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PAI-AA-X-631  
August 17, 1972

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: EXSEC

FROM: Robert Hubbell, Chairman of Ad Hoc Task Force

SUBJECT: USAID Role and Style in a Reorganized AID

Problem: To arrange expeditious clearance of proposed message to the field on the above subject.

Discussion: The Ad Hoc Task Force of Messrs. Benz, Butterfield, Fischer, Harrison, and myself have reviewed the pertinent papers on a reorganized AID that concern the role, style, and structure of the USAID. Based on these studies, we have prepared the attached draft message.

We have concluded that, despite its length, the message should go as a cable in order to save time and to assure that all missions receive it simultaneously. It is attached as Tab B.

We recommend that the message be specifically addressed to the Ambassador as well as the USAID Director or AID Representative in order to encourage a policy-level response. For the convenience of the Ambassador, the message summarizes previous information on the reform sent in other messages, which are cross-referenced.

The Task Force also proposes that two detailed documents which are not yet official be pouched to the field in order to give Missions a more concrete idea of what is meant by project monitoring and collaborative style and in order to get comments before policy statements on these subjects are issued. One of these documents is a slightly revised version of the "Report of the Project Monitoring Resources Group" (Benz group) which you have seen. The other document is a proposed statement on the "Roles of Cooperating Countries, AID and Intermediaries in the Planning, Implementation and Evaluation of Technical and Other Non-Capital Assistance." It was prepared by the Program Evaluation Committee and was reviewed and approved by the Working Group on Instruments for Increased Use of Non-Government Organizations. (Levick group). These papers are under Tab C, which is typed as an airgram.

In view of the urgency, the Task Force has not attempted to clear the draft cable nor the airgram with the Bureaus and offices represented on the Administrator's Advisory Council. If you approve the messages, we suggest either of the following options:

1. That you sign them for transmittal to the field; or
2. That the messages be xeroxed and sent to the addressees shown on the attached memorandum from you (Tab A) with a request for comments by a stated date.

Recommendation: That you select one of the options given above or such variation as you may desire.

OPTION 1.	Yes _____	No _____
OPTION 2.	Yes _____	No _____

VARIATION:

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

OFFICE OF  
THE ADMINISTRATOR

MEMORANDUM FOR: AA/SER, Mr. James F. Campbell  
AA/PPC, Mr. Philip Birnbaum  
AA/TA, Mr. Joel Bernstein  
AA/PHA, Mr. Jarold A. Keiffer  
AA/ASIA, Mr. Donald G. MacDonald  
AA/AFR, Mr. Samuel C. Adams, Jr.  
AA/LA, Mr. Herman Kleine  
CO/SA, Mr. Roderic L. O'Connor  
GC, Mr. Arthur Z. Gardiner, Jr.  
AG, Mr. Edward F. Tennant  
OLA, Mr. Matthew J. Harvey  
OPA, Mr. Clinton F. Wheeler

SUBJECT: USAID Role and Style in a Reorganized AID

The Ad Hoc Task Force which I appointed on the above subject has prepared a draft cable to the field (Tab A). Your clearance or comment is requested by August .

The Task Force also proposes that two additional documents be pouched to the field. These are attached to an airgram under Tab B. They would go to provide more background for the field and to elicit comments. Both are the products of special groups or committees. Neither is yet official. You are not asked to clear these papers specifically, merely to indicate whether you are willing to have them transmitted.

Maurice J. Williams  
Deputy Administrator

# TELEGRAM DEPARTMENT OF STATE

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SEND TO-- AIDTO CIRC \_\_\_\_\_

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SUBJECT- USAID Role, Style, and Structure

REFERENCE-

1. This message summarizes key elements of reform of economic assistance program; suggests some implications for USAID role, style, structure and for USAID-AID/W relationships; and invites comments.
2. Previous communications on reform include "Transition Planning for Technical Assistance" from Deputy Administrator February 16, 1971; Administrator's Memorandum of January 24, 1972 on "Reform of the U.S. Economic Assistance Program," Reform Plan of February 1, 1972, and AIDTO Circ A-543 "Development Planning Guidance -- FY 1974" April 15, 1972. Regions and Missions have also exchanged messages and had direct consultations.
3. During past 18 months, most AID missions have adjusted content

DRAFTED BY <i>RLH</i>	OFFICE PPC/PE	PHONE NO. 29586	DATE 8/14/72	APPROVED BY: John A. Hannah, A/AID
AID AND OTHER CLEARANCES Ad Hoc Task Force on USAID Role and Style in a Reorganized AID AG/OAS:JSBenz (draft) AA/TA:SButterfield (draft)				PAGE 1 OF 12 PAGES
UNCLASSIFIED CLASSIFICATION				SER/MP:FFischer (draft) AA/LA:lharrison (draft)

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and character of programs and substantially reduced direct hire staff. Some have also changed style and structure correspondingly. While USAIDs will continue to slim down as program concentration continues, FY 1973-74 reductions will be more apparent in AID/W as result consolidation program support functions. Therefore this message deals more with future USAID mode of operation and structure than with further reduction of Mission staff. Following paragraphs were drafted principally with development assistance USAIDs in mind. They have relevance, however, to supporting assistance USAIDs, whose comments are invited.

#### ELEMENTS OF REFORM

4. In recent years, economic assistance has been thoroughly reexamined in order to adjust to changing needs, relationships, and attitudes -- and our changing perceptions. During past year, AID itself assumed leadership in staking out policies for 1970's. It also decided organizational and operational changes to facilitate achievement of objectives.
5. Our overriding concern is with basic human needs of people in developing countries: useful employment and education/training to help assure it, good health and food that supports it, children who are wanted and assured of living conditions consistent with human dignity. We believe efforts toward these basic needs contribute to

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long-term US international interests: self-reliant societies in the developing world, expanding world economy with increased trade and access to resources for benefit of all, improved prospects for world peace.

6. Agency's reform emphasizes:

- a. More collaborative style of assistance which recognizes that people of developing countries are at center of development and that international development assistance institutions are assuming increasing role.
- b. Reduced US government presence and profile overseas.
- c. Increased participation in planning and evaluation as well as implementation by US private professional, business, educational, non profit, and voluntary organizations. Special attention to finding fresh ways of relating innovative, creative and knowledgeable U.S. individuals and institutions to developing country individuals and institutions in joint problem-solving efforts.
- d. Concentration on a few key human problems to whose solution U.S. can bring special competence and sufficient mass of talent and resources to make significant contribution.
- e. Broadened application of tools of sector analysis and programming for such problems as food production and marketing, education, health, and population.

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- f. Better integration of technical, capital and food assistance.
  - g. Increased emphasis on careful innovation, using targeted research, pilot field tests and information networks to apply science and technology.
7. AID/W reorganization to enhance its program support capacity includes:
- a. Establishing Bureau for Population and Humanitarian Assistance (AA/PIA) with centralized population office, strengthened capability to respond to needs of disaster victims, and improved relationships with voluntary organizations, cooperatives and other private associations.
  - b. Establishing Bureau of Supporting Assistance (CO/SA) with principal Washington responsibility for AID programs in Vietnam, Cambodia, Laos, Thailand, Jordan, Israel and Malta.
  - c. Reorganizing regional bureaus to strengthen sector analysis and programming capabilities and to assure effective integration of program, loan and technical staffs. Regional bureaus and TAB working together are to provide best available technical talent.
  - d. Through Technical Assistance Bureau (TAB) leadership, strengthen AID's capacity to help LDCs find answers to critical development problems by increased applied research and by new forms of institution building including links among strengthened LDC institutions, U.S. public and private institutions and

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- international research centers.
- e. Establishing Bureau for Program and Management Services (AA/SER), which consolidated all engineering, contracting, procurement, personnel and administrative services previously performed separately by AID/W Bureaus and Offices. (Details on AA/SER organization and its expected impact on field were contained in July 21, 1972 letter from James F. Campbell to Mission Directors).
  - f. Strengthening Bureau for Program and Policy Coordination (PPC) by transfer to PPC of budget and evaluation staffs, creation of a Development Program Review Office integrating capital and technical assistance review, reorganized offices for international assistance coordination and for policy analysis.
  - g. Establishing Administrator's Advisory Council for regular consideration of key policies and Project Approval Committee under leadership of Deputy Administrator for consideration of selected projects and issues having general applicability.

#### IMPLICATIONS FOR MISSIONS

8. Implications of foregoing for field missions will vary according to stage of development, national values and attitudes, political and psychological factors of country where you work. Personal relationships can also influence development assistance relationships.

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Nevertheless AID reform does imply a new set of norms for role, style and structure of field missions and for their relationships with AID/W.

9. Role. In past, AID often played direct active role in LDC policy formulation, priority selection, program planning and project execution. This type of role has produced important results, but its paternalism impinges on increasing LDC sensitivity about national sovereignty. Most encouraging aspect of development performance in the sixties which brings optimism about future was emergence of corps of modern and dedicated LDC planners, technicians, managers. Prior to their emergence, AID activism justified by absence of alternatives. Now that alternatives exist, AID is shifting to a collaborative role.

10. Similarly, within agreed project purpose and scope, AID is encouraging more innovative and self-reliant role and more responsibility for US institutional talent centers and more direct problem-solving links between US and LDC professionals. Traditional directive role of USAID re AID contractors or grantees is evolving toward increasing disengagement.

11. The continuing reduction of direct hire field staffs reinforces above trends and makes imperative reassessment of what field representatives can most productively do. Increasingly, role should consist of following four functions:

- a. Advisor/Counselor. Direct hire personnel are unlikely to

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provide operational technical advice as in past, but mission leadership and sector generalists can be useful disinterested source of advice and judgment on key development problems, opportunities and talent. AID's R and D activities, experience in other countries, and access to variety of public and private institutions make it important source of advice and channel for innovation, particularly for analysis and planning in sectors selected for concentration of AID resources. Field staff can also play role of talent-broker, putting LDC's in touch with centrally-funded or other professional talent working on problems outside areas of local AID concentration. Similarly, staff will need to keep LDC's informed of opportunities to draw from and contribute to global knowledge banks emerging as part of international R & D networks.

b. Financier. My January 24 memorandum said, "Increasingly, A.I.D.'s role will be to plan development programs, to help fund private organizations to design and execute development activities in collaboration with experts and institutions in the developing country and AID, and then to monitor the progress and results." The normal steps leading to a decision to finance will be as follows:

- (1) study cooperating country development plans and priorities
- (2) identify priorities of other development assistance donors

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(3) select one or more (depending on such factors as degree of self-help, importance of country to US) sectors concerned with basic human needs for AID concentration

(4) collaborate with country on sector analysis, program planning, and project formulation. (Often using outside experts for temporary help)

(5) prepare documentation for AID financial decisions.

- c. Monitor. In the past, USAIDs literally managed many technical assistance and loan projects with direct hire personnel; in the future, we will monitor them. If we do not manage, we will not need project managers. We will need project officers to enable AID to exercise prudent oversight of AID resources and to evaluate progress in order to determine next steps, as well as to advise on project design. Monitoring function serves interests of both cooperating country and US. (Two detailed discussions of implications of collaborative style for monitoring are being pouched separately to elicit field comment.)
- d. Collaborator with Other Donors. Since AID involvement will be more selective, we must build more efficient and deeper working relationships with multilateral and other bilateral donors. AID field personnel should encourage cooperating country and UN or other international organization to take

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lead in coordination, but we must put in considerable liaison effort.

Changing Mission role outlined above is most clearly seen in its implications for principal AID representative and his immediate staff. They will be less responsible for program management and will devote more attention and time to collaborating with host country colleagues in putting together sector analysis or project design teams, to project monitoring, to advising on development strategy and AID resources, to coordination with other donors, and to keeping AID/W\* informed.

12. Style. Image we wish to project is that of unobtrusive, highly professional agency which responds to developing country interests in basic human problems by bringing to bear highest quality resources US has to offer. Talent broker function should dominate our style. Decisions on strategy should be made by developing country. Large bulk of substantive work should be performed by non-government organizations or participating agencies, including the important element of being partner in planning and evaluating as well as managing. Concentrated programs should exclude small target-of-opportunity, short-duration projects. With projects carefully planned for life-of-project funding patterns, less blue-printing, reporting and annual negotiating should be necessary. Direct hire AID personnel should be principally concerned with AID strategy and with harmonious and constructive relationships between cooperating country and non-government or PASA

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organizations, however funded. Field representatives should continually seek opportunities to remove themselves from direct involvement in program design and execution and to promote solid working arrangements between US and cooperating country talent through such devices as Institutional Development Agreement (new type of partnership agreement to replace ordinary university contracts), participation in international R & D networks, loan-financed technical assistance, country contracts (to which LDC and non-government organization are signatories), and block grants (broad purpose grants which IDC administers). (An AID/W Working Group has recently drafted improved policy statements, procedures, and legal instruments for country contracts and grants. Series of instructions will shortly be forthcoming).

13. Field-Aid/W Relationships. Reforms put more responsibility in AID/W because of desire for lower profile in field, use of specialists who cannot be regular members of field staffs, necessity for AID/W negotiation with headquarters of intermediaries and other donors. These changes will require even closer headquarters-field relationships than heretofore, with more frequent travel in both directions, regional meetings, written dialogue. At same time, AID/W has obligation to provide better service to field. This has been key consideration in various elements of reform plan, e.g. consolidated program and management support, improved knowledge resources through research and 211 (d) grants, devising new contract

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and grant instruments, and arrangements through basic ordering agreements or indefinite quantity contracts by PHA, TAB, ENGR and PPC for rapid mobilization of expert TDY help.

14. AID Field Structure. It is clear from foregoing that traditional AID style of overseas operations is changing at an accelerating rate. Also clear that for foreseeable future AID has vital need to continue overseas arms -- USAIDs, regional or other field offices. Changes in structure should not come through happenstance and initiative in their planning should be in field where reservoir of expertise on overseas operations and greatest knowledge of host country resides. No unique size or structure for direct hire personnel is being prescribed and field will have flexibility to adjust to needs of individual country programs. Obviously structure should be compact, with little layering and overhead. USAIDs need to assess the validity of each non-operational position. Integration of loan and technical assistance should be sought. Some functions decrease or disappear: e.g. logistics, management, documentation, technical advice. Others continue or become more important: e.g. arranging for sector analyses, collaborative discussions of program strategy, advice on project design, talent-brokerage, monitoring and evaluation, coordination with other donors.

## ACTION

15. Missions should comment on foregoing by cable within 30 days.

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Task Force on USAID Role and Style will summarize for me and my Advisory Council your concerns and proposals and prepare policy paper for discussion by Council and then issuance to field as guide for future action .

16. Mission comments should deal with practicality of foregoing concepts for local circumstances. What is required now at field level to make this new style work? In your adaptations to date such as shifting from managing to monitoring, increased centralization of lending process, use of IDI help, greater reliance on intermediaries, what kind of problems have you encountered? What pace should evolutionary process take? What modifications in your structure, procedures, and kinds of personnel do you foresee to adapt to foregoing concepts? Our interest here is not in analysis of positions, dollar size of programs nor project lists but in general trends and problems you anticipate.

CABLE FOOT SEND TO LIST P

DAR ES SALAM FOR USAID AND RDOEA	MBABANE FOR OSARAC
GUATEMALA FOR USAID AND FOJAP	NIAMY FOR ADO
NAIROBI FOR USAID AND REDSO/EA	YAOUNDE FOR ADO
BANGKOK FOR USOM AND RED	<u>ADD:</u> OECD Paris
DAKAR FOR ADO	
ABIDJAN FOR REDSO/EA	

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

August 17, 1972

TO: DAA/A, Mr. Williams

Maury:

We are aware of your stress that A.I.D. should consider itself as the financial "intermediary" and that this airgram uses the word in its old sense.

I have groped for a new term:

"Non-government organizations" does not fit a context that includes PASAs and State government agencies.

"Implementing Agent" or "Action Agent," which have been used in the past, have usually excluded planning and evaluation functions.

"Contractor" does not cover grantees.

If you have a term, we can easily substitute it throughout.



Robert L. Hubbell



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TO - AIDTO CIRC A \_\_\_\_\_

FROM - AID/Washington

SUBJECT - USAID Role, Style, and Structure

REFERENCE -

Reference  
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Paragraph 11 of the reference cable stated that two detailed discussions of the implications of the collaborative style for monitoring were being pouched separately. They are attached to this airgram.

Attachment A on "Project Monitoring, FY 1973" was the result of the work of a special Resources Group which was appointed by the Deputy Administrator and which included representatives of all Bureaus.

Attachment B on "Roles of Cooperating Countries, AID and Intermediaries in the Planning, Implementation and Evaluation of Technical and Other Non-Capital Assistance" was prepared by the Program Evaluation Committee and was reviewed by a Working Group on Instruments for Increased Use of Non-Government Organizations (whose work was mentioned in paragraph 12 of the reference cable).

Thus both attachments result from careful work by senior officers representing various parts of the Agency. They are consistent with emphases of the Agency reform. However, neither paper has yet been officially promulgated.

Missions are asked to consider the general ideas of both papers when they prepare their cable responses to the reference cable, due September . They are also requested to send in detailed

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DRAFTED BY	OFFICE	PHONE NO.	DATE	APPROVED BY
RLHubbell:jeb	PPC/PE	29586	8/14/72	John A. Hannah, A/AID

A.I.D. A-500000-10-11-72  
Ad Hoc Task Force on USAID Role and Style in a Reorganized AID  
AG/OAS:JSBenz (draft) AA/LA:Spatterfield (draft)  
AA/LA:Marrison(draft) UNCLASSIFIED SER/MP:FFischer (draft)

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comments on each of the two papers in an airgram which should be pouched within two weeks following the cable response.

Attachments

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ATTACHMENT A

PROJECT MONITORING, FY 1973

The Administrator circulated on January 24, 1972 his "Reform of U.S. Economic Assistance Program." The paper provides the guidelines for A.I.D.'s future course. The specific proposals on reorganization in the paper refer primarily to AID/W, but the general principles outlined obviously set the tone and direction for the USAID. In describing the Agency's policy for the future, the paper states:

"Increasingly, A.I.D.'s role will be to plan development programs, to help fund private organizations to design and execute development activities in collaboration with experts and institutions in the developing country and A.I.D., then to monitor the progress and the results."

USAIDs are the overseas implementing arms of the Agency. The principal implementing tools are the projects, both loan and grant. How those projects are managed is, therefore, the key to the Agency's style of operations. Effective operation of the aid program demands efficient managing from the inceptional planning stages to terminal evaluation. This paper, "Project Monitoring, FY 1973," is a slightly revised version of a paper written in the fall of 1971 as "A Report on the Project Monitoring Resources Group": that paper received very limited circulation.

The following specific premises were adopted for that paper and continue to apply in this paper:

- There will be some, although limited, direct-hire A.I.D. presence in most countries where A.I.D. has an active program today.
- A.I.D. will, however, continue to slim down the size of its overseas staff.
- The practice of implementing projects through intermediaries will accelerate; direct-hire implementers will cease to exist.

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- An American direct-hire employee will be assigned to each project (in some cases, it might be two or more projects) to oversee, assure successful implementation, and protect American interests. Normally, this will be a Mission project officer supported by an AID/W back-up.
- Use of the Borrower/Grantee technique in which the cooperating country rather than A.I.D. contracts with the intermediary (institutions, private contractors, etc.) will grow.
- New initiatives and project management will be the responsibility of the host country.

A semantics footnote: Traditionally, the overseas direct-hire American responsible for a project has been called the "project manager." A.I.D. and its predecessor agencies have paid lip service to the concept that Technical Assistance projects were cooperating country projects and that the country managed the project. All too often, this has not been the case. Projects have frequently been a result of American initiative and an American has managed the project from its inception to terminal evaluation. The new style calls for the cooperating country to initiate and manage a project; in short, to be at the center of its own development effort. The Mission officer responsible for the project under these conditions cannot be said to "manage" the project. His primary functions are to oversee the effective use of the U.S. resources being expended on the project and to be informed of the progress or lack of progress of the total project. The term "project monitor" is closer to what we are seeking in that one of the tasks is to alert or warn the Mission Director and AID/W of future problems. But, in part, monitoring is synonymous with surveillance, and that is not precisely what is expected under the new concepts of host country and intermediary responsibilities. The more preferable term, "project officer," used in this paper expresses American concern for the project without the overtones implicit in the terms, project manager or monitor. It also has an advantage in that the project officer in the field can relate to his counterpart, the project officer in AID/W. This Report continues to use the verb, monitor, in the context explained in III.E.

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## PART II. CONCENTRATION ON TECHNICAL ASSISTANCE PROJECTS

The major thrust of this paper is the consideration of the problems involved in Technical Assistance (TA) activities, but it must be recognized that a project officer, particularly in the field, may be assigned both TA and CA projects in the future. Development loans, in the past, have tended to be used to finance capital construction or equipment, or in the case of program loans to assist in the balance-of-payments problem by financing imports. CA project managers have, therefore, tended to be engineers, financially-oriented loan officers, or commodity experts. More recently the trend has been to loan finance technical assistance, i.e., the sector loan. The principles of project monitoring stated in this paper are principles for good management of projects and apply to all projects. Regardless of the source of funds, good management is relevant to all projects.

The change in style for project management will not be an instantaneous metamorphosis. But, if one concentrates on individual projects, it is obvious that the transition will not be gradual. As projects reach turning points, or the current project managers end tours, decisions will have to be made on whether or not to continue the project. If the decision is to continue, it would seem that the logical decision would be to reshape the project to conform to the new style. New projects present the same picture; they should be designed and structured to be more responsive to the new concepts of project monitoring in the future.

## PART III. MAJOR CONSIDERATIONS

### A. Larger Role of the Cooperating Country and the Intermediary

The Group's comparison of the Agency's current methods of monitoring CA projects with those used for TA projects showed that there were many similarities, but there were also differences. The cooperating country tends to be more involved in loan projects; it also tends to have close liaison with the contractors. Basically, this probably results from the fact that the country is paying for something rather than receiving a grant as well as from the operating style inherited from the former Development Loan Fund whereby the borrower was expected to assume contracting and implementation responsibilities for the projects. The emphasis on implementation by intermediaries and their

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selection through the use of the Borrower/Grantee (B/G) or some other similar technique for TA projects will tend to increase the willingness of the cooperating country to be the implemter. Thus we can expect the country to lose the passivity that is too often displayed today. The growth in mutuality between the cooperating country and the intermediary will reduce the burden of U.S. Government monitoring as well as place the primary responsibility for project administration where it belongs.

The new style we're talking about will, however, mean that AID personnel may have to take a "colder" financier's role before approving a TA project -- i.e., we will have to write more specific cooperating country or intermediary responsibilities into the agreements. Also, in the negotiations leading up to agreements, A.I.D. will have to assure itself that the cooperating country and/or the intermediary really have the capacity to carry through and fully conform to the terms of the agreement. Carrying out these requirements will mean longer and more detailed negotiations and, thus, will frequently clash with the Agency's desires to obligate funds within specified target dates.

#### B. Project Monitoring versus Project Management

Traditionally, A.I.D. has been accustomed to thinking in terms of "managing" or administering projects. As a result there is not a general acceptance of the concept that in the future the AID task, once the project is approved, will be one of monitoring projects, i.e., overseeing the decision-making process in project implementation rather than A.I.D. being the decision maker. There is also a reluctance to accept the concept that a new "project monitor" approach will outmode the concept of the project manager/advisor. But if the "mutuality" described in "A", develops, the chief of party for the intermediary will become the technical advisor and having a direct-hire employee considering himself as an advisor on the same problems in addition to being the monitor could only generate confusion.

It seems probable that project and program implementation by cooperating countries and intermediaries will be somewhat slower and probably not as tidy as Americans tend to prefer. For A.I.D. to maintain the image of a well-managed, effective organization, some steps should be taken to gain greater Congressional recognition and awareness of this new style of operation.

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### C. The Shape of the Future A.I.D. Technical Assistance Project

The Agency does not have as yet a consensus on the shape of the future Technical Assistance type of project. Currently, many USAIDs have a scatteration of small projects. In the main, these are targets of opportunity and reflect special requests by cooperating governments, smaller projects which are tangential to a larger project and grow out of them, or the opportunity to score for the American image on the development posture of the cooperating country through a relatively small expenditure of American time and money. The indirect cost of this type of a project is considerably larger if good PROPs are to be prepared and the proper PAR evaluation made. They are also dependent on the assistance of a rounded USAID staff to identify and assess "new" TA needs. Current policy is that A.I.D. will not operate across the board as the Agency has in the past but will concentrate in selected development priority sectors. This will argue against the broad spectrum approach that generates the fragmented program inherent in the target of opportunity approach. This is not a new policy. Over the years, the Agency has exhorted its missions and bureaus to follow this policy; but the Administrator's memorandum of January 24, 1972 establishes this as firm Agency policy.

The higher overhead costs of a greater AID/W project involvement, feasibility studies, and the fact that intermediaries tend to have a minimum price dictate that the average project be larger than many of today's projects (there should be a minimum dollar level limitation for consideration of a TA project) and that projects should continue over a minimum period (say, at least three years).

### D. The Annual Technical Assistance Cycle

One of the differences that comes from the comparison of loan and Technical Assistance projects is that the former in most cases are financed for the life of the project while the latter are refinanced annually. This has resulted in different styles of project management. The Technical Assistance project is subject to the changing winds in the cooperating country political climate, changing attitudes of rotating Americans in the country, and changing financial and other priorities in AID/W. The constant review and change has not been all bad, but it has probably been the chief element in the creation of basket projects that have no discrete objectives and projects that seem to go on forever without achieving their original objectives if, indeed, the latter can be identified.

The new format should call for multiple year financing, and the application of this principle will do much to eliminate the fluctuations in the courses of TA projects. Annual (PAR) reviews will be required, but there will be less incentive to change objectives or modes of operation which might invalidate prior year obligations. Thus we have a

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major change in project monitoring. The annual tasks that take a great share of the USAID's program staff and that of the current project manager will tend to disappear.

E. The Intermediary

Currently, and in the past, A.I.D. has used several methods in working with intermediaries in Technical Assistance projects. At the two extremes are the contract which calls for the intermediary to take over the complete task, i.e., select and buy the commodities, select and process the participants, determine the mix and selection of technicians. At the other extreme, the intermediary has had a "body" contract with A.I.D. controlling the selection of the technicians, arranging for purchases of commodities, and selecting and processing the participants.

The injunction in the new policy will be to allow the cooperating government and the intermediary to initiate and manage the project. (This paper assumes a trend toward borrower/grantee implementation of projects, but this will be also true of those projects implemented by direct A.I.D. contract.) It is, therefore, logical to assume that giving the cooperating country and/or the intermediary the responsibility for managing the project (or that part of the project covered by his contract) will be the normal procedure. This change is a basic reason for talking in terms of project monitoring rather than project managing. Currently, the project manager, the program officer, and the director all spend a great deal of their time on various project details that will become the intermediary's responsibilities.

The responsibility of the AID project officer will be one of overview; among the questions he will ask himself are: do the actions represent the mutual agreement of the cooperating country and the intermediary? are things being done in the planned time frame? is the quality of the action up to AID standards? are actions oriented to the goals and objectives stated in the project plan? This type of assessment requires a knowledgeable project officer but it does not require a highly specialized technician.

The mission project officer will need an understanding of the cooperating country, its people, its officials, and its ways of doing things. Not being "a technical advisor" at times will require more restraint and sophistication in contacts with the cooperating country. He will still be expected to make continuous judgments over a wide spectrum. He will collaborate in program strategy, in suggesting forces of talent. He will not implement his own recommendations, but that will not diminish his responsibility for them. In many respects, the project officer position will require a broader gauge officer than that of the "project manager."

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F. Borrower/Grantee Technique

In the case of loan projects, the Agency has historically used the Borrower/Grantee technique. In an earlier day, predecessor agencies did much the same thing with Technical Cooperation projects, but it was then called the "third-party" contract technique. The criticism at that time was that the third-party technique created undesirable pipeline problems. This charge does not seem to have been actively made in the case of the current loan projects.

Since developing a mutuality between the cooperating country and the intermediary is essential, it is obvious that a device similar to the Borrower/Grantee technique will have to be employed by A.I.D. for its Technical Assistance projects. The Resources Group currently working on the legal and administrative requirements applicable to third party grants and contracts will need to spell out how A.I.D. should write the necessary manual orders and other documents to firmly establish the B/G method and the use of intermediaries.

While not an issue for this report, it should be recognized, however, that many American intermediaries are not going to welcome the third-party technique. The American universities, in particular, are not used to delegating autonomy to their field parties and, if their chief of party is going to act as advisor to the cooperating government on policy matters and be a partner with the government in management decisions, he will have to have a great deal of autonomy. In addition, many of the universities will feel that they will not have the same leverage in their discussions with the cooperating countries that they have historically had in talking to AID/W.

G. Location of the Function

Currently, and in the past, there has been a feeling that certain functions were done best by AID/W and others by the Mission in the field. It's clear that there is a necessity to have a man, the USAID project officer, in the field to oversee the use of AID project inputs, to do the "on-site inspection," to handle "face-to-face liaison," to assure appropriate representations to countries on problem areas, and to be responsible to alert Washington as to possible trouble. But beyond "eyes-and-ears" field protection of U.S. interests, it is probable that the balance of the U.S. interest in the project activity could be handled either in the field or AID/W, and the location is not of primary importance.

Currently, project managers are not recognized as such in Mission staffing patterns, and their actual position in the Mission hierarchy varies. Some are technical division chiefs who have multiple responsibilities: technical advisor to a ministry, supervisor of

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division personnel, and project manager. Other project managers although listed as such will be found far down in the technical division and who, in fact, manage only the necessary paper work. In other than a few countries, a new style mission with a few selected projects probably has no need for technical division "chiefs" whose major role, heretofore, has been to serve as professional/technical advisor to host country ministers and department heads. In many small missions, a principal rationale for assigning the title of division chief has been to give prestige--make the man's advice more impressive and palatable to the ministry officials he advised. If the chief of party for the intermediary takes over the advisory role, a large part of the rationale for having division chiefs in technical divisions disappears. Furthermore, a principal task of this project officer is to alert the Mission Director to the various needs of the projects and communications will be better if there are no bureaucratic layers between the two men.

#### H. Project Planning

In a comparison between the loan and technical assistance projects, the latter came out a poor second, based on the adequacy of project planning. (Technical assistance portions of loans also tend to be poorly planned.) Yet, this is the essence of substituting project monitoring for project management. If the host country and the intermediary are to be the implementers, A.I.D., faced with the necessity that it exercise prudent management of U.S. Government resources, must have its say and its main thrust initially in the planning and agreement stage and subsequently in the annual evaluations. When looked at from this perspective, the need to consider "integrated" project monitoring from the inception of the idea to final evaluation becomes evident.

Progress has been made in the preparation of the PROP if missions carefully follow the new Manual Order (M.O. 1025.1, August 13, 1971). In the past, PROPs have been weak in several respects, in particular, the absence of a time table for inputs that are related to time-structured PROPs. M.O. 1025.1 does not sufficiently stress that importance and the essentiality of a realistic assessment of cooperating country capability to manage the project--a prime ingredient if the new style is to succeed. Too often, in the past, projects have been entered into where it has been realized that the country does not have the ability to manage the project but A.I.D. had intentions (hopes) of building in this capability as the project evolved. Under these conditions the intermediary has no responsible counterpart in the cooperating government, and the new style cannot work. Most PROPs will not be able to identify the specific person in the government that will be the project manager, but they should be able to identify at what level and where in the government this counterpart will be. They also should identify the cooperating government inputs, the timing of those inputs, and the consequences if the government does not meet its commitments.

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Multiple-year financing of projects is obviously extremely desirable, but it will also be very difficult to achieve in the near future. Multi-year planning may have to substitute for multi-year funding. Both processes in addition to giving the intermediary responsibility for commodities and participants call for better delineated budgets. On the other hand, the need to give the intermediary more flexibility among the line items in the budget means that the budget must be performance oriented.

The joint committee that considered a new operational framework for A.I.D. and the universities (the Institutional Development Agreement (January 1970)) suggested that the original contract with the university finance a team which would work with the cooperating country university for a period of time and on the basis of this produce a project plan. A variation of this might prove fruitful for other types of projects. Recently there have been some TA project feasibility studies, but feasibility studies have been more generally used in the case of loan projects than in the case of technical assistance projects. This will have to change if technical assistance projects are to be multi-year structured. PROPs, too, should recognize that in practically every project in every A.I.D. country, there is an A.I.D., or predecessor Agency history, and knowledge of this history should enter into the approval of a new project.

### I. Reporting

If the intermediary is to be the manager, he must be the prime reporter. If the scope of work in the contract is sufficiently specific in what the intermediary has to report on, this should not present a problem. In the unusual event where the AID/W project officer is to be the prime project monitor, a responsibility of the Mission project officer will be that the person have an on-site inspection knowledge and an acquaintance with the view of both parties and thus qualified to comment on the intermediary's report.

### J. Evaluation

Evaluation becomes all important if we adopt a new style of operation. The current PAR is based on Mission responsibility for what it finances. This responsibility will continue to rest primarily on the Mission but there needs to be a growing input by AID/W. With the reduction of field staff, the annual evaluation becomes of utmost importance. Consideration might be given to the technique suggested in the Institutional Development Agreement, i.e., a structural review in the cooperating country that would consider progress and problem papers submitted by all four parties: the intermediary, the cooperating government, AID/W, and AID Mission. This would conform to a recent policy decision to involve contractors and PASA teams in the evaluative process. It is essential that the provisions for the evaluation be worked into the project plan, the

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agreement with the cooperating country, and the contract or grant with the intermediary. Currently many PARs specify "Actions" in the AID/W column of the form, but the PAR, at present, is not a document designed to obtain AID/W action. A system whereby AID/W is signalled to take action and inform the USAID of the action taken must be devised.

K. The Transition Period

Transition from the current style of project monitoring to the new style will not take place overnight. Many of the on-going projects will not be adaptable to the new style, but A.I.D. will not be able to immediately discontinue some of those that do not meet the new criteria. Changes in personnel and reduction in personnel are expected to be through attrition rather than through an explosive change. For the transition period, this means the same people will be on board.

All of the foregoing is given, but--as noted earlier--while the change in the overall profile will be slow, the profile of individual projects will change more rapidly. It is particularly essential that new projects fit the new profile. Hence, it is essential that new profile for project monitoring be defined and delineated.

PART IV. THE MONITORING STEPS IN THE NEW STYLE

Integrated project monitoring can in chronological terms be divided into four stages: project identification, planning and agreement, implementation, and final evaluation.

- Project Identification. Since under the new style, the U.S. will probably do a minimum of comprehensive country programming, the developing country will have to identify its own needs and priorities. It is assumed the A.I.D. will seldom be the only donor or organization assisting a country, and that help in project identification will come from a consortium, an international organization, etc., in order that there is an overall orchestration of aid to a single country. On a country or regional basis, there will need to be an A.I.D. representative with some staff who is sufficiently knowledgeable of local conditions to carry on the initial dialogue during the period in which the developing country is doing its preliminary thinking on a project. When this thinking has reached the stage where the developing country requests U.S. assistance, the project formulation and planning stage commences.

- Planning and Agreement. Once the project formalization and planning stage have started, project officers will have to be appointed to the mission and in AID/W. This stage will require extensive conversations with the cooperating country. Much of this will be done through visits by AID/W personnel or outside consultants, but there will have to be an in-country or regional A.I.D. direct-hire project officer who is responsible for continuing liaison during this period.

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This person should be knowledgeable on local conditions, development theory, and project development; he need not be expert in the scientific nuances of the project under consideration--this type of expertise should come from AID/W or consultants. Since there will be recurring periods while AID/W is completing the paper work and the planning essential to each part of the overall project design, this will not be a full-time job. If agreement is reached to undertake the project, the in-country job becomes more complex and time consuming even though an AID/W team may assist in the actual negotiating of the resulting project agreement. The work of the A.I.D. or country representative and the mission project officer is not that of simple messengers. All who have been in the field know the difficulties of interpreting and explaining Washington requirements to a developing country and the same difficulty in assuring that the developing country answer will, in fact, reply to Washington's query.

At present, most of the project planning phase of a new project is in the field. AID/W has final approval of a PROP or the IRR, but the involvement of the AID/W Regional Bureau varies from Region to Region and from project to project. The LA Bureau, for example, claims that through the constant travel of its officers all planning decisions are joint decisions and that they are made in the field. As AID/W's field forces "slim down," it is conceivable that in the not too far distant future that the planning phase will be at AID/W. In this case, the AID/W project officer in the planning phase will really be a "project manager"; he will have responsibilities similar to those of a "loan officer." He will be directly responsible for such planning steps as: presenting the papers that will determine Agency approval or disapproval; determining what feasibility studies are needed; analyzing feasibility studies and other relative data; determining the provisions for the project agreement (including the technical scope of work, legal analysis, the budget). Obviously, no one man can be a development economist, engineer, technician, lawyer, management expert, or procurement specialist. But the project officer will have to be a good negotiative manager and coordinator if he is to harness all the available talent to produce the paper necessary to start a large, multi-year project on a route that will end in the desired objectives. This type of project monitoring combines work currently done by the geographic bureau desks, the institutional development division, and the specialized offices.

-Implementation. Since day-to-day decision making will in the most part be delegated to the cooperating country and the intermediary, the function of both the Mission project officer and the AID/W project officer will be more passive. They will be responsible for alerting senior officials (including cooperating country officials, where appropriate) to forthcoming problems, monitoring adherence to the plan or be a party to changes in the plan, and assisting in expediting and organizing those operations where A.I.D. will have facilities in the cooperating country and the intermediary does not have.

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-Final Review. As in the case of the evaluations in the implementation process, this will be the task of the AID/W project officer.

The foregoing sketches an AID monitoring system which sharply differs from that currently practiced.

PART V. SURVEILLANCE

Surveillance by the staff of the Auditor General (AG) in his tasks of administering a system of general oversight under AID's new style will continue to be an important, if not critical; part of the overall AID management system. The changes described in Parts II through IV of this paper will not however require drastic changes in the current practices or concepts of the Auditor General.

The AG was established as a "better means of continuous management inspection" to implement the Administrator's desire to assure that the Agency manage its business in the most effective way possible. The overall objective of an AG detached-from-operations is to assist operating management in attaining its goals by furnishing independent information, analyses, appraisals and recommendations pertinent to management's duties and objectives whether self-imposed, or prescribed by law or outside authority. For some time, the AG has been emphasizing operational auditing (as contrasted to transaction or financial auditing), management reviews, and operations appraisals which comment on the broader aspects of projects and programs. The adoption of the concepts in this paper tend to suggest that this thrust of the AG operation be continued, sharpened and refined.

Current manual orders on borrower/grantee type of contracts provide that cooperating countries may do their own audits of contracts or provide audits through private organizations. While progress in this area has been spotty, this concept should be pursued under the new technical assistance doctrine. To make such auditing more successful, the project officer must take a greater interest in this procedure, both preliminary to the agreement, and during his consultative reviews as part of his project monitoring role. In this way, more fiscal or documentation reviews of the legitimacy of charges to AID financing might be conducted through contractual arrangements chargeable to the project. Thus, the AG could concentrate on (a) standards to audit by contractors, (b) operational reviews of projects, sectors, or activities to detect the cause and effect of significant problem areas, either on the AID or cooperating country side, and (c) examinations of the adequacy of the more detailed audits carried out by third parties. The Auditor General has already been moving away from the "narrow scope" transaction audit. Adoption of the concepts suggested herein will accelerate this trend toward constructive auditing to assist the agency in its management improvement efforts.

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In these terms, there need not be drastic changes in the current surveillance structure. There are, however, important questions:

1. Under GAO principles and concepts, an agency's internal auditing should be carried out as a staff and advisory function, and not as a line operating function. The AG's audit staff has therefore avoided participation in planning and operating decisions, lest this type of participation inhibit their right to effect subsequent independent judgments. It appears that the concept of placing greater responsibility on the countries and/or contractor may create larger risks and will require greater "concurrent" auditing in all stages of project implementation than heretofore. In this way, timely corrective recommendations can have a greater impact on management actions, thereby minimizing risks.

2. Some feel that the developing countries are becoming more reluctant to have American auditors look over their shoulders. In view of the fact that greater responsibilities will be given to the countries, with much less direct-hire involvement, this sensitivity will have to be ironed out at the agreement stage to assure that A.I.D. can meet its Congressional relations problems of following what happened to appropriated money--i.e., following through and auditing the accomplishment of the terms of its agreements.

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## Attachment B

ROLES OF COOPERATING COUNTRIES, A.I.D., AND INTERMEDIARIES  
IN THE PLANNING, IMPLEMENTATION, AND EVALUATION OF  
TECHNICAL AND OTHER NONCAPITAL ASSISTANCE

PURPOSE

This statement confirms and clarifies the policy of the Agency for International Development concerning the nature and extent of collaboration between cooperating countries and A.I.D. and the role of intermediary organizations working with the countries and A.I.D. in the planning, implementation and evaluation of technical or other non-capital assistance.

In general, similar collaborative styles and roles should also obtain for capital assistance, particularly since A.I.D. seeks a better integration of the two kinds of assistance. However, in view of special legal requirements and hence somewhat different procedures for capital assistance, this statement is restricted to non-capital assistance for reasons of easier exposition.

DEFINITIONS

Cooperating countries are those countries which receive development assistance financed under the auspices of the Agency for International Development. The term "cooperating country" includes not only the government and its subordinate agencies but also non-government indigenous entities. Usually, AID deals directly with a government agency but U.S. intermediary organizations often work directly with local non-government organizations, doing so under the general permission of the government of the country.

Technical assistance consists of: (1) the provision of experts in many different specialities who train or advise in order to transfer technology or help develop institutions, (2) the financing of training outside the cooperating country, and (3) the provision of limited amounts of commodities to support the training or institutional development activities. Technical assistance may be either grant or loan financed.

Other non-capital assistance, for purposes of this policy statement, is limited to the donation of agricultural commodities for helping to overcome malnutrition or for use as wages on labor-intensive development projects.



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Intermediaries include U.S. Federal and State agencies, universities, non-profit associations, foundations and organizations, and private firms which serve as intermediaries between A.I.D. and cooperating country entities or individuals in the provision of technical or other noncapital assistance. An intermediary may be directly financed by A.I.D. through any of various kinds of agreements including a contract, participating agency service agreement (PASA), or institutional development agreement (IDA). Alternatively, an intermediary may be indirectly financed through an A.I.D. loan or grant to a cooperating country which then contracts directly with the intermediary.

Excluded from the definition of intermediaries for this policy statement are: (1) operations under AID/W contracts or agreements with organizations which do all their operations for A.I.D. in the United States and do not serve an intermediary role with a recipient of assistance, (2) cooperating country organizations who may be links between aid donors and individual recipients, since these organizations are regarded as part of the cooperating country, and (3) a few organizations which receive unrestricted program grants from AID which are merged with other funds and then used for assistance on which the grantee makes all decisions because these organizations are acting, in effect, as a substitute for A.I.D. in bilateral assistance rather than as an intermediary.

#### BACKGROUND AND RATIONALE

The recent announcement of the Administrator about the restructuring of the Agency (January 24, 1972) and the recent guidelines to AID Missions about Fiscal 1974 (April 15, 1972), both stress a more collaborative style with cooperating countries and greater use of intermediaries as part of that style.

The experience of the past two decades makes clear that cooperating country motivation is the most critical factor in the development equation. Assurance of cooperating country interest has been evidenced by contributions in cash or kind, allocations of manpower, institutional and other reforms. Nevertheless, instances have occurred where Americans in their enthusiasm undertook so much of the planning and management of a development project that the cooperating country assumed a relatively passive role even though it contributed resources. The best way of assuring vigorous and effective prosecution of development activities is for the cooperating country to originate them and then to actively participate in their planning and management. Cooperating countries are increasingly capable of such planning and management but in some cases it may be necessary to consciously urge a country to take the initiative.

As regards intermediaries, AID and its predecessor agencies have used them extensively to provide development assistance. This

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procedure has enabled the marshalling of different kinds of expertise, provided for specialized support from home offices of intermediaries, and allowed for more flexibility in programming. By 1972, more than 90 percent of the individuals serving as technical advisors in non-SA Missions were employees of intermediary organizations rather than of A.I.D. Some Missions have encouraged participation by intermediary personnel in all stages of development projects -- planning, implementation and evaluation. In other instances, intermediaries have been restricted to implementation and to supplying information but have not been included in the analytical processes of planning or evaluation. Unless A.I.D. can enlist the full knowledge, initiative, insights and expertise of intermediary organizations, it limits the effectiveness of its assistance.

Another reason for relying more heavily on intermediaries is that cooperating countries may find it easier to assume responsibility for decisions when dealing with unofficial technical advisors than negotiating with official U.S. Government representatives. Thus, the evolution in A.I.D.'s role from direct transmitter of knowledge and resources to sponsor and financier should be accompanied by a closer and more directly supportive relationship between the intermediary and the cooperating country. The services of the intermediary must directly and ultimately accrue to the benefit of the cooperating country's development effort. The intermediary can best meet this responsibility if it thoroughly understands and supports the policy and program objectives of the cooperating country and the U.S. as they relate to the project with which it is involved.

The preceding background should make clear that the changes in relationships being sought by this policy statement are primarily qualitative rather than quantitative. Cooperating country responsibility is to be evidenced more by initiative and less by acquiescence, although the proportion of contribution may change little. The intermediary role is to be more actively participative rather than simply responding on request or instruction, although the proportion of technical advisers who are intermediaries can not increase greatly above the existing 90 percent. However, the intermediary may receive less detailed and frequent supervision and less logistic support, so that the number of direct-hire Americans is reduced.

#### LIMITATIONS

At the same time that considerations of effectiveness dictate a more collaborative role for cooperating countries and for intermediaries, considerations of the fundamental responsibilities of the Agency for International Development to the President, the Congress, and the taxpayers dictate that AID cannot completely delegate its decision

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making. These fundamental responsibilities deal with policy decisions, allocation and prudent management of public funds, and with safeguarding security. In various sections of the following statement, the role of AID and the limits of delegation are made explicit.

Three general limitations in relation to use of intermediaries should be kept in mind:

(1) Legal requirements in Bureau of the Budget Circular No A-36 call for use of government employees to perform those functions which are basic to control of their programs, such as selection and direction of other government employees, assignment of organizational responsibilities, establishment of goals and priorities, decisions on size and type of programs and on quality of intermediary performance.

(2) Direct day-to-day supervision of private intermediary employees by government employees which would place the intermediary employees in a status tantamount to direct Federal employment must be avoided.

(3) Caution must be exercised to avoid conflicts of interest, either for intermediary organizations arranging an expansion in their roles or for former Agency personnel employed by intermediary organizations.

The advice of the General Counsel should be sought when any question arises on limitations.

#### POLICY

It shall be Agency policy to encourage and assist the cooperating country to assume the leadership in planning, managing and evaluating noncapital development activities which are financially assisted by A.I.D.

It shall also be Agency policy to arrange for intermediaries to participate with the cooperating country and A.I.D. in these same functions of planning, managing and evaluating.

There is a tri-partite process in development assistance in which each party -- the cooperating country, donor, and intermediary -- has its own role. For some stages, one party may have a greater responsibility and for other stages, the emphasis may shift. In order to illustrate how the general policy objective of a collaborative style may be put into effect, the roles are described in some detail for each stage in the following subsections.

#### 1. Planning

Planning comprises three steps, which usually occur in sequence although

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some aspects may be handled simultaneously. These steps are project selection, general project formulation, and detailed technical design of a project or activity. Each step might involve a different intermediary. The first two steps may occur without any intermediary but the detailed technical design will certainly require an intermediary, as described below.

a. Project Selection

Identification of a problem area for which development action is needed should emerge from overall country development plans and from analyses of sectors or subsectors. The cooperating country should take the lead in making such plans or analyses, since it has the responsibility for deciding what direction it wants its own development to go and what changes it desires in its country. If the cooperating country requests assistance in general planning, AID prefers that the donor be a multilateral agency. If AID provides technical help with either general planning or sector analyses, the usual method will be through an intermediary who will report directly to the cooperating country, since these plans or analyses need not commit AID to provide any further assistance.

If the cooperating country decides that it would like technical assistance in the solution of the problem identified during general or sector planning, then it has selected a potential project about which it can approach AID or another donor.

b. Project Formulation

The identification of need is followed by general formulation of a project or set of development activities which may include several projects (and even several donors). This is a collaborative process in which the cooperating country and AID reach at least tentative agreement on the reason or purpose for the project, the type of outputs or results desired and an estimate of the amounts and kinds of resource inputs which each party will be willing to provide.

For project formulation, it will often be desirable to conduct an exploratory survey, a feasibility study or a separate planning project in order to plan the activity more knowledgeably and carefully. If this course of action is followed, the formulation and detailed technical design stages are largely combined. A.I.D.'s policy will be to retain an intermediary for the feasibility study or planning project. This intermediary may or may not be the one which is subsequently involved in implementation. In any case, the consultation among the three parties must be closer

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than for general economic planning, since the project design will lead to commitments of resources.

Frequently, project formulation will be done without a special planning project. In that case, the activity will be outlined in sufficient detail by the cooperating country and AID that funds can be committed and an implementing intermediary selected.

c. Detailed Technical Design

As soon after selection as possible, the intermediary should be integrated into the process of completing detailed technical design and work plans. If the intermediary who is selected had previously participated in a feasibility study or planning project, this integration will have largely occurred. If a different intermediary participated in the preliminary stages or if project formulation was done entirely by representatives of the cooperating country and A.I.D., more decisions remain about the techniques to be employed, the types and amount of training, the specification of equipment and material and other matters on which the intermediary should have expertise not available to either the cooperating country or A.I.D.

The procedures for developing and agreeing upon these time-phased, relatively precise technical plans may occur under a two-phase contract, in accordance with a contract requirement for submission of a work plan shortly after the arrival of the intermediary personnel, or under informal collaborative arrangements. Whatever the procedure, it is essential for a successful assistance activity that all three parties thoroughly understand and agree on the inputs, outputs, purpose and goal of the project and on the indicators of progress and success.

Although the intermediary has a unique contribution, the other two parties both have a definite role to play beyond deciding the amounts of resources they will devote to the activity. The cooperating country must reconfirm the kind of change sought in its country, and the manner for seeking this change. It has unique knowledge about local laws, customs, behavior and constraints. AID personnel can add an important dimension in terms of their experience in special problems of development administration, institution building and technology transfer.

d. Incorporating Evaluation Elements

An important aspect of project planning, especially at the detailed technical project design stage, is to provide for

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certain evaluative elements: a) targets defined in explicit terms so that progress can be appraised, b) adequate baseline data, c) verifiable indicators of progress, and d) provisions for periodic collection of necessary data. Decisions on the scope and nature of the last three of these evaluative elements can be made and progressively refined as the planners move through the formulation and technical design stages. Some activities of an experimental nature or with a mass impact may require special data collection and analysis as part of the project, others can be evaluated on the basis of existing statistical and reporting arrangements. Similarly, some activities will require in-depth evaluations during their implementation life while others can be handled satisfactorily with the prescribed Project Appraisal Report (PAR). The criterion is to get the minimum essential information for sound management decisions, not to collect data for its own sake. In other words, there should be a benefit/cost consideration for evaluation. The intermediary should participate fully in the discussions leading to these decisions about the nature and scope of evaluation.

e. Thoroughness Requires More Time

The planning process described above, with its several possible stages and with the involvement of three parties, may sound unnecessarily cumbersome and drawn out. The temptation on the part of both cooperating country and AID officials may be to cut through the analysis and negotiation and "get on with the job." However, experience amply demonstrates that time and effort devoted to sound project selection and design will pay off in faster, less difficult implementation. On occasion, more thorough planning will mean a delay in obligation of assistance funds. On other occasions, it will be possible to obligate funds on the basis of general plans but to insist on detailed plans before starting operations.

2. Implementation

The implementation stage represents the heart of the technical assistance process. More than merely managing inputs, the implementation stage means the adaptation and transfer of technology, the building of human and institutional capability, the changing of attitudes, the introduction and acceptance of innovation.

With the increasing emphasis on cooperating country responsibility and on full use of intermediaries, (including for various logistic tasks such as procurement or scheduling

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training abroad), AID personnel will be less directly involved in supervising the implementation than in the past. This self-restraint can be consistent with sound management of assistance resources and protection of U.S. interests if there has been thorough planning and agreement on purpose and output targets and if there is systematic evaluation of progress toward targets, which leads to replanning as necessary. Hence, the intermediary, working in collaboration with a cooperating country entity, should be given maximum opportunity and responsibility to:

- a. assure collection of operational data for management and evaluation purposes
- b. advise the cooperating country and AID of any operating problems or changes in circumstances which might necessitate an earlier or more thorough evaluation than regularly scheduled
- c. propose and execute changes in work plans or management methods as a result of evaluative findings

### 3. Evaluation and Replanning

#### a. Reason for Evaluation

Regular, systematic evaluation should be done for all ongoing non-capital assistance. Conduct of evaluation recognizes that planning cannot be omniscient regardless of how thorough and expert and that changes in plans will be necessary to adjust to changes in circumstances. Hence, evaluation is an integral part of effective management. Evaluation is even more essential in a tri-partite situation where considerable reliance is being placed on an intermediary. It results in new understandings about plans for the coming year.

#### b. Process of Evaluation

Useful evaluation involves two kinds of preparatory analysis:

- i. The original design of the project should be reviewed in the light of experience and current conditions to see whether all parties still agree on the purpose and output targets. This analysis should result in recommendations to

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confirm, clarify or modify the design.

- ii. Progress in production of project outputs, impact of this production on the achievement of purpose, and contribution of this achievement toward sector goals should each be assessed separately. These assessments should result in recommendations to modify the amount or type of inputs, change the project methods or organization, or start new action to overcome constraints.

The fact gathering and analytical steps are then followed by a review in which responsible officers of the cooperating country and AID make decisions confirming plans or calling for modifications in plans. Experience has demonstrated that the review is more productive when it involves an interaction of people with different viewpoints and responsibilities. Not only are decisions likely to be more informed and practical but also the process of communication in a review session can itself serve to improve understanding of all parties even when no decisions are made other than to confirm existing plans.

This process described above can characterize either an evaluation which is done by regular personnel of the cooperating country, intermediary and AID and for which conclusions are recorded in an annual Progress Appraisal Report (PAR) or an evaluation which employs outside consultants and for which a special report is prepared.

c. Role of Cooperating Country

The role of the cooperating country in the evaluation of AID financed projects, and its relationship to AID and the intermediary largely are determined by local circumstances, e.g., the nature of the project, cooperating country technician and managerial capability etc. The cooperating country should play a substantial, and wherever possible, a leading role in joint evaluation for these reasons:

- The project is intended to cause change within the country; many of the replanning actions, identified by the evaluation process, must be taken in, and by, the cooperating country.
- A major part of the total project investment is contributed by the cooperating country.

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- Data on project operations and on the project's socio-economic environment is mostly generated and collected by the cooperating country.
- Collaborative evaluation can improve communications, facilitate AID-cooperating country project negotiations, increase country knowledge and interest in the project and reduce defensive reactions to findings from unilateral AID evaluations.

Where there are several donors, or the AID input is a small part of the total, it would be desirable for the cooperating country to coordinate and lead the task of evaluation.

More than half of AID Missions have engaged in joint evaluations with cooperating countries in some form. Their experience has generally been useful, for the reasons cited above. Their hesitations and fears usually proved unfounded, although successful joint evaluation requires careful advance preparation, including discussions with cooperating country officials about the reasons for evaluation and the procedures to be followed. (Some of this should have occurred during the project planning). Evaluation may be contrary to the cultural patterns of some cooperating countries which do not conduct their decision making in a formal organized manner or it may be frightening if it is misconceived as a rating of personal performance rather than an assessment of progress. However, regardless of hesitation on both sides, joint evaluation is an important element of the desired collaborative style and Missions should work to make it more widespread.

There are several degrees of collaboration which can increase with time and experience. The pattern may vary from project to project in the same country:

- i) As a preliminary -- and minimal -- step, the intermediary invites cooperating country personnel (project officials, their supervisors, project clients) to provide information informally and to give opinions and suggestions about project operations and design.
- ii) Cooperating country personnel participate in the organized staff process of reviewing the project design and assessing progress which was described earlier. This now occurs in some countries where there has not yet been cooperating country participation in the

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Mission Director's Review. The staff seldom involves decision-making officials from either the cooperating country or the Mission.

iii) Officials of the cooperating country participate in the evaluation review which considers evaluation findings and recommendations and which agrees on replanning actions.

There are circumstances when it may not be advantageous to press for cooperating country participation in the evaluation process:

- When USAID must assess the reasons for, and effects of cooperating country resistance or performance failure in order to plan strategy for subsequent negotiations with the cooperating country. Even here, the Mission should consider whether an evaluation might be the best way to negotiate or whether a private Mission session should be followed by a joint session.
- When joint evaluation would jeopardize project operations or disrupt USAID -- cooperating country relations. N.B. Such circumstances will be rare; constructive joint evaluations which avoid recrimination or placing of blame almost invariably produce useful results.
- When the cooperating country is not able to participate (e.g., prolonged absence of key officials) or to make project decisions. Since the burden on key officials is so heavy, joint evaluations should be so planned as to be useful to them and minimize the requirement for their time.
- When cultural factors would inhibit effective evaluation, or when language barriers or size of group would interfere with communication.

d. Role of Intermediary

The role of the intermediary in the evaluation process will vary somewhat with the roles of the other two parties discussed in the preceding section. However, the general pattern can be expected to be as follows:

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- i) The intermediary should take the lead in the staff work of gathering and analyzing data in order to check out the project design and progress and to prepare issues and recommendations for the formal review session. As a daily working partner of the cooperating country, the intermediary should involve the staff of the cooperating country in this process to the maximum extent possible. If there is a Mission Evaluation Officer or other staff knowledgeable about either the project or the evaluation process, they will participate in some of the preliminary discussions and analyses with the intermediary and cooperating country staff.
- ii) The intermediary can play a key role in helping the Mission lay the groundwork with the cooperating country for a joint evaluation review session. The intermediary should consult with both the cooperating country and the Mission staff about the agenda for the session.
- iii) Representatives of the intermediary will be included in the review session to present findings, answer questions, make recommendations and discuss alternatives. Policy and resource decisions, however, will be made by the responsible officials of the cooperating country and the Mission.
- iv) The intermediary will often coordinate the follow-up staff work to carry out the evaluation decisions.

e. Terminal Evaluations

At the termination of a project, a final evaluation should be conducted to determine advisable follow-up actions and to extract lessons from experience for transfer to similar activities elsewhere. The first purpose is of primary interest to the cooperating country and the second to A.I.D. Both should be based on an analysis of the achievement of planned results, the occurrence of unplanned results, and their causative factors. As with regular evaluation, staff work for a terminal review may be done under the leadership of the intermediary but the findings should be collaboratively reviewed.

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APPLICATION

AID Missions will be primarily responsible for working out the application of this policy with cooperating countries and intermediaries, including training. Since the policy is basically a matter of operating style, it is not expected that modifications will be required in existing agreements, but if any changes are necessary in scopes of work, these can be negotiated. For new projects, documents proposing projects and requesting contracts or other agreements should define a role for an intermediary consistent with this policy and should reflect cooperating country collaboration.

Headquarters of intermediary organizations should keep the function of project design and evaluation in mind as they select and orient team personnel. The visits and correspondence from headquarters can support teams in their efforts to improve design and to assess progress.

AID/Washington presents one-week training seminars on project design and evaluation to supplement training by Missions. Staff of intermediaries should be encouraged to attend these seminars. Officials from cooperating countries are also welcome to attend.

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August 9, 1972

MEMORANDUM TO: AG/OAS, Mr. John Benz  
SER/MP, Mr. Fred Fischer  
AA/LA, Mr. Lawrence Harrison  
USAID/Kabul, Mr. Victor Skiles

FROM: PPC/PE, Robert L. Hubbell *RLH*

SUBJECT: Task Force Meeting  
2:00 P.M. August 10.

Each of you provided editorial suggestions which did not overlap and could easily be accepted.

Several problem paragraphs appeared. I have tried re-writes which are attached.

Also, Jack Benz proposes a different transmittal to the Deputy Administrator, which is attached.

3. During past 18 months, most AID field missions have adjusted content and character of programs and substantially reduced direct hire staff. Some have also changed style and structure correspondingly. While USAIDs will continue to slim down as program concentration continues, FY 1973-74 reductions will be more apparent in AID/W as result consolidation program support functions. Therefore this message deals with mode of operation and organization in a streamlined Mission. Following discussion drafted principally with development assistance USAIDs in mind. It has relevance however to supporting assistance USAIDs whose comments are invited.

Changing Mission role is most clearly seen in its implications for principal AID representative and his immediate staff. They will tend to be less responsible for project management and devote more attention and time to collaborating with host country colleagues in putting together sector analysis or project design teams, project monitoring, advising on development strategy and AIDs resources, coordinating with other donors, keeping AID/W informed.

To be inserted at end of paragraph 11 on page 9

13. Field-AID/W Relationships. Reforms put more responsibility in AID/W because of desire for lower profile in field, use of specialists who cannot be regular members of field staffs, necessity for negotiation with headquarters of intermediaries and other donors. These changes will require even closer headquarters-field relationships than heretofore, with more frequent travel in both directions, regional seminars, written dialogue. At same time, AID/W has obligation to provide better service to field. This has been key consideration in various elements reform plan, e.g. consolidated program and management support, improved knowledge resources through research and 211 (d) grants, arrangements through basic ordering agreements or indefinite quantity contracts by PHA, TAB, ENGR and PPC for rapid mobilization of expert TDY help, devising new contract and grant instruments.

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16. Mission comments should deal with practicality of foregoing concepts for local circumstances. What is required now at field level to make this new style work? In your adaptations to date such as shifting from managing to monitoring, centralization of loan implementation, use of TDY help, what kind of problems have you encountered? What pace should evolutionary process take? What modifications in structure, procedures, and kinds of personnel do you foresee to adapt to foregoing concepts. Our interest here is not in analysis of positions, dollar size of programs nor project lists but in general trends and problems you anticipate.

Reverse sequence of present paragraphs 15 and 16 and rewrite present paragraph 15 as above.

DRAFT (JS Benz)  
8/7/72

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

SUBJECT: USAID Role, Style and Structure

THROUGH: EXSEC

FROM: Robert Hubbell, Chairman of Ad Hoc Task Force

Problem: To arrange expeditious clearance of proposed message to field on above subject.

Discussion: The Ad Hoc Task Force of Messrs. Benz, Butterfield, Fischer, Harrison, and myself have reviewed the pertinent papers on a reorganized AID that concern the role, style, and structure of the USAID. Based on these studies, we have prepared the attached draft message.

We have concluded that, despite its length, the message should go as a cable in order to save time and to assure that all missions receive it simultaneously.

We recommend that the message be specifically addressed to the Ambassador as well as the Director or Aid Representative in order to encourage a policy-level type of response rather than operating details. For the convenience of the Ambassador, our message summarizes previous information on reform sent the field in other messages, although these are cross-referenced.

The Task Force proposes that two detailed documents which are not yet official go to the field in order to give Missions a more concrete idea of what is meant by project monitoring and collaborative style and in order to get comments before these are issued. One of

these documents (Tab B) is a slightly revised version of the "Report on the Project Monitoring Resources Group" (Benz group) which you have seen. The other document (Tab C) is a proposed "Policy Statement on the Roles of Cooperating Countries, AID and Intermediaries in the Planning, Implementation and Evaluation of Technical and Other Non-Capital Assistance." It was prepared by the Program Evaluation Committee and was reviewed and approved by the Working Group on Instruments for Increased Use of Non-Government Organizations. (Levick group)

In view of the urgency, the Task Force has not attempted to clear the draft message (Tab A) or Tabs B and C with the Bureaus and offices represented on the Administrator's Advisory Council. If you approve of the message, we would recommend that there are three options open:

1. that you approve the papers for transmittal to the field;
2. that the Administrator's Executive Secretariat distribute the papers, arrange for a meeting of all concerned. Comments made at such a meeting would be taken into account by the Task Force and a revised version would be forwarded to you for final approval;
3. that the attached memorandum be sent to the addressees shown with a request for Bureau comments by a stated date.

Recommendation: that you select among the options given above or such variation as you may desire.

OPTION 1.	Yes _____	No _____
OPTION 2.	Yes _____	No _____
OPTION 3.	Yes _____	No _____

VARIATION:

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ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

SUBJECT: USAID Role, Style and Structure

THROUGH: EXSEC

FROM: Robert Hubbell, Chairman of Ad Hoc Task Force

Problem: To arrange expeditious clearance of proposed message to field on above subject.

Discussion: The Ad Hoc Task Force of Messrs. Benz, Butterfield, Fischer, Harrison and myself which you appointed on July 21 has prepared the attached draft message (Tab A).

We have concluded that, despite its length, the message should go as a cable in order to save time and to assure that all missions receive it simultaneously.

We recommend that the message be specifically addressed to the Ambassador as well as the Director or Aid Representative in order to encourage a policy-level type of response rather than operating details. For the convenience of the Ambassador, our message summarizes previous information on reform sent the field in other messages, although these are cross-referenced.

The Task Force proposes that two detailed documents which are not yet official go to the field in

order to give Missions a more concrete idea of what is meant by project monitoring and collaborative style, and in order to get comments before these are issued.

*P* One of these documents (Tab B) is a slightly revised version of the "Report on the Project Monitoring Resources Group" (Benz group) which you have seen and about which you recently inquired again. The other document (Tab C) is a proposed "Policy Statement on the Roles of Cooperating Countries, AID and Intermediaries in the Planning, Implementation and Evaluation of Technical and Other Non Capital Assistance." It was prepared by the Program Evaluation Committee and was reviewed and approved by the Working Group on Instruments for Increased Use of Non-Government Organizations. (Levick group).

Recommendation. That you sign the attached transmittal to Assistant Administrators.

MEMORANDUM FOR: AA/SER, Mr. James F. Campbell  
AA/PPC, Mr. Philip Birnbaum  
AA/TA, Mr. Joel Bernstein  
AA/PHA, Mr. Jar old A. Keiffer  
AA/ASIA, Mr. Donald G. MacDonald  
AA/AFR, Mr. Samuel C. Adams, Jr.  
AA/LA, Mr. Herman Klein  
CO/SA, Mr. Roderic L. O'Connor  
GC, Mr. Arthur Z. Gardiner, Jr.  
AG, Mr. Edward F. Tennant  
OLA, Mr. Matthew J. Harvey  
OPA, Mr. Clinton F. Wheeler

SUBJECT: USAID Role and Style

The Ad Hoc Task Force which I appointed on the above subject has prepared a draft cable to the field (Tab A). I would appreciate your clearance or comments on this by August \_\_\_\_\_.

The Task Force also proposes that two additional documents be pouched to the field. These are Tabs B and C. They would go to provide more background for the field and to elicit comments. Both are the products of special groups or committees. Neither is yet official. You are not asked to clear these papers specifically; merely to indicate whether you are willing to have them transmitted.

Maurice J. Williams  
Deputy Administrator

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8/4/72 Draft

UNCLASSIFIED CABLE

AIDTO CIRC to List G

INFO: US Mission OECD Paris

FROM: HANNAH FOR THE AMBASSADOR AND MISSION DIRECTOR

SUBJECT: USAID Role, Style, and Structure

1. This message summarizes key elements of reform in economic assistance program; suggests some implications for USAID role, style, structure and for USAID-AID/W relationships; and invites comments.
2. Previous communications on reform include "Transition Planning for Technical Assistance" from Deputy Administrator February 16, 1971; Administrator's Memorandum of January 24, 1972 on "Reform of the U.S. Economic Assistance Program," Reform Plan of February 1, 1972, and AIDTO Circ A-543 "Development Planning Guidance -- FY 1974" April 15, 1972. Regions and Missions have also exchanged messages and had direct consultations.
3. All AID field missions have made adjustments and many plan further changes. In FY 1972, AID achieved largest reduction of direct hire staff in its history -- 13 percent. While ~~some~~ reductions are projected overseas as program con-

*with most reductions occurring overseas.*

*5*

centration continues, FY 1975 ~~reductions~~ <sup>and FY74</sup> will ~~be~~ <sup>chiefly</sup> ~~in~~ <sup>and management</sup> AID/W as result consolidation program support functions.

~~... and organization~~  
~~... of Missions.~~ While supporting assistance missions have some unique aspects, this message does not draw distinction but leaves that for mission comment.

ELEMENTS OF REFORM

- 4. In recent years, economic assistance has been thoroughly reexamined in order to adjust to changing perceptions of needs, relationships, and attitudes. During past year, AID itself assumed leadership in staking out policies for 1970's. It also decided organizational and operational changes to facilitate achievement of objectives.
- 5. Our overriding concern is with basic human needs of people in developing countries; useful employment and education/training to help assure it; good health and food that supports it; children who are wanted and assured of living conditions consistent with human dignity. We believe efforts to these basic needs contribute to long-term US international interests: self-reliant societies in developing world, expanding world economy with increased trade and access to resources for benefit of all, improved prospects for world peace.



6. Agency's reform emphasizes:
  - a. More collaborative style of assistance which recognizes that people of developing countries are at center of development and that international development assistance institutions are assuming increasing role.
  - b. Reduced US government presence and profile overseas.
  - c. Increased participation by US private professional, business, educational, non profit, and voluntary organizations. Special attention to finding fresh ways of relating innovative, creative and knowledgeable U.S. individuals and institutions to developing country individuals and institutions in <sup>problem-</sup> joint solving efforts.
  - d. Concentration on a few key human problems to whose solution U.S. can bring special competence and sufficient mass of talent and resources to make significant contribution.
  - e. Broadened application of tools of sector analysis and programming for such problems as food production and marketing, education, health and population.
  - f. Better integration of technical, capital and food assistance.
  - g. Increased emphasis on careful innovation, including targeted research, pilot field tests and information networks applying science and technology.

7. AID/W reorganization to enhance its program support capacity includes:

- a. Establishing Bureau for Population and Humanitarian Assistance (AA/PHA) with centralized population office, strengthened capability to respond to needs of disaster victims, and improved relationships with voluntary organizations engaged in humanitarian activities.
- b. Establishing Bureau of Supporting Assistance (CO/SA) with principal Washington responsibility for AID programs in Vietnam, Cambodia, Laos, Thailand, Jordan, Israel and Malta.
- c. Reorganizing regional bureaus to strengthen sector analysis and programming capabilities and to assure effective integration of program, loan and technical staffs. Regional bureaus and TAB working together are to provide the best available technical talent.
- d. Through Technical Assistance Bureau (TAB) leadership, strengthen AID's capacity to help LDCs find answers to critical development problems by increased applied research and by new forms of institution building including links among strengthened LDC institutions, U.S. public and private institutions and international research centers.
- e. Establishing Bureau for Program and Management Services (AA/SER), which consolidated all engineering,

contracting, procurement, personnel and administrative services previously performed separately by AID/W Bureaus and Offices. (Details on AA/SER organization and its expected impact on field were contained in letter from James F. Campbell to Mission Directors and AID Representatives July 21, 1972).

f. Strengthening Bureau for Program and Policy Coordination (PPC) by transfer to PPC of budget and evaluation staffs, creation of a Development Program Review Office integrating capital and technical assistance review, reorganized offices for international assistance coordination and for policy analysis. ~~\_\_\_\_\_~~

g. Establishing Administrator's Advisory Council for regular consideration of key operating and program policies, and Project Approval Committee under leadership of Deputy Administrator for consideration of selected projects and issues having general applicability.

#### IMPLICATIONS FOR MISSIONS

8. Implications of foregoing for field missions will vary according to stage of development, national value and attitudes, political factors of country where you work. Personal relationships can also influence development assistance relationships. Nevertheless AID reform does imply a set of norms for role, style and structure of field missions and for their relationships with AID/W.

~~\_\_\_\_\_~~

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9. Role. In past, AID often played direct active role in LDC policy formulation, priority selection, program planning and project execution. This type of role has produced important results, but its paternalism impinges on increasing LDC sensitivity about national sovereignty. Most encouraging aspect of development performance in the sixties which <sup>brings</sup> ~~makes~~ ~~the~~ optimistic ~~view~~ about future was emergence of corps of modern and dedicated LDC planners, technicians, managers. Prior to their emergence, AID activism justified by absence of alternatives. Now that alternatives exist, AID is shifting to collaborative role.

10. Similarly, within agreed project purpose and scope, AID is encouraging more innovative and self-reliant role for US institutional talent centers and more direct problem-solving links between US and LDC professionals. Traditional directive role of USAID re all AID contractors or grantees, including approval of travel, is changing.

11. <sup>Continuing reductions</sup> ~~Reduction~~ of direct hire field staffs reinforces above trends and makes imperative reassessment of what field representatives can most productively do. Increasingly, role may should consist of following <sup>four</sup> functions:

a. Advisor/Counselor. Direct hire personnel are unlikely to provide operational technical advice as in past; but program and sector generalists can be useful disinterested

source of advice and judgment on key development problems, opportunities and talent. AID's R and D activities, experience in other countries, and access to variety of public and private institutions make it important source of advice and channel for innovation particularly for analysis and planning in sectors selected for concentration of AID resources. Field staff can also play role of talent-broker, putting LDC's in touch with centrally-funded or other professional talent working on problems outside areas of local AID concentration. Similarly, staff will need to keep LDC's informed of opportunities to draw from and contribute to global knowledge banks emerging as part of international R & D networks.

b. Financier. My January 24 memorandum said, "Increasingly, A.I.D.'s role will be to plan development programs, to help fund private organizations to design and execute development activities in collaboration with experts and institutions in the developing country and AID, and then to monitor the progress and results." The normal steps leading to a decision to finance will be as follows:

- (1) study cooperating country development plans and priorities
- (2) identify priorities of other development assistance donors

(3) select one or more (depending on such factors as degree of self-help, importance of country to US) sectors concerned with basic human needs for AID concentration

(4) collaborate with country on sector analysis, program planning, and project formulation. (Often using temporary-expert outside help)

(5) prepare documentation for AID financial decisions.

c. Monitor. In the past, USAID's literally managed many technical assistance and loan projects with direct hire personnel; in the future, we will monitor them.

If we do not manage, we will not need project managers.

*But* ~~we~~ will need project officers to enable AID to exercise prudent supervision over its resources, and to evaluate progress in order to determine next steps.

The monitoring function serves the interests of both the cooperating country and US.

(Two detailed discussions of implications of the collaborative style for monitoring are being pouched separately to elicit field comment. One paper entitled "Project Monitoring -- FY 1973" is a report of an Ad Hoc Task Group set up by the Deputy Administrator during the transition planning period; ~~and~~ the other ~~paper~~ is a draft "Policy Statement on the Roles of Cooperating Countries, A.I.D. and Intermediaries in Planning,

Implementation, and Evaluation of Technical and Other Noncapital Assistance" prepared by the Program Evaluation Committee).

d. Coordinator. Since AID involvement will be more selective, we must build more efficient and deeper working relationships with multilateral and bilateral donors. AID field personnel should encourage the cooperating country and UN or other international organization to take the lead in coordination, but we must put in considerable liaison effort.

12. Style - Image we wish to project is that of unobtrusive, highly professional agency which responds to developing country interests in basic human problems by bringing to bear highest quality resources US has to offer. Talent broker function should dominate our style. Decisions on strategy should be made by developing country. Large bulk of substantive work should be performed by non-government organizations or participating agencies, including important elements of planning and evaluating as well as managing. Concentrated programs should exclude small target-of-opportunity, short-duration projects. With projects carefully planned for life-of-project funding patterns, less blue-printing, reporting and annual negotiating should be necessary. Direct hire AID personnel should be principally concerned with AID strategy, relationships with other donors, monitoring of program development and execution, and harmonious and

constructive relationships between cooperating country and non-government or PASA organizations, however funded. Field representatives should be continually seeking opportunities to remove themselves from direct involvement in program design and execution and to promote solid working arrangements between US and cooperating country talent through such devices as Institutional Development Agreement, participation in international R & D networks, loan-financed technical assistance, country contracts (to which LDC and non-government organization are signatory parties), and block grants.

(An AID/W Working Group established by the Deputy Administrator has recently drafted improved policy statements, procedures, and legal instruments for country contracts and programmatic grants. A series of instructions will shortly be forthcoming to the field).

13. Field-AID/W Relationships. We in Washington see our role principally as service to field and our reorganization was conceived with that in mind. Consolidated program and management support should permit better specialization of backstopping personnel. Research and 211 (d) grants improve available knowledge resources. AA/PIA and TAB general technical service contracts have mobilized non-government organizations to respond to mission work-orders



or contracts. TAB rosters of experts, together with PPC/PE's indefinite quantity contracts and O/Engr's basic ordering agreements permit rapid mobilization of expert TDY help. Manual order system being overhauled to condense and simplify instructions for field personnel. New contracting and grant instruments are being devised. AID Reference Center will issue regular accession lists of reports on previous experience and will strengthen its question-answering service.

14. AID Field Structure. -- It is clear from foregoing that traditional AID style of overseas operations is changing at an accelerating rate. Also clear that for foreseeable future AID has vital need to continue overseas arms -- USAIDs, regional or other field offices. Changes should not come through happenstance and initiative in their planning should be in field where reservoir of expertise on overseas operations resides. No unique size or structure for direct hire personnel being prescribed and field will have flexibility to adjust to needs of individual country programs. Obviously structure should be compact, with little layering and overhead. Integration of loan and technical assistance modes should be sought. Some functions decrease or disappear -- aspects of logistics, management, documentation, technical advice. Others continue or become more important -- arranging for sector analyses, collaborative discussions of program strategy and more thorough planning for assistance

activity, talent-brokerage, monitoring and evaluation, coordination.

#### ACTION

15. Mission comments should deal with adaptations in role, style and structure considered desirable for local circumstances; pace that evolutionary process can and should take; new needs to be filled at field or AID/W levels. What modifications in structure, procedures and kinds of personnel do you foresee to adapt to new programming concepts, <sup>membership</sup> and new relationships? We do not want a statistical analysis of positions, dollar size of programs or list of projects. Likewise detailed information on administrative/logistic support arrangements were covered in responses to AIDTO Circ A 757.

16. Missions should reply by cable within 30 days, addressing cables to Task Force on USAID Role and Style. This Task Force will summarize for me and my Advisory Council your concerns and proposals and prepare a policy paper for discussion by the Council and then issuance to the field as guide for future action.

URGENT

*Ms. Franklin*  
*502/111-2526A*

AIDIO CTRC to List G

INFO: US Mission OECD Paris

FROM HANNAH FOR THE AMBASSADOR AND MISSION DIRECTOR

Summary - This message summarizes key elements of economic assistance program reform; suggests some implications of the reform for role, style, and structure of field missions; and invites field comments on these implications.

1. During the past few years, the objectives, structure, and operations of the economic assistance program of the U.S. Government have been thoroughly reexamined. The experience of the 1960's has been studied with particular care. During the past year, AID itself has assumed the leadership role in staking out the policies which should guide the program in the 1970's. We have also come to decisions as to the organizational and operational changes needed to achieve the objectives towards which the new policies work.

2. AID's overriding concern is with the basic human needs of the people of the developing countries: useful employment, and the education and training that will help to assume it; good health, and the food that will contribute to it; offspring that are wanted and who are assured of living conditions consistent with the needs of human dignity. We believe that efforts toward these basic human needs best

contribute to the long-term international interests of the U.S.: the building of self-reliant societies in the developing world; an expanding world economy, increased trade, and <sup>more equitable</sup> ~~greater~~ distribution of the benefits of development; ~~access to resources from which all benefit~~; and improved prospects for world peace.

3. Our programs to help meet the basic human needs of people will emphasize the following precepts:

a. A more collaborative style of assistance which recognizes that the people of the developing countries are at the center of development, and that the international development assistance institutions are assuming an increasingly prominent role.

b. [Reduced U.S. government <sup>presence</sup> ~~presence~~ overseas.] <sup>how does this meet basic human needs?</sup>

c. [Increased participation by <sup>internationals:</sup> U.S. private professional, business, educational, non-profit, and voluntary organizations.] <sup>ditto?</sup>

d. Concentration on a few key human problems, to whose solution the U.S. can bring special competency <sup>and the mass of external resources necessary to get the job done.</sup>

e. [Broadened application of the tools of sector analysis and programming <sup>to the problems of food production and marketing, education, health, and rapid urban growth.</sup>] <sup>are these only problems for sector analysis? how does analysis meet human needs?</sup>

f. [Increased integration of ~~technical and capital~~ <sup>all</sup> economic assistance <sup>resources applied to key problems.</sup>] <sup>how meet human needs?</sup>

g. Increased emphasis on research <sup>to broaden base of</sup> technical knowledge applicable to key problems.

h. Increased capacity to respond to <sup>victims of</sup> natural disasters <sup>more rapidly & efficiently.</sup>

4. To enhance its capacity to support programs consistent with the foregoing, AID/W is being reorganized. The most significant changes include the following:

<sup>Established</sup>  
a. ~~Creation~~ of the Bureau for Population and Humanitarian Assistance (AA/PHA), with a centralized population office, with strengthened disaster relief capability, and improved relationships with voluntary agencies and other entities engaged in humanitarian efforts.

b. Reorganization of regional bureaus so as to strengthen sector analysis and programming capabilities, and to assure the effective integration of program, loan, and technical staffs.

<sup>Established</sup>  
c. ~~Creation~~ of <sup>a separate</sup> ~~the~~ Bureau for Supporting Assistance (CO/SA), with principal Washington responsibility for AID programs in Vietnam, Cambodia, Laos, Thailand, and Jordan.

d. Strengthening of the Technical Assistance Bureau's capacity to find answers to critical development problems through increased research efforts, particularly applied research and new forms of institution building, by TAB itself, by U.S. public and private institution, by strengthened LDC institutions, and by international research institution linked to LDC institution.

<sup>Established</sup>  
e. ~~Creation~~ of the Bureau for Program and Management Services (AA/SER). Principal features and emphases are:

- Centralization of engineering <sup>(contracting, procurement, administration)</sup> services & personnel functions previously performed separately by the bureaus.
- ~~Centralization of contracting and procurement~~

*This occurred prior to Reform*

- ~~Further centralization of personnel services~~
- ~~Further regionalization of personnel reductions of up to 25-35% over 7,~~
- More effective and efficient servicing of regional bureau and USAID needs
- Greater regionalization and centralization of controller functions
- ~~Further personnel reductions of up to 20-25 percent of total U.S. staff, overtime~~
- Preparation of a revised directives system which will separate policy from procedural guidance
- Reduced administrative/logistic support of U.S. and TCN personnel overseas (see AIDTO Circ A-757)
- Further simplification of procurement procedures

f. Strengthening of the Bureau for Program and Policy Coordination, including the transfer to PPC of budget and evaluation staffs, establishment of a technical assistance coordinating staff, and efforts to devise an integrated planning, budgeting, accounting, and reporting system keyed to sector concepts.

*Establishment of a Project Approval Committee, under the leadership of the Deputy Administrator.*

5. I fully realize that the implications of the foregoing for field missions are going to vary according to the stage of development of the country in which you work. I also recognize that national values and attitudes, political and

psychological factors, and personal relationships can importantly influence the nature of development assistance relationships.

But it seems to me that the AID reform does imply <sup>some changes in</sup> ~~a set of~~ norms for the role, <sup>(style)</sup> ~~and~~ structure of field missions, <sup>and give</sup> USAID relationships with LDC's.

6. Role. In the past, AID has often played a direct and active role in LDC policy formulation, structuring of priorities, program design, and project execution. This type of prominent role has produced some important results, but it inevitably smacks of paternalism, and it has <sup>collided in</sup> ~~collided with~~ increasing LDC sensitivity on matters of national sovereignty. In my view, the most encouraging aspect of development performance in the sixties--the one which makes me most optimistic about the future--was the emergence of a corps of modern and dedicated LDC planners, technicians, and managers. Prior to their emergence, AID activism could be justified by the absence of alternatives. Now the alternatives exist, and AID should shift from a leadership to a collaborative role embracing the following functions:

a. Advice. USAID's can be useful to LDC's as a [disinterested] source of advice and judgment on key development problems and opportunities. AID's research activities, its experience in other countries, and its access to a wide variety of public and private institutions make it an important source

not consistent with earlier tie-in (p. 2) with U.S. national interests.

of advice as well as a suitable agent-of innovation. This function is particularly appropriate <sup>for analysis and planning in</sup> for those sectors which the USAID selects for concentration <sup>of its resources</sup>.

b. Brokerage. The resources which make the USAID a useful advisor also permit it to play the role of development assistance broker, bringing LDC's together with sources of technique and finance.

c. <sup>Programs and Services</sup> Finance. It is principally in the function of <sup>Finance</sup> ~~finance~~ (and in the closely-related function of monitoring) that the new emphasis on concentration and sector analysis/programming come into play, although these emphases also strongly influence the advice and brokerage functions. The <sup>normal</sup> ~~manual~~ steps leading to a decision to finance are as follows:

- (1) study of the LDC's development plans and priorities
- (2) identification of priorities <sup>resource input</sup> of other development assistance institutions
- (3) identification <sup>with the country</sup> of one or more (depending on such factors as the degree of self-help, the importance of the country to the U.S.) sectors directly concerned with basic human needs <sup>for AID concentration</sup>
- (4) collaboration with <sup>the</sup> country on sector analysis and program design
- (5) preparation of documentation necessary for AID financial decisions



d. Monitoring. The monitoring function serves the interests both of the LDC and AID. By keeping in close touch with programs during the execution phase, the USAID is able to assure (1) timely advice on problem-solving, evaluation, and adaptation of programs to the lessons of experience; and (2) proper discharge of AID's statutory and administrative responsibilities.

e. Collaboration with other development assistance institutions. *The fact that AID involvement will be more selective makes it all the more important that we build more efficient and deeper working relationships with our governmental institutions.*

7. Style. The image we wish to project is that of an unobtrusive, highly professional agency which responds to LDC interests in basic human problems by bringing to bear the highest quality resources the U.S. <sup>other donors have.</sup> has to offer. The brokerage function should dominate our style: the large bulk of substantive work should be performed by intermediaries, <sup>whose work may extend to planning, managing, and evaluating.</sup> Direct hire USAID personnel should be principally concerned with AID strategy, relationships with other donors, the monitoring of program development and execution, and harmonious and constructive relationships between LDC's and intermediaries. The USAID should <sup>constantly</sup> be seeking opportunities to remove itself from direct involvement in program <sup>design and</sup> execution <sup>will conflict with LA & AFE patterns</sup> through such devices as loan-financed technical assistance, country contracts (to which the LDC and the intermediary are the principal parties), and block grants.

8. USAID Structure. The foregoing implies a compact USAID structure, at least as far as direct-hire personnel are concerned. The Director will be served by essentially the same staff offices (i.e., program, loan, engineering, legal, controller, executive) as heretofore, although <sup>There should be need for fewer people in these offices.</sup> The agency will continue to consider regionalization and centralization possibilities <sup>for these functions</sup> which offer increased efficiency and economy, keeping in mind that some <sup>programs</sup> progress will require full-time <sup>efforts</sup> attention by some or all of these offices. Some internal adjustments

*to drop will be needed to reduce the administrative burden.*  
 in the staff offices may also be desirable, e.g., the integration of program and loan staffs. The principal change in USAID structures will involve the technical offices, which will normally be headed by a sectoral generalist. The degree of supporting staff will depend on the nature and complexity of <sup>and the extent to which administrative work is done by TDI personnel</sup> programs. But these officers, as well as the division chief, should normally be discharging the advice, brokerage, and

monitoring functions and should not be significantly involved in direct technical assistance <sup>implementation.</sup> Improved dialogue between field-and-Washington-technical-staffs-is-particularly-important.

how many field people know what "MONITORING" means (per Benz)?

9. USAID-AID/W Relationships. To achieve the kind of USAID role, style, and structure we have in mind, a closer field-Washington relationship will be necessary. We in Washington see our role principally as service to the field, and our AID/W reorganization was conceived with service very much in mind. We are particularly concerned that USAID's personnel <sup>at all levels</sup>

be fully aware of the kinds of support AID/W can provide. TDY personnel are increasingly used by USAIDs, but this is not enough. The field must have a fuller appreciation of what is going on in Washington and elsewhere, particularly with respect to research, intermediary institutions, and development experience in other countries. We in Washington need a better appreciation of the circumstance in which you operate and your needs. I want you to know of my personal interest in promoting an improved USAID-AID/W dialogue, be it through more frequent field visits to Washington, Washington visits to the field, regional seminars, etc.

10. I will be grateful for your comments on the foregoing, hopefully by September 15, 1972.

B. A. L. Harrison - 23272

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July 28, 1972

**MEMORANDUM**

**TO:** PPC/PE, Mr. Robert Hubbell

**FROM:** AA/PHA, Richard C. Meyer

**SUBJECT:** Ad Hoc Task Force on USAID Role and Style  
in a Reorganized A. I. D.

Attached are copies of a paper on A. I. D. and the Independent Voluntary Sector which was presented to the Administrator and his Council, and approved by them, as a proposal for the expanded utilization of private and voluntary organizations in development programs.

The AA/PHA, Dr. Kieffer, is interested in having the members of your Task Force on the USAID Role in a Reorganized A. I. D. review this paper and use it in their discussions with our USAID missions. Dr. Kieffer thinks it important that our field operators be made aware of the new directions that A. I. D. is moving in with regard to the increased utilization of private and voluntary organizations.

**Attachments:**  
5 cys of Paper

"The document attached represents a preliminary, interim presentation made to, and accepted by, the Administrator's Council on June 7, 1972."

A.I.D. and the  
Independent Voluntary Sector

Bureau for Population and Humanitarian Assistance

June 2, 1972

## SUMMARY

Concerning a proposed new and expanded role for private and voluntary organizations, this memorandum includes: (1) a description of the current role of these organizations in relation to AID; (2) ways and means of mounting a new and expanded role; (3) implications; (4) next steps planned, and recommendations.

### I. Current Role of private voluntary agencies in AID programs.

#### A. Who are the private voluntary agencies?

--definitions

---descriptions

--registered voluntary agencies (85 registered with USG (AID))

--unregistered private, voluntary organizations (110 have current contracts and grants)

--operations

#### B. As focal point in AID/W, the Office of Private and Voluntary Cooperation has following functions:

--matches best suitable private organizations with identified IDC needs

--funds and monitors inter-regional grants and contracts for general support or specific projects

--acts as Secretariat for the Advisory Committee on Voluntary Foreign Aid

--maintains liaison with the Independent Advisory Committee on Overseas Cooperative Development

--maintains contacts with private voluntary sector entities and associations

### II. New and Expanded Role of Private and Voluntary Organizations by means of:

--expanding present programs which offer advantages: IESC, IVS, Asia Foundation are examples of possibilities

--enhancing capacity of organizations with likely potential and capability

--involving other private resources

--exploring new organizations, mergers and consortium possibilities

--examining voluntary associations and volunteerism in the IECs

III. Implications

A. Caveats

- danger of overfunding of some organizations
- avoid deflection from original purposes of organizations
- accountability and independence
- consider relations with constituency
- be mindful of risks in undertaking any innovations
- uncertainty of host LDCs about voluntarism
- limitation of this resource

B. Process for expanding the role

1. Selection of priority programs by

- a. Consultations within AID/W and with LDCs to explore:
  - ongoing AID programs
  - identified program needs
  - new program proposals
  - other priority areas of concern
- b. Formal liaison within AID/W including:
  - assignment by each Bureau concerned of liaison officer to work with PHA/PVC
  - designation by PVC of counterpart liaison officers
  - setting up Agency-wide private and voluntary cooperation committee
- c. Program and project proposals of private U. S. organizations and of LDCs be given full consideration
- d. Joint explorations involving AID/W, USAIDs, U. S. private entities, with LDC representation whenever feasible and ASAP in program process



2. Identifying private and voluntary resources by:
  - clearinghouse organization which, among other things, would:
    - provide efficient current listing of private agencies
    - describe their capabilities if interested in AID work
    - list other characteristics, potentials, etc.
3. Screening and Selection of potential private resources by:
  - Phase One: basic set of eligibility requirements
  - Phase Two: detailed exchanges of information regarding needs and capacities to fill needs; some program exploration/development work of preliminary nature where appropriate
  - Phase Three: Final stage of approval; finding best match to fit critical need in LDC; peer group concept use
4. Funding:
  - a. Initially, largely a process of re-allocating resources
  - b. Costing not done
  - c. Possible use of Special Development Assistance Authority
  - d. explore Title II, PL-480 Food for Work possibilities where appropriate

IV. Next Steps Planned:

1. intensified dialogue with private agencies in A.I.D.'s new emphasis
2. meetings of AID Bureau representatives with private agencies
3. establish clearinghouse and communications system
4. set up liaison machinery within AID/W to:
  - identify program priorities and inform private organizations when feasible and at appropriate time
  - match best fit in private resource to LDC's identified need

5. identify key problem areas (inter-regional)
6. redefine role of project officers and grant managers to assure that they are responsible for being fully informed and knowledgeable regarding all aspects of programs and particularly of the capabilities of private agencies; but at the same time assure that a somewhat passive posture is maintained in management of projects involving private voluntary agencies.
7. explore fully the concept of voluntarism with the view of encouraging its growth and development, if and where feasible in LDCs.

Recommendations:

- A. Establish a liaison machinery within AID/W between Bureaus concerned and PHA/PVC
- B. Undertake thorough and systematic examination and exploration of AID programs for FY 73 with the new role of the private agencies in mind
- C. Establish clearinghouse and communications system

## PREFACE

The discussion which follows is a preliminary presentation of ways and means to expand the use of private voluntary organizations in the development program of LDCs. Many approaches and devices have yet to be explored and tested. It is the purpose of this paper simply to introduce the subject and lay out some first action steps.

To the question, why all this concern about private voluntary agencies? The answer is that they represent a resource that is vast and untapped. The pluralistic strengths of this nation have a considerable potential that can be directed toward assisting the humanitarian and development priorities. The energies and expertise of the private voluntary community have only begun to be employed.

Engaging private voluntary agencies offers advantages that are not always available to an official A.I.D. Mission. They offer a flexibility of approach; they are not usually unwieldy and encumbered by sheer size. The restraints and bureaucratic barnacles effecting their performance are generally fewer. Additionally they are, or can be, of low visibility, if that is desired. Their association with government supported programs can be wound up or down with relative ease. Finally, they have, almost by their very nature, a collaborative style, which lends itself well to programs intended to reach the general populace. The propensity of these organizations to get close to the people suggests that they may prove to be an effective means to assure that the fruits of development are distributed more equitably.

As official bilateral aid winds down, some of our private voluntary organizations may be a bridge to maintaining normal channels of communications in particular LDCs. Conceivably, they might be the only American presence in some places.

The voluntary organizations native to the developing country have an important role to play in development, particularly in the promotion of widespread participation in decision-making, implementation, and benefit-sharing. Special attention to encouraging voluntarism is merited particularly with respect to identification of circumstances and places where the approach may be significant. Ways to take that factor into consideration in development programming, and methods by which the work of groups indigenous to the LDCs can be assisted and encouraged should be studied. Indeed, the very creation and functioning of voluntary agencies is itself an aspect of development.

It is recognized that just as development itself should be not lopsidedly macro or micro oriented, so should our efforts with the private voluntary agencies not be heavily weighted on one side. A truly collaborative effort involving the LDC, the private voluntary agency, and A.I.D. is necessary.

As we develop a greater role for the voluntary agencies and as we offer encouragement to the concept of voluntarism, we are not unmindful of the fact that the constituencies of the American private voluntary agencies, many and varied as they are, represent a great segment of the American people, and it is in our interest to get them to participate as directly as possible in the overseas development effort.

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## A.I.D. and the Independent Voluntary Sector

### I. Current Involvement

#### A. Who are the Private and Voluntary Agencies?<sup>1/</sup>

Private and voluntary organizations, in A.I.D. terms are associations which are (1) formally structured (i.e., have a legal existence, a charter/constitution, staff, etc.), (2) not-for-profit, (3) non-governmental (although they may be quasi-non-governmental), (4) whose membership and motivations are not commercial, and (5) whose aims deal with development, population and humanitarian activities in the LDCs or have the potential of being useful in the development field. The non-sectarian service arms of the religious denominations are included in this number. They can be American, multi-national, or native to the LDCs. (Universities and labor organizations which fall within the purview of other Bureaus within A.I.D. are not discussed in this memorandum.)

The private nature of the great bulk of these organizations cannot be over-emphasized. While they may act in concert with government in joint undertakings and receive subventions in the form of cash or supplies, thus accepting a degree of accountability, they retain their independence and their right to determine their own programming. Most depend on their constituencies for contributions and support and are ultimately accountable to them.

(There is a small group of organizations, often identified as "quasi-non-governmental" which have most of the earmarks of private organizations. In their style of operation, in their accountability, they are private. But the bulk of their resources comes from government, and usually they were created to provide a service or fulfill a need identified by government. The Asia Foundation, the International Development Foundation, the International Executive Service Corps, are examples of this kind of organization. In this paper they are treated as if they were truly private and independent.)

<sup>1/</sup> The Department of State and the U.N. use the term "non-governmental organization" (NGO) to describe these organizations. The actual number of these private organizations in existence is not known, but it is estimated to be in the thousands. Not all of these, however, are likely to fall within the A.I.D. orbit.

In its relationships with the private and voluntary organizations, the Agency tends to treat them as two groups although the division between the groups is arbitrarily drawn. One group encompasses the 85 Registered Voluntary Agencies. These have voluntarily registered with A.I.D.'s Advisory Committee on Voluntary Foreign Aid. Registration provides two main benefits: (1) formal recognition by the USG of the agencies' role in overseas activities and (2) if their programs meet established criteria, eligibility for certain subventions-- P.L. 480 food, ocean freight, and excess government property.

During calendar year 1971, thirty-one agencies took advantage of these benefits to a total value of \$185,155,000. This divides down to \$44,199,000 for government paid overseas freight (of this \$ 4.5 million represents A.I.D.'s ocean freight contribution), excess government property valued at \$956,000 and P.L. 480 food valued at \$139,317,000. Twenty registered voluntary agencies had A.I.D. grants and contracts for specific development activities in addition to these subventions. In that same period these registered voluntary agencies generated \$325 million in private contributions and other income.

(The registered voluntary agencies participate also in programs conducted by other agencies of government. These activities are not treated in this paper.)

The other group, the non-registered private voluntary agencies with which AID does business numbers 110. These have received grants and contracts for specific activities in much the same manner as the ordinary commercial firm does.

Such organizations as the cooperatives, Volunteers for International Technical Assistance, The Asia Foundation, etc., have long been recipients of A.I.D. grants and contracts and have performed a variety of development tasks in various parts of the world. Others have received nutrition grants, engaged in population programs, provided training, or have performed many other varied tasks either of their own generation, or at the behest of A.I.D.

#### B. The Present Role of the Office of Private and Voluntary Cooperation

##### -In the Regional Context

Upon request, when an occasion to engage a private non-profit agency in a development activity is identified by a Regional Bureau or an AID Mission PVC identifies potential resources and puts them in touch with the

regional offices. Its role is that of matching an opportunity with an appropriate organization. The Regional Bureau or Mission proceeds as it deems appropriate after the introductions are completed. Conversely, the office acquaints Bureaus and A.I.D. Missions with the skills and interests of private and voluntary groups which wish to participate in the development programs of LDCs.

-In the Interregional Context

PVC funds and monitors grants and contracts supporting inter-regional activities of such organizations as The Asia Foundation, VITA, IESC, and the cooperative organizations. These grants and contracts, monitored by project managers, either provide general support for an organization's program or provide funds for specific projects in specific countries. It also supports a capability to respond to Mission requests, as in the case of the cooperatives.

The Office maintains contact with the private voluntary sector: with individual organizations in that sector and with the associations and groupings of such organizations.

The Voluntary Agency Division acts as a secretariat for the Advisory Committee for Voluntary Foreign Aid and generally maintains communication with the registered voluntary agencies and the American Council of Voluntary Agencies for Foreign Service. The Cooperative Development Service provides liaison with the independent Advisory Committee on Overseas Cooperative Development.

II. The Expanded Role of Private and Voluntary Organizations

AID will be focusing its program on priority areas of basic human needs within the context of host country priorities. The areas of need are complex; simple solutions are elusive. The broader the range of human resources and talent brought to bear, the greater the chance that practical solutions will emerge. It is in this context that the capabilities and commitment of private and voluntary organizations have relevance. Not that they provide a panacea. On the contrary, some have limited focus and little potential for growth or change. Bureaucratic barnacles can afflict any organization regardless of size, age, or purpose.

Among the universe of private and voluntary organizations, however, are those with expertise, first hand experience in the developmental world, flexibility and growth potential. The challenge is to find the means of involving these resources in the collaborative effort to cope with host country priorities.

In this endeavor, the intent is to be responsive to LDC priorities against the backdrop of the need to focus program emphasis on key problem areas.

The Office for Private and Voluntary Cooperation will increasingly play the "broker's" role in regional programs. In the interregional area, we anticipate identifying, in concert with host governments, AID and others, developmental needs for which interregional support to private or voluntary organizations is justified. PHA proposes to stimulate increased participation by private voluntary agencies along the following five major lines:

A. Expansion of Present Programs

Organizations with which we already have grant relationships are at times appropriate vehicles for an expanded private and voluntary program. They offer some advantages. Such organizations as the International Executive Service Corps, International Voluntary Services, Catholic Relief Services, CARE, and The Asia Foundation, inter alia, have developed a competence in conducting overseas programs and are limited in their programs by lack of funds not by a lack of demand for their services or by weaknesses in their management staff. Existing programs can be expanded, sometimes quickly, and with predictable results.

The IESC, for example, has conducted a successful program for a number of years. It has a smoothly functioning, highly experienced staff. The demand from foreign businesses for its services exceeds its financial resources. Although IESC is now doing about 600 volunteer projects per year it could easily increase to 800 per year. Both The Asia Foundation and IVS have conducted much larger programs in the past but have been forced to curtail their activities as U.S. Government support has decreased. Each has the organizational structure and trained staff to support a much larger program. The cooperatives and The Asia Foundation may provide us with vehicles for expanding family planning education efforts. These are examples which quickly come to mind of expanded engagement of organizations currently known to us. There are perhaps multinational organizations equally susceptible of growth.



B. Enhancing the Capacity of Organizations to Participate in LDC Development

Additionally, there are numbers of private organizations which have the beginnings of significant activities in domestic and/or overseas development but which do not now have the management competence and the trained and experienced staff and resources to improve and increase their capacity. For example, the YMCA has years of experience in developing middle level management training in the U.S., in Europe, and in some developing countries. To some extent they have been able to project this experience into more overseas areas but have been restrained for lack of staff with experience in the African continent or in Asia. A registered voluntary agency very often has an apparatus in place in the LDCs which is capable of delivering technical assistance in addition to the present food and medicines. Many such agencies are already inclined toward development. Since they frequently get closer to the people than our bilateral programs, there is great advantage in encouraging their transition to development and employing their established networks in the process.

Small amounts of financial support provided to carefully selected private organizations could measurably enhance their capability to provide services in priority fields of development.

C. Involvement of Additional Private and Voluntary Resources

Many private U.S. organizations have been working overseas for years without A.I.D. support. They have demonstrated capacity, LDC acceptability, and willingness to accept support to provide development assistance in areas which have an AID priority. The selection and encouragement of these organizations can be matched against specific program needs in given countries or regions.

Other agencies, which may or may not have received AID support for development, which are willing to mount larger programs with a development orientation but for financial or other considerations, are currently under some restraint which handicaps them in the expansion of their efforts in the development field. Examples of some organizations which might warrant some exploration in PVC's efforts to identify those groups with the most competent potential are:

The American Organization for Rehabilitation and Training Federation founded in 1922, operates perhaps the largest nongovernment network of vocational education in the world involving 21 countries, half of which are in Africa. Their 1971 budget amounted to \$21.8 million for around 60,000 students worldwide.

One of the more effective programs is the Directed Agricultural Production Credit, initiated by CUNA and local credit unions in Ecuador in 1964. An action program at the village level, a combination of self-help capital and specially directed technical assistance, has been found that clicks.

The Church World Service (CWS) supplements massive feeding programs with development projects in education, rural development, agriculture, small industry, and social development. These are worldwide programs, one of which, in Brazil, has involved a total of a half million workers in various projects.

The Agricultural Cooperative Development International has been instrumental in assisting the small Uganda farmer in mounting one of the most successful local action programs with participation involving both economic and social features.

Catholic Relief Services (CRS) operates programs in 73 countries. These were at one time largely devoted to providing materials and food for the poor, but CRS has, additionally, a very extensive development wing which has executed some outstanding programs. Most noteworthy are its development activities in cooperation with the Government of Korea.

"Last but not most," might be a way of describing the CARE program potential. Employing carefully orchestrated strategies, CARE works with small farmers and Governments in agricultural and nutrition activities which seem to get results.

These are a small sampling of possibilities. Other programs, and greater detail concerning the programs mentioned above can be provided.

#### D. New Organizations, Mergers and Consortiums

As the development assistance needs of the LDCs change and new opportunities and needs emerge, some new organizations may be required where gaps in expertise and institutional capabilities become clearly identified, and A.I.D. should be prepared to encourage them.

Some small organizations are finding that they are too small or too specialized to function effectively. Merger with other organizations demonstrates that the pooling of resources often enables them to work effectively. At the same time, such merger frequently enables them to develop analytical and programming capacity that individually they would not possess and could not afford. In other possible situations, the talents of one agency can buttress those of another: agencies specializing in health

programs, in family planning, in cooperatives and in agriculture make a likely combination to join forces in rural community development programs. When such mergers or consortia appear on the horizon, it is our intention to place them under close scrutiny and where appropriate, to encourage them, even with financial assistance if this is needed. (We have, for example, worked with PACT for well over a year as its members grappled with the question of some form of association.)

#### E. Voluntary Associations in the LDCs

Voluntary associations exist in all societies. By the term we mean formalized groups of people organized for the pursuit of goals other than those of a profit nature. Scholars in the developmental field are now more alert than ever to the role of such associations as contributors to or participants in the process of change. Increasingly, we will find ourselves confronting significant questions in this area: who are these groups, what role do they play, are we collaborating with them, should we, if so, how?

We assume that local voluntary associations have a role to play in this regard. We assume that the citizens of a developing country should determine the values and shape of the society in which they live, rather than outside groups of power, investment motives or interests. Local voluntary associations can give people a chance to participate in setting the course of development, in implementing it, and in sharing its benefits. Local voluntary associations are doing this in developing societies, and will continue to do so, whether or not outsiders help or encourage them. But they can benefit from proper outside assistance and there are means whereby A.I.D. can join with them in pursuing joint development objectives -- either directly, through host governments, or through external private and voluntary organizations.

We must identify and distinguish between the roles and contributions of voluntary associations. This process will be fostered by developing means of identifying and classifying them in a meaningful way. We also need to inform host governments about private voluntary associations, let them know how they work, how they affect individual members, how they have influence within a society, how they serve as communications linkages in the economic, social and political spheres of development, how they play a role in creating a more flexible structure for development, whether they contribute to the development and emergence of capable leadership, and how they make an indispensable contribution to the development of contemporary culture.

A.I.D.'s present activity in this area should be at two levels: 1) the increased involvement of American organizations in development work abroad, and 2) encouragement of development oriented voluntary associations in those countries where such is appropriate.

We have more questions than answers, but we intend to systematically pursue the key elements of this exciting field.

- What are the types and roles of organizations in the private voluntary sectors of developing countries?
- Are particular governments friendly or hostile to existing private voluntary organizations, or to the notion of developing them if they do not now exist?
- What impact, role and scope do they have?
- How do we learn about them? (By undertaking contracts for the establishment of clearinghouses in developing societies?)
- What means exist for joining in collaborative efforts with such associations?

In this dialogue we plan to involve (as appropriate) those in the Center for a Voluntary Society, the United Nations and others who are engaged in innovative thinking on this subject.

### III. Implications of the Program

#### A. Some Caveats

There are a number of considerations to be borne in mind in connection with expanding the role of private and voluntary agencies. Our enthusiasm to engage them in a collaborative role will have to be curbed by a recognition of the potential hazards.

First, is the danger of over-funding the private voluntary organization. Imposing upon it too much program all at once may destroy the institution. The absorptive capacity of the organization should be carefully gauged so that the possibility of providing too much too soon is avoided.

Second, the possibility of deflection of the organization from its original purpose must be given consideration. Organizations may not themselves be aware of the danger of taking on too much of a new role and the consequence this might have for them.

Third, even greater attention must be given to the dilemma created by the accountability necessary when public funds are used and the independence so vitally important to the private voluntary organization. There must, of course, be assurance that public funds are spent for the purposes specified and without personal gain to any private individual. But beyond this, the degree of oversight, monitoring, advice, etc., that should appropriately be rendered must be carefully weighed. The independence of the private voluntary agency should be protected, and we should seek to adopt wherever possible a more passive role as grant managers.

Fourth is the relationship of the private and voluntary agencies with their constituencies. Some, more than others, must be aware of the reaction of their constituency if it seems to become too close to government. The original purposes for the establishment of the voluntary agencies are many and varied. To work with government, or to be a partner of government is seldom one of these. We must be mindful of their origins and purposes, and recognize that they have a life of their own, as we seek to enlist their participation in the development effort.

Fifth, by promoting an active and energetic role for the private voluntary sector, or some specific voluntary organization, there is the potential risk of jeopardizing our overall interest in the host country. Each situation will have to be examined and weighed with care.

Sixth, it should be pointed out that some new and innovative programs will be frankly experimental and may be risky. Although we apply our best judgment in screening out, modifying and tightening up these new programs, we must accept the fact that some of these new programs may fail. We should be particularly cautious about programs when sponsors attempt to thrust them upon us through the use of external pressures. We will need support in withstanding pressures so that new programs may be rationally developed on their own merits.

Finally, we must not be ensnared by our own rhetoric. The independent voluntary sector can indeed make new and significant contributions to development in the LDCs. It is not a panacea. It is not the only way to attack development problems. We must view this program simply as another approach, although an important one, to assisting LDCs in their struggle to better conditions for their people.

B. Process for Expanding the Role of Private and Voluntary Organizations in LDC Development

The key to the greater involvement and use of private and voluntary organizations is the identification of those LDC priority programs concurred in by A.I.D. in which these types of organizations are the best agents to do the job. This is a seeking out and matching up process which must be done in an orderly and organized manner. It involves an array of players beginning with the LDCs, and ranging through the A.I.D. Missions and Washington offices. Eventually this leads to identifying and involving in an LDC program the appropriate private organizations, whether indigenous, multi-national, international or American. The initiative for making the effort lies within A.I.D.

At the same time, private organizations working in the field can and do identify LDC priority interests and concerns to which they would like to respond. We should be receptive to their proposed programs and be prepared to test them against those LDC priorities to which A.I.D. wishes to respond.

Similarly, LDCs may bring to our attention their wish to engage private agencies in their programs.

The following is a proposed process to mount an expanded role for U.S. private and voluntary organizations.

1. Identification of Priority Programs and Problem Areas

a. Consultation with Regions, TAB and PPC - The Office of Private and Voluntary Cooperation will consult with key program officers to identify those programs and problem areas in which private organizations might be best suited to work. This would include:

- Ongoing programs which are now carried out by direct hire personnel and which might be converted to implementation by a private organization. (Example: The Asia Foundation has taken over some of the A.I.D. technical assistance personnel in Afghanistan and Korea.)
- Identified program needs which might be filled by expanded or broadened services by private organizations. (Example: Technical assistance for trade promotion in Korea as proposed to IESC.)
- Planned new programs for which the implementing agent or technical assistance resource has not been identified and for which private organizations might be suitable. (Example: Technoserve providing technical assistance in small industry development in Honduras.)
- Priority areas of concern such as employment, income distribution, abatement of rural (non-farm) migration for which new programs have not yet been planned and in which private organizations might be involved in planning and implementation stages. (Example: The Asia Foundation role in helping develop the Committee for Asian Manpower Studies.)

b. Need for formal liaison - These consultations could be effected by:

- Requesting the designation by each region, TAB and PPC of an officer thoroughly familiar with priority programs and problem areas;
- Designating within PVC liaison officers as counterparts of the above to work directly on identification of potential programs;

-Establishing an Agency-wide Private and Voluntary Cooperation Committee to be made up of the above officers and chaired by PHA to deal with interregional programs and problem areas, and to screen and identify the most promising for further staff work.

c. Private organization and LDC proposals - The Office of Private and Voluntary Cooperation and specifically the PVC liaison officers should be the direct contact for organizations wishing to submit proposals. Such proposals should be made known to other parts of A.I.D. and the Committee should be asked to determine applicability and merits. LDC proposals should be handled similarly.

d. Joint Exploration - As early in the process of explorations as possible, and to the extent practical and feasible, representatives of a selected U.S. voluntary association and of the host country under consideration should participate in joint explorations as a major step toward full collaboration with the LDC. This assumes USAID Missions, PVC and other AID/W involvement. One advantage of early involvement is to bring the LDC to the central point of development planning and programming. A second advantage is to verify that the position of the project is high on the schedule of LDC development priorities.

## 2. Identifying Private and Voluntary Resources

The PVC liaison officer, using available inventories and other sources, selection criteria and screening mechanisms, will identify the private voluntary groups with the capacity or potential to match up with identified programs. It is our intention to create a clearinghouse function to enable us to know on a current basis which agencies are interested in overseas development, and what their capabilities and capacities are.

Such a clearinghouse would be open to use by anyone. It would list those agencies wishing to be included, and, by implication, interested in responding to requests for development assistance in LDCs. Current data describing the purpose of the organization, its size, the nature and extent of its programs, annual budget, fields of interest, geographic areas of specialization, etc., would be listed.



Experience in attempting to obtain information from private voluntary groups about their operations suggests that they are more forthcoming when they deal with another private organization than when government makes inquiries. Primarily for this reason, it would seem that such a clearinghouse should be outside of government. It could well be an addition to the functions of organizations presently performing information-gathering functions. The Technical Assistance Information Clearing House, the Center for Voluntary Society, J. R. Taft Associates (Foundation reporting) and the National Center for Voluntary Action are among a number of possible locations for such a service.

Useful counterparts to a clearinghouse dealing with American private voluntary agencies would be similar units in the developing countries. AID Missions in the Philippines and Venezuela have at one time issued directories of host country private voluntary agency activities. They or host country ministries should be encouraged to make such inventories periodically.

The clearinghouse described above does not meet the problem of developing a viable means of sharing substantive developmental information with interested private and voluntary organizations. Such a system would probably have to be developed separately.

A dialogue on the substantive issues of development would be beneficial to all concerned. It would also permit the opening of more channels of communication with the LDCs. It would enable both AID and private and voluntary organizations to learn further from the experiences of each. It would enable both parties to increase their sensitivity to the needs and capabilities of host societies. It would permit wiser and more informed leadership on the part of all concerned.

### 3. Screening and Selection

As AID and LDCs determine that they wish to have private and voluntary groups participate in development programs, it will be necessary to develop a procedure to (a) review the capability of organizations applying to AID for funds, and (b) review the capability of several organizations to permit the selection of one or two from among the several.

The basic set of eligibility requirements (capacity, legal status, interest, financial responsibility, good management) can be identified as the first phase in the identification,

screening, selection scenario. It will subsequently be necessary to sift out of the universe of organizations being dealt with those most appropriate for a specific operational setting.

Phase two in the process requires more detailed exchanges of information, e.g., an exchange of visits by representatives of AID and the organization(s). Additionally, several organizations might participate in preliminary program design studies involving (as necessary) field visits, then submit program execution proposals to AID or the Host Country. The program exploration/development work could be funded by AID, the Host Country, or financed independently. The AID-university IDA agreement model, though basically a contract, is a relevant model here.

Phase three represents that period which follows a decision to develop a program with a specific organization, and the final approval of that program and the accompanying funds. During that phase there is the further opportunity to review the capabilities of the organization.

It is tempting to believe that a peer group committee or similar "buffer" group can make the final selection decision in any given instance. Upon reflection, this procedure is difficult to substantiate. Logic suggests that the individual ultimately responsible for the program and its funds, not only will but must make the final decision when it comes (a) to selecting between alternative private and voluntary organizations, or (b) to approving or disapproving an application for funds.

While it may not be appropriate for a government agency to delegate to a non-governmental (or quasi-governmental) advisory or peer group (or internal all agency employee committee), the responsibility for making the final selection decision in programs, such advisory groups can be relevant to the programming process. If properly staffed and equipped with clear criteria, the advisory committee can assist in sifting through the list of qualified organizations.

In this respect, we should give consideration to an expanded role for the Advisory Committee on Voluntary Foreign Aid.

#### 4. Funding

The financial implications of the directions and programs discussed in this paper are the least developed because of the preliminary nature of the proposals.

To a great extent we are simply describing a method of expanded involvement of an existing technical assistance resource. We are suggesting a selective substitution of a private voluntary agency for a direct-hire or commercial input in an established country program. This could well result in dollar savings since volunteers are less expensive than commercial contractors.

If we were to increase our general support grants to private organizations with which we are now dealing, even these would have a modest price tag since these agencies could not instantly increase the level of their activity. Growth would take place over time, and the first increments in funding would be needed no earlier than mid FY-73, with the first full-year costs of these expanded operations coming due no earlier than FY 1974. By then, assuming promising performance on the part of the private voluntary organizations, reallocations within the total A.I.D. budget could be made.

By their very nature, some of the activities of the private and voluntary agencies could be financed by funds in the Special Development Assistance Fund. Quite frequently the locus of the project is in an area where self-help and community participation are an important ingredient.

The results of the current Title II evaluation should tell us whether that program might be a resource to employ in a collaborative effort with the private voluntary groups and the LDCs.

#### IV. Next Steps

1. We suggest the intensification of our dialogue with the private, voluntary, and cooperative organizations. As a first step we plan to have meetings on the East and West Coasts - and one with the Advisory Committee - where PPC and PHA would describe current A.I.D. policy thrusts (e.g., sectoral emphasis, income distribution/employment) and elicit their response and reaction. Similar and frequent opportunities to exchange thoughts will be sought.

2. We suggest meetings between selected private organizations and the respective Regional Bureaus to acquaint each other about priority development areas and specific program opportunities. Each can inform the other of requirements, interests, and resources. These meetings could take place in the U.S. or in the region itself.
3. We plan to move ahead in studying the implications of the clearinghouse function. A communication flow involving LDCs, A.I.D., and the private and voluntary agencies needs to be organized on a regular and systematic basis. The possibility of using any number of existing institutions (including TAICH, CVS and NCVA) for this purpose should be considered and weighed against locating the function within A.I.D.
4. In collaboration with the LDCs and the private voluntary agencies, AID should establish the mechanics for identifying LDC priorities, communicating these to the private organizations, and assisting in the process of selecting the appropriate voluntary agencies that might be involved. Officers within Regional Bureaus and within PHA/PVC should be designated to achieve the requisite liaison with selected host countries and private voluntary agencies.
5. AID should identify key problem areas which span several regions. Appropriate private organizations should be identified and provided grants to begin an attack on these.
6. AID will have to redefine the responsibilities of grant officers, assuring that they are informed and knowledgeable, but that their role in grant administration is passive.
7. AID should encourage the study of the phenomenon that is "voluntarism" and explore the pros and cons of this with LDCs and seek to contribute to its development as appropriate. (The Center for Voluntary Society and the American Academy of Arts and Sciences are presently working on the design of such a study.)

\* \* \*

The purpose of this presentation is to elicit general Agency endorsement of the program and policy directions described above.

Specifically, it is recommended:

1. that each of the Bureaus designate an officer with responsibility for matters dealing with private, voluntary, and cooperative activities. Liaison between this officer and a specifically designated officer in PHA/PVC should become effective immediately;
2. that a systematic examination of FY 73 programs be undertaken in the field and in Washington to identify opportunities for the engagement of private and voluntary organizations;
3. that a clearinghouse and communication system be studied and established as early as possible.

FCF

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON

OFFICE OF  
THE ADMINISTRATOR

July 21, 1972

MEMORANDUM FOR: Mr. Robert Hubbell, PPC/PE  
Mr. Fred Fischer, SER/MP  
Mr. Lawrence Harrison, AA/LA  
Mr. Samuel Butterfield, AA/TA  
Mr. John Benz, AG/OAS

SUBJECT: Ad Hoc Task Force on USAID Role and Style in a  
Reorganized AID

Each action addressee is requested to serve on a task force to assist in effective communication with the field of the effects of our reform policies on our Missions. Mr. Hubbell will serve as chairman.

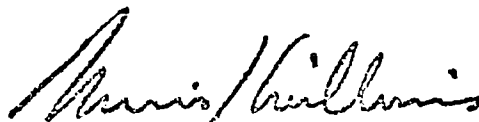
The task force should:

1. Review appropriate studies and other papers dealing with Mission functions and structure which were submitted from the field and produced here in AID/W during the past eighteen months or so and are consistent with the concepts of our reform program.
2. Review recent AID/W papers which are pertinent, including the report of the (Levick) working group on "Instruments for Increased Use of Non-Government Organizations" and the Jack Benz committee report on project monitoring.
3. Prepare a general, brief message for the field which outlines the organizational and procedural implications of the new AID style for Missions (recognizing the need for variations in field organization for reasons of program and local situation). Mission reactions within 30 days will be requested.

4. After receipt of field comments, prepare a summary report for the Administrator's Council about field concerns and proposals, together with a policy paper for discussion by the Administrator's Council and then issuance to the field as a guide for future action.

You are authorized to arrange for staff assistance as necessary.

You should plan to complete the first three assignments by early September.



Maurice J. Williams  
Deputy Administrator

cc: Dr. Samuel C. Adams, Jr., AA/AFR  
Mr. Donald G. MacDonald, AA/ASIA  
Mr. Herman Kleine, AA/LA  
Mr. Roderic L. O'Connor, CO/SA  
Mr. Joel Bernstein, AA/TA  
Mr. Jarold Kieffer, AA/PHA

AGENCY FOR INTERNATIONAL DEVELOPMENT

Office of the Administrator

July 20, 1972

MEMO FOR: AA/PPC - Mr. Birnbaum  
AA/ASIA - Mr. Farrar  
AA/TA - Mr. Butterfield  
EXSEC - Mr. Sligh

If you have time, I would like to ask you to do the following this afternoon. Assume you are the President and you are avidly reading the attached draft report from Dr. Hannah. At the end you are: (check one)

- (a) Bored - confused.
- (b) Suspicious you're being PR'd.
- (c) Ready to invite John Hannah over to walk on the water in the White House pool.
- (d) None of the above or all of the above.

Would appreciate your reactions by the end of the day.

<sup>Tom</sup>  
Tom Arndt

Copy to:SER/MP - F. Fischer ✓

*Handwritten notes:*  
Hannah  
Farrar



Report to the President on Redirecting the Foreign Assistance Program

Mr. President:

A. I. D. has been redirecting its program to put into practice the foreign assistance concepts in your April 1971 message to Congress.

We believe we have made substantial progress. We are at mid-passage in the first major reform of A. I. D. 's philosophy and practice since the Agency's inception in 1961.

We describe the specific goals of our reform program below. But before enumerating the separate parts, we would like to describe their sum.

We believe our efforts add up to: a program which responds more effectively to the basic human needs of the developing countries -- hunger, overpopulation, illiteracy, unemployment, and ill health; a program which is less interventionist and low profile; which is better integrated with multilateral institutions and other donors; a program which gets more results with fewer staff and less bureaucracy; a program which reaches out and truly engages the best scientific and technical institutions, universities and corporations in our country.

In sum, we believe we are building a program which better contributes to U. S. 's long-term international interests: The building of self-reliant

societies in the developing world; an expanding world economy, trade and access to resources from which all benefit; and improved prospects for world peace.

Because this program is directed to basic human needs, is less interventionist and better managed, involves important domestic constituencies, and meets U. S. interests <sup>better,</sup> we believe it will attract increased support from Congress and the American people.

## II

✓ Goals: Our reform program has four goals, based on the concepts in <sup>your</sup> ~~the President's~~ April message: (A) Concentrate A.I.D.'s resources -- and the best U. S. scientific and technical talent -- on a limited group of basic human development problems; (B) improve administration and lower the U. S. profile abroad; (C) develop more collaborative operations with developing countries and other donors; and (D) give greater emphasis to humanitarian assistance. Briefly stated, we are doing the following under each goal.

A. Concentration of A.I.D.'s Resources: In the 1960s, A.I.D. was a multi-purpose assistance agency conducting a variety of programs in more than 80 countries. Loans, technical assistance and other programs tended to operate somewhat independently of one another. There was #

wide variation among programs in different countries and major regions. This generalized assistance program no longer accords with A.I.D.'s available resources, the rise of other donors, or the growing capabilities of most developing countries. A.I.D. is becoming less of a general purpose assistance agency and more of a specialized agency.

At this time, 75% of A.I.D.'s regional technical assistance projects are in four priority sectors: agriculture; education; population; and public administration. Since 1970 we have eliminated or consolidated 288 marginal technical assistance projects which fell outside our priority areas.

However, we seek to do more than cluster our activities around major sectors. We believe A.I.D. can contribute most effectively to the attack on world poverty if we concentrate our resources on a limited group of basic development problems within the broad sectors. We are identifying core problems impeding progress at country and global levels within major sectors such as agriculture, population, and education. We are combining to the extent possible all our resources -- loans, technical assistance, PL 480 and research -- in an integrated attack on the problem. We are seeking to coordinate our efforts with other donors.

By December 31 this year we expect to have worked out programs of concentration in agriculture, population, health and nutrition, education,

What?  
Does this tell our constituents?  
TMA

Needs Example

public administration and several other sectors. This sounds simple on paper. But it requires a major effort in organizational discipline to achieve, particularly when it is so contrary to previous A.I.D. philosophy and practice. Putting this concentrated approach fully into practice will take another year or more.

We think it will result, however, in programs which are more effective in helping find answers to the basic human problems in the LDCs, which will produce more results for each assistance dollar invested, and which will require less staff and less overhead to run.

Mobilizing U. S. Scientific and Technical Talent: We are engaging the scientific and technical talent of the U. S. 's best private and public organizations as part of our concentration effort. In agriculture, for instance, we have assembled five consortia involving 24 U. S. universities to work on such problems as tropical soils, livestock production, and agricultural marketing in the developing countries. Through these efforts, we expect to find new means to increase harvests on poor soils and improve the quality of traditional livestock. Under A.I.D. sponsorship, the American Public Health Association is working on low-cost delivery systems for health, nutrition and family planning. These are aimed at lowering high infant death rates which are increasingly recognized as key barriers to acceptance of family planning in the developing countries.

A. I. D. now has more than 150 contracts with U. S. private institutions to work on development problems. About half of these were signed in the past two years.

In short, we have made significant advances in engaging high-quality U. S. institutions to work together on specific development problems. We believe this will pay dividends in terms of more effective U. S. assistance.

*do we have  
an example  
where we have  
already seen  
a dividend*

B. Lower U. S. Profile Abroad and Improve Administration: A basic objective of the reform has been to reduce A. I. D. 's presence overseas.

In FY 1972, A. I. D. reduced its overseas American staff by <sup>17%</sup>~~13%~~ and its local staff by 15%. A. I. D. 's overseas staffs have been reduced 37% since FY 1969 and are now at <sup>the</sup> lowest levels in A. I. D. history.

Overall, we reduced our full-time staff, including locals by almost 1800 persons in FY 1972 -- a total reduction of 13 percent.

We have taken steps to streamline our Missions abroad. Loan operations have largely been centralized in Washington; audit staffs have been grouped into six regional offices serving all overseas areas. We *have* ~~been~~ *centralizing* controller operations in Washington. We are moving toward reducing the elaborate supporting services which have eased the difficulties of overseas service for our employees, but have also contributed to the charge of high profile and a cosseted life style.

The model for the future, particularly in the larger, more sophisticated countries, is small field Missions concerned with planning, monitoring and evaluating assistance programs which are implemented almost exclusively by the local government and contract personnel.

Improved Management: We have undertaken a major consolidation of our Washington operations in order to improve efficiency and reduce staff further. <sup>Support Div, OS</sup> All ~~management~~ operations, which were previously dispersed among A.I.D.'s various bureaus, were centralized in a single operation as of February 1 this year. This includes all contracting, procurement, financial management, personnel, engineering services, and administrative operations. More than 1000 employees, or one-third of our Washington staff, are involved.

This centralization will permit more uniform and less costly operations. More important, it will result in substantial personnel economies over time. We estimate that we can reduce our Washington staff from 3000 to 2000 employees over the next few years.

C. Collaborative Style: The U. S. is no longer the autocrat of development assistance; it is one participant in an international system of donor countries, receiving countries, and multilateral institutions. A major part of our reform effort has been directed toward strengthening this system. Some examples of this work are:

-- We have helped the UNDP devise new systems for programming, budgeting, and evaluation which, if adopted by their Governing Council, should measurably improve their performance. The UNDP, if it can get its operations under control, can be the leader of the international system for technical assistance comparable to the World Bank leadership in capital assistance.

-- We are working with the World Bank on joint studies of unemployment, income distribution, rural development, and education in the LDCs. These should permit the Bank to give better leadership in these fields.

-- We have encouraged the formation of an international consultative group on agricultural research. This group -- led by the World Bank-- now has 27 members: three U. S. foundations, three UN bodies, three regional banks, five developing country representatives and thirteen donor governments. While such large coordinating bodies sometimes produce only paralysis, this one is effectively guiding joint international research to solve problems of wheat, rice, corn, sorghum, millet and potato production. We believe it is a key element in the international attack on hunger. We are working to form similar groups in population and education.

Multilateral assistance is not a substitute for bilateral assistance. But both multilateral assistance and bilateral assistance work best when

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they are part of an over-arching international system which coordinates the efforts of individual donors and permits donors and recipients to meet in a more equal partnership. Strengthening this system is obviously a long-term job, but we have made some substantial initiatives in the past few years and firmly intend to continue this work in the future.

D. Humanitarian Assistance: In a world where development is necessarily a long-term job, but which right now is still two-thirds malnourished, ill-housed, and in ill-health, we believe it is imperative to give greater emphasis to humanitarian assistance -- to meeting the immediate needs of people. We have adopted a two-pronged program.

First, we are encouraging U. S. voluntary and private agencies to conduct more extensive and more professional humanitarian and related development assistance programs overseas. Engaging this country's private voluntary agencies in humanitarian and development work abroad has been part of the aid catechism for years. But it has often been honored only with lip service. We have adopted a program of action -- grants to private agencies to build their capacities; measures to use voluntary agencies more in A.I.D. programs; higher-level policy responsibility in A.I.D. for voluntary agencies. We believe that a modest increase in funding can be a catalyst for better and broader people-to-people programs by U. S. private agencies. These steps have been greatly welcomed by the voluntary agencies.



Second, we are improving our disaster relief operations. A.I.D. is establishing a U. S. Foreign Disaster Operations center; positioning reserves of disaster supplies in disaster-prone areas of the world; and developing ways to coordinate U. S. Government disaster aid more effectively with other international relief operations. Our disaster relief unit has always been one of our most efficient operations. But as population continues to rise around the world, the chance of disasters involving thousands and even millions of victims increases and we are taking steps to improve our capacity to respond.

### III

A.I.D. began its reform program 15 months ago when the President sent his new foreign assistance legislation to Congress. We accelerated the reforms eight months ago when it became clear that Congress was not going to act on the new legislation and that restructuring ~~of~~ the program would have to be done within existing legislative authorities. We recognize that we still have much to do to carry through the program. But we are confident we are on the right road and moving toward a redirected foreign assistance program which will be a credit to the United States and this Administration.

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

OFFICE OF  
THE ADMINISTRATOR

Dear Mr. President:

As you know we launched a major reform of the U. S. economic assistance program last January. The reform was based on your new foreign aid concepts, and is designed to achieve two overall objectives:

- 1) to concentrate our available resources -- and those of the other public and private donors -- on a limited number of problems affecting the human needs of the people of the developing countries; and
- 2) to establish the internal A. I. D. organization and operating style required to most effectively and efficiently deliver those resources.

I am pleased to report that after six months of sustained effort, we have made substantial progress in achieving these basic reform objectives. Our accomplishments are summarized in the attached paper.

I am also gratified to report that we are continuing to reduce the size of the A. I. D. staff, in line with your policies to lower the U. S. profile overseas and hold the line on Federal employment. In Fiscal Year 1972 we reduced our direct hire staff by 13 per cent, the largest percentage reduction in the Agency's history. Most of the cuts were overseas. Further manpower economies will be possible in the next several years as a direct result of our reform actions.

We are convinced, Mr. President, that our reforms provide a sound programmatic framework and institutional base for the most rational and effective delivery of U. S. economic assistance resources. They are designed to meet the realities and requirements of the Decade of the Seventies.

After a period of some uncertainty about the future of the U. S. foreign aid program, we are again at the point where we have a dynamic and viable program -- one which all Americans can support.

We look forward to the coming months and years with enthusiasm, confidence, and dedication to our mission.

Respectfully yours,

John A. Hannah

Attachments:

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*Handwritten notes*

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON

OFFICE OF  
E ADMINISTRATOR

July 26, 1972

MEMORANDUM FOR ADMINISTRATOR'S COUNCIL MEMBERS

SUBJECT: Summary Minutes of July 19, 1972 Council Meeting

The purpose of the July 19 Council Meeting was to review progress in the reform program and discuss tasks which still lie ahead.

It was concluded that the basic reform objectives set in February remain sound. A good deal has been accomplished in these five months. Much remains to be done. Mr. Williams cited the following accomplishments:

- Beginning steps toward a more concentrated program.
- Centralized service for management and program support has been organized.
- Staff levels are well down, have gone below the OMB ceiling.
- We have achieved some increased effectiveness in collaboration with client countries and with other donors.

Mr. Williams observed that these accomplishments have, in large part, provided the structure for addressing the important tasks which lie ahead. The major tasks ahead are:

- Review and follow-up FY 1974 field submissions as next step in concentration of our programs.

- Make changes in contracting and other procedures to help institutionalize the more collaborative style (Levick task force paper to be reviewed by Council on August 16).
- Improve and simplify program management and information.
- Consolidate field functions such as controller and logistics.
- Mobilize technical skills for the new program approach. Re-examine our personnel needs.
- Appropriately relate our reform approach to political imperatives and A.I. D. -State relationships.
- Improve communication with Washington and field staff on the aims and implications of the reform.
- Attend to minority personnel considerations in a period of declining staff levels.

With respect to concentration of the program in a limited number of areas, Mr. Birnbaum observed that the Agency appears to be worrying excessively about (1) slowness in identifying our areas of concentration and (2) the methodology of achieving concentration. We should move ahead with the procedures we have agreed on. July field submissions will indicate Mission LDC priorities and hopefully provide a basis for tentative conclusions on the areas of concentration. Actual concentration will evolve over the next year or so.

Mr. Birnbaum listed the following advantages of the "sector focus" approach:

- Broader objectives within a sector can be addressed as compared with single-target projects.
- Our various assistance tools can be integrated effectively with emphasis on problem-solving rather than loan, grant, etc., implementation requirements.
- Sector analysis will provide a sounder basis for our decisions on the allocation of resources.
- Coordination with other donors, who are moving increasingly to the sector approach, will be improved.
- The Agency will function in a more unified manner with common objectives.

- Concentration of our program in areas of basic human needs will achieve increased Congressional and public support for development assistance.

Mr. Birnbaum discussed several related problem areas:

- The field submissions probably will be of uneven quality and will need to be analyzed carefully to identify the well-justified activities which can be used as the basis for selecting areas for Agency concentration.
- Recognizing the potential conflict between sector concentration and a more collaborate style, we have agreed to select our areas of concentration "from the ground up," i. e., starting with field submissions rather than A.I. D. /W-level analysis. Eventually, the key problems and global strategy work we have done so far and the conclusions we reach after analysis of our field submissions will need to be brought together as a basis for ultimate program concentration decisions.
- Some of us have seen a conflict between seeking a more collaborate style and continuing to insist on performance criteria as a condition for our aid. We will not be able to abdicate our insistence on performance and must accomodate this to our operations.
- The question of the best use of development loans in the sector approach has bothered some of us. No attempt should be made to force essential program lending into the sector mold. Sector loans, as we have experimented with them thus far, should present no special problem. Project loans should be justified on the basis of their address of a basic human need, not on the basis of their address of a resource gap.

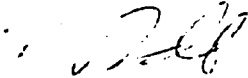
Mr. Williams emphasized that the coming program reviews will be the crucial test of the reform concepts. Mr. Birnbaum reported that a memorandum on the program review process would be issued in a day or so.

There was considerable discussion of the problems of mobilizing technical skills for sector analysis and related work. With the hiring freeze continuing, hiring such talent from the outside must be approached cautiously. Mr. Williams called for increased use of TAB for assistance in providing sector analysis on the same service basis as AA/SER provides

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management and program support service. A few sector people may be needed in the Regions but we must realize that hiring will be very tightly screened.

There followed an extensive discussion of the best approach to be taken in Dr. Hannah's forthcoming talk with the President. Dr. Hannah said that the central purpose of the talk is to obtain the President's support for A.I. D. 's carrying on with its reform and making recommendations in FY 1974 legislation.

  
Thomas M. Arndt  
Executive Secretary

July 26, 1972

MEMORANDUM FOR: Mr. John S. Benz, AG/OAS  
Mr. Samuel Futterfield, AA/TA  
✓ Mr. Fred Fischer, SER/MP  
Mr. Lawrence Harrison, AA/LA

FROM: PPC/PE, Robert L. Hubbell *RH*

SUBJECT: First Meeting of Task Force on USAID Style and Role

1. This confirms the telephone notice of a meeting on Friday, July 28 at 3 p.m. in Room 4883 N.S.
2. I have arranged for Victor Skiles to go through the 9 volumes of memoranda submitted to the Stern Committee to select items which we should review. He will meet with us Friday.
3. I assume you all have copies of the Benz report on project monitoring, the Benz draft message to USAID's, the Levick report on Instruments for Increased Use of Non-Government Organizations, and the July 13 memorandum from EISPC to members of the Administrator's Council attaching papers on reform progress.
4. Attached is a draft policy paper prepared by this office on a collaborative style for project planning and evaluation.
5. For our meeting Friday, we should begin to explore a work plan and schedule. We should also consider whether there are other documents that we should review.

Attachment

*Kearns TF  
Africa contract report*



POLICY STATEMENT

ROLES OF COOPERATING COUNTRIES, A.I.D., AND INTERMEDIARIES  
IN THE PLANNING, IMPLEMENTATION, AND EVALUATION OF  
TECHNICAL AND OTHER NONCAPITAL ASSISTANCE

PURPOSE

This statement confirms and clarifies the policy of the Agency for International Development concerning the nature and extent of collaboration between cooperating countries and A.I.D. and the role of intermediary organizations working with the countries and A.I.D. in the planning, implementation and evaluation of technical or other non-capital assistance.

In general, similar collaborative styles and roles should also obtain for capital assistance, particularly since A.I.D. seeks a better integration of the two kinds of assistance. However, in view of special legal requirements and hence somewhat different procedures for capital assistance, this statement is restricted to non-capital assistance for reasons of easier exposition.

DEFINITIONS

Cooperating countries are those countries which receive development assistance financed under the auspices of the Agency for International Development. The term "cooperating country" includes not only the government and its subordinate

agencies but also non-government indigenous entities. Usually, AID deals directly with a government agency but U.S. intermediary organizations often work directly with local non-government organizations, doing so under the general permission of the government of the country.

Technical assistance consists of: (1) the provision of experts in many different specialities who train or advise in order to transfer technology or help develop institutions, (2) the financing of training outside the cooperating country, and <sup>(3)</sup> the provision of limited amounts of commodities to support the training or institutional development activities. Technical assistance may be either grant or loan financed.

Other non-capital assistance, for purposes of this policy statement, is limited to the donation of agricultural commodities for helping to overcome malnutrition or for use as wages on labor-intensive development projects.

Intermediaries include U.S. Federal and State agencies, universities, non-profit associations, foundations and organizations, and private firms which serve as intermediaries between A.I.D. and cooperating country entities or individuals in the provision of technical or other noncapital assistance. An intermediary may be directly financed by A.I.D. through any of various kinds of agreements including a contract, participating agency service agreement (PASA), or institutional development agreement (IDA). Alternatively, an intermediary

may be indirectly financed through an A.I.D. loan or grant to a cooperating country which then contracts directly with the intermediary.

Excluded from the definition of intermediaries for this policy statement are : (1) operations under AID/W contracts or agreements with organizations which do all their operations for A.I.D. in the United States and do not serve an intermediary role with a recipient of assistance, (2) cooperating country organizations who may be links between aid donors and individual recipients, since these organizations are regarded as part of the cooperating country, and (3) a few organizations which receive unrestricted program grants from AID which are merged with other funds and then used for assistance on which the grantee makes all decisions because these organizations are acting, in effect, as a substitute for A.I.D. in bilateral assistance rather than as an intermediary.

#### BACKGROUND AND RATIONALE

The recent announcement of the Administrator about the restructuring of the Agency (January 24, 1972) and the recent guidelines to AID Missions about Fiscal 1974 (April 15, 1972), both stress a more collaborative style with cooperating countries and greater use of intermediaries as part of that style.

The experience of the past two decades makes clear that cooperating country motivation is the most critical factor in the development equation. Assurance of cooperating country interest has been evidenced by contributions in cash or kind, allocations of manpower, institutional and other reforms. Nevertheless, instances have occurred where Americans in their enthusiasm undertook so much of the planning and management of a development project that the cooperating country assumed a relatively passive role even though it contributed resources. The best way of assuring vigorous and effective prosecution of development activities is for the cooperating country to originate them and then to actively participate in their planning and management. Cooperating countries are increasingly capable of such planning and management but in some cases it may be necessary to consciously urge a country to take the initiative.

As regards intermediaries, AID and its predecessor agencies have used them extensively to provide development assistance. This procedure has enabled the marshalling of different kinds of expertise, provided for specialized support from home offices of intermediaries, and allowed for more flexibility in programming. By 1972, more than 20 percent of the individuals serving as technical advisors overseas were employees of intermediary organizations rather than of A.I.D. Some Missions have encouraged participation by intermediary personnel in all stages of development projects -- planning, implementation and evaluation. In other

instances, intermediaries have been restricted to implementation and to supplying information but have not been included in the analytical processes of planning or evaluation. Unless A.I.D. can enlist the full knowledge, initiative, insights and expertise of intermediary organizations, it limits the effectiveness of its assistance.

Another reason for relying more heavily on intermediaries is that cooperating countries may find it easier to assume responsibility for decisions when dealing with unofficial technical advisors than negotiating with official U.S. Government representatives. Thus, the evolution in A.I.D.'s role from direct transmitter of knowledge and resources to sponsor and financier should be accompanied by a closer and more directly supportive relationship between the intermediary and the cooperating country. The services of the intermediary must directly and ultimately accrue to the benefit of the cooperating country's development effort. The intermediary can best meet this responsibility if it thoroughly understands and supports the policy and program objectives of the cooperating country and the U.S. as they relate to the project with which it is involved.

The preceding background should make clear that the changes in relationships being sought by this policy statement are primarily qualitative rather than quantitative. Cooperating country responsibility is to be evidenced more by initiative and less by acquiescence, although the proportion

of contribution may change little. The intermediary role is to be more actively participative rather than simply responding on request or instruction, although the proportion of technical advisers who are intermediaries can not increase greatly above the existing 90 percent.

However, the intermediary may receive less detailed and frequent supervision and less logistic support, so that the number of direct-hire Americans is reduced.

#### LIMITATIONS.

At the same time that considerations of effectiveness dictate a more collaborative role for cooperating countries and for intermediaries, considerations of the fundamental responsibilities of the Agency for International Development to the President, the Congress, and the taxpayers dictate that AID cannot completely delegate its decision making. These fundamental responsibilities deal with policy decisions, allocation and prudent management of public funds, and with safeguarding security. In various sections of the following statement, the role of AID and the limits of delegation are made explicit.

Three general limitations in relation to use of intermediaries should be kept in mind:

(1) Legal requirements in Bureau of the Budget Circular No A-36 call for use of government employees to perform those functions which are basic to control of their programs, such as selection and direction of other government employees, assignment of organizational

responsibilities, establishment of goals and priorities, decisions on size and type of programs and on quality of intermediary performance.

(2) Direct day-to-day supervision of private intermediary employees by government employees which would place the intermediary employees in a status tantamount to direct Federal employment must be avoided.

(3) Caution must be exercised to avoid conflicts of interest, either for intermediary organizations arranging an expansion in their roles or for former Agency personnel employed by intermediary organizations.

The advice of the General Counsel should be sought when any question arises on limitations.

POLICY

It shall be Agency policy to encourage and assist the cooperating country to assume the leadership in planning, managing and evaluating moncapital development activities which are financially assisted by A.I.D.

It shall also be Agency policy to arrange for intermediaries to participate with the cooperating country and A.I.D. in these same functions of planning, managing and evaluating.

There is a tri-partite process in development assistance in which each party -- the cooperating country, donor, and intermediary -- has its own role. For some stages, one party may have a greater responsibility and

for other stages, the emphasis may shift. In order to illustrate how <sup>the</sup> general policy objective of a collaborative style may be put into effect, the roles are described in some detail for each stage in the following subsections.

1. Planning

Planning comprises three steps, which usually occur in sequence although some aspects may be handled simultaneously. These steps are project selection, general project formulation, and detailed technical design of a project or activity. Each step might involve a different intermediary. The first two steps may occur without any intermediary but the detailed technical design will certainly require an intermediary, as described below.

a. Project Selection

Identification of a problem area for which development action is needed should emerge from overall country development plans and from analyses of sectors or subsectors. The cooperating country should take the lead in making such plans or analyses, since it has the responsibility for deciding what direction it wants its own development to go and what changes it desires in its country. If the cooperating country requests assistance in general planning, AID prefers that the donor be a multilateral agency. If AID provides technical help with either general planning or sector analyses, the usual method will be through an intermediary who will report directly to the cooperating country. Since these plans or analyses need not commit AID to provide



any further assistance.

If the cooperating country decides that it would like technical assistance in the solution of the problem identified during general or sector planning, then it has selected a potential project about which it can approach AID or another donor.

b. Project Formulation

The identification of need is followed by general formulation or ~~design~~ of a project or set of development activities which may include several projects (and even several donors). This is a collaborative process in which the cooperating country and AID reach at least tentative agreement on the reason or purpose for the project, the type of outputs or results desired and an estimate of the amounts and kinds of resource inputs which each party will be willing to provide.

For project formulation, it will often be desirable to conduct an exploratory survey, a feasibility study or a separate planning project in order to <sup>plan</sup> design the activity more knowledgeably and carefully. If this course of action is followed, the formulation and detailed technical design stages are largely combined. A.I.D.'s policy will be to retain an intermediary for the feasibility study or planning project. This intermediary may or may not be the one which is subsequently involved in implementation. In any case, the

consultation among the three parties must be closer than for general economic planning, since the project design will lead to commitments of resources.

Frequently, project formulation will be done without a special planning project. In that case, the activity will be outlined in sufficient detail by the cooperating country and AID that funds can be committed and an implementing intermediary selected.

c. Detailed Technical Design

As soon after selection as possible, the intermediary should be integrated into the process of completing detailed technical design and work plans. If the intermediary who is selected had previously participated in a feasibility study or planning project, this integration will have largely occurred. If a different intermediary participated in the preliminary stages or if project formulation was done entirely by representatives of the cooperating country and A.I.D., more decisions remain about the techniques to be employed, the types and amount of training, the specification of equipment and material and other matters on which the intermediary should have expertise not available to either the cooperating country or A.I.D.

The procedures for developing and agreeing upon these time-phased, relatively precise technical plans may occur during a time-limited conference, in accordance with a contract

requirement for submission of a work plan shortly after the arrival of the intermediary personnel, or under informal collaborative arrangements. Whatever the procedure, it is essential for a successful assistance activity that all three parties thoroughly understand and agree on the inputs, outputs, purpose and goal of the project and on the indicators of progress and success.

Although the intermediary has a unique contribution, the other two parties both have a definite role to play beyond deciding the amounts of resources they will devote to the activity. The cooperating country must reconfirm the kind of change sought in its country, and the manner for seeking this change. It has unique knowledge about local laws, customs, behavior and constraints. AID personnel can add an important dimension in terms of their experience in special problems of development administration, institution building and technology transfer.

An important aspect of detailed technical project design *stage* is to provide for certain elements: a) targets defined in explicit terms so that progress can be appraised, b) adequate baseline data, c) verifiable indicators of progress, and d) provisions for periodic collection of necessary data. Decisions on the scope and nature of the last three of these evaluative elements can be made and progressively refined as the planners move through the formulation and technical design stages. Some activities of an experimental nature

or with a mass impact may require special data collection and analysis as part of the project, others can be evaluated on the basis of existing statistical and reporting arrangements. Similarly, some activities will require in-depth evaluations during their implementation life while others can be handled satisfactorily with the prescribed Project Appraisal Report (PAR). The criterion is to get the minimum essential information for sound management decisions, not to collect data for its own sake. In other words, there should be a benefit/cost consideration for evaluation. The intermediary should participate fully in the discussions leading to these decisions about the nature and scope of evaluation.

C. Ineffectiveness Reporting Mechanism

The planning process described above, with its several possible stages and with the involvement of three parties, may sound unnecessarily cumbersome and drawn out. The temptation on the part of both cooperating country and AID officials may be to cut through the analysis and negotiation and "get on with the job." However, experience amply demonstrates that time and effort devoted to sound project selection and design will pay off in faster, less difficult implementation. On occasion, more thorough planning will mean a delay in obligation of assistance funds. On other occasions, it will be possible to obligate funds on the basis of general plans but to insist on detailed plans before starting operations.

## 2. Implementation

The implementation stage represents the heart of the technical assistance process. More than merely managing inputs, the implementation stage means the adaptation and transfer of technology, the building of human and institutional capability, the changing of attitudes, the introduction and acceptance of innovation.

With the increasing emphasis on cooperating country responsibility and on full use of intermediaries, (including for various logistic tasks such as procurement or scheduling training abroad), AID personnel will be less directly involved in supervising the implementation than in the past. This self-restraint can be consistent with sound management of assistance resources and protection of U.S. interests if there has been thorough planning and agreement on purpose and output targets and if there is systematic evaluation of progress toward targets, which leads to replanning as necessary. Hence, the intermediary, working in collaboration with a cooperating country entity, should be given maximum opportunity and responsibility to:

- a. assure collection of operational data for management and evaluation purposes
- b. advise the cooperating country and AID of any operating problems or changes in circumstances which might necessitate an earlier or more frequent evaluation than regularly scheduled

- c. Propose and execute changes in work plans or management methods as a result of evaluative findings.

3. Evaluation and Replanning

a. Reason for Evaluation

Regular, systematic evaluation should be done for all ongoing non-capital assistance. Conduct of evaluation recognizes that planning cannot be omniscient regardless of how thorough and expert and that changes in plans will be necessary to adjust to changes in circumstances. Hence, evaluation is an integral part of effective management. Evaluation is even more essential in a tri-partite situation where considerable reliance is being placed on an intermediary. It results in new understandings about plans for the coming year.

b. Process of Evaluation

Useful evaluation involves two kinds of preparatory analysis:

- i. The original design of the project should be reviewed in the light of experience and current conditions to see whether all parties still agree on the purpose and output targets. This analysis should result in recommendations to confirm, clarify or modify the design.

- ii. Progress in production of project outputs, impact of this production on the achievement of purpose, and contribution of this achievement toward sector goals should each be assessed separately. These assessments should result in recommendations to modify the amount or type of inputs, change the project methods or organization, or start new action to overcome constraints.

The fact gathering and analytical steps are then followed by a review in which responsible officers <sup>of the cooperating country and AID</sup> make decisions confirming plans or calling for modifications in plans. Experience has demonstrated that the review is more productive when it involves an interaction of people with different viewpoints and responsibilities. Not only are decisions likely to be more informed and practical but also the process of communication in a review session can itself serve to improve understanding of all parties even when no decisions are made other than to confirm existing plans.

This process described above can characterize either an evaluation which is done by regular personnel of the cooperating country, intermediary and AID and for which conclusions are recorded in an annual Progress Appraisal Report (PAR) or an evaluation which employs outside consultants and for which a special report is prepared.

c. Role of Cooperating Country

The role of the cooperating country in the evaluation of AID financed projects, and its relationship to AID and the intermediary largely are determined by local circumstances, e.g., the nature of the project, cooperating country technician and managerial capability etc. The cooperating country should play a substantial, and wherever possible, a leading role in joint evaluation for these reasons:

- The project is intended to cause change within the country; many of the replanning actions, identified by the evaluation process, must be taken in, and by, the cooperating country.
- A major part of the total project investment is contributed by the cooperating country.
- Data on project operations and on the project's socio-economic environment is mostly generated and collected by the cooperating country.
- Collaborative evaluation can improve communications, facilitate AID-cooperating country project negotiations, increase country knowledge and interest in the project and reduce defensive reactions to findings from unilateral AID evaluations.

Where there are several donors, or the AID input is a small part of the total, it would be desirable for the



cooperating country to coordinate and lead the task of evaluation.

More than half of AID Missions have engaged in joint evaluations with cooperating countries in some form. Their experience has generally been useful, for the reasons cited above. Their hesitations and fears usually proved unfounded, although successful joint evaluation requires careful advance preparation, including discussions with cooperating country officials about the reasons for evaluation and the procedures to be followed. (Some of this should have occurred during the project planning). Evaluation may be contrary to the cultural patterns of some cooperating countries which do not conduct their decision making in a formal organized manner or it may be frightening if it is misconceived as a rating of personal performance rather than an assessment of progress. However, regardless of hesitation on both sides, joint evaluation is an important element of the desired collaborative style and Missions should work to make it more widespread.

There are several degrees of collaboration which can increase with time and experience. The pattern may vary from project to project in the same country:

1) As a preliminary - and minimal - step, the intermediary<sup>1</sup> cooperating country personnel (project officials, their supervisors, project clients) to provide information informally and to give opinions and suggestions about project operations and design.

ii) Cooperating country personnel participate in the organized staff process of reviewing the project design and assessing progress which was described earlier. This now occurs in some countries where there has not yet been cooperating country participation in the Mission Director's Review. The staff seldom involves decision-making officials from either the cooperating country or the Mission.

iii) Officials of the cooperating country participate in the evaluation review which considers evaluation findings and recommendations and which agrees on replanning actions.

There are circumstances when it may not be advantageous to press for cooperating country participation in the evaluation process:

-- When USAID must assess the reasons for, and effects of cooperating country resistance or performance failure in order to plan strategy for subsequent negotiations with the cooperating country. Even here, the Mission should consider whether an evaluation might be the best way to negotiate or whether a private Mission session should be followed by a joint session.

-- When joint evaluation would jeopardize project operations or disrupt USAID - cooperating country relations. N.B. Such circumstances will be rare; constructive joint evaluations which avoid ~~accusations of blame~~ or blame almost invariably produce useful results.

-- When the cooperating country is not able to participate (e.g., prolonged absence of key officials) or to make project decisions. Since the burden of key officials is so heavy, joint evaluations should be so planned as to be useful to them and minimize the requirement for their time.

-- When cultural factors would inhibit effective evaluation, or when language barriers or size of group would interfere with communication.

d. Role of Intermediary

The role of the intermediary in the evaluation process will vary somewhat with the roles of the other two parties discussed in the preceding section. However, the general pattern can be expected to be as follows:

- i) The intermediary should take the lead in the staff work of gathering and analyzing data in order to check out the project design and progress and to prepare issues and recommendations for the formal review session. As a daily working partner of the cooperating country, the intermediary should involve the staff of the cooperating country in this process to the maximum extent possible. If there is a Mission Evaluation Officer or other staff knowledgeable about either the project or the

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evaluation process, they will participate in some of the preliminary discussions and analyses with the intermediary and cooperating country staff.

- ii) The intermediary can play a key role in helping the Mission lay the groundwork with the cooperating country for a joint evaluation review session. The intermediary should consult with both the cooperating country and the Mission staff about the agenda for the session.
- iii) Representatives of the intermediary will be included in the review session to present findings, answer questions, make recommendations and discuss alternatives. Policy and resource decisions, however, will be made by the responsible officials of the cooperating country and the Mission.
- iv) The intermediary will often coordinate the follow-up staff work to carry out the evaluation decisions.

e. Terminal Evaluations

At the termination of a project, a final evaluation should be conducted to determine advisable follow-up actions and to extract lessons from experience for transfer to similar activities elsewhere. The first purpose is of primary interest to the cooperating country and the second

to A.I.D. Both should be based on an analysis of the achievement of planned results, the occurrence of unplanned results, and their causative factors. As with regular evaluations, staff work for a terminal review may be done under the leadership of the intermediary but the findings should be collaboratively reviewed.

#### APPLICATION

AID Missions will be primarily responsible for working out the application of this policy with cooperating countries and intermediaries, including training. Since the policy is basically a matter of operating style, it is not expected that modifications will be required in existing agreements, but if any changes are necessary in scopes of work, these can be negotiated. For new projects, documents proposing projects and requesting contracts or other agreements should define a role for an intermediary consistent with this policy and should reflect cooperating country collaboration.

Headquarters of intermediary organizations should keep the function of project design and evaluation in mind as they select and orient team personnel. The visits and correspondence from headquarters can support teams in their efforts to improve design and to assess progress.

AID/Washington presents one-week training seminars on project design and evaluation to supplement training by missions. Staff of intermediaries should be encouraged to

attend these seminars. Officials from cooperating countries are also welcome to attend.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D. C. 20523

ASSISTANT  
ADMINISTRATOR

JUL 21 1972

As you know, the Administrator's Reform Plan of February 1, 1972 called for the establishment of a new Bureau for Program and Management Services (AA/SER) and the centralization within the Bureau of all A. I. D. /W engineering, procurement, contracting, international training, personnel, management planning, and administrative/logistic support functions.

For the past six months we have been engaged in the task of:

- identifying the functions and people to be centralized;
- creating the kind of internal organizational structure required to provide these program and management services on a centralized basis; and
- establishing the operating procedures and mechanisms necessary to assure maximum service to the rest of the Agency.

This process is still underway. We expect to complete most of the required staff work by the end of July. The actual physical moves of the hundreds of people involved will start in late July. There will be a "shakedown" period of several months duration thereafter. However, rather than wait until everything is finalized, I want to give you some advance word as to how we plan to organize the individual AA/SER offices, and how those offices view their new roles and responsibilities, particularly with respect to the Field.

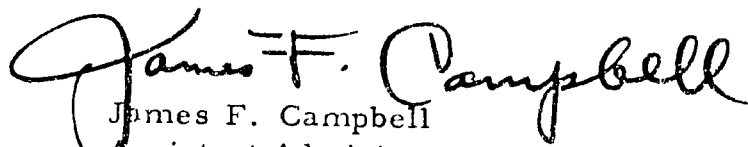
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Attachment A is an overall organization chart of the Bureau for Program and Management Services. With the exception of the Office of Housing and the Office of American Schools and Hospitals Abroad, every office is affected by the reorganization/centralization process in some way.

I have asked the heads of each of these offices to give you their current thinking/plans with respect to the functions they will soon be performing on a centralized basis, and the internal reorganization which they are proposing in order to handle those functions most effectively. (Attachments B - J).

We will, of course, continue to work closely with your parent Regional Bureau on the provision of our centralized services to them, and to you in the Field. I want to take this opportunity to assure you that we shall do everything in our power to be responsive to your needs.

Sincerely,



James F. Campbell  
Assistant Administrator for  
Program and Management Services

Attachment: a/s



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**DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523**

**SUBJECT: Office Abbreviations, Bureau for  
Program and Management Services**

In response to numerous telephone inquiries, the following symbols may be used, subject to change as a result of further reorganizations within the Bureau. An interim organizational chart is attached for reference.

AA/SER = Bureau for Program and Management Services

AA/SER = Assistant Administrator, Bureau for Program and Management Services

AA/SER = Deputy Assistant Administrator for Management Support

AA/SER = Deputy Assistant Administrator for Program Support

SER/ASHA = Office of American Schools and Hospitals Abroad

SER/FM = Office of Financial Management

SER/DM = Office of Data Management

SER/ENGR = Office of Engineering

SER/H = Office of Housing

SER/IT = Office of International Training

SER/MO = Office of Management Operations

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**SER/MP = Office of Management Planning**

**SER/PM = Office of Personnel and Manpower**

**SER/CM = Office of Contract Management**

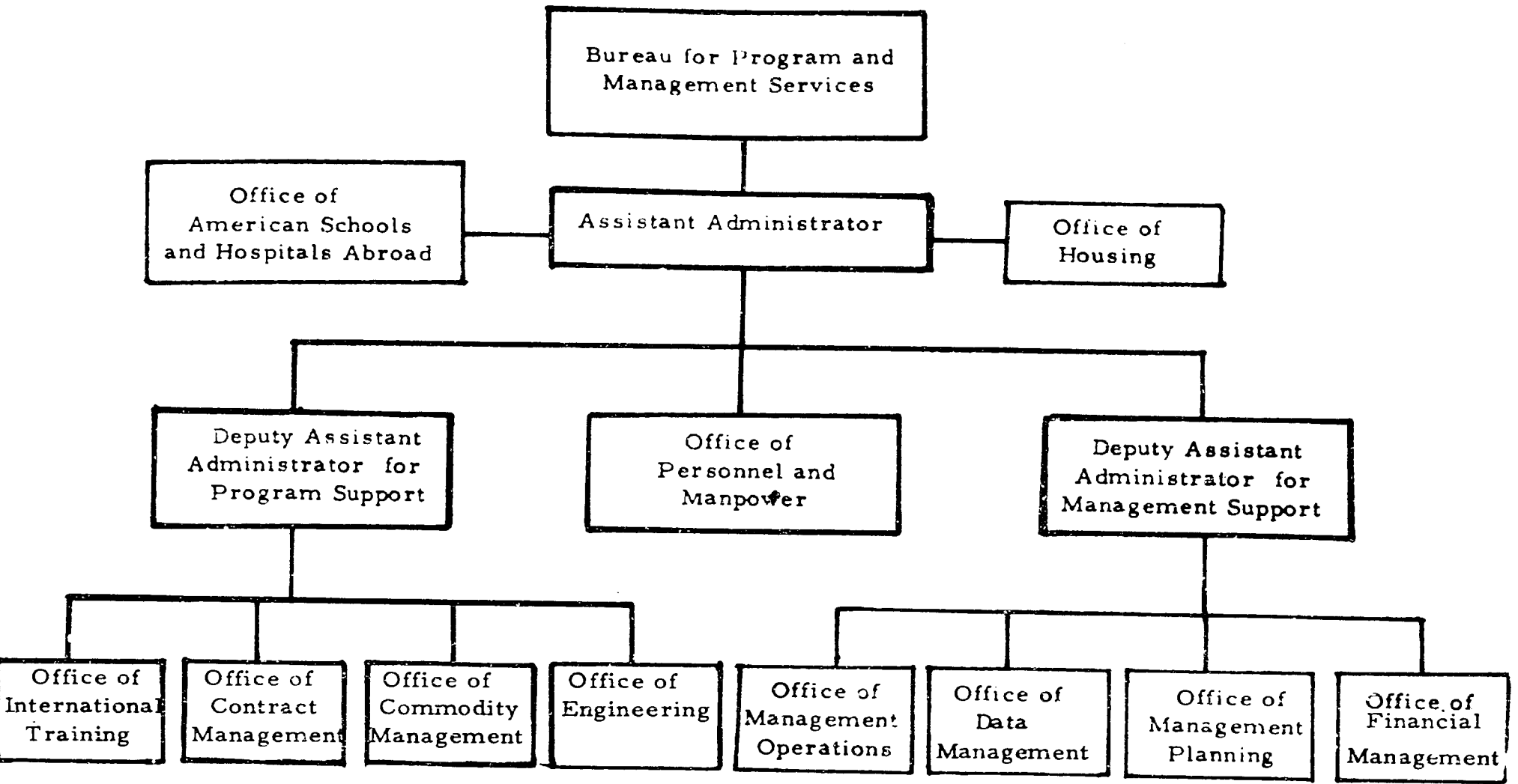
**SER/COM = Office of Commodity Management**

**DISTRIBUTION:**

**A. I. D. List H, Position 8**

**A. I. D. List B-1 (Circulate 1 copy to every 5 employees.)**

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A. Functions of the Office of International Training

1. Current Functions

The Office of International Training (SER/IT) will continue to perform its current functions (as described in M.O. 205.7). Briefly summarized these are:

--Develop, direct, implement and evaluate participant training programs and special projects conducted in the United States. (Public Safety participants excepted.)

--Administrate contracts with academic, business and other institutions; and coordinate participant training operating agreements with other U.S. Government agencies.

2. New Functions

a.) The Program Division is reorganized to create a new Program Development Branch. Its staff will have a thorough knowledge of conditions in world geographic areas and data from individual country PROPS, PARS and PROAGS. They will remain current on all policy papers, planning papers and other materials pertinent to participant training. So prepared, they will develop the best U.S. training program possible for each proposed participant arrival; develop training opportunities in third countries and respond to broader training requirements in the cooperating countries. Additionally, with bureau approval, they will travel to various missions as appropriate during the planning cycle period to assist with the human resources development planning and at other times to assist in the participant training implementation process.

b.) Within the reorganized Training Support Division is a new Management Development Branch. Among its other responsibilities, it will pick up certain appraisal functions formerly handled by the Policy Planning Evaluation Staff (now reduced to a smaller Planning Staff reporting to the Director). Appraisals will be made of in-house, other federal agency, academic, business and other training institution performance to assure development and implementation of the highest quality-lowest cost programs possible.

A newly created Mission Staff liaison function in the same branch will assist person-to-person (with bureau approval) the local hire mission employees to fulfill, to the extent possible, the participant training functions formerly the responsibility of U.S. Development Training Officers or other U.S. employees.

B. Organization of the Office of International Training

The proposed organizational structure of SER/IT is shown on the attached chart. Since SER/IT has operated as a centralized function for some years, most of the changes affecting it have to do with realigning its remaining functions, rather than bringing others in. Some internal realignment also is required to assume the former Department of Housing and Urban Development, Office of Education and Public Health Service participant training workload, as well as handle PIO/P-funded participants. At the same time, certain other personnel shifts, including a dozen retirements, necessitated reassignments within the Office.

Resulting changes additional to those shown in A.2. above:

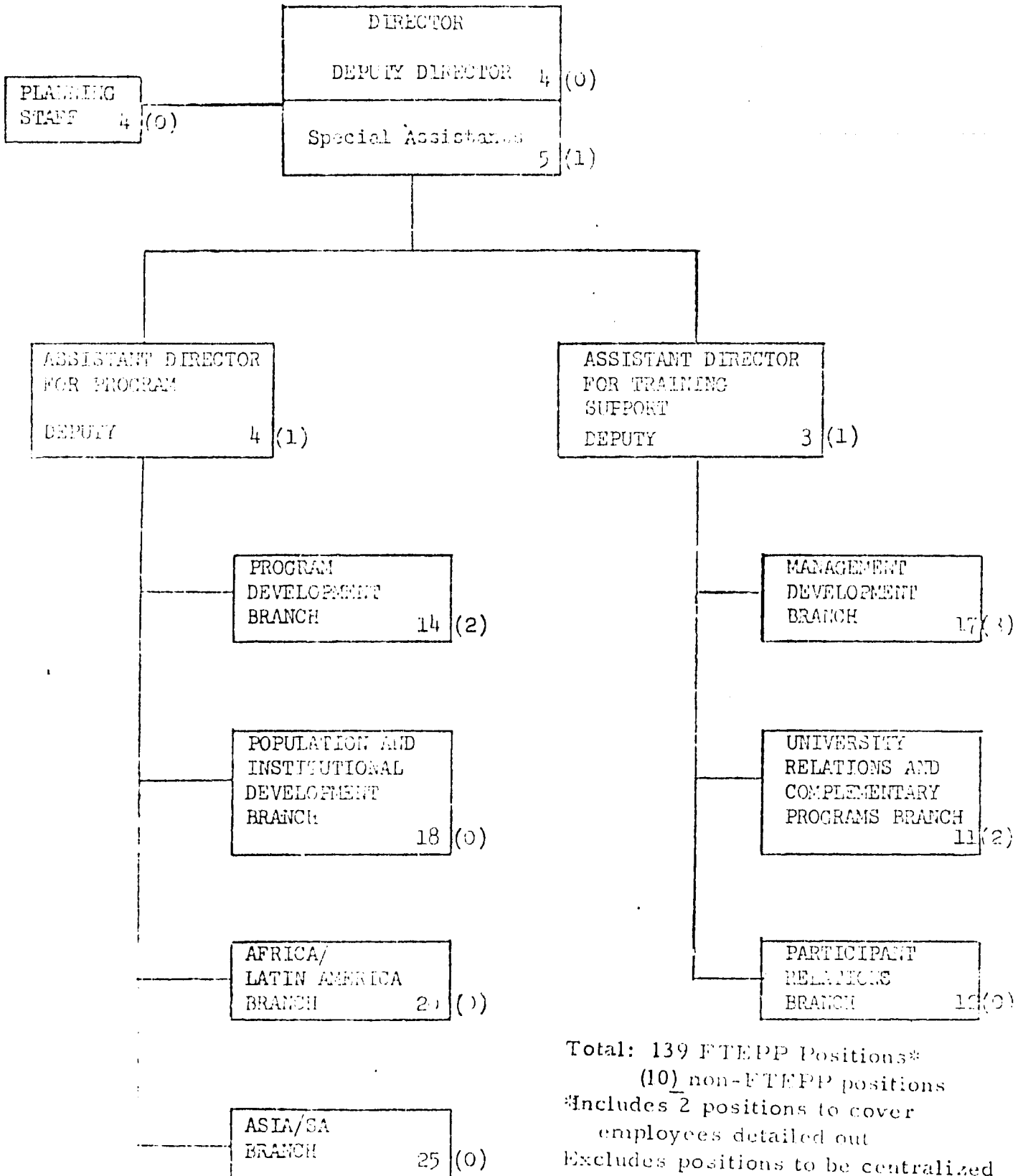
1) Restructuring of the Training Support Division to include some of the support activities now carried on in the Administrative Division and PPES, as well as to continue the present complementary and non-technical programs.

2) Realignment of the Program Division by reducing the number of regional branches from three to two and combining population training programs and several other multi-regional projects in a new Population and Institutional Development Branch.

3) Establishment of a Special Assistant for Evaluation to report immediately to the Director.

4) Establishment of the position of Executive Officer to expedite a number of administrative actions.

OFFICE OF INTERNATIONAL TRAINING



Total: 139 FTEPP Positions\*

(10) non-FTEPP positions

\*Includes 2 positions to cover employees detailed out

Excludes positions to be centralized in other SER Offices

## A. FUNCTIONS OF THE OFFICE OF ENGINEERING

Centralization of AID/W's engineering functions and personnel is in the final phase. Under this plan the former Office of Engineering as described in M. O. 204.4 and the engineering units of each of the Regional Bureau as described in M. O. s 206.1, 206.2, 206.3, 206.4 and 206.5 are amalgamated into the new central Office of Engineering (SER/ENGR). The principal elements include:

- Operations Division and Special Projects Division organized functionally to provide necessary engineering expertise to the Agency.
- Client focus will be assured by four Regional Engineering Coordinators and a coordinator for non-geographic bureaus and offices, who will be responsible for marshalling engineering resources from the Operations and Special Projects Divisions to satisfy bureau requirements.

## B. ORGANIZATION OF THE OFFICE OF ENGINEERING

The organizational structure of SER/ENGR is shown on the attached chart. It shows the two Divisions - Operations and Special Projects with client liaison and coordination of activities through engineering coordinators.

## C. RELATIONSHIPS TO REGIONAL BUREAUS AND OVERSEAS MISSIONS

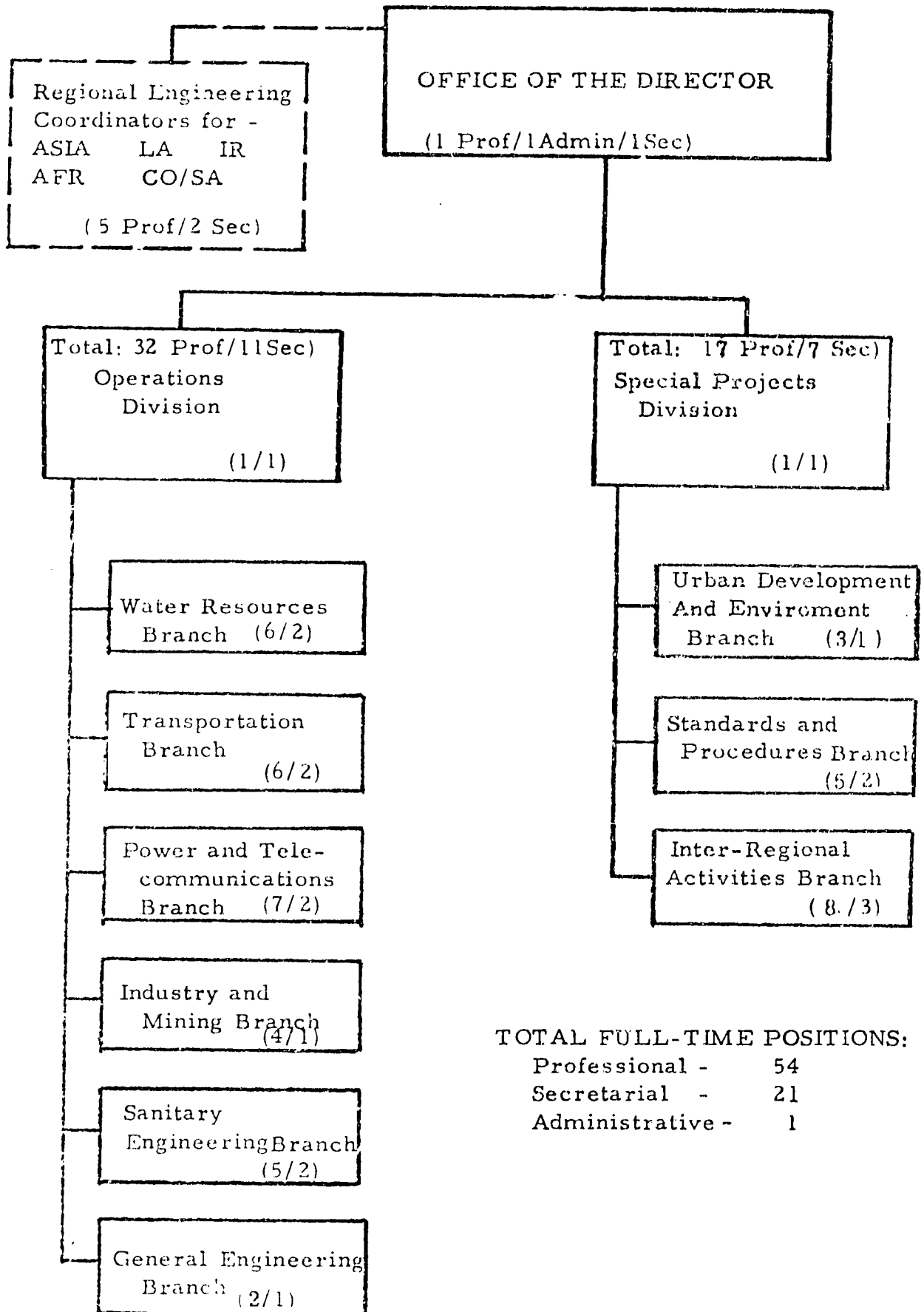
Centralized SER/ENGR will continue to serve the engineering needs of the Agency whenever and wherever required. This means that:

1. Basic project authority and responsibility will remain with the regional bureaus and necessary engineering inputs to their projects and activities will normally be made available, as in the past, by assignment of a Project Engineer to the project committee or team on a continuing basis, thus providing for day-to-day engineering participation in project actions and decisions.
2. Centralization of engineering functions at AID/W will not alter the organizational structure of the field missions nor will it modify the USAID engineer's responsibilities or functions. However, the functional organization and concentration of engineering talent into SER/ENGR is



expected to provide direct benefits to AIDs field forces in that technical backstopping, in terms of both information and TDY assistance, to USAIDs and their engineers can be made available on a more comprehensive basis and in a more timely manner. Further, SER/ENGR will be in a position to assume a more active and beneficial role in future assignments and career planning of engineering personnel overseas worldwide.

OFFICE OF ENGINEERING



TOTAL FULL-TIME POSITIONS: 76  
Professional - 54  
Secretarial - 21  
Administrative - 1

A. FUNCTIONS OF THE OFFICE OF CONTRACT MANAGEMENT

1. Current Functions

The Office of Contract Management (SER/CM) will continue to perform the contract services functions as described in Section VI. of M. O. 205.9. The key elements are:

- Development of A. I. D. contracting policy and procedures.
- Negotiation and execution of contracts and grant agreements for Agency-wide technical, professional and institutional services and research.
- Negotiation of overhead rates and underlying institutional compensation agreements for application to appropriate A. I. D. contracts.
- Review of A. I. D. direct contracts for compliance with Agency and USG policies and procedures and good contracting practices.
- Provision of advice to top Agency managers on matters relating to insurance.

New Functions

The Central Office of Contract Management will assume new and expanded functions to provide services to Agency Bureaus, Offices and overseas Missions as follows:

- Guidance and assistance in making maximum utilization of U. S. small business and minority-owned firms in meeting A. I. D. and A. I. D. -financed requirements for services and commodities. This will include: 100 per cent screening of A. I. D. /W procurements for set asides opportunities; publication of cooperating country importer and U. S. supplier listings; publicizing individual export opportunities; and maintenance of A. I. D. 's Index of Contractors, etc.
- Negotiation and administration of all A. I. D. agreements

- (General Agreements, PASAs and PASP) with other U.S. Government agencies assisting with A.I.D.'s program.
- Negotiation and execution of A.I.D. direct contracts and services grant agreements of all types except for administrative purchases of furniture, automobiles, supplies, etc.
- Review of A.I.D./W contracts before signing and post-review of all other direct A.I.D. contracts. (Review of a trial basis of Asia Bureau borrower/grantee contracts.)
- Maintenance of Agency central files of all direct and borrower/grantee contracts.
- Operation of A.I.D.'s program to maximize utilization of USG excess property.

#### B. ORGANIZATION OF THE OFFICE OF CONTRACT MANAGEMENT

The proposed organizational structure of SER/CM is shown on the attached chart. The new office is being organized both geographically, to ensure responsive servicing of bureaus and field missions; and functionally, to serve central offices in A.I.D./W.

The Contract Operations divisions will be staffed with specialists experienced in all areas of contract negotiations and administration in Washington and in the field. Establishment of the Participating Agency Staff will, for the first time, provide a single office in A.I.D. to administer our relations with other U.S. Government agencies.

#### C. RELATIONSHIPS TO REGIONAL BUREAUS AND OVERSEAS MISSIONS

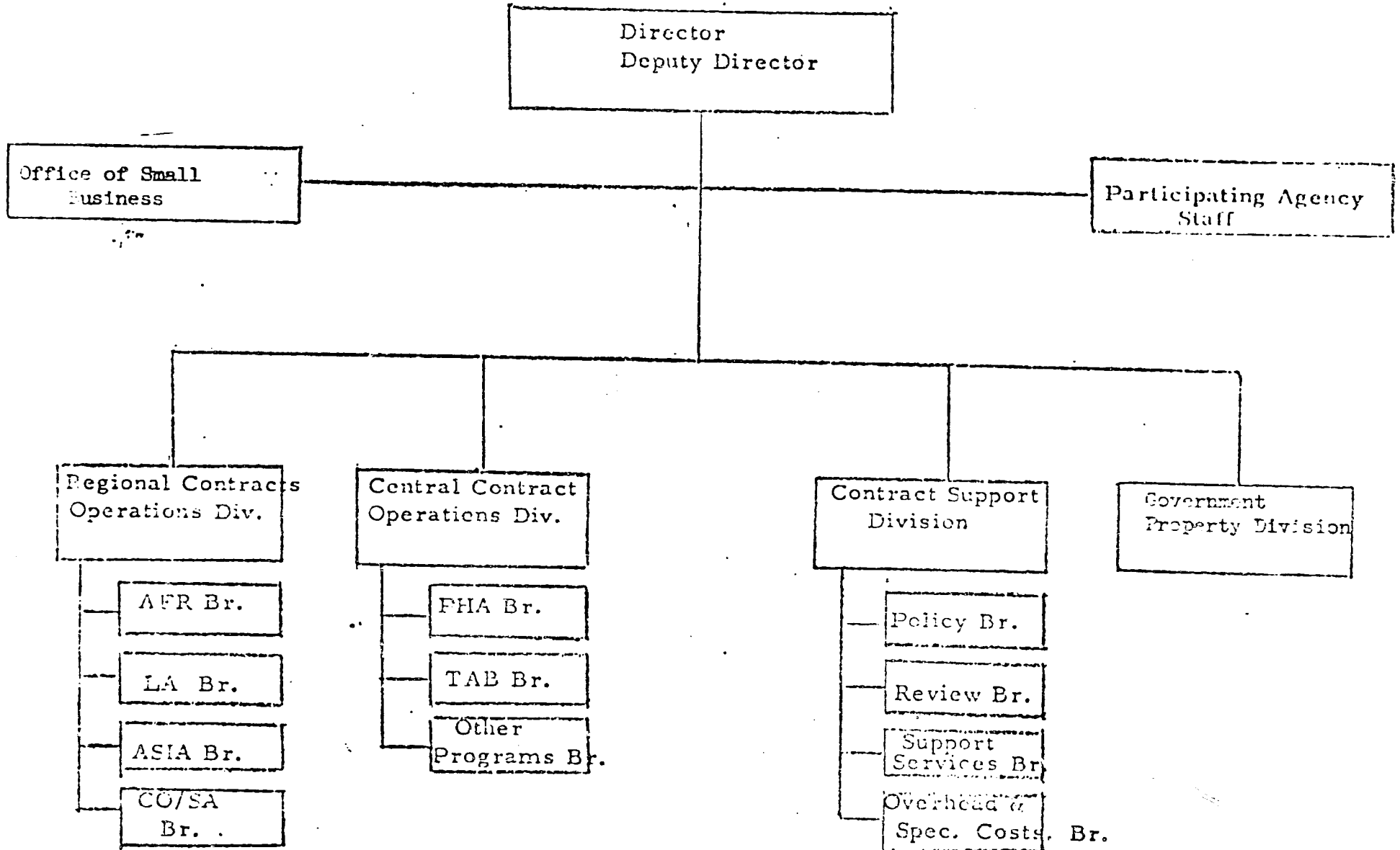
The Regional Bureaus and Central Offices will continue to make the basic program decisions as to what to procure and when. Services respecting possible sources, forms of contracts (grants), negotiation of terms and prices, and administration will be provided by the Office of Contract Management.

Specifically, this means that:

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1. For procurements to be made in Washington -- relative to individual regional or country programs, as well as Agency-wide -- CTM will negotiate, execute and administer contracts, services grants and participating agency agreements in response to requirements provided by the bureaus, offices and Missions.
2. For procurements to be made in the field -- Missions continue to perform contracting functions pursuant to appropriate delegations and subject to A. I. D. /W reviews and approvals as required. Copies of all Mission executed contracts will be forwarded to SER/CM for central filing.
3. For Borrower/Grantee contracting for capital projects or technical assistance -- responsibility remains with the Regional Bureaus and field missions pursuant to appropriate delegations. However, a six-month trial is in progress with the Asia Bureau involving participation of SER/CM personnel in A. I. D. /W review of B/G contracts. Determination of the future role of the central office in this area will await the outcome of the trial.
4. At the request of the Regional Bureaus, central offices or Missions, the Office of Contract Management will also:
  - provide advice and assistance involving contract policy or procedures;
  - assist in resolving contract problems or with contract negotiations in the field;
  - assist in locating suppliers, contractors, institutions or government agencies to provide desired materials or services;
  - assist in establishing programs to utilize U.S. Government excess property and with acquisition of such property to satisfy established requirements.

SER/CM will normally receive requirements for contracting in support of country programs through the appropriate Regional Bureaus. SER/CM will, however, welcome direct communications from the field on any problem related to its functional responsibilities as described above.



1/13/72

OFFICE OF COMMODITY MANAGEMENT

The new Office of Commodity Management was activated by the attached A. I. D. General Notice, dated June 30, 1972. Essentially, the new Office will have responsibility for providing those commodity procurement services previously carried out by the central Office of Procurement and the Regional Bureau procurement staffs.

Since we are still in the early stages of developing functional statements and organization plans for the new Office, we are not prepared to provide detailed information at this time. We will keep you informed of the progress in this area.

DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON, D.C. 20523

A. I. D. General Notice  
June 30, 1972  
AA/SER

**SUBJECT: Office of Commodity Management**

Effective June 30, 1972, there is established in the Bureau for Program and Management Services a new Office of Commodity Management (SER/COM).

Mrs. Virginia C. Hancock has been designated Acting Director. Mrs. Hancock is presently located in Room 4716, N.S., and can be reached on Extension 28262.

Further information covering the structure and functions of SER/COM will be announced in subsequent notices.

**DISTRIBUTION:**

A. I. D. List H, Position 5

A. I. D. List B-1 (Circulate 1 copy to every 5 employees.)



**PROPOSED REORGANIZATION**

**OFFICE OF FINANCIAL MANAGEMENT**

**(SER/FM)**

## INTRODUCTION

The Office of Financial Management is being reorganized to (a) carry out its increased responsibilities resulting from centralizing certain fiscal and financial functions in SER/FM and (b) provide new organization structure and realignment of responsibilities to meet the concern of the Regional Bureaus and other Bureaus and Offices for responsiveness and adequacy of service for these centralized functions.

Attached is the proposed organization chart.

## FUNCTIONAL RESPONSIBILITIES

The Office of Financial Management is responsible for developing establishing and maintaining the Agency world-wide financial management policies, programs and systems, and for providing advice and assistance to Agency management with respect to the financial implications of legislation, plans, programs, policies, procedures and operating activities. SER/FM administers and coordinates the Agency's financial services to client offices as it affects or relates to their scope of activity; and provides financial services for individual employees.

## CONCEPT OF ORGANIZATION

The major consideration in developing the Financial Management organization has been the departmentation, grouping of people or merging of activities, within the organizational structure so that they can operate

in the most effective manner in achieving the basic management objectives of the Office of Financial Management. These objectives are primarily (a) providing controller services to the various levels of management within A. I. D. /W, (b) providing advisory and technical services to USAID Controllers, (c) accumulating accounting data and information necessary for issuing financial reports and statements both externally and internally, and (d) controlling financial operations in accordance with statutory and regulatory provisions.

#### ORGANIZATION STRUCTURE

The organizational chart used to depict the new organizational structure is a two-dimensional chart of concentric circles forming three rings.

The immediate Office of Financial Management composes the inner ring. The control and service staffs work in the second ring, not reporting to any particular office but accessible to all. The third ring consists of assistant controllers in charge of semi-autonomous operating units or departments responsible for providing controller service to AID executives, operating officials and employees and the AID contractors and suppliers.

The third or outer ring of the chart depicts the service concept of the organization --making these offices readily available to and

accessible by their clients. This differs from the pyramidal style chart and organization which traditionally tends to restrict all communications and information to come in and go out at the top of the pyramid.

The basis for organizing activities in the third ring is departmentation by client or service. These units headed by Assistant Controllers are multifunctional in the sense they generally encompass the major controller functions of accounting, voucher examination, financial analysis, financial advisory service, and financial reporting to their clients. The Assistant Controllers are delegated full authority to provide controller services to the various managers or AID employees that have been designated as their clients. Their authority to act is unlimited except where there is a specific policy, law or regulation which prohibits such an act.

The basis for organizing activities in the second or middle ring, is generally departmentation by function. These units headed by Division Chiefs, primarily have responsibility for carrying out some function or area of activity that has been separated from the units in the third ring because it either provides a common service to one or more of the third ring units or receives common data and information from the third ring units. They may also be responsible for performing and directing functional operations, particularly those that relate to

external reporting.

### RELATIONSHIP TO FIELD OPERATIONS

As presently envisioned, the proposed SER/FM reorganization will have little impact upon field operations. In short, the basic working relationship and reporting requirements will remain about the same.

While there are no concrete plans for specific changes in field activity, it should be recognized that with reduced work load activities in some of our smaller mission, we will be exploring the possibility of consolidating and/or regionalizing controller functions in some areas. For example, at the present time a pilot study is under way in East Africa to determine the feasibility and identify problems with the regionalizing of certain selected controller functions. A complete study of East Africa area has been completed. The principle feature of the study recommended that a fiscal service center be established in Nairobi to service Addis, Nairobi, Dar es Salaam and Kampala. This plan also included the recommendation that the Controller remain in each country to serve as the financial advisor to the Mission Director.

Listed below are brief functional statements for the 13 operating entities plus the Task Force for Financial Management Systems Survey. When the functional statements are finalized, we will send you the entire package.

1. Loan Division

The Loan Division is responsible for the financial and accounting aspects of the loan and housing guaranty operations of the Agency for International Development.

2. Data Control Division

The Data Control Division is responsible for controlling all financial data input to and output from A. I. D. /W computerized systems (except for payroll and central accounts); for A. I. D. /W cash accountability, control and reporting; A. I. D. /W accounts receivable, cash payments, and billings and collections; program assistance accounting and reporting; and cost accounting.

3. Banking Division

The Banking Division is responsible for implementing financial arrangements of A. I. D. project/program activities, whether loan or grant funded, which are disbursed through commercial channels.

4. Support Planning Division

The Support Planning Division is responsible for assisting in formulation and presentation to review authorities, budgets for all A. I. D. offices in Washington as well as overseas, for the following segments of A. I. D. 's funding categories:

Administrative Expenses (World-wide)

Domestic Program Support (AID/W)

State Department Shared Administrative Support (SAS)

The Division is to establish and maintain or monitor a comprehensive cost system for the Agency (World-Wide) that will account and report functionally, and afford meaningful analysis and measures of control over approximately \$200 million of overhead-type expenses, including administrative expenses appropriation, AID/W program support funds, Mission technical support and trust funds.

5. Funds Control Division

The Funds Control Division administers a comprehensive system of budgetary controls over all economic assistance funds, including administrative funds and appropriated foreign currencies.

6. Accounting Systems Division

The Accounting Systems Division is responsible for designing, developing, establishing, maintaining, evaluating, improving and refining accounting systems and fiscal reporting procedures for the Agency.

7. Central Accounting Division

The Central Accounting Division administers and maintains the Agency's overall system of accounts and financial reports for the control of all U. S. dollars and foreign currency appropriated to the Agency or for which the

Agency is responsible or accountable. Administers the Agency's cashier and certifying officer functions including the providing of advisory and technical services to the field and A. I. D. /Washington.

8. Central Services Division

The Assistant Controller for the Central Services Division is responsible for providing complete financial services to A. I. D. /W non-regional allottees for their substantive program operations. This unit is the official accounting point for the allottee and provides all financial information, assistance and analyses regarding the allottee's projects. This includes all aspects of accounting up to the point of centralized agency reporting, contract servicing, and financial analysis. In addition the Unit provides Controller type assistance such as financial information, special analysis and reports for other AID/W offices such as PPC and the Office of SER/PROC as it relates to projects and programs serviced by the Unit.

9. Regional Services Division

The Assistant Controller for the Regional Services Division is responsible for providing complete financial services to AID/W Regional Bureau allottees for their substantive program operations. This Unit is the official accounting point for the allottee and provides all financial information, assistance and analysis regarding the allottees' grant project activities. This includes all aspects of accounting, up to the point of



centralized agency reporting. The Unit also provides Controller type assistance such as financial information, special analysis and reports for other AID/W offices such as PPC and the Office of SER/PROC as it relates to projects and programs serviced by the Unit. In addition, the Unit acts as a focal point for the Bureaus in obtaining financial analysis and specialized reporting on their loan program.

10. Field Services Division

The Field Services Division is responsible for performing the full range of field Controller activities centralized in Washington, D. C.

11. Employee Services Division

The Employee Services Division is responsible for performing all employee related financial services (i. e. payroll processing, travel voucher processing, etc.) of the Agency for International Development that are centralized in Washington, D. C. and for other designated Agencies.

12. Support Services Division

The Support Services Division provides Controller services for administrative type (other than payroll) activities for all AID/W bureaus and offices. This involves preparing or assisting offices in preparing

budget requests for both the operation year and budget year programming, monitoring the budget execution and issuing periodic analytical reports to assist management of programs and activities.

### 13. Procurement Services Division

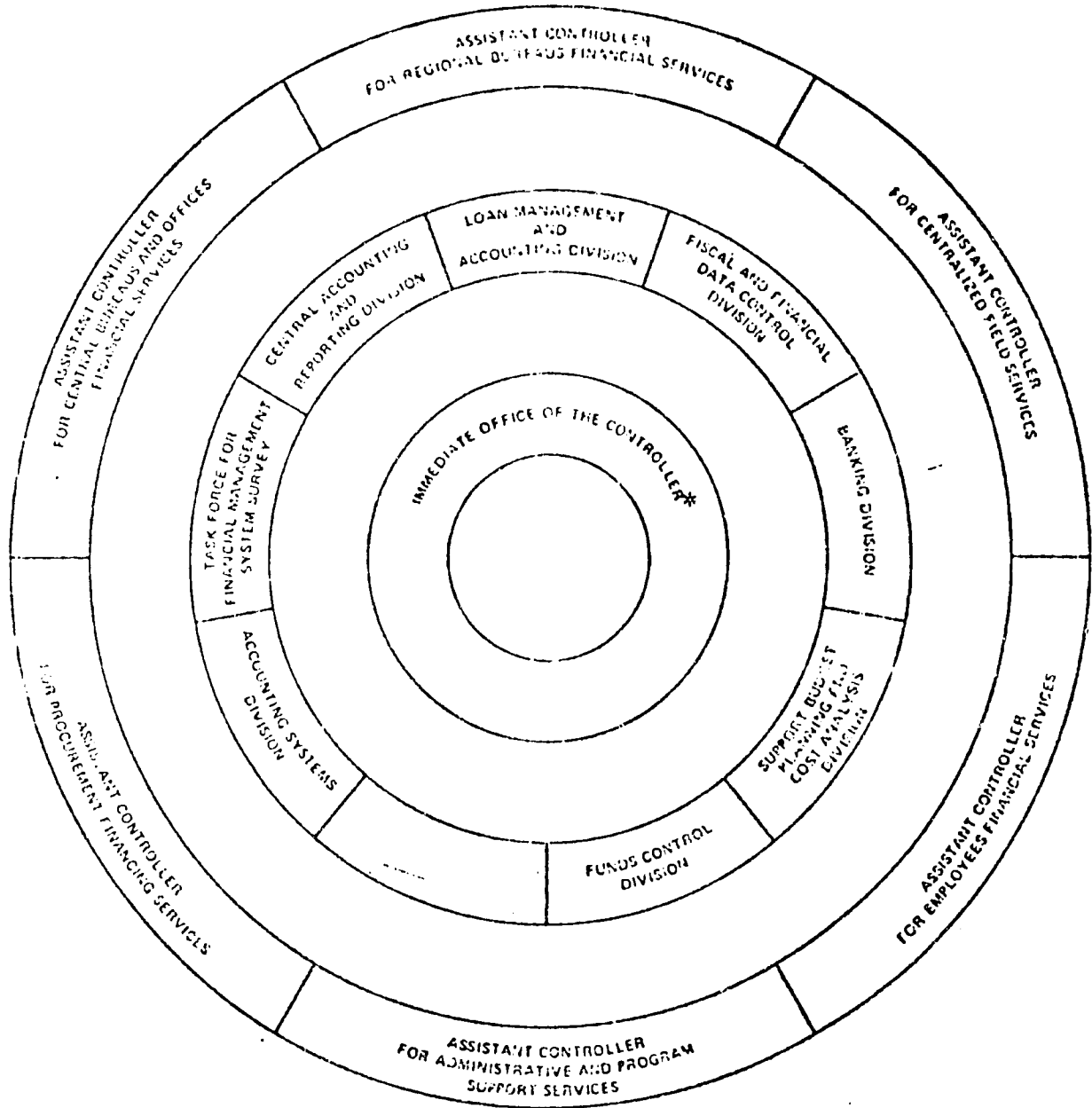
The Procurement Services Division is responsible for developing and administering procedures and systems for the review and validation of transactions involving commodities and commodity-related services, financed or proposed for financing by A. I. D. , for compliance with statutory and regulatory requirements and for taking corrective action in connection with those transactions found to be erroneous or otherwise improper.

### 14. Systems Task Force

The Systems Task Force is charged with the responsibility for (1) thoroughly analyzing and evaluating the current Agency's world-wide financial management systems; (2) determining management's requirements for financial data at all levels of the Agency, and (3) developing an integrated financial data system which will meet Agency needs, regulatory and GAO requirements.

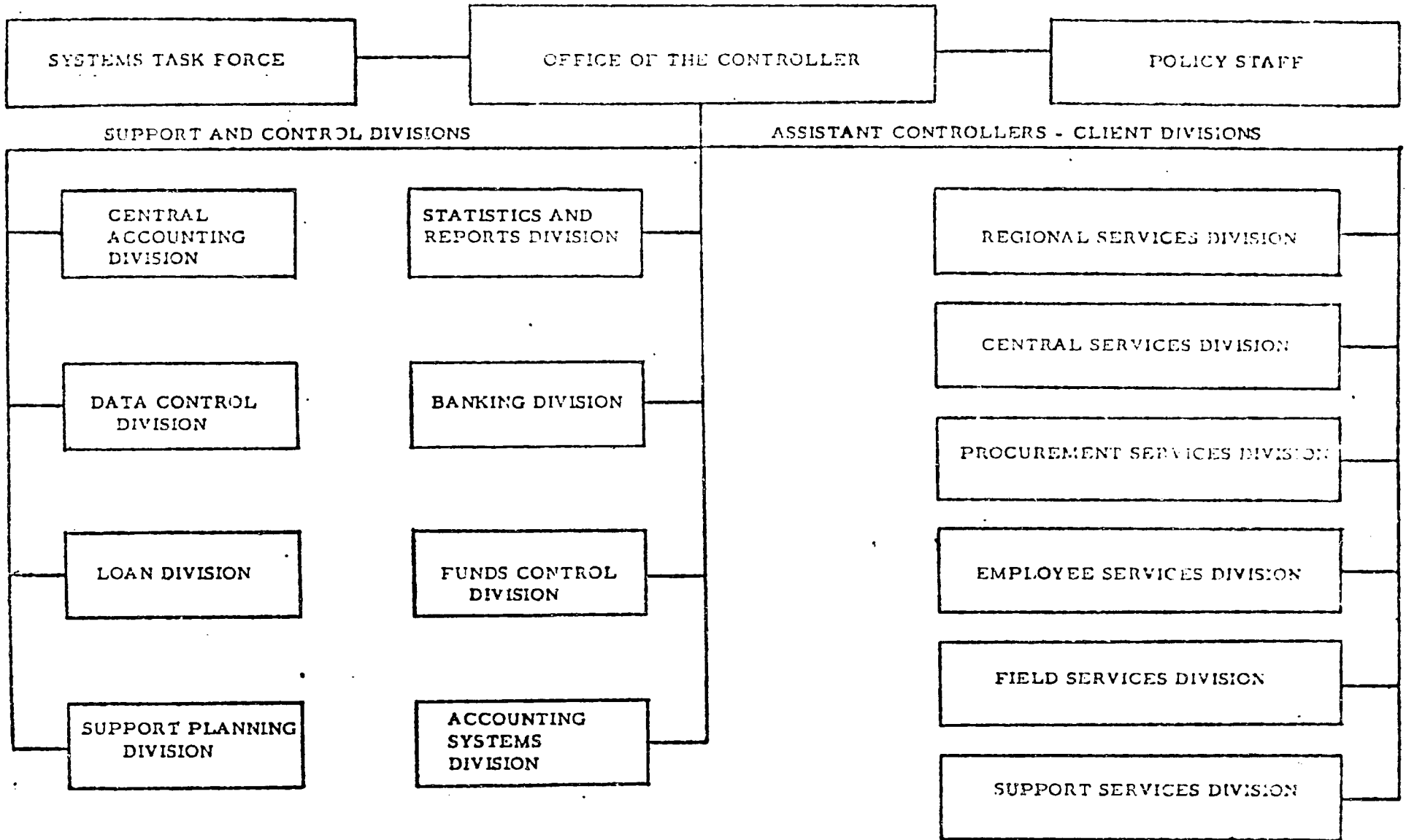
SER/MP  
7/20/72

OFFICE OF FINANCIAL MANAGEMENT (PROPOSED)



\*Name of Office has been changed to Financial Mangement.

OFFICE OF FINANCIAL MANAGEMENT



# THE OFFICE OF DATA MANAGEMENT

Proposed Organization and Functions - June 15, 1972

## A. Functions of the Office of Data Management

### 1. Current functions to be performed

The Office of Data Management (SER/DM) will continue to perform the following functions (as described in M. O. 205. 11). The key elements are:

- providing guidance and leadership in the planning, development, implementation and evaluation of Agency automated systems.
- administering data automation programs and services.
- administering the Records Management Program.
- administering the Agency's Directives System.

### 2. New Functions

The Office will also assume central responsibility for providing the following services to Agency bureaus, offices and overseas missions which they are now responsible for performing themselves:

- records disposition, including the preparation of necessary documentation and the coordination of arrangements with the National Archives and Records Service (NARS);
- assistance in applying records storage and document retrieval equipment, such as mechanized files and microfilm, to specific work situations; and
- conducting files surveys periodically, and recommending necessary alterations to conform to Agency standards.

The Office has also assumed responsibility for the administration of the A. I. D. Records Center (ARC) and related bibliographic programs.

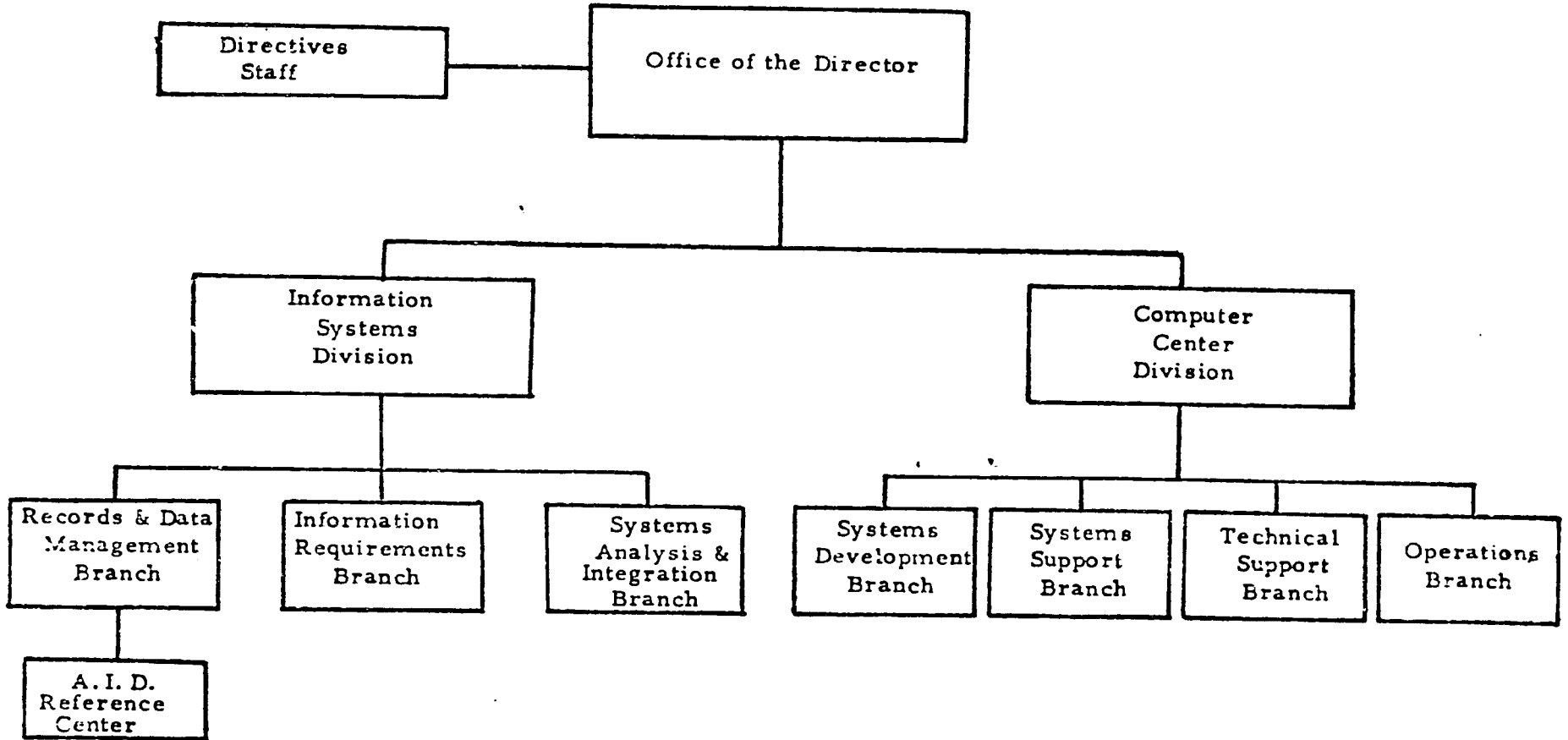
## B. Organization of the Office of Data Management (SER/DM)

The organization of the office is shown on the attached chart (Attachment A).

It combines, in one Division, the function of Records and Data Management with the function of preliminary systems design; and it established in the same Division an Information Requirements Branch, which will serve as the primary point of contact with other offices and staffs.

This will leave the Computer Center Division free to concentrate on computer systems development, programming, software and hardware support, data processing training and computer operations.

OFFICE OF DATA MANAGEMENT



SER/DM  
7/12/72

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## A. FUNCTIONS OF THE OFFICE OF MANAGEMENT OPERATIONS

### 1. Current Functions

The Office of Management Operations (SER/MO) will continue to perform functions of the previous Office of Administrative Services contained in M. O. 205.6, with the exception of Section I. C. and II. B. ("personnel and budget").

### 2. New Functions

In addition to the current functions, under the Agency's Reform Plan, management support functions formerly executed by the Bureau Management Offices will be centralized under the Overseas Operations Division of SER/MO. These include:

- coordination of action to resolve overseas administrative and organizational problems, particularly with respect to Executive Office operations;
- coordination, together with SER/PM and Regional Bureaus, of the utilization of overseas management officer personnel and of overseas materiel resources; assisting in determining needs of Missions in both areas;
- review of field inquiries, and requests for assistance; including necessary TDY personnel;
- evaluation of the overseas SAS program, in coordination with SER/CONT;
- coordination with STATE and Regional Bureaus, on reorganization, establishment, and phasing down of overseas posts;
- coordination of JAO and CAMO administrative management with STATE;
- coordination of 636(c) requests for funds;
- advice to AA/SER on dependent's school support (636(d)); and
- advice on overseas commissary and recreational activities.

## B. ORGANIZATION OF THE OFFICE OF MANAGEMENT OPERATIONS

The centralized organization, SER/MO, will have three major functional areas of line management, specifically: Washington Operations; Management



Support; and Overseas Operations.

The Washington Operations will encompass three divisions -- Publication and Audio/Visual Arts, Building and Supply Management, and Travel. The major addition to the functions of these divisions is in the Travel Division where, under centralization, domestic and return international travel for participants will be provided.

Management Support will undertake a new concept in its Administrative Support Division. A Message Control & Information Branch will provide Officer Information Center services:

- (1) by preparing and maintaining a "Catalog of Services" showing who provides needed services, and where they can be contacted; and
- (2) by furnishing telephone information on services for all clients.

Additionally, the Activities Support Branch will provide administrative backstopping for all components of AA/SER.

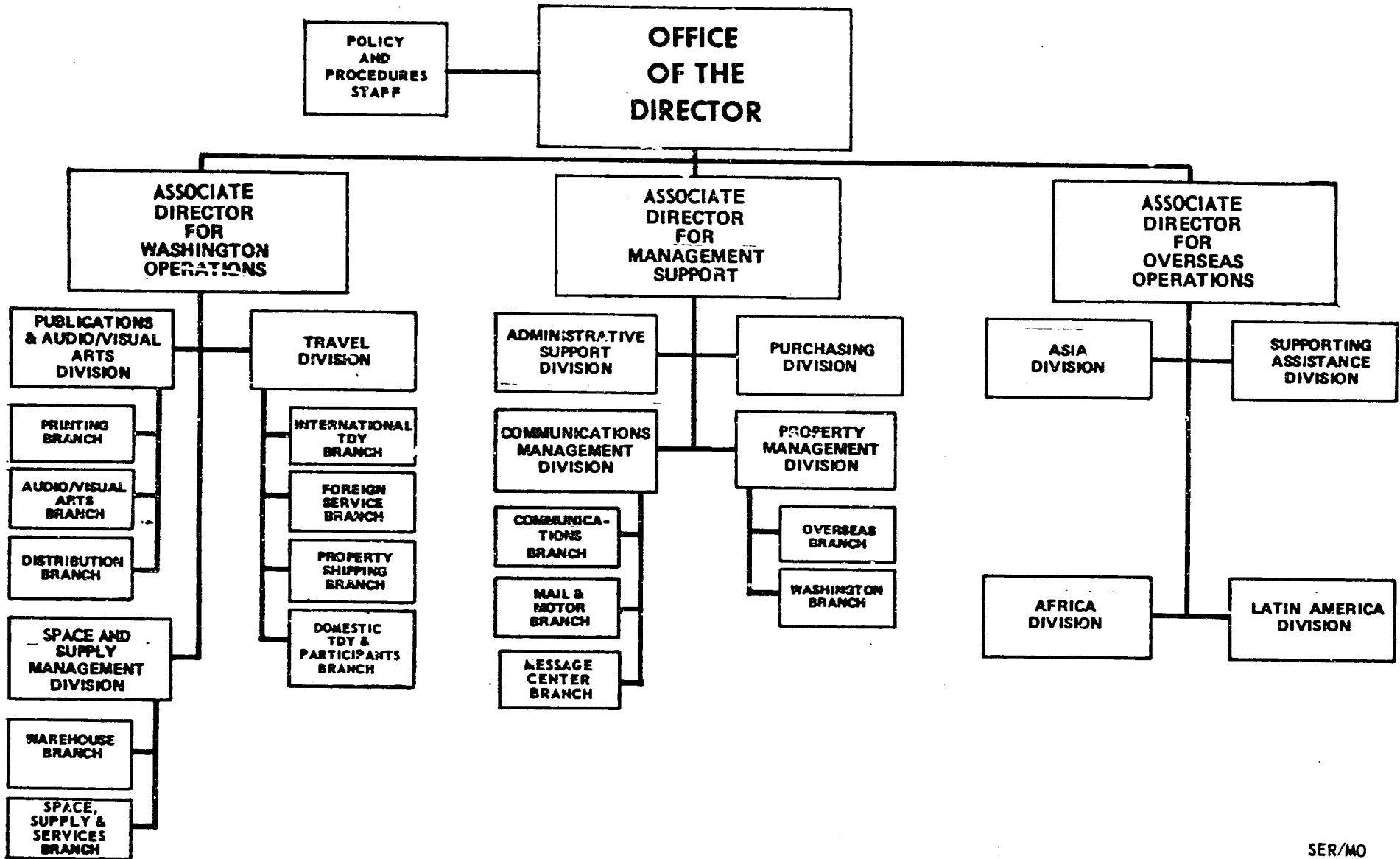
In the Communications Management Division, the mail and message centers will be centralized in terms of supervision and personnel; however, the centers will retain separate physical locations.

The Property Management Division will now be responsible for all non-expendable property world-wide, and it will continue to establish policies for use of real and personal property in A. I. D. /W and overseas.

The latter area, Overseas Operations, will provide a comprehensive support to the Field in providing assistance, formulating management policy, and maximum utilization of human and materiel resources.

Overseas administrative and logistical support will be handled by a geographic unit staffed by personnel who are familiar or have served in their respective geographic area. Service is the aim of the new organization. It intends to be an efficient and responsive group -- one that will command the respect of Assistant Administrators, Mission Directors, and management personnel, both in Washington and overseas. In discharging these responsibilities, close coordination will be maintained between SER/MO, Bureaus, USAIDs, STATE, and other agencies.

# OFFICE OF MANAGEMENT OPERATIONS



A. FUNCTIONS OF THE OFFICE OF MANAGEMENT PLANNING

1. Current Functions

The Office of Management Planning (SER/MP) will continue to perform its current functions (as described in M. O. 205. 3). The key elements are:

- Provision of staff assistance to top Agency managers, as typified by the development of proposals leading to the Administrator's Reform Plan of January 24, 1972 and current assistance to Agency officers in implementation of that plan.
- A continuing management consulting service to top Agency managers.
- Administration of the Agency's organization program, including maintenance of the Agency's organization handbook.
- Administration of the Agency's manpower program.
- An Agency-wide management-improvement program.

2. New Functions

The Office will also assume central responsibility for providing the following services to Agency Bureaus, Offices and overseas Missions -- services which many of these offices are currently staffed to perform for themselves:

- A management analysis service, including: (a) assistance in the preparation of policy directives, regulations and procedural instructions for internal Bureau/Office use; (b) conduct of organizational and manpower studies in A. I. D. /W or overseas; (c) development of reports on management improvement actions taken; (d) assistance to the General Counsel in preparing Bureau/Office delegations of authority; (e) preparation of functional statements; and (f) preparation of related briefing materials for senior Bureau/Office officials.
- An organization review service, including review of and recommendations on Field or headquarters proposals for new or revised organization structure, preparation of documentation (SPARs) to insert approved changes into the Agency's automated systems, and maintenance of basic data on overseas organizations by type and by country.
- A manpower resource review service, including: (a) preparation of advices of ceiling to Field Missions; (b) monitoring Mission manpower levels; (c) highlighting Agency proposals which affect manpower; (d) maintenance of basic management data on manpower

levels; and (e) preparation of special manpower analyses as required.

SER/MP also will assume responsibility for Agency systems coordination and development. This is a new function, not previously assigned to any one A. I. D. /W office, and includes:

- developing an inventory and in-depth knowledge of all existing Agency systems;
- analyzing existing systems in order to identify problems of incompatibility, gaps, duplication, and general possibilities for improvements;
- insuring that individual systems (and operating procedures) are fully documented;
- exploring improved interfacing with other systems in the development field (i. e., multilateral agencies and other donors);
- providing assistance in the analysis, development, design and documentation of individual systems, upon request of the responsible office; and
- providing similar assistance in the area of operating procedures.

Finally, SER/MP will assume responsibility for periodically reviewing the utilization of Advisory, inter- and intra-Agency committees to assure that:

- functional duplication is avoided both between committees and regular organizational components of the Agency; and
- the committee mode of management is the most effective and efficient method of operation in each instance.

B. ORGANIZATION OF THE OFFICE OF MANAGEMENT PLANNING

The proposed organizational structure of SER/MP is shown on the attached chart. It differs significantly from SER/MP's current organization in that it is basically a "client-oriented" structure. Three Management consulting Divisions will face "out" toward client Bureaus and Offices, in Washington and the Field.

These Divisions will be the single point of contact within SER/MP for the provision of all those management consulting services listed at the center of the organization chart. They will also have the bulk of the SER/MP

staff: management analysts with a wide range of Washington and Field experience, on call to provide services of various kinds to their client Bureaus and Offices.

### C. RELATIONSHIPS TO REGIONAL BUREAUS AND OVERSEAS MISSIONS

The Regional Bureaus will continue to exercise basic decision-making authority on regional management matters. Staff support in the development -- and service to implement these decisions will be provided by the Office of Management Planning.

Specifically, this means that:

1. In the manpower area, MP will be assisting the Regional Bureaus in the review of Mission manpower requests, in the determination of required manpower levels, and in the preparation of consolidated Bureau manpower requests. When Bureau manpower levels are established, MP will provide advice and assistance on allocations to the Field and will prepare and issue ceiling advices to the Field, reflecting the Bureaus' decisions. MP will keep records of current allocations, monitor actual strength against allocations, and alert the Bureaus (and the Office of Personnel and Manpower in the case of direct-hire personnel) of possible problem areas. The office will also assist the Bureaus in responding to field inquiries regarding manpower.

2. In the area of Mission organization, MP will be providing assistance to the Regional Bureaus in their review and analysis of proposed changes to internal Mission organizational structure, and in either the preparation of a response to the Field, or the processing of the change (SPAR) to the Agency's automated systems.

3. In the administration of the management improvement program, MP will be assisting the Bureaus in identifying problems and accomplishments, reviewing and consolidating Field CR/MI reports, and responding to Field inquiries regarding the program.

4. At the request of the Regional Bureaus or Missions, the Office of Management Planning will also:

- provide advice and assistance in resolving management problems;
- conduct organization, manpower, and/or system studies and management surveys; and
- provide assistance in systems analysis, design, and documentation.

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In all of its relationships with the Regional Bureaus, MP will be working through or with the Bureau Management Officers. MP would, however, welcome direct communications from the Field on any problems which are related to the office's major functional responsibilities as described above.

SER/MP:6/15/72

OFFICE OF MANAGEMENT PLANNING

Agency organization programs  
 Agency manpower programs  
 Agency management improvement program  
 Agency committee management

MANAGEMENT PROGRAMS  
SUPPORT STAFF

OFFICE OF THE DIRECTOR  
Deputy

SYSTEMS COORDINATION  
STAFF

-- Agency systems coordination  
 -- Assistance to systems managers

MANAGEMENT CONSULTING  
SERVICES DIVISION

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Client Offices:

A/AID	AA/PHA
EXSEC	FFP
GC	OPS
AG	AA/TAB
CO/SA - Plus O/S Missions	

MANAGEMENT CONSULTING  
SERVICES DIVISION

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Client Offices:

AA/LA	} Plus O/S Missions
AA/AFR	
AA/ASIA	
OLA	AA/PPC
OPA	OLAB

MANAGEMENT CONSULTING  
SERVICES DIVISION

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Client Offices:

AA/SER	SER/FM	SER/ENGR
SER/PM	SER/CM	SER/H
SER/MO	SER/COM	SER/ASHA
SER/MP	SER/IT	
SER/DM		

Serve as the official Management Planning contact/liason with Agency offices and overseas Missions for providing or arranging the provision of all MP services, including:

- Management analysis advice/assistance
- Organizational/manpower/systems studies
- Ad hoc management surveys
- Systems analysis/design/documentation
- Organization and manpower resources review/assistance
- Management improvement program review/assistance

SER/MP  
7/19/72

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7/19/72

A. FUNCTIONS OF THE OFFICE OF PERSONNEL AND MANPOWER

1. Current Functions

The Office of Personnel and Manpower (SER/PM) will continue to perform its current functions (as described in M.O. 205.4). In brief, it is responsible for developing and conducting a comprehensive program of personnel administration. This includes developing and administering policies and basic procedures in all specialized areas of personnel administration.

Specific functions subsumed under the above are -

- Advising top management on line responsibilities for personnel management.
- Evaluating the effectiveness of Agency personnel operations.
- Fostering action programs in labor-management relations, employee rights and benefits, employee grievances, employee benefits and retirement.
- Directing an Agency-wide manpower planning program.
- Operating a personnel data input and retrieval system.
- Publishing personnel reports.
- Providing professional employment counseling and outplacement services.
- Developing policy and procedural issuances.
- Conducting personnel research.
- Preparing legislative proposals.
- Resolving systems and procedural problems relating to personnel activities.



--With regard to Civil Service employees:

- Certifying candidates to line officials.
- Processing personnel action requests.
- Assisting supervisors and employees on Civil Service procedures and policies.
- Maintaining liaison with the Civil Service Commission.
- Providing support for special personnel programs.
- Inducting new Civil Service employees.
- Classifying Civil Service positions.
- Administering a position classification survey program.
- Classifying AID/W positions for Foreign Service personnel on rotation.

--With regard to Foreign Service employees:

- Coordinating selection and appointment of personnel for overseas assignment.
- Administering a comprehensive training program.
- Assisting employing offices and employees on Foreign Service personnel matters and problems.
- Administering the performance evaluation system for Foreign Service employees.
- Conducting a Foreign Service rotation program.
- Administering worldwide occupational and pay standards.
- Assisting management with problems of communication, motivation, decision making, team building and identification of personnel-centered issues.
- Providing special assessment systems.

Although the mode of operation described below will provide satisfactory personnel services to client organizations during the period immediately following centralization, further substantive reorganization within SER/PM is being planned. This will probably take the form of a regional/organizational focus on normal personnel operations. A separate group with responsibility for career development and selection on a world-wide functional basis will make recommendations on all personnel assignments, both foreign service and civil service. Meshing the two viewpoints should maximize operating efficiency and service to the client organization while improving the quality of personnel selection and assignment.

The proposals contained in this section are subject to revision as a result of experience with centralized personnel operations during the next few months. While major needs and probable developments in the personnel area can be identified, day-to-day operating experience is required before final organizational plans can be developed.

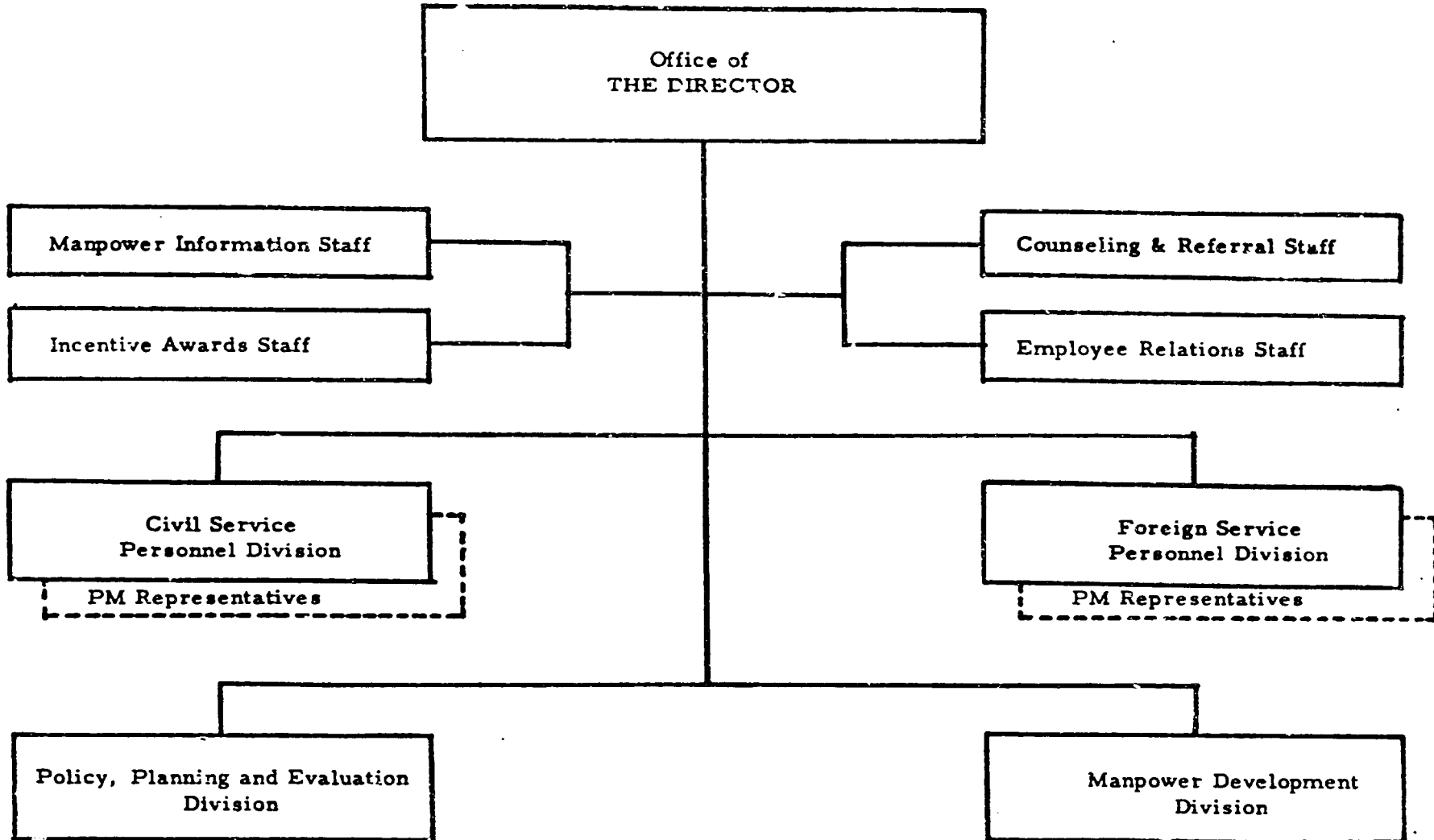
C. RELATIONSHIPS TO REGIONAL BUREAUS AND OVERSEAS MISSIONS

Based upon the experience of working on a largely centralized basis for more than four years and the experience with the Asia Bureau pilot centralization study, a PM/Representative will be designated for each Regional Bureau and AID/W Office, supported by an adequate staff. This arrangement will provide a satisfactory method of ensuring delivery of the full range of personnel services to SER/PM clients. The next few months will clearly involve a substantial workload burden for the Office of Personnel and Manpower resulting from the implementation of the AID/W reorganization decisions being made at this time. Therefore, it is critically important that continuity of personnel operations be maintained with a minimum of disruption during this time.

The PM/Representative position is regarded as crucial to the successful delivery of services under centralized operations. It is designed to focus all of the resources of the central personnel staff on client personnel needs. The PM/Representative will be an experienced personnel specialist with knowledge of the full range of personnel activities. His responsibilities will include: knowledge of program developments and participation with management in planning of personnel requirements; preparing position and personnel action requests; maintenance of projected staffing patterns, suspense controls, and status information; counselling employees and supervisors; and providing information on the full range of personnel matters for employees and management. The PM/Representative for each of the AID/W Bureaus and Offices, other than the regional bureaus and the Auditor General, will report to the Chief of the Civil Service Personnel Division for all AID/W positions whether filled by GS or FS employees. PM/Representatives for each Regional Bureau and the Auditor General will report to the Chief of the Foreign Service Personnel Division for all overseas positions. In those Regional Bureaus for which a single point of contact is desired, this responsibility will be placed in the office of a single PM/Representative who will report to the Foreign Service Personnel Division but who will channel Civil Service personnel matters to the Civil Service Personnel Division.

PM/Representatives and their staffs, whenever possible, will be physically located in, or adjacent to, the bureaus and offices they service in New State. A PM staff member will provide on-the-spot assistance in preparation of personnel requests, referrals and appointments, distribution of documents and related service physically located in or near out-lying buildings.

OFFICE OF PERSONNEL AND MANPOWER



SER/PM  
7/12/72

UNITED STATES GOVERNMENT

# Memorandum

*Mr Fischer*  
*for 3/28/72*  
*meeting at 3:00*

TO : PEG/PE, Mr. Robert Hubbell

DATE: July 27, 1972

FROM : USAID/A, Mr. Victor Skiles

SUBJECT: USAID Role and Style in a Reorganized A.I.D.

A cursory study of the 9 black volumes indicates that this may be the right church, but the wrong pew.

Interspersed through the volumes are field submissions, but few of them deal very much with "Mission functions and structure" and those that do (e.g. Nigeria) must be read in the context in which they were written. In some cases, this context is the acceptance of a radically different way of doing business and to a large extent the elimination of the Mission; in others the assumption is that the changes in style and to a large degree in function and structure already have been accomplished i.e. the Mission would stay pretty much as it is.

There is a considerable amount of discourse on what would be required if a real change in operations (and by implication in Mission structure) were to be achieved - running mainly, as one would expect, to massive simplification. In everything. I'll return to this point later.

Two factors have great significance. One is that these books contain responses to the invitation to comment on the Administrator's memo transmitted as State 177198; for the most part they are individual rather than Mission comments; while the comments are not limited to the 7 items listed in the Administrator's memo, they tend to be addressed to those items and consequently to be rather global in nature and not very specific in terms of Mission functions, and particularly Mission structure. The other is that they were written with a Peterson hang-over syndrome; therefore, many of the issues addressed relate to interpretations of the Peterson report. I suspect many would be quite different if written now, post Stern/Birnbaum/Arndt and particularly post January 24. This incidentally helps close the circle. In a sense the field comments in the books are addressed to the development of the Reform of U. S. Economic Assistance Program, to an articulation of the reform program, and not to the phase of implementation to which you now are looking.

My conclusion is that the documents might be of considerable interest to the committee, not much help in terms of "taking into

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account the Mission responses," as I believe you phrased it to me.

There is another collection of documents which I suspect are much more relevant to your assignment--the transition planning papers. Presumably PFC has copies of most of these documents, as well as the various summaries such as the material prepared by the regional bureaus for the Deputy Administrator's review. A word of caution, however -- many of the communications were by letter or memoranda. As I recall, the main steps involved in the NESAs region were the Washington call for proposals regarding development lending functions and staffing, the Mission response, regional review and packaging, DA/AID review, regional advice to the field. Then later, about the same process on non-loan activities. However, this involved more than one round-trip, and since these communications were largely by letter or memorandum it may be difficult to know whether all of them went to PC. If they did, I would think you'd also find summaries and annotations, which would help cut down the committee's reading time.

Has not something of this same thing been done with the 9 volume set? Did anyone try to summarize the field comments, or analyze them (on paper) by subject or by the items in the Administrator's memo? I find it hard to believe that this was not done by or for the Stern committee. If not, your committee may yet have to look at some of the material in the 9 volumes despite what I have said before.

The reason is that there are many comments which, while not dealing specifically with Mission structure, do have implications with respect to structure and certainly to function. As suggested earlier they dwell mainly on simplifications in the way we do business. This refers to project preparation; the review and approval process; procurement regulations and practices; Washington/field relationships; the burden of Washington requests for information; the function of the project officer (the Guyana submission says there is no such thing as a project manager or even monitor, that this is a group, committee, or task group function); the role of auditors, evaluators, inspectors and the resulting Mission workload; Mission flexibility in terms of authority to approve modifications, issue IMP letters, GPI's and waivers, etc., etc. In these areas there are many suggestions, certainly not entirely consistent. Some of them (the role of the project monitor) are being addressed, but chances are many are not. Obviously they have an effect on field views as to the size of Missions and the types of personnel.

There are fewer field papers in the volumes than one would expect. There are cables from New Delhi, Ankara, Islamabad (Volume III) Kabul (VIII) and reference to Bangkok 13871; airgrams, letters or memos, generally with individual papers attached, from Guyana, Laos

(VII) Bolivia, Colombia, Nigeria, Ghana (VI); transmittals from ROCAP (I) Nepal (III), Costa Rica (VI), Paraguay, Vietnam (VII), Thailand (VIII) and an interesting study, January 1971, by Jim Howe from Nairobi. From this you can see that the Volumes are not complete in terms of your present task - the heralded Ethiopia and Manila messages aren't there. Could it be that they are part of the transition planning exercise? If not, we may have yet another collection to look for.

**AIRGRAM**

**DEPARTMENT OF STATE**

380p

UNCLASSIFIED  
CLASSIFICATION

XXXX 2f

For each address check one ACTION | INFO

DATE REC'D.

TO - AIDTO CIRCULAR A 757

DATE SENT  
5/31/72

DISTRIBUTION

ACTION  
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INFO.

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SER

AD 11

PERS

PROC

LA 28

ASIA 15

SAB

VN 10

STATE

ATT:

FROM - A.I.D./W

SUBJECT - Administrative/Logistic Support ~~ARRANGEMENTS~~ Arrangements

REFERENCE - Paragraph VI. 1, AIDTO CIRC A-543 dated 4/15/72

Missions are aware that it will become increasingly difficult to provide the current level of administrative/logistic support to Direct Hire, PASA, Contract and TCN employees due to budgetary constraints, reduction of administrative staffs brought about by the President's desire to reduce U.S. profile, and the need to meet manpower targets imposed upon A.I.D.

To assist in charting a policy course, Missions are requested to submit to A.I.D./W, ATTN: SER/MO, their thoughts and recommendations regarding alternative sources and methods of providing required administrative/logistic support in the future. Alternate means include, but are not limited to:

1. Reimbursing an employee for the cost of support services, through a system of allowances when proper and practical.
2. The establishment of host government institutions with the capacity to provide support to all A.I.D.-financed personnel and ultimately to all aid donor personnel.
3. Making PASA, Contract, and/or TCN personnel self-supporting. This would require new PASA agreements or contracts which would provide for A.I.D. to finance, but not furnish agreed levels of administrative/logistic support. They would either establish their own institutional capability for support or obtain it on the local economy.
4. Contracting with U.S. and/or local firms for support of A.I.D.-financed employees in country.

Attachment: 8-part form

PAGE 1 OF 3 PAGES

DRAFTED BY <i>Alex P. Mavro</i> APMavro	OFFICE MO/AD	PHONE NO. 28554	DATE 5/16/72	APPROVED BY <i>James F. Campbell</i> AA/SER
AID AND OTHER CLEARANCES ARA/LA AA/ASIA AA/SA		SER/MO, SThornburg SER/PROC, JFOwens		SER/DS: Swalker ASIA/MGT, DWRichards
UNCLASSIFIED CLASSIFICATION				

SA/MGT:REOdom 140

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**AIRGRAM****DEPARTMENT OF STATE****AIRGRAM****CONTINUATION**

POST	NO.	CLASSIFICATION	PAGE
AIDTO CIRCULAR A		UNCLASSIFIED	2 OF 3

5. Turning to the U.S. Embassy for more support to the extent that this is feasible (in view of the Embassy's own manpower problems).

Attached is a eight-part form designed to provide A.I.D./W with a comprehensive profile on current and projected levels of service and support arrangements and to solicit Mission views on future levels of support. It is requested that the form be completed in as much detail as possible. It is believed that the form is self-explanatory; however, the following is provided for your guidance:

- PART I** - Contains a listing of support services generally provided Mission personnel. It is recognized that all services listed may not be applicable to every post and that some posts may provide services which are not listed. In completing the form, simply indicate in the appropriate column whether the service is provided each type of personnel regardless of support arrangement used to provide the service, i.e., direct hire, non-personal services contract, Embassy, etc. The column entitled "other" should be used for types of personnel not listed, such as TDY. Services provided but not shown on the form should be listed under Item V.
- PART II** - Using Part I as a guide, list those services being provided by arrangements or personnel other than A.I.D. Direct Hire, U.S. or local personnel. This listing should be shown in three different categories:
- Non-personal services contracts, including employee associations, etc.--list the service being provided, for whom, and type of reimbursement arrangement.
  - Embassy through SAS or cross-service arrangement.
  - Other--list the service being provided, for whom, and type of arrangement.
- PART III** - Identify those services noted in Part I which are currently being provided which can be reduced or eliminated by June 30, 1973.
- PART IV** - Identify those services currently being performed by A.I.D. direct hire, U.S. or local personnel which, if still required, could be performed by other arrangements by June 30, 1973. Indicate proposed or alternate support arrangements possible.
- PART V** - What would be the estimated reduction by June 30, 1973 of A.I.D. direct hire, U.S. and local personnel as a result of implementation of Parts III and IV?

**AIRGRAM**  
**CONTINUATION**

**DEPARTMENT OF STATE**

**AIRGRAM**

POST	NO.	CLASSIFICATION	PAGE	OF
AIDTO CIRCULAR A 757		UNCLASSIFIED	3	3

- PART VI - What would be the estimated monetary savings as a result of the implementation of Parts III, IV and V?
- PART VII - Foreseeable problems (if any): Indicate local conditions, availability of local services--other factors which would seriously affect reduction in services, etc., or other than direct-hire support managements.
- PART VIII - Identify any differences in services provided USAID personnel vs. Embassy personnel either in type, level or method of support.

The completed form must be returned to A.I.D./W by ~~1056000~~ July 20, 1972. Please note that facts and figures are essential for the realistic evaluation of responses to questions raised in Parts II through VI.

Upon receipt and evaluation of Mission responses, a determination will be made as to which posts will be visited by TDY teams in order to assist with the implementation of the "new look." Such visits will be the subject of a subsequent communication.

**IRWIN**

CABLE ROOM SEND TO:


- |                              |                     |                   |
|------------------------------|---------------------|-------------------|
| ASUNCION                     | ANKARA              | AMMAN             |
| BOGOTA                       | DJAKARTA            | BANGKOK (not RED) |
| GEORGETOWN                   | KABUL               | PHNOM PENH        |
| <del>GUAYMAS</del>           | KATHMANDU           | SAIGON            |
| <del>GUAYMAS</del>           | <del>ESTANBUL</del> | VIENTIANE         |
| LA PAZ                       | NEW DELHI           |                   |
| LIMA                         | MANILA              |                   |
| <del>MANAGUA</del>           | SEOUL               |                   |
| MONTEVIDEO                   |                     |                   |
| <del>PANAMA CITY</del>       |                     |                   |
| QUITO                        |                     |                   |
| RIO DE JANEIRO               |                     |                   |
| <del>SAN SALVADOR</del>      |                     |                   |
| <del>SAN PEDRO DOMINGO</del> |                     |                   |
| <del>TEGUCIGALPA</del>       |                     |                   |

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SER/MP

MEMORANDUM FOR THE EXECUTIVE STAFF

July 19, 1972

FROM : AA/PPC, Philip Birnbaum 

SUBJECT: Program and Budget Review Processes

This memorandum provides a broad outline of the various review processes that will be taking place in AID/W now that program and budget documents are arriving from the field.

Development Assistance

AIDTO Circular A-543 described three different documents to be submitted by the field:

- a Development Assistance Program (DAP) for each country or sub-region, to be submitted when ready (no deadline given; we expect that DAPs will be arriving over the next 12 months).
- a paper describing the steps necessary to convert to the new program emphasis and the time frame involved (DAP outline), to be submitted by each mission no later than June 30, 1972.
- a FY 1974 Field Budget Submission (FBS), due from each mission no later than July 31, 1972.

Some confusion has arisen because several DAI outlines have come in from the field improperly labeled as DAPs. Please note that a DAP is a full submission that states the priority development problems, includes the sector or sub-sector analysis of these problems, and recommends a U.S. development assistance program for a multi-year period. DAP outlines are largely descriptive documents, without the supporting analysis, which describe the steps and time frame needed to build full DAP submissions.

As you know, a major element of the new programming approach in the A.I.D. reform plan is the decycling of substantive program reviews. Ideally, the annual budget process should be based on and reflect the substantive program review and approval process that under the new reform plan will take place independently throughout the year. It is obvious that the FY 1974 budget review process, which is now upon us, will present some special problems. Although we have made a good start at program concentration and elimination of marginal projects in a number of countries following the June 1971 technical assistance transition reviews, much of the supporting analysis necessary to build DAPs is yet to be done, and DAPs remain to be submitted. Thus the

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budget process cannot yet fully reflect the substantive review/approval process. Nevertheless, we will need in our FY 1974 budget presentation to show OMB and the Congress significant movement in the directions envisaged in the reform plan. The review processes described below should help us to do this.

Set forth below are descriptions of the various review processes that will be taking place in Washington beginning this summer.

1. Review of DAP Outlines. Basic responsibility for review of DAP outlines in Washington rests with the appropriate regional bureau. At a minimum, these reviews should seek answers to the following substantive and administrative questions (we recognize that at this stage the answers to these questions may not be definitive):

Substantive:

- Is the proposed program focussed on a few priority development problems that are of major concern to the recipient country and that are defined in such a way that the inputs from all sources over a period of time are likely to solve the problems being addressed? If not, is there a good reason, eg, a least developed country that requires special treatment?
- Does the work to date and proposed for the future reflect effective collaboration with the recipient country?
- Does the proposed program reflect adequate coordination and project dovetailing between the U.S. and other donors (both bilateral and multilateral)?
- Has adequate attention been paid to broadening A.I.D.'s objectives to address problems of growth and social justice, eg, greater concern with problems of employment and income redistribution?
- Has consideration been given to potential linkages between the proposed program and AID/W activities aimed at innovation, eg central research, 211(d), GTS?
- Has adequate attention been given to integrated budgeting of all A.I.D. resources -- loans, grants, PL 480, HIGs?
- Has consideration been given to the use of new implementation arrangements (block grants, host-country contracts, etc.) as well as the managerial and financial capacity of the LDC?

MS

Administrative:

- Does the proposed timetable for performing the required supporting analysis and building the DAP appear reasonable?
- If the mission has indicated the need for external help in the form of TDY assistance, special studies, etc., do these requests appear reasonable and can they be met?

The regional bureau should involve other AID/W bureaus and offices in these reviews as appropriate. Following Washington review, each field mission should be notified as to the adequacy or inadequacy of its outline as a basis for proceeding further. It is, of course, particularly important that field missions be apprised of any inadequacies in the outlines so that appropriate corrective action can be taken prior to building the DAP. We believe it is essential to complete the review process and communicate the results to each field mission no later than November 1, 1972. Communications to the field regarding the adequacy or inadequacy of DAP outlines should be cleared with PPC prior to transmittal.

In order to provide the Administrator with an early progress report on the overall shape the A.I.E. program appears to be taking, PPC plans to review the DAP outlines and provide a report to the Administrator's Advisory Council about October 1. This report is not intended to take the place of the regional bureau reviews and will not discuss individual DAP outlines. We will attempt in this report to pull together answers to the above listed substantive and administrative questions from the standpoint of the Agency as a whole, and in addition will lay out for discussion any broad issues or problems that appear to be emerging.

2. Review of DAPs. As indicated in AIDTO Circular A-543, DAPs will be reviewed in Washington as they are received over the next 12 months, and will be approved as plans of action for the field missions to follow in implementing their programs. Once approved, a DAP will stay in force until it is in need of revision.

Basic responsibility for review of DAPs in Washington rests with the appropriate regional bureau. As they are received, DAPs should be reviewed against the substantive criteria listed above for DAP outlines. Also, the supporting analysis should be reviewed for technical adequacy. The regional bureaus should involve other AID/W bureaus and offices in these reviews as appropriate.

By the time most DAPs start arriving, we should have from the earlier reviews of DAP outlines a broad picture of the areas of concentration on which the Agency as a whole may wish to focus. As this picture

becomes clearer, individual DAPs will need to be considered in relation to it. This will be an evolutionary process for the Agency that will undoubtedly entail some adjustments in individual country plans.

As indicated in AIDTO Circular A-543, some DAPs will be reviewed by the Administrator's Advisory Council. While the identification of the particular DAPs to be reviewed by the Council will be the subject of PPC/regional bureau consultation during the regional bureau DAP review process, we would expect that, as a general rule, the Council should review DAPs that:

- present major issues or questions on which significant differences of opinion emerge, or
- involve imaginative or unusual elements that may be of interest to the Agency as a whole.

Once a DAP is approved in Washington, this fact should be officially communicated to the field as a guide to future action. Any such approvals should be cleared with PPC prior to transmittal.

3. FY 1974 Budget Reviews. PPC has already requested FY 1974 budget submissions from all A.I.D. non-regional bureaus and offices and will chair sessions to review these submissions during August. Within the next two weeks, we will issue detailed instructions to the regional bureaus calling for budget submissions to PPC by September 1. PPC will chair sessions to review the regional bureau submissions during the first two weeks of September. During the third week of September, PPC will chair a worldwide wrap up review covering all elements of the A.I.D. FY 1974 budget submission. Following that review, PPC will prepare an FY 1974 A.I.D. budget proposal for review by the Administrator and the Administrator's Advisory Council. Following approval by the Administrator, PPC will prepare the FY 1974 A.I.D. budget submission to OMB which is due September 30.

As mentioned above, we must demonstrate in the FY 1974 budget submission significant progress in moving toward the goals of the reform plan even though the substantive review of individual programs is only just beginning. We do, however, plan to include as much information as possible on likely future program concentration drawing primarily from two sources: (a) the DAP outlines and the reviews thereof, and (b) the FBS tables that array FY 1974 budget requests by area of concentration. We ask the regional bureaus to be alert to this aspect of the FY 1974 A.I.D. budget submission and be prepared to discuss such matters during the budget review sessions.

### Security Assistance

As last year, A.I.D.'s Supporting Assistance request will be reviewed by the inter-agency Security Assistance Program Review Committee (SAPRC) during its consideration of the total U.S. Government security assistance program. It is also likely that OMB will, as in the past, ask A.I.D. to include a Supporting Assistance request in the A.I.D. FY 1974 budget submission, subject of course to SAPRC recommendations which are due in OMB on October 15 (two weeks after the A.I.D. budget submission).

A single series of reviews of the FY 1974 Supporting Assistance program will be held under the joint sponsorship of the Supporting Assistance Bureau, PPC, and the State Department Office of Planning and Analysis for International Security Assistance (PM/PA). These reviews will include full participation by other A.I.D. bureaus and offices as appropriate. If any unresolvable differences of opinion arise during these review sessions, the issues will be placed before the Administrator for resolution early in September so that A.I.D. will be ready for SAPRC discussions beginning about September 15. The SA Bureau will issue all instructions regarding the Supporting Assistance review process and will handle all administrative arrangements for that process.

To provide a complete A.I.D. budget picture, PPC will include Supporting Assistance totals in the documents for the worldwide wrap up review. By the time of that review, however (third week of September), the A.I.D. Supporting Assistance recommendation will have been locked up.

### Involvement of Other Agencies

In the past, several other U.S. Government agencies, and the U.S. executive directors of the international banks, have attended various A.I.D. program and budget reviews. This year we ask the regional bureaus to extend invitations to other agencies as they deem appropriate. We request, however, that at minimum the following outside offices be invited:

- the State Department Regional Bureau, as appropriate
- the State Department Planning and Coordination Staff (S/PC)
- the International Programs Division of the Office of Management and Budget

PPC has arranged for automatic distribution of DAP and FBS documents to State S/PC and OMB, and we assume the A.I.D. regional bureaus will arrange for distribution of such documents to the State regional bureaus. DAP outlines will arrive in airgram form and be distributed automatically to these offices.

\*\*\*\*\*

If your staff have any questions about these matters, please have them contact Sid Brown, PPC/RB, extension 29176, or -- in the case of the regional bureaus -- the appropriate PPC Regional Coordinator.

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DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT

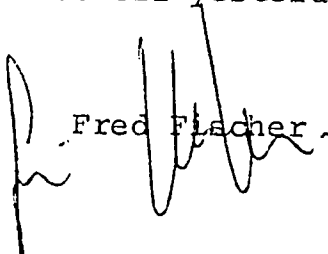
July 20, 1972

AA/SER, Mr. James F. Campbell

Jim: .

The attached action memorandum from you and Phil Birnbaum reflects the outcome of a process started in a meeting which I called about 10 days ago.

The timing is quite fortunate, since Fred Sligh called today to make sure some provision was being made to follow up on discussion in the Administrator's Council yesterday.

  
Fred Flacher

Attachment

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JUL 20 1972

ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: BYSEC                    7s/James F. Campbell

FROM: AA/SER, Mr. James F. Campbell  
AA/PFC, Mr. Philip Birnbaum

Problem: Role, style and organization of field missions in a reformed A.I.D.

Discussion: The implementation of the reform plan announced by the Administrator's memorandum of January 24, 1972 has progressed steadily and, within a relatively short time, it should be completed. The impact of the reform has been largely in Washington thus far and questions are coming from our overseas staff as to the effect on USAID operation and organization.

A.I.D. people in the field have read the Stern-Birnbaum-Arndt Committee Report, the Administrator's January 24 memorandum, the FY 1974 program guidance airgram, the May status report on reform implementation and some other related papers. However, the only clear message to the field on what reorganization means at the USAID level was your "Transition Planning" message of February 16, 1971 which preceded most of the final decisions.

This does not mean that the USAIDs have been in a vacuum; letters and airgram from regional bureaus, AID/W travelers to Missions and Mission travelers to Washington have all provided bits and pieces. Nevertheless, it seems likely that USAID's need more guidance. Now that reform of AID/W is well underway, we believe it is time to address the field aspects in an organized manner.

To this end, we recommend that you create a small senior task force with four assignments:

- 1) Review the recommendations received from the field last fall for the Stern Committee which dealt with reorganization of Missions and are consistent with the new AID concepts.
- 2) Review recent AID/W papers which are pertinent to this problem, including the Report of the Working Group in "Instruments for Increased

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Use of Non-Government Organizations" (Levick), the Benz' group on project monitoring, etc.

- 3) Prepare a general, brief message for the field which outlines the organizational and procedural implications of the new AID style for Missions (recognizing the need for variations in field organization for reasons of program and local situation), and request reactions within 30 days.
- 4) After receipt of field comments, prepare a summary report for the Administrator's Council about field concerns and proposals, together with a policy paper for discussion by the Administrator's Council and then issuance to the field as a guide for future action.

Many of the operational and organizational implications for the USAID of the future come from changes in the nature of our programs (although there will also be some USAID changes arising from management reforms). Among these program changes are:

- shifting country program planning to the countries and to multilateral agencies
- concentrating on key development problems defined by sector analyses
- collaborative planning and evaluation with cooperating countries
- integrated capital and technical assistance
- greater reliance on non-government organizations
- use of new procedures such as block grants.

For this reason, we conclude that the lead on the task force should be taken by PPC, with close collaboration from SER. (This assignment is closely related to the task recently assigned to PPC/PE to be the focal point in the Agency for coordinating activities related to improved project monitoring.)

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Proposed members of the Task Force are:

Robert L. Hubbell, PPC/PE, Chairman  
Fred Fischer, SER/MP  
Lawrence Harrison, AA/LA  
Samuel Butterfield, AA/TA  
John Benz, AG/OAS

Recommendations

1. That you sign the attached memorandum (Tab A) establishing the task force.
2. That you sign the attached Information Memorandum (Tab B) to Regional Assistant Administrators.

Clearances:

AG/OAS:JBenz	draft	Date	<u>7-17-72</u>
SER/MGT:PFischer	draft	Date	<u>7-18-72</u>
AA/TA:SButterfield	draft	Date	<u>7-18-72</u>
ASIA/PR:RBirnberg	draft	Date	<u>7-18-72</u>
AA/AFR:JHogan	draft	Date	<u>7-19-72</u>
LA/DR:JHeller	draft	Date	<u>7-19-72</u>
PPC/RS:SBrown	draft	Date	<u>7-17-72</u>
PPC/PE:HDTurner	draft	Date	<u>7-17-72</u>

PPC/PE:RLHubbell:dew:7-19-72

MEMORANDUM FOR: PFC/FE, Mr. Robert Hubbell  
SER/FP, Mr. Fred Fischer  
AA/LA, Mr. Lawrence Harrison  
AA/TA, Mr. Samuel Butterfield  
AG/OAS, Mr. John Bonz

SUBJECT: Ad Hoc Task Force on USAID Role and Style  
in a Reorganized AID

I am hereby appointing the addressees members of a task force to carry out the four assignments outlined in the attached memorandum from Messrs. Campbell and Birnbaum. Mr. Hubbell has been designated chairman of the task force.

You are authorized to arrange for staff assistance as necessary.

I expect that you will complete the first three assignments by early September.

Maurice J. Williams  
Deputy Administrator

Attachment

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MEMORANDUM FOR: AA/AFR, Dr. Samuel C. Adams, Jr.  
AA/ASIA, Mr. Donald S. MacDonald  
AA/LA, Mr. Herman Kleine  
CO/SA, Mr. Roderic L. O'Connor  
AA/TA, Mr. Joel Bernstein  
AA/PMA, Mr. Jarold Kieffer

Subject: The Role and Style of the USAID in a  
Reorganized A.I.D.

Attached for your information are two self-explanatory  
memoranda on the above subject which I have approved  
today.

Maurice J. Williams  
Deputy Administrator

Attachment



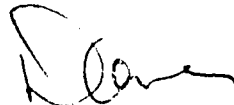
July 20, 1972

NOTE TO: Fred Fischer

SUBJECT: Impact of Reform on the Field

Just after you left Wednesday afternoon Fred Sligh called wanting to know if I had any thoughts on this subject. I told him that I did but I understood that there was an effort on the way to focus action in this regard. I also said that I was not personally familiar with the activity in this area but would report back.

After checking with Jack Benz and Bob Hubbell I called Fred back and indicated that an Action Memorandum was enroute, having received PPC and regional bureau clearance already. Bob Hubbell also plans to brief Fred on the history of this play.



Dave McMakin

Attachment: Memo from Benz to Fischer re Future USAID Role in a Reformed A. I. D.

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Copy

UNITED STATES GOVERNMENT

# Memorandum

TO : See Distribution

DATE: June 23, 1972

FROM : SER/MP, Fred C. Fischer *FF*

SUBJECT: Impact of the Reform on the Field

As you know, several of us have been trying to get something started with respect to informing and involving the Field in the Reform effort.

Jack Benz sent me a memo recommending an approach (which I understand you've seen). I discussed it with Jack last week, just before he left on three week's TDY. He agreed to several changes I suggested. They are incorporated in the attached redraft. The two major ones are:

- 1) Taking out his suggested Attachment III, a report which MP would prepare on current status of the Reform as it impacts on the Field. Much as I'd like to put this together, it's a bit premature. A number of things are nearing completion, but it won't be until the end of July that they are firm enough to add up their precise impact on the Field and put a report together. Also: a bottom line of our May 20 three-month status of the Reform telegram to the Field indicated that each Action Officer with a piece of the Reform to implement would prepare his own report to the Field on impact in his area when the time was appropriate. PHA is currently working on such a report. So is SER.

On the other hand, the proposed task force could still put together -- with MP's help -- the kind of report Jack suggested. But the end of July or early August would be better timing.

- 2) Inclusion of some suggested names of people to form the task force, i. e., those of us currently collaborating on this package.

I'd like to discuss this with you at your earliest convenience.

Attachment: As stated

Distribution:

AA/TA, SButterfield  
ASIA/DP, AWhite  
LA/DP, JHeller  
AFR/DP, EHogan  
PPC/RS, SBrown

cc: AG/OAS, JBenz

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ACTION MEMORANDUM FOR THE DEPUTY ADMINISTRATOR

THRU: EXSEC

FROM: AS/SER, James F. Campbell

Problem: The role and style of the USAID in a reorganized A. I. D.

Discussion:

A. I. D. people in the field have read the Stern Committee Report, the Administrator's January 24th message on Agency Reform, the FY 1974 program guidance airgram, the May status report on Reform implementation and other related papers in the last few months. They have not, as a rule, seen the various Phase I and II reorganization papers that have circulated in A. I. D. /W. In fact, the only clear message to the field on what "reorganization" means at the USAID level was the "Transition Planning" message of February 16, 1971.

This does not mean that the USAIDs have been in a vacuum; letters and airgrams from the Regional Bureaus, A. I. D. /W travelers on Temporary Duty trips, and visits to A. I. D. /W by top Mission personnel have all provided the field with parts and pieces of what is going on at A. I. D. /W. What the field has heard has whetted its appetite. There is a gathering ground swell from the field that asks for a greater participation in the determination of the policies and operational guidelines that govern our field missions.

The attached proposed memorandum from you to the Regional Assistant Administrators seeks to involve the field more deeply in the ongoing Reform

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effort in Washington. The two attachments to the memorandum try:

- to outline the changing role of the USAIDs, and to discuss some of the issues involved in the change; and
- to present a picture of project monitoring in the new context.

The proposed memorandum asks that the Regional Bureaus circulate this material to their field missions, and that the USAIDs reply within 30 days. The lack of specific questions to the USAIDs which would structure their answers is deliberate. It is not difficult to see a second phase to this operation which would present structured questions, based on a collation of the replies received.

The USAID replies will be of interest and value to the Regional Bureaus, but they will also have Agency-wide implications. I therefore recommend that you create a small senior task force that would review the replies, report its findings (perhaps for Administrator's Council review) and recommend appropriate follow-up action.

It is doubtful that people of the caliber needed to make this assignment completely meaningful could be released on a full-time basis; but with some staff assistance, it could be done on a part-time basis. The task force, however, should be required to submit its preliminary findings within 45 days of the date the USAIDs are required to reply.

The task force might well include Al White, Ed Hogan, Jack Heller, Sid Brown, Fred Fischer, Sam Butterfield and be given leadership by Jack Benz who has developed the attached draft proposals and worked on

this problem during the transition resource group period.

We have informally discussed these ideas with these representative officers and they favor moving ahead on these recommendations.

Recommendations:

- 1. That you approve and sign the proposed memorandum to the Regional Assistant Administrators.

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Date \_\_\_\_\_

- 2. That you appoint the ad hoc task force described in this memorandum.

Approved \_\_\_\_\_

Disapproved \_\_\_\_\_

Date \_\_\_\_\_

Attachments:

Proposed Memo to Regional AAs  
w/2 Attachments

MEMORANDUM FOR: AA, AFR, Dr. Samuel C. Adams, Jr.  
AA/ASIA, Mr. Donald G. MacDonald  
AA/LA, Mr. Herman Kleine  
CO/SA, Mr. Roderic L. O'Connor

SUBJECT: The Role and Style of the USAID in a Reorganized A. I. D.

Implementation of the A. I. D. Reform is progressing steadily, and much of this work will be completed soon. The impact of the Reform has been almost entirely in Washington, however, and numerous questions are coming from our overseas staff as to the meaning of the Reform in terms of policy and operation at the USAID level.

There will be changes affecting the Field, and it is important that the USAIDs be involved in the creation of the policies that bring them about. The two attachments to this memorandum have been written to inform the USAIDs of the new policy thrusts, and to stimulate thinking at the USAID level.

I am asking each of you to transmit this memorandum with whatever additions are desirable, (e. g., attention might be called to changes particularly relevant to the specific region) and its attachments to each USAID. I please ask that USAIDs reply within 30 days of receipt of the transmittal airgram.

I am also creating a senior task force (I will announce the names later) which will focus on the effect of the reform on the Field. This task force would draw on the USAID responses and conversations with the Bureaus at A. I. D. /W to prepare a new set of policy papers on overseas operations for the Administrator and his Council.

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I believe you will find the attachments self-explanatory:

Attachment I, "The Changing Role of the USAID," attempts to present the issues as the USAIDs move toward the policy of a low profile, more multilateralism, and their role of being financiers and project monitors.

Attachment II, "Project Management, FY 1973" is a revision of a paper done in the autumn of 1971 as one of the reorganization papers. The paper does not present a new and radical approach to project monitoring, but attempts to articulate the best of the new project approaches which have been tried and adopted in some USAIDs.

Maurice J. Williams  
Deputy Administrator

Attachments:

- I - "The Changing Role of the USAID"
- II - "Project Management, FY 1973"

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THE CHANGING ROLE OF THE USAID

The Administrator's memorandum of January 24, 1972, "Reform of the U.S. Economic Assistance Program," said that the Agency would:

"adjust traditional techniques and policies to changed development needs and resources in the world's poorer countries."

But that memorandum dealt primarily with changes in AID/W. An earlier memorandum from the Deputy Administrator, "Transition Planning for Technical Assistance," February 16, 1971, gave guidance to the USAIDs, when it said:

- "The LDCs must have the primary responsibility for developing their programs, setting priorities, and taking the self-help steps which can make outside assistance effective."
- for continuing projects. "...means should be considered for orderly phase-out of direct hire project personnel in favor of implementation by one or another of the other methods."
- AID should: "...modify the aid relationship by moving in the direction of acting primarily as a financier of technical assistance, where the contract relationship, as in the case of loans would run between the LDC and the foreign advisor rather than between AID and the foreign advisor."

The February 1971 memorandum urged USAIDs "to work toward a lower profile through Mission-initiated staff reduction and reorganization, eliminating lower priority activities from the program and recommending streamlining actions..."

Over the past few years, the Agency has steadily moved away from USAID direct hire Americans in the non-Supporting Assistance countries. As of end-December 1971, program-funded direct hire Americans in non-SA USAIDs, excluding Public Safety, totaled 1,006. Of these, about 150 are currently involved in Technical Assistance tasks which might preferably

be eligible for performance under contractual or PASA arrangement. The remainder were involved in project planning, project monitoring, Food for Peace, and participant training. In addition to program-funded personnel, 594 direct hire Americans overseas are paid from Administrative funds. Despite these past reductions the AID presence overseas in terms of direct hire, program and administrative, will continue to slim down. The reduction in American direct hire will take place in both the SA and non-SA countries, but this paper addresses itself primarily to the non-SA missions.

It is clear from the foregoing that the traditional AID style of overseas operation is changing, and that the rate of change will accelerate. Missions are being constantly advised that they must adopt a "low profile." The words come across, but they mean different things to different people. To some, it means less ostentatious living: smaller homes, abandoning American "ghettos," fewer chauffeur-driven cars. To some it means fewer direct hire Americans in the USAIDS.

While these are some of the elements that have relevance to the lower profile, they do not constitute the major concern. Instead, the major element of change is found in what the Administrator has called the need for a newer and more "collaborative" style of overseas operations. This means that Americans "will no longer be the driver of the development vehicle in some 50 foreign countries but that we, along with others, will supply some of the petrol." It means that the IDCs will set their own priorities and determine their own initiatives. For many IDCs, it may even mean a slower pace in development. Some will argue that these

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continue to be IICs that still want and need large American aid missions. It is unquestionably true that there are such countries, but the wave of nationalism that dominated the 60's will continue and probably grow in the 70's, and the corollary will be an increasing desire for minimal foreign intervention in domestic problems of the IICs.

Adoption of a lower profile will have many implications for the USAID director. In the new role of a financier and the senior monitor of American projects, he will be an implementer of projects and less of an innovator or expediter of development. Directors will continue as influential and important persons, but they will lose the all important-ness and the aura that accompanied the position of American Aid Director in the early years of the foreign development assistance programs.

There is no unique size for a USAID under the new style. Missions will continue to have the past protean quality that has allowed them to adjust to the changing needs of individual country programs. Elimination of the small target-of-opportunity project, and the short duration project, and improvement in project design that will spell out the total life pattern of implementation--all of this should mean fewer projects and less annual activity. There will be fewer overhead personnel: management, program, finance, and executive office personnel. Some of these functions will be centralized or regionalized; others will become unnecessary. The basic mission structure will be the director and his project monitors; additional personnel will have to be justified on the basis of need and workload.

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The program office of the USAID has always been the nerve center of the American aid mission. The need for program officers will have to be restudied with the adoption of the new style. Better PROPs and problem/sector analyses that spell out life-of-project funding patterns and time phase the expected inputs and outputs should serve to reduce the annual operational year budget exercise. If the PROPs and sector analyses can be referenced in the ProAgs, it may be possible to refine the annual "blue print" exercise to a series of cover sheets. Many, or perhaps most, mission program officers no longer prepare the detailed analysis of the host country's economy and development plan that occupied program offices in the past. The decrease in formal reporting, i.e., standard cyclical reports, has not in all cases been accompanied by a reduction in the informal reporting, i.e., responding to regional bureau and desk assignments. No general rule can be laid down for this type of thing; it will have to be negotiated by each mission director and his counterparts in AID/W.

AIDFC Circular A-543, "Development Planning Guidance - FY 1974" (04-15-72), described the new approaches for assistance under the AID reform plan for concentrating AID resources in an integrated approach to priority development problems within a multilateral context and a more collaborative assistance style. The guidance given in this airgram should play a significant part in the thinking through of future program planning and program personnel needs.

The disappearance of the USAID direct hire implementer, and the almost complete takeover of implementation responsibility by intermediaries

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has already brought about a change in the style of USAID operations. Many project monitors, however, are still advisors to the host country government, and some continue to be implementers. ATTACHMENT II, "Project Monitoring - FY 1973," discusses a proposed new style for project monitors. At this juncture, this paper should be considered as a discussion paper although it is apparent that, in general, the points it makes are in agreement and consistent with objectives of the Agency's "collaborative" policy.

This new AID policy presumes that LDCs have an ability to manage their own development but, in fact, there is a wide variance among the LDCs in their abilities as managers of development. Nevertheless, the general rule must be that AID will not undertake a project activity in a sector where the host country has little or no management ability. The trend to Borrower/Grantee implementation of projects will be faster or slower depending on the host country's ability to manage. Each USAID will have to make a serious judgment on this factor in thinking out its program.

As part of the Transition exercise, each Mission thought out and commented on what services it should offer its direct hire personnel and contractors. The Agency's reorganization has progressed in the last year, and this may put new light on this phase of Mission operations. ATTACHMENT III, "AID/W Reorganization and Its Impact on Mission Management," briefly explains the reorganization of AID/W and its implications for overseas operations at the Mission level.

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It may be well at this point to recapitulate briefly the objectives of the new AID approaches:

- maintaining a low profile for U.S. Government officers, including TASA;
- finding fresh ways of relating innovative, creative and knowledgeable individuals and institutions in the U.S. society--all kinds of institutions--to developing country individuals and institutions in problem-solving efforts;
- experimenting further with new techniques to encourage more direct professional collaboration between developing country and U.S. institutions;
- concentrating AID's efforts in general on planning, funding and monitoring;
- engaging the enthusiastic attention of high quality U.S. professional talent outside of government in this broad effort.

It is clear that for the foreseeable future, AID has vital need to continue its foreign operating arms--the USAIDs. It is also clear that the role and the functions of the USAIDs will evolve and change. The changes, however, should not come about through happenstance; the evolutionary process should embrace carefully reconsidered inputs. Policy guidance will have to come from AID/W, but the great reservoir of expertise on field operations is in the field; change will be expedited and made with fewer mistakes if the lead in making the changes comes from the field. This paper is then an effort to elicit from the USAIDs their

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thoughts on the changes needed and what course the changes should take.

Only a few of the outstanding issues have been discussed in this paper. Many residual issues remain for resolution. For example, in the project generation period, USAIDs and the host country traditionally discussed and considered a new activity for months before approaching AID/W. Now with a smaller Mission with limited strength in any particular discipline and in the program office, should AID/W be brought into the project picture at an earlier moment? If so, what kind of resources will be expected from AID/W? Will the current pattern of time-limited visits by AID/W technical people suffice, or will there have to be relatively longer temporary duty periods? Should the intermediary be brought in at the project feasibility and design phase? What kind of assistance is needed for evaluation (PARs)?

As the classical USAID with its controller, management, participant facets becomes streamlined, what other problems are anticipated? AID/W makes many demands on the USAIDs for reports, data, comments. Which of these does the field consider essential and which are merely burdensome and produce no useful feedback to the Mission?

Development loans have been concentrated in relatively few of the countries AID serves. These loan-emphasis countries have special needs, and these needs should enter into thinking of future mission style. For the country with a single sector loan, an isolated capital development loan, it may be uneconomic to maintain staff other than that needed to monitor. Perhaps greater reliance should be placed on "TDY" personnel from AID/W in the discussion, planning, and other prior implementation

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steps in order to minimize partially employed personnel in the newer, streamlined USAID.

Prior to further steps in articulating a policy position, AID/W would appreciate having Mission views on the evolution process in the USAID, the pace it should and can take, the new needs to be filled at the Mission or AID/W levels, and other matters considered relevant. USAID directors are not expected to provide a statistical analysis of personnel needs, dollar size of programs, or list of specific (ongoing or planned) projects. Hopefully, Mission replies can be kept reasonable in length with the salient points clearly demarcated. To achieve maximum usefulness, replies should be in AID/W within 30 days of the receipt of this airgram.

PROJECT MONITORING, FY 1973

The Administrator circulated on January 24, 1972 his "Reform of U.S. Economic Assistance Program." The paper provides the guidelines for A.I.D.'s future course. The specific proposals on reorganization in the paper refer primarily to AID/W, but the general principles outlined obviously set the tone and direction for the USAID. In describing the Agency's policy for the future, the paper states:

"Increasingly, A.I.D.'s role will be to plan development programs, to help fund private organizations to design and execute development activities in collaboration with experts and institutions in the developing country and A.I.D., then to monitor the progress and the results."

USAIDs are the overseas implementing arms of the Agency. The principal implementing tools are the projects, both loan and grant. How those projects are managed is, therefore, the key to the Agency's style of operations. Effective operation of the aid program demands efficient managing through the inceptional planning stages to terminal evaluation. This paper, "Project Monitoring, FY 1973," is a slightly revised version of a paper written in the fall of 1971 as "A Report on the Project Monitoring Resources Group"; that paper received very limited circulation.

The following specific premises were adopted for that paper and continue to apply in this paper:

- There will be some, although limited, direct-hire A.I.D. presence in most countries where A.I.D. has an active program today.
- A.I.D. will, however, continue to slim down the size of its overseas staff.
- The practice of implementing projects through intermediaries will accelerate; direct-hire implementers will cease to exist.

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- An American direct-hire employee will be assigned to each project (in some cases, it might be two or more projects) to oversee, assure successful implementation, and protect American interests. Normally, this will be a Mission project officer plus an AID/W back-up.
- Use of the Borrower/Grantee technique in which the host country rather than A.I.D. contracts with the intermediary (institutions, private contractors, etc.) will grow.
- New initiatives and project management will be the responsibility of the host country.

A semantics footnote: Traditionally, the overseas direct-hire American responsible for a project has been called the "project manager." A.I.D. and its predecessor agencies have paid lip service to the concept that Technical Assistance projects were host country projects in that the host country managed the project. All too often, this has not been the case. Projects have frequently been a result of American initiative and an American has managed the project from its inception to terminal evaluation. The new style calls for the host country to initiate and manage a project; in short, to be at the center of its own development effort. The Mission officer responsible for the project under these conditions cannot be said to "manage" the project. His primary functions are to oversee the effective use of the U.S. resources being expended on the project and to be informed of the progress or lack of progress of the total project. The term "project monitor" is closer to what we are seeking in that one of the tasks is to alert or warn the Mission Director.

and AID/W of future problems. But, in part, monitoring is synonymous with surveillance, and that is not precisely what is expected under the new concepts of host country and intermediary responsibilities. The more preferable term, "project officer," used in this paper expresses American concern for the project without the overtones implicit in the terms, project manager or monitor. It also has an advantage in that the project officer in the field can relate to his counterpart, the project officer in AID/W. This Report continues to use the verb, monitor, in the context explained in III.E.

## PART II. CONCENTRATION ON TECHNICAL ASSISTANCE PROJECTS

As will be seen in future paragraphs, there has been considerable discussion of management of loan projects (CA), greater centralization of Agency loan activities is underway, and the terms of reference for the program oversight of loan projects from the Washington headquarters are reasonably spelled out or being articulated. This does not mean that there will not be loan project problems that require handling by field personnel. There will be loan problems needing USAID and AID/W action, some of which will be discussed in this paper. However, the major thrust of this paper is the consideration of the problems involved in Technical Assistance (TA) activities, although all must recognize that one project officer, particularly in the field, may be assigned both TA and CA projects in the future.

The unstated but implicit assumption of the Group on a change in style for project management was instantaneous metamorphosis. In practice, it is obvious that will not be the case. But, if one concentrates on



individual projects. It is obvious that the transition will not be gradual. As projects reach turning points, or the current project managers end tours, decisions will have to be made on whether or not to continue the project. If the decision is to continue, it would seem that the logical decision would be to reshape the project to conform to the new style. New projects present the same picture; they should be designed and structured to be more responsive to the new concepts of project monitoring in the future.

### PART III. MAJOR CONSIDERATIONS

#### A. Larger Role of the Host Country and the Intermediary

The Group's comparison of the Agency's current methods of monitoring CA projects with those used for TA projects showed that there were many similarities, but there were also differences. The host country tends to be more involved in loan projects; it also tends to have close liaison with the contractors. Basically, this probably results from the fact that the host country is paying for something rather than receiving a grant as well as from the operating style inherited from the former Development Loan Fund whereby the borrower was expected to assume contracting and implementation responsibilities for the projects. The emphasis on implementation by intermediaries and their selection through the use of the Borrower/Grantee (B/G) or some other similar technique for TA projects will tend to increase the willingness of the host country to be the implementer. Thus we can expect the host country to lose the passivity that is too often displayed by host countries today. The growth in mutuality between the host country and the intermediary will reduce the burden of U.S. Government monitoring as well as place the primary responsibility for project administration

where it belongs.

The new styles we're talking about will, however, mean that AID personnel may have to take a "colder" financier's role before approving a TA project--i.e., we will have to write more specific cooperating country or intermediary responsibilities into the agreements. Also, in the negotiations leading up to agreements, A.I.D. will have to assure itself that the cooperating country and/or the intermediary really have the capacity to carry through and fully conform to the terms of the agreement. Carrying out these requirements will mean longer and more detailed negotiations and, thus, will frequently clash with the Agency's desires to obligate funds within specified target dates.

#### B. Project Monitoring versus Project Management

Traditionally, A.I.D. has been accustomed to thinking in terms of "managing" or administering projects. As a result there is not a general acceptance of the concept that in the future the AID task, once the project is approved, will be one of monitoring projects, i.e., overseeing the decision-making process in project implementation rather than A.I.D. being the decision maker. There is also a reluctance to accept the concept that a new "project monitor" approach will outmode the concept of the project manager/advisor. But if the "mutuality" described in "A" develops, the chief of party for the intermediary will become the advisor and having a direct-hire employee considering himself as an advisor in addition to being the monitor could only generate confusion.

It seems probable that project and program implementation by cooperating countries and intermediaries will be somewhat slower and probably

not as tidy as Americans tend to prefer. For A.I.D. to maintain the image of a well-managed, effective organization, some steps should be taken to gain greater Congressional recognition and awareness of this new style of operation.

C. The Shape of the Future A.I.D. Technical Assistance Project

The Agency does not have as yet a consensus on the shape of the future Technical Assistance type of project. Currently, many USAIDs have a scattering of small projects. In the main, these are targets of opportunity and reflect special requests by host governments, smaller projects which are tangential to a larger project and grow out of them, or the opportunity to score for the American image or the development posture of the host country through a relatively small expenditure of American time and money. The indirect cost of this type of a project is considerably larger if good PROPs are to be prepared and the proper PAR evaluation made. They are also dependent on the assistance of a rounded USAID staff to identify and assess "new" TA needs. Current policy is that A.I.D. will not operate across the board as the Agency has in the past but will concentrate in selected development priority sectors. This will argue against the broad spectrum approach that generates the fragmented program inherent in the target of opportunity approach. This is not a new policy. Over the years, the Agency has exhorted its missions and bureaus to follow this policy; but the Administrator's memorandum of January 24, 1972 establishes this as firm Agency policy.

The higher overhead costs of a greater AID/W project involvement, feasibility studies, and the fact that intermediaries tend to have a

minimum price dictate that the average project be larger than many of today's projects (there should be a minimum dollar level limitation for consideration of a TA project) and that projects should continue over a minimum period (say, at least three years).

D. The Annual Technical Assistance Cycle

One of the differences that comes from the comparison of loan and Technical Assistance projects is that the former in most cases are financed for the life of the project while the latter are refinanced annually. This has resulted in different styles of project management. The Technical Assistance project is subject to the changing winds in the host country political climate, changing attitudes of changing in-host country Americans, and changing financial and other priorities in AID/W. The constant review and change has not been all bad, but it has probably been the chief element in the creation of basket projects that have no discrete objectives and projects that seem to go on forever without achieving their original objectives if, indeed, the latter can be identified.

The new format should call for multiple year financing, and the application of this principle will do much to eliminate the fluctuations in the courses of TA projects. Annual (PAR) reviews will be required, but there will be less incentive to change objectives or modes of operation which might invalidate prior year obligations. Thus we have a major change in project monitoring. The annual tasks that take a great share of the USAID's program staff and that of the current project manager will tend to disappear.

E. The Intermediary

Currently, and in the past, A.I.D. has used several methods in working with intermediaries in Technical Assistance projects. At the two extremes are the contract which calls for the intermediary to take over the complete task, i.e., select and buy the commodities, select and process the participants, determine the mix and selection of technicians. At the other extreme, the intermediary has had a "body" contract with A.I.D. controlling the selection of the technicians, arranging for purchases of commodities, and selecting and processing the participants.

The injunction in the new policy will be to allow the host government and the intermediary to initiate and manage the project. (This paper assumes a trend toward borrower/grantee implementation of projects, but this will be also true of those projects implemented by a direct A.I.D. contract.) It is, therefore, logical to assume that giving the host country and/or the intermediary the responsibility for managing the project (or that part of the project covered by his contract) will be the normal procedure. This change is a basic reason for talking in terms of project monitoring rather than project managing. Currently, the project manager, the program officer, and the director all spend a great deal of their time on various project details that will become the intermediary's responsibilities.

The responsibility of the AID project officer will be one of overview; among the questions he will ask himself are: do the actions represent the mutual agreement of the host country and the intermediary? are things being done in the planned time frame? is the quality of the action up to AID standards? are actions oriented to the goals and ob-

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jectives stated in the project plan? This type of assessment requires a knowledgeable project officer but it does not require a highly specialized technician.

The Mission project officer will need an understanding of the host country, its people, its officials, and its ways of doing things. Not being "an advisor" at times will require more restraint and sophistication in contacts with the host country than being an advisor does. He will still be expected to make continuous judgments over a wide spectrum. He will not implement his own recommendations, but that will not diminish his responsibility for them. In many respects, the project officer position will require a broader gauge officer than that of the "project manager."

#### F. Borrower/Grantee Technique

In the case of loan projects, the Agency has historically used the Borrower/Grantee technique. In an earlier day, predecessor agencies did much the same thing with Technical Cooperation projects, but it was then called the "third-party" contract technique. The criticism at that time was that the third-party technique created undesirable pipeline problems. This charge does not seem to have been actively made in the case of the current loan projects.

Since developing a mutuality between the host country and the intermediary is essential, it is obvious that a device similar to the Borrower/Grantee technique will have to be employed by A.I.D. for its Technical Assistance projects. The Resources Group currently working on the legal and administrative requirements applicable to third-party grants and

contracts will need to spell out how A.I.D. should write the necessary manual orders and other documents to firmly establish the b/g method and the use of intermediaries.

While not an issue for this report, it should be recognized, however, that many American intermediaries are not going to welcome the third-party technique. The American universities, in particular, are not used to delegating autonomy to their field parties and, if their chief of party is going to act as advisor to the host government on policy matters and be a partner with the host government in management decisions, he will have to have a great deal of autonomy. In addition, many of the universities will feel that they will not have the same leverage in their discussions with the host countries that they have historically had in talking to AID/W.

#### G. Location of the Function

Currently, and in the past, there has been a feeling that certain functions were done best by AID/W and others by the Mission in the field. It's clear that there is a necessity to have a man, the USAID project officer, in the field to oversee the use of AID project inputs, to do the "on-site inspection," to handle "face-to-face liaison," to assure appropriate representations to countries or problem areas, and to be responsible to alert Washington as to possible trouble. But beyond "eyes-and-ears" field protection of U.S. interests, it is probable that the balance of the U.S. interest in the project activity could be handled either in the field or AID/W, and the location is not of primary importance.

Currently, project managers are not recognized as such in Mission staffing patterns and their actual position in the Mission hierarchy varies. Some are technical division chiefs who have multiple responsibilities: technical advisor to a ministry, supervisor of division personnel, and project manager. Other project managers although listed as such will be found far down in the technical division and who, in fact, manage only the necessary paper work. In other than a few countries, e.g., India, a new style mission with a few selected projects probably has no need for technical division "chiefs" whose major role, heretofore, has been to serve as professional/technical advisor to host country ministers and department heads. In many small missions, a principal rationale for assigning the title of division chief has been to give prestige--make the man's advice more impressive and palatable to the ministry officials he advised. If the chief of party for the intermediary takes over the advisory role, a large part of the rationale for having division chiefs in technical divisions disappears. Furthermore, a principal task of this project officer is to alert the Mission Director to the various needs of the projects and communications will be better if there are no bureaucratic layers between the two men.

#### H. Project Planning

In a comparison between the loan and technical assistance projects, the latter came out a poor second, based on the adequacy of project planning. (Technical assistance portions of loans also tend to be poorly planned.) Yet, this is the essence of substituting project monitoring for project management. If the host country and the intermediary are to be the implementers, A.I.D., faced with the necessity that it exercise prudent



management of U.S. Government resources, must have its say and its main thrust initially in the planning and agreement stage and subsequently in the annual evaluations. When looked at from this perspective, the need to consider "integrated" project monitoring from the inception of the idea to final evaluation becomes evident.

Progress has been made in the preparation of the PROPs if missions carefully follow the new Manual Order (M.O. 1025.1, August 13, 1971). In the past, PROPs have been weak in several respects, in particular, the absence of a time table for inputs that are related to time-structured PROPs. M.O. 1025.1 does not sufficiently stress that importance and the essentiality of a realistic assessment of host country capability to manage the project--a prime ingredient if the new style is to succeed. Too often, in the past, projects have been entered into where it has been realized that the host country does not have the ability to manage the project but A.I.D. had intentions (hopes) of building in this capability as the project evolved. Under these conditions the intermediary has no responsible counterpart in the host government, and the new style cannot work. Most PROPs will not be able to identify the specific person in the host government (HG) that will be the HG project manager, but they should be able to identify at what level and where in the HG this counterpart will be. They also should identify HG inputs, the timing of those inputs, and the consequences if the HG does not meet its commitments.

Multiple-year financing of projects is obviously extremely desirable, but it will also be very difficult to achieve in the near future. Multi-year planning may have to substitute for multi-year funding. Both processes in addition to giving the intermediary responsibility for commodities

and participants call for better delineated budgets. On the other hand, the need to give the intermediary more flexibility among the line items in the budget means that the budget must be performance oriented.

The joint committee that considered a new operational framework for A.I.D. and the universities (the Institutional Development Agreement (January 1970)) suggested that the original contract with the university finance a team which would work with the host country university for a period of time and on the basis of this produce a project plan. A variation of this might prove fruitful for other types of projects. Recently there have been some TA project feasibility studies, but feasibility studies have been more generally used in the case of loan projects than in the case of technical assistance projects. This will have to change if technical assistance projects are to be multi-year structured. PROPs, too, should recognize that in practically every project in every A.I.D. country, there is an A.I.D., or predecessor Agency history, and knowledge of this history should enter into the approval of a new project.

#### I. Reporting

If the intermediary is to be the manager, he must be the prime reporter. If the scope of work in the contract is sufficiently specific in what the intermediary has to report on, this should not present a problem. In the unusual event where the AID/W project officer is to be the prime project monitor, a responsibility of the Mission project officer will be that the person have an on-site inspection knowledge and an acquaintance with the view of both parties and thus qualified to comment on the intermediary's report.

J. Evaluation

Evaluation becomes all important if we adopt a new style of operation. The current PAR is based on Mission responsibility for what it finances. This responsibility will continue to rest primarily on the Mission but there needs to be a growing input by AID/W. With the reduction of field staff, the annual evaluation becomes of utmost importance. Consideration might be given to the technique suggested in the Institutional Development Agreement, i.e., a structural review in the host country that would consider progress and problem papers submitted by all four parties: the intermediary, the host government, AID/W, and AID Mission. This would conform to a recent policy decision to involve contractors and PASA teams in the evaluative process. It is essential that the provisions for the evaluation be worked into the project plan, the agreement with the host country, and the contract or grant with the intermediary. Currently many PARs specify "Actions" in the AID/W column of the form, but the PAR, at present, is not a document designed to obtain AID/W action. A system whereby AID/W is signalled to take action and inform the USAID of the action taken must be devised.

K. The Transition Period

Transition from the current style of project monitoring to the new style will not take place overnight. Many of the on-going projects will not be adaptable to the new style, but A.I.D. will not be able to immediately discontinue some of those that do not meet the new criteria. Changes in personnel and reduction in personnel are expected to be through

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attrition rather than through an explosive change. For the transition period, this means the same people will be on board.

All of the foregoing is given, but--as noted earlier--while the change in the overall profile will be slow, the profile of individual projects will change more rapidly. It is particularly essential that new projects fit the new profile. Hence, it is essential that the new profile for project monitoring be defined and delineated.

#### PART IV. THE MONITORING STEPS IN THE NEW STYLE

Integrated project monitoring can in chronological terms be divided into four stages: project identification, planning and agreement, implementation, and final evaluation.

- Project Identification. Since under the new style, the U.S. will probably do a minimum of comprehensive country programming, the developing country will have to identify its own needs and priorities. It is assumed the A.I.D. will seldom be the only donor or organization assisting a country, and that help in project identification will come from a consortium, an international organization, etc., in order that there is an overall orchestration of aid to a single country. On a country or regional basis, there will need to be an A.I.D. representative with some staff who is sufficiently knowledgeable of local conditions to carry on the initial dialogue during the period in which the developing country is doing its preliminary thinking on a project. When this thinking has reached the stage where the developing country requests U.S. assistance, the project formulation and planning stage commences.

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- Planning and Agreement. Once the project formalization and planning stage have started, project officers will have to be appointed at the mission and in AID/W. This stage will require extensive conversations with the host country. Much of this will be done through visits by AID/W personnel or outside consultants, but there will have to be an in-country or regional A.I.D. direct-hire project officer who is responsible for continuing liaison during this period. This person should be knowledgeable on local conditions, development theory, and project development; he need not be expert in the scientific nuances of the project under consideration--this type of expertise should come from AID/W or consultants. Since there will be recurring periods while AID/W is completing the paper work and the planning essential to each part of the overall project design, this will not be a full-time job. If agreement is reached to undertake the project, the in-country job becomes more complex and time consuming even though an AID/W team assists in the actual negotiating of the resulting project agreement. The work of the Mission Director (or country representative) and the mission project officer is not that of simple messengers. All who have been in the field know the difficulties of interpreting and explaining Washington requirements to a developing country and the same difficulty in assuring that the developing country answer will, in fact, reply to Washington's query.

At present, most of the project planning phase of a new project is in the field. AID/W has final approval of a PROP or the IRR, but the involvement of the AID/W Regional Bureau varies from Region to Region and from project to project. The LA Bureau, for example, claims that

through the constant travel of its officers all planning decisions are joint decisions and that they are made in the field. As AID/W's field forces "slim down," it is conceivable that in the not too far distant future that the planning phase will be at AID/W. In this case, the AID/W project officer in the planning phase will really be a "project manager"; he will have responsibilities similar to those of a "loan officer." He will be directly responsible for such planning steps as: presenting the papers that will determine Agency approval or disapproval; determining what feasibility studies are needed; analyzing feasibility studies and other relative data; determining the provisions for the project agreement (including the technical scope of work, legal analysis, the budget). Obviously, no one man can be a development economist, engineer, technician, lawyer, management expert, or procurement specialist. But the project officer will have to be a good negotiative manager and coordinator if he is to harness all the available talent to produce the paper necessary to start a large, multi-year project on a route that will end in the desired objectives. This type of project monitoring combines work currently done by the geographic bureau desks, the institutional development division, and the specialized offices.

- Implementation. Since day-to-day decision making will in the most part be delegated to the host country and the intermediary, the function of both the Mission project officer and the AID/W project officer will be more passive. They will be responsible for alerting senior officials (including host country officials, where appropriate) to forthcoming problems, monitoring adherence to the plan or be a party to changes in the plan, and assisting in expediting and organizing those operations

where A.I.D. will have facilities in the host country and the intermediary does not have.

- Final Review. As in the case of the evaluations in the implementation process, this will be the task of the AID/W project officer.

The foregoing sketches an AID monitoring system which sharply differs from that currently practiced.

#### PART V. SURVEILLANCE

Surveillance by the staff of the Auditor General (AG) in his tasks of administering a system of general oversight under AID's new style will continue to be an important, if not critical, part of the overall AID management system. The changes described in Parts II through IV of this paper will not however require drastic changes in the current practices or concepts of the Auditor General.

The AG was established as a "better means of continuous management inspection" to implement the Administrator's desire to assure that the Agency manage its business in the most effective way possible. The overall objective of an AG detached-from-operations is to assist operating management in attaining its goals by furnishing independent information, analyses, appraisals and recommendations pertinent to management's duties and objectives whether self-imposed, or prescribed by law or outside authority. For some time, the AG has been emphasizing operational auditing (as contrasted to transaction or financial auditing), management reviews, and operations appraisals which comment on the broader aspects of projects and programs. The adoption of the concepts in this paper tend to suggest that this thrust of the AG operation be continued, sharpened and refined.

Current manual orders on borrower/grantee type of contracts provide that host countries may do their own audits of contracts or provide audits

through private organizations. While progress in this area has been spotty, this concept should be pursued under the new technical assistance doctrine. To make such auditing more successful, the project officer must take a greater interest in this aspect, both preliminary to the agreement, and during his consultative reviews as part of his project monitoring role. In this way, more fiscal or documentation reviews of the legitimacy of charges to AID financing might be conducted through contractual arrangements chargeable to the project. Thus, the AG could concentrate on (a) standards for audit by contractors, (b) operational reviews of projects, sectors, or activities to detect the cause and effect of significant problem areas, either on the AID or cooperating country side, and (c) examinations of the adequacy of the more detailed audits carried out by third parties. The Auditor General has already been moving away from the "narrow scope" transaction audit. Adoption of the concepts suggested herein will accelerate this trend toward constructive auditing to assist the agency in its management improvement efforts.

In these terms, there need not be drastic changes in the current surveillance structure. There are, however, important questions:

1. Under GAO principles and concepts, an agency's internal auditing should be carried out as a staff and advisory function, and not as a line operating function. The AG's audit staff has therefore avoided participation in planning and operating decisions, lest this type of participation inhibit their right to effect subsequent independent judgments. It appears that the concept of placing greater responsibility on

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the countries and/or contractor may create larger risks and will require greater "concurrent" auditing in all stages of project implementation than heretofore. In this way, timely corrective recommendations can have a greater impact on management actions, thereby minimizing risks.

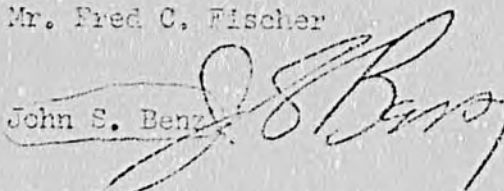
2. Some feel that the developing countries are becoming more reluctant to have American auditors look over their shoulders. In view of the fact that greater responsibilities will be given to the countries, with much less direct-hire involvement, this sensitivity will have to be ironed out at the agreement stage to assure that A.I.D. can meet its Congressional relations problems of following what happened to appropriated money--i.e., following through and auditing the accomplishment of the terms of its agreements.

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UNITED STATES GOVERNMENT

# Memorandum

TO : SER/MP, Mr. Fred C. Fischer

FROM : AC/OAS, John S. Benz 

SUBJECT: Future USAID Role in a Reformed A.I.D.

DATE: June 14, 1972

It may be well to start this memorandum by relating the events that brought it about. In mid-April, Sam Butterfield circulated a draft paper, "The Role of the Country Field Missions in A Reformed A.I.D.," to an informal working group. Management Planning was added to that group, and as a consequence of this, I became involved. The second event was a request by certain members of PPC that Management Planning study the "Implementation of 'Project Monitoring' in A.I.D."\*

I personally agreed to write a scope of work to accomplish the purposes of the Butterfield Group. The attached package cannot be called a scope of work. It is rather a set of papers designed to elicit from the USAIDs their suggestions on their future role in a reformed A.I.D.; this, of course, was the purpose of Sam's paper. The "package" consists of:

1. a proposed Action Memorandum to the Deputy Administrator;
2. a proposed memorandum from the Deputy Administrator to the Regional AAs;
3. draft of "The Changing Role of the USAID;"
4. paper - "Project Monitoring, FY 1973."

The Action Memorandum describes a fifth paper which I would hope that Management Planning would prepare. I do not conceive of this paper as describing how changes of the Phase I, II and III changes would affect the Regional Bureaus and their relationship with their client USAIDs. It seems to me that the Regional Bureaus can best prepare this themselves. In my proposed memorandum from the Deputy Administrator I have left an opening for them to do this. I think that the Management Planning paper would cover the changes in the centralized bureaus, e.g., SER, PPC, TAB

\* The Management Planning Team has already produced the June 5th paper outlining a scope of work for an inventory of current AID/W activities in the area of project management. I do not think that there is anything in my so-called "package" that should inhibit Norma Ayers' study. If we do achieve the Ad Hoc Task Force proposed in the Action Memorandum, the results of Norma's study will be a valuable resource.

and FHA. Offhand, I can think of several things which may affect the Missions, e.g., the creation of SER/MO; the changes in SER/PROC; the creation of the Project Advisory Committee (PAC) in PPC; and, in the case of FHA, there are a whole series of changes.

I have no specific set of tactics in mind to escalate this "package" to the Deputy Administrator level. In my draft I have AA/SER transmitting the Action Memorandum but it could just as well be AA/PPC. It does seem to me that there is some urgency in the timing of the memorandum. Dr. Hannah announced in the Administrator's Council that he wants to have all the pieces of the reformed A.I.D. in place before the end of this calendar year. Given the amount of time it takes to get an airgram to our overseas missions and to receive replies, we are already approaching a deadline.

Attchs:

1. Proposed Action Memo to  
Deputy Administrator
2. Proposed Memo from Deputy  
Administrator to Regional  
AAs w/2 attachments

cc: PDrohat  
NAyers  
CMcGraw ✓

10/11  
DEPARTMENT OF STATE  
AGENCY FOR INTERNATIONAL DEVELOPMENT  
WASHINGTON

OFFICE OF  
THE ADMINISTRATOR

September 10, 1971

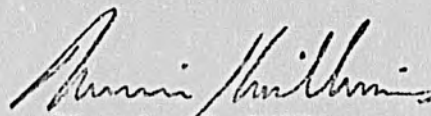
MEMORANDUM TO: See Distribution

SUBJECT: Transition Review of Regional Bureau Technical  
Assistance Programs

I have approved the attached general summary and annexed regional summaries of the results of the technical assistance review conducted this spring and summer. Regional Bureaus should continue to take appropriate action to implement the plans developed during the reviews. I have asked that you be kept informed of progress made by the transition task forces which are working on program and administrative reforms.

You should report to me as appropriate on the status of actions described in Section D of the general summary report.

Requests for clarification and reports of difficulties in proceeding with implementation of conclusions reached during the review should be communicated to me immediately.



Maurice J. Williams  
Deputy Administrator

Attachments  
a/s

SUMMARY REPORT ON  
TRANSITION REVIEW OF REGIONAL BUREAU TECHNICAL  
ASSISTANCE PROGRAMS

A. Purpose of the Review

The review of AID's technical assistance programs and administration was initiated by the Administrator in February, 1971, as a major step in the orderly transition of AID to the new approaches put forth in President Nixon's September 15, 1970, Message to Congress. The review was envisaged as preparation for a transfer of technical assistance from AID to the proposed new International Development Institute. While that action now is less imminent due to delayed Congressional consideration of the President's proposals, the Administrator has made it clear that the transition will proceed in order to conform Agency activities to the President's policies.

B. Guidelines for the Review

The basic instruction for the review was put forth in the Deputy Administrator's February 16 memorandum to Assistant Administrators.

Bureau heads and Mission Directors were asked personally to review all technical assistance projects, continuing or planned, against the President's new policies. Emphasis was to be placed on concentration in priority sectors and on projects of high priority and quality, which involved maximum host country participation and which could be implemented without overseas resident direct-hire technicians.

The Bureaus also were asked to begin to move toward more direct host country-contractor relationships, streamlined program management, smaller overseas technical assistance staffs and increased use of international agencies.

Bureaus were directed to identify at least 10 per cent of ongoing projects as lowest priority, subject these to especially intensive review, and be prepared to review the results with the Deputy Administrator.

## C. Results of the Review

### 1. Program Concentration in Priority Sectors

The reviews revealed that Regional Bureau technical assistance projects are fairly sharply concentrated by sector and sub-sector, with major agency effort directed to agriculture, education, population and public administration. Exceptions exist in Latin America where special emphasis is given to labor and special social development activities in addition to the usual priority development sectors, and in the East Asia Regional Economic Development program where the primary objective is encouragement of multilateral cooperation and responsiveness to "targets of opportunity" rather than sector development assistance.

African concentration has been achieved largely through efforts over the past year and a half to eliminate small projects marginal to priority development needs and to focus continuing and new activities on critical sub-sector problems. NESA Bureau programs were found to be heavily concentrated in the major program countries (Afghanistan, India, Pakistan, Nepal, and Turkey) as a result of prior streamlining and program reductions.

Nevertheless, decisions made during the review will result in significant further concentration. With the implementation of transition plans, AID will end FY 1972 with 75 per cent of the Regional Bureau's technical assistance projects concentrated in agriculture, education, population and public administration. Last year, only 60 per cent of our activities were in those sectors. Within the Agricultural Sector, nearly half of the projects (60 of 130) are in two major sub-sectors -- agricultural education, extension and research and crop/livestock development. About one-third of our education projects concentrate on improving professional and higher education in the LDCs.

As a result of the transition review, funding for 84 projects (of a total of 457 active this year) will be terminated earlier than previously planned. Twenty-four of these accelerated terminations were identified by the Regional Bureaus after application of transition guidance criteria. Another 60 were identified as part of an intensive review of lower priority projects with the Deputy Administrator. Principal reasons given for choice of projects for intensive review were:

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- inadequate host country support,
- failure to address current high priority development needs,
- small projects peripheral to solution of key sub-sector problems,
- potential for multilateral funding.

These accelerated terminations will result in overseas staffing reductions of 166 by the end of FY 1973: direct hire, 74; participating agency, 31; and contract, 61.

One of the important criteria in selecting projects for early termination was host country assignment of priority. Many missions experienced significant difficulty in establishing the priority the recipient government assigned to different projects. The major reason underlying this difficulty is the absence in most LDCs of a strong centralized planning and priority setting agency. Many missions also were unable to apply the host country financial support criterion with any precision, underlining the need for further guidance on this point.

In the African program, where perhaps the most systematic effort to date has been made to concentrate on priority problems, the reviews revealed that there are still significant weaknesses in developing country capabilities for identifying priorities and formulating strategies and projects to deal with poverty. While encouraging international agencies and multi-donor groups to assist those countries in designing national multi-year plans and strategies, we see a continuing role, at least in the short term, for U.S. assistance in specific sub-sector analysis leading to activity planning.

Another significant problem encountered was that of the apparent differences between U.S. priorities and developing country interests in some areas. Examples of these project areas which will require further examination are labor and public safety programs -- particularly in Latin America -- and population programs. Another example is our assistance to the International Institute of Tropical Agriculture at Ibadan in Nigeria -- an important, multi-donor project with little or no host country financial support. Activities in support of private or non-governmental programs in the recipient countries -- favored by U.S. assistance policy -- often are not accorded high priority by the host government.

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The Bureaus also had difficulty reaching useful conclusions with respect to certain project areas which do not appear to meet the development criteria anticipated for U.S. programs of the future. CENTO projects, for instance, are useful in promoting regional cooperation but do not always entail identifiable development benefits. The Bureaus also appeared to have diverse views concerning Special Development Activity Fund activities. These so-called "Ambassador's fund" projects are useful in promoting political objectives and sometimes in promoting useful local self-help community activity. But they entail a management burden for U.S. Mission personnel and their real development impact is often questionable.

## 2. Progress in Multilateralization

Bureaus were requested to report on progress to date and plans for:

- establishment of coordinating mechanisms, consortia or consultative groups, under the leadership of multilateral agencies;
- greater reliance by countries on the international agencies for their assistance needs, particularly where the need is for operating personnel and where those agencies are in the best position to provide the needed assistance; and
- increased dependence on multilateral agencies for general and sector economic analyses and encouraging improved analysis capability and programming leadership by these agencies.

Our major capital assistance programs in East Asia, NESAC, and Africa are already heavily coordinated in a multilateral framework. We participate in IBRD-led consortia for India and Pakistan, a DAC-led consortium for Turkey, and consultative groups for Morocco, Tunisia, Kenya, Uganda, Tanzania, Ghana, Indonesia, and Korea. This year, new consultative groups were established for the Philippines, Ethiopia, and Congo (Kinshasa) and the consultative group for Nigeria was revitalized after having been inactive during the Nigerian civil war. In Latin America, AID loans to Latin American countries take into account the findings and recommendations of the Inter-American Committee for the Alliance for Progress (CIAP), a multilateral arm of the OAS. There is also considerable multilateral coordination on individual loan projects in most LA countries, although only Colombia at present has a formal consultative group for coordinating development assistance.




In contrast with capital assistance, there is still little multilateral coordination of technical assistance except on individual projects. Existing coordinative mechanisms influence technical assistance activities only in cases (as with Colombia) where capital and technical assistance are closely related. Thus, the role of the IBRD and the regional agencies in technical assistance coordination is minimal as compared with their role in capital assistance coordination. While there is some possibility for improved use of existing mechanisms in technical assistance coordination (e. g., by strengthening CIAP capacity in Latin America), the UNDP has the greatest potential for serving as the coordinative body or clearing-house for grant technical assistance. More effort needs to be directed toward encouraging and assisting the UNDP to assume a leadership role in analyzing technical assistance needs and in coordinating technical assistance activities.

Some progress is being made in shifting certain technical assistance activities to the multilateral agencies. For example, we plan to terminate all funding of malaria eradication projects with fiscal year 1973, turning over this highly operational activity to WHO. In Latin America, the Bureau plans shifts to multilateral agencies of some projects in the fields of population, health, capital markets and export promotion. NESR reports that missions encourage LDC's to use the UN specialized agencies for many activities and cited FAO live-stock projects as a primary example. Additional study is needed to identify the sectors and sub-sectors where the various multilateral agencies have special competence and to determine the extent to which AID should defer to the multilateral agencies in these areas.

Although Bureau and Mission plans envisage greater reliance on the international agencies for general and sector economic analyses, most Bureaus see the need for some AID field representation to perform economic analysis functions at least for the immediate future. As noted above, there is also a need for UNDP analyses of developing country technical assistance needs.

### 3. Project Implementation

The review confirmed that considerable progress has been made over the past several years in reducing reliance on AID direct-hire technicians to implement technical assistance projects overseas. Technical assistance activities in Latin America are now almost entirely conducted through participating agency and contract arrangements and the other Bureaus have made significant strides in these directions. During the present year, only about 150 direct-hire implementation employees are resident overseas.



As a result of the review, a further reduction of direct-hire implementers to about 50 is planned by the end of FY 1973. Most of these will be in countries and on projects where the changeover to contract "intermediaries" would be disruptive to previously committed ongoing projects -- agricultural projects in Afghanistan, Nepal, and Turkey; agriculture and education projects in Nigeria; and health and family planning activities in Korea. Over a period of time -- as these projects are terminated -- the direct hire implementation staff overseas could be further reduced.

Both the NESAs Bureau and East Asia cited the special problem of population activities. In some of these programs, considerable effective technical assistance and program monitoring is performed by direct-hire Mission staff which is outside of a formal project framework (and not classed as implementing staff) because of the sensitivity of these activities and the attitude of the host country governments. Conversion of direct hire staff to contract in these circumstances may not prove feasible in some cases.

The pace of reduction of our resident technical Mission staff will depend also on our ability to find alternate ways to accomplish project design, now done largely by these staffs.

The reviews also revealed some difficulties in moving toward direct relationship between the host countries and the technical assistance contractors. The move to more direct host country contracting will be limited by the ability of host countries or contractors themselves to provide logistic support for contractor personnel and will be conditioned on success in simplifying current contracting procedures.

#### 4. Program and Project Management

Bureaus were asked to seek ways to oversee their technical assistance programs with minimum official U.S. overseas presence, without impairing the Agency's ability to manage public funds effectively. They were requested to identify steps taken or being taken to simplify program management and to reduce program and project management (as opposed to implementation) staff.

Because of the significant management implications growing out of the review, the Bureau plans for management simplifications were put forth tentatively. The review identified 84 overseas project management positions (of 312 in place this year) which can be eliminated by the end of FY 1973 through the adoption of various alternative techniques.

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Project management reductions are made possible by a number of factors: reducing the number of projects, minimizing the informal advisory role of technical staffs, using local firms for project monitoring, intensifying sub-sector concentration of project activity and -- perhaps in the future -- making "block" grants to countries to enable direct recruitment of technical experts.

The Africa Bureau has already achieved some overall field staff reductions through maximizing the management and support of small country programs from either regional offices or Washington. All Bureaus saw future possibilities for further reducing and reorganizing general program management staffs abroad but were not able to prepare comprehensive plans at this stage in the transition.

The competence and availability of contractors to assume greater responsibility for project management will affect plans for reduced U.S. management personnel. In large measure, however, these reductions will depend on the success of current efforts to reduce program documentation and reporting requirements, to simplify contracting and to re-define the role and responsibility of "project managers." Future changes in Washington staffing and organization were generally discussed also but without conclusion at this time.

#### D. Outstanding Issues

It was recognized in the course of the review that the pace with which the Agency can move effectively toward the objectives sought in changed overseas operational patterns will be affected by reforms in administration and programming, and by developments outside AID.

Special task forces have been at work since the fall of last year on a number of problems related to improving the Agency's capability to conform its programs to the President's new policies. As examples: one task force is reviewing AID contracting procedures with a view to facilitating a shift to more direct contracting by the host country; another is developing an approach to project monitoring procedures which would require less resident staff overseas and a third is examining the potential for greater contractor administrative self-sufficiency. These and other task force efforts continue, but additional specific issues were identified during the review. The most important of these are the following:

1. Program Priorities

a. Identification of LDC Priorities

Experience in working with LDC governments has shown the difficulty of determining what the authoritative government priorities are in areas related to technical assistance requirements. The Africa Bureau has prepared a paper based on their experience which discusses means of improving priority identification.

b. U.S. and LDC Priorities in Family Planning

Our encouragement and funding of family planning and related projects in some cases has conflicted with the intent to rely increasingly on the LDC's to set priorities and provide adequate support of programs we assist. TAB is drafting guidelines for Agency-wide issue.

c. Social and Civic Projects and LDC Priorities

As in the case of population projects, the U.S. assigns higher priority to certain social and civic activities than does the host country Government. It is proposed that PPC draft guidance for Agency-wide issue.

d. Special Development Activity Fund

The financing of small impact projects under the SDAF is widespread in Africa and Latin America. In both cases, we have difficulty justifying these activities under development assistance criteria. In addition, the management effort required to administer this large number of small activities often outweighs their value. PPC and the Office of Program Evaluation are working together to set up a world-wide review of the scope of and administrative procedures for the special development activity program.

2. Administration

a. New Personnel Category for Project Manager

The new role identified for project managers should be built into the AID personnel system. In collaboration with the Africa Bureau and the Project Monitoring Resources Group, A/PM and AA/A staff are preparing a specific proposal.

b. Project Development in Washington

The prospect of greater headquarters responsibility for project administration raises the question whether the Regional Bureaus will require additional staffing to perform the project development function. Regional Bureaus are reviewing their needs as the transition progresses.

3. Financial and Audit Activity

a. Timely Fiscal Transactions and Project Implementation

The timing of fiscal transactions and reporting must be improved if we are to realize more efficient project implementation under streamlined procedures. Mr. Finner (A/CONT) is examining methods of accelerating controller performance.

b. Life-of-Project Funding

To what extent is it feasible to provide full multi-year funding of new and continuing projects as a means of reducing project administration workload? PPC is examining the possibility of selective life-of-project funding in FY 1972.

c. Demands of Audit Activity on Field Staff

Reductions in direct-hire field staff will be impeded by continued requirements for large amounts of staff time in cooperating with and responding to audit activity. It is proposed that the Auditor General examine alternative ways for reducing audit activity demands on field staff.

4. Multilateral Agencies

a. Multilateral Technical Assistance Coordination

The influence of international agencies on technical assistance coordination is low except in certain country cases (as with Colombia where capital and technical assistance projects are closely related.) It is proposed that PPC identify ways and means for encouraging greater multilateral coordination of technical assistance programs.

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b. Regional Agency Coordination in Latin America

The capabilities of Latin America regional agencies to provide leadership in development assistance coordination are weak. The Latin America Bureau is preparing a paper outlining a feasible plan for AID/W and Mission action to assist in strengthening regional agency coordination in Latin America.

c. Multilateral Agency Technical Assistance Competence

The NESB Bureau avoids livestock projects on the grounds of adequate FAO competence while livestock is the largest single sub-sector in the Africa Bureau's technical assistance budget. Is it feasible to identify certain sub-sectors of multilateral agency competence within which AID would finance no projects? It is proposed that PPC review capabilities of the various multilateral agencies in sectors/sub-sectors and draft guidance for agency-wide issue.

d. Reliance on Multilateral Agency Economic Analysis

Experience to date in relying on multilateral agency reports in lieu of "in-house" economic analysis has been very spotty. Are there ways of determining -- and assisting the improvement of -- the capabilities of multilateral agencies in this area? It is proposed that PPC examine the usefulness of multilateral agencies' analyses for Technical Assistance programming and recommend additional guidance for agency-wide action.

e. A.I.D. Review of UNDP Projects

Agency procedures for reviewing UNDP projects are time-consuming and ineffective. PPC is re-examining the AID role and reviewing present procedures with a view to recommending changes.

f. A.I.D. Monitoring of Multilateral Agency Programs

The GAO is apparently attempting to establish that AID is responsible for monitoring the activities of multilateral agencies which receive U.S. financing. Recent GAO inquiries

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at the staff level indicate that the GAO feels that AID Missions should be responsible for monitoring IDB loans in Latin America. Both the LA Bureau and the Auditor General have voiced strong objection to this interpretation of AID responsibilities, pointing out that this would be an inappropriate role for the U.S. to assume in multilateral activities and that in any case the Treasury Department is the U.S. Government agency with primary responsibility for U.S. participation in and contributions to international lending institutions. The Auditor General and LA are continuing their efforts to dissuade GAO from recommending that AID assume responsibility for monitoring IDB (or other multi-lateral agency) loans.

**Annexes:**

- A. AFR Regional Summary
- B. NESR Regional Summary
- C. LA Regional Summary
- D. EA Regional Summary

September 10, 1971

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**Distribution:**

**Action:** AA/AFR - Dr. Adams (10)  
AA/NESA - Mr. MacDonald (10)  
AA/LA - Mr. Kleine (10)  
OEAD - Mr. Meinecke (10)  
AA/PPC - Mr. Stern (5)  
AA/TAB - Mr. Bernstein (5)  
AA/A - Mr. Campbell  
A/CONT - Mr. Flinner  
A/MP - Mr. McMakin  
AG - Mr. Tennant  
A/AID - Mr. Kontos

**Information:** A/AID - Dr. Hannah  
EXSEC - Mr. Arndt  
EXSEC - Mr. Cain  
AA/A - Mr. Parks  
A/PM - Mr. Johnston  
CO/SA - Mr. O'Connor  
OPA - Mr. Wheeler  
OLA - Mr. Harvey  
OPS - Mr. Engle  
O/PRI - Mrs. Crowley  
OIT - Mr. Kieffer  
FFP - Mr. Hedges  
GC - Mr. Gardiner  
ENGR - Mr. Hale  
O/LAB - Mr. Horowitz

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SUMMARY OF THE AFRICA TECHNICAL ASSISTANCE TRANSITION REVIEW  
Wednesday, June 16 and Thursday, June 17

Mr. Williams stated that the Africa Bureau had done a first class job in undertaking the Transition Exercise and in terminating marginal projects.

INTRODUCTORY REMARKS/GENERAL DISCUSSION

I. AFR'S TECHNICAL ASSISTANCE PROGRAM CONCENTRATION AND STRATEGY

In a general introductory statement, Dr. Adams said that the transition review has not significantly altered the Africa Bureau sectoral focus. We are continuing to emphasize activities in agriculture production, education and manpower training and public health/population as we have been doing over the two past years. The major factors in selecting sector focus have been developmental need and potential. These priority sectors have been identified by A. I. D., the World Bank and other donors, as well as by African governments who are allocating an increasing share of their budgetary resources to these sectors. Starting with agriculture, the key sector, Dr. Adams said that in the past we concentrated on expanding basic agricultural training and research institutions. These institutions should not be considered as ends in themselves but vehicles which must play an important role in expanding agricultural production. He said that increasing cereal and livestock production is the main focus of our current technical assistance program in Africa and is essential in order for African countries to increase revenues needed for development. Dr. Adams stated that although there is much to be done re implementing our agricultural production programs, he believed we had the right vehicles.

Dr. Adams went on to indicate that the Bureau was less happy about its ongoing education program. He questioned the applicability and costs of conventional education to African LDC's and emphasized the need to make existing institutions more relevant to their environment. Dr. Adams indicated that the Bureau was placing major emphasis on devising a strategy which would hopefully lead to a series of programs in non-formal education and manpower training. He felt that little progress had been made in this area in terms of developing the "right vehicles".

Dr. Adams also mentioned the Bureau's concern about the future direction of population programs in terms of both the acceptance by the recipient countries and the demands for rapidly increasing budget allocations by the Africa Bureau in this area. He went on to explain the use of MCH, which places population control within the context of a concern with overall health delivery systems. This, Dr. Adams stated, was the primary means of getting African women interested in family planning. Mr. Williams said

the issue was how far the U. S. should go in helping initiate and then fund MCH and similar population programs. TAB was asked to prepare guidelines on this issue for agency-wide use.

## II. MULTILATERAL COORDINATION OF TECHNICAL ASSISTANCE

Dr. Adams pointed out that there is a very high degree of multilateral coordination via existing IBRD Consultative Groups for all of our major emphasis countries: Morocco, Tunisia, Ghana, Nigeria, Congo (K), Ethiopia, Kenya, Tanzania and Uganda.

In Central, West and Southern Africa, almost all of A. I. D.'s technical assistance projects involve either joint participation or close coordination with the major donors in the area. In Central and West Africa, it is primarily the French and the European Development Fund and in Southern Africa, it is primarily the U. K. and the Canadians.

The discussion then followed on how IBRD Consultative Groups could be used to improve coordination of technical assistance programs. The Africa Bureau explained how a number of CGs had established subcommittees under Bank leadership for the study of specific sectors. It was the Bureau's anticipation that these studies could lead to an overall sectoral strategy which would include more coordination of technical assistance among the various donors. It was generally agreed that a good deal of work still needs to be done in order to make Consultative Group meetings give greater attention to technical assistance and sectoral requirements in addition to their more normal review of broad economic issues and capital requirements.

A discussion of the problems of increasing the effectiveness of the UNDP came next. The Bureau stated its concern that the UNDP, at this point in time, is still too weak in terms of its program planning and management to be a reliable leader in providing technical assistance. The problem of coordinating with UNDP field programs was also discussed. It was pointed out that in over twenty African countries, A. I. D. has no field staff. Second, the existing A. I. D. procedure for reviewing each UNDP project is ineffective as well as time-consuming. Therefore, Dr. Adams suggested that for better coordination, both within the UNDP program and with A. I. D.'s programs in Africa, the Agency should consider increasing both the extent and the effectiveness of A. I. D.'s liaison staff with the UNDP in New York as opposed to the field, to review and discuss specific country programs. PPC was given the responsibility of examining the A. I. D. role in reviewing UNDP projects as well as coming up with suggestions on how these procedures might be made more effective.

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III. KEY PROBLEM AREAS, CENTRALLY FUNDED RESEARCH AND 211(d) PROJECTS -  
TAB RELATIONSHIPS

Mr. Birnbaum described the relationship of TAB's key problem areas (KPA) to the Africa Bureau's program. He pointed out that we have so many key problem areas that the regional bureaus should have no difficulty in relating their priority programs to the KPAs. For the agricultural, health, development administration, education and nutrition sectors there were already 17 key problems identified. If one adds key problems for science and technology, urban affairs, economic and social problems, and population, there is a good chance that we will have somewhere between 25-30 KPAs. From the AFR Bureau's point of view, one reason for this proliferation of KPAs is the "Noah's ark approach" wherein an attempt is made to cover every sector or discipline with four or five key problems. Mr. Birnbaum suggested that we should limit the number of key problems and then use an inter-disciplinary approach to address problems. For example, there is general agreement throughout the Agency that a great deal of work is needed in research and pilot projects to develop new methods in non-formal education and training. Rather than searching for new key problem areas in science and technology, it is suggested that we ask the hard science people to join the educators and the sociologists in an effort to make a breakthrough in non-formal education/training. Mr. Birnbaum then went on to discuss the problem confronting the Agency in interrelating the KPAs, the 211(d) grants and centrally funded research projects in terms of optimum allocation of resources among the three, as well as the interrelationship between research and utilization of the research results in LDC's.

He used as an example tropical soils research. There is a KPA in support of world-wide research networks. The AFR Bureau, along with other donors and the Ford and Rockefeller Foundations, is supporting the International Institute of Tropical Agriculture (IITA) at Ibadan, Nigeria. IITA is concerned with the full range of research covering soil and crop production and management in humid and semi-humid tropical areas. At the same time the Agency has three centrally funded major research projects covering similar aspects of tropical soils with Cornell University, North Carolina State University and the National Academy of Sciences. In addition, there is a 211(d) grant to a consortium of universities in tropical soils research for the development of food production involving Cornell University, Prairie View A. and M., North Carolina State University, University of Puerto Rico and the University of Hawaii. There may be very good reasons for having this multiple approach to research and development in tropical soils, but the AFR Bureau feels that more work should be done in terms of interrelating these various efforts. Second, on the face of it, there appears to be too little concern and resources allocated to build the capacity of LDC's to

utilize this research. One could argue once the decision was reached to establish IITA, resources should have been allocated for 211(d)-type grants to African national research institutes to expand their capacity to utilize results of IITA's work. He then mentioned the livestock sub-sector as a second, similar example.

#### IV. ADMINISTRATIVE AND MANPOWER PROBLEMS

The balance of the meeting was spent discussing various administrative problems which the Bureau felt were impediments to completing the transition process. The Bureau described its revised concepts of project management roles. The Bureau representatives suggested that we need a separate category within the professional series in our personnel system or specific recognition of project management skills in our Personnel Evaluation Reports and promotion system in order to encourage direct hire employees to become project managers. Mr. Williams asked AA/A to explore the subject and prepare a specific proposal.

The next problem discussed was the need for a more uniform approach to contractors, especially for university contractors, in terms of getting them to provide their own logistical and other support. Recognizing that there are substantial differences among countries in logistical conditions and availability of basic services, AFR suggested that more needs to be done re Agency action, rather than Bureaus, in establishing overall standards, as well as clearly communicating same to the contractor/university community. There seemed to be some disagreement on this.

The Bureau then went on to describe how the changing nature and composition of field staffs, especially in regard to technical assistance, would probably require some revision in both the size and the organization of the A. i. D./W geographic bureaus. The bureaus will need a much greater capacity to assist small field staffs via TDYs with special emphasis on project design, as well as assist with project implementation and budget documentation (PROPs, ProAgs). Although the primary responsibility for project design already rests with intermediaries, the Africa Bureau will need a small core of program and project design experts who can go out to the field along with intermediaries to assist with the design of project proposals. Mr. Williams agreed with the need to place more emphasis on project design in technical assistance. Unlike capital projects where project design is a discreet step, in technical assistance we often launch the project, using the direct attack approach, and we try to design as we go along. This approach can lead to false starts. Mr. Williams said that the number of people with skills in project design is limited but we should start now to identify such people. The Africa Bureau indicated that it had hired a contractor to assist it in further clarifying

and articulating its own concepts of field project management, the role of the project manager and the manner in which projects are to be designed.

The Bureau suggested that with diminished numbers of field personnel, the role of the auditor should be changed more toward a management support function. The Bureau believed that the auditors should go beyond just identifying problems and that they should help to solve them as well. There were questions as to whether this approach would compromise the independence of audit and also get them too deeply involved in the process of project development and implementation. In any case it was recognized that audit had changed its way of doing business considerably in the past few months, e.g., trying to clear more recommendations with mission staffs during the course of the audit, and this was a positive improvement. However, the Bureau is still concerned that too many audit reports are raising problems which, consistent with the new philosophy that the LDC's should be the center of the development process, should therefore be LDC responsibilities. Yet the reports appear to hold the missions responsible for taking the necessary action.

The Bureau also saw the need for a review of the Controller's functions and was not happy with the lack of timeliness in the Controller's fiscal reporting and recording transactions/deobligations. Mr. Flinner asked for further details and will look into the matter. With transfer of Controller functions back to A. I. D./W, the Bureau expressed concern that increased centralization can provide efficient fiscal reporting and controls. A discussion then ensued about the problems of releasing balances in terminated projects still awaiting final audit. The problem is often one of conservatism in holding funds to guard against any possible claims. Mr. Williams asked Mr. Flinner to make a study on what can be done to speed up the release of balances in terminated projects.

#### V. OTHER GENERAL POLICY ISSUES

The Bureau stated that a number of projects which it felt were of high utility involving U. S. private organizations often working with nongovernment institutions in LDC's did not fall within the bulk of the transition criteria outlined in Mr. Williams' memoranda. Prime examples were family planning activities with private institutions. AALC labor activities were mentioned as a specific example because of the potential political flavor. Mr. Williams indicated that there were special circumstances relating to the role of private U. S. organizations in undertaking assistance programs. He felt that the AALC, even though its programs might have a political component, still fell within the responsibilities of the A. I. D. The Bureau then asked about how the U. S. A. I. D.s were to handle public safety

projects. Mr. Williams indicated that the U. S. A. I. D.s were to exercise their responsibilities for PSD projects until such time as a separate security assistance agency was established.

Mr. Williams pointed out that the AFR Bureau Transition Memo did not address the question of the LDC's identifying their own development priorities. The problem is how to devise a method of setting an appropriate share for individual LDC's as part of an effort to get them to give greater attention to their technical assistance priorities. He asked the Bureau to prepare an addendum to its transition memo on the subject.

In closing, Dr. Adams said that AFR's transition reviews have raised a number of assistance strategy issues in various countries which we would like to discuss at a later time.

## SUMMARY OF THE NESA TECHNICAL ASSISTANCE TRANSITION REVIEW

June 18, 1971

General Discussion

Mr. Farrar opened the discussion by saying that NESA has a small, integrated technical assistance program. Of their six new FY 1972 projects, four relate to key problem areas. The two projects outside of the key problem areas (the agricultural education project in Nepal and the statistical project in Afghanistan) represent high LDC stated priorities. Mr. Williams said that he had no objection to the agricultural education project but had doubts about getting involved in a statistics project. Discussion of the project followed. The question was raised whether it could have been turned over to the UN. The Bureau said this was tried but the UN stated it already had a full program and was not prepared to take on this activity.

Mr. Farrar said that the Bureau is working on the establishment of direct working relationships between LDC universities and U.S. counterparts. The objective is to allow those relatively well developed LDC universities greater flexibility in deciding their needs and in developing relationships between LDC universities and U.S. counterparts. The objective is to allow those relatively well developed LDC universities greater flexibility in deciding their needs and in developing relationships with U.S. institutions. NESA is thinking of granting funds to LDC institutions to promote such relationships (the Africa Bureau had a similar idea). Many U.S. universities, with very tight budgets, are not willing at this point to take on financial or administrative responsibilities involved in such relationships.

The next subject discussed was the use of intermediaries in project design. Mr. Farrar said that although we will turn over to intermediaries more project design work, the Bureau will still need its own capacity to work effectively with intermediaries. Mr. Williams said that as we call for more work, contractors will develop this skill. In any case, what he is looking for is a more effective, discrete design phase for new projects rather than "planning on the march" as in the past. Mr. Bernstein said that difficulties can occur if we separate project design from implementation, using different contracts for the two phases. Contractors dislike being handed an already designed project to implement. The concept of the institutional development agreement is to involve the potential contractor from the beginning.

Mr. Farrar stated that the Bureau tries to encourage LDCs to use services of multilateral agencies. He cited FAO livestock projects as an example where UN services are better than ours. Others were also mentioned. Mr. Stern asked how the Bureau is going about implementing this policy. The response was that the USAIDs encourage the LDCs to use the UN for

many activities, although we are not "grantor of last resort." Mr. Podol mentioned that while NESAs are staying out of the livestock field in favor of FAO, Africa has a large program in livestock. This raised the question: should A.I.D.'s decision to stay out of particular sectors or sub-sectors in favor of multilateral agencies be made on a Bureau basis, or should the Agency adopt a worldwide approach? At present, no one in A.I.D. has the responsibility to think this issue through and pinpoint areas of multilateral competence.

Mr. Farrar said the Bureau needs to do more on project planning and evaluation, and will need some additional staff in Washington as a result (the Africa Bureau made the same point). The Bureau does not yet know how many additional people will be needed.

NESA Missions are making an effort to cut support staff. However, they are skeptical about AID/W's ability to cut back on reporting and other centrally imposed requirements that would make this practical. They are also working on plans for increased contractor self support. This is taking a different shape in the various NESAs countries, they do not yet know how their plans will affect total cost. They do not believe a single pattern of contractor self-support can be developed for the Region as a whole. The Bureau also would like to reduce Controller staff if a greater centralization of accounts in Washington is possible. Mr. Williams asked Mr. Parks and Mr. Blume for a paper on the different contractor self-support models being proposed and recommendations regarding the actions needed to move ahead on this general problem. Mr. Parks said this should be ready in a week.

The next problem raised was the heavy demand on the reduced numbers of personnel arising from audit requirements at the Mission level. NESAs hope that future audits can be limited to the most important matters. Their key question was how much of the burden in answering audit reports could be turned over to intermediaries. Mr. Williams said that as we give intermediaries more overall responsibilities for project implementation they should be able to take on more of this requirement.

#### Relations with TAB

Mr. Blume gave a run down on TAB key problem area/Bureau program meshing. He was quite satisfied with the TAB General Technical Services projects in agriculture that had been suggested for discussion. He was worried that results of TAB research projects would not be used in the LDCs (this same concern was voiced by the Africa Bureau). He also stated there was a need in both 211(d) and research is to develop a definitive plan and an LDC linkage before undertaking large scale funding. RIGC has



agreed to this approach. This should tie TAB and the Regions more closely together. Mr. Blume raised another point: key problem area papers have not yet affected the design of projects, and the problem still to be faced is the extent to which their conclusions can be built into Bureau projects.

Mr. Stern asked NESAs about their own research projects. It was brought out that there are a number of local currency financed research projects, and there does not appear to be a flow of information concerning these research results from the field to AID/W. It was agreed that we need to get such a flow.

Mr. Bernstein brought up the idea that one way to save manpower would be to have longer forward funding periods for projects. He wanted this particular item pursued in terms of requesting additional funds from OMB in FY 1973 to allow longer forward funding. Mr. Stern said that funding constraints will prevent full funding across the board. Mr. Farrar suggested trying the full funding approach for new projects only.

#### Intensive Review Projects

The projects and sub-projects that the Bureau selected for intensive review were discussed. In general, Mr. Williams agreed to the Bureau's position on each. The Nepal management improvement project came in for some discussion: This project provides for a contract technician who gives general management advice to the government. Mr. Williams said that under the circumstances described, it was desirable to continue this project, but we should avoid this type of project in the future. We shouldn't be "purist" about these kinds of projects, but our general policy is to encourage LDCs to look to the multilateral agencies with exceptions to be considered by A.I.D. on a case-by-case basis.

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SUMMARY OF THE LATIN AMERICA TECHNICAL ASSISTANCE TRANSITION REVIEW  
June 21 and 22, 1971

I. Introductory Remarks by Bureau

Expansion of the Role of International Institutions

The Bureau has taken steps to strengthen CIAP. Funds made available by A.I.D. have enabled CIAP to hire staff to make studies and strengthen its advisory capacity. There are now full time resident staff in the LDCs to follow up on the country reviews. Pursuant to a Presidentially announced offer, the Bureau is attempting to allocate \$15 million of Social Progress Trust Fund (SPTF) repayments to a project preparation fund which will be used to develop projects that would be internationally funded. This requires Congressional approval. There has also been a steady increase in Bureau technical assistance funds going to OAS. The FY 1970 figure was \$11.2 million. The FY 1972 proposal is for \$17.6 million. The Bureau is also shifting projects to multilateral organizations -- particularly in the fields of population, capital markets, health, and export promotion. Various problems have been encountered in this shift: (a) inadequate leadership by the agencies (e.g. weak field structures), (b) host country sensitivities about being "ganged up on", and (c) resentment by U.S. contractors who believe multilateralism will reduce their business.

Reshaping Bilateral Programs

The Bureau has "squeezed out" direct hire "implementing" advisors, relying upon contract and PASA. IA direct hire personnel now concentrate on backstopping and monitoring loans and grants.

Project Reviews

The Bureau identified 74 projects or sub-projects for intensive review, about 30% of its program. Twenty-four of these projects will be terminated more quickly than planned (by the end of FY 1972). The balance will receive further review in the months ahead. These projects were chosen for intensive review because of lack of host country support, doubtful priority or efficacy or because they might conceivably be shifted to multilateral agencies. Eleven of the 12 new projects proposed for FY 1972 will be implemented through PASA or contract.

### Problems that Need Exploring

A large percent of the direct staff now monitors both loan and grant projects. The Bureau has an increasing loan-funded technical assistance program to oversee. It has also interrelated its technical assistance and capital assistance. The Bureau feels that a split of the technical assistance and loan programs into separate organizations would cause great difficulty in program oversight.

As a matter of policy, Mr. Kleine asked "how closely are we to follow the concept of IDC-set priorities"? The LA Bureau has a number of projects that do not meet this criteria -- particularly in the social and civic development fields such as Title IX, population, and labor.

The heavy audit workload is another problem. In FY 1970, the Bureau had 247 audit reports to answer from the AG staff alone. With a reduced staff the Bureau will have difficulty responding to AG and other audit agencies' demands. There is also a question of whether A.I.D. should monitor multilateral programs as GAO desires, even if we had sufficient personnel to do so.

### Relationship Between TAB and LA Activities

The LA Missions were asked for their comments on the key problem area papers. In general, the answer was that these papers are useful in reaffirming that current LA programs are on the right track. TAB has provided the Bureau with excellent supporting services and advice on various problems.

## II. Discussion of Items Raised in Introductory Remarks

### Role of Multilateral Institutions

Mr. Williams opened the discussion by asking for a clarification of the view that multilateral agency coordination was so weak in the field that it needed to be done at the headquarters level. Mr. Kleine said that he was referring to the setting of policies, such as selecting an area to coordinate; this had to be done at the headquarters office. OAS, for example, with a technical assistance program in the range of \$35-40 million, does not delegate to the field. Mr. Kleine believes that we need to press CIAP to take a greater interest in coordinating assistance to the LA countries. CIAP has recently shown increasing interest in technical assistance. Mr. Williams asked about the possibility of having a technical assistance annex to the CIAP country review papers. Mr. Kleine stated this is being pursued.

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Mr. Stern pointed out that CIAP reviews are not very meaningful at this point. CIAP is still trying to determine how far it should go in raising issues of basic policy.

Mr. Bernstein suggested that coordination should be on a sector basis -- for example, using PAHO in health and population. Mr. Williams suggested that A.I.D. should help develop a format for technical assistance coordination on which CIAP could focus.

Mr. Parks asked what specific actions TAB or PPC could take to help. Mr. Kleine replied that strengthening the UNDP, as PPC is now trying to do, would be useful. Mr. Stern asked whether the UNDP was the proper organization to coordinate in LA. Mr. Kleine said he felt that OAS would be the logical choice in the long run, but as of now it was even less equipped to coordinate than the UNDP. The Bureau is now trying to encourage OAS to do country programming.

Mr. Williams asked how the Bureau identified sectors that could be phased over to multilateral implementation. Mr. Kleine mentioned various areas and organizations with which the Bureau is working: PAHO in health and population, OAS in tax administration and capital markets, FAO in agriculture (especially fisheries) and natural resources, UNESCO in education. Mr. Kleine said that most of the decisions as to when to rely on a multilateral organization are made by our field missions.

Mr. Williams said that this whole area of working with international organizations needs further thought. He requested the Bureau to prepare a paper outlining a feasible plan for strengthening multi-lateral agency coordination in Latin America. The paper should include both what Missions can do and what A.I.D./W can do.

#### Personnel

Mr. Kleine said that with the present requirements for project monitoring and backstopping, it would not be desirable to cut direct hire personnel further.

Mr. Kleine said the large number of people monitoring loans in LA Missions compared to other regions is due to the Bureau's sector loan approach and the large amount of loan-funded technical assistance. The Bureau will be moving further along these lines in the future. The IDB is not yet capable of tying together capital and technical assistance, replacing A.I.D. in this role. They do

not have a technical assistance field staff and often look to us for technical assistance to support their loans. There is some resistance in several of the IA countries to loan-financed technical assistance.

Mr. Williams next asked what the Bureau has learned from the use of multi-sector officers to do both loan and grant monitoring. Mr. Kleine replied that Chile is a leading Mission in this respect, along with Colombia and the Dominican Republic. The sectoral approach has forced the blending of technical and capital assistance. Mr. Stern wanted to know how this was different from what has been the common practice in the past. Mr. Heller replied that in Colombia, for example, there is a current proposal to combine technical assistance experts with loan officers to form a joint staff sub-divided by sector. In the Bureau as a whole, perhaps 45% of the direct hire technician staff is both loans and technical assistance.

#### Relationships with Intermediaries

Mr. Bernstein brought up the point that loan-financed technical assistance may freeze out U.S. contractors. We should find other ways than the loan route to get LDCs to focus on priorities and show project support.

Mr. Kleine stated that the Bureau's experience with contractors on project design has been mixed. He indicated that A.I.D. will continue to need a direct hire capacity to do the overall conceptualization and to keep project proposals by intermediaries realistic.

#### Host Country Priorities

Mr. Williams returned to the discussion of methods for encouraging LDCs to set priorities. He said that shared financing is one way. Mr. Kleine said that in some countries this is not the central point. Our problems are with projects in social areas -- labor and population for example -- outside of the usual government-to-government programs. Mr. Bernstein suggested that if we go into projects that already have adequate LDC input, we can be sure of support.

Mr. Williams said that budgetary support seemed to him to be the best test of host country priority, although other tests might be devised. He added that we should be wary of accepting commitments of support that are to be provided only at some future time. We need to improve our way of finding out what the host country priorities are and encouraging them to support projects accordingly.

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### III. Intensive Review Projects

#### Labor

Mr. Williams opened the discussion of the labor program with the comment that he was bothered that Missions think such activities are marginal. He hoped that the Missions' definition of development is not too narrow, and that it includes social development as well as economic growth. He also said that he wasn't sure what the various Missions' feelings were toward labor projects from his reading of the Bureau's submission.

Mr. Kleine responded that the picture is mixed. In Honduras, for example, the program is well received, but this is an exception. The Bureau through a contractor has recently completed an evaluation of AIFLD. This review brought out the fact that AIFLD was using a "shot gun" approach; there was little sense of specific goals to be achieved. The Bureau is now encouraging AIFLD to introduce better programming, budgeting, and financial management based on the conclusions of the report, which AIFLD has accepted. The Bureau is also looking into the relatively high AIFLD overhead. Another Bureau effort is to introduce proper evaluation techniques into AIFLD programs. The Bureau plans to shift the entire AIFLD program to a global grant to remove the need for close Mission monitoring. This, however, should only be done after good programming practices are adopted by AIFLD. Of the 19 current programs, seven Missions want terminations. At least three host countries want AIFLD out.

Mr. Williams asked what can be done to make AIFLD activities more responsive to economic and social development objectives. Mr. Kleine said that AIFLD is concentrating on labor education: the training of labor leaders and labor economists. This is an appropriate priority.

Mr. Williams asked whether we are under pressure in some Latin American countries to disengage from labor activity. Mr. Kleine said that Costa Rica is such a case. Peru is another. But in general there is no wide popular demand in LDCs for us to get out. One problem is that some governments don't want us to be stirring up ideas of a free labor movement. Also, AIFLD has allowed itself to be identified with political parties in various countries and has refused to do business with leftist unions. This causes it problems, as in Venezuela.

AIFID looks upon itself as a representative of the AFL-CIO and sees its role as that of maintaining contact with local unions. It wants to stay on in a country even after the A.I.D. development role has been ended (e.g. Argentina). The reality of the situation is that considerably greater consensus between AIFID headquarters leadership and AID/W on program goals and methods is still needed.

Labor Attaches do a good job of monitoring the programs and provide entree to host governments. Mr. Heller said it is hard to get AIFID staff to stick to labor education; they feel they have a hunting license to go into community development and other social areas where they lack special competence. Mr. Williams again asked what we could do to improve the situation. Mr. Heller responded that progress will require continuing dialogue with AIFID, and that because there may be fundamental differences of view, change may often require top level A.I.D. interest and support. It will be extremely difficult to terminate activities in those countries where the Missions want to do so. It is hard to get out from under the domestic political pressures. Mr. Williams suggested using the Labor Advisory Committee to discuss program issues as this has been a useful vehicle in getting administrative reforms in the past.

#### Special Development Activities

This program began about 1964. Its purpose is to take care of small self-help needs, such as digging a well or building a school house. These efforts are designed to give the U.S. a good image. The program may also support Peace Corps activities. It is a program with little or scattered overall development impact but with political gains. It can't be turned over to ISDI as it does not have the necessary field staff.

Mr. Stern brought out the point that Africa uses its special development activities program only in those countries where there are no bilateral activities. He also pointed out that the issue of support for the Peace Corps was very different from that of creating a favorable impression of the U.S. Mr. Williams suggested that we should have a worldwide review of special development activities in terms of their scope and administrative procedures. He asked PPC to discuss with the evaluation staff how this can be best handled.

CUNA

The review of the CUNA program shows that the organization is a good one, but the program needs revamping. It has not yet been decided whether CUNA projects should be funded worldwide by O/PRI or individually by the Regional Bureaus.

Partners of the Alliance

This program has a great deal of political support. It is supposed to be a self-supporting "people-to-people" effort. We want to phase out our support gradually and have begun to do so. There is now an intramural squabble within the organization. This may unsettle the organization for sometime to come, and care is required to avoid embroiling A.I.D. in the controversy.

Mr. Heller was criticized by saying that all the intensive review projects will be followed up in the next few months. Some will be gone over under normal evaluation procedures, others will be discussed with multilateral agencies, and the balance looked over in special reviews conducted, in the first instance, by the Missions.

IV. Linkages with the TAB Program

Mr. Heller discussed LA Bureau-TAB linkages. He commented that the various TAB projects present a mixed picture -- for example, TAB agriculture projects in particular are very useful, health projects less so. The great value of TAB is that it provides high quality people to help the Missions with various problems. The Missions are now becoming aware of this resource. Unfortunately, some projects in TAB high-priority areas are weak.

It is much too early to tell how useful the key problem areas will be. The key problem area papers reassured Missions on program direction but offered little in the way of new ideas. The Missions will not be able to get substantive value from the papers as they are not country specific. However, it is a real benefit to know that there are people in A.I.D./W thinking along parallel lines about problems which have been defined in specific country settings. To make the key problem area process more relevant, the papers should be sent to the field for discussion by technicians from various Missions who are interested in the problems posed. This is the way to build in country experiences and felt needs. Generalizations should be built from the field up.



There is some linking of TAB research projects with Mission programs. The problem is building field needs into TAB projects. Right now TAB is using the "shopping cart" approach; TAB offers a selection of projects that Mission can draw from. There needs to be a better upward flow early on.

Mr. Bernstein commented on the Bureau's presentation of the key problem areas. He said that key problem areas are a device to help TAB decide where it should focus its efforts -- not a device to answer programmatic questions. The process of formulating the key problem areas was not unilateral, but was discussed with Missions and others. The key problem area task forces have the job of "building an interface with the field." The next stage of the TAB effort will be to build an effective response capability to assist field Missions in solving the most pervasive problems in their countries. There have been good working relations between TAB and the Latin America Bureau.

Concerning 211(d), Mr. Heller said there are two projects to which they give high grades. Several others are of moderate value. The Wisconsin land tenure project is a high priority project, but is not well structured. He feels that 211(d) needs better designed goals in its projects, and the projects themselves need to be made more relevant. We should evaluate these projects before spending more money on them.

Mr. Heller also mentioned that he didn't believe lessons of the Latin America Bureau's experience with sector loans was as fully used by other parts of the Agency as it might be.

#### V. Bureau Progress Toward Transition Goals

Mr. Williams asked the Bureau how they felt about the use of intermediaries. Mr. Heller's response was that this is not an issue as IA has already shifted program implementation to intermediaries. He also mentioned the increasing use of local firms to do project monitoring. Mr. Williams wondered whether any of these firms could work outside the Latin American region. Mr. Heller said that on engineering type projects this was possible. There are also some management consulting firms that are quite competent as well as a few in municipal government. Mr. Williams asked about U.S. private groups with capabilities that were not fully utilized in the Latin American area. The response was that there were probably some such groups.

Mr. Williams asked what countries were farthest down the transition road. Mr. Heller replied that Costa Rica, Paraguay, and Colombia were farthest along. In Colombia we will soon be considering a proposal for a block grant to fund our technical assistance program. We hope that the proposal will not be undermined by the necessity to impose detailed A.I.D. administrative and fiscal oversight. Honduras is the least advanced in transition terms because of special problems.

In summary, the Bureau believes it has completed the transition to intermediaries and utilizes multilateral agencies in key areas.

The Bureau raised one additional point. This concerned the requirements that GAO is now attempting to impose on Missions to monitor multilateral agencies. The Bureau has been telling GAO we have no such responsibilities. There is now a printed draft of a GAO report that concludes that the Missions have been deficient in monitoring IDB loans. The Bureau wants guidance on what to do when they get the formal report. They suspect that similar reports will follow on the IBRD and the OAS. A.I.D. may already be near the point of encroaching on the independence of these organizations, and the Agency must face the issue of monitoring responsibility before serious relationship problems arise. LA has a draft memo on the subject that is now with the AG, but this is a major USG policy matter which must be settled with the various internal and external oversight groups.

SUMMARY OF THE EAST ASIA TECHNICAL ASSISTANCE TRANSITION REVIEW  
June 23, 1971Introductory Remarks

Mr. O'Connor opened the meeting with an introductory statement outlining the Region's technical assistance program. He said that the 14 East Asia Regional projects should be differentiated from the country programs because they are essentially worthwhile targets of opportunity in response to LDC requests. This is why the East Asia Regional program is spread over a number of sectors.

The three "development" countries within the Region are sophisticated though in different ways. Korea has already advanced to a "second generation" of technical assistance requirements. They have the managerial capacity to absorb sophisticated technical assistance. We now provide about 67 percent of Korea's technical assistance and are seeking other donors to share the burden. The Philippines is also a relatively advanced country, and accordingly our program has been completely revised there since FY 1967-1968. Our activities are now based on fairly advanced technology. We need to continue to look for other donors in the Philippines, as in Korea.

Indonesia presents a somewhat different situation. This has been a "low profile" program. We provide only 23 percent of Indonesia's technical assistance. We have only eight projects and a relatively small number of people in this large country.

Regarding multilateralism, East Asia's Regional program (RED) is largely multilateral, with several donors for most projects. The consultative group now starting up in the Philippines looks good, and the IGGI in Indonesia is the most sophisticated of all. In technical assistance, the UNDP has not been an effective coordinator in Indonesia. The government is trying to do the coordination job itself.

Mr. O'Connor mentioned one point concerning the move from direct hire to contract: The Asians don't distinguish between U.S. direct hire and contract personnel, so the shift is not achieving a "lower profile." He believes that contract personnel cost more, but we don't have accurate figures -- particularly indirect overhead costs on direct hire -- to show the difference.

General Discussion

Mr. Williams said the Bureau seemed to be speaking in two directions. On the one hand they say they have made the transition, but on the other hand they say it doesn't make much sense. He said this impression came through strongly in the Philippines transition airgram. He pointed out that we have had personnel reduction efforts since the last administration and that the difference is style of operation rather than numbers. Country programming

the world over has given us a strong influence and a means to pressure for implementation of the A.I.D. position. What we want now is to get away from our former intervention style and have less involvement with country policy. If we simply hire contract people and use them as direct hire, there will be no change. What we need is a different approach and new concepts of programming. Indonesia is a good example of how we should operate.

Mr. O'Connor observed that what we need is good management, that the change to contracts is not the key. Mr. Williams repeated his point that the issue is one of style relying more on indigenous leadership or other donors. Our goal is to reduce U.S. official presence and intervention. However, we will continue to need direct hires for project monitoring and we will need to retain our good people.

The Bureau was asked to explain their statement that "barnacles" exist which inhibit reduction of personnel. The Bureau said this included such things as procurement regulations and detailed administrative oversight of contractors. Mr. Parks mentioned that we are now reviewing contract procedures, grant procedures, and host country contracting experience to determine how best to simplify these processes.

Mr. Williams asked why the projects selected for intensive review involved such a small share of Bureau funding and staffing. Mr. O'Connor responded that (except for the 14 Regional projects) the whole program consisted of only 26 bilateral TA projects, 7 of which are new in FY 1972. The program has been carefully scrutinized and revamped in the past several years. As a result, the current program is already in the new context.

Mr. Williams inquired as to whether the Bureau had looked at sectors or activities that might be taken over by multilateral agencies. Mr. Templeton replied that the Bureau has considered this but has not identified any for which a shift could be scheduled, except the two listed (Malaria and the Philippines water project). Mr. Williams asked what the multilateral agencies do well. The response was "economic analysis." He asked about technical assistance. The reply was that UNDP competence is low as UNDP lacks good people and timeliness in project implementation. Nevertheless, we are encouraging UNDP as well as other multilateral agencies to take up technical assistance projects.

Mr. Williams observed that there are many small projects in the Bureau in a relatively large number of sectors. Mr. O'Connor said this occurs because the Regional program uses a "target of opportunity" approach. Mr. Williams asked whether the Bureau felt that it was doing a good job in education. The response was, yes, with participant training in particular a good example.

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Mr. Heyman asked if UNESCO or FAO could undertake some of our projects. Mr. Templeton replied that we are out of education in the traditional sense having only one "old style" general education project.

#### Relationships with TAB

In response to a question from Mr. Williams, Mr. Johnson said the help received from TAB is a "mixed bag." In some areas the services are good; in others the TAB programs are not relevant. Prior to the transition exercise, the Bureau sat down with TAB and went over 120 TAB non-population projects. Of these, the Bureau had a high interest in 13, a moderate interest in 39, and no interest in 68. TAB provides a range of services -- from answering inquiries to providing advisors. There is a reservoir of support technicians available but only part of it is used. There is also a problem in obtaining timely services. Of the list of projects that PPC selected as samples for review, the Bureau is getting much use from agriculture General Technical Services; however, the Bureau is not using research projects much. The Bureau also felt that for the most part 211(d) activities have not been related to field needs and so are not currently useable; current 211(d) projects are designed to relate to the grantees' United States based interests, with few exceptions. Sixteen of the Bureau's own projects relate to key problem areas.

Mr. O'Connor added that the Bureau has no projects that are totally dependent on TAB, and that if some of the TAB research projects turn out well they will use the results. He expressed concern that key problem area work, especially research, won't relate to LDC priorities. He asked if there will be a market for the TAB product and if international agencies could use the results of the key problem area work.

Mr. Williams raised the question of future funding for Regional projects after the split off of security activities. The Bureau said they wish to move more toward SA funding for these projects. Mr. Williams inquired whether this made sense for programming purposes. The Bureau felt that it does in the case of Mekong projects as the river flows through the security countries; the key is to integrate Mekong Basin work with individual country plans. To do this, it will be necessary to "operate out of one hat."

Mr. Butterfield mentioned that TAB has excellent working relations with the East Asia Bureau. Mr. O'Connor pointed out that this is so because the East Asia countries are at the same high level of sophistication as the TAB projects.

Mr. Stern said that other Bureaus had raised the problem of the need for larger Bureau staffs in Washington to offset decreases in the field -- in particular for skills such as project design and evaluation. He asked

whether the Bureau had thought about this. The response was that the Bureau has not done much planning on the subject but is not currently anticipating adding more people. In reply to a question concerning placing of direct hires returning from the field, the Bureau said this is an Agency-wide problem and the Bureau will not be able to place all of them.

Intensive Review Projects

There was general agreement on the Bureau and PPC comments on the four projects selected for intensive review. The Telecommunications Project can be SA funded in 1972, and the Indonesia Development Center activity will not be undertaken without strong country support.

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FUNCTIONAL ACTIVITIES OF TYPICAL A.I.D. MISSIONSI. PROGRAM ACTIVITIESA. Programming1. Program Development

Missions prepare and periodically update analyses of the country's needs and resources, estimate the external aid that can be expected from other donors, and conceive assistance activities that can best be accomplished with U.S. assistance to serve country and U.S. objectives. To accomplish this function, in coordination with country agencies and ministries, Missions require personnel qualified to interpret the economic factors and development forces operating in the country.

2. Program Review

A thorough analysis and critique of proposed future year assistance programs is conducted annually by the Country Team, headed by the Ambassador.

3. Program Approval

The end product of a Program Review is authorized by the Ambassador on the recommendation of the Country Team. This is a general approval of the planned program and strategy, in the light of the country's current socio-political and economic situation. It leads the way for the ensuing review and approval of individual segments of the program.

4. Program Evaluation

The Mission Director, Program Officer, and other key officials continually review the total effects and responsiveness of all aspects of the country program. Missions also have an evaluation officer responsible for first hand observation of projects and programs and recording and reporting on progress.

B. Project Activity

1. Project Development

Given the basic guidance as to the size, technical fields, and type of activity which make up the country program, Mission technicians working with their host government counterparts conceive, plan and draft proposals for projects which are reviewed at appropriate levels in the Mission and host government and are eventually considered for inclusion in the country program submission. In accordance with Title IX of the F A Act, Missions emphasize maximum participation on the part of the people of the host country by encouraging projects which further the development of democratic private and local governmental institutions.

2. Project Implementation

(a) General

Actual involvement of Mission personnel with host country counterparts in the carrying out of joint Capital or Technical Assistance project includes: scheduling, supervision, monitoring, preparation of documentation; inspection, maintaining records, follow-up on country commitments, resolution of operating problems, and overall project management.

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(b) Contract

Responsibility of Mission staff for drafting and negotiating contracts for local services and commodities, initiating and reviewing terms of contracts to be executed in the U.S., reviewing terms of borrower's contracts, monitoring, certifying and reporting on contractor performance.

(c) Participant Training

Missions perform such substantive and administrative functions as assisting the host government in the selection of qualified candidates for relevant training programs in the U.S.; drafting schedules and itineraries; arranging language training; providing orientation on the U.S. and its culture; arranging visas and transportation; debriefing and evaluating returning participants; and monitoring appropriate re-employment of returnees.

(d) Procurement/Logistics Management

In the project planning stage, mission procurement/logistics specialists must assess B/G capabilities to meet all project commodity procurement and management requirements. Subsequently, they are available to actively assist the B/G, a contractor, or a PASA group in commodity procurement and management functions including the selection of commodities to meet local climatic, terrain, and maintenance capability variables, supplier options, lead time requirements, spares planning, specification preparation, and international commercial practice. Frequent lack of overseas commodity experience by contractors and PASA groups and of U.S. and international commercial experience by the B/G requires such assistance to assure arrival of the proper commodities on the project site at the right time. Often, the mission procurement/logistics staff itself procures and manages U.S. and local

source project commodities, including the selection and scheduling of items, preparation of documentation, local contracting, monitoring of receipts, and -- in a very few cases, maintenance of full warehouse and other logistics facilities.

(e) Technical Services

A Mission technician may be a "project manager" responsible for all coordinating and monitoring all phases of the implementation of a project entrusted to a contractor, other U.S. Agency under a participating Agency agreement, or other AID direct-hire employees.

In some cases he may himself perform a highly specialized function in a particular aspect or phase of a project either individually or as part of a team. The regular workplace of Mission technicians is frequently an office, laboratory, or factory of the host country. Their day-to-day advisory services are an essential part of the projects to which they are assigned. Often their skills are imparted by the more direct method of the classroom or seminar, or other training situation. AID Policy Determination 37 requires the following order of preference for providing direct technical services (not project manager): (1) contractor, (2) PASAs, (3) A.I.D. direct-hire employers.

3. Project Evaluation

Missions evaluate projects for on-going management purposes, and for long range future planning. Evaluation officers discuss projects with key personnel, make personal observations, collect data, review progress reports from PASA or contract chiefs, make reviews with host country authorities, and analyze data from all sources to reach conclusions on effectiveness and efficiency, and prepare reports required for AID's world-wide evaluation system.

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C. Program Assistance Activities

1. Development

Normally, A.I.D. provides such assistance by loaning dollar credits which the cooperating country can use to import U.S. manufactured commodities. In Program Assistance, Missions perform the essential function of analyzing the country's needs, trade patterns, production capacities, capability of logistically absorbing the commodities, and other economic factors to make a recommendation as to the size and character of the assistance required. An intimate knowledge of host country production capacities, import requirements, foreign exchange, and other economic factors is required, particularly when there is a lack of published statistics and information on these critical areas.

2. Implementation

Once approved, Program Assistance commodities are imported much as in normal commercial practice. However, because these transactions are financed by the U.S. Government, we must provide guidance to the LDC government and importing community on the application of U.S. statutes and regulations to the transaction, assist in their compliance with special procedures such as the small business notification, grant waivers when appropriate, and assist in facilitating a transaction when difficulties arise. Missions ascertain that commodities are actually being ordered, account for their arrival, and determine that they are eventually used in the country's economy.

D. Other Programs

1. Private Resources

Mission Directors are required to formulate a comprehensive Program to

strengthen and support the growth of a strong, viable private sector. The program may include A.I.D. financed investment guarantees, feasibility surveys, investment surveys, local currency loans, and assistance to development banks, development centers, and investment centers. A Mission is substantively and procedurally involved in all these forms of assistance. Procedures may vary somewhat in each case, but normally the Mission using its knowledge of local conditions, reviews and comments to A.I.D./W on applications, reviews Agency Bank reports, monitors undisbursed portions of loans, conducts follow-up, discusses progress with borrowers and reports to A.I.D./W, visits sites, and offers any appropriate assistance to borrowers, whether U.S. or foreign.

## 2. Multi-lateral Programs

Significant amounts of F A Act funds are earmarked by the Congress for contributions to international organizations and multi-lateral assistance programs. Mission involvement in these programs includes coordination of A.I.D. with other donor technical assistance projects, participation in the implementation of multi-lateral programs to which we have contributed, and cooperation with other donor countries in the implementation of projects and programs being carried out by a "Consortium".

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3. Disaster Relief

Under the direction of the Ambassador, the Mission Disaster Relief Officer (a colateral duty assigned to Embassy personnel when A.I.D. is not operating in the country) notifies Washington, inspects and photographs damage, assures that U.S. help will be acceptable, alerts U.S. voluntary agencies in the country, orders relief supplies, prepares obligating documents, arranges for distribution within the country, and establishes accounts, and reports on effectiveness of the U.S. relief effort.

4. P.L. 480

A.I.D. activities under PL 480 (the Food for Peace law) include furnishing food to combat hunger and malnutrition and to support economic development, family planning, nutrition, private enterprise, and agricultural development and production programs. Based on local needs, Missions develop country plans, Food for Work projects, sales programs, the ordering of food project commodities, the resolution of food program implementation problems, and evaluation of food programs. A.I.D. Missions work closely with the overseas representatives of U.S. Voluntary Agencies and with host governments in the development and execution of food projects, and with the latter in reprogramming the local currency proceeds of agricultural commodity sales programs.

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## II. PROGRAM SUPPORT

### A. Financial Management

#### 1. Financial Review

Mission controller staff conduct pre-implementation reviews of the financial feasibility and procedures of Capital and Program Assistance proposals; advise host country official and prospective borrowers on A.I.D. fiscal requirements and regulations; review Mission contracts; conduct price analyses; and follow-up on audit reports affecting the Mission.

#### 2. Accounting

Mission controllers account for dollar and foreign currency funds; draw-downs on loans; record PL 480 local currency generation; maintain salary, receivables, and property accounts; perform commodity arrival accounting; review status of obligations, and prepare financial reports.

#### 3. Operational Budgeting

Mission controllers supply data for and collaborate with the Program Office in preparing requests for program and administrative funds; maintain and furnish cost factors for all Mission estimates; prepare forecasts of workload, obligations, and expenditures; maintain dollar and foreign currency budget control; assure Mission compliance with limitations and directives; and control generation of foreign currency under special letters of credit.

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B. Personnel Management

1. Personnel Policy and Regulations

Although most policy and regulations for U.S. employees are established in Washington, Missions are required to establish some local rules in cooperation with Embassy staff. For local national and third country national employees, the function is quite significant, however, as the basic guidance furnished by A.I.D./W has to be supplemented in each country by policies and regulations compatible with local requirements.

2. Personnel Recruitment

Recruiting for U.S. employees normally takes place in the U.S. on the basis of qualifications established by the Mission for technical positions. However, all recruiting for local and third country nationals is performed by the Mission.

3. Personnel Appointments and Assignments

Although the basic decisions and paperwork are accomplished in Washington for U.S. employees, Missions obtain country clearance for new hires, process completion of assignment reports for employees nearing completion of tour, and attend to a significant amount of telegram and correspondence traffic concerning new appointments, reassignments, separations, etc. Missions accomplish all of the decisions and paperwork on local and third country national employees.

4. Personnel Processing

Personnel actions for U.S. employees are processed in A.I.D./W, but the Mission handles many other documents, including SPARS, health and life

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insurance forms, allotments of pay, performance ratings, development appraisal reports, arrival and departure notices, etc. The Mission processes all personnel and related actions for local and third country employees, including personnel actions.

5. Personnel Orientation and Training

Missions conduct orientation programs for all employees, and arrange language training for U.S. employees. Opportunities for developmental training are made known, applications are reviewed and acted upon, and attendance arrangements are made when training is approved.

6. Employee Management Relations

The usual problems of keeping personnel content on the job are compounded in a Mission by language, climate, culture, and other environmental problems for U.S. employees and their dependents. Local employees also present unique problems such as different labor laws and customs and special sensitivities. Both sets of problems are time-consuming and require skillful handling.

C. Security Management

Missions designate a Unit Security Officer who supervises document and communications security, and essential physical security for real and personal property. These activities are closely coordinated with the Embassy Security Officer who is responsible for security clearances for A.I.D. local employees.

D. Management Services

1. Manpower Planning & Control- A.I.D./W imposes position ceilings and employment limitations. The Mission (usually the Executive Officer) reviews program and administrative staff requirements to insure that

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these limitations are not exceeded, and that needed vacancies within ceilings are properly staffed.

2. Management Analysis Service - Depending on size, Missions have given attention to their organizational structure, workload distribution, delegations of authority, manpower utilization, directives system, etc. The Executive Office usually performs these functions and may have additional staff to do so in large Missions.

E. Legal Activities

Missions have resident Legal Advisors when authority in the Capital and Program loan areas have been delegated to them, or whenever size of program and complexity of host country involvement so indicate. Legal Advisor functions include drafting and interpretation of bilateral and multilateral agreements; reviewing other agreements, authorizations, and contracts; drafting or reviewing loan agreements; reviewing claims and appeals against the Agency.

F. Administrative Services

Missions usually provide direct-hire, PASA, and PSC employees with the same administrative services provided in the U.S. plus such overseas essentials as housing, utilities, schools, and commissaries. Other services provided include office space, equipment and supplies; vehicles; travel authorizations and arrangements; customs clearances; acquisition, management, and disposition of real property; administrative contracting and procurement for local supplies and services; and records management and communications.

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G. Audit Compliance and Investigation

1. Audit and Compliance

The Auditor General's Office of Audit reviews A.I.D. operations world-wide to determine how authorities are being carried out and how policies and standards are being observed. Auditors in the Office of Audit are deployed into teams which go abroad to audit A.I.D. programs. In addition to these Washington-based auditors, there are nine overseas audit headquarters known as Area Audit Offices who assist the Washington auditors in their reviews of Country and other overseas programs, and "resident" auditors, permanently based in countries where there is a requirement for a manyear or more of audit work. All auditors, resident, Area, and in Washington, are responsible to the Auditor General and not to the line offices whose programs they audit.

2. Inspection and Investigation

Another overseas function under Washington supervision is carried out by the Auditor General's Office of Inspections and Investigations. This office investigates possible violations of A.I.D. regulations and the Federal criminal and crime fraud statutes, and inspects to uncover any irregularities in compliance and integrity of operations. The inspectors and investigators abroad are responsible to Washington, but keep the Ambassador and the Mission Director informed.

H. Information Services and Public Relations

As an instrument of U.S. policy, an A.I.D. program should have maximum favorable publicity in the host country media. Missions work closely with USIS to obtain good coverage. In most A.I.D. countries, the program continually develops human interest and other newsworthy material which can be captured by an alert writer. General brochures and other hand-out

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material also have to be kept up to date. Items having U.S. interest are forwarded for use by the Information Staff of A.I.D./W.

## I. Liaison

### 1. Host Government

In an A.I.D. Mission, contact with the local authorities may be as close as that of a technician whose regular work place -- and sometimes his residence -- is a host country office or other facility. Other Mission officials have regular daily or weekly contact with their counterparts and much of a Mission Director's time and of his top staff is taken up with a conscious effort to see and have dialogue with as many host country officials as possible to improve the climate in which the A.I.D. program is implemented.

### 2. International Organizations and Other Embassies

When an A.I.D. Mission is involved with other donors in a joint undertaking, close working relationships are essential. However, to carry out its normal task of external aid coordination, a Mission is obliged to maintain good relations with other potential donors for the exchange of information.

### 3. Visits by Representatives of U.S. Government and Private Organizations

Such visits are the best opportunity an A.I.D. Mission has to demonstrate its activities and accomplishments directly to an interested U.S. organization. Such visits (Congressional, private, industry, non-profit organizations, senior Executive Branch) are not infrequent and command significant amounts of staff time, but can be very useful in gaining U.S. support for foreign assistance programs.

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