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**AGENCY FOR
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**Central Program Strategy Statement
Bureau for Program and Policy Coordination**

**DEPARTMENT
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CENTRAL PROGRAM STRATEGY STATEMENT
BUREAU FOR PROGRAM AND POLICY COORDINATION

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CENTRAL PROGRAM STRATEGY STATEMENT

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I. Introduction

The Agency's main function is to carry out programs. PPC's is not. The use of the term "program" and the use of "program funds" for both PPC's program and the Agency's program should not obscure the fundamental differences between the two. PPC's are essentially staff functions, and the program funds PPC uses are to help the Bureau carry out those functions. Accordingly, the first step in determining whether PPC's use of those funds is justified is to examine the functions that PPC is responsible for performing for the Agency.

The following brief overview of PPC functions includes all major functions, regardless of the extent to which program funds are or are not used to support them. Under "PPC Program Strategy" below, the need for program funds to carry out many of those functions will be discussed.

II. PPC Functions

PPC's functions can usefully be divided into two general categories—policy development and policy implementation. Policy development consists of coordinating the Agency's efforts (1) to define appropriate goals and (2) to formulate the policies most likely to achieve those goals. Policy implementation means helping the Agency (1) to promote those policies through the Agency's programs and other activities and (2) to allocate the Agency's resources accordingly.

A. Policy Development

1. Agency goals. The Agency must continually examine its goals in the light of changing circumstances in the world, U.S. interests in the developing countries, the latest thinking and experience regarding the developing world, and the views of the President, the Congress, and others. PPC has the primary responsibility for undertaking that examination, recommending the appropriate course for the Agency, and articulating the Agency's goals, the reasons for them, the relationships among them, and their relationship to other goals and interests.

2. Agency program policies. As Agency goals are defined and redefined, it is important for the Agency to determine how those goals can best be achieved. PPC's role is to help the Agency decide which policies and programs will contribute most to Agency goals and how they can most effectively and efficiently be carried out. With regard to development, which is the Agency's main concern, the formulation and articulation of policies require familiarity with the latest thinking and experience regarding various aspects of development, particularly from economic, social, and political perspectives, including the views of development practitioners, researchers, evaluators, and analysts, both within and outside the Agency, as well as Executive Branch and Congressional views. It is part of PPC's role to identify and help fill gaps in knowledge and analysis that inhibit the Agency from determining what programs should be emphasized and how they should be carried out to best achieve the Agency's goals.

B. Policy Implementation

1. Making policy operational. Agency policies are of no use unless they are disseminated and acted upon. PPC is responsible for ensuring dissemination to those concerned, both within and outside the Agency, of the Agency's policies and the research, evaluation, and analysis that underlie them. PPC helps promote Agency policies internationally and domestically. PPC is responsible for reviewing and evaluating the Agency's program to determine its responsiveness to Agency policy. It establishes and monitors systems of program development, approval, implementation, review, and evaluation that are needed, to enable the Agency to carry out programs that support the Agency's policies. PPC also provides to the Agency those services in support of the Agency's goals, policies, and programs that cannot be provided more effectively in some other way. Finally, it carries out actual program activities in a few areas of importance to Agency policy to the extent that they cannot be carried out as effectively or efficiently by an operating bureau.

2. Allocating resources. One of PPC's most important functions is to help the Agency to allocate its resources, especially its programs funds, in accordance with the Agency's policies. As part of that function, PPC helps the Agency to obtain the financial resources that are most appropriate and to direct those resources toward programs that are most supportive of Agency policies.

C. Relationship among Major Functions

A number of important relationships are evident among PPC's major functions as they are carried out by the four PPC offices: Policy Development and Program Review, Planning and Budgeting, Evaluation, and Women in Development.

The development of policy requires not only research and analysis, but evaluation of how the programs the Agency and others have carried out have worked (or not worked), as well as familiarity with specific attempts to translate policy into projects in the field. To the extent that key parts of the Executive Branch and the Congress can see the Agency pursuing sound policies, the Agency is more likely to obtain the resources needed to carry out those policies. And as improved policies lead to improved programs, the effectiveness of those programs can also be used to help obtain additional resources.

Evaluation serves several related functions. The performance of the Agency's evaluation system for improving the design and execution of ongoing projects is a PPC responsibility, though the actual evaluation is the responsibility of the operating bureaus. Evaluation to determine the extent to which Agency policy is reflected in program activities is a function that lies partly in the operating bureaus, but on an Agency-wide basis has also been performed by the Operations Appraisal Staff, some of whose functions are being absorbed by the Office of Evaluation. Finally, evaluation is essential to determine what kinds of policies, strategies, and programs have been most effective in promoting development and what kinds have not. As noted, a reputation for effectiveness is necessary to obtain adequate resources.

Program review is needed to determine whether the Agency's program, as reflected in particular activities, is in accord with Agency policies. Review of programs can suggest needed changes in policies, programs, or operations to facilitate greater consistency between programs and policies.

Resource allocation--allocation of the Agency's program budget and participation, with FM, in budgeting the Agency's operating expenses and personnel resources--enables PPC to help the Agency make policy considerations dominant factors in allocation of Agency resources. This function also includes determination of the levels and kinds of resources to request from OMB and the Congress and defense of those requests on the basis of soundness of Agency policy and effectiveness of Agency programs.

Program support functions help ensure that the operating bureaus have data or services needed to carry out programs reflecting particular policy objectives. When PPC staff provides these services directly, it increases PPC's understanding of particular aspects of Agency policy as applied to specific situations in the developing countries.

Program activities carried out by PPC are used primarily to help ensure that the Agency's attention to a particular area of significant policy concern is adequate where this cannot be assured without such programs.

III. PPC Program Strategy

A. General Guidelines

Many of PPC's functions can be carried out without using program funds. But most can be performed more effectively with a small amount of program funds, and some cannot be carried out adequately without some program funds. The following general guidelines for PPC's use of program funds emerge from the above discussion and the role of PPC within the Agency.

1. The most fundamental is that PPC's use of program funds must be important to PPC's policy development and policy implementation functions.

2. A subject may be important to policy development or implementation for any one of a number of reasons. For example--

- It is central to Agency goals.
- It has a major impact on large numbers of poor people in the developing countries.
- It is part of many Agency programs carried out by operating bureaus.
- There is intense interest in the subject inside or outside the Agency.
- It is a pioneering subject where more knowledge is necessary to determine the extent to which the Agency should direct its program into new areas.

3. PPC's use of program funds should help improve PPC's and the Agency's ability to deal with problems affecting large numbers of the people the Agency is trying to benefit. Many of these problems are those being faced today, but some will be problems likely to be of major importance to the future.

4. For the most part, PPC's program is not meant to benefit poor people in developing countries directly. It is meant to improve Agency policy and assure its effective implementation. To the extent that these objectives are achieved, the beneficiaries of the Agency's program will be served.

5. Since PPC's functions involve policy, PPC concentrates on economic, social, and political aspects of development problems, generally leaving sector-specific technical matters and regional or country-specific matters to others (except to the extent that examination of such specific matters is needed to approach a general policy issue). The bulk of PPC's work is both cross-sectoral and interregional.

6. PPC's work does not duplicate what others are doing. Although others both inside and outside the Agency undertake research, evaluation, and analysis on many of the same general subjects as PPC does, much of that work, undertaken for different purposes, does not explicitly address development issues in a way that makes it directly applicable to the Agency's policy concerns. It is PPC's responsibility to be aware of this other work; to help collect, synthesize, analyze, adapt, and summarize it; to make the best of it more widely available; to support and supplement it; and to take account of it when developing Agency policy.

7. PPC's work not only needs to be responsive to the Agency's current concerns, but needs to be especially sensitive to trends that may shape the Agency's goals, policies, and programs of the future.

B. PPC Functions Supported

1. Policy development

a. Agency goals. In order to be in a position to recommend appropriate Agency goals, PPC needs to be aware of and analyze a variety of views regarding development, its effects, and its relationship to other goals and interests. In particular, PPC plans to continue to examine various aspects of and approaches to development, including equitable growth strategies, basic human needs, participation, patterns of growth, and internal and international asset and income distribution, as they relate to human rights, the international economic order, international social and political goals, the earth's resources, the environment, population growth, and other matters of global concern. The object is to gain more knowledge of the kind of development most suitable for developing countries in the context of world development over the next several decades, so that the Agency can adjust its policies and programs accordingly. For this purpose, the Agency, through PPC, needs mainly to examine, communicate, and analyze a variety of views on these subjects, as well as to undertake some research and evaluation of the effects of various kinds of development on other U.S., developing country, and global goals.

While helping the Agency set appropriate goals is of great importance, PPC plans to use only a small amount of program funds for the purpose, for several reasons. First, the Agency's goals are heavily influenced by the broad framework of U.S. government goals established largely by the President and the Congress. Second, the kinds of relationships that can be drawn between various kinds of development and other goals and interests are on such a high level of generality that they are fundamentally speculative, and judgment much more than research is called for in this area. Third, the Agency's overall course is reasonably well laid out at the moment, in legislation, in Presidential decisions, and in Agency policy. Nevertheless, it is incumbent on the Agency continually to test out the assumptions on which its current course is based and to explore the desirability of adopting new goals. Program funds are needed to undertake the relatively small amount of outside research, evaluation, and other work required for this purpose.

b. Agency program policies. Much more than with respect to setting goals, the Agency generally exercises considerable control over the establishment of program policies in support of those goals. There is a large and growing body of literature on many aspects of development that are of great importance in helping the Agency to formulate its policies. But the subject matter is so vast and varied that there is always considerable room for further exploration and refinement through research, evaluation, analysis, and communication. Here is where a major share of PPC's program funds are to be used.

Four major areas are of importance under this category:

i. Development goals themselves, such as equitable growth and basic human needs, participation, and income redistribution. While for the purpose of setting Agency goals it is important to understand their effects, a greater understanding of the nature of the Agency's goals is also needed to determine the best means of achieving them. For example, there is no accepted definition of basic human needs; if achievement of basic needs is an Agency goal, some further work will be required to determine at what point that goal would be reached. If equitable growth depends on patterns of growth that achieve greater output with methods of production that increase employment and broaden income, research and evaluation on cases where such patterns of growth have occurred would help in determining their key characteristics. If participation is a goal, it is important to examine a variety of cases to determine which forms work best in which settings.

ii. Cross-sectoral areas such as employment, choice of technology, macro-economic policy, women in development, the role of human resources in equitable growth, infrastructure, participatory institutions, human rights, resource degradation, ethnicity, the role of families, migration, and modernization. These are areas that by their nature are not limited to any particular sector of activity. The relationship between them and the Agency's main goals is crucial, however, and more knowledge in these areas can have a profound influence on the effectiveness of the Agency's programs. These are areas where work is being done by others, but where significant gaps exist and where further refinement is

needed to make the Agency's understanding of these subjects more useful in shaping the Agency's program. For example, a greater understanding of the ways in which unemployment and underemployment can be dealt with may be gained through a research program in which country efforts to absorb surplus labor into productive employment are examined and analyzed. Research into how and to what extent resource degradation causes or is caused by poverty could help the Agency deal more effectively with both. Evaluation of various kinds of infrastructure in terms of its effect on equitable development can be extremely valuable in shaping the Agency's policies and programs. Better data on the degree to which improvement of human resources through better education and better health can contribute to economic growth would enable the Agency to make more rational decisions on the appropriate level of support for programs of human resource development.

iii. Sectors of major actual or potential interest to Agency programs, such as rural development, agriculture, nutrition, health, population planning, education, energy, environment, science and technology, industry, and urban development. These are areas often thought of as sectors, though in many cases they represent development goals that can be achieved only through action in several sectors, and the line between them and the cross-sectoral areas mentioned above is not always clear. Since these are areas in which the Agency does now or may in the near future carry out substantial programs, it is important for the Agency to know what kinds of emphases within the sectors can most effectively achieve the Agency's development goals. It is perhaps even more important for the Agency to know how attention to a variety of sectors can be used to achieve a particular sector-related results, such as improved health, reduced population growth, or cheaper and more abundant energy. Here, too, the work of others can be usefully supplemented and refined. For example, it is important for the Agency to know how the kinds of programs it carries out in various sectors combine with economic and social forces to affect fertility. Social and economic research and evaluation in the area of potable water can provide a necessary base for the rapid expansion of Agency programs in this area. As the Agency increases its programs in renewable energy, more understanding is needed of the economics of energy use in the rural areas of the developing world. Research and evaluation on how food management and pricing systems affect agricultural production would be particularly useful to the Agency's efforts under PL 480 Title III. If better health is a basic need, it is important for the Agency to undertake the research necessary to determine what combination of improved diets, basic health services, cleaner water, sanitation measures, health education, disease control, or other factors can achieve the greatest improvement in health for the lowest cost.

iv. Areas important to Agency programming, such as terms and conditions of aid, local cost financing, recurrent cost financing, and procurement policies. The way the Agency's program operates can have important effects on the Agency's ability to achieve its goals, and an occasional study of various aspects of Agency programming may be useful. For example, research into the extent to which the payment of recurrent costs by aid donors has helped or hindered the ultimate viability of an activity can help the Agency decide to what extent and under what circumstances it will finance recurrent costs.

2. Policy Implementation

a. Making policy operational. PPC needs to carry out a variety of activities with program funds to help make Agency policy operational.

i. Providing support for conferences, studies, and other activities to communicate the Agency's views on development matters and to promote the Agency's development objectives. For example, given current inadequate information and communication on the subject, it is important to provide financial support, for meetings and studies to help expand knowledge and understanding of the role of women in development.

ii. Evaluating Agency programs to determine the extent to which they effectively support Agency policies. For example, where a particular country program is operating in a context that makes it especially difficult for even well-designed projects to reach the intended beneficiaries, the Agency might benefit from an objective assessment of benefit incidence.

iii. Establishing and monitoring systems of program development, implementation, and evaluation that enable the Agency to carry out its policies. For example, a thorough study of the Agency's program implementation systems might reveal areas where those systems work against efficient and effective

operation of the Agency's programs in accordance with Agency policy.

iv. Providing services to operating bureaus in situations where, at least for an initial period, it is more efficient or convenient to provide them from PPC or because Agency expertise is located in the same unit that develops policy. An example of the former is PPC funding for the data services RSSA with the Bureau of the Census, which is being reduced to core costs as the user bureaus pick up the bulk of the costs of their use of the service. An example of the latter is women in development, where PPC develops technical services to make available to the regional bureaus. It may also be necessary on occasion to provide services in an area that is important to Agency policy where those services are not likely to be provided effectively by any other part of the Agency. This has occurred, for example, in the case of fertility determinants and motivation for family planning, and may well occur in other areas, but at some point these programs should phase over to other parts of the Agency.

v. Carrying out actual programs where centrally-funded activities are required in an area of policy concern and where either Agency expertise is located in the same unit that develops policy or no other part of the Agency is likely to undertake the required programs. Often these are special pioneering efforts in new and difficult areas where a limited amount of PPC funding at the start can be crucial in encouraging broader follow-on programs. The major program activities carried out by PPC in order to implement a policy

b. Allocating resources. A small amount of program funds is needed for research, evaluation, and analysis concerning matters that should be taken into account in allocating Agency resources, such as criteria and factors for determining country progress, performance, and commitment.

IV. Proposed Assistance Planning Level (PAPL)

If PPC had the personnel to backstop them, a great many activities of all kinds could usefully be carried out with PPC program funds. The amount of program-funded activity that PPC now carries out is extremely small compared to the Agency's need. The major limiting factor is the amount of time and effort PPC can afford for carrying out programs, given the number of PPC personnel and the need for PPC to perform many functions that do not require program funds. While a certain level of program-funded activity is clearly necessary if PPC is to carry out some of its major functions, too much will prevent PPC from carrying out other important functions.

The following PAPL is PPC's best current estimate of the level that will enable the Bureau, assuming no major increase in staff, to carry out effectively those functions that require program funds, while not seriously impairing the Bureau's capacity to carry out its other functions.

It is assumed that the level of PPC program activity will rise only gradually over the planning period, while the Agency's program increases considerably more rapidly over the same period. The emphasis is expected to change from construction of the basic policy framework for the Agency to adjusting and filling out that framework with more specific guidance on more aspects of the Agency's program. While program support functions and actual program activities now carried out by PPC, such as those relating to women in development, may over time be transferred to other parts of the Agency, and PPC may undertake programs in new areas of major policy concern, the program funds associated with the former are shown here in the PPC budget throughout the planning period.

Proposed Assistance Planning Levels
(\$ Millions)

	<u>Fiscal Years</u>							
	<u>OYB</u> <u>1979</u>	<u>CP</u> <u>1980</u>	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>IPA</u>
<u>Policy Development</u>			6	7	9	10	12	
Office of Policy Development and Program Review			4	5	6	7	8	
Office of Evaluation			1	1	2	2	3	
Office of Women in Development			1	1	1	1	1	
<u>Policy Implementation</u>			7	8	8	9	9	
Office of Policy Development and Program Review			3	3	3	3	3	
Office of Evaluation			1	1	1	1	1	
Office of Women in Development			3	4	4	5	5	
Total	8	9	13	15	17	19	21	25

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