institutional economics (e.g., property rights, intellectual property rights), public choice economics, democracy and development, business management, development administration, program and project management, and regulatory systems;
- Special Issues: This unit will provide analysis on narcotics, human rights, implementation policy, food aid policy, PVO policy, and other transnational or foreign policy issues;
- Each policy unit will have the following functions:
 - Define policy options;

- Develop and issue Agency policy (including sectoral policy);
- Manage program and policy related research;
- Provide guidance on program analysis requirements and techniques, and on program design and management techniques;
- Provide input into the budget allocation process on program priorities, effectiveness, and consistency with Agency guidance;
- Participate in program reviews of regional and central bureaus;
- Develop program performance criteria; and
- Maintain liaison with other donor agencies and external centers/source of technical expertise.

Location

This unit will bring together in one place the Agency's policy research, analysis, policy formulation, and internal policy communication functions. This will require building a capacity in areas currently perceived to be diffused: i.e., private sector and market development, food policy, research policy, and sectoral policy.

Differences From the Past

- There will be analytical coverage across the full range of A.I.D.'s development sectors and activities;
- Although Mission project and CDSS documents will not be routinely reviewed by the Policy Group, this unit will have the authority to review country-level planning and project documents for consistency with Agency guidance or when they appear to raise significant policy issues. The unit will also have the responsibility to review both sector strategy and regional strategy documents;
- Policy guidance will be provided on a wide range of program and implementation issues;
- The unit will have a stronger internal policy communications function;

- There is a new emphasis on managing the policy process more effectively. One benefit will be to strengthen the quality and integrity of A.I.D.'s decision-making process at the senior policy-making level;
- This unit will now have responsibility, working with Development Information and Evaluation, for following up on evaluation findings and recommendations and feeding output into analytical work, policy development, and program guidance; and
- There will be closer program and policy review of program activities currently managed in the Food for Peace Office, the Private Enterprise Bureau, and the Office of Private Voluntary Cooperation.

Issues

- How can programmatic discipline be most effectively maintained? What should be the program review process? Does review require approval authority, clearance, or participation in the review to be effective? Where is the line between effective review and counterproductive micro-management?
- Should significantly more foreign service officers be assigned to this unit? Would assigning FSOs this will help to avoid policy isolation from the field?

Resource Management

Reflecting the premise that budget is policy, this office provides for the continuation of a strong central budget function, which will allocate resources for all accounts: DA, DFA, ESF, SAI, OE, food aid, investment guarantees, etc. It will combine the offices of Planning and Budgeting (PPC/PB) and Support Budget (PPC/SB) and add a long-term workforce planning function. PB's regional coordinators will continue to have the lead role in liaison with regional and central bureaus on preparation of budget documents and proposals, on monitoring implementation and related issues. However, the predominant role played by PB in the program review (as opposed to the budget review) function would be shifted to Policy Analysis and Development. Resource Management will represent A.I.D. on budget matters with OMB, the White House, State, and other USG agencies and manage Agency budget presentations to Congress. Budget guidance will be prepared in consultation with Policy Analysis and Development to ensure that resource allocation planning more closely supports Agency objectives, priorities, and program guidelines.

Functions

General

The organization is responsible for overall direction of budgeting and resource management, which support Agency objectives, priorities, and program guidelines. It will:

- Establish general guidance for resource planning and analysis, programming standards and reporting;
- Provide overall guidance on workforce planning and allocation, issue staffing standards, and allocate FTEs;
- Coordinate liaison with the White House, OMB, the Office of the Deputy Secretary of State, the Office of the Under Secretary of State for Security Assistance, and other executive departments and agencies on budget matters;
- Allocate all budget resources, and manage Agency budget presentations including the Annual Budget Submissions (ABS), Congressional Presentation (CP), and Operating Year Budget (OYB);
- Provide guidance and standards on OE funds and Trust Funds; and

- Manage budget information systems.

Budget Allocation Unit

This unit formulates policy and priorities on resource allocation for all accounts (DA, ESF, SAI, DFA, OE, Investment Guarantees, Food, etc.), and issues guidance on the preparation of budget (or budget related) documents (CP, ABS, OYB, Congressional Notifications (CNS), etc.). It will:

- Manage communication with other government agencies on budget matters;
- Coordinate preparation/submission to Congress, OMB and other agencies of all official requests, reports, analysis, and documentation pertaining to resource allocation within the Agency; and
- Issue and approve budget levels and program composition.

Resource Monitoring Division

The unit will develop and maintain the Agency system for integrating program planning and resource allocation, and monitor Agency operations to ensure their procedures are integrated, consistent and compatible with overall Agency objectives. It will:

- Manage/coordinate the development of program budget data to be used in justification and description of the A.I.D. program; develop Agency-wide guidelines to ensure that the multiple program data systems are reliable and relevant to Agency program requirements;
- Develop, analyze and report Agency-wide budget information for policy planning and program budgeting; prepare special studies and reports for senior management and for external agencies (e.g., DAC, Congress, OMB, etc.); develop and negotiate Agency responses to external audiences related to budget issues;
- Issue budget guidance (program and OE); and
- Monitor earmarks.

Workforce Planning Unit

In consultation with the Strategic Planning Unit and Policy Development Unit, analyzes Agency workforce requirements to achieve program objectives and allocates FTEs accordingly. It will:

- Analyze long-term workforce requirements and advise PM on the future composition of workforce, training requirements, etc; and
- Allocate staff slots (FTEs) and Operating Expenses (OE).

Location

The Resource Management unit will be one of five units under the direction of the head of the Policy Group.

Differences From the Past

The functions of the proposed Resource Management Organization will combine those which currently exist in PPC's Office of Planning and Budget (PB) and Office of Support Budget (SB). Slight modifications include:

- Inclusion of a Workforce Planning function which would explicitly relate workforce planning to program budget planning and strategic planning. This is adapted from the work of the Workforce Planning Task Force and facilitates a closer compatibility between FTEs and OE allocations; and
- The predominant role played by PPC/PB in the program review (as opposed to budget review) function would be shifted to the Policy Development Unit. The regional coordinators in PB would still have an important input, but would no longer have the major responsibility for program review.

Interrelation With the Rest of the Agency

- The Regional Coordinators would continue to have the lead role in liaison with the regional Bureaus on preparation of budget documents and proposals, on monitoring implementation, and on related issues;
- The Resource Management unit would continue to be the focus for liaison outside the Agency on budget issues (i.e.,

Office of Management and Budget (OMB), State Department, Congress, etc.);

- The organization would also work closely with specialized units (e.g., Housing Investment Guarantees (HIG), Food for Peace, etc.), as it does with the regional bureaus, to seek their technical judgement on allocation issues.

Issues

- Should the location of the Resource Monitoring Unit be in the Policy Group, as some argue, or within the Management Group?
- It could be argued that the workforce planning function has two components. The first, allocation of FTEs, is probably appropriately linked to the program budgeting function. The second, long-term workforce planning, could reasonably be located in the Research & Planning unit described elsewhere or within the Management Group.
- At what level should the Resource Allocation Unit establish OYB and FTEs? In particular, should specific country levels (and changes thereof) be subject to central approval?

This office is essentially the "new" CDIE, which was charged by the Administrator in October, 1990 to expand the quality and utility of the Agency's evaluation capacity and authorized an additional 25 FTEs over FYs 1991 and 1992 for this purpose. CDIE will have responsibility for evaluating A.I.D.'s development impact and program and management effectiveness; providing development and performance information to serve broad Agency needs; and managing the Agency's evaluation systems and process;

Under its new mandate, CDIE will expand its focus beyond program and policy assessments to evaluate operations and management systems; develop an Agency-wide program performance information and reporting system; monitor performance indicators; prepare evaluation guidance and provide expert assistance on all aspects of evaluation; and, introduce improvements in A.I.D.'s overall evaluation system. The net result will be to make the evaluation function more central to A.I.D.'s decision-making process and to use it more effectively in relating to the Congress and other public and private organizations;

CDIE will have greater responsibility for monitoring follow-up of evaluation findings and recommendations, i.e., ensuring that A.I.D. more effectively and systematically uses evaluation results. CDIE will also communicate key evaluation findings and development information to host countries and other development agencies. Finally, it will have a new role in assessing A.I.D.'s long-term research agenda and the quality and utility (to field missions and developing countries) of research results.

Functions

General

The organization will evaluate and report on A.I.D. program, policy and operational performance. It will:

- Acquire, analyze, and disseminate information on A.I.D.'s development experience to be used for future program planning guidance;
- Promote application of "lessons learned" in program planning and management and in policy formulation;
- Increase A.I.D. staff awareness and use of evaluation and development information;
- Disseminate development information and evaluation experience and methods to developing countries and other donors;

- Assist in evaluating A.I.D.'s long-term research program to validate the Agency's research agenda and review the utility of research outputs; and
- Report periodically on Agency performance to senior management.

Development Information Unit

The unit will manage A.I.D.'s Development Information Services. It will:

- Acquire and maintain development information and statistical data collections;
- Provide reference and research services;
- Disseminate development experience, technical and research information; and
- Provide technical assistance to A.I.D. offices, missions, host countries and international organizations in development information management.

Evaluation Unit

The unit will evaluate Agency portfolio performance in major program categories. It will:

- Conduct field-based assessments of program policy and operational effectiveness; and
- Strengthen the Agency's evaluation function through technical assistance, training, and guidance;

Communications and Publications Unit

This unit will determine appropriate methods for disseminating findings and development information to internal and external audiences.

Location

The unit is located in the Policy Group, essentially as described in the proposed new structure for CDIE.

Differences From the Past

- The proposed unit is essentially the "new" CDIE, which was charged by the Administrator in October, 1990 with the lead role in expanding the Agency's evaluation capacity. The Center is recruiting additional FS and GS staff and will organize itself to undertake the recently published "Administrator's Evaluation Agenda" for Fys 1991-93;
- Under its new mandate, Development Information and Evaluation will expand its focus beyond program and policy assessments to evaluate operations and management systems; develop an Agency-wide program performance information and reporting system; prepare evaluation guidance and provide expert assistance on all aspects of evaluation; and introduce improvements in A.I.D.'s overall evaluation system. The net result will be to make the evaluation function more central to A.I.D.'s decision-making process and to use it more effectively in relating to the Congress and other public and private organizations;
- CDIE's new mandate also includes more responsibility for monitoring follow-up of evaluation findings and recommendations in order to ensure that A.I.D. utilizes evaluation results in a more systematic manner; that is to say, on ensuring that A.I.D. does something useful with evaluation results in a more systematic way. Development Information and Evaluation will also communicate key evaluation findings and development information to host countries and other development agencies; and
- Development Information and Evaluation will have a new role in assessing A.I.D.'s long-term research agenda and the quality and utility (to field missions and developing countries) of research results.

Interrelationship With the Rest of the Agency

- Development and implementation of a set of performance indicators by the Organization will be an important part of routine performance management in a decentralized structure;
- Evaluations will also be an important management tool for Agency managers at all levels (bureau, mission, sector); and
- Information services and evaluation analysis will be an important input into Agency policy formulation.

Issues

- How can the Agency create an Agency-wide performance monitoring system that is genuinely useful for internal management and external communications without overburdening missions with new data collection and analysis?
- How will program performance information be used? What is the relationship to budget decisions?

The purpose of the new Policy Communications unit is to provide a central focal point for managing A.I.D.'s relations with external organizations that significantly influence Agency programs and policies. It will centralize liaison functions with external policy "constituencies," enabling the Agency to speak with a single, clear "voice" and simultaneously listen to ("scan") external constituencies for emerging concerns or trends of interest to A.I.D.. This will permit the Agency to better coordinate with external initiatives. Of equal, if not greater importance, is the unit's role in interpreting Agency programs and goals and communicating lessons learned to external audiences and in appreciably improving communication about A.I.D.'s analysis of development trends and justifications for policy and program priorities.

The office will accomplish its objectives by managing A.I.D.'s advisory boards (e.g., ACVFA, BIFADEC), managing short-term strengthening grants, and sponsoring conferences and workshops for information exchange and program development purposes. In addition to its critical external liaison function, it is essential that Policy Communications work closely with Legislative Affairs and External Affairs, with parallel operational units in the Operations Group, and with corresponding staff in Policy Analysis and Development.

Functions

General

The Policy Communications Organization will provide a central focal point for policy information exchange with external organizations that significantly influence A.I.D.'s programs and policies. It will:

- Scan the external environment for information about the interests, capabilities, and objectives of organizations which influence A.I.D.'s, policy and program implementation, enabling the Agency to better coordinate with external initiatives;
- Interpret Agency programs and goals and communicate lessons learned to external audiences to better communicate A.I.D.'s analysis of development trends and justifications for policy and program priorities;
- Provide strengthening and general support grants to external organizations to encourage and enable them to increase and improve their international development activities; and

- Manage peak advisory committees established to structure liaison between A.I.D. and external development oriented groups such as universities, NGOs, labor unions, and the business community, etc.

University Relations Unit

The unit will maintain liaison with the university community, through such advisory, representative, or consultative groups as may be established, in order to solicit views on key development issues. It will structure and focus cooperative efforts between A.I.D. and the university community, and the more effective use of U.S. university resources in development efforts.

Non-Governmental Organizations Unit

The unit will maintain liaison with the NGO community, through such advisory, representative, or consultative groups as may be established, in order to solicit views on key development issues. It will structure and focus cooperative efforts between A.I.D. and the NGO community, and to more effectively use U.S. NGO resources in development efforts.

Food Aid Unit

The unit will maintain liaison with farm, trade, shipping, and manufacturing interests, through such advisory, representative, or consultative groups as may be established, in order to solicit views on key development issues. It will structure and focus cooperative efforts between A.I.D. and relevant business interests and to more effectively use of U.S. food resources in development efforts.

Business Community Unit:

The unit will maintain liaison with the business community, through such advisory, representative, or consultative groups as may be established, in order to solicit views on key development issues. It will structure and focus cooperative efforts between A.I.D. and the business community, and the more effective use of U.S. business resources in development efforts.

Location

This unit would bring together policy liaison functions with external "constituencies" in a single place under the direction of the head of the Policy Group.

Differences From the Past

No policy liaison unit of this kind currently exists. As proposed, this unit would permit the integrated and systematic "scanning" of external constituencies and facilitate the strategic analysis of policy trends and institutional capabilities of important development related interests within the U.S. and the donor community. The unit would also provide a single, clear policy "voice" for the Agency in speaking with external constituencies.

Interrelation With the Rest of the Agency

- In each area, close cooperation would be maintained between this liaison unit and parallel policy development units in the policy development shop
- In each area, close working relations would be developed between this liaison unit and parallel operational units within the Operations Group that manage grants and contracts with external groups or, as is the case with the regional bureaus, have operational and policy concerns specific to the region.

Issues

- Can the policy liaison function be adequately disentangled from the operational and policy issues affecting each of these? Many have argued that liaison with external groups will be most effectively tied to the management of the support grants A.I.D. provides. Since it has also been argued that the external groups prefer a "one stop shop", do the operational, policy, and liaison functions need to be in a single place? Given the fact that other units in the Policy Group or in Operations will have day-to-day liaison with these same interests, will the functions of the Policy Communication Organization be redundant?
- Are the gains in policy coordination engendered in such a unit sufficient to warrant the establishment of a new entity? Will a discrete "liaison unit" in the policy shop bring appreciably greater external policy coordination than

charging each operational unit dealing with, for example, food or NGOs in the Operations Group with responsibility for informing the policy shop of relevant developments?

- Would such a unified liaison shop, located in the Policy Group, be better able to articulate A.I.D. priorities and initiatives to external constituencies than an Operations Group, focused on the day-to-day management of grants and programs?

The Reorganization Task Force on policy was appointed by the Administrator on January 29, 1991, with the following membership:

Chair: Scott Spangler
Members: Rich Bissell
Marge Bonner
Mike Crosswell
Peter Davis
Marty Hanratty
Jim Kunder
Dayton Maxwell
Jim Michel
Eric Phillips
Ray van Raalte
Ex Officio: Regi Brown
Full-time: Norman Nicholson
Christina Schoux

The Task Force was charged by the Administrator to:

- Catalogue all existing functions in the policy area;
- Sort them out in terms of relative priority and appropriate size;
- Recommend whether or not there were functions which should be discontinued and/or added;
- Clearly specify the measurable management objectives for each function; and,
- In collaboration with the other two restructuring teams, recommend a final organizational structure for the Agency.

Before attempting to precisely analyze and frame the problem before us, we embarked on an intensive information-gathering process focused on interviews and reading. We decided to block out the afternoons (1:30 to 4:30) on our schedules, and over the course of five weeks, we met on most afternoons, as a Committee of the Whole. We interviewed around 70 people, including representatives from all offices in PPC; the technical and planning (DP) groups of the regional bureaus; the central bureaus (S&T, PRE, FVA); and LEG and XA. We talked to a group of Mission Directors; to the Workforce Planning Team; and to representatives from the World Bank's policy operation. Our modus operandi was to interview for about two hours and then discuss what we had heard for about an hour. We assigned notetakers, who provided typed records of each interview. (See Attachment A for list of information-gathering sessions.)

Additionally, task force members talked with a great many people inside and outside of A.I.D. on an individual basis about policy functions and processes. We reviewed a number of thoughtful critiques of A.I.D.'s policy process, examined structures of other major development organizations, and met with the staff of several of these organizations. We also reviewed memoranda, cables and other written commentary on A.I.D. reorganization issues in general. In addition, we read a series of management papers on restructuring case studies and theory.

We devoted an entire session to presentation and discussion of five different organizational structures by the task force and guests, including representatives from the other two reorganization teams. The five alternatives were creative and thoughtful responses to various management problems that had been identified, and the ensuing debate was energetic, yet well focused. By the end of the afternoon, the policy task force reached near unanimous agreement on a new organizational structure for A.I.D. with a senior management tier comprised of three "boxes" - policy, operations, management - of roughly equivalent power.

On the basis of our interviews, reading, and discussions, we worked to arrive at a common definition of policy; a diagnosis of the one-voice problem; some guiding principles and conclusions to support our organizational recommendations; and of course the recommendations themselves. We allotted seventeen afternoons to discussing these issues, and to presenting and debating alternative organizational structures. The debates were open and frank. They served to forge a consensus on most of the issues before us, and to isolate the key elements of the few issues that had not yet reached closure.