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ERNEST WILSON

*Interviewed by W. Haven North
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KEY WORDS

Accounting
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AWACS - AID Worldwide Accounting and Control System
Brazil
Central America
Central American Bank for Economic Integration
Commodity Import Programs (CIP)
Contract management
Controller
Disbursement system — payments
East Africa Accounting Center
Ethiopia
Executive Office functions
Financial analysis
Financial management systems
General Accounting Office (GAO)
Ghana
Guatemala
Infrastructure projects, e.g. Roads, communications, water supply
Inspector General, USAID (IG)
Institutional development
Kenya
Loan management
Mission Accounting and Control System— MACS
New Management System (NMS)
Non-Expendable Property Management (NXP)
Peace Corps
Reduction in Force (RIF)
Regional Development Service Office (REDSO) —East Africa
Regional Office for Central America and Panama
School of Business Administration, Central America
Section 1311 Review of Unliquidated Obligations and Commitments
Southern Africa
Woodrow Wilson School, Princeton University

INTERVIEW

Q: Today is December 1, 1998 and the interview is with Ernest Wilson. Ernie, give us a quick thumbnail sketch of your career in AID [Agency for International Development] and then we'll go back to your earlier years.

Overview of USAID career

WILSON: I came into the Agency in July 1963. I was assigned to Ethiopia as an auditor. I arrived at post in August of 1963. I was there for two years. Then I transferred to Brazil. I was in Brazil for two years as an auditor. Then I was transferred to Central America, to Guatemala, to the Regional Office for Central America and Panama (ROCAP). I was there for almost five years until 1971. I served as an auditor for a year, as Chief Auditor for two years, and as the ROCAP Controller for about a year and a half. In 1971, I went to Ghana as the Controller. I was there for four years until 1975. In 1975, I had a year of long-term training at Princeton, followed by an assignment to Kenya as the Director of the East Africa Accounting Center. Subsequently, I became the Assistant Mission Director at USAID/Kenya. I left Kenya in 1978. I returned to a Washington assignment as the Africa Bureau Financial Manager. I was in that position for a year and a half and then I took over as the Chief of the Loan Division in the Office of the Controller. I was in that position for a year and a half. I went to Cairo as the Associate Director for Financial Management. I was there for two years, after which I retired.

Early years and education

Q: Okay. Where are you from? Where did you grow up? What was your education? What along the way got you interested in working in international development rather than something else and staying home?

WILSON: I was born in Louisiana. My father had gone down to Baton Rouge with the Illinois Central Railroad. He was a railroad mechanic dealing with engines primarily. They had gone down a couple of years before I was born. I was born there. I spent my early life in Louisiana. My father died, was killed in a railroad accident, in 1935. We subsequently returned to Illinois. I finished high school in Illinois, went to the military. I was in the Air Force toward the end of World War II. I was mustered out.

Q: Did you serve overseas at all in the Air Force?

WILSON: No, it was all domestic service. After that, I went back to Chicago, went home. I resumed my education. I was at the University of Illinois at Champaign-Urbana. I majored in accounting. I graduated in 1951 with a degree in accounting. Subsequently, I went to work in Chicago for the city as an accountant. I worked for the Chicago Housing Authority for six or seven years. I ended up as the chief accountant. From there, I was recruited into AID.

Q: How did you find out about AID? What made you want to take that leap?

WILSON: I was ready to leave the Chicago Housing Authority. I was looking for an opportunity to do something different. A fellow who had been a classmate of mine at the University of Illinois was visiting with me. He had joined the State Department. He had served in some missions where there were USAID missions. He brought it to my attention that there were opportunities for people with financial backgrounds in the AID

program. That sort of peaked my interest because I was amenable to leaving the Chicago Housing Authority and I had always had an interest in other places, other things, and other people. I saw that as an opportunity to start out on a new career if I could convince my wife and family that this was a sensible thing to do.

Q: I guess you did convince them.

WILSON: Yes, at least my wife. Others, my contemporaries and friends, saw no reason why one would leave Chicago for an open-ended assignment overseas with people you didn't know and that sort of thing.

Q: How did you get recruited?

WILSON: Soon after my colleague and I met for lunch, AID apparently was staffing up for Vietnam and opening other posts. A recruiting team from the AID Controller's Office visited Chicago and I was interviewed. I had sent the Agency a resume for consideration and the team had gotten it and contacted me.

Q: What year was this?

Joined USAID in financial management — 1962

WILSON: This was 1962. The Office of the Controller went on a recruiting tour and they came to Chicago. I was contacted and I interviewed and filled out the papers and was called.

Q: Did you have an orientation program? How did you find out what this agency was all about?

WILSON: I got material from the recruiters. I did some research in the library. My colleague sent me some material. But there wasn't a great deal of material in the Midwest in those years on AID.

Q: I imagine. So, when you joined AID, did you stay in Washington for orientation or did you go right overseas?

WILSON: No, in those years, the orientation programs were quite detailed and quite long. I was in Washington for six or eight weeks. Then I went up to Boston University for about three weeks to take an African studies program. I was being assigned to an African country, to Ethiopia.

Q: What did that course at Boston University convey to you?

WILSON: It was primarily independent study on East Africa, the Horn of Africa, Sub Sahara Africa, and the history of the area, the economic status of the countries, how interest was spurred in the Horn of Africa after World War II when the U.S. took over

primarily in Ethiopia from the British, what we were doing there and why we were doing it.

Our main interest in East Africa and in Ethiopia in particular at that time was its strategic location and a desire to hold on to a military installation in Eritrea. I think that base was part of the worldwide military communications system. It was at that time important to the U.S. because that was before satellites were widely used.

Q: Did you get any training or orientation about the financial management systems of AID at that time?

WILSON: Not really. Just a smattering. It was mostly FSI [Foreign Service Institute] courses, what to do and what not to do, very little or no concentration on the AID financial system. Maybe an interview a couple of days with the head of the Audit Division, but nothing substantial or detailed or related to what I would be doing at USAID/Ethiopia.

First overseas assignment in USAID/Ethiopia as an auditor — 1963

Q: So, you went out to Ethiopia in what year?

WILSON: August, 1963. I arrived at post on August 21st.

Q: Your position was as auditor?

WILSON: As an auditor. There was a small audit staff.

Q: Small being what?

WILSON: Consisting of two American and one TCN [third country national] auditor on the staff reporting to the USAID Controller. The USAID mission at that time was quite large. I would say probably 60-70 U.S. direct hires.

Q: This was in the days when audit function was part of the financial management system?

WILSON: It was, yes. The chief auditor reported to the Controller. The audit reports were directed to the Mission Director and resolved in the mission.

Q: What was your understanding of the situation in Ethiopia in terms of economic development and what we were trying to do?

WILSON: My understanding of the economic situation was that Ethiopia was one of the poorest countries in Africa, but that they had potential to be self-sufficient in food production and exporting food and agricultural products to other East African countries. The program there was concentrated in agriculture, public health, and public safety.

Q: What was your function as an auditor? What do you do when you're an auditor in a mission set up like that?

WILSON: In response to requests from the front office, the Director's Office, and other staff officers, or in response to concerns of the Controller, certain programs were scheduled for audit. After querying the mission, the staff prepared an audit plan for the year. It was presented to the Controller and the Controller in turn presented it to the front office. It was adjusted and finalized and we took off and started conducting the audits. We had a big program also in infrastructure, road building, farm to market roads, that sort of thing. We also had a large education program building and equipping schools.

Q: What was the focus of the audits?

WILSON: We financed a lot of the local costs of projects. We also provided a lot of commodities. The focus of the audits was to determine that adequate supporting documentation existed for the local costs that had been reported as having been expended on the project, and that commodities financed by the project had been received in a timely manner and promptly utilized for project purposes.

Q: What were the main issues that seemed to be a pattern across the various projects that you audited?

WILSON: Inability to document the receipt and utilization of commodities that had been financed by the project. The failure of the host government to maintain records that could adequately document the receipt and utilization of funds advanced for local cost financing. In short, by our standards, weak financial systems.

Q: What happened to your recommendations? What kind of recommendations did you make?

WILSON: If commodities could not be located or there was no documentation to support the utilization/disposition of commodities financed, recommendations for refunds were made. If costs that were not eligible to be financed were financed, we recommended refunds. The audit findings or recommendations were to be implemented by the technical office in charge of the project. We worked with them to try to resolve recommendations in a timely manner.

Q: Did you find people responsive to your recommendations?

WILSON: Yes, generally, they were responsive. We also found, naturally, some problems on the USAID side. Technical people ordering commodities apparently without sufficient knowledge of what was required. For instance, ordering 110 volt sewing machines for secondary training schools, where the electric current was 220 volts or no electricity was available. I would attribute those things to people who were technically qualified in their field as educators, but not necessarily as procurement people.

Q: Or sensitive to the local requirements?

WILSON: Yes.

Q: Were there any major audit issues at that time or were they all of the kind you described?

WILSON: They were all of the nature that I described. I was not aware of other type findings.

Q: At that time, did you look at implementation and project objectives, whether it was meeting the purpose set forth in the project paper?

WILSON: Not at that time at that mission. This was 1963-1964. We primarily reviewed the project agreements, saw what was financed, and attempted to trace the commodities or assistance provided.

Q: We'll come to it later, but AID shifted the audit functions out of the missions. But did you find your independence as an auditor somewhat compromised in terms of what you could audit and what you couldn't audit, the Mission Director trying to steer you in certain directions away from some things and toward others?

WILSON: At that point in my career, no. I wasn't aware of it. I wasn't in charge of the audit function. I was given assignments and I tried to complete them as efficiently and effectively as possible. My reports went to the Controller through the chief auditor. So, I was somewhat removed from what was going on, although I knew that getting audit reports published was a problem if they contained sensitive findings.

Q: Were your reports submitted to Washington? Was there any Washington reaction to them?

WILSON: At that time, they were published and resolved right in the mission.

Q: So, they didn't go outside of the mission?

WILSON: No.

Q: Was there any external audit of the program during your time?

WILSON: Not during those two years I was there. We didn't have GAO auditors or anybody else come in at that time. Ethiopia was a long way off the beaten track.

Q: How did you find living in Ethiopia?

WILSON: It was hard to get adjusted at first. There were no spectator sports or theaters or that sort of thing, so one had to make one's own way. Our life sort of revolved around

the elementary school, which was fairly large, and camping trips and exploring the countryside.

Q: How did you find that?

WILSON: It was a beautiful country and we adjusted to it and loved it. We looked forward to the camping trips down at the lakes. My wife worked at the American school. Our lives revolved around that and entertaining at home. There was the ECA, the United Nations Economic Commission for Africa, which was headquartered there. There were a lot of other expatriates around, so we met a lot of people, and many Ethiopians as well.

Q: How about relations with Ethiopian officials or Ethiopian people? Were you able to have much of a rapport with them?

WILSON: I met a number of them. In fact, I met people on every audit. One might be in one ministry on one audit and in another on the next audit. All the audit functions were performed in the various Ministry Offices because we were looking at their records and looking at what they had. So, I had the opportunity to meet a lot of people at my level.

Q: Did they have an audit system?

WILSON: They had an auditor general, but it wasn't sophisticated and it wasn't up to date. There were funding problems and training problems.

Q: But were there individual auditors that you worked with as counterparts?

WILSON: No. They didn't work with us. We worked primarily in the controller side of their organization where the records were. We had very little contact with their auditors.

Q: Did you find them responsive to the concept of auditing?

WILSON: Yes, but that was before AID went into the business of recipient audits and that sort of thing. There were limited opportunities for audits by public accounting firms because there were no public accounting firms located in those areas at that time, or very few. So, an audit was a difficult thing to do there. That's why we had audit staff there to try to do some elementary type audits.

Q: Were you involved in trying to develop any capacity for auditing in the government?

WILSON: Not at that time. I was a very junior officer on my first overseas tour.

Q: But did you have a counterpart that you worked with or were you on your own?

WILSON: I was on my own. In fact, the three of us worked alone on each audit. If there were problems or observations, we had to resolve those with the chief auditor or with the deputy controller. There was a great audit backlog. We were the first group of auditors assigned to the Mission. They were just staffing the audit function. So, the audit

workload was great and the emphasis was on production and getting out and seeing what was happening.

Q: What was your perception in your role there as to the overall management of the program?

WILSON: The overall management of the program on our side was good.

Q: And on the Ethiopian side?

WILSON: The capacity wasn't there. They had very little to work with in terms of office space, or people with the required training. There was a lot of learning on the job from people who had prior experience.

Q: Anything else about your experience in Ethiopia? That was your first tour. It must have been a great learning experience.

WILSON: It was primarily a learning experience and an opportunity to “get my feet wet” and to learn more about what the Agency was about and what it was doing, etc. As I said, it was a relatively large mission. There was a large military training group there, too. So, there were lots of Americans around.

Q: You finished up in Ethiopia in what year?

WILSON: In 1965.

Transferred to USAID/Brazil — 1965

Q: Where did you go then?

WILSON: From there, I went to Brazil.

Q: Quite a shift. Did you have any say in where you went?

WILSON: I asked to go to Brazil.

Q: Why was that?

WILSON: I had an interest in Latin America.

Q: Where did that interest come from?

WILSON: From college. Spanish history. I had taken some Spanish language courses in college. At that time, Brazil was one of the larger USAID programs overseas. As I found out when I got there, it was much larger than I had anticipated. In the northeast, there was a branch or a sub-mission that had 50-60 U.S. direct hires.

Q: So, you were still doing audit functions at that time?

WILSON: Yes.

Q: Was there a large audit operation?

WILSON: There was a very large audit operation. But most of the U.S. positions were unfilled. They were recruiting staff. The chief's position was unfilled and there were five or six other audit positions that were vacant. There were two of us in Rio. We were supervised by the deputy controller until eventually we were fully staffed.

Q: What were some of the major projects that you audited that stand out in your mind?

WILSON: Actually, I didn't do a lot of field auditing. We had a large staff of Brazilian auditors.

Q: Employed by the mission?

WILSON: Yes. In the larger missions, the audits were generally performed by local auditors supervised by USDH. The USDH staff had not been recruited at that time. The local auditors had continued to complete audits. I ended up trying to get the reports that had been filed published, so I was mostly running a publication office rather than an audit office.

Q: Published and acted on?

WILSON: Published. Publication was the first step in getting action. Later on, when I left Brazil, we had gotten into the business of tracking the implementation of recommendations. We set up audit tracking systems.

Q: What were the main issues that you found in your audits there?

WILSON: The same issues on a larger scale that we had in Ethiopia: what had happened to the money, the accountability factor.

Q: That seems to be a chronic issue throughout all the programs you worked with.

WILSON: Yes.

Q: But what kind of actions were you proposing to get at these issues?

WILSON: It was a simplistic approach. Most of them were to either account for the commodities or file a request for a refund. We had not gotten into the business of looking at the capability of the host country audit system so that they could do their own audit. That came later.

Q: Did you find that the government was responsive to making the refunds?

WILSON: We had trouble making the recommendations stick. There was a reluctance to file for refunds. Once the request is made, it pretty well stays on the books until it is complied with. So, you have a lot of recommendations for refunds made that are outstanding for long periods of time. It's a problem for the mission.

Q: Were these large refund requirements?

WILSON: If the grantee fails to account for the receipt and utilization of commodities or services financed by the project, then, a recommendation for refund is almost automatic under the terms of the Project Agreement or contract, or grant agreement.

Q: What did happen to the commodities that required a refund?

WILSON: I think, in most cases, it was just a failure to maintain adequate records. I think, in 90% of the cases, the commodities came in. They probably reached their end users, but they didn't have the system in place to support that.

Q: Was AID concerned about helping them set up systems?

WILSON: Yes.

Q: There were some projects to help?

WILSON: There were some ad hoc attempts at training people in various ministries.

Q: Was this part of your office function?

WILSON: No, it was part of the technical office's. They tried to build it into their participant training program, which was, in those days, a large part of the assistance.

Q: How did you find working in Brazil?

WILSON: Interesting, challenging. It was a great contrast to Ethiopia. At that time, the mission was in Rio, which is a big city like New York, sophisticated and crowded. So, as opposed to Ethiopia, where you were in a small, foreign atmosphere, Rio was like New York.

Q: How did you find working with the Brazilians?

WILSON: Fine. They were great people to work with and were well qualified. A lot of people were well trained.

Q: Did you learn Portuguese?

WILSON: Not too much because they put me to work almost immediately. There was a language school at post and I went full time for the first month I was there. Then they

called me back to the office. I seldom got a chance to pick up on Portuguese because of the workload. But the staff was very good and very capable, our USAID FSN [Foreign Service national] staff. They were a pleasure to work with, very knowledgeable.

Q: Were there any major audit issues from your part or from outside?

WILSON: No. At that time, the pressure was on to get this roomful of reports published. That's what I was assigned to. So were my other colleagues.

Q: Published them and trying to get people to do something about them, was that part of your responsibility?

WILSON: That was the Controller's and the deputy controller's responsibility. Once we published, we were finished. We went on to something else.

Q: So, you didn't do much follow-up.

WILSON: No, only as a result of a subsequent audit of the same project/function. Because of staffing deficiencies, somebody else took that responsibility.

Q: Were you aware of any guidance or instruction from Washington about the audit role, function, and responsibility?

WILSON: Yes. Rio was a popular place. There was always somebody down there selling ideas, operational guidance, and that sort of thing.

Q: But at that time, there was really no significant change in the audit approach ?

WILSON: No.

Q: It was straight finance and accounting.

WILSON: Yes. It really wasn't very sophisticated.

Q: Did you develop any particular impression of the program and its impact on Brazil?

WILSON: No, to be frank, it was so large and so varied. What little auditing I did do there, every time I was assigned an audit, I found another USAID office in another building. It was almost too large a mission spread out over a very large country.

Q: Anything else about the Brazilian time?

WILSON: The only other thing I recall about Brazil was that that's where the reduction in staffing initiatives began. The ambassador felt that there were really too many Americans there and the mission was too large. He started recommending that we phase down some of our operations, consolidate them, and that sort of thing.

Q: How did that affect your operation?

WILSON: Immediately, it didn't have any effect.

Q: They scaled down the audit staff?

WILSON: Not during my time. But eventually, it did. That was in Congress. But it was not only just AID. The IRS [Internal Revenue Service] was there. Coast and Geodetic Service, Army Mapping, Military Assistance... There were Americans all over the place.

Q: Anything else that you want to add on Brazil at this point?

WILSON: I don't think so. It was a pleasant place to be. The Brazilians were great people. There were great capabilities in the local staff. In fact, they helped train some of the new American staff. They had been in place for so long. They were very capable. It was a very easy place in which to work. All you had to do was say, "Let's do this. This is the way we should do it." The only problem was trying to put the reports into the sort of English that was acceptable to the front office.

Q: You were not involved in any visits from Washington, visits from GAO or anything of that kind?

WILSON: It was a fine place to try out things: new payroll systems, will this work? We were involved in that sort of thing. Of course, you recall that this was in the days before we had instant communications, too. There were airgrams and telegrams and that was about it. Maybe phone calls. But the average person didn't make phone calls back to the U.S. There was a division chief for that sort of thing. So, that takes me up to 1967. I arrived in 1965 and I left in 1967.

New assignment to the Regional Office for Central America and Panama (ROCAP) — 1967

Q: So, then onward.

WILSON: I went from there to Central America, to Guatemala, to ROCAP.

Q: Did you have a say in this choice? Is that what you wanted?

WILSON: Yes, I was amenable to going there. It was a smaller staff and program. I thought I could be more effective.

Q: You were a unit within the ROCAP mission?

WILSON: Yes.

Q: What was your understanding of the ROCAP function?

WILSON: ROCAP was to implement the economic integration of the Central American countries. It was established for that. It was established, and opened for business, around 1962. I got there in 1967.

Q: What kind of projects were there?

WILSON: They were giving financial support to the Central American organizations that had been established to implement the economic integration of the area. There were secretariats in the various countries.

Q: What program areas were they mainly working on?

WILSON: They were working primarily on infrastructure projects. The building of roads, communication systems, and bridges. Poor infrastructure was seen as a constraint to development. Farmers could produce, but they couldn't get their products to market. Export promotion, that sort of thing. Some health. Education. But ROCAP was a regional organization. In addition, there were the country missions. ROCAP was headquartered in Guatemala with responsibility for support of the regional organizations throughout the five Central American countries. But there was a USAID mission in each country.

Q: How did you find this operation working?

WILSON: We did okay. They were completely self-sufficient and we were self-sufficient. In other words, there was the USAID/Guatemala director, controller, and what not, although the controller at USAID/Guatemala nominally was under direction of the ROCAP Controllers. But he performed independently and he reported to the Mission Director.

Q: Did each of the missions have their own audit functions?

WILSON: No, the audit function was from ROCAP. But we had a U.S. auditor, at least one, in each of the five countries.

Q: But under the ROCAP.

WILSON: Under the ROCAP.

Q: How was that received by the missions?

WILSON: Okay.

Q: There were no issues of jurisdiction ? Were there any major audits that you worked on that stand out in your mind?

WILSON: I was assigned to audit primarily in Honduras at the Central American Bank

for Economic Integration (CABEI), through which ROCAP channeled a lot of assistance. ROCAP made loans to CABEI for relending to individual countries, mostly for infrastructure projects. In the first two years I was there, I spent a great deal of time in Tegucigalpa on these audits. There were millions of dollars down there that we were trying to audit.

Q: Did the Bank have an audit function?

WILSON: Yes, they had an audit function.

Q: Did you work with them on this? Did you work independently?

WILSON: We worked independently, but we worked with them providing they had done anything in the area - if there was a project that we were interested in. We had access to whatever they had done. But again, the audit capabilities were limited and we were trying to support the Bank in establishing systems and capabilities in various areas. The Bank was a fairly new institution.

Q: You were providing technical assistance?

WILSON: Yes.

Q: Not just doing audits, but training?

WILSON: Yes. Not for auditors as such, but ROCAP financed key positions in the Bank and contracted for outside assistance the Bank needed, etc.

Q: Were there any major audit issues?

WILSON: There were issues like the utility of building a road that ended at a border and didn't go across the border, linking up roads, and that sort of thing. There was a question of the utility of building this road to this point at the border of Honduras when Honduras has not put up its share to link the road up with its interior road system. At the time you were dealing with two different sovereign countries, each setting its own priorities.

Q: That was a Bank program?

WILSON: Yes, we lent the money to the Bank for certain purposes. The Bank in turn loaned the funds to the Central American governments. Some of the loans were repayable to the Bank in hard currency, some in a combination of currencies, etc. All loans to AID were repayable in the currency loaned - usually U.S. dollars. They were referred to as two-step loans.

Q: What is a two step loan?

WILSON: Lending to one entity for relending to another entity.

Q: How did you find that worked?

WILSON: It worked well... at least in principle. We were in the early stages of the lending and repayment cycles. Many loans had not reached the point where repayment was to commence. But actually, the Bank over time, was very successful.

Q: Were they responsive to your audits?

WILSON: On large issues, the Bank was generally quite responsive. ROCAP participated in placing many of the bank officials in their positions and they were responsive to AID's concerns.

Q: Did the roads ever get connected?

WILSON: They did eventually, yes.

Q: Was it because of your audits?

WILSON: The audits were just managerial tools. They had their impact, but basically the ideas and plans were good and they worked. I think the economic level of all of the countries increased considerably over time in spite of the wars in El Salvador and Nicaragua.

Q: But in this sense, your audit function went beyond just the accounting and tracking into project purpose.

WILSON: Yes.

Q: Was that a conscious thing?

WILSON: The countries needed assistance. They needed capabilities and they were willing to cooperate.

Q: But in terms of the audit function, it sounds like it was being broadened a bit by taking on project purposes.

WILSON: Yes.

Q: Was that a deliberate shift?

WILSON: I could attribute that to the ROCAP director, and the people who were running this program. We had some very good people.

Q: But there wasn't any guidance from Washington saying "We want to shift the orientation of our audits?"

WILSON: No. They depended a great deal on the people they put in the field. But we did try to establish some audit capabilities in those institutions that were being supported. Again, at that time, in the 1960s and early 1970s, there were not a great many foreign accounting firms operating in those countries as there are today. Washington had decreed that you could only use local accounting firms if they met certain standards that were comparable to the standards that existed in the “big six” accounting firms in the U.S. They did not at that time have that capability.

Q: Were you involved in trying to identify these local firms?

WILSON: Yes.

Q: And certifying them?

WILSON: Yes.

Q: Did any of them qualify?

WILSON: A few. Each country had firms with tenuous connections with U.S. accounting firms that later developed stronger relationships. There now are branches of all of the “big six” U.S. accounting firms throughout the world, but particularly in Central America.

Q: Were they branches or just associations?

WILSON: In those days, there were just loose associations. Today there are local branches of world class accounting firms in most Latin American countries.

Q: Does that mean that AID had shifted to using local auditors from using its own?

WILSON: Eventually, yes. After the establishment of the Auditor General, audit as a separate function was pursued.

Q: We'll come to that. So, basically, this was the same sort of audit function and approach that you experienced before in Ethiopia and Brazil.

WILSON: But I would say it was at a higher level.

Q: What does that mean?

WILSON: We were beginning to look at did this project accomplish the purpose that was set forth in the project/loan agreements? Why were these roads built?

Q: But were there any particular directives that said that we should broaden that function or was that simply just sort of a natural growth kind of process?

WILSON: We had a more sophisticated and able staff and good leadership in those places. The Mission Director was anxious to see that the best people were there and that the program was implemented as it should be.

Q: You found the mission leadership encouraging this broader examination.

WILSON: Yes. At that time, the USAID financial staffs were small in Central America. Generally, there was only one USDH in the Controller's Office. ROCAP had a staff of U.S. auditors. We supported the mission controllers. If somebody was leaving for home leave or sick, etc., they looked to ROCAP to cover those positions. I got a lot of those assignments. In 1967-1969, about half of my time was spent on audit and half on filling in for the controllers.

Q: So, you were beginning to make a shift from auditing to management functions.

WILSON: Yes. I was traveling about 75% of the time. But distances were not great. I was able to return home most week-ends.

Q: How did you find living in Central America?

WILSON: In those days, some places were better than others. There was not really a four star hotel in Tegucigalpa at that time. But we did alright.

Q: You were living in Guatemala?

WILSON: Yes, but traveling throughout Central America and to Jamaica and Haiti. We also had responsibility for auditing those two places, although the programs in Jamaica and Haiti were small at that time. The only thing we were doing in Haiti was a malaria eradication program. That really was a multi donor funded project. Jamaica at that time was sort of phased out or phasing down.

Q: Was there any project or program that stood out in your mind as being particularly significant?

WILSON: There was one program where we supported an institution that was working in the area of nutrition. That program was very well received and is still in existence today. There was the Harvard Group, which set up a school of business administration in Nicaragua. That was highly successful. During the war, the institution was moved to Costa Rica. I think it's still in existence today and trains graduate students in business administration throughout Central America and some from South America.

Q: Did you have any direct association with the institution?

WILSON: I had until it was moved to Costa Rica. Four or five years ago when I was in Costa Rica, I visited the campus there. I presume, someday, it will go back to Nicaragua.

They had a large campus there and a lot of buildings.

Q: Are there any projects that stand out in your mind as real failures, just no chance they were going to make it?

WILSON: Some of the programs died out, but they were temporary in nature. The whole idea was that you would support these institutions and that they would carry on and grow - things like export promotion - that we did with contractors. They're not being done anymore. But that capability is with the local governments and the private sector. I think that most of the projects I recall were later taken over by the participating governments or the private sector and exist today in one form or another. Some of the other things that we did in ROCAP and in the Audit Office were to help these fledgling regional institutions to set up their accounting and financial operations.

Q: You were involved in that?

WILSON: Yes. Some of our FSN auditors left and went to these organizations and we worked with them and gave whatever assistance we could to help them settle into their new positions.

Q: So, you were involved in institutional development?

WILSON: That's right. We also published accounting manuals and had them translated into Spanish for the guidance of these institutions.

Q: Did you do any teaching yourself?

WILSON: Yes.

Q: You taught in these institutions?

WILSON: I taught the staff. We used teams composed of American and local auditors.

Q: Do you know the evolution of some of these?

WILSON: In the regional office in El Salvador, the gentleman who went there as a controller is still there. He is the vice director of the organization.

Q: What organization is this?

WILSON: This was the secretariat for the political organization for economic integration (ODECA).

Q: Does that organization still exist?

WILSON: Yes.

Q: It was still a functioning secretariat?

WILSON: Yes, to some extent.

Q: I gather some of the economic integration work did not continue?

WILSON: It faded out, but some of the institutions are still there.

Q: I see. You provided a little technical assistance, capacity building type of work?

WILSON: Yes, somewhat out of necessity to ensure that the proper systems were there to account for the funding that was going into these organizations. We did that by trying to offer training to support them and putting some of our own FSNs into key positions.

Q: How did you find that worked? People talk about problems of corruption, lack of integrity, and so on. Did you run across those kinds of issues in these organizations?

WILSON: Not really. The problem was, jockeying for positions in these regional organizations, who was get what jobs/appointments. But the money went into separate accounts. The controls and accountability were there.

Q: Were there any major issues.

WILSON: The major issues might be the contributions of the host governments; they were not being made on a timely basis.

Q: Anything else on your Central American experience?

WILSON: No, I think that's about it. Eventually, I became the ROCAP controller. The last two years, I was there as the ROCAP controller. From there, I went to Ghana in 1971.

Q: It's a shift from being auditor to being controller. Is that a fundamental shift?

WILSON: It was a fundamental shift.

Q: How would you characterize the change in your function and role?

WILSON: I had more supervisory responsibility. As an auditor, you are a member of a team. You get an assignment, you complete it and move on to the next job. As a controller, you're responsible for staff, the accounting functions, the reporting functions, the entire financial management of the mission. So, it's another dimension.

Q: What were the main issues you had to deal with when you became the controller in ROCAP?

WILSON: I still had to run the audit function for ROCAP. The accounting and bookkeeping functions were transferred to the USAID mission. The deputy controller was the controller for the USAID mission. So, ROCAP and the USAID mission accounting was done in the USAID/Guatemala mission. The audit and financial analysis functions were accomplished by ROCAP.

Q: Financial analysis means what?

WILSON: Financial analysis encompasses the contribution of the Controller's Office to the analytical work required by the Mission, for example, the financial analysis portion of the project paper, costing out projects, working on the project development team in the preparation of the PP. Conducting pre-award surveys of potential grantees. Conducting special financial analysis of on-going projects. Audit tracking and liaison.

Q: Did you find that function well received by the project development people?

WILSON: Yes. At that time, in order to get a project approved, you had to have a strong financial as well as economic analysis. You had to cost the project out. So, the effort was welcome. They were glad to have a financial person on the team that could cost out the project; set up the time phased implementation plan; suggest methods of financing and cost sharing, etc., as well as drafting financial reporting provisions.

Q: Were there any particular issues in doing financial analyses in terms of AID projects?

WILSON: Not unless you came into revenue producing entities - a utility or power plant or something like that, where you had to get into sophisticated analysis. Then you needed a strong individual.

Q: Did you do cost-benefit analysis?

WILSON: Yes, and income analysis if it were called for in the type of project being designed. There was more of this later on in Egypt, where we had a lot of income producing projects.

Q: You finished up in ROCAP as controller.

Assignment to USAID/Ghana as Controller — 1971

WILSON: And went to Ghana.

Q: When was that?

WILSON: In 1971. I was there for four years.

Q: How did you find Ghana? It was quite a different situation, I guess.

WILSON: It was more concentrated in one country, as opposed to being in five countries. A entirely different set of circumstances. When I got there, the program was not as large as some of the programs I had been associated with. The Ghanians, as I recall, had a lot of outstanding debt from some of the Western countries such as Britain and some of the other Western donors. There was a wait and see attitude on providing more assistance in the hope that Ghana would continue to repay debt owed the U.S. and other western donors. So, for a portion of the time we were there, the program didn't move along as rapidly as we would have wished. But in the last two years, things began to pick up. It was a pleasant place to be.

Q: Did you have an audit function?

WILSON: By that time, no, the Auditor General, which was established in 1969, took over the audit function from the mission controllers. The function was with the Auditor Generals located in regional offices overseas.

Q: What was your understanding of how all of this changed? It was a pretty basic change, I guess.

WILSON: My understanding is that they thought that the audit function should be more independent. The mission audit function reported to the Mission Director through the USAID Controller, while the Auditor General reported to the AID Administrator. So, that gave it greater independence. But this was a movement that was common throughout the U.S. government. It ended up in the Inspector General Act, which established IGs in all U.S. government agencies.

Q: Was there any particular situation or event that triggered this?

WILSON: I don't think that there was any one event. It was just the recognition that, as long as audit was localized in the missions with the responsibility with the controller, who in turn reported to the Mission Director, there would be the question of whether true objectivity could be achieved.

Q: Did you find that this was necessary? Did you think that this was a desirable thing to do?

WILSON: I thought that it got better recognition. It became more professional compared to 100 different approaches with each mission having its own staff and limited guidance from Washington.

Q: It took the function out from under you.

WILSON: There was plenty left to do. We went into financial analysis to a larger extent than when we used the auditors for that type of work... and we began to plan for the computerization of the accounting functions.

Q: So, you thought it was a desirable shift?

WILSON: I thought it was a desirable shift.

Q: How was it structured in the Ghana situation?

WILSON: We got audits from North Africa. The Auditor General for Africa maintained two offices on the continent. One was in Nairobi and the West Africa Auditor General was in Morocco, soon to relocate down to Liberia and then eventually it ended up in Ghana in 1974. Each office was responsible for the programs within a given geographical area. They sort of split Africa down the middle. West Africa was responsible for all of West Africa down to Congo or to Zaire and up to Morocco and Tunisia. The Nairobi office was responsible for East and Southern Africa.

Q: How was your relationship with this audit function since they were located in Ghana and you were located in Ghana?

WILSON: At that time, there was no conflict, they had their responsibilities and we had ours. Our job with them was to facilitate their work and to try to ensure to the extent that we could that the programs we suggested were scheduled for audit on a reasonable basis. I would describe our relationship as cordial and correct.

Q: In a way, they were auditing your function.

WILSON: Not so much the Controller's Office as such, but they were doing more management type rather than financial audits. They were auditing projects and programs. The Controller had the financial records and was responsible for liaising with the auditors and for follow-up on audit recommendations.

Q: What does that mean?

WILSON: It means that they were not emphasizing so much accountability as, did the project achieve the objectives that were set forth in the project papers?

Q: Did you think this was a desirable shift?

WILSON: I think something needed to be done in that direction. I don't know if the way they approached it was the right way.

Q: What do you mean?

WILSON: Prior to the Auditor General, as I had indicated before, we were concerned primarily with where did the money go, was it accounted for, were these things accounted for, and that sort of thing. We were not too concerned about the broad picture of whether what we said we were going to do was accomplished at the end of the project, was our

progress toward those objectives being achieved, was the project doing what it said it would do, was it reasonably conceived and administered? I think it's fair that somebody looked at that.

Q: Wouldn't that be an evaluation function rather than an audit function?

WILSON: It could have been, but apparently we were slow on the evaluations. The evaluations varied from mission to mission depending upon who and how much time was available. The evaluation function was never or seldom adequately staffed, and again, it was a staff function reporting through the office director to the Mission Director.

Q: Some people have raised the question of whether an auditor with financial paperwork really had the background and orientation to deal with health or education project objectives and things of that sort. Did that strike you as a problem?

WILSON: I think it's a reasonable concern. Maybe the IG [Inspector General] should have considered supplementing audit staff with persons in other fields, the way the GAO eventually started to work in teams. They not only had auditors on the teams, but they had economists and whatever skills they needed depending on the nature of the review. But that never happened with the OIG [Office of the Inspector General]; so there was some concern.

Q: Do you remember any particular issue in that respect during your Ghana time?

WILSON: Offhand, I don't remember any particular audits where that was an issue, but it was an on-going, Agency-wide issue.

Q: In what way?

WILSON: The missions always felt that the auditors should confine themselves to the financial areas and not attempt to evaluate or consider themselves experts in the technical areas. The auditors didn't have that expertise. The auditors felt that the project paper set forth project objectives and whether or not these objectives had been achieved, you didn't have to be a Ph.D. in a given field to determine that. The documents that implemented the projects had timetables for implementation and achieving objectives. Their feeling was that they were holding the mission to what it had established as objectives and time frames. They were not saying whether it was a good or a bad project, but whether it was achieving what it had set out to achieve in the beginning.

Q: How sensitive were the auditors to circumstances and situations?

WILSON: Not very sensitive, I suppose. They came in and looked at a particular function/project. The record doesn't always show the entire picture, the sequence of events, a contractor that was supposed to be on duty, but was not in place at a given date, because we didn't have the money or Washington was late giving the allotment to the field or executing a contract these things. I don't think they worked these things into the

equation.

Q: Because it wasn't documented?

WILSON: Probably because it wasn't documented.

Q: Did you find that there was some pattern of issues that the auditors kept coming up with?

WILSON: I'm not aware of any. They started to do functional audits. Instead of doing a project by project audit, they started to do audits on certain functions on a worldwide basis, trying to draw conclusions from what was happening across the Agency in a particular field.

Q: What kind of field are you talking about?

WILSON: I'm talking about sectors (health, agriculture) versus projects. Instead of individual projects in individual missions, they would do an agricultural audit in several missions worldwide and try to draw conclusions by looking at the agriculture sector across the Agency.

Q: Do you recall any issues that they brought up in those audits?

WILSON: No. I didn't follow those. My concern was more with the accounting, to facilitate the auditor's entry, and to connect them up with the people who were managing and implementing those things, and to see that replies to findings were made on a timely basis, that sort of thing.

Q: You were responsible for following up on the audits?

WILSON: No. The Technical Office was responsible for seeing that the audit recommendations that came out in the report were implemented. But they were to be implemented in a time phased fashion. The Controller's Office was concerned with reporting on the status of audit recommendations, reporting back to the auditors on what had been done to implement those recommendations, and reporting to the bureau and to Washington on the status of implementation. At one time, if the recommendations in an audit had not been closed out or implemented within a certain number of months, then responsibility for implementing those moved from the mission to the bureau. The bureau tried to get the missions to resolve them in order that the IG's periodic status reports to Congress would not show a large number of recommendations outstanding for long periods of time.

Q: It became a much more formal system of reporting, follow-up, and so on.

WILSON: Yes.

Q: Than the early days, which were more localized.

WILSON: That's right. The missions, naturally, attempted to get these resolved before they were transferred to Washington. So, they were much more responsive. There were quarterly reports to the IG on the status of open audit recommendations. Tracking systems had to be set up. That was my concern.

Q: Were there any particular audit issues that stand out in your mind that were in common or were they just all particular to the activity?

WILSON: They were particular to the activity and to the place. There does not stand out in my mind anything that came up where the Auditor General or the Inspector General came up with anything that was germane across the board in the Agency.

Q: Or just in Ghana.

WILSON: On several occasions, the IG conducted reviews of the validity of obligations/commitments recorded in AID's financial records. They were never satisfied that the missions and FM [Financial Management]/Washington, where AID/W was the Implementing Agent, ever conducted rigorous reviews of obligations/commitments to determine whether they were valid and therefore could continue to be carried as obligations. As a result of these audits, FM/Washington issued a directive on how to conduct Section 1311 reviews, which are reviews of the validity of obligations/commitments, and the necessity to retain work papers as evidence that these reviews had been conducted.

Q: That is one major issue that became evident.

WILSON: That is one example that readily comes to mind. I am sure that there were others.

Q: Did you have any experience with any outside auditors that were doing reviews, the Inspector General, the GAO, and all that who came to the field to look at things? Was that happening during your time?

WILSON: That happened. It was on an ad hoc basis in response to the concern of Congress or concern over charges of waste, fraud, and abuse in the AID program. The GAO particularly would come out. In those cases, again, the controller's responsibility was to facilitate their work, to put them in touch with the office that had responsibility for the function in which they were interested.

I remember their coming by a number of times, but I don't recall that there was anything that a subsequent report leveled any requirements on us. We also got a number of State Department inspector teams visiting the embassy and other agencies at post. When they were looking at the embassy's operations, generally; they touched base with USAID and sometimes they were interested specifically in certain AID programs or projects.

Q: What was their interest in mission functions?

WILSON: Program coordination, administrative support.

Q: Did you work with the Ghanaian government officials?

WILSON: Yes, trying to upgrade their audit capabilities in the Auditor General's Office.

Q: What were you trying to do there?

WILSON: They needed training for some staff members to give them a better perspective of auditing standards in the U.S. I think we trained two or three Auditor General staff members at universities in the U.S. Two of the Auditor General staff who came to the U.S., I think, went to the University of Connecticut. They were there a couple of years and went back to responsible positions on the Auditor General staff. We had close contact with the Controller and Accountant General of Ghana. We had to follow-up with them on loan repayments. We also had special accounts into which local currency that had been generated by AID assistance had to be deposited. The local currency could only be released for purposes that were jointly agreed upon by the USAID and the government. The mission approved the releases from those accounts. So, there was a fairly close relationship there. They often checked with us on loan repayment schedules because their records were not always reflective of the current status of loans.

Q: How did you find their accounting and tracking competence? Was this a big issue for you or not?

WILSON: It could have stood considerable improvement. They did a lot with what they had, but a lot more needed to be done. They needed more staffing. They needed better equipment and systems and that sort of thing.

Q: Were there any instances where their auditors audited an AID program?

WILSON: Not actually. We had an Operating Expense Trust Fund. Under the trust fund agreement, they had the right to come in and look at the uses to which the trust fund had been put. On at least two occasions, staff did come over and review our records to determine that they were in agreement with reports submitted to the Government of Ghana.

Q: Were there any particular issues in that respect?

WILSON: No, there were no real questions. I think we were very cautious and judicious in the way we used the trust fund. We had good records. They were used in accordance with the trust fund agreements.

Q: You had a Ghanaian staff in the financial records?

WILSON: Yes. I didn't have any what I would call financial analysts, but in Ghana we had a staff of 8-10 persons - accountants, voucher examiners, cashier, secretarial/clerical personnel.

Q: Any particular issues that you had to deal with while you were in that role?

WILSON: I don't recall having any major issues. It was just a matter primarily of training and trying to upgrade the staff, trying to give them experiences that would broaden their horizons. The chief accountant went back to Washington a couple of times to work in the Controller's Office there. He was well received and well respected for the work he did there. We didn't have a complicated program in Ghana. We were able with the staff that we had to do a decent job without too many problems. The last year I was there, I had responsibility for the Controller's Office as well as the Executive Office. That was an experience!

Q: You became executive officer and-

WILSON: Controller.

Q: That's quite a change in functions.

WILSON: Yes. There were some headaches because of the overlap of the two functions in certain areas.

Q: Such as?

WILSON: Contracting. You execute a contract as Executive Officer and then record it in the financial records and disburse against it as Controller. But I tried to resolve that by pretty well staying away from the accounting. I had a deputy controller and I let him handle the financial end of the operation. I tried to concentrate on the Executive Office, where I was less experienced and which was more problem prone. So, that worked out okay.

Q: What kind of issues did you have to deal with in that role?

WILSON: We had to phase down the staff. We thought that it was a good idea at that time to consider savings that we could make by combining positions and eliminating functions. But as soon as we implemented it, we ended up having the Inspector General move in to Ghana. We had given up a lot of housing. Then we needed to go back out and find more housing in a very competitive market. So, it was those sorts of problems. But it all went well. We got permission for the auditors to locate in Accra. We housed them. They were reasonably satisfied operating out of Ghana.

Q: But was this a pattern elsewhere of combining Controller and Executive Office functions?

WILSON: I think that, at the same time, the same thing was happening in Nigeria. I think did the same thing there.

Q: This was part of a staff reduction initiative?

WILSON: Yes. In fact, I guess, Nigeria practically phased out as a mission in the mid-1970s. But the Agency later decided that, except in instances where missions were just starting up or missions were just phasing out, they would not combine the two functions because of the possibility for conflict of interest.

Q: But did the people in Washington, in the Controller's Section and the Executive Office Section like this?

WILSON: I think the Management Office liked it less because in these combined operations, mostly the financial types got the positions because they had the type of training and experience that made it more likely they would be successful in those positions.

Q: So, the controller-types took most of these positions.

WILSON: All of them that I knew of.

Q: So, the executive officers were sort of pushed aside.

WILSON: Yes. They were generally the deputies.

Q: Having been in that role, did you think that was a good way to operate?

WILSON: In that particular situation at that time and in that place, yes. There was a deputy controller and a deputy executive officer. So, what was eliminated was really the executive officer's position. I became the controller/executive officer and I had two deputies. That way, I think it worked okay. You can deal with the conflicts because you've got two deputies. If there was something that I felt the executive officer shouldn't be involved in, I delegated it to the deputy executive officer.

Q: You had to be super-sensitive to conflict of interest issues.

WILSON: Yes.

Q: Did you find that those arose frequently?

WILSON: I didn't find that they arose except in the local contracting area - housing contracts, guard service contracts, and that sort of thing. That's what we were engaged in. We were supposed to be able to get contracting help for large contracts from REDSO, but REDSO was busy with its workload in the Sahel. They seldom covered the full service missions, which Ghana was at that time.

Q: How did you find living in Ghana?

WILSON: Lovely. I was able to not only do things in the mission, but I worked on the school board. There were certain regional organizations in Ghana that were operating with AID funding. Often, I got requests from the Controller's Office to go out and work with these organizations on reporting, setting up letters of credit, and that sort of thing. So, while the program may not have been as complicated, complex, and demanding as some other programs, I had a chance to do more things inside and outside the mission. That was a nice experience for me.

Q: Do any particular Ghana program stand out in your mind ?

WILSON: The one that stands out most in my mind was the one that UCLA [University of California, Los Angeles] had in public health/population. The university had its own administrative office under the Chief of Party. I guess we gave what support we could to it. It was a research project, as I recall. I think it was quite successful technically. My only problem was not with the project itself, but with the flow of financial data from the university to the mission. The non-profits and the universities operated under a letter of credit where they drew money when they needed it out of Washington and they didn't necessarily file financial reports with the mission. Where expenditures were at a given time was difficult to ascertain until we got them to report to us on a quarterly basis what their expenditures had been, and what they expected to expend during the next quarter so that we could furnish better budgetary figures to the program office. But they had a good group of people there. It seemed to be a well-managed program. The concept of contractors providing their own support rather than looking to the mission to fully support them was sort of unique at the time. But it worked quite well.

Q: Anything else on Ghana?

WILSON: I think not, except that it was a nice experience. It was broadening. I enjoyed it all.

Q: After four years, you moved on where?

Undertook long term training at Princeton - 1975

WILSON: I got a long-term training assignment after that, from 1975-1976, at Princeton University.

Q: What was that about?

WILSON: To give me a broadening in other areas, in development and international affairs.

Q: What kind of courses did you take?

WILSON: I took courses in international relations, economics, world affairs. I took them all for credit and I did okay.

Q: Any particular focus or concentration during that time?

WILSON: I tried to stay as close as I could to development issues. There were good courses there on that. John Lewis was there at the time. He had been an AID director in India. He gave several courses in development economics.

Q: Did you have any sense that they had a particular view of the development process or development theory?

WILSON: Yes, there were a number of young people there who had left college and who had gone overseas with the Peace Corps and were interested in AID and development as such not only with AID, but with the UN, the World Bank, the UNDP, and other organizations. Princeton had a number of courses. Lewis was particularly interested in population. He was head of the Population Institute there.

Q: Was there any particular theory of development that they were espousing?

WILSON: The economists espoused, more or less, the trickle down theory, that if there were enough economic activity in the country, the “have-nots” would benefit from the expanding economy.

Q: Did you write a thesis?

WILSON: No, I didn't have to write a thesis as such. We took exams, either oral or written. In the written one, you had to choose a topic from a list of possible topics and to do a research paper on it.

Q: What did you choose?

WILSON: I did research papers for about half of the courses and I took the oral exams for the other half.

Q: In what subjects?

WILSON: I did a paper on international relations dealing with the dollar crisis in the Middle East where the price of oil had gone up tremendously, the oil cartels were holding the rest of the world hostage and increasing prices. The question was what were they going to do with all of the dollars that they were accumulating?

Q: Did you come up with an answer as to what they were going to do?

WILSON: I said that they had to do what they actually ended up having to do. They had

to recirculate the dollars, that it wouldn't do them any good to just accumulate them, that they needed development and infrastructure, they needed to do something, and they would end up using the money, which they did - particularly the Saudis. They built cities, educational facilities, housing, etc. They did a lot in education, the military. So, the money didn't stay there and it was recirculated back to the U.S. and other Western powers.

Q: Anything else about that course?

WILSON: Not that I recall at the moment. A lot of the courses I took were just economics as such. I had not had a great deal of courses in economics. I had money and banking, but not in economic theory, but more in financial economics.

Q: Okay. Then what happened after that?

Returned to USAID in Kenya as Controller and Director East Africa Accounting Center

WILSON: After that, I was assigned to Kenya as the USAID/Kenya controller and director of the East Africa Accounting Center, which was responsible for all the disbursing and accounting functions for all of the USAID missions in Eastern and Southern Africa, plus residual activities in Turkey and start-up in Lebanon.

Q: How did that work?

WILSON: It worked fine. It was a challenging job. Kenya at that time had the biggest AID program in Africa. I think, when I left, we had about \$30-40 million per year. A lot of the places like Sudan that had been closed were reopening. Then there were the new programs that were starting up in Burundi, the Seychelles, and places like that. We were again in Ethiopia to some extent. There was a lot of activity there. We were not blessed with the communications of today.

Q: How did you handle something that dispersed? Did you have controllers in each of the missions or accountants?

WILSON: No, we didn't. We established a work plan where, for instance, in Uganda, we worked through the embassy and put the AID missions in these places that were just restarting and were small on a cash disbursement basis through the embassy cashier. The embassy Budget and Fiscal officers sent us monthly expenditure reports.

Q: How big a staff did you have for all of this?

WILSON: We didn't have a large enough staff. That was one of the problems. There was a controller. I was the controller. I had one financial analyst. I had a deputy. That's all. One of us always had to be there because there has to be an American there to certify vouchers, and disbursing funds was a large part of the service we provided to client

missions.

Q: For all of the missions?

WILSON: Yes. There were times when there was a tremendous time lag requested between the time a Mission requested issuance of a check and receipt of the check because the documentation came up to us through the pouch. That was before DHL, FedEx, and e-mail and faxes. We had to process them on an expedited basis and get disbursements out of Paris, again, through the pouch. So, there was a tremendous lag between the time missions sent vouchers to us for processing and the time they received reimbursement from the regional disbursing officer in Paris.

Q: Do you know what scale of funding you were handling?

WILSON: All together, maybe disbursing \$50 million a year. Not only we were we responsible for East Africa, but also for Southern Africa, the BLS countries (Botswana, Lesotho, and Swaziland). Communications facilities were poor. Some days, you might get through on the telephone. Some days, you might not. The only other thing you had were telegrams. But somehow, we made it through.

Q: Is that still continuing as the arrangement?

WILSON: There are controllers in individual countries. The programs grew and they put controllers in. But there's still the regional office. They still do the accounting for missions where there are no controllers, but those are few.

Q: Your major problem was simply time lags.

WILSON: Time lags. Communication flows. Lack of equipment capable of handling the accounting work for so many missions

Q: Impatient missions?

WILSON: Understandably impatient. We couldn't get a payment through on a timely basis unless it could be processed through the cashier, who could only make payments of up to \$300.00 each. The cashier needed to be replenished. By the time we got the replenishment voucher processed through the system, three or four weeks had passed, because it had to go through our accounting system, be pouched to or mailed to the Regional Financial Management Center in Paris, processed there and pouched to the post in Africa.

Q: You had to operate through the Paris office?

WILSON: Yes. There is a disbursing office, the Regional Financial Management Center/Paris, which at the time handled disbursements for Europe and Africa.

Q: Was it under AID?

WILSON: It was under Treasury and the State Department. It's still there. But we've got better systems and better communications. Those didn't exist then.

Q: That must have been quite a challenge then in that job.

WILSON: It was.

Q: You traveled to all these countries?

WILSON: Practically all of them at one time or another to get them set up, and to help with budgetary work at the end of the fiscal year. There were small staffs, maybe three U.S. direct hires, in a lot of those places. So, they needed all the assistance that we could give. Not only did we have that, but we also had USAID/Kenya and REDSO, which was as large as USAID/Kenya. REDSO and USAID/Kenya each had 35 U.S. direct hire positions. And you had the IG Regional Audit Office there, too. So, we had to give financial services to all of those with three Americans. We were mechanized, but we were not in the computer age. We had what I would call bookkeeping machines, which had limited capabilities. They were a little bit better than manual systems, but nowhere near computerized operations. But we handled the job. We handled the expansion. It was a challenging, but a rewarding experience.

Q: Any issues besides lag times and things like that that you had to deal with?

WILSON: My greatest problem was upgrading the equipment to move to more efficient mechanization of the accounting records. Just before I left, we ended up getting a computer, something like a PC, not as versatile. Somebody in Latin America had computerized his accounting operations and we got that system and sort of replicated it there. That was during the period when we went to the "project specific input accounting," where you had to account for any number of project elements. We couldn't do it with the system that we had and service all our client posts. After I left, they did have problems. The company from which we bought the equipment was already present in Kenya, but they were mechanizing bank accounting. They claimed that they had programming capability, which they did not possess. So, it was tough going. But then the system did come on line eventually.

Q: Was there a name to this system?

WILSON: No, it was just a mechanized system. It was before the computerized MACS [Mission Accounting and Control Services] accounting system, which was still seven or eight years away. During that period, toward the end, I left the accounting field and I served as the assistant director at USAID/Kenya.

Q: So, you left the controller function altogether?

WILSON: Yes.

Became Assistant Director for USAID Mission in Kenya — 1977

Q: What year was this that you made this shift?

WILSON: I went in 1977, really toward the end of 1976, and to some extent from the time I got there. The Mission Director had been ill. I think within three months after I got there, he traveled to the U.S. for an operation and I was Acting Mission Director even then.

Q: Controller and Acting?

WILSON: Yes. But we had good people. We had a good staff and produced a lot.

Q: What was your responsibility in this new position? You were responsible just for the mission, weren't you?

WILSON: Just for the mission. The regular Deputy Mission Director. The division chiefs reported directly to the Deputy Director, who reported in turn to the Director. So, I had responsibility for the technical and the support offices.

Q: You had all of the staff reporting to you. What were you trying to do? Did you have a particular goal or mission that you were trying to pursue?

WILSON: What we were trying to do there was, instead of having each office director report directly to the Deputy Director, we organized a technical division and put somebody over all the technical offices. That person was responsible for the whole portfolio with Agriculture, Health and the other divisions reporting into that individual. We thought that might cut down on the span of control.

Q: What were you covering?

WILSON: I was responsible for the work in the technical office and the support officers. I still had that. But I didn't have four division chiefs reporting to me. It was something that was worth trying. I think, eventually, they went back to the old system. That didn't work as well. The next Mission Director wasn't as comfortable with all the technical offices combined into one office.

Q: What was the program like? What was the mission trying to do?

WILSON: Most of the program was in agriculture and education, some health (not a great deal, but some). We had a big program in semiarid agriculture where we were the leaders in a multi-donor financed effort to do something in semiarid agriculture. That was one big effort. We did a lot of work in agricultural education. We established an agriculture college.

Q: Edgerton College?

WILSON: Yes.

Q: What stood out in your mind as being the most significant of all the projects in terms of their impact and potential change in Kenya?

WILSON: Finding ways of increasing agricultural productivity. Kenya is mostly semiarid desert. The pressure on agricultural land was great. They needed assistance in doing the best that they could with what they had. We brought in a university consortium from states like Utah, Colorado, Arizona, that were familiar with semiarid agriculture.

Q: Were there any particular technologies that they were promoting that you recall?

WILSON: We just were getting the project off the ground and getting it started when I left. The consortium had arrived. They were in place. They were starting to pull together the various elements of the project, as was the case with Edgerton College.

Q: These were all fairly new programs when you were there.

WILSON: That's right. I left in 1978.

Q: How was it working with the Kenyan government?

WILSON: Fine. They were very cooperative. If anything, our problem was getting and holding their attention. There were a lot of donors in Kenya. Everybody liked to work in Kenya. If there was a problem, it was that there were probably more donors than the Kenyans could work with successfully. They might have been better off to have had fewer donors and worked more closely with those fewer donors. Different donors have different styles. We had a hands-on style. The Scandinavians who were there, even the British, operated with very small staffs, maybe two or three people in the embassy. But they all looked to us for guidance. We had the expertise in house.

Q: Was there any effort in coordination?

WILSON: Yes.

Q: What did you do?

WILSON: We met and discussed our programs and what we were doing on a quarterly basis.

Q: Were the Kenyan government people present?

WILSON: No, with the other donors. The Kenyans were present twice a year when we

had multi-donor meetings, usually under the aegis of the UNDP [United Nations Development Program] Resident Representatives.

Q: Did that work?

WILSON: I don't know that it changed anything. There were still a lot of donors there and the Kenyan capability was limited. There are a few good people in each ministry. There are only so many decision-makers. They all had lots on their plates.

Q: Were there any particular issues that the group was dealing with as a group?

WILSON: It's the perennial problem of the host government being ready to implement when everything is in place, coming up with their share of whatever they had pledged themselves to contribute. We generally financed the offshore costs, the foreign exchange costs, of the project. They were to come up with the local cost: staff and office space. They were often not ready when we had the contractors on the ground. We spent a lot of time back and forth improvising.

Q: Trying to get them to come through with their commitments?

WILSON: Yes. If you had office space, you didn't have staff. If you had staff, you had insufficient office space. It just meant that the timetables that were constructed were too optimistic. It takes a lot more time. On the other hand, in order to get the money to obligate, you have to show that you can obligate on a timely basis. If you can't obligate this year, you can't implement. If you can obligate this year, you've got to show that you're going to implement within a certain period of time.

Q: Did you have to work with the embassy much in this role?

WILSON: Yes. We worked with the embassy, but only as a member of the country team. There were weekly meetings of the country team. That's the forum in which the ambassador keeps track of what is going on, what each agency is doing: the Peace Corps was there. The USAID Director or his representative was there. The REDSO Director was there, as were all Heads of Sections in the embassy and other U.S. agencies present in country.

Q: Did you have any experience where the embassy, the ambassador, was pressing you to do certain things that perhaps you felt were not appropriate or, at least, where you had to respond to some political security interest or personal ambition?

WILSON: That was not so much the problem. We sort of satisfied the ambassador by having the Special Development Fund.

Q: What was that?

WILSON: That was an amount of money, usually \$50,000, where the ambassador could

respond quickly to requests for assistance.

Q: But that wasn't there an issue on the question of the overall level of assistance?

WILSON: Well, there were always those. The ambassador always felt that we ought to have more money and we ought to be doing more things.

Q: But you were relatively independent in terms of where you should work?

WILSON: Yes. There were no restrictions on what areas and where we should work.

Q: How was the relationship with Washington at this time?

WILSON: My perception was that Washington was supportive of the program. I think that they thought that we were doing a good job with what we had. Ultimately, all of the other organizations in Kenya depended on the USAID mission for support. There was the responsibility not only for the USAID program, but for support of REDSO, the auditors, and others.

Q: You mean administrative support.

WILSON: Administrative support.

Q: Did you get caught up in a lot of issues and conflicts between these groups?

WILSON: Yes.

Q: What were they?

WILSON: Mostly administrative support, housing and travel. You had to support REDSO because they were in a constant travel status. They needed quick turnarounds on voucher processing. Or we made large cash advances to them so that they could travel without being held up by the processing of documents. But the whole gambit of administrative matters would come up. Housing, you've got to try to make everybody comfortable so that they are satisfied and they can concentrate on their work instead of their perks. But it takes a lot of patience. Eventually, it resolves itself if everybody is reasonable.

Q: Generally, the relationship among these units was pretty good?

WILSON: They were pretty good, I would say, overall. But there were some problems within USAID. The Director was relieved while I was there. That didn't happen in a moment. There had been things going on all along. So, that made my life a little more hectic. The auditors were constantly critical of him. There were reports and charges and countercharges and justifications and all that sort of thing. So, in addition to the real work that we were trying to do, we had that problem. But nevertheless, whatever was on the

agenda was completed. We got the project papers approved and the money allocated and obligated.

Q: Did you have any particular view about the program thrust?

WILSON: No, I thought we were doing what we ought to be doing. Traditionally, the mission had worked in particular geographic areas, in the area of the predominant tribal group in Kenya. But during my time, we got approved a large program in the western area of Kenya, where the Luos, the next dominant tribe, was located.

Q: This was the poorer area.

WILSON: Yes, it was a poorer area - poorer in some regards, but in the mountainous regions, there were a lot of big farms with Kenyans of European extraction. So, there was a lot of production over there. But it wasn't in the hands of native Kenyans. Then we got through a big integrated project building farm to market roads, health centers, housing, all that sort of thing in western Kenya.

Q: Did that work or was that too soon?

WILSON: It worked. We had problems finding engineers at that time. We needed several engineers on the farm to market roads project. But it did get off to a good start. It was a successful project.

Q: Is it still going on?

WILSON: No, this was almost 20 years ago.

Q: Do you believe it had a significant impact?

WILSON: I think it had an impact on the region and the people in that area.

Q: Anything more on your Kenya experience? That was quite a demanding time for you and quite a shift in your role.

WILSON: Yes, it was. But I enjoyed it. We had a good staff, able people. We came up with an engineer for that roads project. In general, it was for the most part a very satisfactory experience.

Q: Did you use the REDSO services a lot? Some people have been saying that, in Kenya, the mission sort of turned its back on REDSO.

WILSON: I thought we used REDSO where they had the capability. It is true that we went out and contracted for a lot of expertise, but I think it was motivated by the fact that, in those particular areas, they didn't have the expertise. We used their contracting, procurement, and legal services. But they couldn't satisfy all the demands from the field

on the technical people anyway. So, we did our own project design and we organized our own teams. We had good people to do it in house. But with all the mission that were starting out in the mid-1970s in East Africa, REDSO was hard-pressed to service all of them.

Q: Anything else you want to mention?

WILSON: No, I think that's it for Kenya.

Q: Where did you go from there?

After 17 years in the field, returned to USAID/Washington to the African Bureau

WILSON: I went back to my first and only Washington assignment. I had been about 17 or 18 years in the field.

Q: That was a shock.

WILSON: Yes. I went back to the Africa Bureau to set up the Africa Bureau Controller's Office.

Q: What was that? Why did a bureau have a controller's office?

WILSON: The idea was that there should be more financial discipline in the bureau, not so much maybe financial discipline, but capability. The idea was that the bureaus could profit by having a financial manager just as a mission could. I think most of what was done in those offices and what is still today done in those offices depends upon the bureau. The big thing was the allocation of operating expenses funds to the various missions. They are not great in comparison with the program budget, which was also handled in the bureaus, but the funds are scarce and they're highly in demand. So, there had to be some rationale for trying to allocate funds. I don't think we ever came up with a rationale that satisfied everybody.

Q: In terms of who gets how much and so on?

WILSON: Yes.

Q: Did you have a formula that you applied, is that how you decided?

WILSON: Partially on the size of the mission, what you could glean were their needs and requirements and turnovers, primarily by using the annual budget submissions if they are extensive enough to tell you what problems the mission is facing. You try to use whatever information you can get. But eventually, it comes to the number of people in the mission.

Q: The number of people in a mission.

WILSON: Because those costs are people related. Ultimately, it's that.

Q: Any particular change or orientation that you were trying to bring about in that function?

WILSON: No, just to regularize it and to try to bring some order and standards to it. But I was only in that position for a short while. By the time we got the office organized, I moved over to the Office of Southern African Affairs as the Deputy Office Director.

Q: What was your function there?

WILSON: Trying to move the program along, be the advocate for the southern African missions.

Q: What was happening in southern Africa at that time?

WILSON: The ongoing missions in southern Africa were, again, Botswana, Lesotho, and Swaziland. But Mozambique was opening up. Then Zimbabwe, which had been Southern Rhodesia was changing politically and was to receive AID assistance.

Q: When is this we're talking about?

WILSON: This was 1978/1979, the end of the UDI [Unilateral Declaration of Independence] period there. The Zimbabweans came to power there. I guess some support to Zambia.

Q: Was there any particular issue that you were working on or any program that you concentrated on?

WILSON: What I remember more than anything else was a road in Lesotho that we were trying to complete. It's a mountainous road. There had been lots of trouble with it.

Q: Do you remember what the purpose of the road was?

WILSON: To open up and provide access to a given area. Botswana was not so problem-prone. They had a shortage of resources and people. They contracted for a lot of services, but I don't recall any particular problems there. I think that's true today. I think, of all the southern African countries, financially, economically, they're in good shape because of the natural resources they have. In Swaziland, there are very few people. In fact, in all three of those countries, there may be three million people total in all three of them. So, it's not a big population. That was slightly before we started to work in South Africa as such. But the missions were the front-line missions, Mozambique and Zimbabwe primarily. The problems that Zambia had, being landlocked and getting supplies in through South Africa. But that was ameliorated when Mozambique and Zimbabwe got a measure of peace and communications and roads opened up. So, we were concerned

primarily during my year there with supporting those programs.

Q: So, expansion of programs.

WILSON: Yes, but modest. You couldn't justify so much money for so few people. They were relatively small. But they were interesting operations and we had interesting people working there trying to do various things. I was in that position about a year and then I went back to the Controller's Office as Chief of the Loan Division.

Q: This was shifting back to your financial world.

Moved to become chief of the USAID Loan Division

WILSON: Yes.

Q: Were you interested in doing that?

WILSON: Yes, I was interested in that. From where I was at the particular time, I would be better off to specialize in financial management than to change over to the program management side. At least that was my thinking.

Q: What was this position?

WILSON: The Loan Division is charged with managing the portfolio of AID loans, loans that have been made soon after World War II, some of them to European nations. We even had loans on the books to Iran from the period when we had a program there. What we were doing was tracking the repayment of those loans and whether they were current or not. In countries where we are still giving assistance, if there is a delinquency of a certain period, then there are restrictions on continuing to provide assistance.

Q: You were the ones to identify when this situation developed.

WILSON: Yes, we watched them and published reports to the bureaus on who was late, who was almost in default.

Q: Were there a lot of them like that?

WILSON: No, there weren't a lot when you consider that, at that time, we were in 120 countries. The list that you worried about was maybe 15 countries. The missions and the bureaus worked with us to try to get payment to keep them out of default.

Q: Did you succeed in all the cases?

WILSON: I don't remember assistance actually being cut off to any country. They might go into default, but somehow they scraped up enough money within a month or so to cure the defect.

Q: Some of the countries, I guess, we phased out.

WILSON: That's true. Some of them, particularly in Africa, the least developed, loans were forgiven, written off. Of course, there are fewer and fewer loans today. I think the portfolio is down from what it was when I was there. I was there in the Loan Division about a year and a half. The Loan Division worked quite well. It was the first division that was completely computerized.

Q: You were involved in setting that up?

WILSON: It had already been set up when I arrived. The system wasn't supported. Once it was computerized, it wasn't upgraded periodically, so by the time I got there, we were having problems with breakdowns. But they were not going to put any more money into it because they had this attempt at that time to computerize worldwide, the MACS system and the FACS system. So, we just struggled along with what we had and patched it up. We had a line direct to the Federal Reserve Bank of New York. When payments were received, we knew exactly when they came in.

Q: Do you remember how many loans you were tracking?

WILSON: I believe that we were talking about 2,000 or more loans.

Q: Totaling what, roughly?

WILSON: \$10-12 billion. What I remember was very amusing is that when we reestablished relations with Burma, there were inquiries about some local currencies in U.S. controlled accounts in Burmese banks. The funds were generated by assistance of one type or another. The Burmese came to us to find out where the money was and how much it was and what it could be used for. By a lot of research, we located the money and got the information to them. Their money was eventually released and utilized.

Back overseas to USAID/Egypt — 1981

From there, in 1981, I went to Egypt as the Associate Director for Financial Management.

Q: That must have been a big challenge.

WILSON: That was a big challenge. The program was quite large.

Q: What was the scale of the funding you were managing?

WILSON: Just under one billion dollars a year. About \$250 million in PL480, about \$250 million in commodity import loans, and about \$500 million in ESF for projects.

Q: How big a staff did you have?

WILSON: The mission had 155, I think, U.S. direct hires, which included two or three part-timers and WAEs (when actually employed). Half of that 155 were project officers, designing and managing projects.

Q: How many were in your office?

WILSON: In the Controller's Office, when I got there, there were nine U.S. direct hires and about 40 FSN employees. But still, we were not computerized. There was a computer there, but it was only used to track the commodity import program. They were working on the mission accounting and control system.

Q: Did you do bookkeeping by hand?

WILSON: It was still manual bookkeeping. We had word processing on the computer and that was it. We had some Frieden calculators. The rest of it was all manual. As I said, the Commodity Import Program was computerized. That was useful because we had to track everything into the country and to the end user. So, having that function computerized was useful. That had been done with a contractor with a U.S. firm in Egypt. But there was so much activity in project design that the computers were used almost 24 hours a day for word processing. A lot of infrastructure projects. We had special authorities in the mission, but we still had to go through the PID and the PP process. We considered a small project anything under \$25 million.

Q: Did you do a lot of financial analysis for these projects?

WILSON: Yes.

Q: That was part of your function.

WILSON: Half of the U.S. direct hire staff in my office were financial analysts. But we more or less assigned the financial analysis staff to certain portfolios. They worked with the agriculture division or the infrastructure division. They were working almost completely with those divisions serving on their project design committees and performing analytical work for the portfolio.

Q: They were under your oversight?

WILSON: Yes, they were under my general oversight, but working primarily with the division chiefs and their office directors.

Q: What were some of the major issues that you had to deal with?

WILSON: The major issue I had to deal with was audit. There was a large IG audit office there resident in Cairo and they only audited the Egypt program. So, every week, there

was an entrance conference for an audit just commencing or an exit conference for one just completed. There were numerous audit recommendations to track to resolution/closure.

Q: Lots of audit problems?

WILSON: Yes, problems in terms of numerous reports with recommendations which had to be implemented within a limited period of time.

Q: Was there any pattern to these problems that came up?

WILSON: If anything, there were implementation problems. We obligated funds efficiently enough, but getting the projects started was a problem. We had a pipeline when I left of \$3.5 billion. Everything was host country contracted, which was another bottleneck in that the Egyptians didn't have the resources and the mechanisms to react quickly. They had people, but no systems.

Q: It seems to me that the audit or the Inspector General was particularly concerned about the host country contract issue, is that right?

WILSON: Yes, and a lot of other people were as well. We had every contractor that I can think of in country working with these large infrastructure projects. The emphasis naturally was on delivering the assistance, which meant getting the money obligated. All this money had piled up. When I got there, they were just beginning to implement. So, it was a field day for the auditors.

Q: Any particular measures you were instituting in an attempt to address this problem?

WILSON: As a host country program, the Government of Egypt (GOE) was to implement and monitor the program on their own with AID's guidance. So, we were trying to get them to let a contract with an American accounting firm with a local associate that would come in and set up an audit program for them so that they could assume some monitoring responsibility for the program.

Q: Were they receptive to that?

WILSON: They were receptive to that, but we ended up practically doing all the work "in house" to let the contract and sending the documentation over to have them sign it. But when the bids were all in, we got them to establish a panel, half GOE, half USAID personnel, to evaluate the bids and to choose the successful bidder.

Q: This was based in the Egyptian government somewhere?

WILSON: Yes, the Ministry of Economy, was our counterpart.

Q: And they had this audit function under them.

WILSON: Yes.

Q: What about the implementation? How did we address that problem?

WILSON: Slowly, by trying to increase their capabilities so that they could discharge their responsibilities more effectively.

Q: Was there any change in the time you were there in terms of this backlog?

WILSON: Nothing that affected the large pipeline very much. I left in 1984, so much has changed over the past 15 years. The nature of the program has been changed somewhat, not greatly. There are some cash transfers which are more easily processed than long-term infrastructure projects. The pipeline is down so there's been some progress. But it was just a tremendous burden to place on an antiquated system.

Q: How did you find the Egyptian government to work with?

WILSON: They were great people on a person to person basis, but momentum was difficult to achieve. They had lots of personnel but no organization, systems or equipment. They would come to us for financial data. They never seemed to produce anything. I had all kinds of headaches with payment. Under host country contracts, the contracts were between the host country and the contractor, but we agreed to finance them. The billing goes from the contractor to the host country. The host country has to approve it and send it to us before we can pay. Initially, the host country had 30 days to approve. So, it was probably 45 days after submission of a bill and receipt in the country before we got it. By then, the contractors were demanding payment and U.S. Congressmen are calling the Mission about payments. We usually found that the approved vouchers were still in transit from the GOE or received in the Mission one or two days before the inquiry. That was the negative side of host country contracting and it was also indicative of the fact that we still were not up to date with communications systems. As a temporary measure, we put clauses into all the contracts as we incrementally funded them requiring the contractor at the time that he submitted a billing to the Egyptians to also submit one to the mission. That way, we could track billings. If we didn't have the billing within 30 days, we would process the documentation that we had gotten and make adjustments later on. That improved the payment process somewhat. Then we were able to go to a different payment system based on telegraphic advice to the disbursing center to make a disbursement rather than sending documentation. That was a major improvement. By the time I left in 1984, we had a computerized accounting system. We were going on line with that. We had the equipment. That has progressed and has been a major improvement in the financial management area.

Q: Did you have any particular issues with misuse of funds?

WILSON: I only recall one or two. One was right after I arrived at post in 1981. It involved many million square feet of lumber that had arrived in country. There were

reports that the actual square footage delivered was less than the amount invoiced. I think we resolved it by having somebody from the U.S. Forestry Service come out and verify the amount of lumber received.

Q: Measured each board?

WILSON: Millions of square feet of lumber had been offloaded. We knew it was there, but we didn't know whether it was short. That charge could not be proven. So, the contractor was paid.

Then there was another charge about agriculture irrigation equipment purchased locally. The irrigation system in place didn't meet the contract specifications, it was alleged. That proved not to be the case

There was very little money disbursed to Egypt. We financed contracts. We didn't do any local cost financing. We also had a trust fund agreement where the GOE paid for USAID office space from local currency generated by the PL480 program. We had a system where the bank building where USAID was located (and, I think, still is) collected rent in hard currency. So, we paid them in dollars. The GOE reimbursed us in local currency. That was sort of trouble-free because it only covered the rent in the building, but we had three or four floors in this large bank building. This was part of their contribution to the cost of the AID program. The other contribution would be the local cost elements of most of the projects.

Q: What was your impression of the overall impact of the program? It was primarily a political environment and there wasn't much we could do about policy issues that made a program effective. What was your impression of the effectiveness of the program?

WILSON: I thought the program was effective in what we were trying to do. The country's infrastructure required major upgrading. There were many concrete examples of AID's assistance having contributed to the economic good of the country. Without modern communications on the canal, Egypt would have had major problems. When I arrived, the local telephone system was hardly working. We were all on telephone lines out of the embassy in order to call out of the country. Even to call within the country, you had to go through the embassy switchboard. In order to get a message from one point to another, contractors employed "runners" who would get out and deliver a message because they couldn't get through on the telephone. Now, that's all changed. They have a modern communications system. They have modern hotels. There are still infrastructure needs, but traffic, which was horrendous 10-15 years ago, is manageable. There are new roads. There are water systems, port systems, there are things in place that you can identify with U.S. assistance.

Q: What about rural development? There was a big decentralization program, I believe, at that time.

WILSON: Frankly, I don't know what happened on the "decentralization programs",

which were directed to local governments in rural areas, because this program was just starting when I left. It was decided that infrastructure need would be addressed first. Those were largely accomplished, albeit not on the time schedule that was originally set, but they eventually were completed.

Q: Do you think you needed a mission that big?

WILSON: If we were going to get anything done, yes. \$1.0 billion per year is a lot of money. But there were a lot of needs. There was concern about accountability. I think it's probably remarkable that with that level of funding in a part of the world that's notorious for defaults and misuse of funds, there were no major scandals. It was in the way the program was implemented almost exclusively by U.S. contractors under AID supervision.

Q: So, the Mission was essentially a shadow government for running this show.

WILSON: I suppose you could say that. We used host country contracting so that the GOE was a significant part of the decision making process. Of course, they always compared the program as was run in Egypt with the way it was run in Israel. I was there in the early days. The Sadat assassination occurred just after I got there. I think we had probably been there seven or eight years. I think we went there in the mid-1970s. But things were getting better even then. I returned to Egypt about four or five years ago. You could see the results, the changes: the functioning communication systems, the traffic flow, new building, etc. Whether or not we got any policy changes, I don't know. I doubt it. The objective was to improve the economy of the country. In order to do that, the country's infrastructure had to be modernized. We did that, I think.

Q: Anything else on your Egypt experience?

WILSON: No. From there, I retired.

Q: That was what year?

Retired from USAID in 1984 and serves as a consultant to the Office of Financial Management

WILSON: 1984. I have been out about 14 years.

Q: During that time you had been out, you've had many assignments?

WILSON: Except for the first three years when I was in New York, I continued to work as an expert consultant in the Office of Financial Management.

Q: What were these assignments?

WILSON: We were charged with conducting reviews of controller operations in overseas

missions. When I retired, I was one of a number of retirements in the Office of Financial Management. A lot of persons who were placed in positions as controllers were people who had fine credentials and qualifications, but had not had a lot of AID experience. There was a feeling that peer reviews were necessary and desirable. So, that was the focus of the assessment. We had the objective of getting to each mission at least once every three years. We did that over the period 1987-1994.

Q: How many countries did you cover?

WILSON: I guess I covered most of the overseas AID missions, certainly all the geographic areas. I would say 45-60 missions total.

Q: Any particular pattern of situations or problems that you found after seeing all those?

WILSON: With the advent of the Mission Accounting and Control System (MACS), everything was computerized. It changed the way that accounting was performed at the mission level. It brought a certain discipline into the system. It improved the accuracy of record keeping and financial reporting. It generally improved the discipline of the functions. Instead of a paucity of information, we possibly had an overload of information. We could produce information whenever you wanted, however you wanted it. Previously, in order to provide information on a project, you had to prepare it manually. With the computerized system, it was automatic or you could design special purpose reports. It was such a great improvement that it was astounding.

But to get to your question, one of the areas that still needed improvement where we found problems was non-expendable property accounting. The system for accounting and controlling non-expendable property is a joint one between the Controller and the Executive Office with the Controller having control over what has been expended and the Executive Office having the physical control. That operation was always spotty. The IG never really got into that to any extent. But collectively, over the Agency, there is a lot of money involved. It's not rocket science. It's just something that was never tightened up. Maybe it's the division of responsibility. But the Controller has more of a monitoring oversight. The Executive Office has the physical control. I think it's still a problem today. The financial analysis function changed with the advent of the Inspector General. We had more internal financial analysis capability in the Controller's Office. Those functions were made available not so much to the Controller as to the technical offices. It was a way for the Controller to be seen as participating in project design and implementation.

Overview of the evolution of USAID's financial management system

Q: Maybe this is a good time to take a broader picture of how you have seen the evolution of the financial management, accounting, and auditing in the Agency over time. You've been through quite an extended period of change. How would you characterize the change?

WILSON: We got into the computer age and that was a blessing. It brought us up to date.

It gave us better information, more accurate information. That was a vast improvement. The things that have never been successfully completed or changed are 1) the integration of field data with Washington data on a timely basis. We reported in, but we still had to report in by sending in copies of computer reports rather than having data entered into the Washington system at the same time it is entered into the mission's systems. There was always a lag between the time that data was recorded in the field and was then available in a consolidated fashion in Washington. The New Management System (NMS) came about as an attempt to integrate all of this on a onetime basis and have an entry made in the field and have it recorded at the same time in Washington.

Q: What information are we talking about?

WILSON: Financial information, procurement data, program and budget data.

Q: Just financial?

WILSON: Financial, and program... In the NMS system, you have four modules. One module tracked the budget. The other one was called the operations module, which was related to tracking the program. Those two were in the Program Office generally. Finally there was an acquisition module, which was in EXO [Executive Office]. That was acquisition and contracting. Then there was the AWACS, or the accounting system, which was a module for financial management. Those were implemented in Washington. They are functioning, to some extent, in Washington. None of the systems really functioned very well in the field. In October of 1996, the Agency decided to go with the system, but the system wasn't ready. Initially, we couldn't even get on to the system. Data was transmitted by satellite. You would open up the system and then once you got in, it could take you a day to make three entries. It never worked. So, eventually, we went back to the MACS system. MACS was the first computer accounting system that took us from manual accounting to the computerized accounting. It was instituted in the early 1980s.

Q: What was different about that from the newer one?

WILSON: It was a stand-alone system. It wasn't interactive. When you did something in the field, you had to summarize it and send those reports in and have them inputted to the Washington system. Under the New Management System, when you make an entry in the field, it went into the overall system simultaneously in Washington. But whether it was a communications problems or glitches in the system that was designed over those four or five years, nobody seems to know, except that it never worked. So, we went back to the system that was in effect before 1996.

Q: But as I recall hearing, before even the New Management System was brought into play, there were people concerned that fiscal management of the Agency was not very good. Was that a valid concern at that time?

WILSON: I don't think so. I think that what was missing was an accounting system that had been certified by GAO. AID's accounting system had never been certified because

they never had a system that came up to the standards that GAO had established. The New Management System was supposed to take care of those concerns and produce a certifiable system.

Q: What was the main thing lacking in the certified system?

WILSON: AID could not at any given time produce an up-to-date report of its worldwide operations.

Q: On expenditures or obligations...

WILSON: Only after the end of a quarter could a reasonably accurate consolidated financial statement be produced.

Q: Information reported in?

WILSON: Yes.

Q: So, you didn't know at any particular moment where you stood on expenditures worldwide.

WILSON: Yes, or obligations. One of the GAO standards is that Washington should be able to produce whenever necessary an up-to-date and current status of its financial operations in spite of the fact that it's decentralized.

Q: Is that standard by all government agencies?

WILSON: Those that are certified, yes. I don't know who is certified. I wonder if Defense is with the problems they've had in various areas and with their decentralization worldwide. It's not a domestic agency. With the expertise that we have available today, it ought to be possible.

Q: I had the impression that there was also a lot of loss of Controller staff at one time. It had been severely cut. Is that true?

WILSON: Well, it has been, yes. But the Agency did that to itself when they went through the RIF [Reduction in Force] program. They had an adequate staff for the direction in which we were going. We were in the process of closing down missions. There was a need for a continuing recruitment program, but we had an adequate staff. But then the rules of the RIF program were such that half of the people in financial management who were on the RIF list were people who were so good that, early in their careers, they reached the top. They hadn't been promoted in five years. Some of them hadn't opted for the Senior Foreign Service, so they were penalized for that. AID lost at least half a dozen people who should not have lost. People were penalized for doing good work. But now, they have apparently gotten permission to rehire for those positions. But only half of the people that they got rid of want to come back. The best people have all

found better jobs someplace else and are happy with what they are doing.

Q: They overdid the cutting.

WILSON: Yes. That wasn't FM. That was AID's Office of Human Resources.

Q: Looking back over it, are there other areas where you find that the controller's function has changed from the early days?

WILSON: I think that we have recruited better qualified people with better skills than we had in the old days in the early 1960s. There were a lot of people who were in AID at that time who had left the military in Europe and who just came up through the system, but who had no particular background or qualifications. The people who are in today are well qualified. They are computer literate. They have the educational background. By far, the people in the Foreign Service are good people. The problem is keeping these people.

Q: What about change in functions? Is there any modification or shift in the functions of the controller person and what they are responsible for?

WILSON: In the old days, we confined ourselves primarily to being accountants and auditors. The audit function went to another office. Today, we are supposed to be financial managers in the vanguard of whatever is happening in financial management.

Q: What kind of things are you talking about?

WILSON: For instance, the Agency went into a program of recipient audits where the audit workload that had been assumed by the IG was essentially spun off to others. The Office of Procurement is responsible for seeing that audits of companies or contractors headquartered in the U.S. are performed. Overseas, the mission is responsible for seeing that audits are performed by recipients who are not U.S. grantees or contractors. They do that by requiring the recipient to contract for audits. They have to submit those audits to the USAID. The USAID in turn reviews them and submits them to the IG.

Q: So, it's a little bit going back to where it was before, in a way, decentralized?

WILSON: Yes.

Q: The operating units take responsibility?

WILSON: Yes.

Q: You use an outside auditor. It's decentralized. That's interesting.

WILSON: Yes. The Controller, of course, plays a role in that. He has to come up with the audit workload. He has to analyze the program, decide who has audit responsibility for every mission activity. If it's a local recipient that the mission has, then it has to work

with that recipient to be sure that that recipient is audited by a firm that is acceptable to the IG. The recipient (contractor or grantee) must supply the Agency with annual audit reports that meet the IG standards. The mission reviews them and the IG reviews them.

Q: What about in the program areas? Was there any change in the controller's role?

WILSON: I don't think so. Basically, the Agency is in this twilight zone with the NMS system not being completely functional. It's unclear just exactly what the controller's role would be if the system were in place as it should be.

Q: Who is responsible for it in the field?

WILSON: Each office's program takes care of its input. The Executive Office is responsible for the Acquisition Module; the Controller for the Accounting Module; and the program Office for Budget and Operations Modules.

Q: So, you've been through an era where you started off with handwritten bookkeeping to adding machines to calculators and then local computers and now the increasingly integrated system. In each one of those steps, I guess, the technological innovations have caused certain shocks to the system.

WILSON: That's right.

Q: Adjustments and so on?

WILSON: Yes. But not only on the controller's side, but on the program management side as well.

Q: It's begun to spread out through the whole operation.

WILSON: Yes. Under the NMS system, a lot of the data, even payment data, would be controlled by project officers. I suppose the controller's role would be a monitoring role more than anything else. But right now, it's in limbo. Each mission resolves it by using whoever is available and best fitted for the job. If you've got a good Program Office, then the Program Office handles those modules. If not, in some of the missions I've been working at lately, then the Controller's Office.

Observations on the foreign assistance program

Q: Let's step back from that and just talk about some general views about foreign assistance. Overall, you observed the programs in several countries all over the world. Would you conclude that foreign assistance has been effective? Has it had a productive impact on development in the developing world?

WILSON: I think it has. At least, USAID has the techniques and the approaches that are looked upon as being valid by other donors. We are respected for our expertise in

development. It may be that development is much longer-term than we thought it to be. Maybe we can't be in as many countries effectively as we were at one time. Maybe we ought to concentrate our efforts in fewer countries. Some of the other donors could pick up more of the load. But in countries with which I am familiar, there has been some institution building, there are people around who would say that the country is further ahead because of what AID did at a given time. To that extent, it's been successful. It's been particularly successful in training and educating local personnel and making them available to local governments. Perhaps that is the greatest long-term benefit that has come from our efforts at development.

Q: Do any particular program areas stand out in your mind where AID has been particularly effective and innovative?

WILSON: In the ENI [Bureau of Europe and the Newly Independent States] and especially the NIS [Newly Independent States] countries. I think we've been very effective in countries where there was a literate population with the skills and capabilities where they only needed limited technical assistance, places like Brazil, Korea, and other places like that. In the poorest of the poor countries, I think, we've been less successful. For political or other reasons, we've just had to close down and say "That's it." You had the restrictions of funding decreases, fewer resources for development assistance. We should do better in fewer places.

Q: Looking back on your own career, how would you characterize your own experience in the Foreign Assistance Program?

WILSON: I think that it's the best thing I could have done. I was almost always happy with what I was doing in working with the Foreign Assistance Program. It was a wonderful life. I feel that I accomplished a lot more than I would have selling shoes or selling stock or something like that. I think most people who have had careers in AID look back on them with a great deal of pride and affection. The people they met, the people they worked with, Americans and host country nationals, the ideas that they tried to implement in the various countries, the other donors they met, the ideas that were exchanged, the energy we put into trying to do what we thought we ought to be doing. It would be hard to find a life that would surpass that. I think that's why I've continued to stay with it.

Q: If a young man or woman came to you and said, "Should I get into the international development business," what would you tell them?

WILSON: I would tell them, "Yes, if you have all the right reasons for going. It means separation from your family, living overseas. It should mean being good in at least one language." But that it's a fruitful and good life is inherent in the fact that probably half of the AID recruits or interns are people who served with the Peace Corps and who were exposed to that life and had the language qualifications and wanted a career. I think maybe 50% of the people in AID are probably ex-Peace Corps volunteers.

Q: Very good. Any last thoughts you want to add at this point?

WILSON: No, I don't think so. I think that's it.

Q: This has been an excellent interview. I certainly appreciate your time.

End of interview