- PN-ACB-625 -

MISSION MANAGEMENT ASSESSMENT

KENYA COMPLEX

November 29, 1995

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October, 1995

EXECUTIVE SUMMARY

1. CONTEXT

In 1972 USAID's Regional Economic Development and Services Office for East and Southern Africa (REDSO/ESA) was established in Nairobi. The explicit mandate of the organization was the provision of a central pool of experienced officers and technical experts to the rapidly expanding number of USAID bilateral Missions throughout east and southern Africa which could not be fully staffed with existing resources. While the primary mandate prevails, REDSO/ESA has also assumed more direct program management responsibilities. By 1995, with a direct hire staffing level of 28, REDSO/ESA serviced and/or managed 21 bilateral Missions and programs in the region with a program budget of $10.0 million. Its operating budget totalled $3.0 million.

Predating REDSO/ESA in Nairobi by some two decades is the USAID Bilateral Mission to Kenya. The Mission was established under the 1951 protocols signed between the Governments of Britain and the United States, as later ratified by the Government of Kenya. In 1995 the direct hire staff of USAID Kenya was down to 13 from a level of 25 a decade earlier. The reduction in staff followed a decrease in program budget to $18.2 million by FY 1995, reflecting a more focused program of assistance, Agency-wide budget and staff constraints, and a growing disenchantment with the political process in Kenya. Its operating budget totalled $6.0 million, of which an unquantified but significant percentage is direct support to REDSO/ESA operations.

2. PURPOSE AND FOCUS OF THE ASSESSMENT

In FY 1995, the USAID Africa Bureau requested REDSO/ESA to prepare a "Strategic Plan" for the five year planning period, 1995 to 2000. The Plan proposed a regional strategy based on four Strategic Objectives (SOs) and suggested increases in both program and personnel resources to fully implement the Plan. Among the issues identified in the May, 1995 Program Week Review of the Plan, was the question: "Are there specific ways for REDSO/ESA to save operational expense (OE) costs and reduce full-time equivalent position (FTE) levels?"

The Africa Bureau called for a Management Assessment to examine and recommend measures to economize on budgetary and staff requirements committed to REDSO operations at the direction of the AA for Africa. The terms of reference for the Assessment included management functions of both USAID/Kenya as well as REDSO/ESA. The stated purpose of the Mission Management Assessment of the Kenya complex is:

to develop a clear strategic and operational understanding of USAID Kenya and REDSO/ESA, both in the present and for the immediate future operations; and

to present pragmatic and workable recommendations that will result in savings in overall OE costs and staffing for the USAID Kenya complex.

The detailed terms of reference, included as Annex A to this report, encompass a review of financial management, administrative functions, and information technology systems.

When the Assessment was initiated, Agency-wide decisions on FY 1996 staffing and budget levels were still in abeyance pending Congressional action and internal USAID deliberations. The Assessment Team was able to complete the analysis and recommendations based on present REDSO/ESA and USAID Kenya levels. However, the uncertainties associated with FY 1996 and beyond precluded detailed recommendations for the future. In order to maximize the utility of the Assessment to the Africa Bureau and the Missions, and to take advantage of the assembled team expertise, the report presents selected recommendations for future consideration. They would need to be examined in more detail when and if the needs arises.

3. TEAM COMPOSITION AND RESPONSIBILITIES

The team was composed of five US direct hire employees:

-- Nancy Tumavick, (Retiring) Director, Office of Environment,Energy and Urban Programs, Bureau for Eastern Europe and the New Independent States, USAID/Washington, served as Team Leader responsible for coordinating the Team efforts and assuring compatibility of the recommendations of the Team members.

-- Glenn Slocum, Director, Office of East and South Africa Affairs, Bureau for Africa, USAID/Washington, served as Team Leader ad interim during the first week of field work with no subsequent responsibility for formulating recommendations or for production of the final report.

-- Robert Bonnaffon, Associate Director for Financial Management, USAID/Egypt, conducted the analysis and prepared the recommendations for the Financial Management section of the report.

-- Ron Olsen, Deputy Director, Office of Management Planning and Innovation, Bureau for Management, USAID/Washington, conducted the analysis and prepared the recommendations for the Administrative Management section of the report. He was also responsible for finalizing the Team's report.

-- William Krause, Special Assistant to the Administrator for Information Technology, USAID/Washington, conducted the analysis and prepared the recommendations for the Systems Management section of the report.

4. METHODOLOGY

The conclusions and recommendations contained in this report are based on in-depth interviews and on the substantial documentation provided by the Africa Bureau, USAID Kenya and REDSO/ESA.

Beginning the first week of October,1995 the Washington-based members of the Team spent a cumulative two days interviewing key USAID officials in the Africa Bureau and the Management Bureau in Washington prior to departure. Although arrival of the Team members was staggered over a period of several days, work was initiated in Nairobi on October 14,1995 and was concluded October 26, a period of 12 working days.

Individual interviews and focus groups were conducted across both REDSO/ESA and USAID Kenya throughout the period. Consultations were held with the American Ambassador to Kenya at the initiation and at the completion of the Team's work in Kenya. An interview was also conducted with the Regional Auditors resident in Nairobi. Due to the focused terms of reference for the Team, no consultations were deemed necessary or appropriate with Kenyan Government Officials, client USAID Missions in the region, NGOs or institutional contractors. A complete list of officials interviewed appears in Annex B.

Prior to the Team's departure from Nairobi, detailed briefings were provided to senior management in REDSO/ESA and USAID Kenya. The final report reflects comments and corrections provided on the draft report that was submitted to REDSO/ESA, USAID Kenya and AFR/EA in Washington.

The ability of the Team to conclude the Assessment in the extremely tight time frame was due to the full cooperation and logistical support provided by USAID Kenya and REDSO/ESA. Members of both Missions willingly accommodated the Team's schedule which required interviews and consultations on weekends and after working hours.

5. MAJOR CONCLUSIONS AND RECOMMENDATIONS

The following major conclusions and recommendations are excerpted from the lengthy discussion of each of the detailed analyses sections. Identifiable savings that result from major recommendations are estimated at $400,000 annually. This estimate is based solely on personnel reductions in REDSO/ESA and USAID Kenya including 2 US direct hire, 3 USPSC positions, and 24 to 29 FSN positions. Further operating cost savings can be realized over time as recommended efficiencies take hold.

A. Administrative Management

1. Customer service must be established as a basic element of Executive Office operations. An EXO-wide retreat to focus on customer service is recommended.

2. The transfer of RIG/A and IG/I/NFO to the Kenya complex should be expedited and accomplished on a priority basis. Savings to the USG will accrue as soon as a move can be arranged.

3. The management team of the Kenya complex -- to include the IG and the directors and deputies of USAID Kenya and REDSO --should meet on a weekly basis with the executive officer and financial managers.

4. It is recommended that the REDSO and USAID Kenya mission directors collaborate in planning how best to engineer change in their organizations, as a sharing of knowledge regarding Agency initiatives does not now take place systematically.

5. It is recommended that the REDSO and USAID Kenya mission directors establish reengineering "sponsors" in each business area. The sponsor offices will assist other posts, as USAID missions in the region adopt new ways of doing business.

6. The Executive Office should develop a regional orientation and provide information technology, training and personnel-related advice and guidance to regional clients on a demand basis.

7. The vacant USDH Deputy EXO position should be deleted. Staffing levels can be reduced by 10 to 15 USPSC and FSNPSC positions.

8. REDSO should eliminate the redundant administrative unit established in PDPS consisting of one USPSC and five FSN positions.

9. USAID Kenya should delete two USPSC positions -- Property Management and C&R Supervisor. FSNPSC positions should be established and training initiated.

10. The USAID Kenya EXO should develop a "One-Stop-Shop" to improve customer service.

11. When FSNPSC and FSNDH positions are deleted, USAID must be generous and compassionate in retraining individuals to the extent possible or by assisting employees to find other positions.

12. An experienced foreign service GSO should be hired for a minimum period of six months to assist the Executive Office in training FSNPSC and USPSC employees and in identifying improvements in GSO operations.

B. Financial Management

1. Consolidate payment functions of the Mission and REDSO/ESA/RFMC. Potential savings of one USDH position and six FSN positions.

2. Consolidate accounting functions of the Mission and REDSO/ESA /RFMC. Potential savings of eight FSN positions.

3. Do not consolidate the Controller/Financial analysis functions of the Mission and REDSO/ESA/RFMC. The Mission should retain full financial advisory and analysis functions unless Africa Bureau policy determinations on resource allocations dictate otherwise.

4. Within the USAID/Kenya analysis function, transfer operating expense budget analysis and oversight from the resident hire USPSC (prior to her planned transfer in mid-1996) to an FSN Financial Analyst. Potential savings of one USPSC position.

5. Any future changes in financial services provided by the REDSO/ESA/RFMC (either increases in clients served or decreases) should be reviewed and documented from both a benefit and cost perspective, concurred in by M/FM and approved by the Africa Bureau.

6. Modify current operating expense budget and accounting practice to more closely conform with general Agency practice and more accurately reflect the costs of operations of both the Kenya Mission and REDSO/ESA

C. Systems Management

1. DMB equipment will be in place and adequate to serve NMS as well as Complex Users generally.

2. DMB services/customer service orientation is provided equitably if irregularly. EXO is playing a stronger management role.

3. DMB Management should be less technical and more general management oriented.

4. DMB staff reorganization is recommended. Two functional units (Network and Corporate Data Administration/Operations and User Support Unit recommended. Subject to debate by DMB Committee.

5. Consultancy for 6mo-1yr for Complex /Regional NMS implementation and to bolster current DMB management skills is needed

6. Customer Service orientation of DMB is emphasized, and two way mutual respect is demanded.

7. Help Desk/Database for problem tracking will be reemphasized and EXO management urged to monitor closely.

8. Users urged to use self-learning and peer-peer skill transfers as empowered Knowledge base workers.

D. Thoughts for the Future

In the light of the current budget and resource uncertainties facing the Agency and the Africa Bureau, the Team members sought to identify additional means of consolidation and reductions for future reference:

- If significant cuts in program budget and FTE levels are mandated for USAID Kenya, the Mission per se can be streamlined by transferring the entire Executive Office function to REDSO/ESA. The Executive Office should be treated as a semi-autonomous management unit reporting directly to the REDSO Mission Director. It is unclear that any major savings would result from the transfer.

- While not optimal from a financial management perspective, but if mandated by major resource reductions by the Africa Bureau, the "advisory and analysis" functions and personnel could be transferred from USAID Kenya to the Controller's Office in the REDSO/EA. Substantial savings in the short-term are unlikely unless bilateral program activity substantially phases down.

- Recommendations are made without consideration of the impact of re-engineering in general and implementation of AWACS in particular. One of the fundamental design concepts of all the NMS applications is to permit Agency functions to be performed with fewer people. The Kenya Complex will be to continuously review staffing requirements as operating experience with NMS applications grows.

- Real impacts on type and scope of financial management staffing are directly linked to how assistance programs are designed and implemented. Consolidation of contracts, grants, or procurements could further reduce the volume of transactions. Alternative delivery mechanisms would be worth analyzing.

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SECTION A

Mission Management Assessment -- Kenya Complex

Administrative Management Review

A. BACKGROUND

The combined USAID presence in Kenya is multi-faceted and consists of several organizational units with independent goals and operational mandates. These organizations have separate authorities, budgets and direction. USAID organizational units in Kenya include:

- USAID Kenya
- Regional Economic Development and Services Office for East and Southern Africa (REDSO/ESA)
- Regional Inspector General, Office of Audit (RIG/A)
- Regional Inspector General, Office of Investigation (IG/I/NFO)
- USAID Somalia Mission

The full range of administrative support services for all organizational units are provided primarily by the Executive Office in USAID Kenya. However, where the delivery of support services has been problematic, organizations have retained control over certain administrative functions.

USAID Kenya has traditionally enjoyed one of the largest bilateral programs in the Africa Bureau, but program and operating expense allocations have steadily declined over the past several years. The focus of the program has been sharpened and has been reshaped to support three strategic objectives in response to the implementation of reengineered program operations. The mission staff includes the Executive Office and a Controller Office.

REDSO/ESA has served the region since 1972, and it now has approximately twice the number of professional and technical positions (non-support staff) as the bilateral mission. In May 1995 the Africa Bureau conducted a program review and approved four strategic objectives for the REDSO, which focus on the delivery of support on a regional basis. The REDSO provides regional accounting services to client posts through the Regional Financial Management Center (RFMC), and it also provides financial management and accounting services to REDSO. However, the REDSO receives its administrative support from the USAID Mission's Executive Office.

The Executive Office consists of three USDH, four USPSC, and 121 FSNPSC positions. It provides the full range of administrative support services, and only minimal and mandatory support to USAID is provided by the American Embassy under FAAS arrangements.

Reductions in both operating expense and program budget levels for the Africa Bureau must be anticipated. For this reason, the last part of this section of the assessment addresses further steps the Africa Bureau may take to accommodate significant reductions in operating expense funds and FTE.

Such reductions will probably lead to a greater reliance on the delivery of technical support on a regional basis. The regionalization of technical support will serve to enhance the role of regional service centers, such as the REDSO, and such changes in the manner program operations are supported in Africa may be mitigated, in part, through the adoption of such strategies. While no hard budget figures are available to the assessment team, none of the funding levels now being debated in Congress will allow the Agency to continue to maintain operations at FY 1995 levels. It is a prudent management practice, however, to anticipate and plan for change when such changes can reasonably be predicted. Therefore, anticipated -- as well as existing -- pressures on the operating expense budget have served, inter alia, to require the identification of cost savings in USAID administrative operations in Kenya.

B. KEY ISSUES

The two mission directors in Kenya enjoy good relations, however, the team notes that communications between their organizations are in need of improvement. The separate USAID organizations in Kenya, in general, are well administered and functioning in an efficient manner. No serious management vulnerabilities or unreported material weaknesses were discovered by the assessment team. Employee morale is generally good, and adequate support services are provided. Administrative issues at this level lie in the areas of communications and interactions between management units, establishment of duplicate service units, and the integration of Agency reengineering initiatives into routine post operations.

The Executive Office provides the great majority of administrative support services to all Agency organizational units in Kenya, and the adequacy and efficiency of this office's operations and its structure and organization were closely reviewed by the team. Given that the office has not been staffed at approved FTE levels for several years, the Executive Officer and the Deputy Executive Officer are commended for their support of a large and complex grouping of USAID organizations. Three USDH positions are established in the Executive Office, but the third position has remained unfilled, except on a temporary basis, for the past several years. USAID employees enjoy very good residential housing and office facilities. Moreover, the administrative support provided by the Executive Office to neighboring posts on an informal basis, primarily to Somalia and Burundi, is noteworthy.

The Agency office complex is a rental property which was occupied in January 1995. The office building is of new construction, space for all occupants is adequate and of a very high quality. Office furniture and furnishings appear adequate and appropriate and residential furniture, furnishings and appliances appear sufficient and of acceptable quality. The administrative issues listed below lie primarily in the areas of support staffing levels, property accountability, and customer service and satisfaction.

Key issues and concerns are summarized as follows:

- Reductions in both operating expense and program budget levels for the Africa Bureau must be anticipated, and specific recommendations are contained in the last part of this section of the assessment report. As of this date Congress has not yet provided the Agency program and operating expense budget levels for FY 1996. Moreover, the Management Bureau has not yet finalized contingency plans to maintain USAID operations overseas in the event of budget cutbacks. It is prudent, however, for the Africa Bureau to anticipate and plan for reductions in operating expense budget levels and FTE. Pressures on the operating expense budget require the identification of cost savings in USAID administrative operations.

- Program and operating expense budget levels have diminished over the past several years in USAID Kenya, but reductions in the size of the support staff do not appear to have been proportional to reductions in the overall size of the USAID presence in Kenya. In addition, both the REDSO and RIG/A have established positions at a local level to provide administrative support and to supplement the services provided by the Executive Office. It appears that greater efficiencies and economies in administrative operations can be realized through (a) the elimination of duplicative and overlapping work; (b) additional training of support staff; and (c) a rationalization of administrative staffing levels.

- There appears to be less communication and interaction between USAID Kenya staff and the REDSO staff, at all levels, than is normally expected between Agency entities that are collocated overseas. A lack of communication is observed and, in some instances, considerable resentment and anxiety over the adequacy and effectiveness of the personnel and general services support functions has been voiced to the team. Morale is not uniformly high, and a lack of cohesion among USAID employees is evident.

- Opportunities to enhance the integration of Agency reengineering initiatives exist within all organizational units in Kenya, and the Agency's core values must be fully reflected in reengineered management operations. Several significant steps have been taken, but additional effort is warranted in support of reengineering initiatives at post and in the region. Both USAID Kenya and REDSO have sent staff to Washington for TOT training and this knowledge should be fully exploited.

- There is a widespread perception that Executive Office services are not delivered uniformly and that support services are too bureaucratic and process -- as opposed to results -- oriented. A customer service orientation must be adopted by all staff delivering services, and customer service standards must be adopted within the

Executive Office. Administrative policies and procedures must be adopted to assist the EXO staff in focussing on customer services.

- Many of the Executive Office's customers have indicated that support services are of an unacceptable quality. While the assessment team has observed that support services are generally sufficient and are provided at acceptable standards, certain services are weak and are delivered in an uneven manner. Property management, for example, has been identified as a material weakness in the past several Financial Management Federal Integrity Act (FMFIA) certification submissions, and post should take steps to ensure that this area of vulnerability is promptly and thoroughly addressed. In this and in other areas of concern, the Executive Officer must review current operations and provide additional supervision and training to support staff, as necessary.

C. FINDINGS AND CONCLUSIONS

1. Management Operations

a. Customer service must be established as a basic element of Executive Office operations. A "cultural shift" to a customer focussed orientation is recommended. Even though the majority of support services are apparently being provided in a professional and competent manner, there is a perception on the part of many customers that many services are of uneven or even unacceptable quality. In addition to taking steps to address those aspects of EXO operations that do require strengthening, this perception can be addressed through a change in the way EXO interacts with its customers while receiving, delivering and following-up on work requests.

While the Executive Officer and the Deputy EXO must determine how best to achieve this change in orientation, it is suggested that a EXO-wide retreat to focus on customer service might be one approach. USAID Kenya and REDSO customers (key FSNs and USDH division chiefs) could participate in part of the retreat to ensure that the full range of problems and perceptions are shared and understood. In addition, it is suggested that EXO design and administer a customer survey. A questionnaire to be completed by all USDH, USPSC, FSNDH and FSNPSC employees would allow support staff to systematically identify areas in support that are widely perceived by customers to need attention.

b. The transfer of RIG/A and IG/I/NFO to the Kenya complex should be expedited. Both organizations currently plan to relocate operations to the Kenya complex, and plans to identify space to accommodate their offices are being prepared and considered. Given that the office space in downtown Nairobi now occupied is more expensive that the space to be made available in the Kenya complex, the IG will enjoy reduced rental costs. REDSO and USAID Kenya, therefore, will be able to share rental costs with the IG and reduce their operating expenses commensurately. When visiting the IG offices in Nairobi, the assessment team was advised that, even though the IG was prepared to move at an earlier date, a transfer of operations to the Kenya complex was not likely until March 1996 because space plans were being developed and had not yet been finalized. Given that savings to the USG will accrue as soon as a move can be arranged, final plans should be agreed upon and the move accomplished on a priority basis.

c. The management team of the Kenya complex -- to include the IG and the directors and deputies of USAID Kenya and REDSO --should meet on a weekly basis with the executive officer and financial managers to discuss administrative issues, developments in-country and exchange information. The existing management and budget committee is considered to be too limited in scope and meets to infrequently to be an effective management tool.

d. The USAID Kenya and REDSO mission directors should conduct regular, joint staff meetings for employees from both organizations to ensure that office directors and their Kenyan and American employees are fully knowledgeable of developments and exchange information about regional and post-specific issues, as well as Agency initiatives on a worldwide basis. There is not enough commerce between the two missions at the present time, and a regularly scheduled meeting would provide a formal structure to ensure that opportunities to communicate exist for all Agency staff.

e. It is recommended that the USAID Kenya and REDSO mission directors cooperate in developing strategies to ensure that Kenyan staff are fully involved in Agency initiatives and are afforded opportunities to interact professionally with their American colleagues throughout the Kenya complex. For example, the team notes that in prior years very few Kenyan employees were invited to REDSO retreats; and the team is pleased that the new REDSO director has ensured that the Kenyan staff will be broadly represented in the retreat planned for this year. It is anticipated that other opportunities to involve and engage Kenyan staff on several levels exists.

It is suggested that joint retreats be considered in future years and that more joint "town meetings" to share information be arranged. The mission directors are uniquely positioned to also develop strategies aimed at enhancing the professional utilization of foreign national employees and opportunities for expanding their roles within both missions.

f. The role and membership of the various administrative committees in Nairobi should be reviewed and expanded to ensure that the work they accomplish and the decisions made are well understood and fully reflective of the Agency's requirements. For example, the work of the Training, Awards, Management and Budget, and ADP (Information Technology/DMB) committees should be transparent to employees to eliminate many of the existing negative perceptions surrounding the committees' work.

g. REDSO and USAID Washington have worked diligently to develop a memorandum of understanding (MOU) for presentation to the GOK that would address the needs of grantees and institutional contractors in Kenya who are not covered under the existing bilateral agreement. REDSO efforts in this regard are commendable and noteworthy. Given that the MOU has been approved by Washington and that several contractors are now in Kenya -- but unable to initiate shipment of their HHE to post, it is important that the GOK be approached as soon as possible to ensure that these contractors are not disadvantaged and program implementation adversely affected. As USAID Kenya enjoys an explicit relationship with the GOK that cannot and should not be separated from other USAID activities in-country, the REDSO and USAID Kenya mission directors should collaborate and coordinate this activity.

The USAID Kenya and REDSO mission directors should discuss with the Ambassador the urgency of the Agency's need to execute the MOU with the GOK. Institutional contractors in Kenya under REDSO's auspices must receive the same privileges, entitlements and immunities afforded those institutional contractors in country under the bilateral program. In this regard, it is understood by the team that employees of the USG in both missions are covered by the existing bilateral agreement.

The team acknowledges that political considerations will govern the timing of any approach to the GOK, however, the costs to the USG involved in any potential payment of customs duties and the anticipated impairment of specific program activities make the resolution of this matter important to the Agency. When the Embassy makes choices on timing and on which issues to raise with the GOK, it is hoped that USAID initiatives in country and in the region will figure prominently.

h. Modifications in the Embassy residential security program are pending in Nairobi that will involve a reconfiguration of guard services where residences are clustered and where guards can reasonably provide protection to more than one residence. It is noted that all other agencies at post have moved to this configuration and that the RSO has indicated that USAID must also conform. Given STATE's authorities over security programs, the team has no comment on this initiative other than to address the timing of implementation.

Given that many USAID employees in Kenya have regional responsibilities that require frequent international travel, it is recommended that the REDSO and USAID Kenya mission directors discuss with the Ambassador the need to install emergency generators in all residential units prior to the elimination of any guard positions. Frequent electrical power outages serve to compromise security as adequate exterior security lighting is a basic and important criminal deterrent. Residential generators are being installed or are on order for all USAID residences. In addition, the assessment team has been advised by several employees that their residential alarm systems are inadequate or in need of repair. Therefore, it is suggested that the Ambassador be asked to allow for the repair of alarm systems and for the installation of the generators before modifying the guard program.

i. It is recommended that all the Executive Office ensure that all U.S. direct hire employees be issued the appropriate diplomatic I.D. badges. It is noted that USDH employees have different types of badges, based on when they arrived in country. The status of all USDH employees should be as uniform to ensure equity of treatment in country.

2. Reengineering Initiatives

a. It is recommended that the REDSO and USAID Kenya mission directors collaborate in planning how best to engineer change in their organizations and to share knowledge regarding Agency initiatives. The assessment team notes that both USAID Kenya and REDSO have embraced the Agency's reengineering initiatives, and the mission directors are actively working to apply reengineering principles and to promote USAID's core values. USAID Kenya recently conducted a retreat which focussed, for the most part, on reengineered operations and the adoption of the core values. The mission has also formed a "Reengineering Steering Team" to guide and educate employees. REDSO appears to be equally committed to effecting change, and the mission director has advised the team that a retreat to aimed largely at implementing reengineering initiatives and at identifying new and innovative business practices is scheduled during the week following the assessment. It is suggested that the missions have much to learn from each other.

b. It is recommended that the REDSO and USAID Kenya mission directors collaborate in establishing reengineering "sponsors" in each business area to facilitate the adoption and integration of Agency reengineering initiatives in day-to-day USAID operations. The sponsors would be responsible, in part, for becoming fully familiar both with the new management systems (NMS) and the new directives which govern operations in their business area and with the overlap and relationship of the new processes in relation to other key business areas. The sponsors can then promote change and work with and train, to the extent feasible and necessary, other employees at all levels within and outside their offices.

The reengineered business areas are supported by the NMS, and the Agency is in the process of rolling-out within the NMS information engineering systems in four business areas. It is not apparent to the team that either mission enjoys a comparative advantage over the other in the areas of program, budget or financial management. However, where a deficit of expertise exists in one of the two missions, it is strongly suggested that the missions cooperate in designating a single office to act as the business area sponsor.

Sponsor offices may exist in some instances in both organizations, and it is believed that the two "sponsor" offices can collaborate and cooperate in interpreting and implementing new USAID operating principles and practices. Considerable benefits can accrue to both organizations through constructive cooperation and the exercise of mutual support.

It is suggested the sponsors for each business area in both missions be assigned according to function, as follows:

• Program Operations	--	Kenya/Prog & REDSO/ESA/PDPS
• Budget	--	Kenya/Prog & REDSO/ESA/PDPS
• Procurement	--	Regional Contracts Office
• AWACS	--	Controllers' Offices
• Human Resources	--	Personnel Office (EXO/PER)

c. To support the adoption of reengineering initiatives in the region, it is recommended that all REDSO professional staff be charged with providing reengineering advice and guidance to the posts they service. REDSO staff must become fully proficient with reengineered USAID operations, and they should be prepared to share that information and knowledge with USAID employees in neighboring countries.

The sponsor offices identified in the preceding paragraph are positioned to offer significant assistance to other posts, as USAID missions in the region adopt new ways of doing business. It is suggested that the REDSO mission director discuss with the Africa Bureau the need for additional TOT and other related training of REDSO employees, and that such training and assistance be sought on a priority basis.

d. USAID Kenya should establish the Executive Office as a regional resource to support the technical aspects of reengineering in the area and to provide technical advice and guidance to the region on administrative management operations, on a as-needed (demand) basis. It is envisioned that regional support would be made available -- but not scheduled and promoted in the same manner as the services provided by the REDSO. The EXO has periodically provided administrative support to neighboring posts, and the Africa Bureau should recognize the office's potential for providing needed administrative services to neighboring posts.

In this regard, the team notes that the transfer of the Executive Office to the REDSO was debated at length, but it was decided that -- future program and staffing considerations aside -- the provision of occasional and intermittent services to neighboring missions does not provide sufficient justification for such a move. Moreover, it was unclear that REDSO could readily accept the additional management responsibilities.

Given that the NMS is an important element of reengineering Agency operations, the USAID Kenya information technology office within EXO can provide considerable technical support within the region. The information technology staff has assisted several neighboring missions in LANS installations and has served as a training site for several of their systems managers and support staff. The EXO is prepared to continue to provide such support and specific recommendations in this area are contained in the Information Technology section of this assessment.

The Nairobi office building which houses the USAID Kenya complex is an excellent facility with considerable potential as a regional training site. Where the size of a training initiative would exceed the capacity of the office building, the private sector in Nairobi can easily accommodate training initiatives. As USAID periodically conducts training overseas, Nairobi is a logical platform for hosting training within the region.

e. Within a Regional Executive Office, the Deputy Executive Officer is considered to have great potential to assist neighboring posts in the personnel-related aspects of reengineering. This position is dedicated, in part, to providing support at post in the area of human resources, and as posts in the region encounter classification and organizational problems related to reengineered program operations, the Deputy EXO could become an excellent source of counsel or, as required, TDY assistance.

This recommendation is predicated upon the adoption of other recommendations contained in sections 1 and 3 of this assessment. By taking the steps necessary to strengthen administrative operations, the team believes that the Executive Office can both (a) improve the quality of services provided to its customers in Nairobi and (b) continue and expand support to neighboring missions as necessary and feasible. When Executive Office operations are more tightly managed and resources more efficiently utilized, the office can perform better and can do more -- even with fewer staff in some areas.

3. Administrative Staffing

a. Administrative staffing within USAID Kenya appears to exceed the levels required to support REDSO, IG and other Agency program operations in Nairobi. It is anticipated that staffing levels can be reduced by 10 to 15 USPSC and FSNPSC positions. While this assessment recommends the deletion of several USPSC and USDH positions in specific instances, reductions in FSNPSC staffing should be determined through a workload audit. It is further recommended that USAID Kenya acquire the services of a experienced foreign service GSO or Executive Officer to conduct an office-by-office audit of administrative functions to determine where savings can be identified.

Position reductions should be accomplished to the extent possible through attrition and through the elimination of vacant positions. Further recommendations to assist displaced employees and to minimize the human cost of eliminating positions are made later in this section.

Staffing in USAID Kenya and REDSO should be carefully reviewed by all section supervisors to ensure that staff is fully utilized and that positions reflect workloads. Supervisors should also ensure that USPSC positions are established only where operational requirements dictate that a U.S. citizen perform the required work.

Given that USPSC positions are more expensive in relation to FSNPSC positions, they should only be established where fully justified.

In regards to overall staffing levels, it is noted that attempts have been made to justify current EXO staff levels in USAID Kenya by allocating all FSN staff proportionally among management units. This analysis is misleading. The organizational units in country cannot be viewed in isolation, as this ignores the efficiencies inherent in centralizing support services. All support units have an "overhead" cost divided between equipment (vehicles, rental work space, hand tools, etc.) and administrative and supervisory costs, which is minimized when only one support entity exists and costs are further minimized, as some of the "overhead" costs are also allocated among customers. The team expects that economies of scale should allow the Agency to enjoy a lower ratio of support staff proportional to the professional employees that are supported.

b. REDSO should eliminate the redundant administrative unit established in PDPS and transfer the functions to the EXO to ensure that support services are provided by the unit dedicated to providing them. One USPSC and five FSN positions are currently established in PDPS for the purpose of providing administrative support to the REDSO, as well as providing direct secretarial and clerical service to PDPS.

It is anticipated that two of the FSN positions would remain in REDSO and continue to provided secretarial and clerical support to PSDS and to coordinate REDSO's programmatic travel (including operation of STARS) and centralized files maintenance. The remaining FSN positions and the USPSC would be deleted or transferred to the EXO, as determined through a workload analysis to be conducted through a management audit (see recommendation a, above).

c. Rather than to continue ongoing efforts to maintain two separate "libraries" in the Kenya complex, REDSO and USAID Kenya should collaborate and establish a single, centralized information resource center. The Agency cannot afford to have two separate libraries in Nairobi -- the duplication of effort and expense is insupportable when both facilities exist in the same building. Both organizations have certain strengths in this area and they should plan to combine these strong qualities to create an information resource center that will meet all Agency needs. For example, REDSO has introduced MICRODIS and has made commendable progress in establishing a useful information center. USAID Kenya, on the other hand, possesses the management staff dedicated to maintaining administrative operations of this type.

The missions should meet and develop plans to establish a combined facility. All reference materials maintained by both REDSO and USAID Kenya should be consolidated for inclusion in a centralized information recourse center. The information resource center should be designed and operated to meet the requirements of all organizational units in the Agency Kenya complex.

d. USAID Kenya should delete the third U.S. direct hire position in the Executive Office (POSNO 216153012). With reference to the other staffing recommendations contained in this report, the existing mix of USDH, USPSC and FSNPSC positions in the Executive Office are considered sufficient to support administrative operations in the Kenya complex. While workloads in the Executive Office are considered to be substantial, it appears the loss of this position will not materially affect the delivery of support services. In addition, the team notes that there is a serious shortage in the occupational category, and the assignment of a third officer to Kenya in the administrative area is not thought to be likely, given worldwide staffing constraints.

e. USAID Kenya should delete the USPSC Property Management position and establish a senior FSNPSC position to supervise the management of nonexpendable and expendable property in Nairobi. While it appears that accountability over property has improved somewhat over that which was exercised in previous years, the existing staffing configuration has not ensured that property is managed efficiently and effectively. It is recommended that the FSNPSC position be established as soon as possible so that EXO can initiate the recruitment, hiring, and training processes.

f. USAID Kenya should delete the USPSC Communications and Records Supervisor position and establish a FSNPSC position to supervise this support unit. This appears to be an area where there is no clear advantage to management operations in designating this position as one that must be filled by a U.S. citizen. It is recognized that only a U.S. citizen with the appropriate security clearance can handle classified and sensitive communications, but it is believed this is a peripheral responsibility and another qualified individual can assume the responsibility for picking-up cables and other communications traffic on a daily basis. In other posts this duty has been allocated on a shared basis or rotating "duty officer" systems have been devised.

g. The REDSO Analysis Office has established an FSN position which is largely dedicated to information technology, and the employee both supports REDSO automation efforts and acts as a liaison with the USAID Kenya DMB in resolving computer hardware and software problems. This position appears to duplicate EXO support offered through the DMB, and issues surrounding this position are addressed in detail in the Information Technology section of this assessment report.

h. The USAID Kenya Executive Office should develop a "One-Stop-Shop" to improve customer service. All requests for GSO services (NXP requirements, residential and office maintenance, etc.) should be made directly to a USPSC Service Coordinator who would be charged with customer interface, delivery of service requests to the responsible provider, and all appropriate follow-up. The position would serve both customers and the service providers by (i) ensuring that service is accomplished in a consistent, equitable manner and that feedback to the customer is offered, and (ii) protecting the Executive Office staff from uncoordinated, unwarranted or unreasonable requests for service.

For the first year this position is established, it is suggested that a USPSC be utilized, given that many support-related problems have communication or cross-cultural elements that can be resolved through interpretation and intervention. A U.S. citizen would be most sensitive to the frustrations and fears of other Americans. The USPSC would be charged with eliminating his/her position by establishing a FSNPSC position and training a Kenyan replacement. The team notes these duties and responsibilities would appear to complement the current scope of work of the USPSC position in REDSO/ESA/PDPS that is to be transferred to the Executive Office.

i. When FSNPSC and FSNDH positions are deleted or the position duties are changed as a result of Agency reorganizations or realignments of responsibilities among operating units, USAID must be generous and compassionate in retraining individuals to the extent possible or by assisting employees to find other positions -- both within and outside USAID. The team notes USAID Kenya's current initiative in this regard which involves the creation of a taskforce to assist any displaced employees.

REDSO should join this effort and joint policy should be devised to require that displaced employees be the first considered to fill a position vacancy, before any other applicants are interviewed or otherwise considered for employment or for transfer between Agency offices. Training opportunities to upgrade useful skills should be made as widely available as possible. In addition the Personnel Office should continue its efforts to provide effective outplacement services.

Position reductions should be accomplished to the extent possible through attrition and through the elimination of vacant positions. The current hiring freeze within the REDSO and USAID Kenya should be maintained until staffing levels have stabilized and all major organizational changes completed.

j. Where there is a continuing need for services that are currently provided by USPSC employees in both USAID Kenya and REDSO, and where the need to employ a U.S. citizen is <u>not</u> a clear imperative, careful consideration should be given to the establishment of foreign service national personal services contract positions. USPSCs that are internationally-recruited are extremely expensive to the Agency. Locally-recruited USPSCs (primarily hired under dependent hire or spousal employment programs at post) generally are of much less concern, but a cost analysis should be performed before establishing any USPSC position.

When it is clear that a USPSC position may be filled by a foreign national at considerable savings to the Agency, FSNPSCs should be recruited and hired to eventually replace the incumbent U.S. citizen. Such positions should be filled on a trainee basis and at least one year allowed to accomplish the training, as dictated by the complexity of the position duties and responsibilities. In regards to the requirements of the Rockefeller Amendment, it is noted that the team believes this statute only applies to direct hire positions, which are not affected by this recommendation.

k. The new evaluation system should be utilized in evaluating the performance of all USAID employees in Kenya. The AEP can be utilized for all FSNPSC, FSNDH and USPSC employees. It is believed that the 360-degree element of this evaluation system, in particular, will serve to enhance Agency personnel management in all organizational units.

4. General Services Operations

a. Given the large size and complexity of GSO operations in Kenya, it is recommended that the services of an experienced foreign service GSO or executive officer be acquired for a minimum period of six months to assist the Executive Office in training FSNPSC and USPSC employees and in identifying improvements in GSO operations. As suggested in a previous recommendation, this individual would also be tasked with conducting a workload audit of all GSO positions to identify opportunities for savings.

b. Problems in property accountability constitute a material weakness, and this area of GSO operations has been identified as an area of vulnerability in internal control assessments over the past several years. While it is acknowledged that property accountability has improved recently, last year's inventory was not reconciled with the Controller's General Ledger Accounts. Therefore, it is recommended that the EXO ensure on a priority basis that a thorough physical inventory is conducted and reconciled with the Controller's records this year in conformance with Agency accountability and property management standards.

Given problems with the NXP computer program utilized by EXO, it is further recommended that, on a priority basis, the program be repaired or a replacement property accountability system be utilized to establish reliable records. M/AS is in the process of developing an Agency-wide property accountability program which will eventually be a part of the NMS. Any replacement system adopted by post should be considered temporary and the level of resources dedicated to supporting any such system must be governed by its interim nature.

c. The Executive Office should reduce the motor pool inventory by three vehicles. Motor pool operations should be reviewed to further revise the number of vehicles in the inventory. While current numbers of vehicles are apparently justified by the relevant guidance and criteria, the team notes, for the most part, the REDSO staff do not have programmatic travel requirements in Kenya and do not have to meet with GOK counterparts, customers, or activity implementors. The actual nature of USAID program and support requirements should govern the composition of the vehicle fleet, and the current number of vehicles appears to exceed actual requirements.

d. FSNPSC and USPSC employees should receive additional procurement and contracting training from M/OP to enhance GSO operations and to ensure that acquisition actions conform to FAR, AIDAR, and CIB guidance.

e. As it is not USG policy to make capital improvements to rental properties, major improvements to USG leased properties are not made and landlords are generally required to perform major maintenance on leased properties. GSO should intensify its efforts to require landlords to meet their responsibilities.

In addition, residential make-readies are usually contracted-out to local firms. The GSO has determined that normal maintenance requirements do not justify an expansion of staff, given that the work required is periodic in nature. Therefore, GSO employs only a small maintenance staff to support USAID operations. In general, the assessment team endorses the acquisition of services from the private sector, but the GSO should continue to monitor the cost factors involved in make-readies to ensure that costs are controlled and that the overall cost and administrative burden of employing additional staff continue to outweigh contract costs.

f. The Executive Officer must ensure that the principle of competition-in-contracting governs all procurement transactions and that procurement files adequately document such competition or the basis for any noncompetitive procurement actions. Procurement Office staff should weigh cost factors to ensure that the most services, supplies and equipment is acquired in the most economical manner.

g. The Executive Officer should prepare a justification and request a contracting warrant from M/OP for the USPSC in charge of that function with the concurrence of USAID Kenya management.

h. FSNPSC supervisors should be authorized to approve requests for international telephone calls, motor pool service, NXP and EXP requisitions, GSO maintenance work orders, overtime and sick and annual leave, and TA reports, in addition to other approvals that have traditionally been provided only by the USDH in the Executive Office.

i. Request and obtain additional airport passes from the Embassy to better support official visitors and to expedite the handling of official shipments.

j. Establish a duty driver system to provide motor pool support on weekends and after hours, similar to that maintained by the Embassy.

k. The Executive Officer should review current policies on the support provided to newly arrived employees and dependents, particularly those policies governing motor pool support to families and individuals who have not yet received their POVs. In conjunction with the USAID Kenya management team and with reference to Embassy policies, such support should be enhanced where possible.

l. The procedures utilized in managing HHE, UAB and official freight shipments should be reviewed to ensure that USAID is notified immediately by freight forwarders of the arrival of shipments and that the required GOK customs clearance documents are prepared and submitted on an expedited basis. An analysis of current procedures should be performed by the Executive Officer so that USAID management has confidence that freight frustration and demurrage charges are held to an absolute minimum.

D. FUTURE CONSIDERATIONS

In the event that existing OE and program budget levels for Kenya are reduced and FTE reductions are mandated, the Africa Bureau can streamline USAID Kenya by transferring the FTE and responsibilities of the Executive Office to REDSO.

Under these circumstances it is recommended that the Executive Office be treated as a semi-autonomous management unit and that the Executive Officer report directly to, and be rated by, the REDSO mission director. Such autonomous status would assist the EXO in discharging the office's responsibilities in an unbiased and equitable manner.

In practice, the transfer of the Executive Office should take place in a seamless fashion, with no movement of personnel or facilities. Virtually the only change envisioned by the team is that the Executive Officer's designated rating officer would change. Given that the EXO's mandate -- to provide support services to all USAID employees in a fair and equal manner, the office's success to date will be measured by any shift in the manner in which services are allocated among customers. It is reiterated that very little change would be anticipated by the assessment team.

Given that the largest group of customers should control the delivery of services, the movement of the EXO to REDSO is congruent with traditional management practices. In addition, the regional role envisioned for the EXO would complement the traditional duties of the REDSO, as this office would be providing specialized technical support and guidance to posts in the region in the area of administrative management operations.

SECTION B

Mission Management Assessment - Kenya Complex

Financial Management Review

A. BACKGROUND

The scope of work for the Mission Management Assessment of the Kenya Complex requires a specific assessment of the separate financial management operations of the bilateral USAID Kenya Mission and the REDSO/ESA within the context of identifying efficiencies and cost savings. The scope provided that the assessment will:

> "determine how best to reorganize the dual operational and functional responsibilities of the USAID/Kenya Controller and the REDSO/ESA RFMC (Regional Financial Management Center) and make specific pragmatic recommendations on how to reduce costs and redundant staff functions"

Indeed, over the last twenty three years since the establishment of the first formal regional financial management organization, the East Africa Accounting Center (EAAC) founded in 1972, the Agency has periodically reexamined, and changed, the organizational structure for providing financial services and internal controls to better respond to the changing programmatic and management needs within the region. At the outset of financial management regionalization, the EAAC was established as part of the bilateral USAID Kenya Mission with concurrent responsibilities as Controller for the Mission and provider of services to other USAID organizations in Nairobi and the region. At one point, the EAAC expanded services to twenty two separate USAID entities from a closing USAID Turkey Mission to a growing USAID Botswana Mission. Over time, financial management services for the region were managed through the EAAC structure described above, then an autonomous RFMC with its own Director (backstop 04) reporting to DAA/AFR, then an RFMC integrated in REDSO/ESA with its Director reporting to the Director of REDSO/ESA, and finally to the current structure of a REDSO/ESA/RFMC with a separate, stand-alone, Controller function for the bilateral USAID Kenya. At this juncture the Agency and the Africa Bureau likely face dramatic change driven by a confluence of events.

All indications of the current debate on foreign assistance appropriations point to sharply reduced budget availabilities of significant magnitudes for both program and operating expense resources. Additionally, the Agency is deeply into a transition to reengineered systems (both automation systems (NMS) and more fundamental business practices) which are intended to improve the quality of our products and permit management of our activities by fewer people, thereby lowering our operating costs. However, neither the budget process nor implementation of our reengineering efforts are at a point where their exact impact can be factored into this assessment. The direction and trend to sharply lower budgets and staffing levels is clear and it is, therefore, appropriate that every effort be made to identify management efficiencies and potential cost savings.

With the foregoing as background, this review will attempt to analyze and define the most appropriate and cost-effective structure for providing financial management support services within the Kenya Complex, and into the next century.

B. KEY ISSUES

As referenced above, there are currently two separate and independent financial management functions co-located in the Kenya Complex office building in Nairobi. The USAID Kenya Controller's Office comprises the full range of financial management services, including budgeting, accounting, disbursing, financial analysis and audit management. Similarly the RFMC provides the same full range of financial management services, as needed, to clients for whom the RFMC is the cognizant Controller (REDSO/ESA, Comoros, Djibouti, Eritrea, Somalia, Sudan and the Regional Inspector General Offices for Audit and Investigation located in Nairobi). In addition the RFMC also provides varying degrees of financial management support to client posts that have their own cognizant Controllers (Rwanda/Burundi, Ethiopia, Madagascar, Tanzania, Uganda and Zambia). Among the latter group, provided services are based largely on requests from each client as they define their needs. For example, full accounting and reporting services were provided to USAID Madagascar and USAID Uganda until approximately a year ago when those missions established their own full-function controller operations. Similarly, the Ethiopia Mission is actively considering establishing their own full financial management operations, dropping the accounting and reporting services now provided by RFMC. The flexibility to move financial management support services to and from the RFMC as program management needs require is, and has traditionally been, a significant strength of the regional financial management function. In the most recent shifts of responsibilities, no documented analysis was prepared to define the rationale and service benefits related to the changes nor assess the cost consequences. Such an analysis could provide very useful input for improving RFMC services, if necessary, and/or ensuring that any resulting increase in costs are appropriate given expected benefits.

Discussions regarding the quality of financial services with a range of employees in the Kenya Complex, as well as the results of the most recent FMFIA self assessments, indicate that both organizations are providing effective services. The table below outlines the staff resources of both organizations. In each case, experienced FSN staff form the core of the organizations.

KENYA COMPLEX
FINANCIAL MANAGEMENT
STAFFING 10/1/96
AUTHORIZED POSITIONS

	REDSO RFMC	USAID KENYA CONTROLLER	TOTAL
USDH	4	2	6
USPSC	1	1	2
FSNDH	1	-	1
FSNPSC	36	24	60
T O T A L	42	27	69

In considering the potential for merging financial management functions within the Kenya Complex, analysis should focus separately on each function to identify overlapping staff functions and examine the feasibility of merger within the context of specific tasks and financial services being provided. The table below outlines staffing by major functional financial management area.

KENYA COMPLEX
FINANCIAL MANAGEMENT
FUNCTIONAL STAFFING
AUTHORIZED POSITIONS 10/1/95

FUNCTION	REDSO RFMC	USAID CONTROLLER	T0TAL
CONTROLLER	2	2	4
FINANCIAL ANALYSIS	6	6*	12
ACCOUNTING	19	8	27
PAYMENTS 15	11**	26	
T O T A L	42	27	69

* Includes USPSC Budget Analyst
** Includes USDH Deputy Controller

1. PAYMENTS

Both organizations have almost identical payment operations from a functional perspective. Both use USDH positions for payment certification, and management oversight of the business area. Identical transaction types covering the full range of contract, grant, purchase order, travel order, payroll, etc., are to be found in each unit. Both organizations use the same payment systems, the same disbursing office and perform the required cash reconciliation functions, although RFMC cash reconciliations are more complex due to disbursing procedures used by some clients. The one area where there is no overlap is with regard to cash payments. There is one cashier function serving all operations of the Kenya Complex, and it is managed by the USAID Kenya Controller's Office. It is difficult to gauge the exact scope of potential savings which could be achieved through merging these functions but there is a general consensus that consolidation of this function would produce staff reductions. Indeed both Controllers had been seriously discussing the issue prior to our arrival. A savings of one USDH position could be reasonably expected by merging the payment certification, voucher examination oversight, and the accounting/reporting functions (discussed below). Also a saving of one FSN position should be possible by combining the two FSN supervisory voucher examination positions now existing in each organization. Based on a review of voucher transaction volume, potential for streamlining through combining payroll activities, and estimated economies of scale achieved through merger, a further savings of five FSN voucher examination positions are projected. Of these five positions, three are currently vacant (two in USAID/Kenya and one in RFMC). The above savings are best estimates based on many variables, and final judgements should be made, and documented, by the managers on site. But there are savings apparent through merger.

On a theoretical basis, the payment functions, and other functions, could be placed in either organization. However, the RFMC operation is more complex due to the fact that they now service multiple organizations. This aspect of the RFMC operation (client servicing) also makes them the more logical choice to host cross-servicing financial support within the Kenya Complex. The regional client service concept is given priority more broadly within REDSO/ESA (including RFMC) at the Strategic Objective level, with an SO specifically addressing providing effective program and technical support to all ESA Missions.

2. ACCOUNTING

Similar to the payments function discussed above, there are very similar, yet separate accounting functions in both the RFMC and the Kenya Controller's Office. Identical systems are used, source accounting documentation is the same, or very similar, and identical financial reports are produced by both accounting stations. Also looking at transaction volumes, which are down significantly in both organizations during the last several years, there appears to be solid potential for staff savings through combining the accounting functions (including the MACS system functions). Such a merger would support the reduction of one USDH, largely anticipated through merging the payments function, as many external and internal financial reports would be consolidated with their preparation and issuance effected within the RFMC. Further savings would be projected through combining the FSN supervisory functions of Chief Accountant and Deputy Chief Accountant now separately existing in each office. At the Accounting Technician level, again considering volumes and potential economies of scale, a reduction of three accounting technician positions (one currently vacant in RFMC), two secretarial positions (one currently vacant in the USAID Kenya Controller's office), and one MACS coordinator position are projected. Also there is currently a resident hire USPSC Budget Analyst position providing OE budget analysis for the USAID Kenya budget, which includes consolidated budget components covering housing, office operations, and non-expendable property procurement for both the Mission and REDSO/ESA. This operating expense budget approach of consolidating certain costs under the USAID Kenya budget significantly distorts the true operating costs of each organization. In FY95 the Kenya Mission OE budget was $6.0 million and the REDSO/ESA budget was $2.9 million. OE cost allocations consistent with established Agency budget standards of significant cost items (not to be taken to extremes for small value items) would likely reflect that USAID Kenya real operating costs are actually more on par with REDSO/ESA, if not lower. The same operating expense budget standards currently applied to the RIG budget in Nairobi should also be adopted for the Mission - REDSO/ESA operating expense budget function. Regarding the USPSC budget analyst position, the incumbent will likely be departing post in mid-1996. An opportunity exists in the intervening period to shift this function to one of the Mission's financial analysis staff (see further discussion below), thereby reducing a USPSC position through strengthening an on-board FSN position.

3. CONTROLLER AND FINANCIAL ANALYSIS

Unlike the two functional areas discussed above, there does not appear to be the opportunity for cost savings to be achieved through organizational consolidation of these functions at this juncture. With USAID Kenya program activity supporting three on-going strategic objectives, with audit management activities and general financial analysis activities flowing from prior years' pipeline of approximately $30.0 million, and with the need for full time financial management advice from a Controller, consolidation of these functions is not appropriate at this time. However, it does appear that some realignment of duties within the Financial Analysis Division would permit assumption of the USAID Kenya operating expense budget analysis function upon the departure of the USPSC as noted above. Any modification of the Mission financial management advisory and analysis functions should logically follow and be based on modifications to the USAID Kenya bilateral program, and their management resource allocations from the Africa Bureau.

In summary, it appears that significant savings are possible through merging the accounting and disbursing functions of the USAID Kenya and RFMC office. Further, it is appropriate that a "resident" Controller function remain within USAID Kenya focussed on providing advisory and analysis services covering the full range of program activities, audit management responsibilities and operating expense budget planning and execution. It is estimated that the realignment of financial functions along with shifting OE budget responsibilities within USAID Kenya the following position reductions could be achieved.

KENYA COMPLEX
PROJECTED AUTHORIZED POSITIONS

FUNCTION	REDSO/ESA RFMC	USAID CONTROLLER	TOTAL	POSITION REDUCTIONS
Controller	2	2	4	-
Financial Analyst	6	5	11	1
Accounting	19	-	19	8
Payments	19	-	19	7
TOTAL	46	7	53	16

Implementing the merger of the accounting and payments functions should be accomplished over time, and taking into consideration the roll-out of AWACS, the new financial management system currently in development to incorporate Agency reengineered business practices. It would be a logical approach to merge payments first, followed by the accounting functions. It would also be logical to examine whether it is preferable to consolidate the two existing accounting data bases of MACS within the Kenya Complex before or after the conversion of data to AWACS. The decision will likely be driven by which option provides the best internal control over migrating existing data to the new platform and software, once AWACS design is completed. Similarly, accounting staff reductions should be timed to support a smooth transition to AWACS, even if the MACS data bases are merged prior to conversion to AWACS.

Of the projected position reductions outlined above, five are currently vacant, and one additional vacancy (USPSC) should occur in the near future. In implementing additional reductions, the current Agency hiring freeze should prove helpful. Normal attrition could produce opportunities for retraining/placement of on-board staff to fill vacancies within the Kenya Complex as they occur. In general terms and for any reductions of on-board personnel required, prior organizational affiliation should not be a factor. Decision making on staff retention should be as transparent as possible, and based on employee performance and potential. This issue is further addressed within the Administrative Manager section of this assessment.

C. CONCLUSIONS AND RECOMMENDATIONS

Based on the findings of this review, the following recommendations are made with the intention of achieving efficiency and cost savings without adversely impacting the high quality financial management services and oversight currently existing within the Kenya Complex.

1. The consolidation of the two separate payable functions of the RFMC and the USAID Kenya Controller's Office should be effected in the RFMC. Consolidation should result in the reduction of the USDH Deputy Controller position in USAID Kenya, one Supervisory

Voucher Examiner position and five examination positions. Estimated annual savings are $102,500.

2. The consolidation of the two separate accounting functions of the RFMC and the USAID Kenya should be effected in the RFMC. Consolidation should permit reduction of one Chief Accountant position, one Deputy Chief Accountant position, two secretarial positions, three accounting technician positions, and one MACS Coordinator position. Estimated annual savings are $120,000.

3. Recognizing the advent of the NMS for financial management (AWACS), possible expansion of USAID programs in the region, and impending OE budget reductions, the recommended staff adjustments should be pursued as guided by future developments in these areas.

4. The Controller and Financial Analysis functions providing advisory and analysis services, should remain with the bilateral Mission and not be consolidated within the RFMC. Further consolidation of these functions should be reconsidered only if policy decisions regarding resource allocations to the USAID Kenya are inadequate to support these functions structured on a bilateral basis.

5. It is recommended that within the USAID Kenya Controller function, the responsibilities of the resident hire USPSC Budget Analyst should be transferred to the financial analysis staff. Specific on the job training should be completed prior to transfer of the USPSC in mid-1996. Estimated annual savings are $40,000.

6. It is recommended that, in conjunction with any planned shifts of financial support functions to or from the RFMC, a documented analysis of costs and benefits that would flow from the proposed charge should be prepared for M/FM concurrence and Africa Bureau approval.

7. It is recommended that changes be made to operating expense budget procedures, and accounting and reporting of obligations and expenditures to more accurately reflect the operating costs of USAID Kenya and REDSO/ESA. Generally, the same budget and accounting standards applied in allocating costs throughout the Agency should be adopted to ensure financial information related to operating costs of each organization are fairly represented.

D. FUTURE CONSIDERATIONS

As mentioned at the outset of this section, both the Agency's future resource levels and the management efficiencies that will result from our reengineered systems are not fully understood at this time. However, looking to an uncertain future, there are some issues that should be kept in focus as we move forward.

Should policy determinations dictate that a bilateral presence be maintained by USAID Kenya at sharply lower program, FTE, and operating expense levels than can be achieved by Mission management through their on-going cost control efforts plus the suggestions from this assessment, the REDSO/ESA/RFMC could be a helpful resource. With a program of more narrow scope and if required by shrinking resources, the remaining "advisory and analysis" functions of the Mission's Controller's office could be assumed by RFMC. While this may not be the optimal solution from a financial management point of view, it is a workable option if dictated by policy decisions on resource allocations.

The recommendations contained in this section are made without consideration of the exact impact of reengineering in general and the implementation of AWACS in particular. However, one of the fundamental design concepts of all the NMS applications is to permit all of the Agency's functions to be performed with fewer people. With this in mind, Kenya Complex management will likely need to continuously review staffing plans, skills mix, and training needs as operating experience with NMS applications grows.

Finally, it was clear during this review that real impacts on the type and scope of financial management staffing are directly linked to how assistance programs are designed and implemented. To the extent country specific program activities could be consolidated within a single contract or grant, procurement volume would shrink financial flows would have a management focus that would reduce advance or reimbursement transactions, and financial accountability/audit would be streamlined. This could be accomplished in a variety of ways. Individual Missions that are developing similar results package activities through normal bilateral country program analysis could develop specific operating plans and scopes of work for contracting. Depending on the development objective, the desired results sought, it could be that contracting, as separate contract components, of these country specific activities could be feasible. This was done in Southern Africa to manage country specific training/technical assistance activities for Botswana, Lesotho and Swaziland in the late seventies through the Southern African Manpower Development project (SAMDP). Separate bilateral OYBS funded a single contract for implementation of country specific activities, managed by each mission and cooperating government. Another model is regional, as opposed to bilateral, funding and management. Similar country specific development objectives could be developed within the framework of an over-arching regional program results package which cold finance multi-country activities through a single procurement or assistance instrument. Lower Agency management costs on the program management and financial management functions should result. To a large extent within "projectized assistance" the number of different entities and intermediaries with whom we choose to work, determines the complexity and level of financial management services required both within and among country programs.

SECTION C

Kenya Mission Management Assessment

Information Systems Review

A. BACKGROUND

The Kenya Complex Assessment Team was tasked to focus on the functions of both USAID/Kenya and REDSO/ESA that might lend themselves to savings through better integration of services or other measures to promote further sharing of resources.

This section concentrates on the 3rd of 3 listed functions, briefly stated they are 1) Controller offices, 2) EXO function, and 3)the Data Management Branch(DMB).

Function 3 specifically is to assess:

"The equipment, management, operation and overall functional responsibilities of the DMB as well as the regional support function that the staff of DMB and REDSO may be expected to provide under a Reengineered USAID in the coming years."

Additionally, the Assessment Team is to make suggestions in support of a concentrated short-term effort to utilize new technologies (such as E-mail and fax) and also to provide advice leading to a formal request to the M Bureau to insure that REDSO's automation capabilities be upgraded and modernized, especially in light of additional capabilities inherent in Reengineering and the advent of the NMS. This coincides with REDSO's S.O. # 2 of "Increased utilization of critical information by USAID and other decision makers in the region. Utilization of modern technology to support this vital function is both a need and a responsibility of all USAID efforts to create and provide institutional memory to ourselves and our partners worldwide. To fail to do so would be irresponsible, S.O. or not. Assessment team approached this from a Complex wide point of view.

B. KEY ISSUES

<u>Concern in both the bi-lateral and REDSO that DMB services are not optimal</u>. This is understandable due to the fact that there are problems to solve in many areas, and the fact that staff composition is vastly more computer literate than the previous generation and see systems and program/information access as necessary to performing well professionally.

For discussion purposes, DMB services can be logically separated by function:

HARDWARE AND SYSTEMS SOFTWARE

- Legacy Systems (MACS etc.)

- LAN Operation and Maintenance (Banyan Vines)

- Desktop (PC) Operation and Maintenance (includes PC configuration)

COMMERCIAL AND CUSTOM DESKTOP SOFTWARE

- Windows Operating System

- Word Processing

- E-mail

- Spreadsheet

- Custom/special Software(Stars, NXP, etc.)

We believe that to do justice to DMB, a bit of background discussion is warranted. Information Technology usage by USAID worldwide has come relative light-years in only the last 4 or 5 calendar (even faster at end-of-fiscal-years)years.

- Local Area Networks with low cost high performance PC-based Servers have leapfrogged the Wang MiniComputer terminal based systems.

- Unix Servers for database administration have successfully and efficiently replaced WANG database servers for Legacy (Chiefly Financial Systems), with great cost savings and better reliability.

- Lest we forget, low cost PC's have replaced WANG Terminals/Word Processors freeing Users to do much more, with limited need for DMB support, and with available low cost software.

- Windows has replaced single usage DOS software, again adding flexibility and increased technological functionality.

- Sun UNIX Database Servers are being replaced by IBM Risc 6000 Super-servers. This is in process and DMB is training for these currently.

- Legacy software is being replaced by New Management Systems (NMS) software. Training of DMB staff in its installation and maintenance will adhere to anticipated directives from IRM/W.

- Regional Support requests have increased greatly as a result of ESA Missions struggle with the same technological change and increase of IT support needs, coupled with DMB's reputation for expertise in LAN and Legacy Systems and also lack of consistent support and direction from IRM/W.

- Implementation of the VSAT and Internet services will add unprecedented access to huge amounts of both USAID Corporate information as well as that in the entire world, but it does not come without costs in staff skill time allotment.

All of this is to say, "No wonder DMB has to run hard just to keep up". There are many more opportunities in the mix than problems.

2. *Equipment*

DMB's network infrastructure is to IRM/W's specifications and well maintained. Physical access to the area should be more restrictive, but is generally secure. Backup's are regularly performed and kept off-site. VSAT equipment is installed and functional. Telecomm lines to DOS/EMBASSY are functional and waiting DTS-PO upgrade.

The LAN and Servers are well maintained and managed but DMB Management should perform a little PR with users to have them better understand perceptions of unreliability when problems occur.

Backup desktop power supplies for computers and full integration of the Complex generator system should ameliorate a lot of problems associated with crashing PC's and Servers.

State-of-the-art hardware is on order to provide for NMS databases and hi-speed communications with Washington.

The currency and capabilities of desktop machines (PC's) reflect USAID/W's equipment evolution, which mirrors that of the industry in general. Today's "antiques" were yesterdays super PC's. The need for hi-speed processors demanded by NMS provide capabilities for processing other information at greatly increased speed. While not optimal, the Complex will by the end of the calendar year contain a mix of Pentium and 486 processors, with adequate memory, to efficiently process as much data and information as a user can handle.

3. Overall Functionality/Complex Management DMB Orientation

In the past year, attention to DMB operations has increased greatly. Before, due to the technical nature of a lot of DMB functions, a lot of daily oversight of DMB was not thought necessary. This is no longer the case. The Deputy EXO has reformed the DMB Committee from a team of 2 Controllers(Bi-lat and REDSO) to a team of 6 higher level Users/Managers. Assessment suggest that a subcommittee comprised of 1 person each from the 2 Complex organizations join with the User support DMB employees and Floor Coordinators monthly to discuss User problems/opportunities and report back to the DMB Committee. These meetings should include a block of time for any user to be heard by voice (or e-mail) and raised issues addressed or taken to the DMB Committee.
DMB is a common support unit servicing the Kenya bi-lateral, and REDSO, and remote missions. It is anticipated that with NMS and increased communications capabilities provided by VSAT services that the Regional Support role will increase greatly, requiring teamwork by both Complex organizations to allocate DMB human resources as well as possible for this regional Support. This review of Information Systems for the entire Complex specifically does not address management location of DMB services.

C. FINDINGS AND CONCLUSIONS

1. Assessment of the functions listed under History in the Background Section determines that user frustration with DMB services lies heavily in the Desktop Commercial-off-the-shelf software arena. The Controller shops express full satisfaction with the DMB services provided. Complaints regarding PC desktop speed revolve around old network connection hardware which is in the process of replacement, as are many of the PC's .

Justifiable frustration with PC setup and the manipulability of Windows software lies heavily in the recency of its initiation into the mix of overall services.

2. DMB Management should be an integral part of the budgeting and/or planning process for acquisition and deployment of all IT hardware and software. This includes both OE and any Program funded items intended for use in the Complex site. DMB particularly should clear on any hardware/software which will reside on or use the Complex Network, as DMB has responsibility for the Networks efficiency of operation, and the fact that program funded purchases require installation and support regardless of funding source.

3. DMB Management and Staffing

The Systems Administrator is highly rated, particularly in Technical Management. Employee relations are good and management duties shared with the Deputy Administrator who is highly technically rated as well. Both have backgrounds in the Legacy systems and have kept up well in the ever changing environment.
There are staff concerns regarding frequency of meetings and knowledge sharing which need particular attention.

Necessary improvements in staff management consist of a need the Systems Administrator to substantially "let go" of hands-on technical duties and tend more to the bigger picture (specially people and time management), as today's Systems Administrators are integral to the Complex's overall efforts toward excellent management. Efforts should be made to support this transition by training where possible and inclusion in decision making processes in the Complex.

Staffing Levels have remained relatively constant while the technological portfolio has increased immensely. While the machinery can certainly do more, it has costs in attention to human needs for learning and training.

The Staff of 8 (comprised entirely of highly skilled FSN's) as well as the recommended transferee along with the management staff have the necessary ingredients to make the Kenya/REDSO Complex an outstanding Center of Excellence in IT (Information and Technology) throughout the USAID world.

Suggested personnel modifications are Reorganization of the unit into 2 functional units and the transfer of REDSO/ESA's Computer Support (technically a Secretarial position to the

DMB staff as a Computer Assistant, and the obtaining of services of 6 months to a year of a highly qualified consultant/contractor with a combination of Reenginering skills, Client-Server Systems Management skills, and experience with or to-be-obtained training before posting on the Agency's New Management Systems(NMS). Further analysis of this proposal should be done, factoring in as well the need for DMB's vital role in providing technical Regional assistance to the installation and initiation of NMS in the Region's satellite missions. Internet exposure should be a part of the Consultant's portfolio.

A proposed staffing chart accompanies this section. Basically, it splits the currently combined staff below the Systems Administrator into two functional subunits:

Network & Corporate Data Administration Group

Operations and User Support Unit

The current Deputy would direct the Network & Corporate Data Administration Group. The current Operations Manager would direct the new Operations and User Support Group.

The secretary would assist the Systems Administrator and Deputies and maintain the Help Desk/Customer Service database.

The Network & Corporate Data Administration Group would be comprised if the Lan Administrator and Systems Analyst along with the Deputy. Their duties will include operation of the IBM Risc 6000 database server and data administration as well as current functions. The group members will support installation of the AWACS module of NMS in particular.

The Operations and User Support Unit will consist of the current Operations Manager and 2 Computer Assistants as well as a new Computer Assistant transferred from a current position in REDSO. This unit is larger in numbers by one, but will be responsible for (as well as current duties) Internet user coordination, NMS modules excluding AWACS, and Support of unique REDSO activities such as the Laptop Pool and STARS, the Travel Scheduling System. NXP patching will also be done by this unit in conjunction with Warehouse personnel.

This is suggested with full knowledge that the entire staff has cross trained in skills that cut across both units and will in reality cross over substantially on a day to day and

backstop basis. It make hands-on management even more crucial but should allow the DMB as a whole to do more without substantial increase in staff (which budget realities make difficult if not impossible).

Further development of this will be done in consultation with Complex Management, the Assessment Team, and the DMB Committee. Adjustments may be necessary, but the basic concepts should remain unless strongly demonstrated not to be feasible. Following this consultation, organizational changes should be made as soon as possible. The Consultant could probably be brought in best around the first of the next calendar year. Although NMS is scheduled for installation and rollout in january, 1996, it is the feeling of the team that recent delays in hardware delivery, training, and software testing will push it back somewhat. The Kenya complex has an excellent opportunity to well prepare for this complete way in which we will do our business.

Team also recommends a User subcommittee be formed consisting of DMB representatives, Floor Coordinators, and several typical daily users of various DMB services(Controller shop, REDSO Program representatives, etc. This group would meet regularly to discuss problems and opportunities in IT and make recommendations to the DMB as viewed by the user community at large. Regional IT personnel should be encouraged to be "virtual members" of this committee for those issues concerning Regional support matters.

We recommend that the IT User Committee sponsor a monthly Open Forum on IT matters with an agenda of sharing IT developments to all comers, and use this meeting for a "face the music" session to air problems or present opportunities for consideration. Matter of high concern should be taken to the DMB Committee for resolution.

That said, improvements can be made in the following areas:

a. Customer Service

The majority of DMB's customers acknowledge that DMB customer service willingness exists, but that the staff is limited in ability/knowledge and time to service them. This is true as, explained elsewhere in this section. Some customers perceive a less than customer oriented attitude, and some to particular individuals whom DMB and EXO management will address.

Expressions by REDSO staff regarding lower levels of attention and service by DMB as opposed to USAID/Kenya have been analyzed and found to be more a function of the strained relationship between organizations and some staff members than real (as noted in the Executive Summary of this Assessment). Exceptions to this serve mostly to prove the rule. USAID/Kenya employees feel under-served at times as well, as do FSN's at times when their needs may seem to not be serviced as quickly as those of a US type. This should be continuously evaluated and will hopefully diminish greatly in the spirit of teamwork and cooperation.

Respect for other humans is necessary for optimal service - "going to DMB and demanding instant service on a desktop problem" may seem justifiable to a panicked user at the time, but should not be allowed. Statements of unavailability of DMB management at the time of the problem are insufficient. The Deputy EXO and EXO in that order should be consulted at that point. Less than fully courteous treatment of a user/customer is not acceptable, regardless of the minor nature appearance of the problem to the technical person. The help desk/floor coordinator process should help reduce this problem to a minimum.

Service call satisfaction appears to have improved greatly in the past few months. Floor Coordinators as first point of contact is working better. There should be only 1 per floor, not per wing. These should be roughly balanced between USAID/Kenya and REDSO/ESA with no distinction by floor as to which wing the coordinator resides. The DMB Committee should, with advice from the current floor coordinators, choose the best available person for this function. Backstoppers for each floor should be designated from other floors for 5 day a week coverage).

DMB has instituted a Board system for logging Help Desk calls. If not currently existent, a form should be filled out for each call noting date/time/user/problem/urgency level/resolution/date of resolution etc. A database should be established and be made accessible Complex-wide for persons with pending requests to check. "Emergency" calls will often not lend themselves to logging until after the fact, but should be entered. DMB management (and delegated person during their absences/current availability) should be available and consulted when scarce human resources force timing of response. EXO management should demand and enforce this.

b. Skill level limitations in Windows and related PC configuration issues exist and are a result of lack of time and available funding. Time also limits cross-training or skill transfer among DMB staff. EXO should consult with the DMB Committee and make efforts in this area. Users, in the spirit of Teamwork and as well for their own need for modern Knowledge Worker skills should be encouraged to do self-learning and peer-peer skill transfers.

D. FUTURE CONSIDERATIONS

A strong argument could be made (as is the trend in private, for-profit organizations) for creation of an entity for Information Technology and Resource Management headed by a Chief Information Officer on a peer level with a Chief Financial Officer/Controller). With present uncertainties, that will not be discussed at this time.

Some particular targets of opportunity, though not a comprehensive listing include the following:

S = Short-term, within one year
L = Longer term Opportunities

(L) As an NMS module, the Property Management BAA will increase the quality and management of EXP and NXP. Current efforts are underway to perform stopgap support for this vital function. Washington will be strongly urged to accept advise from experienced Mission personnel prior to completing computer design for this module.

(S) The Kenya Mission Complex can become a Center of Excellence in Internet and other distance Information Services in the ESA Region. An open User's Group on this should be formed and include as Virtual members IRM/W (Internet data Services Unit) as well as interested Parties in the regional Missions. Efforts should be made to assist where possible USAID's fellow USG Agencies as well as the various organizations doing Development work in the Region.

(S) Internet capabilities are a by-product of the high-speed communications needs of NMS. Access to this service should be supplied in due time - desktop access by the need-to-know Knowledge and at common access points for those wishing to avail themselves. The consolidated library would be an excellent location for installation of 1 or 2 Internet capable PC's.

(S) A name change for DMB should implemented to give the function a modern tag. An agency-wide solicitation should result in a list from which the DMB User Support Subcommittee can suggest several of the better suggestions to the DMB Committee for final Choice.

(L) Remote Access to the Complex would be extremely useful to some users, particularly those who travel frequently. Unfortunately, due to repeated disappointing attempts to establish reliable phone line links, this does not appear to be feasible at the present time. However, with an orientation to application of newly available technology, DNB should keep trying, particularly contemplating connection by Radio spectrum Technologies. Upgrading of telephone line quality may take longer than we wish, but eventually a reliable connection should be achievable in one of these ways.

(S) IRM/W will be consulted upon the assessment teams' return and emphasize that as a Customer of IRM/W that their Customer Service to the Complex needs improvement. Particular frustration lies in IRM/TCO Internet e-mail support.

(S/Medium) REDSO/ESA's operation of it's STARS travel system has become a valuable part of it's operation. IRM/W will work with REDSO/ESA to determine short term additions regarding reengineering terminology and longer term determination as to whether to transmute it into a Windows based system, as well as whether and how it fits into NMS modules.

(S) Unclear mentions have been made of possible staff addition to DMB from a current RIG "computer person". Without information of skills, current functions, planning for integration, etc., it is not possible for the Assessment team to factor this into recommendations. The DMB Committee should address this as soon as possible.

SUMMARY OF RECOMMENDATIONS/FINDINGS
INFORMATION SYSTEMS REVIEW

1. DMB equipment will be in place and adequate to serve NMS as well as Complex Users generally.

2. DMB services/customer service orientation is provided equitably if irregularly. EXO is playing a stronger management role.

3. DMB Management should be less technical and more general management oriented.

4. DMB staff reorganization is recommended. Two functional units (Network and Corporate Data Administration/Operations and User Support Unit recommended. Subject to debate by DMB Committee.

5. Consultancy for 6mo-1yr for Complex /Regional NMS implementation and to bolster current DMB management skills is needed

6. Customer Service orientation of DMB is emphasized, and two way mutual respect is demanded.

7. Help Desk/Database for problem tracking will be reemphasized and EXO management urged to monitor closely.

8. Users urged to use self-learning and peer-peer skill transfers as empowered Knowledge base workers.

ANNEX A

MISSION MANAGEMENT ASSESSMENT - KENYA COMPLEX

I. Statement of Work

A. REDSO/ESA Background:

USAID's Regional Economic Development and Services Office for East and Southern Africa (REDSO/ESA) was established in Nairobi in 1972, at a time when U.S. assistance programs were being expanded throughout east and southern Africa and it was recognized that USAID would not have the resources to fully staff every bilateral Mission in the region. Thus, REDSO's raison d'etre was and to this day remains, the provision of a central pool of experienced officers and technical experts who are available to respond to requests for support services from the other USAID Missions and Offices in east and southern Africa (and the Indian Ocean states).

Concurrent to the establishment and operation of the REDSO offices in Nairobi, a bilateral USAID program in Kenya has continued to be managed by a separate, traditional USAID mission. During the recent past these two mutually independent offices have, whenever possible, shared facilities and/or support services. In December of 1994, these two offices shifted location to a new office complex in the USAID Towers in Nairobi which was designed to accommodate all of the USAID/Kenya and REDSO/ESA offices.

In fiscal year 1995 REDSO/ESA for the first time was asked to develop a ***"Strategic Plan"*** for the five year planning period 1995 to 2000. Such a Plan was submitted to the Africa Bureau in April of 1995 and reviewed during a USAID/W Program Week from May 22 - May 26, 1995. In the Plan REDSO proposed a regional Strategy based on four ***Strategic Objectives (S.O.s),*** which suggested a number of increases in both program and personnel resources in order to fully carry out the Strategic Plan. The four S.O.s that were proposed are as follows:

- S.O. #1: Effective program and technical support to all ESA Missions;
- S.O. #2: Increased utilization of critical information by USAID and other decision-makers in the region;
- S.O. #3: Establish a strong basis for implementation of the Greater Horn of Africa Initiative;
- S.O. #4: Effective delivery of USAID's humanitarian assistance.

Because of the importance of each of the proposed objectives to the overall operations of the Africa Bureau in the ESA region, the Bureau approached the review of REDSO's Strategic Plan with the view to making choices within individual S.O.s, rather than eliminating any of the proposed S.O.s. Part of the review was focused on a desire to find ways to gain efficiencies and contain dollar and personnel costs in the overall operations of the USAID complex in Nairobi. Thus, all four proposed S.O.s in the REDSO Strategic Plan were approved by the Africa Bureau, without any significant modification. However, this decision may have to be revisited, later in the year, when the budget outlook is clearer.

During the Program Week wrap-up session with the AA/AFR, it was recommended that a ***Mission Management Assessment*** be conducted as a priority. The AA/AFR noted that such an Assessment should take into account the expanding regional roles and responsibilities of USAID in ESA, as well as the realities of the shared physical location of the USAID/Kenya and REDSO/ESA offices and probable reductions in USAID Operating Expenses in the coming years. In this context the focus of the Assessment should be on examining the operations and staffing of the Kenya USAID complex so as to provide pragmatic recommendations on how economies can be achieved in the Operation Expense (OE) budget and in the staffing requirements of both USAID/Kenya and REDSO/ESA. The AA/AFR also noted that the Terms of Reference for the Assessment should be broad enough to include a focus on the functions of both USAID/Kenya and REDSO/ESA that might lend themselves to a savings through better integration of services or other measures to promote further sharing of resources--both human and material--and responsibilities.

These functions include:

- the USAID/Kenya Controller's offices and the Regional Financial Management Center (RFMC) in REDSO/ESA;

- the Executive Office provision of support to USAID/Kenya and REDSO/ESA USDH and USPSC staff and--to the extent provided--to Institutional (both Kenya and Regional) Contractors;

- the equipment, management, operation and overall functional responsibilities of the Data Management Branch (DMB), as well as the regional support function that the staff of DMB and REDSO may be expected to provide under a ***Reengineered*** USAID in the coming years.

In addition, REDSO/ESA was encouraged to make a concerted effort, in the short-term, to utilize new technologies (E-Mail, faxes, etc.) to reduce the expenditure of scarce OE funds for TDY travel. Since REDSO noted that its automation system is antiquated, it was determined that the Bureau, based on the recommendations of the Assessment, would make a formal request to the Management Bureau to insure that the automation system that is at the core of REDSO/ESA's ability to promptly service its clients throughout the region is appropriately upgraded and modernized as soon as possible. This will be especially important as the new systems under ***Reengineering*** are operationalized.

B. USAID/Kenya Background:

Kenya, about the size of Texas with a population of 25 million, is a stable and long-standing U.S. ally in the volatile but strategically important Horn of Africa. U.S. military access to key Kenyan naval and air facilities remains vital to relief and humanitarian operations in the region. For the foreseeable future, Kenya is likely to play a significant role in regional trade, investment, infrastructure development and general economic cooperation.

Since its independence in 1963, Kenya has been politically stable. For stability to continue, however, a stronger commitment to democratization and sustained economic growth will be required.

The goal of USAID/Kenya's bilateral program is to encourage broad-based economic growth and sustained development. USAID/Kenya concentrates its resources on achieving three Strategic Objectives:

- S.O. #1 Reduce fertility and risk of HIV/AIDS transmission;
- S.O. #2 Increase agricultural productivity and farm incomes;
- S.O. #3 Increase private enterprise employment (especially micro-enterprise employment).

USAID/Kenya's family planning projects are among the most effective and successful in Africa in terms of people-level impact. IN 1993 USAID reported a dramatic decline in Kenya's total fertility rate (TFR) 6.7% (1984-1989) to 5.4% in (1990-1993)--one of the most precipitous declines ever recorded, with profound implications for

the health and welfare of Kenyan women. USAID contributed to these outcomes by being the largest and most dependable source of financial and tehncial assistance to the national family planning program, accounting or 60% of total program expenditures in 1993. Contraceptive service is widespread and in demand as a result of USAID-assisted efforts to educate and inform the public. A successful USAID-funded health care financing program is shaping a national drug policy and new health financing systems to sustain increased local resources available for family planning and AIDS prevention services. HIV prevalence among adults increased from 3.5% in 1990 to 5.7% in 1993, and the estimates are that the rate reached 7.8% in 1994.

Agricultural activities focus on support to technology development and transfer, fertilizer and grain market liberalization, market road rehabilitation, and policy research and analysis. Agriculture continues to be the largest sector of Kenya's economy, contributing 27% of the Gross Domestic Product (GDP), employing 55% of the workforce directly, and providing 60% of export earnings. Between 1971 and 1992, agricultural productivity grew slowly, at an average annual level of .6%. This growth is a notable achievement when compared with the average for sub-Saharan Africa of .38% percent. Kenya's agricultural productivity growth can be attributed primarily to USAID investments in agricultural research.

Kenya has a need to create jobs for the 490,000 people that enter the labor force every year. USAID contributes to the creation of these jobs by encouraging economic growth among two groups of private enterprises -- non-traditional exports (NTE) primarily horticultural, and micro, small and medium enterprises, largely agro-industrial. Private enterprise employment grew by 6.5% in 1992. This comes close to achieving USAID's performance target of 7%. The largest contributor to this growth was informal sector employment, which grew at 13%. Revenues from NTEs increased by 25% in 1993. Employment in NTE enterprises has increased by 10% per year, well above the target of 8% annual increase.

The USAID portfolio was designed in a way that only minimum funds are channeled through the government. The program works primarily with non-governmental organizations. About 80% of disbursements go directly to PVOs/NGOs and private communities. If funds disbursed through A.I.D. direct contracts are taken into account, less than 6% pass through the government.

C. Purpose:

The purpose of the Mission Management Assessment of the Kenya complex is to develop a clear strategic and operational understanding of USAID/Kenya and REDSO/ESA, both in the present and for the immediate future operations. Then to present pragmatic and workable recommendations that will result in savings in overall OE costs and staffing for the USAID Kenya complex, including suggestions on how to upgrade the existing automation systems to facilitate a more proactive regional role for REDSO/ESA.

The Assessment will:

- determine if USAID/Kenya and REDSO/ESA OE/staff levels and position responsibilities are adequate or overlapping in terms of anticipated future program and support requirements, and make recommendations on how to economize on OE expenditures and staff requirements;

- determine how--organizationally and operationally--best to achieve the Africa Bureau objective of having REDSO/ESA serve as a regional support center for the adoption of Reengineering in the ESA region;

- make recommendations regarding the upgrading and modernization of the computer and automated systems in REDSO;

- determine how best to reorganize the dual operational and functional responsibilities of the USAID/Kenya Controller and theREDSO/ESA RFMC and make specific, pragmatic recommendations on how to reduce costs and redundant staff functions;

- examine the adequacy of current operating systems; identify any additional needs and opportunities to economize on staff or material; and make recommendations for alternative organizational configurations and systems improvements;

- examine financial management and accountability, overall administration practices including personnel systems, property management, communications and records, contractor support services, and operation and maintenance of the USAID Kenya Complex computer systems.

D. Personnel:

The Assessment Team will be made up of four (4) members including the following individuals:

1.	Team Leader:	A former USAID Mission Director or a retiring Director;
2.	Management Expert:	An experienced, senior USAID Executive/General Service Officer;
3.	Financial Operations Expert:	A senior USAID Controller;
4.	Computer Expert:	A senior computer and automated systems manager that is fully aware of the Agency's reengineering plans.

It is anticipated that all four team members experts will be experienced and senior U.S. direct hire Foreign Service or General Schedule Officers on temporary duty assignments for this Assessment. The Team Leader will be responsible for the overall quality of the Assessment and the timely provision of the draft and final written Reports of the Team.

E. Timing:

The Assessment Team should begin work on or about October 16, 1995. It will be essential that the Team have at least one day in USAID/Washington to be briefed on the purposes of the Assessment by appropriate Africa Bureau staff. The Team will have two days to travel to Nairobi. It is anticipated that the Team will require a minimum of two full weeks or 12 working days in Nairobi to conduct the Assessment. The Team will then have two days to travel back to the U.S., and the equivalent of one full day of briefings for Africa Bureau Management.

Subsequent to receipt of written comments on the draft written Assessment Report the Team will have at least three days to complete the final Assessment Report. This final report will then be distributed per the instructions noted below. The Team will be authorized a 6 day work-week. It is anticipated that it will take a total of 21 working days to complete work on the assessment.

F. Reports:

The Assessment Team will be required to provide an oral presentation of its findings to both USAID/Kenya and REDSO/ESA management prior to departure from Nairobi. Subsequent to that, and prior to departure from Nairobi, the Team will provide five copies of the draft report and an electronic copy to both USAID/Kenya and REDSO/ESA. This draft Report should include: an executive summary of the Assessment; a section on the background of the Assessment and the USAID complex in Kenya, providing a summary of the different objectives and strategies of the two offices; a section providing the detailed findings of the Assessment Team related to each area of focus; and a section with specific, pragmatic, recommendations on how best to:

- economize on OE expenditures;
- reorganize and reduce staffing; and
- modernize/upgrade the computer and automated systems in the Kenya Complex to fit with the future regional plans of USAID in the ESA region.

The Team will then travel to Washington to provide an appropriate oral presentation of its findings to Africa Bureau management staff.

Upon receipt of written comments from the East Africa office of the Africa Bureau in Washington, which will include comments from USAID/Kenya and REDSO/ESA, the Team will be responsible for the preparation and distribution of the Final Assessment Report. At least five copies of the complete final Report will be provided to each of the following USAID offices: AFR/EA; USAID/Kenya; and REDSO/ESA.

G. Illustrative Budget:

	U.S. $
Travel:	
U.S. Direct Hires (4)	
Washington - Nairobi - Washington	$16,000.00
Sub Total:	$16,000.00
Per Diem:	
U.S. Direct Hires (4)	
Nairobi ($187 x 12 x 4)	$ 9,000.00
Sub Total:	$9,000.00
Miscellaneous:	$ 500.00
TOTAL:	$25,500.00

ANNEX B

MISSION MANAGEMENT ASSESSMENT - KENYA/COMPLEX

LIST OF CONTACTS

USAID/Washington

<u>Management Bureau</u>
Carolyn McGraw
John Martin

<u>Africa Bureau</u>
John Hicks
Carol Peasley
Glenn Slocum
Rick Handler

American Embassy Kenya

Ambassador Brazeal
ADM, Manuel Acosta
RSO, Seymour DeWitt

USAID Kenya

George Jones
Kiert Toh
Jairo Granados
Carole Jones
Helen Oguna
Lee Ann Ross
Carlton Terry
Nimo Ali
Cyrilla Bwire
Stephen Ragama
Pete Klosky
Chief Acct. David Mungai
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Dennis Weller
Leslie Dewitt
William Cherry

REDSO/ESA

Keith Brown
Ronald Harvey
Steve Freundlich
Eric Loken
Anthony Vance
Joseph Gettier
Larry Meserve
David Songer
Richard Webber
Neal Cohen
Muhato Wanjiku
Mary Miruri
Ruth Buckley Hughes
Joseph Mwangi
Elizabeth Weber
Harry Dorcus
Eliphas Mugo
Ahsan Malik
Neal Cohen
Frank Donovan
Ray Kirkland

RIG/A Nairobi

David Conner
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