

GAO

Report to the Administrator, Agency for
International Development

April 1992

FOREIGN
ASSISTANCE

A Profile of the Agency
for International
Development



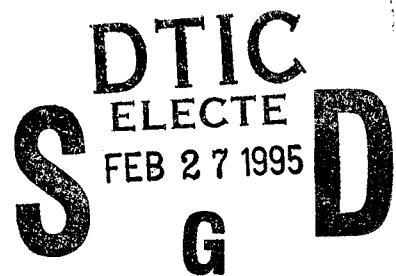
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**National Security and
International Affairs Division**

B-247671

April 3, 1992

The Honorable Ronald W. Roskens
Administrator, Agency for
International Development



Dear Dr. Roskens:

This report is one in a series resulting from our ongoing general management review of the Agency for International Development (AID). Along with other reports in this series, it is intended to help policymakers understand AID's current structure as they consider whether and to what extent changes need to be made to more effectively use economic assistance as a tool of foreign policy in the 1990s. It presents a profile of AID by describing the

- organizational structure of AID's Washington, D.C., headquarters (AID/W) and the type and number of AID's overseas offices;
- scope and composition of bilateral economic assistance administered by the agency;
- allocation of resources, such as assistance levels, projects, staff, and operating expenses, among AID's offices; and
- composition of AID's work force and how it is distributed among the agency's management and program functions.

To develop portions of this profile of AID's operations, we used certain AID project-related budget data and work force information. Because of limitations in and the complexity of these data bases, however, we were not able to develop information on some of AID's overseas offices or verify all the data used in this report. In addition, the most complete information available at the time of our review was as of fiscal year 1990. Nevertheless, we are satisfied that the data used in this report reasonably portrays AID's operations. The report will be useful because it brings together some data that has not been compiled before. A more detailed discussion of our scope and methodology is presented in appendix V.

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Background

AID was established in 1961 and in its early years focused primarily on large-scale capital improvement projects. Responding to changing foreign policy goals, AID's authorizing legislation, the Foreign Assistance Act of 1961, as amended, was substantially revised in the early 1970s, when the Congress focused foreign economic aid on a strategy to address basic human needs. It has since grown to include more than 30 foreign economic

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assistance objectives, such as promoting human rights, protecting tropical forests, integrating women into the economies of developing countries, and using appropriate technology for small farms and businesses.

Although other executive branch agencies are becoming increasingly involved in providing assistance to foreign countries, AID is still the primary agency for delivering U.S. bilateral economic assistance. With the end of the cold war, AID is confronted with demands to undertake new initiatives, such as supporting democracies in Central and Eastern Europe and Central America and providing assistance to the newly formed Commonwealth of Independent States. It is uncertain whether AID's resources will be increased to meet these demands during this period of tight budgets; this will further challenge AID to examine its priorities and methods of delivering foreign economic assistance.

Results in Brief

AID's organizational structure is highly decentralized with a headquarters staff in Washington, D.C., and missions and offices in more than 70 foreign countries. In 1991, the Administrator initiated a major reorganization of AID/W in an attempt to streamline and improve agency management. The reorganization, however, did not directly affect the agency's overseas structure, which has remained essentially unchanged since AID was established 30 years ago.

In fiscal year 1990, AID administered activities comprising about 38 percent, or about \$7.5 billion, of the international affairs budget. AID, however, does not have total control over the funds it administers. For example, AID directly transferred \$1.2 billion to Israel.

AID had approximately 1,680 active projects in fiscal year 1990. Of these, nearly three-fourths were administered by AID's overseas missions and offices; the others were administered by AID/W. AID obligated \$6.1 billion for project and program expenses in fiscal year 1990. At the beginning of fiscal year 1990, AID had \$8.3 billion in funds obligated in prior years but not expended.

AID's work force is comprised of U.S. and foreign national direct hires and personal services contractors. Other individuals not directly employed by

AID—estimated at about 10,000—also perform a wide range of services. In fiscal year 1990, more than two-thirds of AID's overseas work years¹ (totaling approximately 7,000) were expended by U.S. and foreign national personal services contractors—who are not separately identified and reported to the Congress.

Organizational Structure

AID's fundamental management approach has been one of decentralization, with policy guidance being set by AID/W and program and project management being performed primarily by the overseas missions and offices. Consistent with this philosophy, AID administers the bilateral economic assistance program through a central headquarters staff and numerous overseas offices. AID recently reorganized its headquarters operations by (1) placing most of AID/W activities under three directorates—operations, finance and administration, and policy—and (2) reducing the number of organizational units reporting to the Office of the Administrator from 17 to 11. The reorganization did not directly affect AID's overseas operations, where there are 79 country-specific organizations—48 missions, 30 offices of AID representatives, and one section of an embassy—and 21 other overseas offices, as well as associated sub-offices, that provide regional and administrative support, such as Inspector General audits and donor coordination. Appendix I describes AID's organizational structure in more detail.

Scope and Composition of Assistance

To meet its multiple objectives, AID received about \$7.5 billion in new budget authority in fiscal year 1990 for economic support funds (\$4 billion); AID activities, such as bilateral development assistance and assistance to Eastern Europe (\$2.6 billion); and food assistance (\$978 million).² This represented approximately 38 percent of the fiscal year 1990 U.S. budget for international affairs discretionary programs. Other international affairs programs included additional international development and humanitarian assistance activities, such as the multilateral development banks and the Peace Corps (\$2.6 billion); foreign military financing and military training (\$4.9 billion); the conduct of foreign affairs (\$2.9 billion); foreign information and exchange activities (\$1.3 billion); and international financial programs (\$752 million).

¹For budgetary analyses, AID defines a work year as the equivalent of a full-time employee working 2,080 hours a year. For payroll purposes, one work year equals 2,087 hours a year.

²Dollar amounts do not add due to rounding.

Although AID administered a comparatively large percentage of the international affairs discretionary program in fiscal year 1990, economic support funds—approximately 53 percent of AID’s budget authority in fiscal year 1990—were allocated by the Department of State on the basis of U.S. national security concerns and not necessarily the development needs of the recipient. For example, as a result of the Camp David accords, Israel and Egypt received over 50 percent of total economic support funding for fiscal year 1990 (\$1.2 billion and \$898 million, respectively). These and other related matters are discussed in more detail in appendix II.

Allocation of Resources

Our review of AID’s resources in fiscal year 1990 showed the following:

- AID had approximately 1,680 active projects—1,208 administered by the overseas offices and 472 by AID/W. Projects ranged in scope from a single activity, such as providing training, to several projects or activities grouped under an “umbrella” project. One umbrella project, for example, included components to develop a financial management system in a recipient country’s ministry of health and to provide childhood immunizations.
- AID obligated about \$6.1 billion for development assistance and economic support fund programs as of September 30, 1990. At the beginning of fiscal year 1990, AID had \$8.3 billion in the funding “pipeline”—that is, unspent prior-year obligations. Country programs with the largest pipelines at this time were Egypt (\$2.3 billion), Pakistan (\$674 million), the Philippines (\$427 million), and El Salvador (\$357 million). We previously reported that unrealistic or overstated implementation planning was the major factor contributing to projects having excess funds in the pipeline.³ Our project-by-project examination at six missions (Egypt, Guatemala, Honduras, Kenya, Pakistan, and the Philippines) showed that 11 percent, or \$296.2 million of the pipeline in these countries, was excess funding.
- The number of work years devoted to managing programs varied substantially from country to country. For example, AID does not have any staff in Israel, even though Israel receives the largest amount of U.S. economic assistance. The ratio of country program funds to work years allocated to managerial and professional functions in countries where AID has staff ranged from \$22 million per work year in Panama to \$19,000 in Ethiopia. This ratio, however, can be misleading. For example, economic support fund programs are considered less staff intensive than development assistance programs by some AID officials, and other

³Foreign Assistance: Funds Obligated Remain Unspent for Years (GAO/NSIAD-91-123, Apr. 9, 1991).

management responsibilities, such as food and disaster assistance, are not reflected in the country program amount, as in Ethiopia.⁴

- Operating expense funds constituted more than 10 percent of the total country program for 15 percent of AID's overseas offices, but less than 5 percent for about 44 percent of AID's overseas offices.⁵ According to AID, it recently closed overseas offices in Mauritania and the Central African Republic because the cost of operating the offices was out of line with the perceived value of the program.

See appendix III for more information on AID's resources.

Composition and Distribution of the Work Force

In fiscal year 1990, AID employed persons in a wide range of jobs under a variety of employment approaches, but only the number of direct hire employees, representing about 46 percent of AID's work force, was reported to the Congress. The work force includes direct hire staff—U.S. foreign and civil service employees and foreign national employees—as well as U.S. and foreign national personal services contractors.⁶ Personal services contractors (U.S. citizens and foreign nationals) were the largest component of AID's overseas work force (69 percent), followed by U.S. direct hire employees (16 percent) and foreign national direct hire employees (15 percent). In addition to personal services contractors and direct hire staff, AID estimated that about 10,000 persons, such as institutional contractors and grantees, implemented its projects and programs worldwide.

According to AID officials, the role of AID's overseas work force is changing. Although overseas U.S. direct hire employees spent 32 percent of their work years on project management, their responsibilities increasingly involved managing and monitoring contractors, rather than the technical aspects of project implementation. Accordingly, missions and overseas offices place great reliance on foreign national direct hires and personal services contractors to manage day-to-day project implementation. In fiscal

⁴For fiscal year 1993, AID developed an overseas work force allocation model, which considers a number of factors, such as types of assistance provided, the political nature of the program, and the availability and competence of foreign national staff.

⁵Operating expense funds cover the costs of managing the agency, including the salaries and other expenses of direct hire staff and some contractors.

⁶In September 1991, we recommended that AID separately disclose to the Congress its use of personal services contractors in support of overseas mission management and program activities. See Foreign Assistance: AID's Use of Personal Services Contracts Overseas (GAO/NSIAD-91-237, Sept. 13, 1991).

year 1990, for example, foreign national direct hires and foreign national personal services contractors spent 22 percent and 16 percent, respectively, of their work years on project management. Similarly, U.S. personal services contractors spent 42 percent of their time on project management. Appendix IV provides further detail on AID's work force and its functional allocation.

We conducted our work between March 1991 and February 1992 in accordance with generally accepted government auditing standards. We did not obtain written agency comments; however, we discussed the information contained in this report with members of your staff and incorporated their views where appropriate. We are sending copies of this report to appropriate congressional committees and the Director, Office of Management and Budget. Copies will also be made available to others on request.

This report was prepared under the direction of Harold J. Johnson, Director, Foreign Economic Assistance Issues, who may be reached on (202) 275-5790. Other major contributors are listed in appendix VI.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

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Abbreviations

AID	Agency for International Development
AID/W	AID/Washington

AID's Organizational Structure

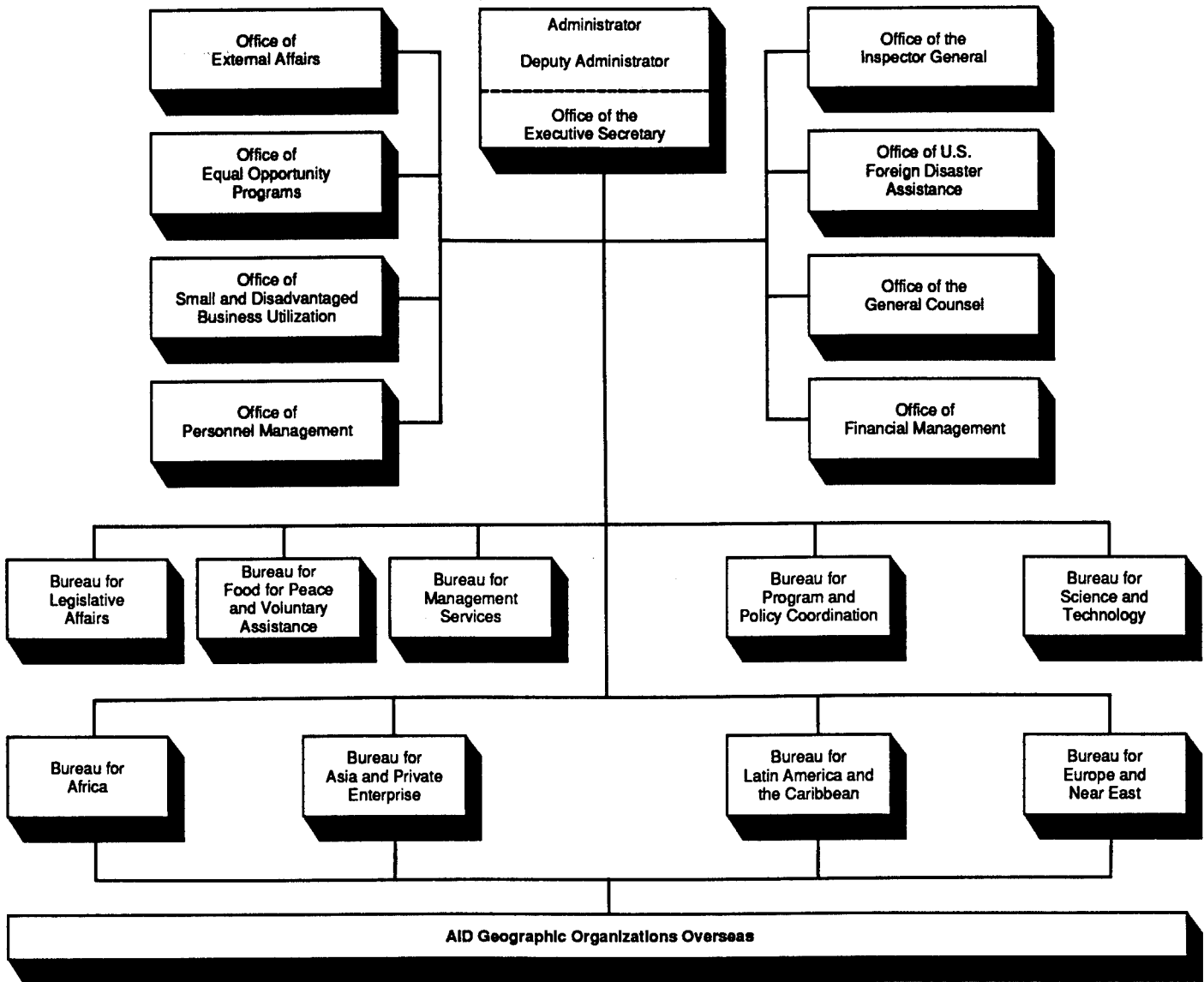
The Agency for International Development (AID) administers the U.S. bilateral economic assistance program through a highly decentralized organizational structure consisting of the agency's headquarters (AID/W) staff in Washington, D.C., and a large overseas field presence. In 1991, the Administrator initiated a major reorganization of AID/W in an attempt to streamline and improve agency management. The reorganization, however, will not directly affect the agency's overseas structure, which has remained essentially unchanged since AID was established 30 years ago. This appendix discusses the AID/W reorganization and provides information on AID's overseas missions and field offices.

AID/W Organizational Structure

In May 1991, the AID Administrator announced a plan to substantially restructure the management of AID/W. At that time, AID/W consisted of (1) the Office of the Administrator and eight staff offices; (2) five functional bureaus, which conducted numerous functions ranging from allocating budgetary resources to administering research and development programs; (3) three regional bureaus, which planned, implemented, and evaluated assistance programs within their geographic region; and (4) one bureau with mixed geographic and functional responsibilities, including management of the Asia region and private enterprise development. As shown in figure I.1, all of these offices and bureaus reported directly to the Office of the Administrator.

Appendix I
AID's Organizational Structure

Figure I.1: AID/W Organizational Structure as of May 1991



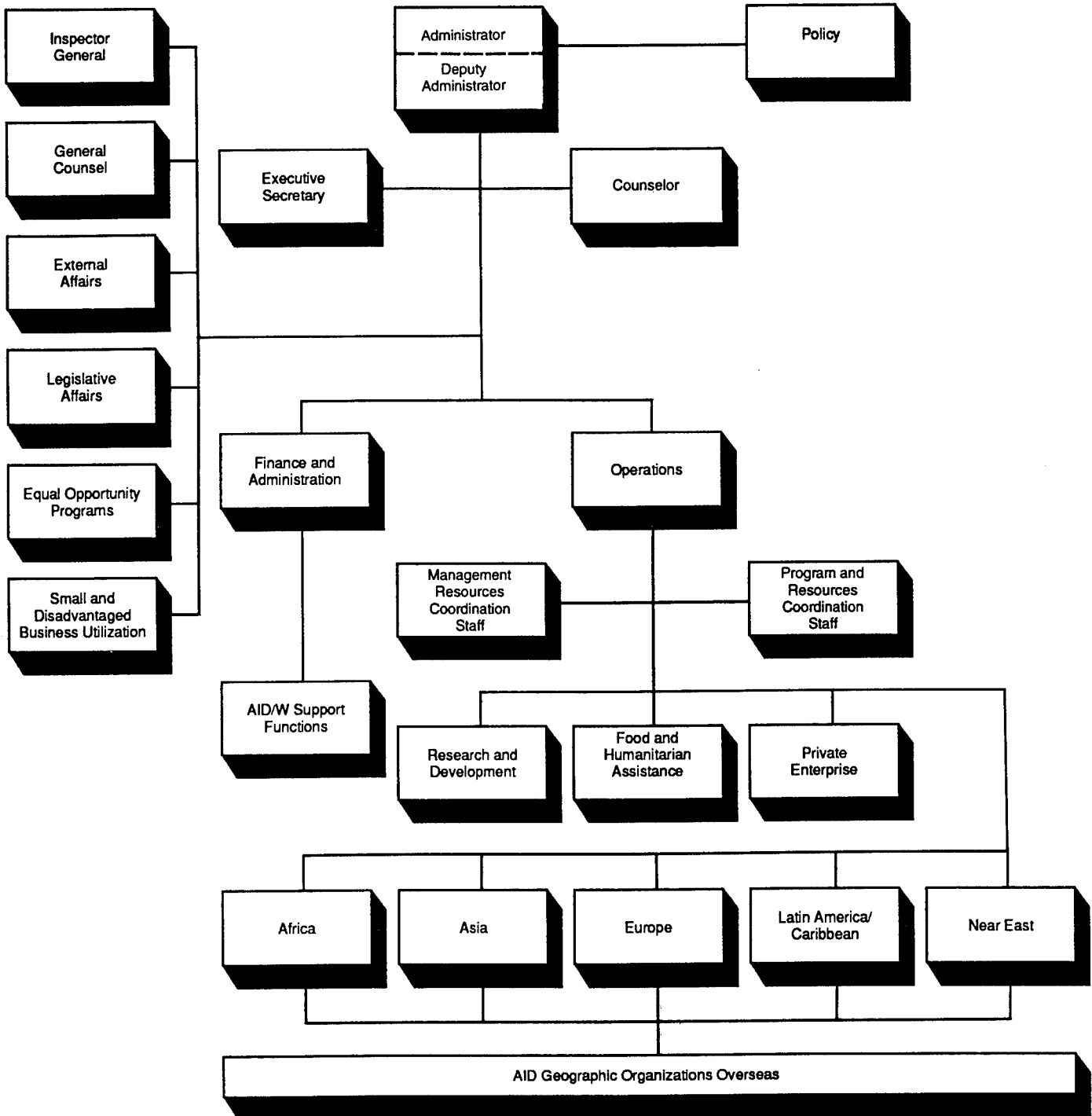
The reorganization, which was implemented in October 1991, is one of the Administrator's first steps toward improving agency management. The Administrator has stated that the reorganization is necessary to improve other aspects of agency management. The new structure is designed to (1) reduce senior management's span of control; (2) create an internal

control staff; (3) enhance AID's leadership of, and accountability for, development activities; and (4) minimize organizational redundancies.

As shown in figure I.2, the reorganization groups the majority of headquarters activities under three directorates—operations, finance and administration, and policy—reducing the number of units reporting directly to the Office of the Administrator from 17 to 11. The reorganization also establishes a separate geographic bureau for the Near East region. In addition, the Administrator has reestablished a separate bureau for private enterprise activities and a separate bureau for the Asia region—reversing his earlier decision to consolidate these responsibilities.

Appendix I
AID's Organizational Structure

Figure I.2: AID/W Organizational Structure as of October 1991



AID's Overseas Presence

From its inception in 1961, AID's operations have been highly decentralized with numerous overseas offices. AID officials state that the agency's overseas presence allows it to respond to local conditions and to work closely with other donors and counterparts in foreign governments. However, AID's new program for Central and Eastern Europe is managed centrally from AID/W—a break from the traditional decentralized approach.

AID has five types of overseas offices: (1) country organizations, such as missions, offices, and sections of embassy; (2) offices for multicountry programs; (3) offices for multicountry services; (4) development assistance coordination and representation offices; and (5) audit and investigations offices. Functional descriptions of these offices are provided in table I.1.

**Appendix I
AID's Organizational Structure**

Table I.1: Description and Comparison of AID Overseas Organizations (as of February 1992)

Organization	Function	Bureau or region	Number
Mission	To administer major, ongoing aid programs that involve multiple types of assistance. The agency program planning and implementation authorities are delegated to AID mission directors.	Africa Bureau	22
		LAC ^a Bureau	12
		Europe Bureau	0
		Near East Bureau	5
		Asia Bureau	9
		Total	48
Office	To administer aid programs that are moderate in size, declining in funding level, or have limited objectives. Offices are usually headed by an agency representative who has been delegated program planning, implementation, and representation authorities.	Africa Bureau	12
		LAC Bureau	7
		Europe Bureau	7
		Near East Bureau	2
		Asia Bureau	2
		Total	30
Section of embassy	To administer aid programs that are small or are being phased out. The agency program planning and implementation authorities are delegated to the chief U.S. diplomatic representative in the country.	Africa Bureau	1
		LAC Bureau	0
		Europe Bureau	0
		Near East Bureau	0
		Asia Bureau	0
		Total	1
Office for multicountry services	To provide services to other overseas organizations.	Africa Bureau	2
		LAC Bureau	0
		Europe Bureau	0
		Near East Bureau	0
		Asia Bureau	0
		Total	2
Development assistance coordination and representation office	To serve as a liaison between AID and other donors, countries, and various international organizations and to represent U.S. and agency interests in development assistance matters.	Asia Bureau	1
		Policy Directorate	4
		Food and Humanitarian ^b	1
		Total	6
Office for multicountry programs	To administer activities involving several countries.	Africa Bureau	1
		LAC Bureau	3
		Near East Bureau	1
		Asia Bureau	2
		Total	7
Audit and investigations offices	To carry out a comprehensive program of audits, investigations, inspections, surveys, reviews, and security services for the agency.	Africa Region	2
		LAC Region	1
		Near East Region	1
		Asia Region	2
		Total	6

^aLatin America and the Caribbean.

^bFood and Humanitarian Assistance Bureau.

Bilateral Economic Assistance

For fiscal year 1990, the Congress appropriated new budgetary authority of \$20 billion for international affairs discretionary programs. The international affairs budget finances programs that support U.S. interests abroad, including

- international security assistance, which promotes the physical security and economic stability of friendly and allied countries;
- international development and humanitarian assistance, which attempts to alleviate suffering and to promote sound economic policies in the developing world;
- conduct of foreign affairs, which pays the cost of diplomatic representation (the Department of State) and finances U.S. annual payments assessed by the United Nations for its programs;
- foreign information and exchange activities, which convey information about the United States and its policies; and
- international financial programs, which finance exports of U.S. capital goods and attempt to create conditions for sustained economic growth primarily through loans issued by the Export-Import Bank and the International Monetary Fund, respectively.

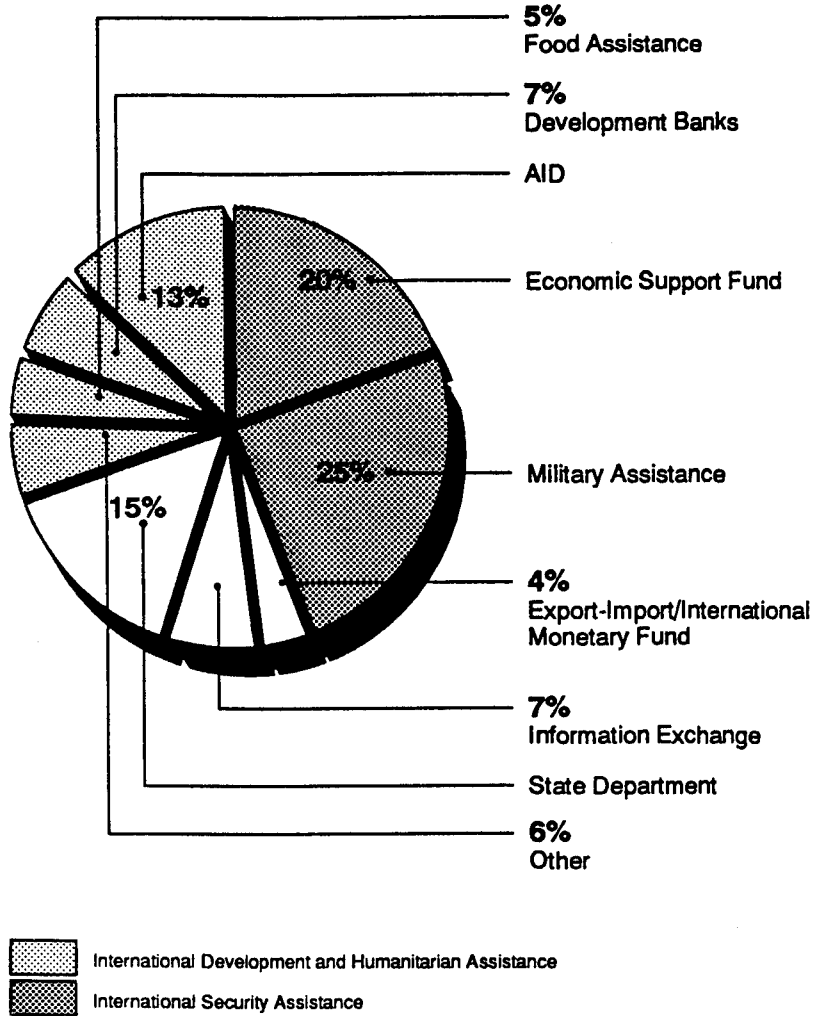
To provide a framework for examining AID's programs and funding levels, this appendix compares the economic assistance program that AID administers to the overall international affairs budget. It also briefly describes AID's major programs and identifies the major recipients of economic assistance in fiscal year 1990.

Composition of U.S. Foreign Aid

AID is the primary agency delivering U.S. bilateral economic assistance, financed by the international affairs budget. The assistance is intended to meet a wide range of objectives under the Foreign Assistance Act of 1961, as amended; the Agricultural Trade and Development Act of 1954, as amended; and Section 416(b) of the Agriculture Act of 1949. These objectives include curtailing poverty, hunger, and disease and expanding literacy. As shown in figure II.1, AID-administered activities comprised about 38 percent, or about \$7.5 billion, of the fiscal year 1990 international affairs budget for discretionary programs. This includes approximately \$4 billion for economic support funds; \$2.6 billion for AID activities, including development assistance programs; and \$978 million for food programs, which are funded by Department of

Agriculture appropriations.¹

Figure II.I: Budget Authority for International Affairs Discretionary Programs, Fiscal Year 1990



Notes: Budget authority for the programs totals \$20 billion.

State Department total includes U.S. annual payments assessed by the United Nations for its programs.

Percentages do not equal 100 due to rounding.

¹Dollar amounts do not add due to rounding.

AID, however, does not have total control over the funds appropriated to it. In fiscal year 1990, for example, AID directly transferred \$1.2 billion of its economic support funds to Israel. Moreover, the fiscal year 1990 foreign assistance appropriations act required that \$68.2 million of AID's appropriations be used to finance the projects and programs of other organizations, such as the World Health Organization and international agricultural research centers.

Economic Support Funds

The economic support fund program is the largest of AID's programs, allocated 51 percent of the funds obligated in fiscal year 1990. Economic support fund programs are designed to promote economic or political stability in areas where the United States has special security interests. Funds are used to finance commodity import programs, cash transfers, and project assistance.

- Commodity import programs provide dollar exchange for the importation of specified categories of commodities under grants or loans. Local currency generated by the transaction is available to the cooperating government.
- Cash transfers provide foreign exchange for specific economic purposes, such as U.S. political commitments to Egypt and Israel, security-related commitments to countries where the United States has military bases, balance-of-payments support, and sector-related assistance in which AID addresses sectoral policy constraints by conditioning assistance on specific host country reforms and economic policy reform.
- Project assistance, which can be financed by either development assistance funds or economic support funds, attempts to increase the well-being of a specified, identifiable portion of the population through the creation or transfer of knowledge, or the creation or modification of facilities, institutions, or policies and programs.

AID obligated approximately \$4 billion in fiscal year 1990 appropriations for the economic support fund program. In fiscal year 1990, over 90 percent of these funds had been designated by the Congress for specific countries. Cash transfers represented the largest percentage of the total economic support fund program—67 percent, compared with 31 percent for project assistance and 1 percent for commodity import programs.² Furthermore, one country, Israel, received over 40 percent of the cash transfers.

²Percentages do not equal 100 percent due to rounding.

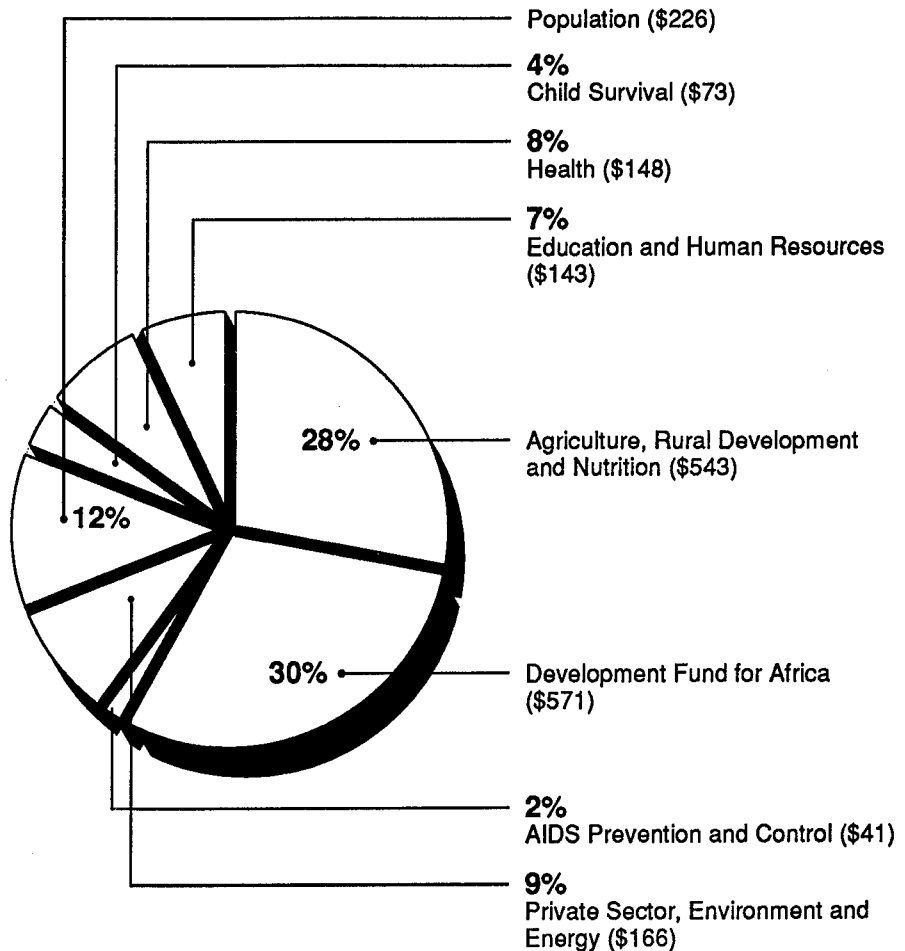
Development Assistance

Development assistance is AID's second largest program, constituting 32 percent of the funds obligated in fiscal year 1990. The Congress generally appropriates development assistance funds to be used to implement projects.³ Except for Africa, the annual foreign assistance appropriations act establishes the amount of development assistance funds that can be used to finance projects in specific activities (functional account requirements). The major functional accounts are agriculture, rural development, and nutrition; population planning; health; child survival fund; acquired immune deficiency syndrome prevention and control; education and human resources development; and private sector, environment, and energy. The Congress established the Development Fund for Africa account in 1987 to provide the African program with a stable source of funding and greater programming flexibility, in part, through the elimination of the functional accounts.

Figure II.2 shows fiscal year 1990 development assistance obligations for the functional accounts and the Development Fund for Africa. The largest of the functional accounts was agriculture, rural development, and nutrition at 28 percent; the second largest was the population planning account at 12 percent. The allocation of funds among each of the remaining functional accounts was under 10 percent, ranging from 9 percent to 2 percent.

³Other activities financed by development assistance funds include such activities as guaranties, humanitarian relief, American schools and hospitals abroad, and the costs of operating the agency.

Figure II.2: Functional and Geographic Development Assistance, Fiscal Year 1990 (Dollars in millions)



Notes: Figure represents actual obligations.

Obligations for development assistance programs total \$1.9 billion.

Excluded from the analysis are (1) funds obligated for research activities of the Office of the Science Advisor and (2) the Sahel Development Program, which has been terminated.

Food Assistance

In fiscal year 1990, food assistance was AID's third largest program, representing 15 percent of AID's obligated funds. The United States furnishes food assistance to developing countries through two major programs, which are administered by AID and the Department of Agriculture. Under Public Law 480, the United States provides U.S. agricultural products to developing countries through concessional sales and donations. Section 416(b) of the Agriculture Act of 1949 authorizes

the Department of Agriculture to donate surplus commodities of the United States for international distribution.

Over the last 2 years, management responsibilities for these programs have been realigned. In 1990, the Agricultural Trade Development and Assistance Act of 1954, which authorizes Public Law 480 food assistance, was substantially revised. Authority for the implementation of certain programs (referred to as title I) was transferred from AID to the Department of Agriculture as of January 1, 1991, while AID was given sole responsibility for other programs (titles II and III). Table II.1 shows agency responsibilities for administering Public Law 480 food assistance programs under the revised legislation. For fiscal year 1992, the Department of Agriculture also terminated the arrangement it previously had with AID to administer the Section 416(b) program in developing countries. In fiscal year 1990, for example, AID distributed about \$166 million worth of commodities for the Department of Agriculture to developing countries, such as Jordan, Mexico, and Romania.

Table II.1: Public Law 480 Food Assistance Programs, Fiscal Year 1992

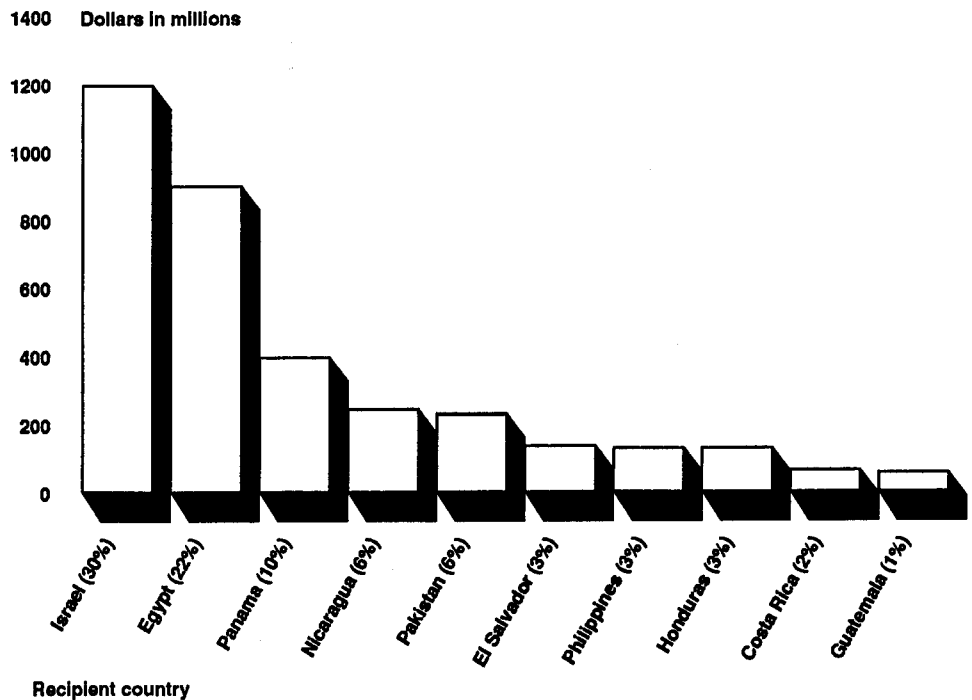
Dollars in millions

Program	Mission	Fiscal year 1992 budget request	Implementing agency
Title I: Trade and Development Assistance	To provide a concessional credit sales program for U.S. agricultural commodities to developing countries; create commercial markets for competitively priced U.S. commodities; and use payments made in local currencies by the recipient for such activities as trade development and promotion, research, and private sector agricultural development.	\$463.8	Department of Agriculture
Title II: Emergency and Private Assistance Program	To provide donations for emergency food needs through governments and public or private agencies; provide agricultural commodities for nonemergency assistance to private voluntary organizations, cooperatives, or intergovernmental organizations; and use payments in local currencies to fund administrative costs and developmental activities.	\$627.0	AID
Title III: Food for Development	To provide donations of agricultural commodities to least-developed countries meeting poverty and food deficit criteria; use commodities for direct feeding programs and the development of emergency food reserves; and use local currency proceeds for development objectives, such as promotion of policy reforms, development projects, and promotion of free and open markets.	\$309.2	AID

Recipients of Major Bilateral Economic Assistance Programs

In fiscal year 1990, AID programmed about \$1.9 billion for development assistance programs,⁴ \$4 billion in economic support funds, and \$1.1 billion in food assistance (\$978 million for Public Law 480 programs⁵ and \$166 million in Section 416(b) surplus commodities). As shown in figures II.3 through II.5, the economic support fund and food assistance programs were more heavily concentrated in a few countries than was development assistance. The top 10 recipients of economic support funds and food assistance received 86 percent and 69 percent of total program funds, respectively; the top 10 recipients of development assistance programs received 23 percent. Moreover, two recipients—Israel and Egypt—received over 50 percent of total economic support funds.

Figure II.3: Major Recipients of Economic Support Funds, Fiscal Year 1990



Notes: Figure represents actual obligations.

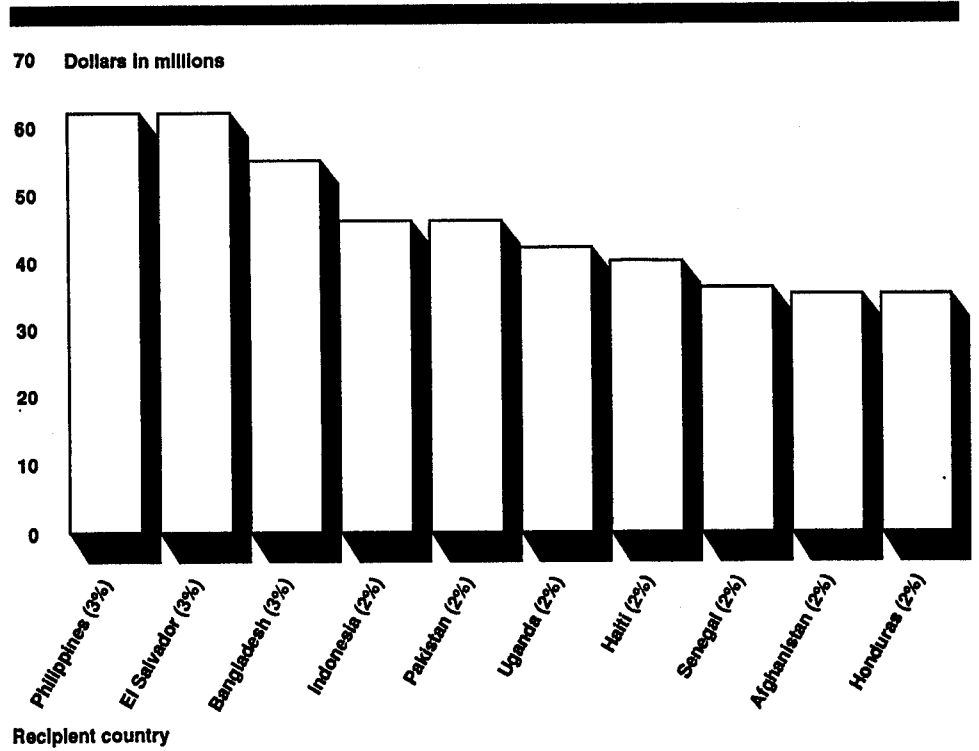
Obligations total approximately \$4 billion.

⁴Excluded from the analysis are guaranties, American schools and hospitals abroad, international disaster assistance, and humanitarian relief. The total amount programmed for development assistance programs was \$2 billion.

⁵Net of receipts.

Appendix II
Bilateral Economic Assistance

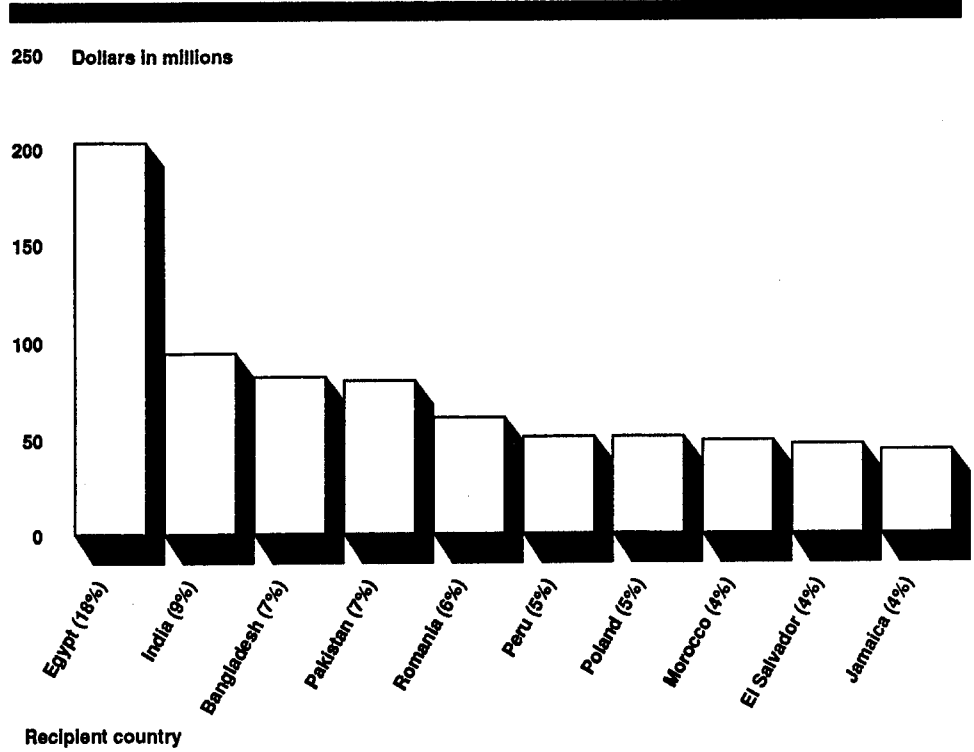
Figure II.4: Major Recipients of
Development Assistance, Fiscal Year
1990



Notes: Figure represents actual obligations.
Obligations total approximately \$1.9 billion.

Appendix II
Bilateral Economic Assistance

Figure II.5: Major Recipients of Food Assistance, Fiscal Year 1990



Notes: Figure represents actual obligations for assistance provided under Public Law 480, titles I, II, and III (net of receipts) and the value of surplus commodities provided under Section 416(b) of the Agriculture Act of 1949.

Total is approximately \$1.1 billion.

AID's Projects and Resources

In the early 1970s, the Congress changed the emphasis of U.S. development assistance from large infrastructure projects, such as dams and roads, to activities designed to directly address the basic needs of the poor. Accordingly, AID shifted to numerous smaller-scale projects, which were more complex to design, created added management burdens, had higher administrative costs, and provided less potential for policy leverage with recipient governments. This appendix presents information on AID's project assistance, program budgets for development assistance and economic support funds, operating expenses, and managerial and professional work year allocations for fiscal year 1990, the last year for which complete data was available.¹ This information indicates the magnitude of field and central bureau activities and compares missions and overseas offices.

Project Assistance and Program Budgets

AID had approximately 1,680 active projects as of fiscal year 1990. Of these, 1,208 projects (72 percent) were administered by AID's missions and overseas offices, while 472 (28 percent) were administered centrally by AID/W. For the most part, the missions and overseas offices manage the in-country bilateral assistance projects, while the AID/W bureaus administer centrally funded projects—many of which focus on providing field support through the administration of contracts and grants.

Through project assistance, AID addresses specific developmental problems in agreement with the recipient. The projects can be financed by either development assistance or economic support fund appropriations. They also vary in complexity from those with only one activity, such as training, to large "umbrella" projects with multiple activities, ranging, for example, from developing a financial management system in the recipient's ministry of health to providing childhood immunizations.

In fiscal year 1990, AID obligated about \$6.1 billion and expended approximately \$5.8 billion for project and program expenses for development assistance and economic support fund activities. Upon receiving appropriations, AID may enter into obligations by signing project agreements with a host country, awarding contracts, placing orders, or accepting goods and services. Expenditures, or outlays, are the amount actually spent by AID on its activities.

¹Excluded from this discussion are development assistance coordination and representation offices and other overseas offices in support of AID/W activities, offices for multicountry programs, and AID's Office of Inspector General.

In addition, at the beginning of fiscal year 1990 AID had approximately \$8.3 billion remaining in the "pipeline." This pipeline is the difference between the funds that AID had obligated for fiscal year 1989 and prior years and outlays against those obligations. The size of the pipeline is important because, among other things, it can be an indicator of management problems in delivering timely and effective economic assistance. In a 1991 report,² we concluded that unrealistic or overstated implementation planning was the major factor contributing to projects having excess funds in the pipeline. Our project-by-project examination at six missions (Egypt, Guatemala, Honduras, Kenya, Pakistan, and the Philippines) showed that 11 percent (\$296.2 million) of the pipeline in these countries was excess funding. The country programs with the largest pipelines at the beginning of fiscal year 1990 were Egypt (\$2.3 billion), Pakistan (\$674 million), the Philippines (\$427 million), and El Salvador (\$357 million).

Tables III.1 and III.2 present project and program budget data for the overseas missions and offices and for AID/W.

Table III.1: Project and Program Budget Data for Overseas Missions and Offices, Fiscal Year 1990

Dollars in thousands					
	Number of projects	Expenditures	Obligations	Pipeline ^a	Total obligations and pipeline
Africa Bureau					
Botswana	12	\$10,086	\$8,599	\$14,087	\$22,686
Burkina Faso	8	1,570	2,908	6,759	9,667
Burundi	7	15,310	19,782	11,390	31,172
Cameroon ^b	24	29,157	21,929	84,823	106,752
Cape Verde	5	2,043	2,350	5,895	8,245
Chad	9	16,791	10,194	31,110	41,304
Ethiopia	0	0	0	200	200
Gambia	7	7,036	4,685	8,167	12,852

(continued)

²Foreign Assistance: Funds Obligated Remain Unspent for Years (GAO/NSIAD-91-123, Apr. 9, 1991).

**Appendix III
AID's Projects and Resources**

Dollars in thousands

	Number of projects	Expenditures	Obligations	Pipeline^a	Total obligations and pipeline
Ghana	6	9,873	14,300	13,485	27,785
Guinea	7	4,559	13,250	30,114	43,364
Guinea-Bissau	9	5,710	2,735	6,974	9,709
Kenya	23	59,004	34,206	133,209	167,415
Lesotho	6	11,109	6,367	21,863	28,230
Liberia ^c	10	5,599	0	44,562	44,562
Madagascar	7	18,293	15,730	30,720	46,450
Malawi	10	14,467	22,229	45,723	67,952
Mali	18	17,415	16,831	38,238	55,069
Mauritania ^d	6	3,386	606	7,525	8,131
Mozambique	9	26,982	33,598	31,612	65,210
Namibia	1	0	30	25,000	25,030
Niger	14	9,052	16,755	50,978	67,733
Nigeria	2	25,275	8,000	67,342	75,342
REDSO/ESA ^e	6	7,246	6,920	9,259	16,179
REDSO/WCA ^f	12	291	9,820	9,846	19,666
Rwanda	11	11,547	11,500	20,106	31,606
Senegal	20	46,316	36,000	94,221	130,221
Sierra Leone	1	310	500	843	1,343
Somalia	14	65,410	740	71,423	72,163
South Africa	10	16,370	32,068	52,008	84,076
Sudan	19	87,103	0	100,501	100,501
Swaziland	14	9,464	6,791	18,826	25,617
Tanzania	9	4,298	5,860	18,007	23,867
Togo/Benin ^g	9	9,513	4,263	11,407	15,670
Uganda	12	14,462	42,050	32,388	74,438
Zaire ^h	22	25,521	25,300	102,144	127,444
Zambia	5	4,834	4,860	35,072	39,932
Zimbabwe ⁱ	28	39,870	54,266	169,757	224,023
Subtotal	392	635,272	496,022	1,455,584	1,951,606

(continued)

**Appendix III
AID's Projects and Resources**

Dollars in thousands

	Number of projects	Expenditures	Obligations	Pipeline ^a	Total obligations and pipeline
Europe and Near East Bureau					
Afghanistan	12	64,019	69,984	51,251	121,235
Cambodia ^l	3	5,766	7,078	3,311	10,389
Egypt	57	1,111,676	898,389	2,335,859	3,234,248
Jordan	17	45,359	3,700	138,794	142,494
Lebanon	6	2,147	8,295	1,920	10,215
Morocco	18	22,256	30,254	69,155	99,409
Oman	4	4,390	12,546	62,413	74,959
Pakistan	27	219,020	275,011	673,589	948,600
Phillipines	40	165,875	312,080	427,427	739,507
Tunisia	11	12,966	12,786	17,715	30,501
Yemen	8	18,242	21,972	46,443	68,415
Subtotal	203	1,671,716	1,652,095	3,827,877	5,479,972
Latin America and the Caribbean Bureau					
Belize	20	10,661	6,311	17,332	23,643
Bolivia	34	43,342	57,634	52,300	109,934
Colombia	1	457	2,107	2,867	4,974
Costa Rica	30	91,985	74,847	74,336	149,183
Dominican Republic	29	37,248	17,996	90,913	108,909
Ecuador	34	27,731	16,290	59,266	75,556
El Salvador	50	187,611	199,709	357,406	557,115
Guatemala	41	43,329	85,961	129,039	215,000
Haiti	35	31,979	42,720	39,698	82,418
Honduras	42	151,185	166,467	122,929	289,396
Jamaica	40	53,859	27,706	117,088	144,794
Nicaragua	13	66,248	249,213	4,306	253,519
Panama	16	48,182	394,504	6,076	400,580
Paraguay ^k	0	0	0	597	597
Peru	28	21,990	19,315	50,249	69,564
RDO/Caribbean ^l	30	30,821	28,668	56,250	84,918
ROCAP ^m	21	25,183	26,656	77,818	104,474
Uruguay	1	175	0	597	597
Subtotal	465	871,986	1,416,104	1,259,067	2,675,171

(continued)

**Appendix III
AID's Projects and Resources**

Dollars in thousands

	Number of projects	Expenditures	Obligations	Pipeline^a	Total obligations and pipeline
Asia and Private Enterprise Bureau					
Bangladesh	22	73,649	54,760	201,019	255,779
India	24	63,208	21,458	227,075	248,533
Indonesia	29	95,666	46,296	216,585	262,881
Nepal	16	13,079	15,994	25,074	41,068
South Pacific Regional ⁿ	16	15,360	16,529	13,349	29,878
Sri Lanka	20	22,461	19,814	107,352	127,166
Thailand ^o	21	27,858	15,126	88,270	103,396
Subtotal	148	311,281	189,977	878,724	1,068,701
Total	1,208	\$3,490,255	\$3,754,198	\$7,421,252	\$11,175,450

Note: Table represents development assistance and economic support fund programs.

^aThe pipeline is as of the beginning of fiscal year 1990.

^bIncludes Central African Republic and Equatorial Guinea programs.

^cMission closed in June 1990.

^dCollocated with REDSO/WCA in September 1991.

^eRegional Economic Development Services Office for East and Southern Africa; includes Comoros, Djibouti, Mauritius, and Seychelles programs.

^fRegional Economic Development Services Office for West and Central Africa; includes Sao Tome/Principe and Ivory Coast programs.

^gTogo and Benin programs are collocated.

^hIncludes Congo program.

ⁱIncludes South Africa Regional program.

^jCollocated with AID mission in Thailand.

^kProgram suspended.

^lRegional Development Office; includes Guyana, Grenada, and Surinam programs.

^mRegional Office for Central American Programs.

ⁿIncludes Fiji program.

^oIncludes Association of South East Asian Nations and Burma programs.

**Appendix III
AID's Projects and Resources**

Table III.2: Project and Program Budget Data for AID/W, Fiscal Year 1990

Dollars in thousands

AID/W activities	Number of projects	Expenditures	Obligations	Pipeline^a	Total obligations and pipeline
Central activities					
Asia and Private Enterprise Bureau	23	\$23,328	\$21,892	\$17,402	\$39,294
Science and Technology Bureau	176	428,507	375,126	351,943	727,069
Food for Peace and Voluntary Assistance Bureau	44	84,130	95,740	130,777	226,517
Program and Policy Coordination Bureau	21	17,944	22,096	20,719	42,815
Office of U.S. Foreign Disaster Assistance	26	17,534	60,053	1	60,054
Total	290	571,443	574,907	520,842	1,095,749
Regional activities					
Europe and Near East Bureau					
Cyprus	2	81,193	4,979	76,214	81,193
Eastern Europe Regional	13	216,006	285,642	0	285,642
Europe and Near East Regional	17	22,016	25,210	208	25,418
Hungary	0	0	0	255	255
International Fund for Ireland	1	0	10,000	0	10,000
Israel	1	1,194,840	1,194,840	39	1,194,879
Italy	1	3	0	0	0
Poland	0	0	0	7,157	7,157
Portugal	3	40,252	39,402	311	39,713
Spain	0	0	0	6,955	6,955
Turkey	1	14,263	14,263	0	14,263
U.S.S.R.	1	64	4,929	0	4,929
West Bank/Gaza	1	12,461	12,618	0	12,618
Subtotal	41	1,581,098	1,591,883	91,139	1,683,022
Latin America and the Caribbean Bureau					
Central America Regional	19	25,205	114	0	114
Latin America and the Caribbean Regional	42	42,998	75,525	62,265	137,790
Subtotal	61	68,203	75,639	62,265	137,904
Asia and Private Enterprise Bureau					
Asia and Private Enterprise Regional	4	3,915	6,693	0	6,693
Asia Regional	6	163	0	1,496	1,496
Subtotal	10	4,078	6,693	1,496	8,189

(continued)

**Appendix III
AID's Projects and Resources**

Dollars in thousands

AID/W activities	Number of projects	Expenditures	Obligations	Pipeline^a	Total obligations and pipeline
Africa Bureau					
Africa Regional	62	99,088	117,930	164,123	282,053
Sahel Regional	8	2,036	0	29,259	29,259
Subtotal	70	101,124	117,930	193,382	311,312
Total	182	1,754,503	1,792,145	348,282	2,140,427
Grand Total	472	\$2,325,946	\$2,367,052	\$869,124	\$3,236,176

Note: Figure represents development assistance and economic support programs.

^aThe pipeline is as of the beginning of fiscal year 1990. Data does not include approximately \$60.4 million that was managed under the Asia and Near East Regional activity prior to AID's reorganization. Responsibility for these funds was subsequently distributed between the Asia and Near East bureaus; however, AID could not readily determine this distribution.

Operating Expenses for Missions, Overseas Offices, and AID/W

In fiscal year 1990, AID estimates that it obligated about \$481.2 million in operating expenses for specific AID/W bureaus, missions, and overseas offices.³ These expenses cover the costs of managing the agency, including such things as salaries for direct hire employees and some contractors,⁴ benefits, housing, supplies, and office space. The availability of operating expense funding largely determines the number of staff the agency will have to carry out its programs. In fiscal year 1990, AID estimates that it used about 6,680 professional and management work years for direct hire staff and some contractors, the majority of which were financed by operating expenses appropriations. A work year is defined as the equivalent of one full-time employee working 2,080 hours a year.⁵

³Total includes trust funds, which are local currencies generated from economic support fund nonproject assistance and provided by the host country to supplement a mission's local operating expenses. Excluded from this amount are such activities as the Office of the Inspector General (\$31 million), the Housing Guaranty Program (\$3.5 million), and the Task Force for Humanitarian Assistance (\$2.6 million). Also excluded are undistributed costs and some budgetary adjustments.

⁴The salaries and expenses of some personal services contractors are financed by project funds. Information on the total amount of project funds used for personal services contractors is not readily available. See Foreign Assistance: AID's Use of Personal Services Contractors Overseas (GAO/NSIAD-91-237, Sept. 13, 1991).

⁵For payroll purposes, a work year equals 2,087 hours a year.

**Appendix III
AID's Projects and Resources**

Missions and Overseas Offices

AID obligated approximately \$307 million in fiscal year 1990 for operating expenses at its overseas missions and offices. These expenses included, among other things, the majority of the costs associated with over 4,000 work years for managerial and professional staff. Operating expenses were primarily financed by operating expense appropriations, trust funds, and, to a limited extent, program funds.

Table III.3 provides two comparisons which indicate the level of resources available overseas to manage mission and office programs. First, the table shows the ratio of mission or office program funds to each managerial and professional work year. Second, it shows operating expense obligations as a percentage of the total program.

Table III.3: Operating Expenses and Work Years for Overseas Missions and Offices, Fiscal Year 1990

Dollars in thousands

	Total program ^a (A)	Management and professional work years ^b (B)	Operating expense obligations (C)	Total program value per work year (A/B)	Operating expenses as percentage of total program (C/A)
Africa Bureau					
Botswana	\$22,686	26.0	\$1,800	\$873	7.9
Burkina Faso	9,667	24.2	1,981	399	20.5
Burundi	31,172	15.5	1,383	2,011	4.4
Cameroon ^c	106,752	50.0	5,609	2,135	5.3
Cape Verde	8,245	8.9	636	926	7.7
Chad	41,304	40.5	3,275	1,020	7.9
Ethiopia	200	10.4	1,123	19	561.5
Gambia	12,852	15.5	1,411	829	11.0
Ghana	27,785	24.3	2,007	1,143	7.2
Guinea	43,364	18.2	2,460	2,383	5.7
Guinea-Bissau	9,709	10.5	971	925	10.0
Kenya	167,415	74.2	6,735	2,256	4.0
Lesotho	28,230	26.9	1,732	1,049	6.1
Liberia ^d	44,562	36.5	4,032	1,221	9.0
Madagascar	46,450	28.4	1,611	1,636	3.5
Malawi	67,952	29.3	2,629	2,319	3.9
Mali	55,069	65.6	5,004	839	9.1
Mauritania ^e	8,131	25.1	1,435	324	17.6

(continued)

**Appendix III
AID's Projects and Resources**

Dollars in thousands

	Total program ^a (A)	Management and professional work years ^b (B)	Operating expense obligations (C)	Total program value per work year (A/B)	Operating expenses as percentage of total program (C/A)
Mozambique	65,210	35.9	3,159	1,816	4.8
Namibia ^f	25,030				
Niger	67,733	62.9	4,840	1,077	7.1
Nigeria	75,342	70.0	747	1,076	1.0
REDSO/ESA ^g	16,179	83.7	4,995	193	30.9
REDSO/WCA ^h	19,666	33.3	10,514	591	53.5
Rwanda	31,606	27.0	1,739	1,171	5.5
Senegal	130,221	94.2	7,965	1,382	6.1
Sierra Leone	1,343	1.4	83	959	6.2
Somalia	72,163	49.9	3,746	1,446	5.2
South Africa	84,076	20.2	2,030	4,162	2.4
Sudan	100,501	60.4	13,017	1,664	13.0
Swaziland	25,617	44.8	3,021	572	11.8
Tanzania	23,867	32.0	2,319	746	9.7
Togo/Benin ⁱ	15,670	13.2	1,350	1,187	8.6
Uganda	74,438	41.9	3,381	1,777	4.5
Zaire ^j	127,444	108.3	7,241	1,177	5.7
Zambia	39,932	17.8	2,111	2,243	5.3
Zimbabwe ^k	224,023	26.5	2,781	8,454	1.2
Subtotal	1,951,606	1,353.4	120,873	1,442	6.2
Europe and Near East Bureau					
Afghanistan	121,235	31.1	2,765	3,898	2.3
Cambodia ^l	m	m	m	m	m
Egypt	3,234,248	277.2	20,436	11,668	0.6
Jordan	142,494	44.9	4,435	3,174	3.1
Lebanon	10,215	n	58	n	0.6
Morocco	99,409	46.4	4,607	2,142	4.6
Oman	74,959	8.0	1,005	9,370	1.3
Pakistan	948,600	380.9	15,037	2,490	1.6
Philippines	739,507	127.8	8,534	5,786	1.2
Tunisia	30,501	41.7	2,768	731	9.1
Yemen	68,418	62.1	5,500	1,102	8.0
Subtotal	5,469,583	1,020.1	65,144	5,362	1.2
Latin America and the Caribbean Bureau					
Belize	23,643	22.0	1,777	1,075	7.5
Bolivia	109,934	96.6	6,862	1,138	6.2
Colombia	4,974	4.8	369	1,036	7.4

(continued)

**Appendix III
AID's Projects and Resources**

Dollars in thousands

	Total program^a (A)	Management and professional work years^b (B)	Operating expense obligations (C)	Total program value per work year (A/B)	Operating expenses as percentage of total program (C/A)
Costa Rica	149,183	104.1	6,621	1,433	4.4
Dominican Republic	108,909	91.1	4,753	1,195	4.4
Ecuador	75,556	84.6	4,652	893	6.2
El Salvador	557,115	229.3	11,082	2,430	2.0
Guatemala	215,000	142.6	7,314	1,508	3.4
Haiti	82,418	78.5	6,231	1,050	7.6
Honduras	289,396	264.5	8,782	1,094	3.0
Jamaica	144,794	77.9	5,797	1,859	4.0
Nicaragua	253,519	^o	4,439	^o	1.8
Panama	400,580	17.8	2,821	22,504	0.7
Paraguay ^p	597	4.5	172	133	28.8
Peru	69,564	110.4	6,092	630	8.8
RDO/Caribbean ^q	84,918	60.9	5,372	1,394	6.3
ROCAP ^r	104,474	32.9	3,014	3,176	2.9
Uruguay	597	4.5	317	133	53.0
Subtotal	2,675,171	1,427.0	86,467	1,875	3.2
Asia and Private Enterprise Bureau					
Bangladesh	255,779	102.0	6,311	2,508	2.5
India	248,533	106.8	5,496	2,327	2.2
Indonesia	262,881	121.6	7,854	2,162	3.0
Nepal	41,068	78.1	3,697	526	9.0
South Pacific Regional ^s	29,878	32.3	1,875	925	6.3
Sri Lanka	127,166	112.0	4,596	1,135	3.6
Thailand ^t	113,785	103.2	4,728	1,103	4.2
Subtotal	1,079,090	656.0	34,557	1,645	3.2
Total	\$11,175,450	4,456.5	\$307,041	\$2,508	2.7

Note: Table does not include overseas operating expenses in support of AID/W central and regional projects.

^aTotal program represents development assistance and economic support fund programs and includes the pipeline as of the beginning of fiscal year 1990.

^bIncludes work years allocated to U.S. and foreign national direct hires and some contractors.

^cIncludes Central African Republic and Equatorial Guinea programs.

^dMission closed in June 1990.

^eCollocated with REDSO/WCA in September 1991.

^fOffice was not open in fiscal year 1990.

^gRegional Economic Development Services Office for East and Southern Africa; includes Comoros, Djibouti, Mauritius, and Seychelles programs.

(continued)

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AID's Projects and Resources**

^hRegional Economic Development Services Office for West and Central Africa; includes Sao Tome/Principe and Ivory Coast programs.

ⁱTogo and Benin programs are collocated.

^jIncludes Congo program.

^kIncludes South Africa Regional Program.

^lCollocated with AID mission in Thailand.

^mData included with Thailand.

ⁿWork years not reflected in AID data base.

^oWork years not reflected in AID data base.

^pProgram suspended.

^qRegional Development Office; includes Guyana, Grenada, and Surinam programs.

^rRegional Office for Central American Programs.

^sIncludes Fiji program.

^tIncludes Burma, Cambodia, and Association of South East Asian Nations programs.

As a proportion of program budgets, professional and management work years for all types of employees varied considerably from country to country. According to AID officials and an internal work force report,⁶ this reflects overseas work force patterns that were based not on an agencywide work force plan, but rather on such factors as historical work year levels, the availability of trust funds to augment operating expense appropriations, and the management style of the mission director.⁷ In fiscal year 1990, the ratio of the amount of program assistance provided through the overseas offices to each managerial or professional work year ranged from \$22 million in Panama to \$19,000 in Ethiopia. Although Israel receives the largest amount of U.S. economic assistance, AID does not have an in-country management staff there because the assistance is a direct cash transfer and does not finance projects or programs.

This ratio, however, can be misleading. Economic support fund programs are considered less staff intensive than development assistance by some AID officials, and other management responsibilities, such as food and disaster assistance, are not reflected in the country program amount. For example, the low program funds to work year ratio in Ethiopia can be

⁶Workforce Planning in AID (AID, Feb. 8, 1991).

⁷For the fiscal year 1993 budget request, AID developed an overseas work force allocation model to better integrate program, operating expense, and work force processes. This model considered such factors as the types of assistance provided, the political nature of the program, pipeline size, and availability and competence of foreign national staff.

explained because, in addition to its program responsibilities, it also administered the distribution of food aid for the AID/W Office of U.S. Foreign Disaster Assistance. Additionally, the regional offices in Africa provide support services to other missions, and some missions and offices, including the regional offices in Africa, administer AID/W projects and programs. However, information on the number and amounts of AID/W activities administered by the field was not readily available.

Operating expenses as a percentage of a country's total program also varied widely from a high of 562 percent for the Ethiopia program to a low of about 1 percent for a number of programs, such as those in Egypt and the Philippines. Operating expenses constituted 10 percent or more of the total country program for 15 percent of AID's overseas offices and less than 5 percent for 44 percent of the offices. (See table III.3).

Trust funds financed approximately 13 percent of AID's operating expenses in fiscal year 1990, but, according to AID officials, the Office of Management and Budget informally requested that AID eliminate its use of trust funds by the mid-1990s. Compliance with this request could reduce AID's resources for operating expenses.

According to AID officials, AID would like to make more effective use of some operating expense funding by consolidating management of some country programs on a regional basis and closing associated overseas missions and offices. However, the Department of State frequently does not authorize closure of AID's overseas offices because they serve a foreign policy objective—providing an official U.S. presence in-country—as well as provide economic assistance. The Africa Bureau, for example, considered closing a number of small missions and overseas offices but did not in response to State Department and congressional reactions. AID did close offices in Grenada, the Central African Republic, and Mauritania, but only after protracted negotiations with the State Department.

AID/W Operating Expenses

AID attributed approximately \$174.2 million in obligations for operating expenses at AID/W's central and geographic bureaus and staff offices in fiscal year 1990. Operating expenses covered, among other things, 2,224 professional and management work years at AID/W. Table III.4 presents operating expenses and work year data for AID/W's central and geographic bureaus; however, we could not compare these data with overall program budget data because of inconsistencies in the data bases.

**Appendix III
AID's Projects and Resources**

Table III.4: Operating Expenses and Work Year Data for AID/W, Fiscal Year 1990

Dollars in thousands

Office or bureau	Operating expense obligations				Management and professional work years ^a
	Personnel costs	Distributed costs	Operations costs	Total	
Office of the Administrator	\$1,434.5	\$592.5	\$272.5	\$2,299.5	19.0
Executive Secretary	659.8	272.5	0	932.3	10.0
Board for International Food and Agricultural Development Support Staff	780.1	322.2	140.8	1,243.1	8.5
Office of Equal Opportunity Programs	391.2	161.6	54.3	607.1	8.2
Office of International Training	1,471.3	607.8	414.6	2,493.7	46.5
Office of Small and Disadvantaged Businesses	488.6	201.8	249.3	939.7	7.8
Office of the General Counsel	3,128.7	1,292.4	39.7	4,460.8	35.8
Office of the Science Advisor	530.5	219.1	76.8	826.4	11.5
Office of U.S. Foreign Disaster Assistance	1,668.0	689.0	177.0	2,534.0	49.5
Office of Legislative Affairs	928.2	383.4	5.6	1,317.2	13.6
Bureau for External Affairs	1,742.4	719.7	477.5	2,939.6	28.0
Bureau for Program and Policy Coordination	7,920.2	3,271.6	809.9	12,001.7	431.5
Bureau for Private Enterprise	2,721.6	1,124.2	219.5	4,065.3	50.3
Bureau for Science and Technology	12,605.7	5,207.0	476.0	18,288.7	215.5
Bureau for Food for Peace and Voluntary Assistance	4,636.9	1,915.4	1,644.2	8,196.5	99.0
Bureau for Management Services	16,034.6	6,623.4	1,413.2	24,071.2	480.4
Office of Financial Management and Office of Personnel Management	26,436.0	10,919.9	7,626.2	44,982.1	321.4
Bureau for Africa	11,118.7	4,592.8	465.3	16,176.8	159.3
Bureau for Asia/Near East	10,427.3	4,307.2	368.7	15,103.2	130.2
Bureau for Latin America and the Caribbean	7,333.2	3,029.1	359.3	10,721.6	97.9
Total	\$112,457.5	\$46,452.6	\$15,290.4	\$174,200.5	2,223.9

Note: Table excludes separate appropriation for the Inspector General (\$31 million obligated in fiscal year 1990), the Housing Guaranty Program (\$3.5 million obligated in fiscal year 1990), and the Task Force for Humanitarian Assistance (\$2.6 million obligated in fiscal year 1990). It also excludes the cost of overseas offices, undistributed costs, and some budgetary adjustments.

^aIncludes work years allocated for direct hire employees and some contractors.

In designating some operating expenses to AID/W units, AID does not measure specific costs, but rather estimates the amount to be allocated to each unit. For example, \$46 million in operating expenses was distributed to AID/W units based on each unit's salary and benefit costs as a percentage

Appendix III
AID's Projects and Resources

of total Washington salaries and benefits, rather than actual expenses. A 1990 AID report⁸ identified rapid cost escalations in AID/W operating expenses, which indicates the need for better management of the operating expense budget. In order to better manage this budget, the report suggested that AID needs information that more accurately reflects the operating expenses of AID/W bureaus and offices.

⁸Achieving Cost Control Over AID/Washington Operating Expenses and Pitfalls that have Plagued Efforts At Improving Agency Operations and Efficiency (AID Coordinating Group for Improving Agency Operations and Efficiency, Feb. 1990).

AID's Work Force

AID's work force, which performs jobs ranging from project management to clerical support, is comprised of U.S. direct hires, including civil and foreign service employees; foreign national direct hires; and U.S. and foreign national personal services contractors. Other individuals, who are not directly employed by AID, also perform a wide range of services in support of AID's programs. Aside from support functions, the largest proportion of AID/W's work years and the agency's overseas work years was allocated to executive management (17.1 percent) and project management (21.8 percent), respectively. This appendix describes the various categories of AID employees and provides information on the agency's functional allocation of work years.

AID's Work Force Defined

At the time of our review, AID did not have an official definition of its work force and used a variety of approaches. For our analyses, we used the work force definition developed by AID's Workforce Planning Working Group, established by the Administrator in September 1990. The Workforce Planning Working Group defined the agency's work force as those who have a direct employer-employee relationship with AID. This includes

- U.S. direct hires, which are U.S. citizens employed under the civil or foreign service personnel systems;
- foreign national direct hires, which are non-U.S. citizens employed by any foreign service-related mission, program, or activity of a U.S. agency; and
- personal services contractors, which are individuals who have entered into a contract with the U.S. government for the performance of services by that individual only, thereby establishing an employer-employee relationship.¹

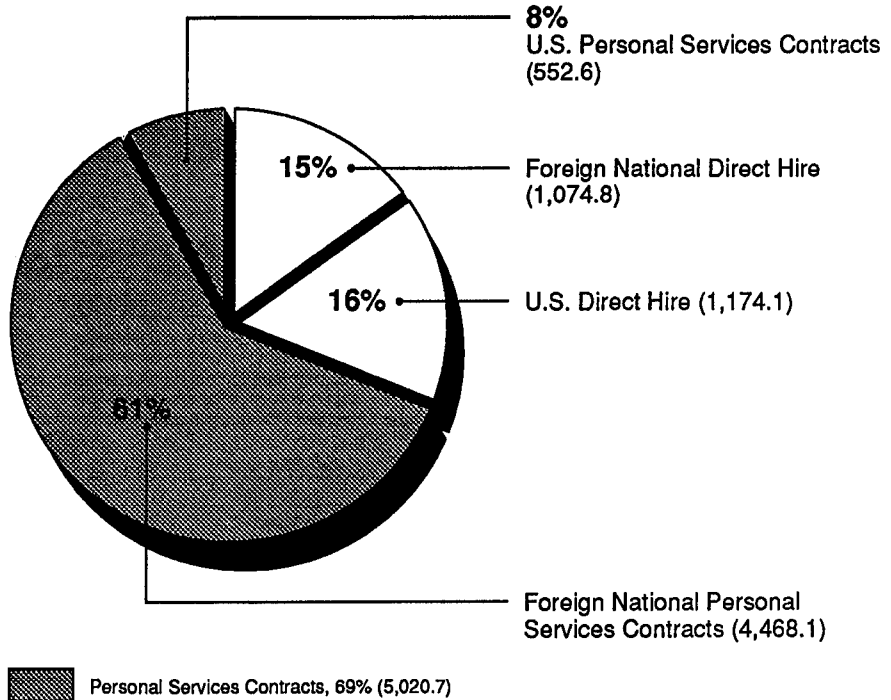
According to an AID report, Workforce Planning in AID (Feb. 8, 1991), this work force definition excludes those persons who are not directly employed by AID but who implement its project and programs, and conduct a wide range of activities on AID's behalf—that is, the “extended work force.” This extended work force is comprised of individuals employed by another U.S. government agency, a services contractor, an institutional contractor or university, a private voluntary organization, or a grantee. Activities performed by the extended work force include implementing AID projects; providing services, such as printing and security; and providing

¹Personal services contractors can be either U.S. citizens or non-U.S. citizens. In fiscal year 1990, personal services contractors could only serve overseas.

specialized expertise not found among AID's employees. Although AID does not know how many persons it uses under the extended work force, the agency estimates the number to be approximately 10,000 people.

In fiscal year 1990, personal services contractors were the largest component of the overseas work force at 69 percent (61 percent foreign nationals and 8 percent U.S. citizens), as shown in figure IV.1. In our September 1991 report on personal services contractors, we pointed out that AID does not separately identify the cost and number of personal services contractors in its budget reporting to the Congress. The Working Group also acknowledged that AID has in the past understated its work force by including only direct hire employees.

Figure IV.1: Overseas Work Years by Personnel Type, Fiscal Year 1990



Functional Allocation of the Work Force

In terms of functional work years, AID's employees perform jobs ranging from legislative liaison and project management to clerical support (see table IV.1). Three of these functions—policy development, field liaison, and legislative and external liaison—are carried out only in AID/W.

Table IV.1: Functions of AID's Work Force

Function	Responsibilities
Field liaison	Headquarters contacts with overseas posts that are not covered under other categories.
Legislative and external liaison	Headquarters contacts with the Congress and with individuals and organizations outside the agency.
Executive direction and administrative management	Top management and employees assigned to overseas executive offices, or to AID/W offices that provide administrative support.
Project design and review	Preparation of new assistance activities and review and oversight of ongoing activities that are managed elsewhere (e.g., oversight of field projects by AID/W, or bilateral projects by regional offices).
Project management	Management of a specific project.
Policy development	Development of policies related to assistance activities and agency operations.
Program planning and budgeting	Establishment of plans for assistance programs above the individual activity level and for the allocation of resources for both program and support expenses.
Program assessment and evaluation	Monitoring, evaluating, reporting on, and auditing ongoing or completed assistance activities to determine progress and accomplishments.
Information systems and financial management	Management of automated information systems and financial activities.
Contract management	Management of contract and procurement functions.
Support	Performance of support activities, such as secretarial and maintenance and protection of property.
Other management	Management personnel who do not fit under any of the above categories, such as functions related to legal matters, management of disaster assistance, the Housing Guaranty Program, and local currency programs.

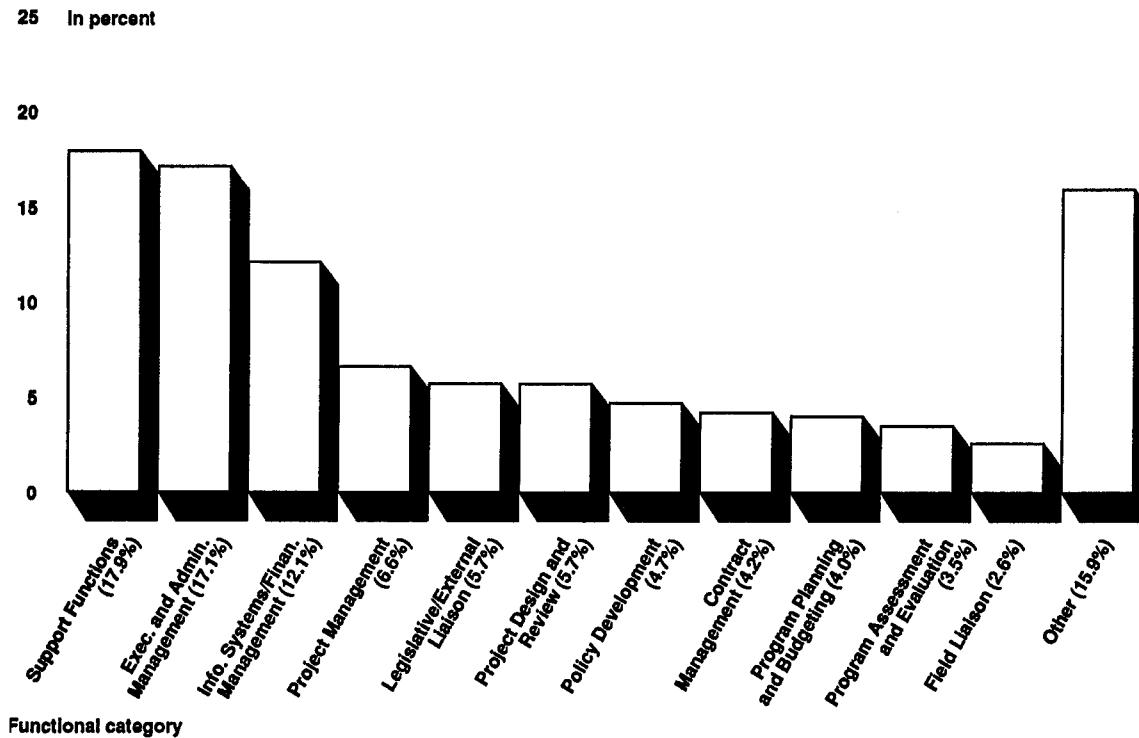
Source: Our analysis is based on functional definitions developed by AID for its annual budget submission.

As shown in figure IV.2, AID/W work years in fiscal year 1990 were distributed among a range of functional categories, with executive and administrative management having the largest share (17.1 percent) after support functions (17.9 percent). The largest proportion of the agency's overseas work years, excluding support functions, was allocated to project management (21.8 percent), as shown in figure IV.3. In contrast, the

contracting function's share of work years was only 4.2 percent for AID/W and 2.7 percent for overseas missions and offices.

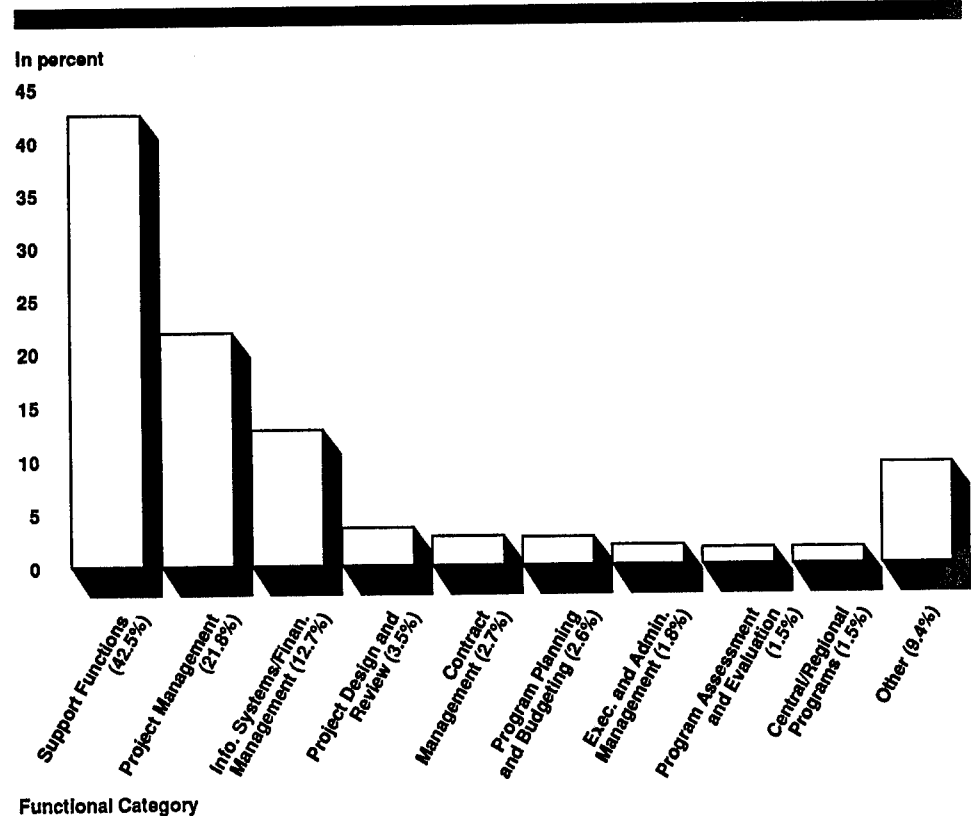
In our report on AID's management of overseas contracting,² we found that although many AID officials regarded the number of contracting staff assigned overseas as inadequate to handle the workload, AID did not have a contracting and procurement staffing plan to determine the contracting resources needed to administer contracts for a given program portfolio. AID's Workforce Planning Working Group also has expressed concerns about AID's contract management capacity because of its reliance on contractors for meeting personnel needs.

Figure IV.2: Functional Distribution of AID/W Work Years, Fiscal Year 1990



²Foreign Assistance: AID Can Improve Its Management of Overseas Contracting (GAO/NSIAD-91-31, Oct. 5, 1990).

Figure IV.3: Functional Distribution of Overseas Work Years, Fiscal Year 1990



AID's report, *Workforce Planning in AID*, indicates that a continuing decline in operating expense funds and U.S. direct hire work years is changing the roles of AID's overseas work force. In fiscal year 1990, 32 percent of the overseas U.S. direct hire work years were allocated to project management. According to the report, however, U.S. direct hires, including project managers, are no longer directly involved in the implementation of development activities, but rather have greater responsibilities for managing and monitoring contractors. In his management action plan, the Administrator also states that a significant amount of staff time is spent on managing contractors, rather than on the technical aspects of project implementation.

At the same time, missions and overseas offices are relying to a greater extent on foreign national direct hires and U.S. and foreign national personal services contractors. The report notes these personnel have significant responsibilities, which may exceed authorities allowed under AID regulations. Our analyses indicate that foreign national direct hires and

foreign national personal services contractors spent 22 percent and 16 percent, respectively, of their work years on project management. Similarly, U.S. personal services contractors spent 42 percent of their time on project management.

Scope and Methodology

To accomplish our objectives, we interviewed AID/W officials and analyzed AID data bases containing program and work force information. We also reviewed documents related to (1) the Administrator's organizational restructuring, (2) AID work force planning initiatives, and (3) AID's fiscal year 1990 budget. Our analyses, which were begun in early 1991, were based on fiscal year 1990 data—the most recent year complete information was available.

We obtained and analyzed two data bases maintained by the Directorate for Finance and Administration. First, we used a project-related budget data base to develop pipeline information for AID/W and field activities. Although we did not validate the data, for a previous report we reviewed the quality controls that AID/W used to ensure the accuracy of the data and conducted selected checks of data against mission controller records.¹

Second, we analyzed the work force data base used in AID's annual budget submission process. This data base provides information on actual and projected use of work years as of the time the budget submission is prepared. Although the data base includes some projected data, key agency officials, including the agency's Workforce Planning Working Group, consider it the best source of information on the types and functional allocation of staff. We did not verify the data contained in the work force data base, nor did we evaluate the methodology used to compile it.

Because of information system limitations, we were not able to provide a complete profile of AID operations. For example, we were not able to provide information on all of AID's overseas activities, such as the regional housing and urban development offices and the development assistance coordination and representation offices. Illustrations of specific information management systems limitations we encountered include the following:

- Accessing data maintained by the New Accounting Payroll System was not always possible.
- Information from AID's automated systems for program budgets, work force, and operating expenses was difficult to reconcile.²

¹Foreign Assistance: Funds Obligated Remain Unspent for Years (GAO/NSIAD-91-238, Apr. 9, 1991).

²These systems were the Program Budget Data System, the Mission Operating Budget System, the Financial Accounting Control System, and a work force data base system.

- The variety of personnel definitions and data sources used by AID constrained our analysis of the composition and numbers of the work force.³
- The lack of compatibility among bureau-specific information systems resulted in our inability to obtain reliable information on the beneficiaries of central bureau activities.

We performed our review from March 1991 through February 1992 in accordance with generally accepted government auditing standards.

³Data sources included (1) automated systems, such as the Revised Automated Manpower System and a work year system, and (2) multiple manual reports, such as the W-490 report and mission staffing patterns.

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