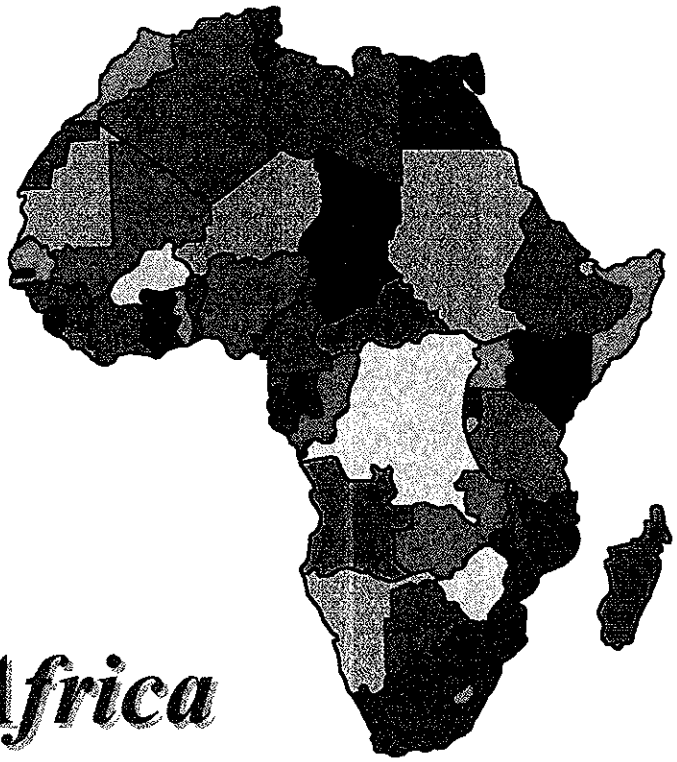
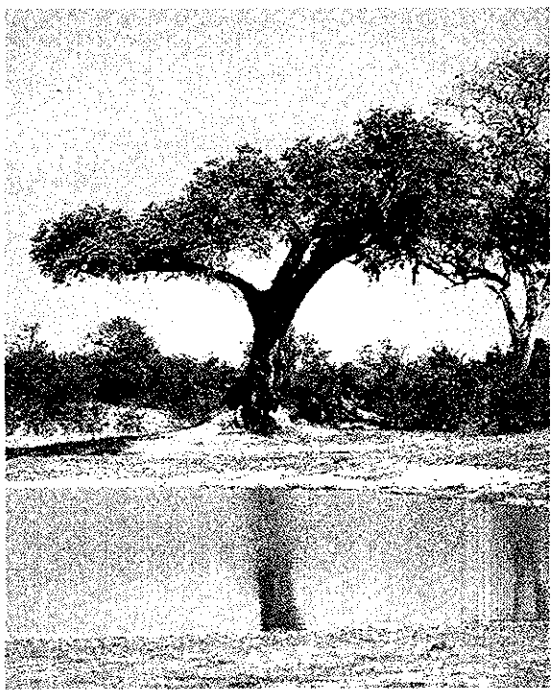
PN-ACN-409

Reengineering Partnerships *in USAID's Environment and Natural Resource Management Programs in Africa*





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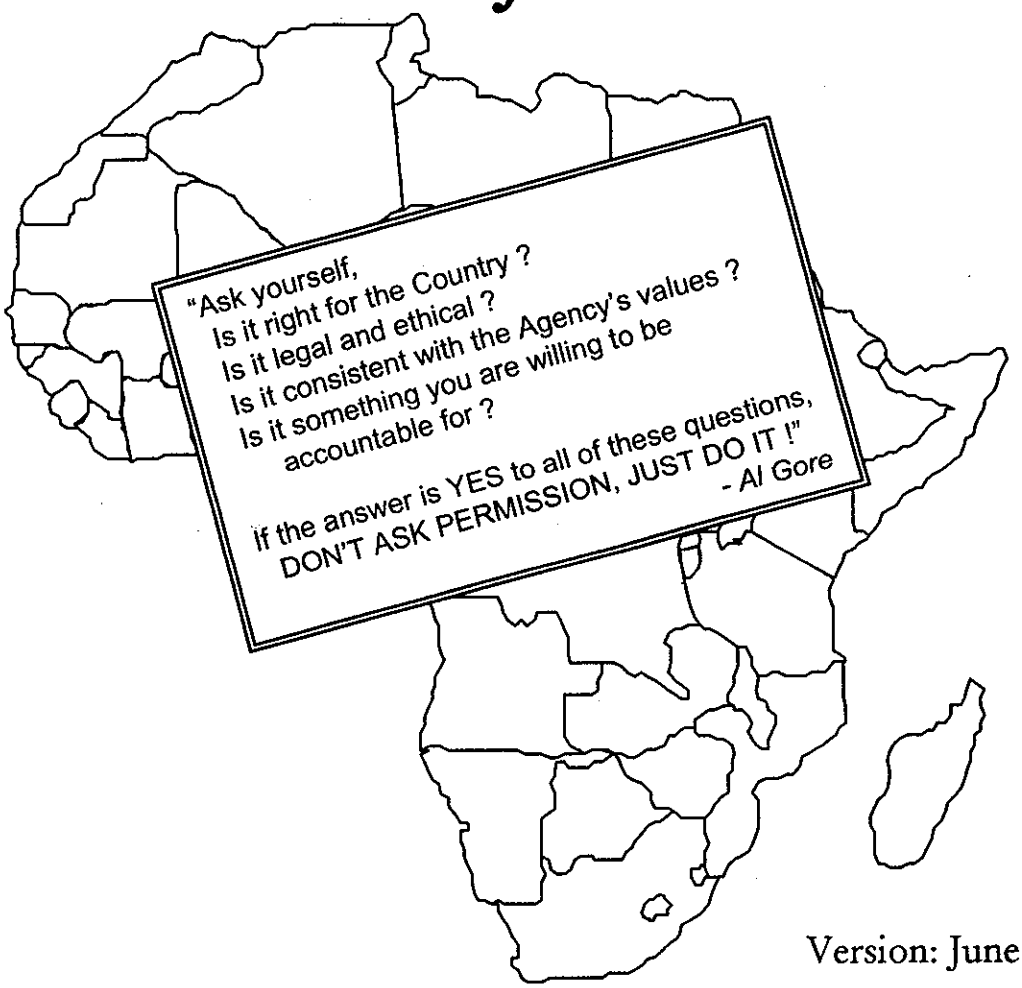
Reengineering Partnerships

in USAID's Environment and Natural Resource Management Programs in Africa



Version: June 1999

USAID/Africa Bureau/Sustainable Development/
Strategic Objective Team # 5

B

Common Terminology in USAID's Reengineering

ADS ..... Automated Directives System

CEL ..... Country Experimental Laboratory, in Africa these were Madagascar, Mali, Niger and Senegal

CSP ..... Customer Service Plan (acronym used in the reengineering documentation) - *see under tab 3 "Customer Focus"*

Country Strategic Plan (acronym in use in some USAID missions) - *see under tab 2 "Managing for Results"*

IR ..... Intermediate Result - *see under tab 2 "Managing for Results"*

NMS ..... New Management Systems (USAID's new computerized management information system)

OPS-BAA . Operations Business Area Analysis - *see the Executive Summary of the BAA report under tab 8*

OU ..... operating unit, i.e., any mission, bureau, office, which administers **program** resources

R4 ..... Results Review and Resource Request - *see "reporting" under tab 2 "Managing for Results"*

RF ..... Results Framework - *see under tab 2 "Managing for Results"*

RP ..... Results Package - *see under tab 2 "Managing for Results"*

RPT ..... Results Package Team - *see under tab 4 "Teamwork"*

SO ..... Strategic Objective - *see under tab 2 "Managing for Results"*

SOT ..... Strategic Objective Team - *see under tab 4 "Teamwork"*

C

Why this course on Reengineering Partnerships in USAID's E/NRM programs?

USAID's Africa Bureau, Office of Sustainable Development, recognizes that USAID's reengineering effort, and consequently this course, is an important opportunity to craft a better partnership among NGOs, PVOs, local governments, contractors, and other donors within the E/NRM sector. We believe an important end result of this collaboration will be a significant increase in the positive impact we can make in the environment and development throughout the world. Not only is this goal an essential component to sustainable development, it is one that we simply cannot achieve without the active engagement of the key players in the field and within development organizations around the world.

To develop this better partnership, AFR/SD's Strategic Objective # 5 Team conceived this course to: 1) inform our valued partners about the significant changes USAID is making in the way it does its work; and 2) to encourage potential partners to actively participate in crafting a new and more committed relationship with USAID based on shared development objectives and work values. This new relationship will be notably broader and deeper than in the past. It may include the inclusion of partners as full members of USAID's strategic planning and activity development teams. It will certainly mean that partners will need to play a meaningful role in determining strategies and evaluating the results of our combined actions. The reengineering change process that has been initiated with USAID is more than a new set of streamlined procedures; it is the progressive development of a new mind set which we hope will render our efforts more transparent, more equitable, and above all, more effective. We, USAID, cannot do this alone, we need committed partners who are prepared to team with us, serve as a bridge to our ultimate customers, and help us better manage toward shared and significant results.

Thank you for your participation

NB: Throughout this notebook you will note occasional narrative boxes labeled "What does this mean for USAID's partners?". Within each one the authors have attempted to address ways in which USAID's reengineered processes may encourage meaningful partnerships.

Overview of USAID's Reengineering 1

CORE VALUES:

Managing for Results 2

Customer Focus 3

Teamwork 4

Empowerment and Accountability 5

E

ACKNOWLEDGMENTS

This adaptation and expansion of USAID's reengineering training material was developed by Drew Lent of Management Systems International (MSI) under the Results-Oriented Natural Resource Management Project (RESON) of USAID's Africa Bureau, Office of Sustainable Development, Strategic Objective Team Five (USAID/AFR/SD/SO5).

Significant technical and editorial input into this product was made by Tim Resch and Tony Pryor of USAID/AFR/SD/ PSGE.

These materials were developed for and tested during the fifteen training workshops for partners and agents involved in E/NRM programs in Africa during the period April 1996 through December of 1998. Those participants' invaluable input is also respectfully acknowledged.

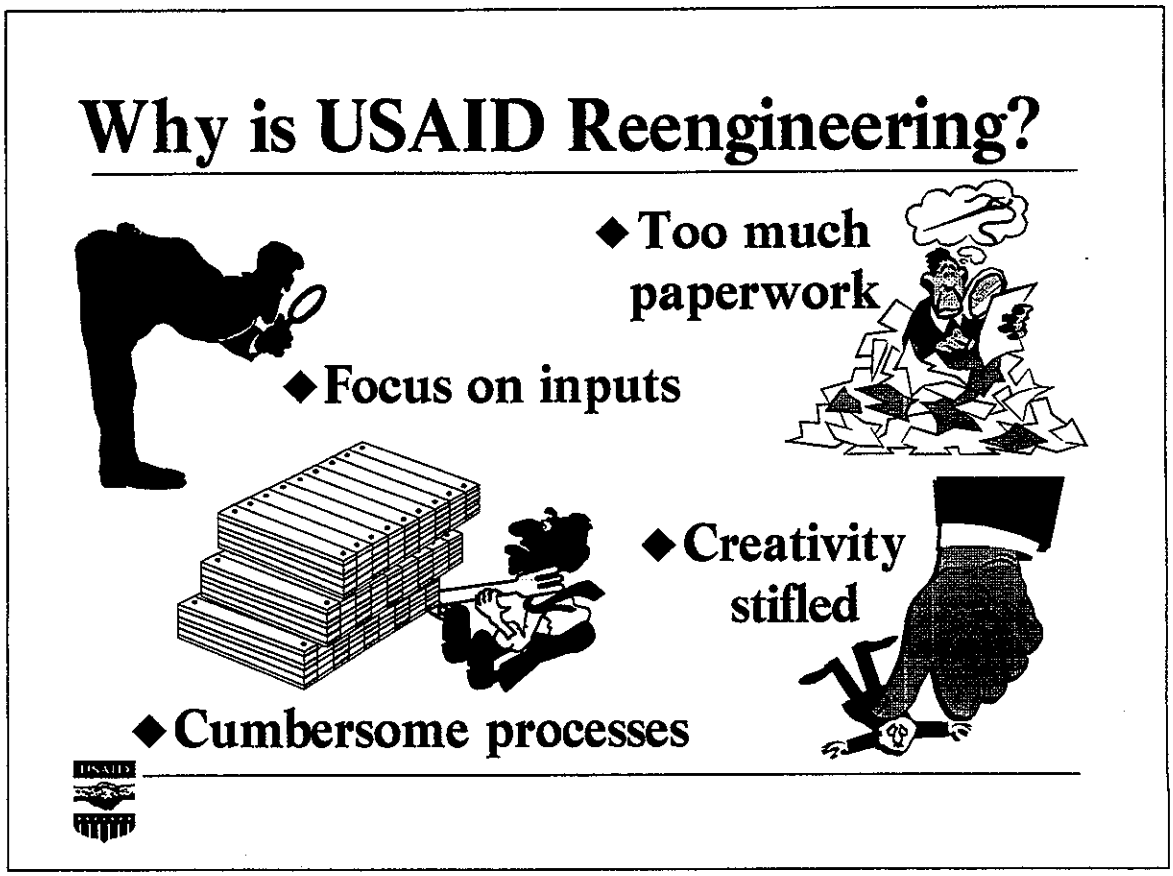
What's Reengineering ?

REENGINEERING requires us to challenge the fundamental assumptions on which bureaucracies are built and radically redesign these organizations around desired outcomes rather than functions or departments. In the process, it forces us to develop new ways of thinking and seeing the world.

from: Seamless Government, a Practical Guide to Reengineering in the Public Sector, *by: Russell M. Linden - 1994*

In 1992, surging U.S. budget deficits demanded a re-examination of the role of government in a number of sectors, including foreign aid. The new administration sought to renew the mandate of the public service through an initiative called "re-inventing government" which has been spear-headed by Vice President Gore. This initiative encouraged all government agencies and operational units to seriously assess, revise and fundamentally redesign, if necessary, their organizational structures and processes in order to render government service more efficient, productive (results-oriented) and responsive to its customers and constituencies.

To date more than 250 U.S. government experimental "re-invention" laboratories have become engaged in reengineering. These labs span the gamut of government service organizations from units in the military to the government's scientific research operations.



By 1992 USAID was considered "broken," demoralized and without a mission in a post-cold war world. In response to this internal crisis, the Agency's senior management volunteered the complete agency as an experimental re-invention lab. The work began, by employees assembled from all over the world, to assess the agency's mission, its strengths and weaknesses and to determine how to best redesign processes that would enable USAID and it partners to effectively meet its mandate. USAID's mission has now been oriented to "sustainable development." Some of the most important features of USAID's reengineering effort are that:

- This is NOT a layering on of new regulations but a stripping away of the barnacles that impeded our progress.
- Reengineering is based on analyzing how we do our business and eliminating steps that do not add value.
- Some changes are radical but in fact many build on successful Agency experience.

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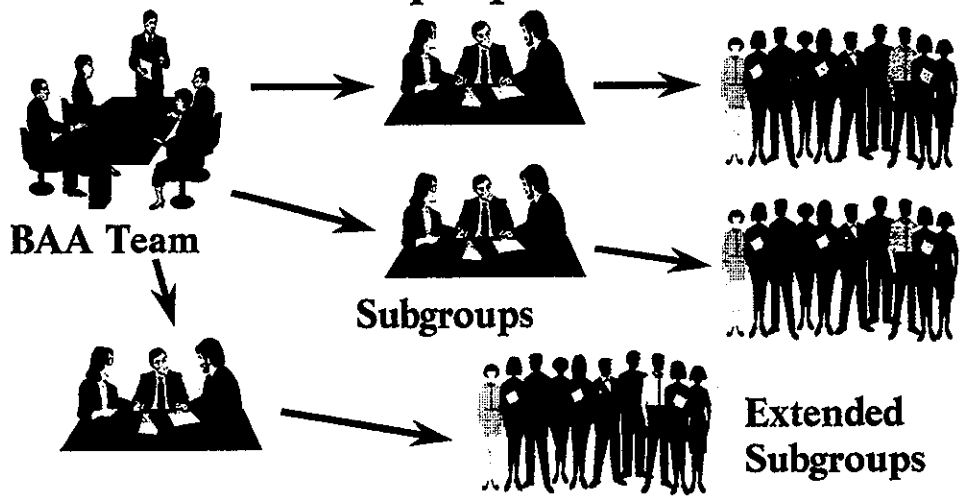
How We Did What We Did

◆ More than 200 people were involved



Most of the work done for the Agency's reengineering has been done internally by USAID employees working in teams made up of both overseas and Washington employees.

A dozen Missions worldwide volunteered to serve as Country Experimental Laboratories - CELs - to experiment with reengineering USAID's business since 1994.

This combined experience has shown a great variety of applications of reengineering in many country and development contexts.

On 10/1/1995, based on the above experience, new procedures and processes under reengineered systems extended Agency-wide.

What does this mean for USAID's partners?

As the actual reengineering efforts have been driven by individual missions and bureaus, there is a significant variety of specific interpretations of the guidance and application of the principles. Furthermore, from country to country, missions are at different stages of the reengineering process and are moving forward at different speeds. Partners who are engaged with more than one operating unit may find different practices and opportunities in each context.

The reengineered USAID includes significant changes in operations which will be supported by development of a unified corporate information system called the NMS - new management system.

A Reengineered Operations System

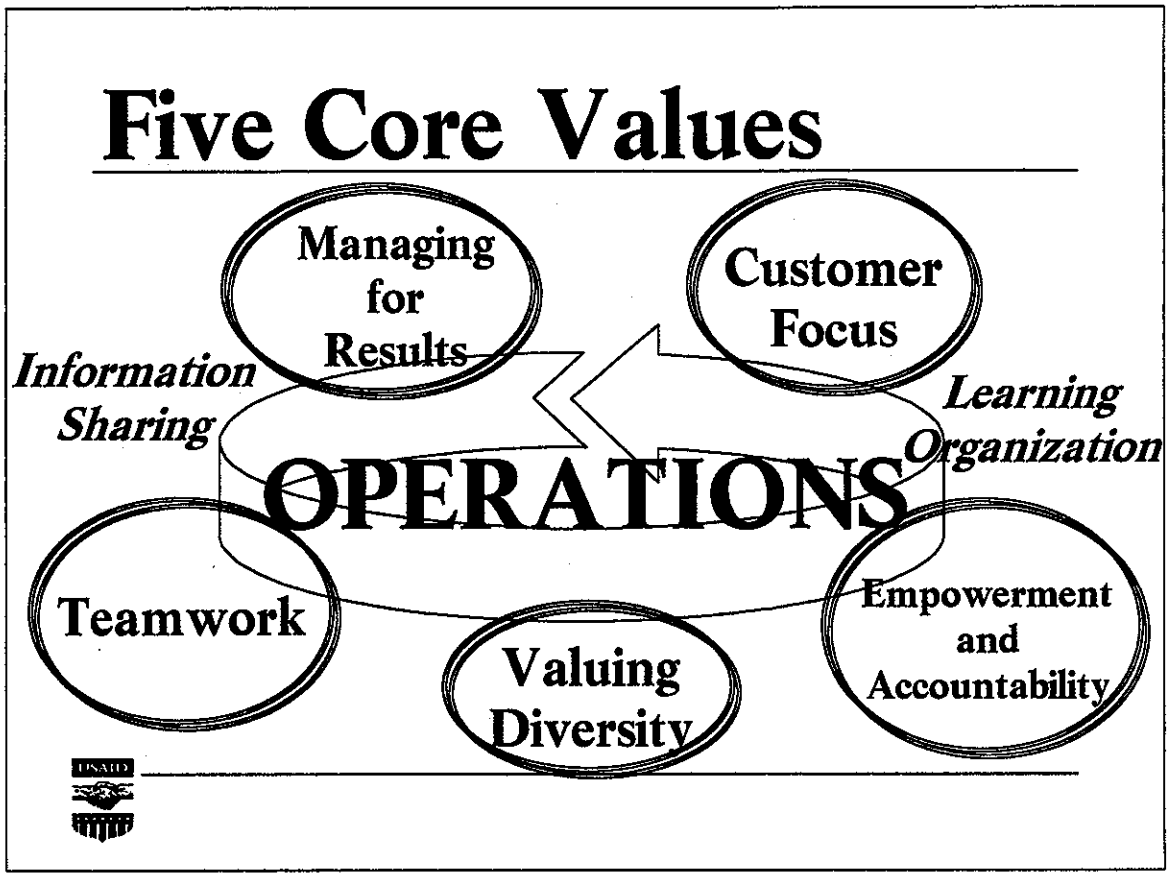
- **Ambitious but achievable results**
- **Authority over resources, tools, and information**
- **Improved procedures**
- **Collaboration among teams, partners, and customers**

The four features of USAID's reengineered operations system listed here reflect a conscious application of the Agency's five core values.

- "Ambitious but achievable results" reflects the Agency's reaffirmed commitment to a **results orientation.**
- "Authority over resources, tools, and information" and "Improved procedures" reflect the commitment to **empowerment**, in this case, of Agency staff and partners.

Finally,

- "Collaboration among teams, partners, and customers" reflects the three core values of **customer focus, teamwork** and **valuing diversity.**



The core values became the basis for redesigning the operations system:

Managing for Results

- Trackable results are crucial for good planning and for our relationship with our stakeholders.
- Managing for results will improve our relationship with stakeholders

Customer Focus

- The customer is the recipient of our goods and services (the end user)
- Our ability to listen to customers affects the quality of work. Listening to customers will increase our effectiveness. The quality of our work directly affects our impact.
- Congress, the American taxpayer etc. are "stakeholders" - they give us money to do something for the end users and expect us to be accountable for quality work.

- continued on the next page

K

Teamwork

- Teamwork will change how we think and work together

Empowerment and Accountability

- Missions/Bureaus/Offices and their associated Teams will be accountable for results (and empowered to select the best way to achieve them)
- Empowerment will also give us greater personal satisfaction on the job

Valuing Diversity

- Our ability to make wise team-based decisions and follow-through effectively depend on our ability to include and value a diverse set of views, perspectives, talents and abilities. This has particular importance in a cross-cultural work environment which is committed to serving customer needs.

It is important to recognize that reengineering is an on-going process that is intended to build on "best practices".

> **Reengineering doesn't end on October 1 - it starts on October 1. What we put in place should not look the same two years later - it should look better. The people who make reengineering work are you and the people in your Missions.**
>
> *- Phyllis Forbes, July, 1995*

Operating units are encouraged to translate the new operations systems and stream-lined procedures in ways that add value to the way they do their work.

Current information on units' innovations is readily available to USAID's partners and agents through the OnTrack newsletter (OTRACK@USAID.GOV), via the Internet (www.info.usaid.gov - see publications), and via e-mail on RFNET. (For membership please contact "JADAIR@USAID.GOV")

Valuing Diversity - Key Points

- Understand and respect individuality
- Keep an open mind when working in a diverse workplace
- Ask questions and listen to discover how others want to be treated
- Communicate to others how *you* want to be treated
- Insist on appropriate behavior in the workplace. Act as a "force for change"

Core teams of USAID personnel and extended teams of USAID staff, external partners and stakeholders, represent a mosaic of multi-cultural individuals who must arrive at at common work goal to achieve a result. We work differently, we think differently, we communicate differently, we bring different skill sets to the team, we have different cultural and national backgrounds that have made us who we are.

Valuing diversity involves a mutual respect and understanding between work groups and team members which is free from stereotyping. It speaks to HOW we treat each other. It is a business necessity that we understand the synergy of benefits of bringing together people of differing backgrounds and skills to accomplish our Agency goals. We need to consciously work towards putting ourselves in another person's "shoes" to understand their perspective and how they approach problem solving.

Even if the "team" or the organization is made up of individuals who basically hold the same beliefs, cultural backgrounds and ethnicity, many other things about us individually make us diverse from one another. Key behaviors in valuing diversity include:

- Recognizing that every person is different and every person deserves your respect
- Don't let your preconceptions guide your decisions
- Don't assume you know what everyone wants
- Speak up and tell people how you prefer to be treated
- We should all consider it our jobs to insist on appropriate behavior that places a value on diversity.

m

Reengineering and E/NRM ?

- **Improved, participatory planning enhances our ability to look "over the horizon"**
- **Building consensus among partners around a development hypothesis will extend our reach and impact**

Many of the innovations discussed in this course were based on best practices identified in field experience. For this reason some of the reengineered practices will seem like "the way it's always been" or just good common sense. Certainly in the environment, development professionals have often been ahead of other sectors in terms of:

- their commitment to grassroots and participatory approaches in planning and achieving results,
- their dependence on extensive coordination of activities among donors, NGOs and partners, and
- their appreciation of how long-term or strategic thinking is essential to effecting a significant impact on the environment.

USAID's reengineered processes should support and validate these practices. More participatory strategic planning and active "hypothesis testing" will improve our chances of positively effecting environment change. More adaptive management practices will allow us to alter our course as we learn more about what is and isn't working in our hypothesis. Finally, the formal engagement of our customers, and partners within the process will improve the quality of our management decisions.

Reengineering and E/NRM ?

- Increased transparency and flexibility will help us better manage the varying degrees of certainty in our interventions
- Increased teamwork and empowerment directly supports a multi-disciplinary approach

Under tab 7 of this notebook you'll find a print out of the Agency's Strategic Framework, as available on the Agency's Internet web page (www.info.usaid.gov). This includes discussion of the Agency's goals in economic growth, democracy, health and population, humanitarian response, education and the environment. The Environment Strategic Objectives and Indicators are presented on pages 16 and 17. These include objectives relative to biodiversity, global climate change, urbanization and pollution, environmentally-sound energy, and natural resource management.

Also check the RESON web site at www.afr-sd.org/reson.

Another useful reference is the "USAID Policy and Strategy for Biodiversity Conservation" which is available from USAID/AFR/SD/Strategic Objective Team # 5.

Managing for Results

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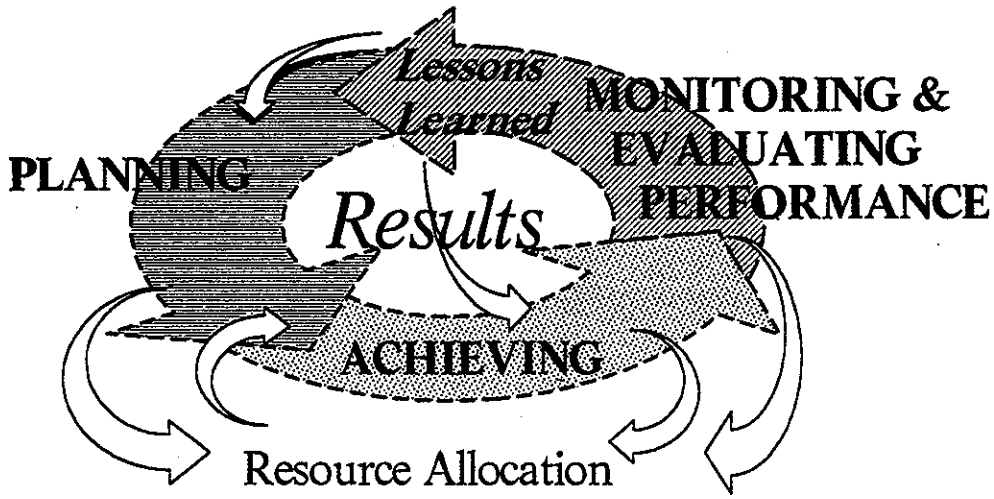
P

Key Functions of the System



There are a few key principles that have guided the teams redesigning USAID's implementation process. For starters, we now talk about "achieving" as contrasted with "implementation." The term "achieving" emphasizes the focus on results, not just on process. Achieving is a means to an end, not an end in itself.

Achieving is designed to be a learning process, in which: we take risks but we learn from our mistakes; we use information -- which will be more timely and readily available from here on out -- to make modifications in what we are doing; and we share lessons learned with others inside and outside the organization.

A companion to learning is the flexibility to act on that learning and make changes as we go along. The reengineered Achieving process has built into it certain degrees of flexibility that empower those closest to the processes and activities to decide whether to change them or not. The focus, of course, is always on achieving the desired result, at whatever level it may be.

Achieving

- A means to an *End* (i.e., a Result)
- A Learning Process
- Flexible
- Collaborative
- Interrelated yet self-contained, result-focused, and time-limited activities

The reengineered Achieving process is designed to be collaborative, with the involvement of customers, stakeholders and partners at every opportunity. For, example, activities organized to achieve specific results in the Results Framework should include customers, stakeholders and partners; and "virtual" teaming with collaborators in other parts of USAID is now the norm.

The reengineered Achieving process is designed to make it possible for teams within the Operating Unit to be involved in all phases of achieving specific results – planning the activities, carrying them out, assessing them, and modifying them – because Results Packages (or whatever approach for organizing the work chosen by an operating unit) should be focused, time limited and so on. The aim here is to avoid situations, common in the past, in which project design and implementation were so long and complex that staff (and partners, for that matter) never participated in the whole process and never could be held accountable for any results.

USAID's Approach to Strategic Planning and Performance Measurement

- Emphasize Results
- Increase focus and choose strategies and resources "strategically"
- Measure and report on results
- Analyze performance information to learn, re-plan and improve performance
- Use performance information to tell USAID's story

Managing for Results

- Know the customers and their needs
- Know the results we want to achieve
- Understand the process to achieve results
- Use information/data to tell us how well things are working
- Have authority to take corrective action (change process, or change result)

What's Different in Planning?

- Participation at every level
- Joint Planning and programming
- More explicit linkage between achievement of results and budgeting

Here is what, specifically, we expect to be different about the process of Planning, primarily from an operating unit perspective:

- The "new" planning system is built on the best practices from Agency experience, particularly the longer experience with planning in the AFR and LAC Bureaus. So, in a very real sense, it isn't all that "new." What is new is a commitment at Agency level to make the best practices of some parts of the organization over time the standard for practice throughout the Agency.
- Particularly new in planning are the increased and systematic emphasis on customers and participation in planning and joint planning between the field and AID/W. Joint planning, if it is done well, should lead to more effective achievement of results and in fewer surprises when strategic plans come into AID/W from the field.
- With the new approach to budgeting (by strategic objective, that is), there will be an increased emphasis on past achievement of results and the likelihood of future achievement of results when resources are being allocated.

What does this mean for USAID's partners?

Partners may be invited into the planning process as full members of Strategic Objective Teams. Besides bringing technical and sectoral expertise to the process, partners may serve to represent the interests of USAID's ultimate customers.

What's Different in Planning?

- Only two documents to AID/W:
  - Strategic Plan
  - Results Review and Resource Request (R4)
- Easier access to information

Field operating units are required to send to AID/W only two documents, the once-in-several years Strategic Plan and the annual Results Review and Resource Request. For example, missions do not have to send activity-specific documents (such as the old project paper) to AID/W for review.

Once the New Management Systems are operational, everyone involved in the planning process will have easier and more timely access to information--information regarding the strategies and results of other operating units that might be relevant to the strategy we are considering, the resources available for the kinds of activities we might want to pursue, and so on.

THE STRATEGIC PLAN

The framework which an operating unit uses to articulate the organization's priorities, to manage for desired results, and to tie the organization's results to the customer

The strategic plan replaces (actually, builds upon) the bureau-specific planning documents used heretofore. The strategic plan is comprehensive -- it includes strategic objectives (SOs) and a description of how the operating unit plans to use resources to accomplish them.

The Country Strategic Plan

- Summary analysis of the development assistance environment and the rationale for program focus
- Proposed Strategic Plan includes:
  - Linkages to Agency's Strategic Framework *(see section 7 of this notebook)*
  - Country goals & subgoal
  - Explanation of each SO
  - Resource requirements by SO

Excerpt from the Directives -

E210.5.10 Contents of Strategic Plans

Operating unit strategic plans shall include the information necessary to secure endorsement by Agency management on the proposed strategic objectives and targeted magnitude of impact; associated resource requirements; and, requested delegations of authority. Operating units must ensure that any special legislative requirements, as applied to strategic planning, are included. Operating units are not required to follow the outline below in its exact form; however; strategies shall include the following three sections and shall provide a clear and concise discussion of the below referenced issues in a form which is appropriate to their program.

PART I: Summary Analysis of Assistance Environment and Rationale for Focusing Assistance in Particular Areas.

A. U.S. Foreign Policy: Relationship of the program to US foreign policy interests.

continued

B. Overview: Country strategies will provide an overview of the country condition to include a summary of overall macro-economic and socio-political trends, a discussion of development constraints and opportunities, how the strategy relates to host country or regional priorities, and the role of other donors. Regional and Global strategies will provide a discussion of relevant transnational trends, how the strategy relates to regional or global priorities and the role of other donors.

C. Customers: A brief discussion of how customers influenced the strategic plan both directly and indirectly using the customer service plan as a basis.

D. Transitional Issues: Transition or phase out issues; for those country programs which are transitional in nature, the strategy will provide a discussion of key transitional issues which are appropriate to the country (whether it is a country nearing graduation or transitioning from relief to development). Regional and global programs may discuss transitional or phase out issues where relevant.

PART II: Proposed Strategic Plan (Country, Regional, or Global):

A. A discussion of the linkage of the strategy to Agency goals and objectives.

B. A discussion of country goals and subgoals (where applicable).

C. Each Strategic Objective or Strategic Support Objective must include the following:

1. A statement of strategic objective.
2. A problem analysis; to include an analysis of the specific problem to be addressed and an identification of affected customers.
3. A discussion of critical assumptions and causal relationships which are represented in the Results Framework.
4. The commitment and capacity of other development partners in achieving the objective. This may include a trend analysis which demonstrates why the current climate and support by other partners (including the host country government) or customers indicates that the objective can be achieved.
5. Illustrative approaches.
6. How sustainability will be achieved.
7. How the achievement of the strategic objective will be judged including;
    a. Proposed performance indicators and targets for achievement of each strategic objective as well as monitoring interim progress (see Series 200, Chapter 203.)

b. Performance targets which convey an understanding of the anticipated magnitude of change visa vis USAID's investment and/or that of USAID's partners. These performance targets will represent anticipated results over the entire strategy period to the extent possible (i.e. where past experience and technical knowledge indicate that targets which are projected to the end date of the strategy are useful and meaningful) . There are some cases, most often in new areas, where select targets may be shorter than the planning period, and therefore will need to be updated via the R4 process. Also, interim performance targets may be used as par of performance monitoring during the life of the objective.

D. If the operating unit has identified a special objective, the discussion must include the following for each special objective;

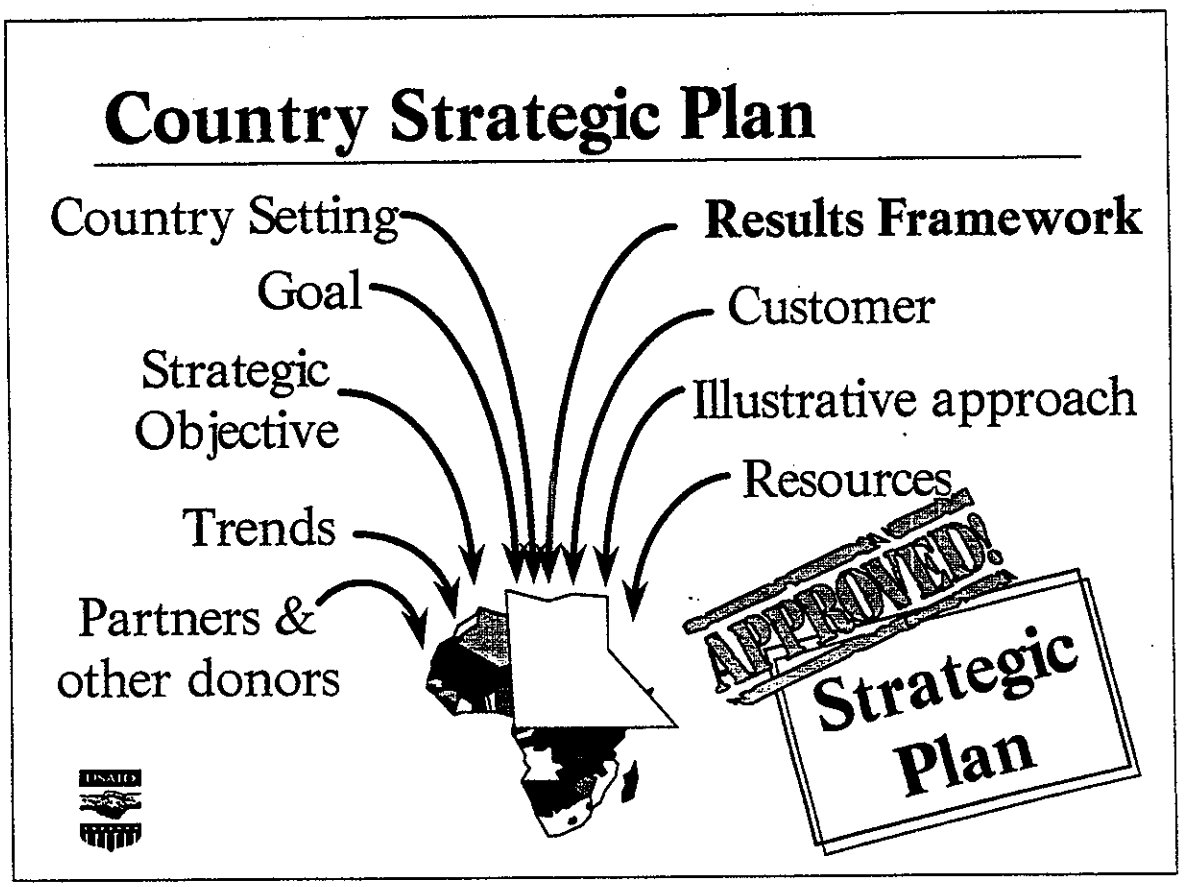
1. The time-frame for the Objective
2. Relationship to Agency goals and objectives and/or the country strategy
3. Expected Results
4. A proposal for monitoring achievement of any special objectives as is appropriate to the nature of the objective.

E. For Field Mission operating units, the strategy shall identify any activities which support global objectives and are outside of the field mission's bilateral strategy. The field mission should also identify any management responsibilities for which it is held responsible.

PART III: Resource Requirements

A. Estimated resource requirements over the planning period to achieve the strategic objectives; including program dollars as well as supportive OE and personnel. Program funding shall include the amount for field support provided through G Bureau mechanisms. The operating unit shall also identify any USAID/W technical or other support which are necessary to accomplish the strategic objectives.

B. Discussion of programming options. This should be brief and concise and may take the form of a simple matrix which serves to articulate and distill the priorities of the operating unit and is based on high, medium, and low funding levels. Such a matrix should take into account Congressional and Administration mandates and may indicate country conditions that would warrant increases or decreases in assistance.



Strategic Planning for a *country* program will include all USAID program funding proposed for allocation to the country, including funding in support of centrally managed global programs, food aid, and research activities.

Planning for regional and global programs must include program funded activities that are:

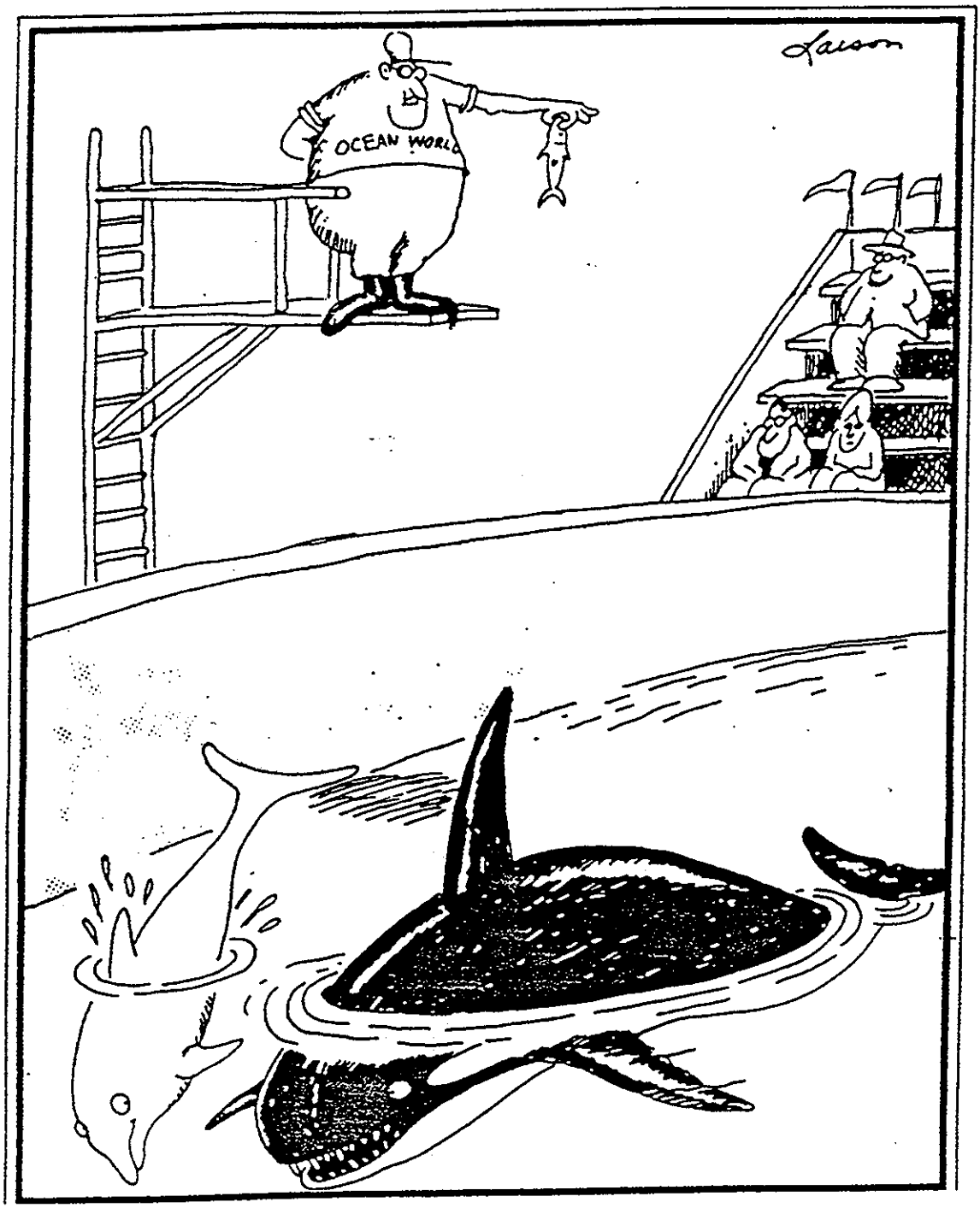
(a) regional or global in nature,

(b) bilateral programs for which the central operating unit has direct responsibility, and/or

(c) activities that have bilateral impact and are managed by a central operating unit due to management efficiencies.

Exceptions to the strategic planning process are start-up programs and emergency programs. See the Directives for details.

Good Strategic Planning Involves Setting Ambitious, Yet Achievable Objectives...



"The herring's nothin' . . . I'm going for the whole shmeer!"

Based on the Strategic Plan, USAID/Washington and the operating unit establish a...

Management Contract

- Agreement on objectives
- Confirmation of estimated resources over the strategy period.
- Provision of appropriate delegations of authority
- Special management concerns requiring action

Strategic Objectives

The most ambitious result in a particular program area that an operating unit (with its partners) can materially affect and for which it is willing to be held accountable.

Types of SOs-

Bi-lateral and Regional/Global Strategic Objectives are like strategic objectives under the old system--each of them is unique to and managed by a single operating unit.

Strategic Support Objectives (SSOs) are Regional or Global Bureau development objectives that rely partly on the results of activities performed by the bureau and partly on the results of activities performed by other operating units, such as missions. These objectives allow Global and other bureaus to relate their support activities to the high-level development results toward which they are aimed.

E.g., the Global Bureau may be developing a new vaccine in order to ultimately reduce the incidence of a particular disease (which is a significant development result). Global develops the vaccine, but it relies on missions to distribute the vaccine and ensure its proper use through their health programs. It's really a joint objective: the missions will most likely be including reduced incidence of the disease in their SOs, and Global will be adopting reduced incidence as its SSO. Global will also probably rely on mission data for measuring performance against the SSO.

SSOs represent an attempt to allow Global and other central or regional bureaus that are providing critical support to missions' development efforts to relate that support to development results. The less attractive alternative would be to reduce Global to low-level strategic objectives, which are separated from the higher level development results toward which they are aimed. The aim here is to relate all assistance activities – including Global's – to significant development results. In effect, those development results are shared by Global and the missions.

A **Special Objective** is one that has limited development impact, and therefore does not qualify as a full-fledged SO. Special Objectives can include objectives that respond to earmarks, involve phasing out a major development effort, try something exploratory or experimental, or involve research that contributes to an Agency objective.

Objectives

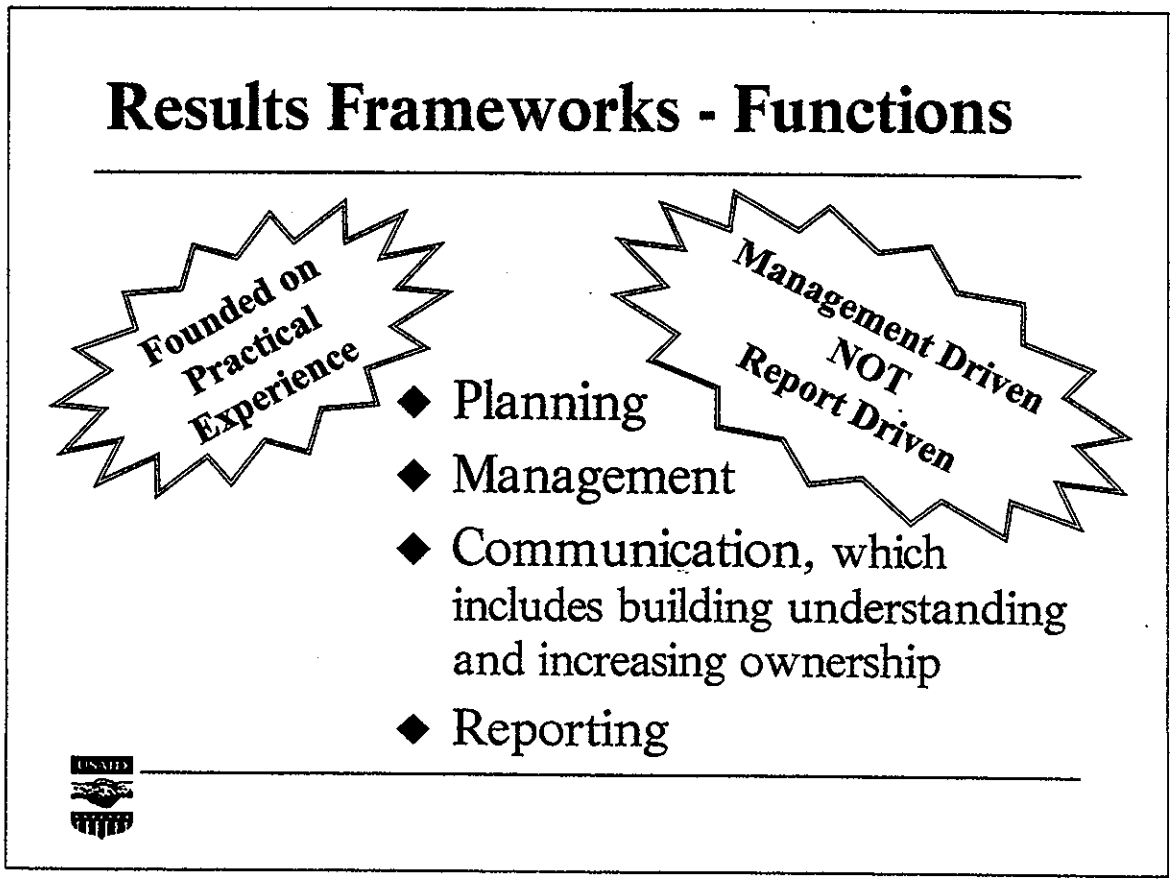
- Strategic Objective
  - Bi-lateral Strategic Objective
  - Regional/Global Strategic Objective
- Strategic Support Objective
- Special Objective

Strategic Objective

- a significant development result
  - clear, precise & objectively measurable
- the highest level result for which the operating unit is willing to be held accountable
- unidimensional, in so much as possible
- linked to Agency objectives & goal
- achievable within 5 - 8 years

The directives identify situations in which a strategic objective may have more than one dimension – when two very interrelated results are being sought, or when the program to achieve two very related results is a very integrated program.

What does this mean for USAID's partners?
In some countries USAID's identification of strategic objectives and a planning process has spurred local partners to engage in their own strategic planning process. In some cases the participatory planning process initiated by USAID has encouraged partners (NGOs, government and donors) to come together to plan more collaboratively and strategically for the whole sector. This was the case in donor support for private sector development in Uganda and in the environment in Madagascar.



The Results Framework is the basic tool used to describe and illustrate the operating unit's development hypothesis. It also serves as a framework within which units can develop plans with customers and partners, thereby building ownership and shared support for implementation. The framework should serve development professionals as a management tool as much as an instrument for planning or reporting.

These functions are summarized and contrasted on page 30.

What does this mean for USAID's partners?
The RF must be much more than a reporting document for which USAID is accountable. The ability to effectively achieve the SO doesn't depend merely on the quantity of technical and financial inputs, but on the 'ownership' and commitment of the development partners and agents in achieving the set of results. Therefore partners' engagement in developing and monitoring the RF is critical to USAID's success.

Results Framework

- Presentation of SO and key Intermediate Results (IRs) and the cause-and-effect linkages between them
- Identifies all IRs necessary to achieve the SO regardless of who is taking responsibility
  - **through USAID assistance**
  - **through other development partners**
- As part of the Strategic Plan, it illustrates the Mission's development hypothesis
- Serves as a Mission management tool

Some differences between the Results Framework and the PRISM Objective Tree (the graphic presentation of the narrative column of the Program Logframe):

- The Results Framework represents an attempt to be more explicit in its emphasis on **causal linkages**, and less bound to prescribed levels in a hierarchy. Under PRISM, we have observed the tendency of some operating units to try to make everything at one level of the objective tree – e.g., the Program Outcome level – relatively equal in importance.

- In the Results Framework, the emphasis is on how things relate causally, regardless of relative importance or chronology. The Results Framework tries to avoid forcing things into a linear sequence, when in real life things are sometimes circular in their impact.

Results Framework

- Identifies organizational responsibility and timeframe for each result
- Shows integration of results from other SOs where appropriate

  (the RF is not necessarily linear in its logic nor in its presentation)
- Serves as a reporting and learning tool

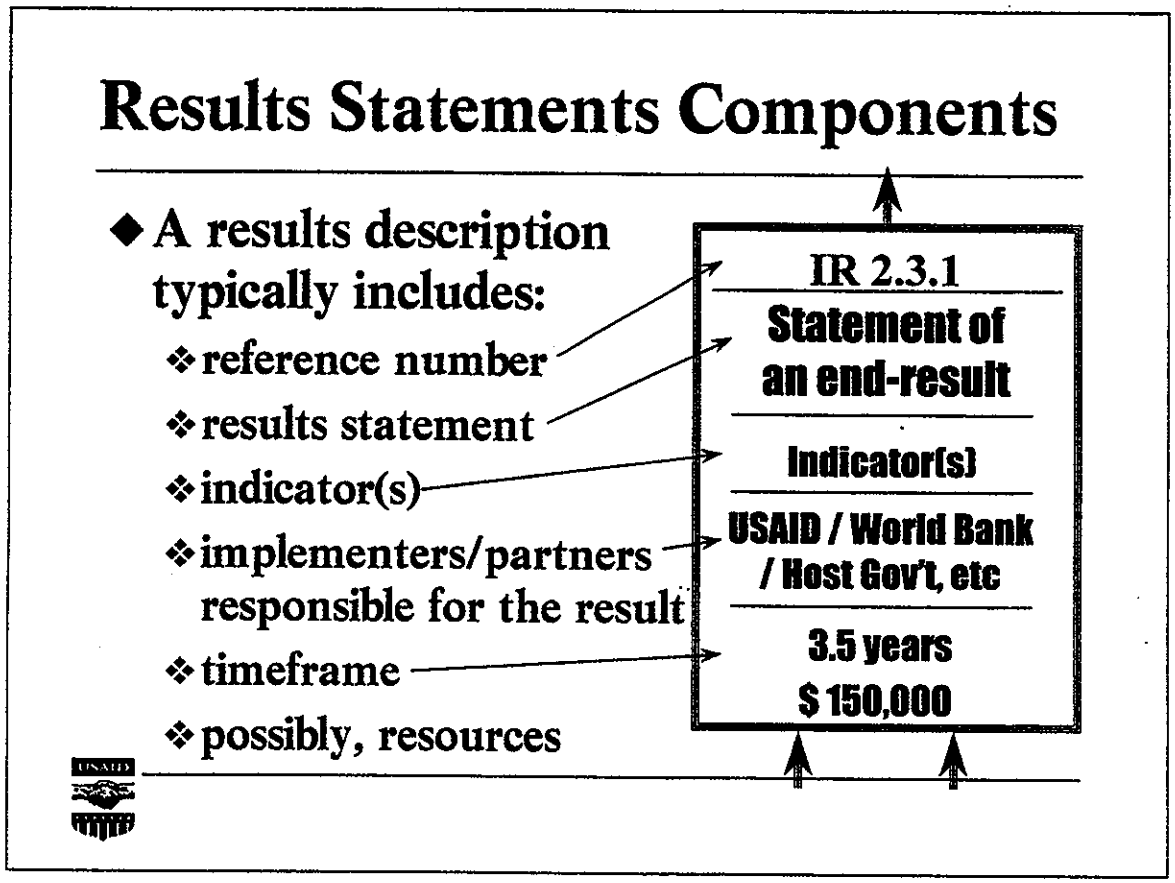
  (validating & reassessing the development hypothesis as activities progress and the environment evolves)
- Defines performance indicators and targets

The Results Framework includes **more detail about specific contributing results** to elaborate a more complete "development hypothesis" than did the PRISM objective tree. How much detail?

Enough to elaborate many causal relationships within the development hypotheses. This will include details about assumptions, resources and partners' involvement.

What does this mean for USAID's partners?

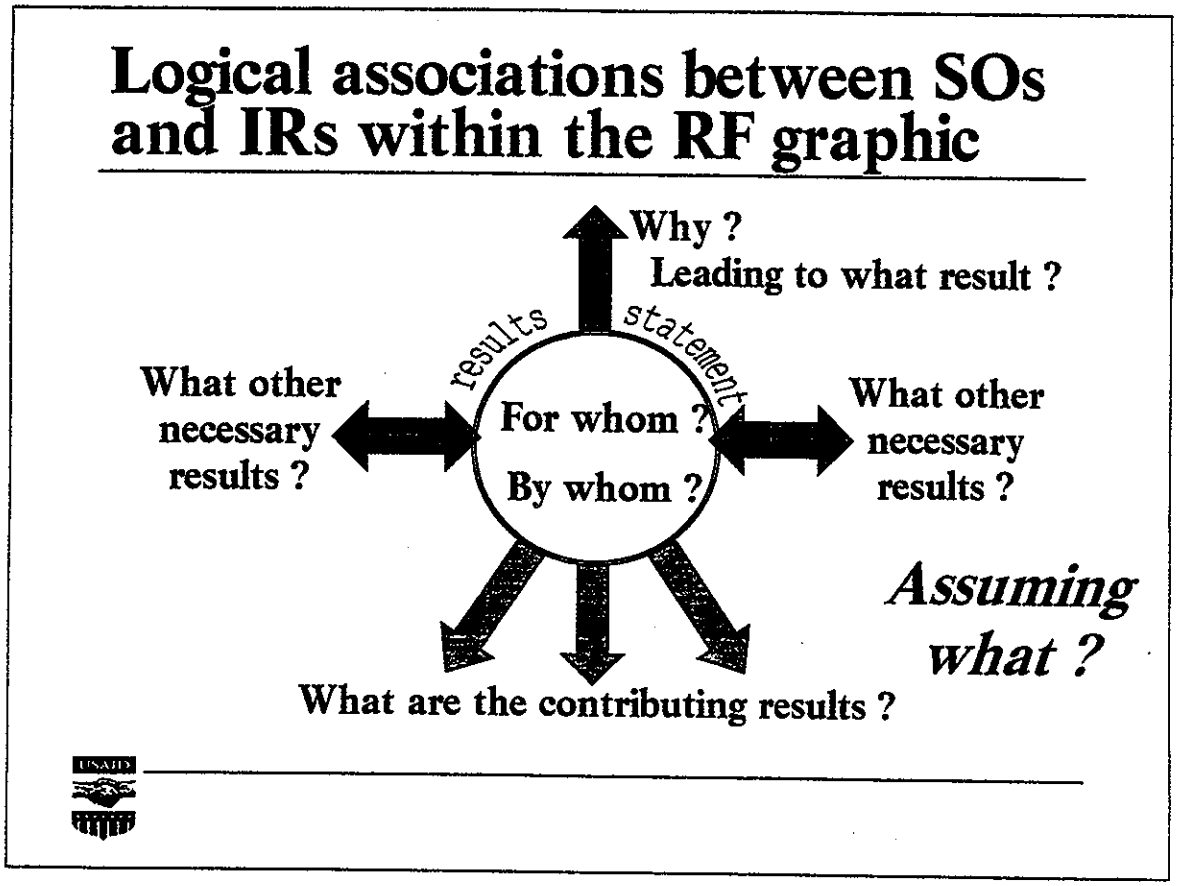
The RF is by no means a secret or static document. Partners are intended to be intimately involved in the formulation of USAID's framework and should be continually implicated in the 'ground-truthing' of the development hypothesis it represents. As the operating unit learns from its experience the framework may be changed. Much of this acquired knowledge lies in the experience of partners, agents and other program implementers. The framework provides a basis for this substantive dialog.



Remember that the Results Framework is essentially the text that describes the operating unit's development hypothesis, normally illustrated with a graphic representation of IRs in relationship to each other. For each IR result the information listed above will need to be presented, either in the text or in the graphic, or in both. One way to keep the graphic illustration uncluttered is to annotate the RF in the strategic plan with a section that describes the RF result by result. This outline for each IR would include:

- the IR further defined (if necessary),
- a description of the causal linkages between the IR and the other results that contribute to its achievement,
- an explanation of the performance indicator, and
- an overview of the types of engagement in support of the IR to be undertaken by USAID's agents and partners.

In the RF graphic, it is especially useful to note, in the IRs for which USAID is NOT taking material responsibility, the name of partners who are achieving that particular result *(see the example on page 22).*



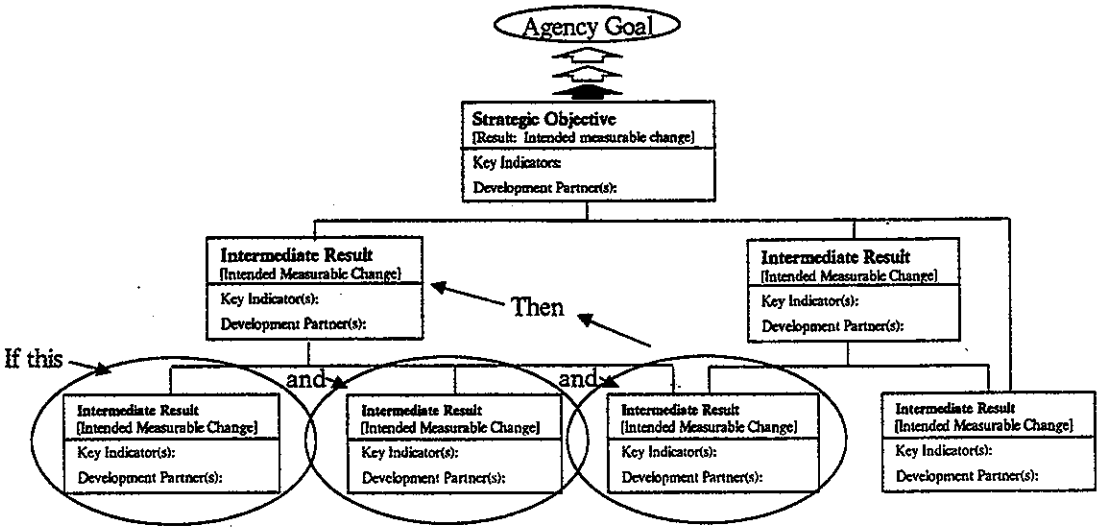
As you read up the series of intermediate results the logic of the statements answer the question "why are we doing this? " or "why this result?" In other words, for what greater result?"

As you move down the framework the intermediate results statements answer the question "how do we do cause this effect?" In other words, what other results will be required to achieve this particular result? This logic should NOT be to construed to mean "what activities will be conducted" to attain this result, as only results, not activities are included in your RF.

"What other necessary results" refers to all the other intermediate results that must occur in concert with this IR to cause the desired effect above, i.e, the next level of result. In order to attain the result above have you identified all results that are necessary and sufficient to lead to the next level?

Also key to presenting the logic of your hypothesis are the **critical assumptions** that underlie your framework. These assumptions should be referenced either on the RF graphic or in the RF text presented in the strategic plan.

Results Framework graphic



What are the changes/results necessary and sufficient to get to the next "higher" level ?
How do you achieve the "higher" level of results ?

Causal relationships between results need not always be strictly hierarchical, i.e., an intermediate result on one "level" can contribute to the achievement of intermediate result on two or more "levels."

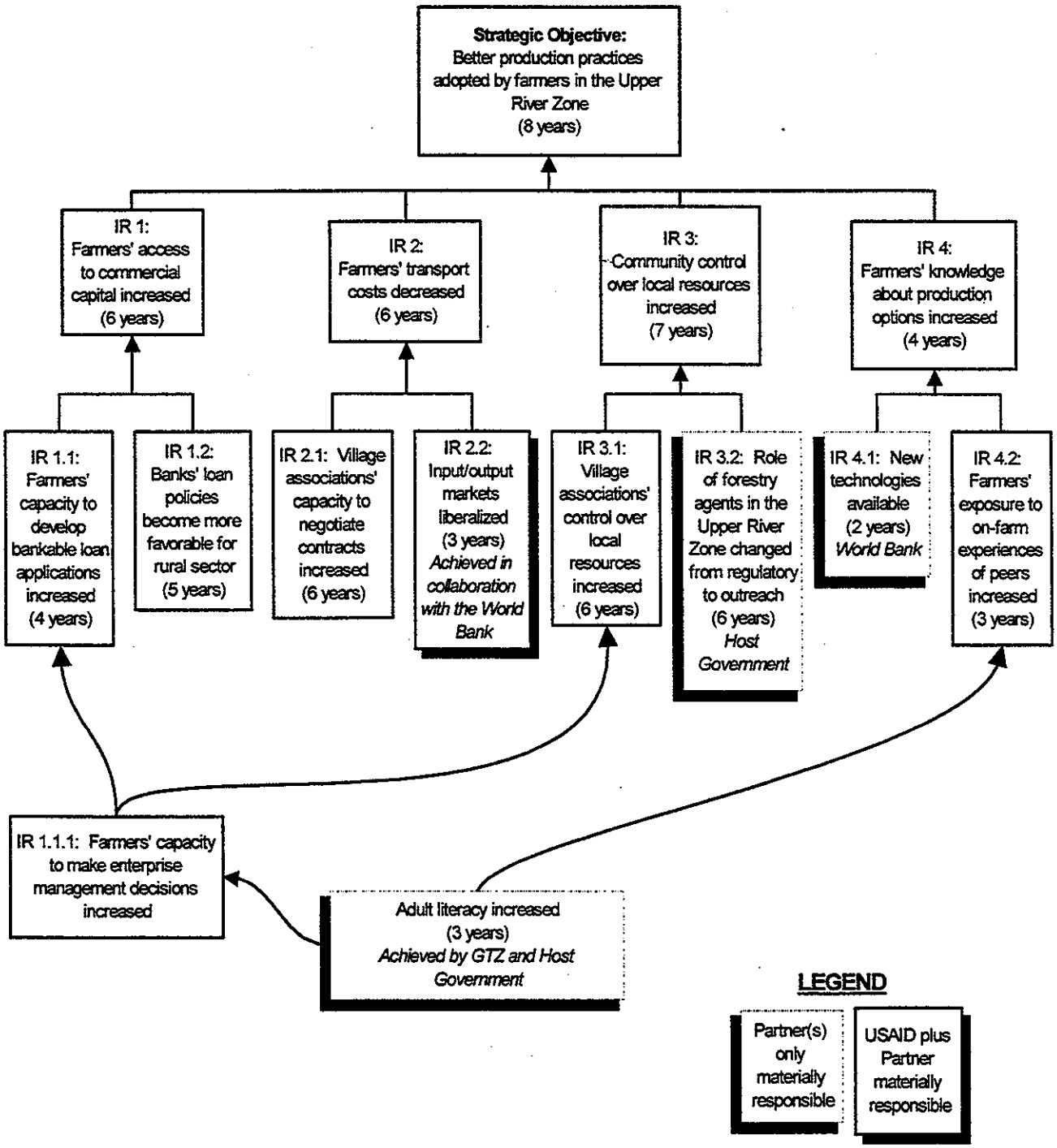
NB: Remember that the logic of the RF is a basic "If.....then" causality which unifies the framework into an overall development hypothesis.

What does this mean for USAID's partners?

Remember that USAID's development hypotheses will often include the results of their partners, therefore partners' intermediate results will be shown in their Results Framework graphics, regardless of whether USAID is funding activities leading to achievement of those results or not.

An example -

Upper River Zone
RESULTS FRAMEWORK GRAPHIC



General Characteristics of Results Statements

- Statement of results - not an activity or process
- One, unidimensional result - not a combination of several results
- The result is measurable and objectively verifiable

The result should be stated as an completed end-result as opposed to an on-going process or activity.

Unidimensional results are those with one final effect, e.g., "increased broad-based private sector investment" (the final effect may require more than one descriptor) as opposed to multi-dimensional results which are actually the combination of more than one result, e.g., "healthy, better educated families". The use of multi-dimensional results will cause difficulties in developing the logic of the framework as well as the measurement of the result.

An "objectively verifiable result" is one that, given the supporting data, a skeptic and a proponent would both agree is a bonafide result. The actual measurement of this result might rely on qualitative or quantitative data, depending on what is most realistic and appropriate.

See examples of these points on the next page...

EXAMPLES:

Criterion: Results Statements

Poor Example	Good Example
Support macro-economic policy reforms	Reduced gap between official and parallel exchange rates
Environmentally viable alternatives to deforestation promoted	Increased use of sustainable forest management practices

Criterion: Unidimensional Results

Poor Example	Good Example
Improved quality of health care and education services	R1: Improved quality of health care and R2 Improved education services
Expanded small and medium-sized enterprise sector and increased non-traditional exports	R1: Expanded small and medium-sized enterprise sector and R2: Increased non-traditional exports
Increased agricultural productivity and farm incomes	R1: Increased agricultural productivity and R2: Increased farm incomes

Criterion: Objectively Verifiable

Poor Example	Good Example
Public and private sector leadership developed	Improved regulatory environment

Good Results Frameworks Must Show Logical Consistency

- Linkages between Intermediate Results (IRs) and Strategic Objectives (SOs) are causal in nature
- Logical relationship between IRs and SOs is direct and clear where IRs are lower-level results which contribute to SOs
- IRs include key partner as well as USAID-funded results

The relationships among the results within the framework is causal in nature, and therefore describes a "cause and effect" or "if... then" logic *(as was the case in the relationships within the Objective Tree).*

The direct effect of all these "causes" within the results framework should be the desired change in the development environment *(as expressed by the strategic objective).* This logical argument constitutes your development hypothesis.

See examples of these points on the next two pages...

EXAMPLES:

Criterion: Linkages between IRs and SOs are causal in nature

Poor Example	Good Example
SO: Increased agricultural production IR 1: Increased agricultural production in highland regions IR2: Increased agricultural production in coastal regions	SO: Increased agricultural production IR 1: Improved agricultural market efficiency IR2: Increased adoption of improved production technologies
SO: More effective management of the natural resource base IR 1: More effective management of forest resources IR2: More effective management of coastal resources IR3: More effective management of agricultural resources	SO: More effective management of the natural resource base IR 1: Increased institutional capacity of the Ministry of the Environment IR2: National Environmental Action Plan implemented IR3: Private sector engaged in profitable and sustainable natural resource use practices

EXAMPLES:

Criterion: Logical relationship between IRs and SOs is direct and clear

Poor Example	
SO:	Increased household incomes
IR:	Increased access to non-traditional agricultural markets

Criterion: IRs are lower-level results which contribute to SOs

Poor Example		Good Example	
SO:	Improved natural resource management in critical watersheds	SO:	Biodiversity of critical ecosytems conserved
IR:	Biodiversity of critical ecosytems conserved	IR:	Improved natural resource management in critical watersheds
SO:	Improved quality of basic education	SO:	Increased number of children who are literate and numerate
IR:	Increased number of children who are literate and numerate	IR:	Improved quality of basic education

Good Results Frameworks Reflect A Realistic Level of Responsibility

- The SO is the highest result which the Mission can expect to materially affect and for which it is willing to be held accountable
- The causal connections between IRs and SO are reasonable

EXAMPLES:

Criteria: SO is a result that the Mission can materially affect

Poor Example	Good Example
Broad-based sustainable economic growth	Increased employment in the formal, off-farm private sector
Reduced population growth	Reduced fertility

EXAMPLES:

Criteria: The causal connections between IRs and SO are reasonable

Poor Example	Good Example
SO: Sustainable natural resource management practices adopted IR: New environmentally sustainable agricultural techniques developed	SO: Sustainable natural resource management practices adopted IR: National Environmental Action Plan laws and policies enacted and enforced
SO: Increased use of modern contraception IR: Improved training of health care providers	SO: Increased use of modern contraception IR: Increased availability of contraceptive services and commodities
SO: Increased off-farm employment IR: Increased citizen's skills for private sector development	SO: Increased off-farm employment IR: Increased number of formal private sector enterprises

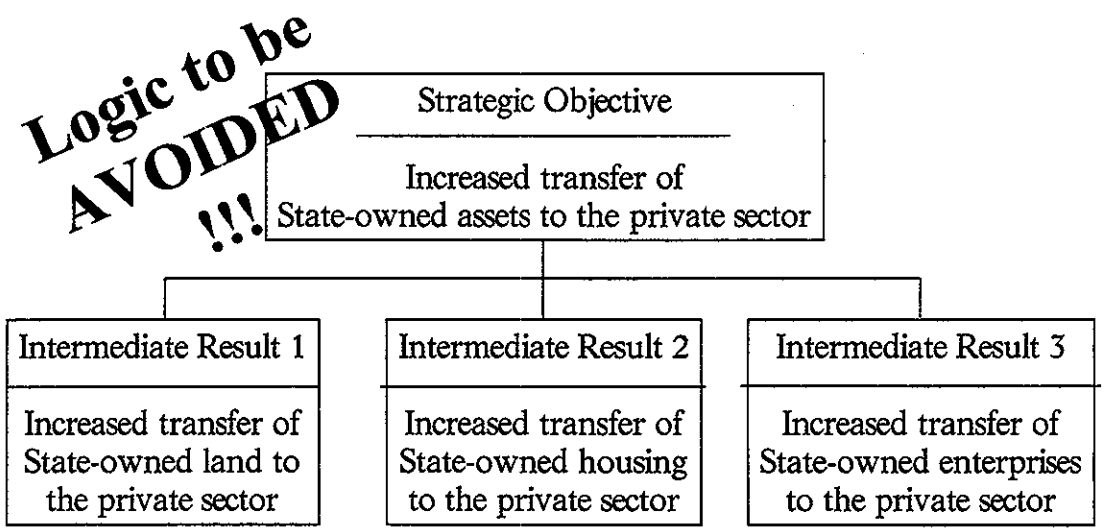
Insert WPD file "4 functions of RF)

Difficulties in Formulating RFs

- Determining logical causality
- Assuring sufficiency and allowing flexibility in the development strategy
- Identifying RESULTS versus "activities," "steps" or "means"
- Critical Assumptions versus IRs
- Limitation of using linear graphics to depict inter-related causes & effects

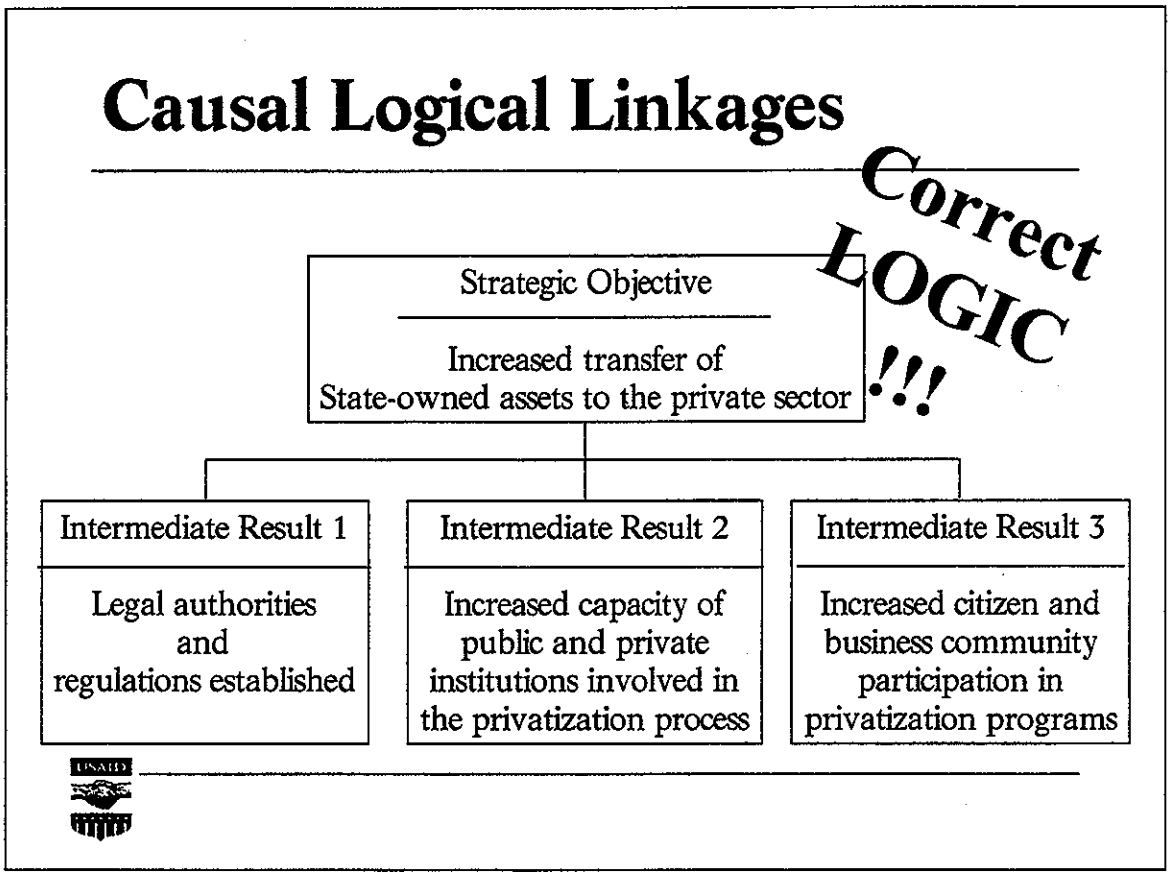
See further explanation of these five points on the next seven pages...

Categorical or Definitional Linkages



Adding up the categories within an intervention does not usually describe the "cause and effect" relationships at the heart of the desired change. In other words, the sum of the parts of the desired change is not the same as the cause of the change.

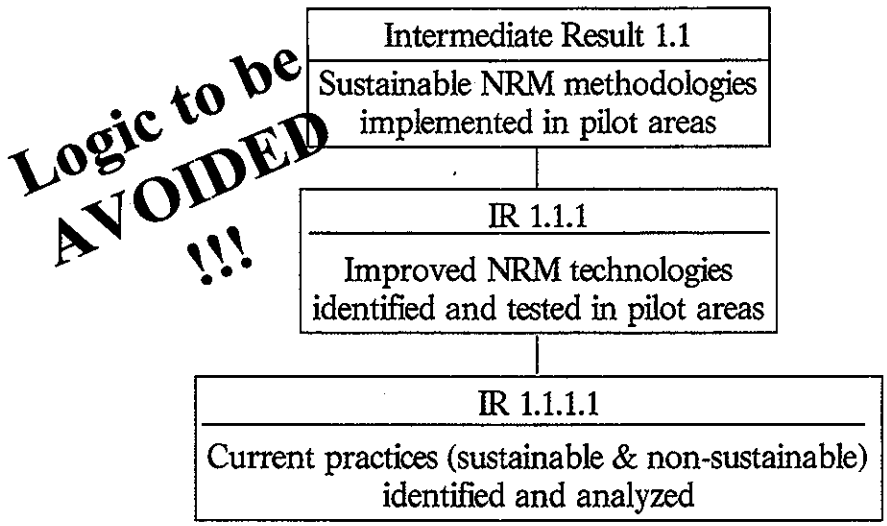
Reliance on categorical or definitional linkages within your framework will create problems later in your program when you attempt to measure achievement of the results. You'll note that you'll end up measuring the exact same change (although in different degrees) on more than one level of the framework and this clearly implies logical inconsistency between "cause and effect".



The basic "if...then" logic seeks to identify all the necessary root causes of the desired developmental change.

For more examples of this logical inconsistency see page 26.

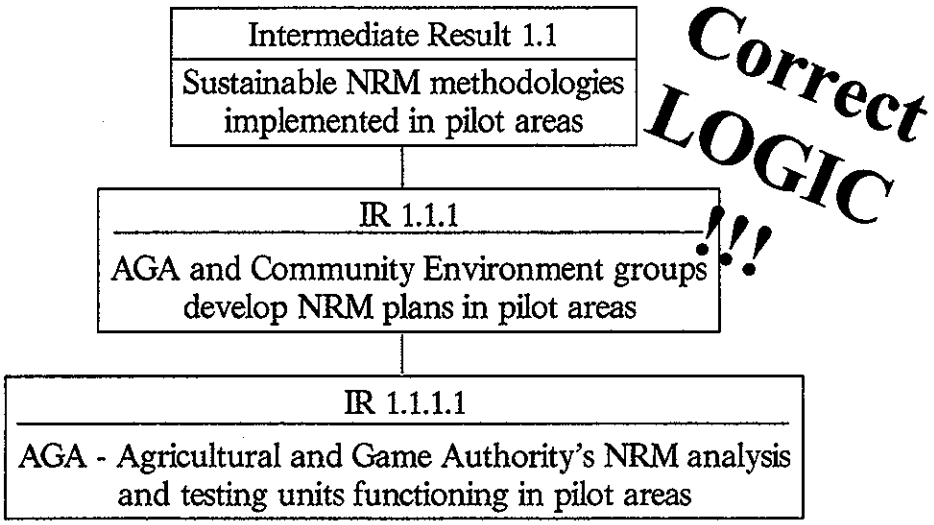
Chronological Linkages



In some cases the "if...then" logic of the RF plays out chronologically; be careful, however, not to confuse "if.. then" logic with the sequencing of implementation, e.g., "what comes first, what comes second"....

In the example above, it is clear that the planners understand the main technical steps leading to the implementation of NRM methodologies: identifying and analyzing current practices; and then developing and testing new technologies. However as a causal chain of results the example does not make it clear what specific problems or constraints the planners are trying to address to get to the key IR. The two lower IRs are important steps in the process of arriving at IR 1.1 but they do not describe the specific causes that lead to this final effect.

Causal Logical Linkages



Here in this re-worked example, the intermediate results within the logical chain directly address specific root causes of the problem: the AGA's weak local capacity in technical analysis and testing; and the lack of AGA and community coordination in implementing NRM methodologies. The specific logistical or chronological steps behind each of these IRs, while very important to understand for activity implementation, are not an essential part of the casual logic. In fact, chronologically speaking, it is quite possible that the activities to be conducted for IR 1.1.1 and IR 1.1.1.1 may be conducted concurrently.

Sufficiency and Flexibility

- Ensure that, at each level of the RF, you identify all the results which, if achieved, will be sufficient to cause the result on the next level.
- You may also identify results that reflect alternative strategies or innovative and supplementary approaches.
- Over time, as you work under your hypothesis, you may need to change strategies and therefore alter your IRs. The RF should allow for flexibility.

The logic of your development hypothesis, and its depiction in the results framework, requires that you have identified ALL the contributing results sufficient to support your hypothesis. This will definitely require mapping out other partner's results (for which you are not responsible). Furthermore, the more thorough and specific you can be in determining all the contributing intermediate results, the stronger the logic of your hypothesis and the greater your chances of being able to manage your activities for the achievement of the strategic objective.

We recognize that due to the complex situations in which we work, planning and managing development activities is not an exact science. For this reason you may need to include in your program alternative or complementary strategies - sets of IRs - designed to secure or maximize your desired results. This implies including with your hypothesis sets of results that may constitute more than what might be considered "necessary" to achieve to next level of results.

In the past, including these "more than necessary" strategies within your strategic plan would have been considered insufficient "focus and concentration" within your program; this is no longer the case.

An important aspect of "managing for results" is the need to constantly monitor or "test" the correctness and sufficiency of our development hypothesis to ensure the achievement of the strategic objective. The outcome of our monitoring may require making changes in our strategy. Therefore the RF should be conceived of as a management tool that is logical and flexible over time. Flexibility in implementing the development hypothesis might require:

- Having to take on some responsibility for partners' IRs if you discover that they won't be able to deliver the results as expected (this a another reason why it is important to include other people's IRs in the RF and track them)

- Changing or modifying parts of the strategy - sets of results - based on lessons-learned in implementing the program

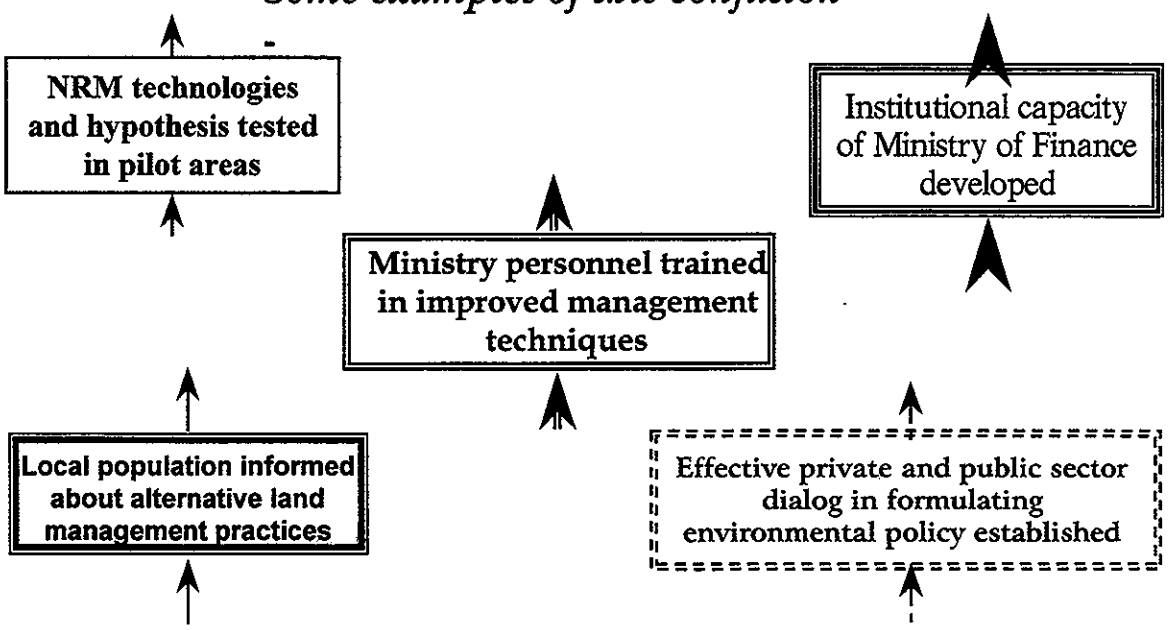
- Modifying the strategy due to significant changes in the status of the critical assumptions

- Changing the strategy in response to changes in the development environment

"Activities", "Steps" or "Means" versus RESULTS

- Beware of confusing interventions with their desired end-result, e.g...
  - Policy reform & dialog → improved environment
  - Training → new skills/competencies
  - Institutional development → improved services
  - Information dissemination → informed decisions

Some examples of this confusion



Each of these IRs could be better expressed in terms of their desired end results instead of the activities or processes leading to those results.

Critical Assumptions versus IRs

- Beware of logical "leaps" between IRs...
  - you may be overlooking several other significant intermediate results, for which you will need to take responsibility or for which partners are responsible
  - Critical Assumptions are external conditions that are necessary for the success of the strategy outlined in the results framework

The logical relationship between linked IRs should be clear and direct. The combined "cause and effect" linkages should effectively tell the story of how you intend to achieve the SO. An excellent test of your RF would be to give it to a reasonably educated person, who does not work in your sector, to see if that person could understand your hypothesis well enough to explain it to you in terms of the cause and effect linkages leading to achievement of the SO. Where there are "leaps" in the logic the cause and effect relationships will not be clear and direct. Sometimes these leaps are not so evident to technical experts who share the same set of assumptions; yet for management purposes it is important that all the contributing IRs be clear and explicit.

On page 29 you will find "poor and good" examples of having unclear & clear causal connections.

Due to past practices some planners have confused intermediate results (which other people - USAID's partners - are taking responsibility for) with critical assumptions. Section 201.4 "Definitions" of the ADS states:

> "14. Critical Assumptions: In the context of developing a results framework, critical assumptions refer to general conditions under which a development hypothesis will hold true or conditions which are outside of the control or influence of USAID, and which are likely to affect the achievement of results in the results framework. Examples might be: the ability to avert a crisis caused by drought, the outcome of a national election, or birth rates continuing to decline as it relates to an education program. A critical assumption differs from an intermediate result in the results framework in the sense that the intermediate results represents a focused and discrete outcome which specifically contributes to the achievement of the SO."

Below is an example of where the magnitude of critical assumptions renders the development hypothesis implausible:

Critical assumptions: If the rains are better than average,

and

If the government changes in the upcoming elections,

and

If tourism rebounds,

then

The achievement of our Intermediate Results will lead to achievement of the Strategic Objective.

Inter-related Causes & Effects

Hierarchical frameworks best present linear relationships yet, in reality, many changes coincide and are inter-related. While the RF should help you make decisions about priorities ("why are we doing this?") you should not be constricted into over-simplification of your hypothesis.

Be as creative as necessary !

There is no required format for presentation of your RF; you simply need to find a format that is easily understandable to all the users of your plan.

Be aware that some software packages being used to produce RFs were designed for creating organizational charts and these programs often impose limitations in presenting your graphic because they are linear and hierarchical.

Strategic Planning Checklist

- Are SOs/IRs stated as results? ☐
- Are results unidimensional? ☐
- Are they objectively verifiable? ☐
- Are the relationships between results causal, not definitional/categorical? ☐
- Are the how/why, if/then relationships direct, plausible and clear? ☐
- Are the SOs results which USAID programs and activities can materially affect? ☐
- Are the assumptions reasonable? ☐
- Do the IRs include partner as well as USAID-funded results? ☐

Questions People May Ask about Your Strategic Plan

1. **About your strategy:**

   Is your strategy consistent with the agency's priorities as presented in the agency sustainable development strategies, implementation guidelines and strategic frameworks?

   - ⇨ What choices did you make?
   - ⇨ Why did you choose your areas of concentration (programmatic focus)?
   - ⇨ Did your development partners and customers participate in the development of the plan? How?

   How does what you propose relate to:

   - ⇨ national needs and priorities
   - ⇨ activities of other development partners
   - ⇨ prior USAID experience -- in the country and elsewhere in similar settings
   - ⇨ USAID's comparative advantage?

- ⇨ Would you have a greater impact if you did fewer things, e.g., had fewer SOs?
- ⇨ Do you have the resources to manage a program of this magnitude, including human and financial? What would be the impact of funding at the lower level? How would the results be different?

2. **About your strategic objectives:**
   The SO is the most ambitious result that USAID, with its development partners, can materially affect in five years and for which it is willing to be held accountable. It forms the standard by which USAID is willing to be held responsible and should be linked to one Agency goal or objective. It is always expressed in terms of an end result or final impact.

   Are the expected results at the SO level:
   - ⇨ **clear**
   - ⇨ **objectively measurable:** What are the performance indicators and data? (Are or when will baseline data be available, with what frequency will results data be available?)
   - ⇨ **precise:** What is the magnitude of the expected change, in what conditions, at what points in time, among what populations/institutions/or conditions?
   - ⇨ **significant:** Are these national, regional or other level changes?
   - ⇨ **equitable (and people level):** How do they impact on the condition of men and women? How do they affect disadvantaged populations?
   - ⇨ **feasible:** Given experience and current development theory?

   What are your assumptions for the achievement of these SOs? How will you monitor these assumptions?

   What are the roles of your development partners?

3. **About your results frameworks (for each SO):**
   - ⇨ What intermediate results (including those key results produced by other development partners) are necessary to achieve the strategic objective?
   - ⇨ How will these be monitored (performance indicators and targets)? What are the underlying development hypotheses (cause and effect linkages)?
   - ⇨ What are some (illustrative) approaches that USAID will use to achieve these results?
   - ⇨ Are the approaches and activities proposed consistent with current development theory in that sector, experience in the country and/or elsewhere?
   - ⇨ What are the estimated resources required to achieve these results?

Harriett Destler, 9/27/95

Monitoring and Evaluating Performance

To effectively manage for results, operating units must regularly collect, review and use information on their performance. Performance information plays a critical role in planning and management decisions.

Program Performance Measurement Systems are designed to provide limited performance information - using a few key performance **indicators** - for each Intermediate Result as well as the Strategic Objective. The reported progress, as indicated by these few measures, allows the managers to **monitor** what is being achieved over time in order to judge whether the development hypothesis and its accompanying activities are actually delivering the desired results. Therefore reliable performance measurement data are crucial to making important strategic decisions and managing for results.

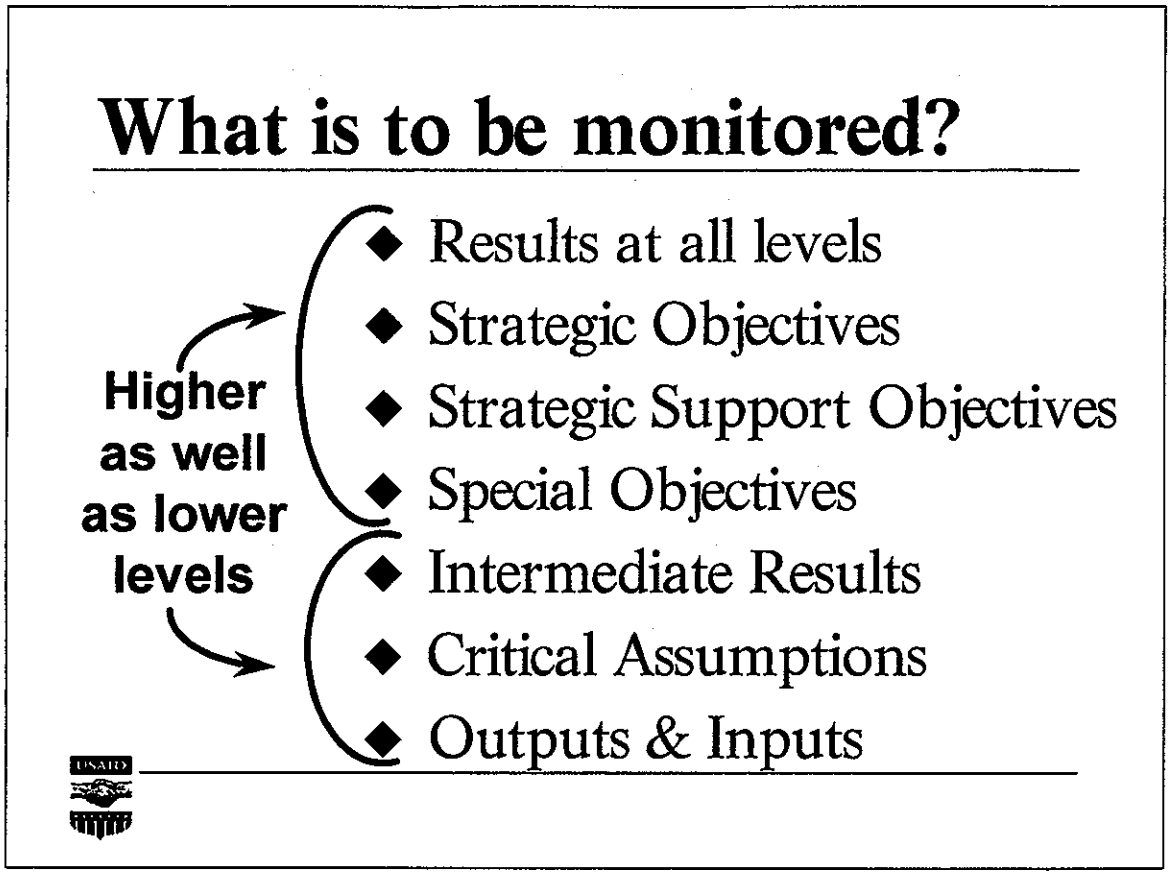
Unfortunately basic performance measurement data do not tell the managers why certain results are being achieved or not. To get this information, which is often crucial for decision-making, teams may have to conduct **evaluations** that test their assumptions, the cause-and-effect linkages in their program and the emergence of new constraints within the development environment.

Monitoring and Evaluating Performance

Conduct reviews and evaluations at least once a year to assess performance against expected results and to monitor validity of critical assumptions.

While performance reviews are to be conducted at least once a year, it is important to note that these reviews are not primarily for use or review by AID/W. The principal reason for the reviews is to provide operating units with performance information needed to better manage for results.

It also is important to understand that the need for (at least) annual performance reviews is based on best practices developed by the Agency and its operating units. These best practices clearly indicate that using performance data to inform management decisions is an essential part of the planning/achieving/monitoring & evaluation cycle.



While performance reviews are required for all the areas mentioned above, operating units are only required to report to their bureaus on strategic objectives, special objectives and strategic support objectives. Despite the fact that operating units only report to Washington on their SOs and key IRs, they will want to carefully monitor the validity of their development hypothesis for which they will need performance information on the lower levels. Some of this internal monitoring and evaluation will be conducted by the Strategic Objective Team and other monitoring and evaluation (activity-level) will be the concern of the Results Package Team.

Internal monitoring and evaluation of intermediate results and activities may well lead the RPT and SOT to modify their tactics or even their broader development hypothesis. These data will also be useful should a change in any of the strategic-level objectives be planned by an operating unit, as it is possible that the bureau may ask for other relevant performance information before a change in the management contract is agreed to.

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Frequency of collection of performance data -

"E203.5.5 (4) Collection of Performance Data: Frequency and Standards

Specific timeframes and standards shall be applied when collecting performance data:

a) For performance indicators: Comparable data for all performance indicators of strategic objectives and USAID-funded intermediate results, as well as for strategic support objectives, shall be collected and reviewed on a regular basis (comparability refers to tracking a performance indicator over time, not to comparison across strategic objectives or operating units).

- To the extent possible, some comparable data for each strategic objective, strategic support objective and special objective shall be collected annually. That is, where possible, shall be collected every year for each strategic objective, strategic support objective and special objective.
- To the extent possible, some comparable data for each USAID-funded intermediate results shall also be collected annually. However, annual collection is not required until the point in time at which progress towards the intermediate results is anticipated to begin.
- For performance indicators for which annual data collection is not practical, operating units will collect data regularly, but at longer time intervals.
- To the extent possible, the principles described for performance indicators at the operating unit level shall be applied to the performance indicators of Agency goals and objectives.

  (Refer to Supplementary Reference 203.6.13 for additional information on collecting performance monitoring data.)

b) For critical assumptions and results supported by development partners: The frequency of data collection, as well as the level of detail and degree of comparability of the data collected, shall be determined by the SO team. The data collection process for monitoring critical assumptions and results supported by development partners s generally not expected to be as rigorous or systematic as the data collection process for monitoring performance indicator of SOs and USAID-funded results. However, the information collected must be at a level of detail and quality that insures the SO Team has an accurate understanding of the progress being made toward each partner-supported intermediate result and whether each critical assumption continues to hold (refer to Supplementary Reference 203.6.10 for additional information on monitoring critical assumptions and non-USAID funded intermediate results.)"

NB: The guidance continues to cover multi-country SOs and special objectives - see the third division of section 6 of this notebook, page 25.

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Identifying and selecting quality performance indicators

SO's and IR's should...

- have at least one indicator through which to track performance
- each indicator will have a baseline and a target

The operating unit only reports to USAID/Washington on the performance indicators for the SO and the key IRs determined by the Strategic Objective Team. However, operating units will want to establish and monitor performance measures for lower-level results in order to manage for results. This lower-level monitoring might be delegated to Results Package Teams who would report occasionally to the Strategic Objective Team.

Performance Indicators serve as barometers of program performance...

... and the quality of the indicators you use matters !

Performance Target and Baseline

◆ Performance Target

- The specific intended results to be achieved within explicit timeframes, against which actual results will be compared and assessed.

◆ Performance Baseline

- Value of an indicator at the beginning of (and/or prior trends to) a performance period; the baseline is used for comparison to measure progress toward a result.

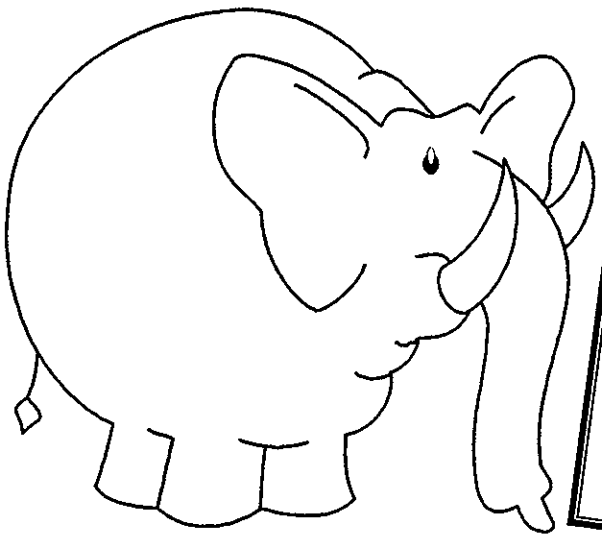
The **baseline measure** establishes the reference point for the start of the program period. In some cases, planners may want to go back several years to correctly portray the context in which progress will be made.

Specific **targets** are identified for each year (or measurement interval) of the program and it is against these targets that performance is judged.

Strong Performance Indicators

- Direct (or a Reasonable Proxy) ☐
- Objective ☐
  - Precise ☐
  - Unidimensional ☐
- Adequate ☐
- Quantitative (Where Possible) ☐
- Disaggregated (Where Appropriate) ☐
- Practical ☐
- Reliable ☐

From a reward notice posted in Uganda's Kibale National Park:



We are conducting an experiment to measure how far elephants carry seeds before dropping them out in their dung. To do this we have been marking some fruits in a number of different areas all over the Park with small, yellow plastic numbered markers.

We are offering a reward to people who find the eaten markers in the elephant dung and who can take one of us to the exact location of the elephant dung each marker was found in. We would appreciate your efforts in helping us to retrieve these markers by taking the time to quickly look through each elephant dung pile that you encounter in your ordinary work or even during your off time.

The performance indicators for a result should be . . .

DIRECT	The measures should be straightforward and at the same levels of the results for which they have been developed. They should be grounded in theory and practice and represent acceptable measures to both proponents and skeptics. Proxy indicators can be used when it is not practical to gather data for a direct indicator on a regular and timely basis. When proxies are used, they should be as directly related to the relevant results as possible.
PRECISE	and framed in operational terms.
UNIDIMENSIONAL	An indicator should measure only one phenomenon so it can be clearly understood and useful for decision-makers.
ADEQUATE	As a group, they measure the strategic objective or intermediate results effectively and efficiently .
QUANTITATIVE	if possible, but
QUALITATIVE	where necessary.
DISAGGREGATED	where appropriate, by gender, age, urban-rural, poor-non-poor, etc.
PRACTICAL	The indicator should permit cost-effective collection of data on a timely basis, i.e. at a frequency that is consistent with management needs. Practical data are amenable to the collection of:: READILY AVAILABLE DATA; QUALITY DATA (data will be reliable and valid); TIMELY DATA (data will be current and regular (generally, every 3-5 years for strategic objectives, every 1-2 years for key intermediate results); COST-EFFECTIVE DATA (costs of data collection will be reasonable).

Indicator Directness

- Indicators are direct measures of the SO or IR
- If direct indicators are not feasible, use credible proxy measures

EXAMPLES:

Criteria: Indicators are direct measures of the SO or IR

Good Examples	
SO:	Increased non-traditional exports
Indicator:	total dollar value of non-traditional exports
SO:	Increased use of modern contraception
Indicator:	modern contraceptive prevalence rate

Why Use Proxy Indicators ?

- **Only use indirect measures (proxies) when data for direct indicators are not available or feasible to collect at regular intervals**
- Examples...
  - number of new tin roofs as a proxy measure of increased household income
  - public confidence in the judiciary as a proxy measure of a more responsive democratic institution
  - carpet wear and tear as a proxy measure of the popularity of a museum exhibit

See examples on the next page -

EXAMPLES:

Criteria: If direct indicators are not feasible, the proxy measures used are strong

Good Example	
IR:	Increased transfer of environmentally sustainable farming practices
Direct Indicator:	number/percentage of farmers using x number of specific environmentally sustainable practices
Proxy Indicator:	number/percentage of farmers trained to use x number of specific environmentally sustainable practices; *or* amount of sales of equipment/materials required for use of specific environmentally sustainable practices

Poor Examples
SO: Increased conservation of natural habitats Indicator: number of park visitors Indicator: percent of park costs met from private sources
IR: Increased use of environmentally sound agricultural practices Indicator: rate of soil erosion
IR: Increased girls' access to education Indicator: primary school enrollment rates: total

Indicator Precision

- Indicators are framed in operational terms
- Indicators are unidimensional

Indicators are "operational" if they are readily useable for management purposes. You should be asking how close the measure is to the actual change you are promoting through your activities? (However be careful not to confuse the "change" (result) will simple "outputs.")

EXAMPLES:

Criteria: Indicators are Framed in Operational Terms

Poor Example	Good Example
# of successful export firms	# or % of export firms experiencing an annual increase in revenues of at least 5%

See more examples on the next page -

EXAMPLES:

Criteria: Indicators are unidimensional

Poor Examples	Good Examples
- value of investment and revenues of export firms	- value of investment of export firms - value of revenues of export firms
- literacy and primary school enrollment rates	- primary school enrollment rate - literacy rate

Data Quality

"...operating units shall, at regular intervals, critically assess the data they are using to monitor performance to ensure that they are of reasonable quality and accurately reflect the process or phenomenon they are being used to measure." (ADS, 203.5.5e)

Indicators Are Reliable

- **Reliable indicators are those that will yield data of sufficiently reliable quality for confident decision-making**
- **The level of reliability a program manager needs is not necessarily the level a social scientist would require**

BEWARE...

Printed data, like rumors, have the unfortunate property of gaining the appearance of reliability and respectability as they are successively quoted and go from hand to hand.

Indicator Adequacy

- Taken as a group, the indicators adequately measure the SO or IR (better, not more, indicators)

EXAMPLES:

Criteria: Taken as a group, the indicators adequately measure the SO or IR

Poor Example	Good Example
Resource use policies and regulations passed and implemented - forestry laws passed and implemented	Resource use policies and regulations passed and implemented - forestry laws passed and implemented - legislation to increase number and size of protected areas passed and implemented - coastal management regulations implemented
Increased use of child survival services - vaccination rate	Increased use of child survival services - vaccination rate - Oral Rehydration Therapy use rate - Acute Respiratory Infection case management

Quantitative and Qualitative Indicators

- Quantitative Indicators: number, amount, ratio, percentage, proportion, average score, rating, weighted or non-weighted index, etc.
- Qualitative Indicators: description of the status of an intended result, analysis of documents, documented observations, representative case descriptions, etc.

Quantitative vs. Qualitative Indicators

- Can we get meaningful information by using quantitative indicators?
- Can we get objective, convincing information by using qualitative indicators?
- Can we quantify our qualitative indicators without losing important information?
- Do we need a mix of the two?

Disaggregating Performance Data

Disaggregate indicator data by:

- Sex
- Age
- Ethnicity
- Location (urban, rural, regional, etc)

  whenever these distinctions could point to significant differences in measuring the IMPACT of your results

EXAMPLE:

Criteria: Indicators are Disaggregated Where Appropriate

Poor Examples	Good Examples
SO: Increase foreign exchange revenues IR: Increased tourism receipts ⇒ # of male tourists ⇒ # of female tourists	SO: Increased agricultural production IR: Increased adoption of improved production technologies ⇒ # /% of male-headed farm households adopting improved technology ⇒ # /% of female-headed farm household adopting improved technologies

Practicality ?

Are the data associated with the selected indicator practical? Ask whether:

- Quality data are currently available
- The data can be procured on a regular and timely basis
- Primary data collection, when necessary, is feasible and cost-effective

Data Validity

The degree to which the data collected actually measure the result they were intended to measure.

Threats to data validity:

- a bad indicator
- measurement errors
- incomplete data
- transcription errors

Data Reliability

The degree of stability or consistency of data collection among the data collection agents and over time.

Threats to data reliability:

- **inconsistent sampling method**
- **non-comparable data collection instruments**
- **non-comparable data collection procedures**

The following six pages offer suggestions for low - cost methods of collecting primary data and ways to assess the usefulness of secondary data.

DATA GATHERING TECHNIQUES FOR CONDUCTING RAPID, LOW-COST STUDIES

The most common data gathering techniques used in conducting rapid, low-cost studies are discussions with key informants, group interviews, guided interviews, observation, informal surveys, and rapid, non-random sample surveys. These techniques are described in greater detail below[1].

1. **Key informants:** In the key informant method, the researcher seeks the desired information from a few people in a community or organization who, by virtue of their position and role, are knowledgeable about the phenomenon under study. Key informants are usually those who are better off, better educated, and more powerful (e.g., the village headman, local school teachers, or the head of the local women's organization). Although there are dangers of bias (which can be offset by also talking to the disadvantaged and less powerful members of the community) , these individuals can provide valuable insights. This technique can be very useful, for example, in obtaining information concerning the following:
   - ➢ Anticipated and unanticipated effects of program activities
   - ➢ Community-level constraints to effective implementation

2. **Group interviews:** This social science technique brings together a small group of people for an extended discussion cued by a series of questions or discussion topics put forward by the investigator. This technique is also referred to as "**focus group**" interviews. The discussions usually last 30 minutes to 1 hour. A degree of rigor is imposed by conducting group inter views with both project participants and nonparticipants. One advantage of group interviews is that there is a tendency for mutual checking. That is, if one group member misrepresents certain topics, the rest of the group usually speaks up to correct any false impressions. A disadvantage is that sometimes a few individuals or special interests may dominate the discussion. The group interview technique can be useful in obtaining information concerning the following:
   - ➢ Participants' perceptions of program benefits and equity
   - ➢ The degree to which certain program components are working out as planned
   - ➢ Community participation in and understanding of the program activities

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1 This section draws, in part, on two sources: Robert Chambers, "Shortcut Methods for Information Gathering for Rural Development Projects," Paper for World Bank Agriculture Sector Symposium, January 1980; and Daniel Santo Pietro (ed.) , Evaluation Sourcebook for Private and Voluntary Organizations, American Council of Voluntary Agencies for Foreign Service, Inc., 1983.

3. **Guided interviews:** In conducting guided interviews, the interviewer uses a checklist of questions as a flexible guide rather than a formal questionnaire. Not all points are raised in all interviews, but a composite picture usually emerges after several interviews. The checklist has been found to be an effective tool for quickly diagnosing farming problems and opportunities. It is a valuable technique for investigators with professional training but without extensive field experience. A drawback of this technique is the difficulty in organizing the data generated from these discussions. The guided interview can be useful in obtaining information such as the following:

   - Farmers' perceptions, problems, and use of new technological packages
   - Families' use and acceptance of family planning methods
   - Families' use of health services
   - Village/household acceptance and use of potable water installations

4. **Direct Observation:** Observation is fundamental to the investigation of almost any phenomenon. Observation techniques involve viewing activities. Observations of program results or activities can be obtrusive (everyone knows why the evaluator is there) or unobtrusive (people are not told the real purpose of the visit). For evaluative purposes, observation must systematically try to answer specific questions. Evaluators need to agree on time (how much is adequate at each site?) and focus (what will be observed?)

   Observation is useful for gaining insight into behavior. To obtain information on the sanitation practices of villagers, it may be more useful to observe (unobtrusively) whether soap is available in washing areas than to ask directly. A variation of this approach is called **"participant observation."** Observers participate in program activities and prepare regular reports on their perceptions. The advantages of observation are that it is easy to do, requires minimal preparation, and is useful in identifying unintended, as well as intended, activity-level results. A disadvantage is that the analysis depends heavily on the perceptiveness of observers and will be influenced by their biases. These deficiencies may be partly compensated for by carefully selecting a balanced team of observers.

   Observation can be useful in obtaining information concerning the following:

   - The nature and effectiveness of the implementation process
   - Villager participation in program activities
   - Farmer contributions to operation and maintenance

5. **Informal surveys[2]:** Both quantitative and qualitative data can be gathered through informal surveys incorporating innovative features. There are two principal types of informal surveys.

   The first type is based on the use of **proxy indicators.** For example, to assess quality of life, a researcher may gather information on household roof and floor materials and quality rather than attempt to gather precise household income data. By using innovative indicators, the investigator tries to get a general idea of the situation without undertaking comprehensive surveys that directly measure standard indicators.

   Another promising approach[3], which has already proven useful in farming systems research, can be termed **"informal, multi-disciplinary surveys."** In such surveys, a multi-disciplinary team (e.g., agronomists, economists, anthropologists) spends one to two weeks in the project area interviewing farmers and community leaders. Team members compare notes, exchange ideas, and write up their report. This mutual checking by all disciplines encourages accuracy and contributes to a broad-based, yet integrated perspective. In farming systems research programs, for example, this type of survey has been used to orient the research program, but it can also be used to identify on-farm changes that have taken place.

6. **Rapid, non-random sample surveys:** Rapid, non-random sample surveys are distinguished from random sample surveys in two ways. First, the number of variables is kept to a minimum. Only a few questions are asked, and an interview can usually be completed within five to ten minutes. Second, the norm of random sampling is abandoned in favor of a purposive sample which is deliberately kept small. Because the number of variables is limited and the sample size is small, the data can be quickly tabulated manually, thus facilitating rapid analysis.

   One distinctive advantage of these surveys is that they can generate quantitative data which can be statistically manipulated. Only sampling error cannot be estimated for them. Moreover, because of their smaller size, non-sampling errors remain low, which enhances the validity of findings. Non-random sample surveys are otherwise conducted like other surveys.

   Rapid, non-random sample surveys can be useful in providing information concerning the following:

   - Agricultural production levels and adoption of new technologies
   - Use of and access to health services
   - Irrigation Systems operation and maintenance

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2 The discussion of informal surveys and rapid, non-random sample surveys is taken from Krishna Kumar, "Rapid, Low-Cost Data Collection Methods for Project Design, Monitoring and Evaluation: Outline of a Proposal," USAID., Center for Development Information and Evaluation, July 1985.

3 Dr. Peter Hildebrand has developed and used this approach at the Institute de Ciencia Technologia Agricola (ICTA) in Guatemala. (See "Summary of the Sondeo Methodology Used by ICTA," prepared for the Workshop on Rapid Rural Appraisal, 26-27 October, Institute of Development Studies, University of Sussex, 1979.)

Common Problems/Issues with Using Secondary Data

Data validity and reliability:	The data do not reflect reality on the ground.
Data configuration and precision:	The data are not in a form which is useful to the manager/evaluator.
Timeliness:	The data are not available at intervals appropriate to the manager's/evaluator's needs.
Access -- short and long-term:	The manager/evaluator is not able to get and use the data throughout the duration of the program.

---

20 Questions to Ask When Assessing the Usefulness Secondary Data

General Questions which raise red flags and provide context

1) If similar data are available from other sources, are they consistent with the data under review, i.e., external consistency?

2) Are the data internally consistent, i.e., when summed, do subtotals equal totals, or, are there any large unexplained variations in the data from one period to the next? (Numerical errors raise questions of overall validity.)

3) For what purpose and to answer what questions were the data originally collected?

Data Collection and Analysis

4) What method was used to originally collect the data (e.g., formal survey, observation, remote sensing, informal survey, interviews, self-reporting, etc.)?

   NOTE: If data were collected by some method other than a formal survey, it is still important and appropriate to consider the representativeness of the data.

For Formal Surveys - When Probability Sampling is Used

5) Did every unit (individual, household, firm) in the target population have an equal chance of being selected?

Related to question #5

6) Is the sampling frame (i.e., the list of units in the target population) up to date?

7) Is the sampling frame comprehensive (and for area frames, are the geographic segments mutually exclusive)?

8) Is the procedure for drawing the sample truly random, including replacement (e.g., simple random, cluster, sequential - with non-ordered sampling frame, etc)?

For Formal Surveys - When Probability Sampling is Not Used

9) For data collected through self-reporting instruments (e.g., mail-in surveys) what proportion of the targeted units actually provided information?

For Any Survey

10) Were the enumerators well trained? How were they trained? Was there any candidate deselection or other quality control? Were the enumerators insiders or outsiders?

11) Was care taken to minimize the effect of the potential for personal bias the enumerators may bring to the exercise? (Were any of the survey questions "cooked" or leading to a certain type of response?)

12) Did incentives exists for respondents to provide incomplete or untruthful information, whether it be for economic/financial reason (taxes), social/cultural reasons, mistrust of the enumerator or because the respondent was trying to please the enumerator?

13) Were the questions in the survey/questionnaire clear, direct and easy to understand? (If you don't get to see the questionnaire to verify the questions you can't be sure of the quality of the responses.)

14) For self-reporting instrument, were adequate instructions provided to the respondents? (This is a source of considerable survey error.)

15) Were all units in the intended sample contacted and asked for information? If not, was there a systematic or non-random exclusion of units? (Without some reliable system the data will not be representative.)

16) Were the raw data transferred, transcribed, organized and analyzed in a careful and appropriate manner? (Each time data are handled the chance for error increases.)

17) Are the data currently in a form/format which will meet the needs of the manager or evaluator? If not, is it possible to reconfigure the data or get access to the raw data? (With access to the raw data, the analyst can possibly cross-reference data categories in order to test for validity and deepen the analysis.)

Timeliness and Access

18) Does USAID have, or can it get, access to the data? Is it reasonable to expect continued access for the duration of the program?

19) How often are the data collected? Does this meet the needs of the manager or evaluator? (Is data collection consistent -- data collected differently can't be compared easily.)

20) Is there any reason to believe the data will not continue to be collected in accordance with the planned schedule, e.g., the track record of anticipated institutional or budgetary changes?

Document Indicators and Data Collection!!!

- Considerations, assumptions, and specifications for performance indicators
- Specifications for data collection (source, methods, frequency, timing)
- Assessments of indicator and data quality
- Agreements between AID/W and the operating unit

Excerpt from the Agency Directives --

E203.5.5e

Data quality will be assessed as part of the process of establishing performance indicators and choosing data collection sources and methods. Data quality will be reassessed as is necessary, but at intervals of no greater than three years.

Monitoring plans should include:

- Definition of each indicator and unit of measurement.
- Description of indicator data source.
- Method of data collection or calculation.
- Frequency and schedule of data collection.
- Team or individuals responsible for ensuring data availability at the operating unit.

The following seven pages provide a description and examples of a program performance monitoring plan. Although the examples used here are limited to the strategic objective and the first level of intermediate results, the same plan also can used to monitor results at all levels. This plan is based on actual operating units' "best practices" and has proved useful in managing for results.

Such plans are for operating unit's management purposes and are not intended to be used for reporting nor as a substitute for the results-review portion of the R4. Performance measurement plans such as these would be indispensable to managers in helping their organize their data collection and monitoring efforts.

Graphic Tools for Planning and Managing Performance Measurement Systems

The four tables contained in this section present examples of tools which can be used for planning, documenting and managing the performance measurement process. Included are tables depicting the performance measurement plan and data tracking at the levels of the strategic objective and key intermediate result. These tables are intended as models that operating units (Missions, Bureaus, et al.) can use in developing plans within their SO and RP team as well as with their partners and implementing agents.

Two sets of tables are provided here. The first set of examples (Tables A & B) illustrates a performance measurement plan:

Table A:

Performance Measurement Plan for Strategic Objective 1 *(see page 78).*

Table B:

Performance Measurement Plan for Intermediate Result 1.1. *(see page 79 - For each key intermediate result the SOT or responsible RPT will want to generate a table like this one).*

The second set of tables (Tables C & D) illustrates the tracking of performance data for Tables A & B. These summarize key pieces of information about indicators, data sources, data collection methods, schedules and parties responsible for performance measurement tasks. These tables also provide as management tools for monitoring the performance measurement process.

Table C:

Data for Strategic Objective 1: Baseline, Expected Results, and Actual Results *(see page 80).*

Table D:

Data for Intermediate Result 1.1: Baseline, Expected Results, and Actual Results. *(see page 81 - Similarly, additional tables can be generated for tracking data on each key Intermediate Result).*

Definitions

The following definitions describe the contents of the columns in the performance measurement and data tracking tables:

Tables A & B: Performance Measurement Plans (pages 78 & 79)

Performance Indicator: A performance indicator is a quantitative or qualitative dimension or scale to measure program results against a strategic objective or a program outcome. A performance indicator should be a precise, direct measure of the relevant objective; it should be practical (i.e., data are available or can be generated), and disaggregated (by gender, rural/urban, etc.) where possible and appropriate. If the objective being measured is focused and appropriately limited, only a few (or even only one) performance indicators are needed per strategic objective or program outcome.

Indicator Definition and Unit of Measurement: These two items are combined into one column, but both aspects are important. State exactly what it is that's going to be measured. Picture yourself as an evaluation officer who comes in a few years later and needs to know exactly how to replicate the data collection. What, precisely, is the indicator, and what is the exact unit of measurement? What are the numerator and denominator for this indicator? For example, suppose the objective is to increase the practice of contraception. The rough indicator might be the "number of women who practice one or more forms of contraception on a regular basis." How do we define a "woman" here (age range, only women in union or all women, only women who live in certain geographical areas or in the entire country, etc.). How do we define "forms of contraception?" What do we mean by "on a regular basis?" Are we looking only at the absolute number of women, or the number as a percentage of some whole (and if the latter, what is the whole?) We could use a completely different unit of measurement; e.g., instead of counting women who meet our criteria, we could count person-months of contraceptive use. Another example: If the indicator is something like "annual percentage increase in grain production," we need to define precisely what we mean by "grain production" (which grains, where, etc.) and we need to identify the precise unit of measurement, e.g., metric tons.

Data Source: Exactly where will the mission get the data? From whom and through what mechanism (a report, a survey, etc.)? Will the data simply be extracted from an item on the monthly reports of extension agents to a coordinating office? Will the data come from a specific question on an annual survey of households, or from a quarterly report from the Ministry of Finance? Again, be as specific as possible. For instance, if the report has a number, give it; if a specific table in a report is the data source, provide this information also . Note that a box for "special" or "linkage" studies is not included. If a data source will be a special study, then the data that study will produce should be described here.

Method/Approach of Data Collection: Think replication when filling out this column. How would a newcomer a few years from now know how to collect similar data? Are there any details that should be noted? If so, do so. This is useful not only for those collecting the data, but also for those interpreting them. While "Data Source" (the previous column) might provide the specifics of the source (e.g., Table 10.4 of the Ministry of Planning and Development's quadrennial report of its Rural Household Budget Survey), "Method/ Approach" might provide details on the structure, interpretation, etc. of the data (e.g., the Rural Household Budget Survey is a national survey of a random sample of heads of households in all rural communities with less than 500 population). This column seems particularly relevant in those cases in which a special study is cited in the "Data Source" column. If you need more space for description, use a footnote and write in the Comments/Notes box at the bottom.

Data Acquisition by Mission: Acquisition here refers to the actual arrival of the data in the Mission. Depending on the data source, this can mean one of two things: Mission staff themselves are responsible for collecting data at their source, or the Mission is receiving data collected by someone outside the Mission (government partners, NGOs, contractors, etc.). In either case, this column indicates who at the Mission is responsible for ensuring that data are actually available at the Mission, and how often and when those data are to come into the possession of Mission staff.

Data regularly available at Mission? Stated as a question, this column lets performance measurement managers know if the data referred to in the previous column are actually available for use at and by the Mission. Whether the data are to be collected directly by Mission staff or by people outside the Mission, the critical question here is, "Are the data available?" A simple "yes" in this column indicates that the Mission has begun to acquire data and can proceed to analysis and reporting. "No" provides a reminder for performance measurement managers to continue tracking this important activity to make sure data will be available on schedule.

Analysis and Reporting: The last step before actually using performance measurement information is data analysis and reporting. The final column on this table simply indicates who is responsible for these tasks and when the various Mission reports are due. As is the case in the two previous columns, the analysis and reporting information allows managers to monitor progress in implementing the performance measurement plan.

Comments/Notes: Use as you wish. This may be the place to document key assumptions being made in the choice of specific indicators and means of data collection, so that the next person will be able to understand.

Tables C & D: Data Tracking Forms (pages 80 & 81)

Baseline Data: This column is rather self-evident, except for how one defines baseline data. One definition is as follows: data that reflect conditions immediately prior to the beginning of the strategic objective program (not necessarily the present). By "beginning," we mean when a majority of the elements of the program were in place (or, if it's a brand new program, will be in place). If that was three years ago, then the baseline data should be those data closest in time to three years ago. If the program is well underway and there are no baseline data, the baseline will have to be those data collected as soon as possible in the near future. If this is the case, it should be clearly noted.

Expected and Actual Results: This column reflects progress in achieving results over time by comparing

Program Performance Case Examples

TABLE A PERFORMANCE MEASUREMENT PLAN FOR STRATEGIC OBJECTIVE NO.1 (an illustration)

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION?	ANALYSIS & REPORTING	
				SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICE		SCHEDULE BY REPORT	RESPONSIBLE OFFICE
STRATEGIC OBJECTIVE 1: Increased private sector non-traditional exports								
1. $ value of non-traditional exports	Definition: All exports except gold, cocoa, electricity and round logs Unit: $ in millions	Government Export Promotion Council (GEPC), Trade & Investment Monitoring Unit (TIMU)	GEPC collects the data monthly from Customs Department and aggregates the data annually for TIMU	Annual/ March	SO 1 team data analysts	Yes	R 4	SO 1 team
2. Non-traditional exports as a % of total exports	Definition: Value of total non-traditional exports divided by the value of all exports Unit: %	GEPC/TIMU	GEPC collects the data monthly from Customs Department and aggregates the data annually for TIMU	Annual/ March	SO 1 team data analysts	Yes	R 4	SO 1 team
COMMENTS/ NOTES								

TABLE B: PERFORMANCE MEASUREMENT PLAN FOR INTERMEDIATE RESULT 1.1 (an illustration)

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	DATA SOURCE	METHOD/ APPROACH OF DATA COLLECTION	DATA ACQUISITION BY MISSION		DATA REGULARLY AVAILABLE AT MISSION?	ANALYSIS & REPORTING	
				SCHEDULE/ FREQUENCY	RESPONSIBLE OFFICE		SCHEDULE BY REPORT	RESPONSIBLE OFFICE
INTERMEDIATE RESULT 1.1: Improved infrastructure needed for export expansion								
1. Kilometers of feeder roads rehabilitated	Definition: Feeder roads rehabilitated in selected export-producing areas Unit: Cumulative number of kilometers	Monthly Progress Report from Department of Feeder Roads, Road Maintenance Management System		Annual/ June	Infra-structure Results Package Team (RPT) data analyst	Yes	R 4, SO 1 team semi-annual internal review	Infra-structure Results Package Team (RPT)
2. Kilometers of feeder roads maintained	Definition: Cumulative kilometers of feeder roads that are maintained Unit: Numbers of kilometers	Monthly Preogress Report form Department of Feeder Roads, Road Maintenance Management System		Annual/ June	Infra-structure RPT data analyst	Yes	R 4, SO 1 team semi-annual internal review	Infra-structure RPT
3. Domestic resource costs (DRC) at wholesale level for yams, peppers, pineapple, cassava and plantain	Definition: Cost of inputs to produce X product locally divided by average cost of inputs to produce X product on the international market Unit: Index	Special study	Coefficients will be determined by averaging the DRC estimates, at the wholesale level, on specific road corridors in four regions	Annual/ July	SO 1 team data analysts	Yes		Infra-structure RPT, SO 1 team

COMMENTS/ NOTES:

The number of contractors trained was dropped as an indicator because it was determined to be an input to road maintenance and rehabilitation. Also, Indicator 3. is a measurement of the affect of the achievment of Intermediate Result 1.1.

TABLE C DATA FOR STRATEGIC OBJECTIVE 1: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS (an illustration)

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS									
				1991	1992	1993		1994		1995		1996	
		YEAR	VALUE	ACTUAL	ACTUAL	EXP'ED	ACTUAL	EXP'ED	ACTUAL	EXP'ED	ACTUAL	EXP'ED	ACTUAL
STRATEGIC OBJECTIVE 1: Increased private sector non-traditional exports													
1. $ value of non-traditional exports	Definition: All exports except gold, cocoa, electricity and round logs Unit: $ in millions	1990	62.3	62.6	68.4	75	NA	95		130		180	
2. Non-traditional exports as % of total exports	Definition: Value of total non-traditional exports divided by the value of all exports Unit: %	1990	6.9	6.3	6.9	7.4	NA	8.0		10.1		12.9	

Comments/Notes:

TABLE D: DATA FOR IR 1.1: BASELINE, EXPECTED RESULTS, AND ACTUAL RESULTS (an illustration)

PERFORMANCE INDICATOR	INDICATOR DEFINITION AND UNIT OF MEASUREMENT	BASELINE DATA		EXPECTED AND ACTUAL RESULTS									
				1991	1992	1993		1994		1995		1996	
		YEAR	VALUE	ACTUAL	ACTUAL	EXP'ED	ACTUAL	EXP'ED	ACTUAL	EXP'ED	ACTUAL	EXP'ED	ACTUAL
INTERMEDIATE RESULT 1.1: Improved infrastructure needed for export expansion													
1. Kilometers of feeder roads rehabilitated	Definition: Feeder roads rehabilitated in selected export-producing areas Unit: Cumulative number of kilometers	1989	301	876	1034	1514	NA	1999		2484			
2. Kilometers of feeder roads maintained	Definition: Cumulative kilometers of feeder roads that are maintained Unit: Numbers of kilometers	1989	1070	1400	2000	4900	NA	6100		7300		8500	
3. Domestic resource costs at wholesale level for	Definition: Cost of inputs to produce X product locally divided by average cost of inputs to produce X product on the international market Unit: Index	1992											
- yams			.59	NA	.59	.56	.58	.50		.50		.50	
- peppers			.76	NA	.76	.75	.76	.72		.72		.72	
- pineapple			.90	NA	.90	.84	.68	.69		.69		.69	
- cassava			1.78	NA	1.78	1.70	1.48	1.46		1.46		1.46	
- plantain			.85	NA	.85	.84	.80	.80		.80		.80	

Comments/Notes:

Are Evaluations Required?

Evaluations are not required as a matter of formality. If they will serve no management need, evaluations should not be conducted.

Performance monitoring will indicate whether progress is being made toward achieving results. Evaluations, on the other hand, are essential in answering WHY such progress has or has not been made.

Evaluation information is critical for management decisions, and for this reason evaluations -- while not required -- should be conducted whenever necessary to inform the team's critical strategic and management decisions.

Evaluations are...

- driven by management needs
- integrated with performance monitoring systems

Who decides when to evaluate?

SO teams and RP teams, in consultation with:

- Partners
- Customers
- Operating unit senior management

While partners and customers are to be included in deciding when to conduct an evaluation, it is up to SO teams to determine which customers and partners to bring into the decision-making process, and how and to what extent to include them.

Illustrative evaluation "triggers" could be:

- ✓ Monitoring indicates an unexpected (positive or negative) result.
- ✓ A key management decision must be made about the direction of an activity/result, but there is inadequate information to guide the decision.
- ✓ Annual (or periodic reviews)within the operating unit or the host country identify key questions to be resolved or questions on which consensus must be developed.
- ✓ Formal or informal feedback from partners or other informed observers suggests that implementation is not going well or is not meeting the needs of intended customers.
- ✓ There is a breakdown in a critical assumption or intermediate result supported by another donor.
- ✓ An operating unit believes extracting key lessons learned or documenting experience is important for the benefit of other operating units or for future programming in the same country.

Reporting

- **When to report?** - Once a year
- **To whom?** - USAID/ Washington regional bureaus
- **On What?** - Progress in achieving strategic objectives
- **How?** - Through the R4*

Operating units within USAID Washington shall report to their respective central bureau (these include the Bureau for Policy and Program Coordination (USAID/PPC), the Bureau for Management (USAID/M), the Global Bureau (USAID/G), and the Bureau for Humanitarian Response (USAID/BHR).

Operating units within regional bureaus report to their respective regional bureau.

While the R4 is to be submitted once a year, some bureaus might ask that operating units submit the results-review portion of the R4 before submitting the resource-request portion of the R4. Such a decision should be made in consultation with an operating unit's respective bureau.

* R4 = Results Review & Resource Request

for more on this see the next page

Requirements

It is intended that the R4 be the only formal requirement for performance reporting by operating units to USAID/Washington

- Future allocation of funds will be tied to results.
- Missions need to think carefully about spending money on activities that are not achieving results.
- In order to maximize results, missions will have the authority to shift funds within each Strategic Objective.

Results Review & Resource Request (R4)

- Annual review of progress
- Request for resources - 2 years
- Comparison of results versus targets
- Lays out next year's milestones

The R4 must include:

- Factors affecting program performance
- Progress toward achieving strategic objectives.
- Status of management contract
- Resource requirements

Factors affecting program performance:

- progress in the overall program, i.e.. goals, subgoals or other broad programmatic issues

Progress toward strategic (and other) objectives:

- summary of data on progress toward achieving SOs, including data on intermediate results where appropriate
- analysis of these data
- evidence that USAID activities are making a significant contribution to achievement of the SO
- expected progress for the next year

Status of the management contract:

- proposals for change/refinements at the SO level, if necessary
- special concerns or issues, including discussions of how the customer influenced the operating unit's assessment of progress and possible changes in the strategic plan
- updated list of G and/or BHR activities in country

Resource requirements:

- program funding request by SO, and OE (operating expenses), staffing, technical support from AID/W, and program development and support (PD&S) funding

Results Package

The basic managerial concept through which USAID may organize and execute work to achieve results within a specified time and budget

A Results Package is...

- Powerful, dynamic, flexible
- Free of organizational barriers and lines
- Focused around a result, not mechanisms to accomplish the result

In short, a results package (RP) includes whatever it will take to achieve a specific result or set of results. This will include activities supported by the authorities and resources necessary to conduct everyday management tasks in a timely manner.

The ADS section 202.6.7 describes the characteristics of results packages:

> "Strategic objective teams create, modify and terminate results packages as required to meet changing circumstances pursuant to the achievement of the strategic objective. Thus, typically a results package will be of shorter duration than its associated strategic objective. Some of the characteristics of results packages include specification of:
>
> - One or more results from the results framework which personnel assigned to the results package are tasked with producing;
> - The set of activities and their respective agreements with USAID development partners and customers designed to achieve one or more results from the results framework;
> - How activities will achieve the intended results including linkages between USAID, intermediaries and ultimate customers;
> - Personnel, including appropriate USAID staff and representative of partners and customer, with the knowledge and capacity needed to deliver the specified result(s);
> - Responsibilities and authorities clearly defined with respect to the personnel assigned to the results package;
> - Funding from USAID and partner organizations sufficient to carry out the activities required to deliver the specified results; and
> - Information on the elements identified above as well as how performance will be monitored and measured; current plans and status of activities and results achievement, agreements signed, implementation letters and other relevant correspondence; any analysis performed preceding, during or after completion of activities; and other documents related to key decisions the assigned personnel make in carrying out their responsibilities".

The creation of several RPs within an RF is <u>not</u> required under the ADS guidance. An SO team (SOT) could elect to have only one RP, which would essentially be synonymous with its RF. This might be the case where an SOT's program was quite limited in terms of the magnitude of results to be achieved, therefore impling a very moderate management burden. In such a case, the full SOT would responsible to strategic management as well as activity implementation and would therefore meet frequently to make all levels of management decisions necessary to advance the program.

In contrast to having one RP, an SOT could choose to create an RP for each and every IR in their RF, each RP consisting of one result. The clear disadvantage of this approach is that it would do little to render the RF more manageable.

In most cases however, SOTs elect to form two or more RPs, each made up of a small set of IRs. Usually these SOTs form smaller management teams that are held responsible for planning, managing and achieving their specific set of IRs within the RP. This sub-team of the SOT is normally referred to as an RP team (RPT).

In principle each RPT shares accountability with the larger SOT for achieving their part of the RF. In the best case scenario, the SOT retains authority over strategic-level decisions while it delegates authority to the RPT for making the everyday management decisions necessary to achieve the RP. Some missions have generated Mission Orders relative to this level of delegation of authority, others have had SOTs and RPTs develop detailed team charters, and others have opted for this to happen informally within SOTs.

At a minimum a Results Package includes an association of...

- **Results, and**
- **related Activities**

which make good sense for managing for results

RFs versus RPs

Note that an RF and an RP are very different sorts of tools. While an RF is by definition about the causality of a program's set of results an RP is a management unit intended help SOTs manage their resources effectively in order to achieve results. What binds a set of results together in an RF is their causal relationships, while what associates a set of IRs together into an RP is common sense in management. The right association of IRs into well thought-out RPs can offer the SOT considerable value-added in terms of efficiencies or synergies toward the effective management of the program.

The key elements to consider when determining the best formulation of RPs are:

- the size and ambitiousness of the program (the degree of management burden required to achieve the IRs and SO);
- the number and respective expertise of available team members (including both USAID employees and non-USAID team members);
- the "maturity" of the program and that of the SO team (meaning, is the program already well underway or is it in start-up phase? Similarly, is the team very new or have responsibilities already been well-established and balanced among the membership?)

The consideration of these "common sense" factors will lead the SOT to made preliminary decisions about the general parameters of how many RPs are necessary to achieve the SO and whether are the over-riding management issues which need to be addressed in the process.

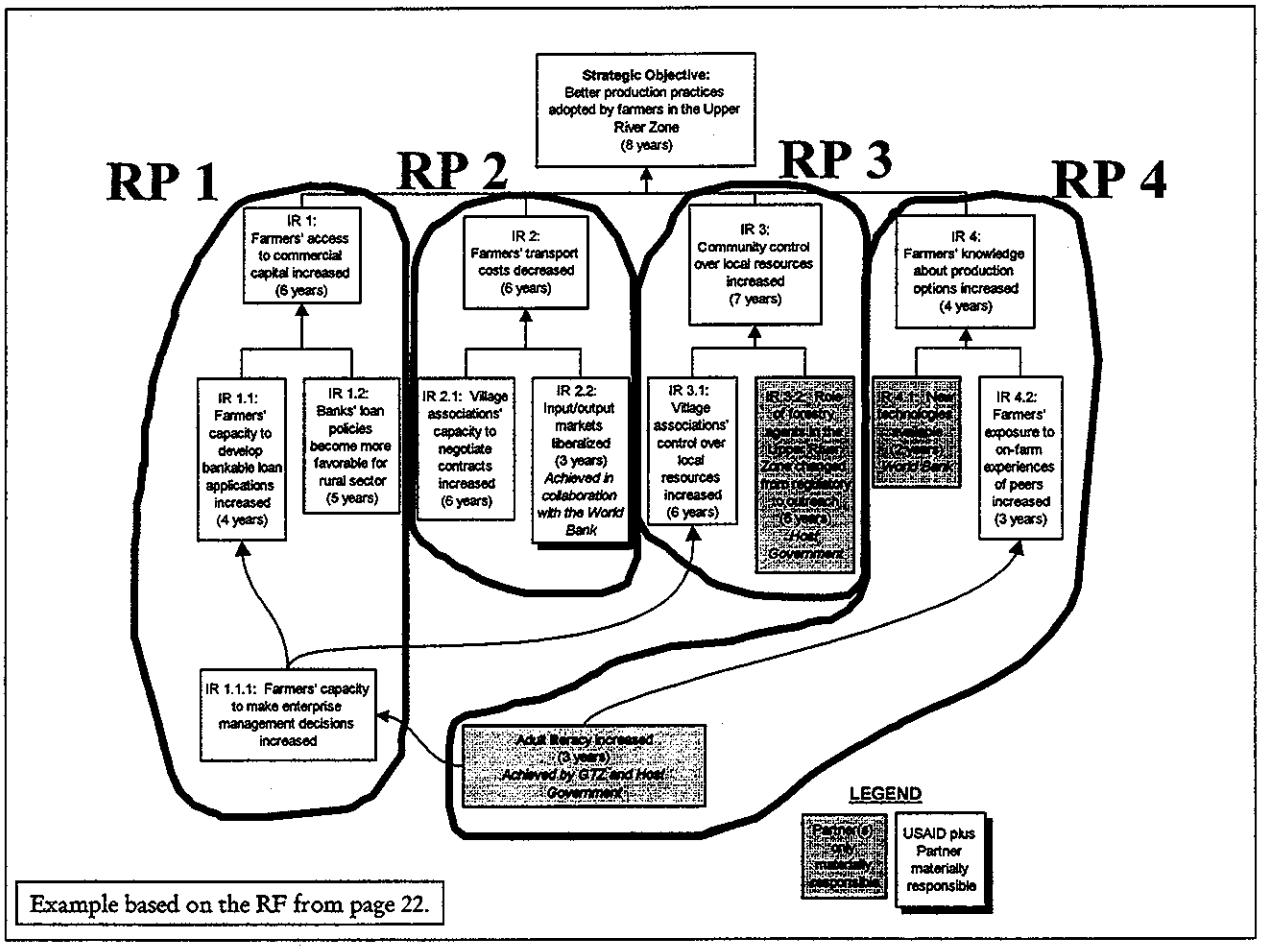
These decisions made, the SOT can then choose among a variety of rationales in associating grouping of IRs into RPs. Two possible rationales are discussed in the article "Implementation under the New Operations Systems" starting on page 92 *(see the section of the article entitled "Results Packages: How are they formed").*

To summarize the two rationales, an SOT could decide to divide up their RF into management units (RPs) based:

1. on the fundamental causality portrayed in the RF; or
2. on necessities or opportunities for better management efficiency and synergy.

Descriptions of each approach follow on the next five pages.

Forming RPs based on causal connections within the RF…

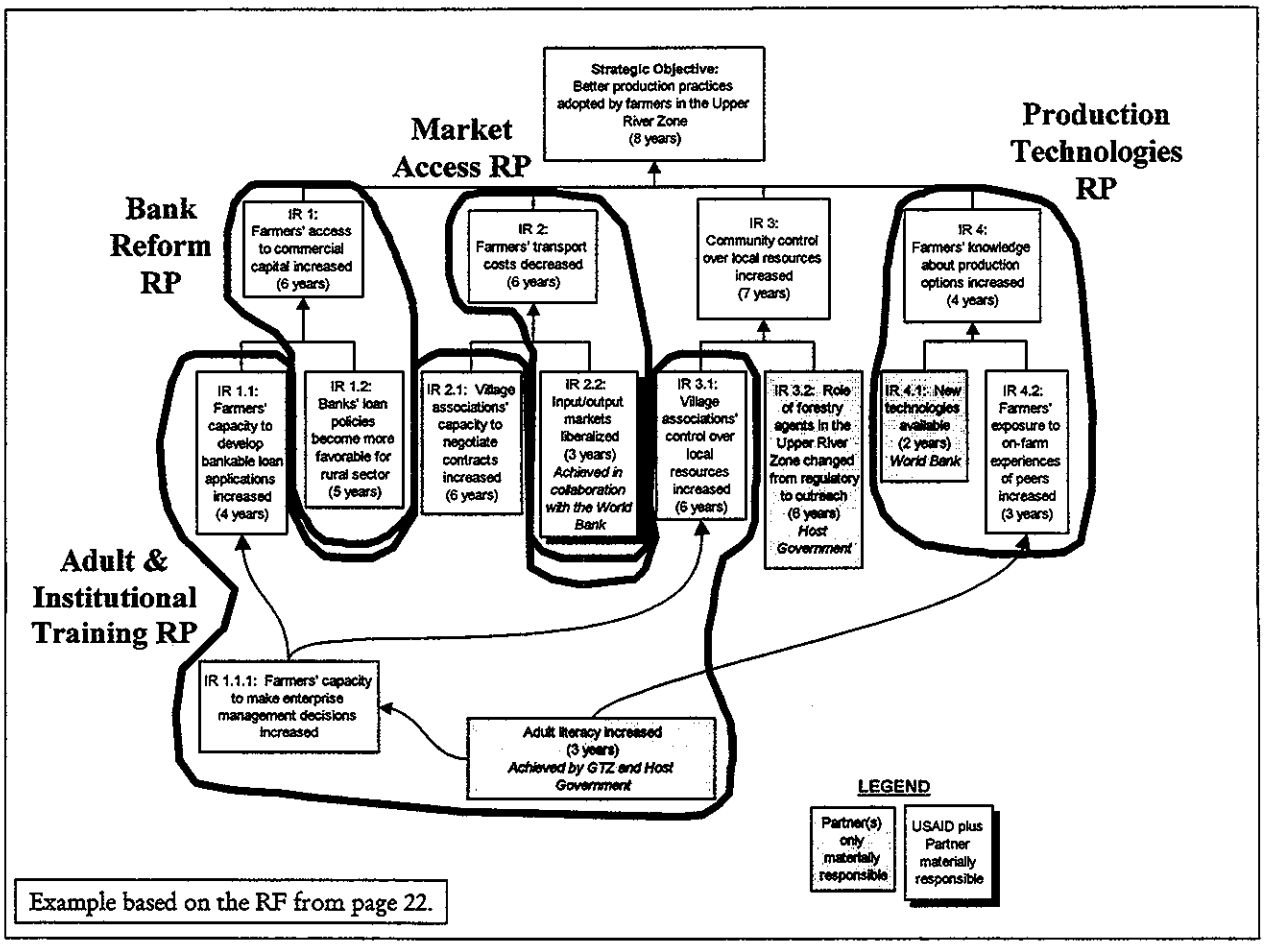


The causal approach would mean that logical "branches" or sections of the IRs within the RF would be split into RPs. The advantages of this approach is that it is very simple to describe in terms of the RF graphic, that it may allow for an RP team to take responsibility for a entire program component, and that it will often coincide with the hierarchical divisions within existing technical office.

Possible disadvantages to this approach are that:

- this "component" approach may end up being divisive to the effective coordination of results and overall teamwork within the program;
- it may may also be contrary to the desire to balance the management burden of the program across RPs in that the causal sections or "branches" of an RF seldom represent equivalent amounts of work.

Forming RPs based on opportunities for synergies or efficiencies...



The second rationale for forming RPs looks for management efficiencies or synergies by associating IRs into RPs based on commonalties or common needs within results themselves. For instance in the example above all the IRs that require training have been grouped into an RP thereby assuring efficiency use of training resources and synergy across the program in terms of training inputs. The various commonalities that an SOT could look at to form RPs are presented on the next three pages.

Possible disadvantages to this approach are that:

- it requires that the SOT takes a vigorous and proactive role in assuring that the RP teams are effectively coordinating with each other;
- it may necessitate changes in project structures that pre-date the strategic planning process and which require contract amendments to re-orient them toward better managing for the results as portrayed in the RF.

Looking for management efficiencies or programmatic synergies

The association of IRs into Results Packages might be based on commonalities of...

- Personnel or technical competence, be it:
  - **USAID SO team members or activity managers**
  - **Partners and Intermediaries**
  - **Intermediate customers**
  - **Other implementers**

OR...

RPs might be associated by commonalities of...

- Need to include specific, special authorities within the RP team, e.g. Embassy involvement
- Policy reform interests
- Management issues, e.g. institutional development

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- Need to include specific, special authorities within the RP team, e.g. Embassy involvement
- Policy reform interests
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OR...

Other commonalities for RP formulation might also include...

- Funding mechanisms:
  - grants, contracts
  - special short-term or other donor sources
- Specific performance data needs or sources

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Other commonalities for RP formulation might also include...

- Funding mechanisms:
  - grants, contracts
  - special short-term or other donor sources
- Specific performance data needs or sources

What does this mean for USAID's partners?

As USAID's partners are often the key implementers of its program they will need to be integrally involved in the development of Results Packages. This may include deciding how the RPs are formed based on the approved RF. Partners input will also be essential to identification of what activities will be required to achieve the set of IRs identified with the RP. In some cases, partners could be delegated the achievement of a whole RP although usually the RPT will include USAID staff in addition to implementing partners and agents.

Is "RESULTS PACKAGE" just another way of saying "PROJECT"?

Choose one:

(a) yes
(b) maybe
(c) NO!!

A results package is NOT, repeat NOT, a project.

A key distinction between the two is that in a results package the focus is on the end, i.e., the result, while in a project, too often the focus is on the means, i.e., the mechanisms being implemented.

What an RP is NOT:

- A grouping of activities or existing projects without very explicit and causal linkages to specific IRs.
- Synonymous with a large multi-component institutional contract. It is conceivable however that the separate components, in so much as they are sets of associated results, could form the basis of RPs. One implication of "managing for results" is that the oversight of large institutional projects may need to be divided up according to RPTs.
- The set of all the new activities that fall under an SO where there is no clear association either in terms of results causality or associated tactics. A recent example of this was a draft RP document which contained descriptions for the ensemble for over 20 activities that a particular SOT wanted to obligate. The rationale for the RP was "all our new activities". Many of the activities bore no specific relation to each other.
- The exact same thing as the old Project Paper (PP). Firstly, an RP is explicitly related to the SOT's strategic plan and comprises elements from their development hypothesis and RF. Therefore RPs include program-level linkages, not just project-level activities. Secondly, the development of RPs is an essential management function internal to SOT, not the product of an external analysis as was often the case with PPs. Thirdly, RPs are to be formed and approved internally within the SOT, unlike PP which required Washington or senior management approval.

An RP is a cohesive management concept, not simply an obligating document.

A preliminary step: Before attempting to form Results Packages the SOT will need to ensure that their approved RF is really operational. Very often the approved RF may be one that serves adequately for strategic planning or performance reporting purposes without being sufficiently detailed to serve as a functional management tool. Fortunately the RF is not intended to be a static document, so occasional modification will be necessary and desireable. To render the RF more readily operational the team may need to dissaggregate the IRs into a larger set of specific contributing results that would be the effect of one or two specific activities; activities that would be contained within a RP.

While forming RPs the SOT may want to ask the following questions:

RP Formation Checklist

- Are specific results designated for each RP? ☐
- It there a clear relationship betweent the IRs within this RP and its ultimate and intermediate customers? ☐
- Are there sufficient numbers of team members to enable the formation of RPTs? ☐
- Does this configuration of RPs facilitate the clear delegation of authority and empowerment? ☐
- Is the set of IRs assigned to an RP something that is readily achieveable by one RPT? ☐
- Do the RPT members have clear roles and responsibilities and are these understood by their hierarchical supervisor? ☐

Why Customer Focus?

- Quality is defined by the customer
- Customer needs change over time
- Understanding customer needs requires continual communication
- Customer input leads to better, more sustainable results
- Customer satisfaction is essential to survival

Quality is defined by the customer. For a product or service to satisfy customers, management must understand what customers need and develop the capability to meet those needs. Sustainability of the use of a product or service is strengthened when the product or service meets the needs of the customer.

Customer needs change with time. Customer needs are moving targets, not static landmarks. Often customers' needs and expectations increase as our ability to meet them increases. In government, for example, taxpayers now compare government with the kinds of services they receive from the private sector - for example, easily resolving a discrepancy with my credit card company, getting a helpful response about my new computer in the first call. The American public is increasingly expecting similar service and response from their government.

Understanding customer needs requires continual communication. In order to meet needs, we need to develop operational definitions so that products and services have the necessary features to meet needs.

Customer satisfaction is essential to survival. Without a customer, there is no need to exist.

Definition of Customers

- Customer - Someone or group who receives services or products from USAID, benefits from USAID programs, or is affected by USAID actions.
  - Ultimate Customer
  - Intermediate Customer

Customer - A customer is an individual or organization who receives services or products from USAID, benefits from USAID programs, or who otherwise is affected by USAID actions. The following are definitions of specific customer groups.

- Ultimate Customer - USAID's ultimate customer is defined as those who are end-users or beneficiaries of USAID programs

- Intermediate Customer - An intermediate customer is any person or organization, internal or external to USAID, who uses USAID services, products, resources to serve the needs of other intermediate or ultimate customers

Understanding Customers and Stakeholders

- **Stakeholders**
  - Not Our Customers
  - Give Us Resources and Direction
  - Want a "Return on their Investment" (i.e., Results)
- **Customers**
  - They Want a Quality Product or Service

What does this mean for USAID's partners?

Partners have a lot to bring to the table in terms of customer focus. Partner organizations are often uniquely qualified to bridge the logistical, linguistic, and cultural gaps that often separate USAID from its ultimate customers. Partners can play the role of 'customer representative' in the planning process and can ensure that customer needs are being effectively addressed by designing appropriate activities and monitoring customer feedback.

Customer Service Plans include:

- **Operating unit's "VISION" for including customers & partners in the planning, achieving and measuring for results**
- **Description of how customer <u>feedback</u> will inform needs analysis**
- **Agreed-upon customer service principles & standards**

Operating units may want to develop different types of Customer Services Plan depending on the nature of the customers and services. For instance, they might develop a:

- "Business" CSP, which describes how internal or support units will interact (serve) its **internal customers**, i.e., service standards that EXO (Executive Office) or Controllers Office sets for working with SOTs
- "Program" CSP, which describes standards and procedures an SOT will follow to ensure **external customer** and **stakeholder** satisfaction

See page 16 of for the text of the Agency's Customer Service Plan.

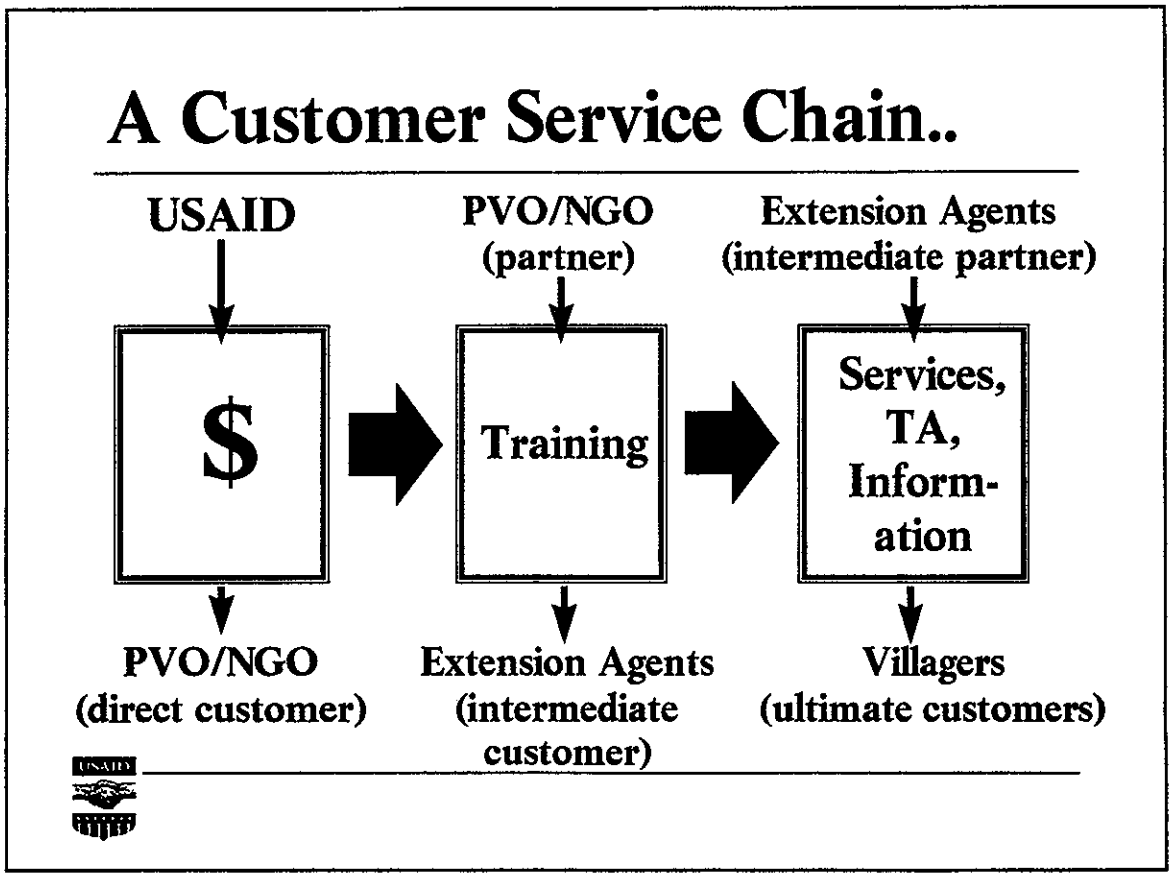
Customer Service Plan

- **Serves as a management tool: an on-going dialog which: clarifies results, makes reality checks, develops support & sustainability**
- **Identify customers and their interests and informs the <u>development hypothesis</u>**
- **Help set standards and evaluate performance**

The CSP is not intended to be a static plan prepared every so many years. Instead it represents the need to engage in a regular and an on-going dialog between the operating unit and its intermediate and ultimate customers.

While there has typically been considerable substantive interaction between these groups in the past, much of the discussion has centered around activity-level implementation and tracking obligations. The CSP process seeks to significantly enlarge the discussion with customers to include the higher-level concerns of desired results, projected impacts, and the formulation of a development hypothesis.

USAID will need to work with intermediate customers and partners to encourage them to maintain their customer focus. The ultimate test of USAID's customer service chain will be whether ultimate customers' needs are articulated in the planning process and whether they are able to evaluate the goods and services offered by USAID's partners and agents.



The above diagram portrays one particular chain of services from the donor (USAID) to the ultimate customer (villagers). Note that all of the actors listed above are also stakeholders as are other actors not listed (host country government ministries, the US Congress, and possibly others).

USAID's direct customer here is the PVO/NGO, which is provided funds to engage in the delivery of services for the benefit of the ultimate customers - the villagers. As USAID's partner, the PVO/NGO engages with their direct customer - the extension agents - to provide actual services to the ultimate customer. The extension agents could be considered an "intermediate" customer of the USAID. Their ability to provide appropriate services to the ultimate customer is dependent, in part, by the PVO/NGO's capacity to meet their needs. The extension service, in so much as it brings other resources (human, material) to bear in meeting the villagers' needs, could also be referred to as an "intermediate partner" of the USAID.

The respective roles of these players (PVO/NGO, Extension Agents) would be different if the particular services, products or ultimate customers were changed.

STEPS FOR CUSTOMER SERVICE PLANNING

in USAID Missions and Other Operating Units

Sher Plunkett, Customer Service Officer

Diane La Voy, Senior Policy Advisor for Participation

June 1995

Reengineering: The fundamental rethinking and radical redesign of operating processes to bring about dramatic improvements in performance.

USAID staff are redesigning the way we work. Why? Because we have to, to survive in the new climate for foreign affairs and foreign assistance; and because we see an opportunity to clear away obstacles and achieve better results faster in our work. As we reassessed USAID's role as America's foreign assistance agency, we reaffirmed our belief that we joined USAID to help those we now call our "customers" to improve their lives -- to achieve development results. We believe that we can do our work better by combining our complementary skills in teams. And we are confident that we perform best if we are able to direct our skills, knowledge, training, and experience toward the results we and our customers want -- that is, if we are empowered to make key decisions and held accountable for our work.

As this illustrates, USAID's four "core values" -- participation/customer focus, management for results, teamwork, and accountability/empowerment -- are interrelated. The first of these -- to "begin with the customer" -- really opens up the possibilities for fundamental rethinking of what we do and how we do it.

Focusing on our customers means, first, that we believe that feedback from those who receive and use the products of our work -- assistance services, or commodities, or training, or information -- will help us to design and deliver our assistance faster and better. But it means more than that. **USAID's customers are the reason the Agency exists** -- it was created to achieve foreign assistance objectives by serving then. If we start by determining customer concerns, we inevitably question our assumptions (are the programs focused right? are we working with the right partners?), re-assess the effectiveness of our programs, and develop the information base for improving them. Customer Service Planning is the management tool we use to obtain customer feedback, improve program planning and performance, and get better, more sustainable results from our development programs.

Following are four steps that we think Missions and other operating units will find helpful in Customer Service Planning:

1. **Identifying Customers:**

a) Examine what you do, and for whom, and list every identifiable user of your "work products", both inside and outside the your organization. Identify, first, the "ultimate customer" or end-user for your program – the people your Mission or Office or program exists to serve.

b) Then, working backward from that customer, identify the intermediate customers or partners through which ultimate customers receive the services that USAID provides. You can then categorize your customers in ways that are meaningful for your specific objective.

2. **Analyzing the Customer Chain:**

a) Using your customer list, map the flow of the services and goods you provide through intermediary links to the "ultimate customer" for whom USAID's assistance is intended. Examine what you do through your program or project activities, and analyze the different roles each link in the chain plays in achieving the results you intend. Identify the individuals who serve as contact points for these linkages. Describe the ways you currently obtain customer feedback and the items you monitor.

b) Then, create a second flowchart mapping the links as you think the ultimate customer would see then. The points where the two flowcharts differ provide points at issue, where further analysis of problem areas may be fruitful.
[Another way to find areas where customers may have different perspectives from ours – this time about program priorities rather than on how we deliver services – is this:
i) restate your strategic objective as a question – for example, what does "strengthening access to markets" mean to____ ?
ii) Then, answer the question as you think different ultimate customers would answer – small farmers, women, tenants, middlemen, etc.]

3. **Reaching Out Directly to Customers:**

Using the framework of inquiry suggested by the preceding steps, and combining informal and formal assessment methods as your needs, resources, and time schedule allows, survey to examine potential gaps in your program's service quality.

Find out from your ultimate customers and from intermediate customers and partners:

a) whether you are providing what they require;

b) how well you are performing as a service provider, in terms of reliability, timeliness, responsiveness, and other factors of concern to them; and

c) if appropriate to your specific case, how your performance compares with others providing similar services.

Methods such as focus group interviews and rapid appraisal, which allow customers to direct the discussion, express opinions, and provide information on matters of greatest concern to them, are particularly appropriate for this purpose.

4. **Setting Performance Standards to Accept Accountability:**

With the feedback you obtain from customer surveys, specify what you intend to do regarding your service performance (your service principles), and develop observable measures for your performance (your service standards). Use it to monitor your performance, make improvements, and ensure quality service delivery to achieve the development results you intend. But that is not enough. Performance principles and standards need to be communicated to customers, in ways that are most appropriate to the customers' context, literacy level, etc. By informing your customers, you hold yourself accountable to them for your performance. By presenting your principles and standards and inviting feedback regarding what you do and how well you are doing it, you provide means for your ultimate customers, as well as intermediaries and partners, to influence improvement in your performance.

Customer service planning is a tool that has been proven effective in a wide range of organizations, both public and private. It reflects major developments in management analysis over the past two decades. It is an important element in your Mission or Office's overall strategic planning efforts under the new Agency Directives. Following the steps outlined above, you can use customer service planning to relate your work products more closely to customer needs, adjust to changes more flexibly, and produce better results.

Next Steps:

As we incorporate the customer service planning tool into USAID's operations, you may also wish to expand your own skills and your network of outside specialists who may carry out specific tasks to assist you. The Reengineering team is developing a skills "tool kit" and a network of in-house staff to backstop you, and the Participation Initiative team will soon be circulating a list of "tools and references." But you are in the best position to know what you need, what local expertise to draw on (and how to develop it further), and what additional support you require.

Please contact us via E-mail if you have questions or if we can help you in any way. You are, after all, OUR customers!

For further guidance on customer service planning, see also:

- "Uncle Sher's Maxims for Customer Service plans" (Sher Plunkett, M/ROR., 3/95)
- "Ten Steps for Developing Customer Service Standards" (Liz Baltimore, M/ROR, 6/95

(Both available by e-mail from Sher Plunkett or Liz Baltimore)

TEN *EASY* STEPS FOR DEVELOPING CUSTOMER STANDARDS
(A Roadmap to Assist USAID Operating Units)

Liz Baltimore, M/ROR, Customer Service
April 17, 1996

FOCUSING ON CUSTOMERS IS NOT NEW TO USAID. For a number of years, we have used a variety of methods to help improve the lives of men, women and children in developing countries. USAID's employees have actively used planning techniques to learn what customers' needs and priorities are and used this information to deliver measurable sustainable development. We have worked with our partners such as private voluntary organizations and non-governmental organizations to reach our "ultimate customers" - the people in developing countries. With the continued emphasis on the radical change that reengineering brings about beginning October 1, 1995, the importance of meeting our customers' expectations is enhanced. The invaluable experiences and skills of each USAID employee are contributing factors in developing achievable customer standards.

WHAT ARE CUSTOMER SERVICE STANDARDS?

Customer service standards are developed with the customer in mind and are designed to meet *customer* expectations. They are clear performance targets which measure customer satisfaction. These standards describe how accurate, reliable, timely, dependable and accessible services are delivered to customers. Each standard should be measurable, achievable, controllable and address *what is most important to our customers.*

WHY ARE CUSTOMER SERVICE STANDARDS IMPORTANT?

Customer service standards demonstrate our commitment to put the customer first. These standards are an integral part of an operating unit's Customer Service Plan. We will continue to use the Customer Service Plan as a management tool to guide how we involve our customers, partners and employees in achieving results. ***Customer service standards are important because USAID is accountable to the American people for assisting our ultimate customers achieve sustainable development.***

DOES THE AGENCY HAVE CUSTOMER SERVICE STANDARDS?

Yes. In September 1994, USAID published its Phase I Customer Service Plan identified an initial set of customer service standards addressing the concerns of our **domestic development partners.** These standards specifically describe how we will work with U. S. private voluntary organizations, universities and private businesses to achieve our development objectives. September 1995, Phase II of the Agency's Customer Service Plan adds customer service standards for **overseas missions.** USAID missions and Washington bureaus/offices are already working on their individual Customer Service Plans to guide their planning, achieving and assessing of processes.

HOW DO WE DEVELOP STANDARDS?

STEP 1: KNOW YOUR MISSION

The mission statement describes your operating unit's role in providing services to the ultimate customer. After your mission statement has been developed, focus on the end results intended through the services you provide and the importance of each employee's role. In a participatory setting, review your mission statement so that all employees will clearly understand your operating unit's contributions to the overall mission of the Agency. The following are example mission statements:

EXAMPLE 1: We are committed to improve environmental quality and natural resource protection by building the capacity of local environmental management organizations to respond to these issues.

EXAMPLE 2: We strive to provide procurement advisory services and assistance to other USAID operating units in the execution of strategic objectives.

STEP 2: FOCUS ON THE VISION

USAID's vision is shared by top management, involves customers, employees and partners to achieve the best sustainable development. USAID is transforming and reinventing the way we deliver development and humanitarian assistance in the developing world. Our objectives and plans for the future are driven by the customer and are aimed at satisfying the customers' needs. Every operating unit and employee play a vital role in achieving the Agency's goal(s) and are valued for their contributions. It is extremely important to create ownership in your customer service standards from top management to every individual employee. When developing customer service standards, focus on YOUR operating unit's vision and how it relates to USAID's vision.

STEP 3: LIST YOUR KEY CUSTOMERS AND PARTNERS

Once you have identified your operating unit's customers and partners, this will help you clarify the focus for your customer standards. Initially, consider those customers who are direct recipients of your products and services. Clarify who delivers your services. Do you have partners who deliver your services directly to your customer(s)? Depending on the particular operating unit, some partners may also be customers, e.g., when they submit a proposal to the procurement office to let a contract for delivery of services. Does your operating unit have stakeholders - those who have an interest or whose support is necessary for achieving your objectives, e.g., host country groups, other donors, private firms? Once you have a clear sense of who the operating unit's customers and partners are, list them.

STEP 4: DEFINE KEY SERVICES AND LINK CUSTOMERS/ PARTNERS AND EMPLOYEES

Identify the key services and products your operating unit provides. Describe how you currently deliver these services/products to your customers. Chart the flow of the processes for each key service. Remember, there may be several steps involved in delivering a particular service. Analyze whether all of the steps in each process add value to service quality. Ask - Do we need to do all of this to meet our customer needs? Do we have the right people delivering the service? Indicate each point in the process where your customers receive your services. Indicate where partners fit into the process(es) because in some cases they may deliver key services. Identify and analyze barriers, problems and gaps in delivery of quality service. Every employee in the operating unit plays a vital role in providing the best possible service. It is important to include the skills and experiences of employees and link their contributions to achieving sustainable results. The importance of these linkages is to clearly focus and identify how your service delivery impacts the ultimate customer.

STEP 5: CONTINUE TO LISTEN TO YOUR CUSTOMERS

USAID's continued commitment to listen to customers is extremely important. Establish a schedule to ask your customers what they think about your operating unit's current quality of services. Find out what they expect in terms of reliability, timeliness, accessibility, accuracy and dependability. Maybe they would rather have farming tools or faster service or they may not want the service at all. Encourage customers to be candid and to give you ideas for improvement. You decide the best methods for assessing your services, e.g., focus groups, interviews or formal and informal surveys, or conferences. The final analysis of your customers' expectations will help generate your standards.

STEP 6: DEFINE WHAT SYSTEM/PROCESS CHANGES ARE NECESSARY TO SATISFY CUSTOMERS

Review the final analysis of what your customers expect. Look at your key services and products and decide if your operating unit can make suggested changes in systems and processes to satisfy customer expectations. Describe what services you can tailor or change. Decide what is realistic vis-a-vis what is not based on the services you <u>can</u> provide. Carefully consider the results of the changes in the way you do business and the resource requirements. Compile your list of system/process changes and prioritize it to help guide the development of your operating unit's customer standards.

STEP 7: DEVELOP CLEAR, SIMPLE, MEASURABLE CUSTOMER STANDARDS

Continue to focus on areas that are most important to your customers. How will your operating unit commit to improve service quality? The customer standards identify specific actions you will take to improve service. Once you have completed your analysis of who your customers are, your key services and the linkages, prioritize where you need to develop standards. Determine what will have the most impact and decide what your operating unit will live by. Describe standards that are measurable, achievable, clear, relevant to what your customers asked for and demonstrate you heard your customers.

For example:

> *Principle:* On a regular basis, we will communicate with our customers to improve our processes and simplify our business practices.
>
> *Standard:* We will survey our customers at least annually to see if the changes in our policies and procedures are working to eliminate the impediments they have identified.
>
> *Principle*: We will involve our customers in defining the quality and quantity of services and commodities to be delivered.
>
> *Standard:* We will ensure that commodity specifications are jointly prepared with our customers.

STEP 8: GIVE FEEDBACK TO YOUR CUSTOMERS

Find ways to let your customers know what your standards are. Let customers know whether changes have been made and if not, why. For example, you could publish your standards in a simple booklet or brochure. They may also be communicated at conferences, meetings and in other settings. Your customer standards are published and distributed as part of your Customer Service Plan. The plan also lets customers know who in your operating unit may be contacted for additional feedback and/or information.

STEP 9: MONITOR AND MEASURE HOW YOU ARE DOING

Track your progress. Set up internal procedures and a tracking system that will monitor feedback from customers and identify recurring problems and priorities for improvement. Separate feelings from facts and keep a systematic record of complaints and recognition for doing well. This will help you analyze areas where you need to further communicate with customers and employees. At least on an annual basis, ask your customers what they are thinking and how you are doing. Find creative ways to keep in touch with customers. Develop a system(s) to communicate to all employees throughout your operating unit what you discover from customer feedback. Use participatory approaches to obtain suggestions from employees to address customer concerns and to implement improvements.

STEP 10: BENCHMARK YOUR SUCCESS

Know whether customers are satisfied - determine results. Know through systematic benchmarking whether you have achieved excellence in whatever specific strategic objective you have identified and the services you deliver. Keep track of your best practices. Measure your performance against top-notch operating units in the public and private sector that do similar work. Ask your customers about other organizations that they perceive as being the best. Seek them out, find out their secrets and go for it!

WHERE CAN YOU GET PERSONALIZED CUSTOMER SERVICE?

This step-by-step approach is in response to our customers' request for additional detailed information to assist in the development of customer standards. Your comments and suggestions are appreciated. For further service and assistance, please contact the Reengineering Customer Service Team: Liz Baltimore (focus on Washington), (202) 663-2459, or Sher Plunkett (focus overseas), (202) 663-2496.

Other reference materials for customer service planning:

- "Uncle Sher's Maxims for Customer Service Plans" (Sher Plunkett, M/ROR, 3/95)
- Steps for Customer Service Planning (Sher Plunkett, M/ROR, and Diane Lavoy, PPC, 6/95)

CUSTOMER SERVICE PLANS

HOW TO GET STARTED

Liz Baltimore, M/ROR

- **Validate your organization's mission** (What is your organization responsible for? Why does your organization exist?)
- **Think about the future** (What does your organization want to look like in 5-8 years? What services will you provide, to whom and how?)
- **Know Your Customers** (Who are the key users of your products/services? Who benefits from the services you provide? Who are direct recipients of your products/services? Who works with you to supply services? Who has a major interest and or investment in what you do?)
- **Determine your primary services and customer links** (What are the key products/services? What are the links in your service delivery chain? What are the interdependencies in your services, employees and partners?)
- **Agree on your organization's principles of service** (What type of service can your customers expect from your organization?)
- **Decide what internal/external concerns and or pressures affect delivery of products/services** (What are some of the things that affect the way you provide customer satisfaction?)
- **Let customers tell you how well you are doing** (Ask your customers how you can better serve them? What method of measuring will you use -- written surveys, interviews, focus groups? What can your organization do to improve customer relations? What can you do to help your customers do their jobs better?)
- **Based on Customer Feedback - Decide what measurable standards of service your customer and you can live with** (What is doable and what is not? What are the resource requirements for the standards you develop? What feedback did you get from employees? Are you willing to commit your organization to standards of customer satisfaction?)
- **Set up internal procedures to help you produce end results** (What internal procedures are in place to assure you meet your objectives for quality service? Do you have the staff to follow through?)
- **Publish Customer Service Plan** (What is your statement of mission and vision? Who are your customers as related to strategic plan, objectives and or results? Will your plan address bureau/offices and other units within your organization? What is the result of your customer assessments? What are your customer standards? How will you give customers feedback? Who should customers contact for feedback and assistance when standards are not being met?)
- **Set up a systematic way to measure results and feedback** (Is there a simple, quick and efficient way of tracking how you are doing with your standards? What methods can you put in place to assess performance and make adjustments?

PHASE II - USAID'S CUSTOMER SERVICE PLAN

QUALITY SERVICE STANDARDS FOR WORKING WITH USAID'S CUSTOMERS AND PARTNERS

PUTTING CUSTOMERS FIRST

The National Performance Review NPR) recommended major reforms in the way government does business. One reform proposed is a new customer service contract as an essential part of the government's mission. Executive Order 12862, "Setting Customer Service Standards" calls on U.S. government agencies to identify their customers, address their needs through regular interaction, and develop standards for serving them based on their priorities.

WHO ARE WE?

The United States Agency for International Development (USAID) is the independent federal Agency that manages U.S. foreign economic and humanitarian assistance programs around the world.

Given the diversity of places, people and cultures addressed by the U.S. Agency for International Development humanitarian assistance and development programs, putting customers first presents an enormous challenge. Unlike most U.S. government agencies, USAID's ultimate customers are outside our borders. They are the people in developing countries whose quality of life we work to improve as an integral part of America's foreign policy.

USAID's assistance to our overseas customers is delivered through a variety of development partners: individuals or organizations who work closely with USAID to provide our products and services to our ultimate customers. For USAID and our development partners to serve our customers more effectively and achieve results, we are reengineering our focus, systems and procedures to meet the challenges of the post-Cold War world.

This Phase II Customer Service Plan addresses concerns that our customers and partners have identified for quality customer service. It presents standards for serving our ultimate customers in the countries we work in overseas.

WHAT IS USAID's MISSION?

Our Mission is to promote sustainable development worldwide. Sustainable development is economic and social growth that does not exhaust local resources or damage the economic, cultural or natural environment.

USAID works with its partners to support sustainable development, focusing on five critical areas:

- Environment
- Population and Health
- Democracy
- Broad-based Economic Growth
- Humanitarian Assistance and Support for Post-Crisis Transitions

WHO ARE USAID'S CUSTOMERS AND PARTNERS?

USAID's **ultimate customers** are the people in developing countries who benefit from USAID's services and products. They are men, women and children of indigenous communities, microentrepreneurs, exporters, small farmers and others who receive the development assistance provided through USAID programs overseas. The active participation of our ultimate customers is integral to USAID's strategic planning process and delivery of sustainable development programs.

USAID relies on the active participation of its partners to promote sustainable development and deliver humanitarian assistance. USAID'S **partners** include private voluntary organizations, non-governmental organizations, universities, community colleges, other U.S. government agencies, host country governments at all levels, multilateral organizations, professional and business associations, private businesses and other donors. Partners are also customers when they directly receive USAID's products and services that enable them to deliver effective services to our ultimate customers.

The lasting impact of our development investments and the benefits of our overseas programs to the American people can be achieved only if we achieve specific strategic objectives, and if our overseas customers continue activities after USAID funding ends. For this to happen, development efforts funded by USAID must serve customer needs and have partners' commitment and support. To achieve this, we focus on our customers' needs, through surveys, focus groups, conferences and other participatory methods.

USAID'S QUALITY SERVICE

USAID's diverse relationships with our customers and partners suggest different expectations and standards of performance to provide quality service for each customer group. But some concerns are common to all groups. USAID maintains an open dialogue with its customers and partners. We encourage consultation to identify problems, needs and possible solutions. Collaboration with our customers and partners, including InterAction, the Advisory Committee on Voluntary Foreign Aid, local governments and others have made the following possible:

- improved quality in USAID procedures;
- improved timeliness in USAID processing; and
- greater access and transparency.

BENCHMARKING

The main purpose of our reinvention efforts is to improve USAID's systems and procedures. Many of the issues raised by our customers, partners and stakeholders are being addressed in internal working groups reengineering our procurement, budget, personnel and operating systems. These groups have used and will continue to use the benchmarking process, finding the best practices used in business or government and then adapting them to improve our own operations. Our goal is for USAID's reengineered systems to equal or exceed the "best in business," providing us with the most efficient and effective way to provide sustainable development and humanitarian assistance.

OUR PLEDGE

We will continue to develop Customer Service Plans in our overseas missions, routinely review these standards with our customers and development partners and update them as necessary to identify the concerns of other customers and partners. We will create new standards based on new processes being developed as part of our reinvention efforts.

We will continue to focus on customer service and achieve results. Our customers will participate more in planning and achieving the Agency's objectives and in evaluating results to meet customer needs. As part of this effort, we are continuing formal and informal consultations with our customers and partners.

We will review our customer service standards annually, and periodically publish an Agency Customer Satisfaction Report. We will continue to encourage our partners to consider similar "customer satisfaction" standards for services they deliver to the people of developing countries.

I. QUALITY STANDARDS FOR USAID'S OVERSEAS CUSTOMERS

USAID'S overseas missions carry out programs to achieve the Agency's strategic objectives to foster economic growth, reduce population, encourage participation in democratic government and protect the global environment. Through a variety of formal and informal methods, both our customers and intermediaries in developing countries have told us how we have performed in service delivery, humanitarian assistance and sustainable development.

Country experimental "laboratories" have used systematic and participatory methods to assess and improve the quality of service to our ultimate customers. They have developed Customer

Service Plans to assure more customer involvement in planning, achieving and evaluating the Agency's objectives to manage for results.

With increased participation and enhanced surveying of our customers in developing countries, we have identified performance standards. USAID is committed to providing:

1. QUALITY

On a regular basis, we will communicate with our customers to improve the quality of USAID's humanitarian assistance, development and customer satisfaction.

- Each overseas mission will develop and maintain a Customer Service Plan which will state how customers and partners are to be included in determining customer needs and achieving objectives, explain how customer feedback will be regularly incorporated into work processes, and identify key customer service principles and standards.
- We will improve participation in overseas missions to include our customers in planning and implementing USAID's work, and in planning and conducting periodic surveys to determine if services are being delivered in a satisfactory manner.
- We will periodically survey our customers to assess their expectations, determine their needs based upon USAID's programs and report customer satisfaction.
- We will assure USAID's programs provide high quality technical services that are tailored to our customers' needs.
- We will directly involve customers in defining plans and activities to ensure results and continuous improvements in USAID's programs.
- We will continue to collaborate with customers, local partners and stakeholders to ensure service delivery meets the needs of our customers and serves America's long range Foreigh Policy interests.

2. TIMELINESS

We will improve the turnaround time for service to our customers.

- Provide an initial response to inquiries within 24 hours; written inquiries will be answered within 5 working days from receipt. If a full response is not possible within these periods, we will indicate a probable timeframe for resolution.
- We will disburse funds in time to allow for implementation of activities on schedule.

3. ACCESS TO INFORMATION

USAID will offer greater access and more transparency to Agency activities and information.

- Provide periodic customer information guides to activities, processes and procedures.
- We will hold semiannual meetings with customers and partners to provide information and facilitate an open dialogue regarding USAID programs.

II. QUALITY STANDARDS FOR DOMESTIC DEVELOPMENT PARTNERS

Phase I of USAID's Customer Service Plan outlined what our development partners told us about their concerns and presented a set of initial standards to address them. In working with PVOS, universities and private businesses, our goal is to eliminate burdensome administrative and procurement requirements and become "user-friendly" to our current and future development partners. As part of this ongoing effort, procurement policy changes have simplified the administration of grants and cooperative agreements by modifying requirements in the following areas: trip reports, salary approvals, number of key personnel, approval of consultants, budget flexibility and systems approvals.

USAID has made significant improvements in its work processes to meet and exceed our standards for working with PVOs, universities and private businesses. We have exceeded our standards for the PVO registration process by eliminating 12 documents for new PVO registrants which reduced the number of documents from 18 to 6. Three documents were eliminated from the annual requirement for PVO registrants which reduced the number of documents from 6 to three. The revision and simplication of USAID Form 1550-2 which is used to compute a PVO's "privateness percentage" was completed. A "Guide for Doing Business with USAID" has been published and distributed. This guidebook provides detailed information to the U.S. business community on how to do business with USAID sustainable development programs. Within three days of an organization's requests for funds under a letter of credit, funds are deposited in the organization's bank account via an electronic funds transfer. Outside vendors are able to get an immediate response by checking an electronic bulletin board for the status of all invoices and payments. A new USAID Worldwide Web Home Page [www.info.USAID.gov] is available to access USAID information at worldwide web sites. A number of redundant procurement procedures and processes have been eliminated and there is increased access to procurement information.

Based on issues and concerns raised in numerous forums, USAID has developed these standards to address our domestic partners concerns. They represent the way USAID will work toward securing a more efficient relationship with our development partners and service providers. USAID is committed to providing:

1. QUALITY

On a regular basis, we will communicate with our customers to improve our processes and simplify our business practices.

- **We will include our customers and partners** in an ongoing, consultative process on policy, programmatic and procedural matters.
  - We will hold semiannual vendor meetings for service providers and partners.
  - We will periodically survey customers and partners to see if the changes in our policies and procedures are working to eliminate the impediments you have identified and report customer satisfaction.

- If USAID issues a grant, cooperative agreement or contract, an Agency project officer will be assigned to facilitate our relationship. The project officer will provide his/her phone number, address, E-mail address and fax number.
- To simplify the PVO registration process, we **have**, in collaboration with our PVO partners:
  - **Reduced** the number of documents required from new PVO registrants from 18 to 6;
  - **Reduced** the number of documents required annually from PVO registrants from 6 to three; and,
  - **Revised and simplified** USAID Form 1550-2 used to compute a PVO's "privateness percentage."
- To be more consistent in applying USAID policies and procedures, our contracting and grants officers:
  - **Consistently interpret and apply policies** and regulations in awarding grants and contracts;
  - **Eliminated redundant procurement processes, procedures and reporting requirements** by December 1994; and
  - **Published and made available** by September 30, 1994, "A Guide to Doing Business with the U.S. Agency for International Development," **which clearly and concisely describes** USAID's policies and procedures.

2. TIMELINESS

We will improve the turnaround time for our processes.

- We will answer your questions in a courteous, prompt, and professional manner.
  - You will receive an initial response to calls and E-mails within 24 hours; written inquiries will be answered within 10 working days from receipt. If a full response is not possible within these periods, we will indicate a probable timeframe for resolution.
- USAID's Office of Procurement will make non-competitive awards within 90 days, and competitive awards within 150 days. We will modify contracts and amend grants within 90 days of receipt of requests for action from line offices.
- PVOs seeking registration and eligibility requirements to compete for development assistance grant funds are sent a complete registration packet within five days from the receipt of inquiry.
- Applications to register new PVOs are reviewed and formal notice of acceptance or denial is mailed within 8 weeks of receipt of fully completed application packages.
- Within three days of an organization's request for funds under a letter of credit, payment is deposited in its bank account via electronic funds transfer.

3. ACCESS TO INFORMATION

USAID will offer greater access and more transparency to Agency activities and information.

- **Outside vendors can dial-in to** an electronic bulletin board **and check** the status of all invoices and payments.
- Assistance and acquisition information relevant to PVOS, NGOS, universities and private businesses are available on USAID's gopher [gopher.info@usaid.gov] and **USAID's new worldwide web home page [www.info.USAID.gov].** These include:
  - General information on USAID-funded programs;
  - Country strategies and implementation guidelines;
  - USAID publications;
  - All USAID/W solicitation documents;
  - USAID procurement policies and procurement opportunities;
  - All procurement award notices, posted within five working days of approval;
  - All USAID Commerce Business Daily notices, posted within 24 hours of appearing in the Commerce Business Daily;
  - Center for Trade and Investment Services (CTIS) information on business opportunities; and
  - Office of Small and Disadvantaged Business Utilization (OSDBU) information on business opportunities.

USAID CONTACTS

Public Inquiries ..... (202) 647-1850

Procurement ..... (703) 875-1204

Private Voluntary Organizations ..... (703) 351-0222

Business Opportunities

– Center for Trade and Investment Services (CTIS) ... (202) 663-2660 or 1-800-872-4348

Business Opportunities and Counseling

– Office of Small and Disadvantaged Business Utilization ..... (202) 875-1551

For Improving Customer Service through Reengineering:

– Office of Results-Oriented Reengineering ..... (202) 663-2459 or (202) 663-2496

– USAID's Quality Council ..... (202) 736-4014 or (202) 663-3602

INTERNET ADDRESS: [gopher.info.usaid.gov]

WORLDWIDE WEB HOME PAGE: [www.info.USAID.gov]

You can get a copy of Phase I and II of USAID's Customer Service Plan by calling the general inquiry line, using the INTERNET or the WORLDWIDE WEB HOME PAGE addresses or by writing to:

USAID Office of Public Inquiries

320 21st Street, N.W., Suite 2895

Washington, DC 20523

The same process can be used to address comments and inquiries about the quality of our services or USAID's Customer Service Plan.

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Teamwork

- **Informal and formal teams**
- **Brings people with different knowledge together to solve problems**

Six Reasons Not to Use Teams

1. When time is critical.
2. When the solution is obvious or routine.
3. When it is a one-person issue.
4. When it is a technical issue.
5. When the problem involves an individual performance deficiency.
6. When the solution is quantitative rather than qualitative.

Six Reasons to Use Teams

Use a team approach to problem solving to:

1. Bring a variety of skills and viewpoints to bear on solving complex problems.
2. Encourage "shareholders" to assume psychological ownership of the problem.
3. Improve the quality of the decision-making process.
4. Energize shareholders in the problem-solving process by building team spirit.
5. Encourage people to share information and ideas for more effective decision making.
6. Ensure a coherent approach to solving the problem.

Teamwork

- Teams should be empowered to achieve results
- Processes cross functional boundaries - functions need to work together

To Become a Team Requires...

- A group with a clear and agreed upon charter, or purpose and common goals;
- Interdependence -- you need each others' skills and experience;
- Members believe working together is better than working alone;
- Having frequent interaction as a group;
- The group is empowered to make decisions and solve problems;
- Individual commitment to the group and acceptance of each other's membership in the group;
- The resources to fulfill the charter, purpose or goals;
- Authority granted by a higher level and accountability for results.

GUIDELINES FOR SUCCESSFULLY IMPLEMENTING TEAM EMPOWERMENT

1. **Define the purpose of the team.**

   ⇒ Why does the team exist?

   ⇒ What is the team's objective or goal?

   ⇒ What is an empowered team?

2. **Define the Roles and Responsibilities of the team.**

   ⇒ Is each team member clear about her or his role?

   ⇒ Does each team member know the roles of the other team members?

   ⇒ Does the team have all the expertise necessary?

3. **Define the Mode of Operation of the team**

   ⇒ Establish a working vocabulary for important terms.

   ⇒ Establish a mode of leadership and an accountability system.

   ⇒ Utilize existing expertise and support when lacking among team members.

   ⇒ Discuss team trust, relationships, communication, support, commitment, etc.

4. **Select a manager to coach and set guidelines for the team**

   ⇒ Manager and team should agree on guidelines

   ⇒ Manager and team should establish accountability in terms of quality, productivity, and team functioning.

   ⇒ Manager should coach as necessary.

5. **Utilize "Just-in-Time" training.**

   ⇒ Take training to understand and use team empowerment.

   ⇒ Integrate training into the process as required i.e. interpersonal skills, coaching, holding others accountable, etc.

6. **Proceed to function with established management accountability checkpoints.**

   ⇒ Assess team operation shortly after beginning

   ⇒ Assess team operation at half completion.

   ⇒ Use crisis as an opportunity for a breakthrough

7. **Evaluate team performance at completion.**

   ⇒ What worked?

   ⇒ What did not work?

   ⇒ What did we learn for future teams?

   ⇒ What do we need to learn for future terns?

   ⇒ Establish a new team project (with fewer guidelines) and "go for it!"

From MANAGEMENT BY EMPOWERMENT, Created by
Innovations International, Inc.

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Developing a Team Contract

DESCRIPTION:

The team develops guidelines for team behavior commitments, and ways of working together. The team discusses the guidelines, produces a written document. and each team member signs the contract to indicate personal commitment. The contract can be given to each team member and posted in the team meeting room. These team rules, group norms and agreements can cover the following areas:

1. Identification of the team mission statement, team values and team goals.
2. A start and completion date.
3. Agreements on meeting management having agendas in advance, stating time allotted for each agenda item. summarizing decisions in the minutes, starting on time, attending regularly, how absent members an brought up to speed, full participation in meetings, regular team meeting times and place).
4. Definition of key roles: leader, facilitator, recorder, process observer, timekeeper, member, sponsor, resource people, supervisor. Names of team members and sponsor, resource people and supervisor. A commitment to rotate team roles among team members.
5. Commitments regarding time needed from team members and any other resources team members may need to contribute. Agreements about how to handle absences of team members, tardiness. not meeting deadlines, or other problem areas.
6. Description of the way the team will work together: the use of individual work, work teams and other work methods, the ways decisions will be made, how the team will handle disagreement with decisions.
7. Any other issue the team wants to clarity.
8. Signatures of all team members.

A Typology of Participation

Typology	Components of Each Type
Passive participation	People participate by being told what is going to happen or has already happened. It is a unilateral announcement by an administration or project management without any listening to people's responses. The information being shared belongs only to external professionals.
Participation in information giving	People participate by giving answers to questions posed by researchers and project managers using questionnaire surveys or similar approaches. People do not have the opportunity to influence proceedings, as the findings of the research or project design are neither shared nor checked for accuracy.
Participation by consultation	People participate by being consulted, and external agents listen to views. These external agents define both problems and solutions and may modify these in the light of people's responses. Such a consultative process does not concede any share in decision-making and professionals are under no obligation to take on board people's views.
Participation for material incentives	People participate by providing resources, for example labour, in return for food, cash or other material incentives. Much *in situ* research falls in this category, as rural people provide the fields but are not involved in the experimentation or the process of learning. It is very common to see this called participation, yet people have no stake in prolonging activities when the incentives end.
Functional participation	People participate by forming groups to meet pre-determined objectives related to the project, which can involve the development or promotion of externally-initiated social organizations. Such involvement does not tend to be at early stages of project cycles or planning, but rather after major decisions have been made. These institutions tend to be dependent on external structures, but may become independent in time.
Interactive participation	People participate in joint analysis, which leads to action plans and the formation of new local groups or the strengthening of existing ones. It tends to involve interdisciplinary methods that seek multiple perspectives and make use of systematic and structured learning processes. These groups take control over local decisions, so that people have a stake in maintaining structures or practices.
Self-mobilisation active participation	People participate by taking initiatives independent of external institutions to change systems. Such self-initiated mobilisation and collective action may or may not challenge existing distributions of wealth and power.
Source: Pimbert and Pretty, 1994. Published in Whose Eden? An Overview of Community Approaches to Wildlife Management, International Institute for Environment and Development, London: Russell Press, July 1994	

Strategic Objective Team

The operating unit shall establish a Strategic Objective Team for each strategic objective, strategic support objective, and special objective...

The Achieving process begins *(in the sense that any of the three processes (Planning, Achieving, Monitoring & Evaluation), which are cyclical and interdependent, has a beginning and an end)* with completion of the Operating Unit's strategic plan and formation of Strategic Objective (SO) teams. The very use of SO teams and their composition relate very directly to the three core values of "teamwork," "empowerment and accountability," and "customer focus."

What does this mean for USAID's partners?
Partners have the opportunity to be much more involved in strategic visioning, program planning and results monitoring than in the past. This should provide many more opportunities of synergies between USAID's and partners' activities, thereby ensuring greated impact.

Strategic Objective Team

- USAID personnel (technical and
- agents, support staff)
- partners,
- stakeholders, and
- customer representatives

... jointly working together to <u>achieve</u> the SO

According to the draft directives, there is an SO core team of USAID personnel, who shall establish a broader SO team. The distinctions between the core team and the broader SO team are important ones – see E202.5.2a in the ADS for more details.

The SO team should include people who:

(1) bring significant expertise or knowledge needed for SO achievement *(this includes using folks from AID/W under the virtual teaming principle and joint programming principle)*;

(2) represent major development partners whose resources bear on achievement of the SO;

(3) represent key stakeholders, especially local groups and individuals who will gain or suffer if the SO is achieved; and

(4) representatives of major USAID customers for the SO.

Strategic Objective Team

- Organizes and manages itself
- Determines how key results are to be achieved
- Allocates resources for achieving key results under the SO
- Achieves the SO on time

Strategic Objective Team

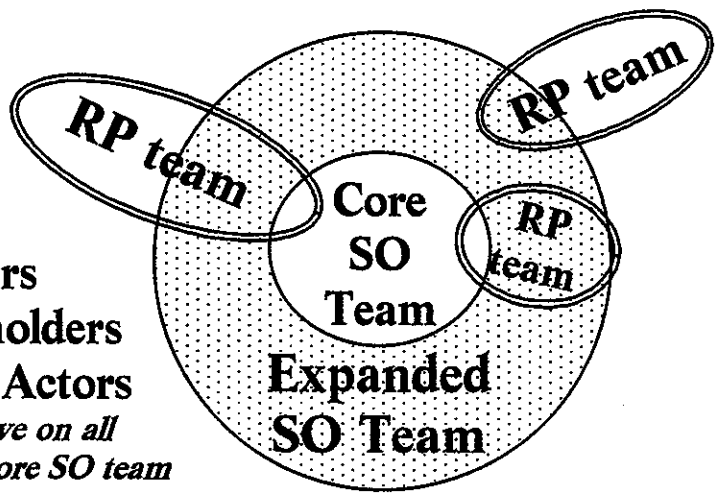
- Ensures that agreements are aimed at achieving key results and the SO
- Monitors program performance
- Evaluates, as necessary, the hypotheses inherent in the results framework
- Reviews, analyzes, and reports on actual results

Strategic Objective Team

- Makes informed decisions regarding results packages and the results framework
- Recommends changes in the SO or other elements of the strategic plan
- Prepares appropriate Closeout Reports

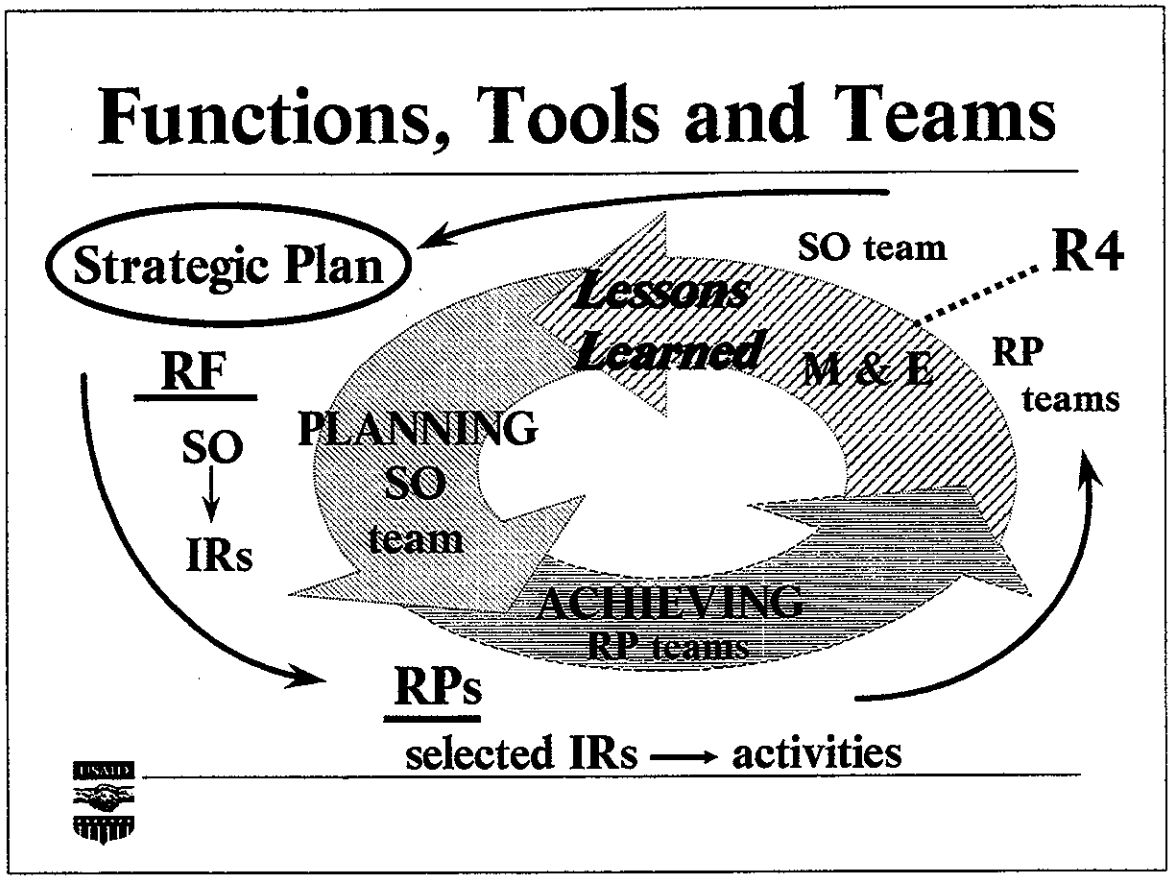
Results Package (RP) Teams may be formed by the SO Team...

Possible RP Team Structures



Partners
Stakeholders
Other Actors
could serve on all but the core SO team

NB: The guidance states that "together, the core and expanded comprise the SO team." For the distinction between the two see E202.5.2a.



The Strategic Objective Team (SOT) develops the Results Framework (RF) and then typically delegates much of the authority and responsibility (but, of course, not the accountability) for achieving the Intermediate Results (IRs) to the Results Package Teams (RPTs).

Each RPT will need to analyze implementation alternatives, and plan and manage its activities to deliver on its group of IRs (contained in its results package (RP)). The RPT will monitor and evaluate activity-level results and impact. Above the RP-level, the SOT will monitor and evaluate the correctness of the development hypothesis as well as the performance of the program in delivering on the Strategic Objective.

Empowerment and Accountability

- **Authority**
- **Accountability**
- **Capability**
  (Tools, Knowledge, Ability)
- **Trust**

USAID

WHAT IS EMPOWERMENT?

There are many definitions of empowerment. The following thoughts are intended to create a "picture" of what we mean by the concept of empowerment.

- An environment in which objectives, policies, systems and structures work toward common goals which are clearly communicated at all levels of the organization.
- Expectations and jobs which are in line with the capabilities of employees.
- Systems which consistently provide all personnel with the training, resources, and authority to do their jobs well.
- A climate in which individuals (and teams) are encouraged to take responsibility for their own work and are given the means to evaluate and improve their own performance.
- Systems which encourage, evaluate, and reward individuals for contributions to the organization in ways apart from their everyday work and see all of their efforts as worthwhile and important.
- Executives, managers and employees who are clear about the scope of their authority and accept personal responsibility and accountability for providing customer satisfaction continually improving processes, and continually learning.

FOUNDATION OF EMPOWERMENT

The foundation of empowerment is based upon a clear understanding and realization of the fundamental concepts defined below:

Personal responsibility is the willingness to view oneself as the ***principal source*** of the results and circumstances which occur in one's life, both Individually and collectively with others in the workplace. Managers and employees are most effective in those areas which they have personally mastered and for which they claim maximum personal responsibility.

Personal accountability is the willingness to claim ***ownership*** for the results which are produced as a consequence of one's involvement, both individually and collectively with others in the workplace. Through ownership of the difficulties as well as the successes which occur in the workplace, the truly empowered manager or employee realizes the opportunity for feedback, growth, and the acquisition of new skills in the areas where deficiencies exist.

Personal empowerment is an ***internally-derived*** capacity to perform at or above an established level of expectation. This capacity is expanded by going beyond both self-imposed and external limitations. The fundamental characteristic of an empowered individual is the acceptance of personal responsibility. An individual is personally empowered only to the extent that be or she assumes a predisposed mindset of personal responsibility. Therefore, personal empowerment is ultimately measured by performance.

References on these two pages from:
MANAGEMENT BY EMPOWERMENT
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PRINCIPLES OF EMPOWERMENT

1. People are the most important organizational resource.
2. High-involvement is maximized.
3. Teamwork is valued and rewarded.
4. Personal and professional growth are continual.
5. Responsibility and accountability are maximized.
6. Self-determination, self-motivation, and self-management are expected.
7. Expanded delegation is a continual process.
8. Hierarchy is minimized.
9. Organizational leadership and support are necessary.
10. Diversity is a necessity for organizational empowerment.

IMPLEMENTING EMPOWERMENT

The most important factor to understand when implementing this management philosophy is that it is a transformation of the organizational culture. This means a fundamental change in an organization's pattern of beliefs, values, attitudes, and norms that dictate its day-to-day operation, both spoken and unspoken. It also means a change in the basis and procedure for decision making and policy making. Ultimately, every employee in the organization must be impacted by this change in the way work is performed and managed.

The organizational leadership is the most important segment in instituting cultural change, whether it is participative or hierarchical. The leadership must clearly communicate to the organization the rationale for and value of the new cultural framework. This must be done in a *sufficiently inviting and persuasive* manner so that it is accepted and embraced through self-enrollment by a critical and significant part of the organization.

The rate at which empowerment occurs as a concerted and systematic process is determined by the level of organizational support; where "concerted" refers to a long-term plan and "systematic" refers to the successful stepwise implementation of the plan. Organizational support is an ongoing process established by a unit, division, and/or organization which not only encourages, but visibly demonstrates its expectation of empowered behavior, empowered employees, and an empowered organization.

WHAT EMPOWERMENT IS (AND IS NOT)

There has been considerable confusion within human resource development and management literature regarding what empowerment actually is. Some have implied that it is only participative management warmed over. Others have emphasized excitement and climate-setting strategies.

Definitions

There is an old paradox about power: the more you give it away the more you have. Many people who become supervisors and managers forget this truth, and they try desperately to hold onto what they perceive to be their power. As a result, they create resistance among their "followers", and they end up having little power at all. Toffler points out: "Of course, no one likes to give up power. The lowliest foreman and the highest paid executive may both have a stake in maintaining old-style work relationships. But the odds are shifting against them." Kanter adds: "In many segmentalist organizations, supervisors and middle managers feel sufficiently powerless anyway so that they may be even more resistant to schemes that take away what limited authority they feel they have and do not also give them something else to do to feel important and useful."

Power is the ability to get intended effects, to get what you want. Bonnie and Nanus say that power is "the capacity to translate intention into reality and sustain it." It can also be thought of as having the means to meet needs. A person is perceived as powerful when he or she has what someone else wants or needs. That may be information, contacts, skills, authority, personality, or the ability to stop things or prevent decisions from being made. Kanter calls these "organizational power tools," "three basic commodities that can be invested in action: *information* (data, technical knowledge, political intelligence, expertise); *resources* (funds, materials, space, time); and *support* (endorsement, backing, approval, legitimacy)."

Most power in organizations is attributed, that is, it is in the eye of the beholder. People make you powerful when they choose their behavior on the basis of your expectations. A person makes himself or herself powerful by claiming credit for having developed himself or herself and for having achieved organizational position. Self-empowerment, then, is something over which a person has considerable control, even it a person is in an oppressive climate.

Empowerment is the process of enabling people to do what they are qualified and being held accountable to do. It means driving down decision making, information, control over work conditions, and other job-related procedures in order to generate commitment. It means avoiding the "responsibility without authority" trap. Empowering others (employees, for example) is a process of involving them in matters for which a leader needs their understanding and commitment. It is a leap of faith for many managers. The person is trusting that if he or she drives down decision-making, problem-solving, action planning, goal-setting, task sequencing, etc., he or she will receive in return synergy and increased effectiveness.

The more influential a person feels in the work situation the more likely he or she is to commit to being effective on the job. The authors Law of Commitment say that commitment represents an attitude shift that is triggered by participating meaningfully in things at work that affect the individual:

Meaningful participation
leads to a
Sense of involvement
that evokes a
Feeling of influence
that generates
Psychological ownership
that results in

COMMITMENT

There is "more truth than poetry" in this law, when a person perceives his or her participation in decisions, problem-solving, planning, goal setting, and change to be personally relevant, that individual may become committed, when others decide for a person, that person is less likely to support the conclusions actively. Empowerment means that something has to happen inside the individual. A person has to experience a shift in attitude. He or she has to feel influential - empowered. As Sashkin observes, "While it cannot be suggested that participation in goal setting and decision making will magically and totally remedy workers' feelings of powerlessness - which have been fostered by organizations over the past hundred years - sound evidence indicates that participative management approaches involving goal setting and decision making do increase workers' sense of power and control." If a person is meaningfully participating, the work situation or decision becomes that individual's, and he or she will likely become ready and willing to do whatever it takes to make the situation work. A person is committed to what he or she *owns* psychologically. If it is *their* problem, the person is not committed; he or she may go along, but the matter will not receive his or her full effort. A long time ago Drucker put it this way: "Motivation is a problem in psychology and therefore stands under different rules. It requires that any decision become 'our' decision to the people who have to convert it into action. This in turn means that they have to participate responsibly in making it."

A person's own empowerment usually establishes his or her limits on empowering others, particularly employees. In other words, if a leader does not feel influential over work decisions and procedures that affect his or her own job, that person is unlikely to give away what power he or she does have to other people. In an organization in which non-participation is the norm, a leader will probably conform. If a leader's own manager does not consult with him or her or actively involve employees in decisions in which they could add value or that affect their work, that leader probably will mirror the boss's behavior with his or her own employees.

Misconceptions About Empowerment

Numerous misconceptions have arisen around the concept and practices of empowerment. Empowerment does not mean being a wimp, giving up, caving in, giving the dog a bone, giving away the store, asking for advice, or disempowering oneself. Here are the most common misconceptions, with commentary on each.

Misconception: A leader can empower others. This is a notion that is similar to the one that managers can somehow motivate employees. That cannot be done either. Convey is typical of writers who imply that empowerment is something you do to other people; "If you want to influence and empower people, first recognize that they are resourceful and have vast, untapped capacity and potential." People empower *themselves;* leaders *facilitate* the process through coaching, counseling, delegating, training, rewarding, modeling and challenging. People are motivated, but they may not be empowered. If they seize opportunities and grow into competence they empower themselves. The first steps in facilitating the empowerment of others, according to Byham, are to maintain one's self-esteem, listen and respond emphatically, and ask for help in solving problems. Previous efforts at applying motivation theory to enhancing human performance have not been effective. As Vogt and Murrell point out: 'Whereas the motivational orientation seemed to ask 'What can we do to employees so they will contribute in ways we see as most useful?' an empowerment orientation asks What can we do to facilitate people's individual and joint contributions to their own and the organization's well being?"'

Misconception: Empowerment results in a loss of control. This notion is the major fear of managers and supervisors. Being accountable for staying on top of a situation that is out of control is viewed as something to be avoided at all costs. In fact, empowerment does not necessitate a loss of control. However, the *type* of control shifts from one of restraints to one of accountability. Sometimes what leaders refer to as control is simply the illusion of control. Tight procedures and regulations are seldom followed to the letter. Holding people accountable and supporting them in their development are highly beneficial forms of control. If you want to control people, excite them with vision and help them to develop the means to actualize it.

Misconception: Power is dirty. Power simply is; it is *judgments* about the actual exercise of power that make it good or bad. As King and Glidewell said, "To many the word 'power' has a negative connotation, undoubtedly because it is so frequently allied with negative acts." Organizations can be "low wattage," can have not enough power. when everyone becomes powerful, the organization has increased its human resources. what often is confused with empowerment is organizational politics. They, too, simply exist. They do not go away when people become empowered; they change in unpredictable ways.

Misconception: People do not want power; they want to be led. It is clear that one of the demotivators that employees complain about is lack of credible, strong leadership. People want to be led; but they do not want to be *managed.* Empowerment is completely consistent with a view of leadership that promotes the establishment and nurturance of vision and organizational values. "Micromanagement' satisfies no employees except the clinically dependent. Only people with well-developed neuroses want to be weak and powerless. Being powerful in work situations is a necessary antidote to employee alienation.

Misconception: Power is a fixed quantity; if you give it away, you lose it. One of the paradoxes about power in organizations is that it is an "expanding pie." The more you facilitate the empowerment of others, the more you are able to influence them. In Machiavellian terms, grow your people in order to earn their "followership".

Misconception: Empowerment is like "getting religion". There is a certain moral attraction to the concept of empowerment. It sounds good, especially if you have little power. The truth however, is that empowerment is not a conversion experience; it is hard work. Empowering oneself inevitably involves taking risks, stretching, learning and changing. Empowering others entails coaching; counseling; delegating developmentally; observing; providing timely, task-oriented feedback; and many other activities. Empowerment means focusing on behavior change, not attitude development. As Beer et al', state: "The most effective way to change behavior... is to put people into a new organizational context which imposes new roles, responsibilities, and relationships on them. This creates a situation that in a sense 'forces' new attitudes and behaviors on people." This can be done, of course, in humane, participatory ways.

Misconception: Empowerment always leads to beneficial results. The truth is that when you facilitate the empowerment of individuals and teams within the organization, they sometimes make bad decisions and incomplete plans. Sometimes they become legalistic and argumentative about their rights as employees. Other times they interpret empowerment as a license to break the rules with impunity. Empowerment is not the answer in the back of the book". It is a way of doing business, a difficult path that needs to be taken, imperfect as it is.

The Empowerment Profile by John E. Jones, Ph.D. and William L. Beady, Ed.D., Organizational Universe Systems, 1992

ORGANIZATIONAL EMPOWERMENT *

(Principles)

1. Involves organizational commitment to producing an exceptional product or service, exceeding customer demand, and preserving the well-being of all employees.
2. Incorporates the definitions of responsibility, accountability, and empowerment as the basis for operational agreements.
3. Expands the focus of a product or service from the individual and the team to include the organizational unit.
4. The Individual and the team realize how their contribution fits within a greater whole. The focus is "What is best for the external client/customer in terms of product or service?" rather than "What is best for the individual or the team?"
5. The management structure, horizontally and vertically, espouses and demonstrates their action-oriented support of empowerment.
6. Management establishes action-oriented procedures (i.e., delegation with authority and accountability) that demonstrate its support of empowerment.

* An organization is a network of interdependent units that produces a product or service for internal and/or external customers.

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CREATING AN EMPOWERING ORGANIZATIONAL ENVIRONMENT

Organizations can be created which allow empowerment to flourish and grow. In empowering organizations, managers:

- Describe clearly the purpose of the organization and work process and what are the desired outcomes.
- Clearly describe the jobs of employees, how they fit in and contribute to the larger process. Employees must be clear on what is expected of them and for what they are responsible and accountable.
- Match the structure, duties and level of jobs with the capabilities of individuals in them.
- Describe the latitude and discretion employees have in the job, especially as it relates to making improvements and satisfying customers' needs. Expand the latitude to the maximum extent possible.
- Provide employees with the authority they need to do the job well.
- Help employees view their jobs in a context which includes the value of contributions made to the organization as a whole, to customers, to society, etc
- Ensure employees can do their jobs by providing training, instructions, tools and equipment, and a physical environment conducive to successfully completing their tasks.
- Ensure employees (and teams) have ongoing information to monitor performance (individual overall results performance), and the authority to take corrective action or raise concerns.
- Ensure that employees are not punished for calculated and well-intentioned risk-taking. Use these as opportunities to learn.
- Create an environment where honesty prevails, where employees feel comfortable discussing how something is really working, even it is in contrast to how it is supposed to be working.
- Foster open, honest and genuine communication. Communication aimed at pleasing the boss at the cost of achieving results should be discouraged.

Six Team Leadership Behaviors

- Create an open, honest environment
- Encourage team members to cooperate
- Obtain commitment from team members
- Explain that the task to be accomplished dictates the procedure to be used
- Forge workable compromises when differences arise
- Be alert for opportunities to teach and direct

Team leaders and members alike need to remember the cardinal rule of delegation:

> **You can delegate responsibility and authority but <u>not</u> accountability.**

The team remains accountable for the group's results, regardless of whether a sub-group or individual member has been given the authority to act in the team's name.

"Delegation of accountability" is nothing but <u>abdication</u> of responsibility for the task -- and consequently it's the best way to set up subordinates for failure... a failure shared by everyone. Good delegation requires being able: to clarify the task and requirements (success factors) in advance, to negotiate the task parameters (time, quality, quantity, etc) with the delegatee, and then to leave the person or sub-group alone to do the task. The delegator should monitor at arms length... "micro-managers" are never good delegators and consistently work contrary to the empowerment of their subordinates despite their good intentions.

Besides knowing how to effectively delegate, the "empowering manager" needs to:

- ☞ have a clear vision of where the organization/team is heading, what the goals are and how the delegated tasks serve those goals
- ☞ consistently demonstrate high personal and business standards
- ☞ develop a strong working relationship with subordinates/ colleagues and demonstrate trust and respect for them
- ☞ be willing to let subordinates/colleaques make mistakes, without chastising, lecturing, or extracting some other kind of "payment"

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*From USAID/Benin Retreat**

MANAGERIAL ACTIONS THAT FACILITATE EMPOWERMENT

Setting Direction – Enables others to analyze situations and identify strategies that will help improve the situation. Helps people look beyond short term results and picture a longer term "vision" of how things should be for example, how teams in the field office should work together or how communities should be served. Facilitates others' involvement in systematically developing plans which will achieve expected results. Helps others understand and be skillful using program planning processes. Carries out direction setting and planning in a way so that participants feel involved in the process, are committed to taking responsibility for implementing steps in the plan, and are able to sustain the planning process over time.

Structuring – Supports both formal (e.g., reporting relationships, job descriptions) and informal (ways information is shared, who is included in what kinds of meetings) structures that enable people to get results. Manages performance so that individuals are performing to the best of their ability, are realizing their own potential, and are fulfilling the larger objectives of the organization. works to provide staff the necessary resources to carry out these objectives. Develops and sustains effective, high producing teams which can work independently and make decisions on issues like who works on what, and how to improve quality and productivity. Effectively negotiates for resources with and manages the expectations of external constituencies.

* *text prepared by Training Resource Group*

MANAGERIAL ACTIONS THAT FACILITATE EMPOWERMENT *continued*

Communicating – Recognizes that access to needed information enables people to act in empowered ways, supports patterns of communication that emphasize participation, trust, and openness. Creates a climate where information is shared widely and in a timely way, and where people feel free to state views which are different from each others and from those "in power." Effectively facilitates information-sharing forums including staff meetings, one-on-one meetings, community meetings and written communication. Builds broad networks of people who are eager to share information. Practices good individual communication skills, particularly by demonstrating an ability to ask questions which involve people and by actively listening.

Decision-Making – Enhances people's capacity to make decision and organize themselves to solve their own problems. Is clear about his or her own decision making style, and routinely examines the appropriateness of his or her own role in decision making. Seeks extensive input around decisions that need to be made, and, where possible, shares the responsibility for making decisions with all those affected by the decision. Delegates authority to others to make decisions as they carry out their job responsibilities and works to ensure that final decisions are made at the place where it is most appropriate in terms of information and expertise.

Supporting – Recognizes that a critical element of his or her role is valuing diversity through helping people learn, develop professionally and make the maximum contribution to the office. Helps others learn from their own experience by coaching and facilitating opportunities for groups and individuals to carry out self assessment. Shares his or her own expertise in ways that do not create dependency. Builds others' self confidence and pride in accomplishment. Exhibits and models curiosity about others diversity and value added contributions; willing to educate and be educated. Supports people's efforts with both appreciative and constructive feedback. Looks for ways to develop his or her own skills and seeks feedback from others. Strives to get others involved in the process of continuous improvement. Models with his or her own managerial actions (e.g., when problem solving, planning or making decisions) how staff should act when working in the community. Maintains his or her own positiveness and enthusiasm in the face of difficulties. Helps satisfy others' needs for career enhancement, recognition, self-esteem, a sense of control over their lives, and living up to one's ideals.

Major Functional Series 200 Program Assistance
Chapter 201 Managing for Results: Strategic Planning

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201.6 Supplementary References

201.6.1 Strategies for Sustainable Development Implementation Guidelines

Major Functional Series 200 Program Assistance
Chapter 201 Managing for Results: Strategic Planning

201.1 Authorities

1. The Foreign Assistance Act (FAA) of 1961, as amended

2. The Government Performance and Results Act of 1993, Public Law 102-62 (GPRA)

3. Chief Financial Officers Act of 1990, Public Law 101-576 (November 15, 1990)

4. Government Management Reform Act of 1994, Public Law 103-356 (October 13, 1994)

5. Agricultural Trade and Development and Assistance Act of 1954, as amended (P.L. 480)

6. SEED Act of 1989

7. Federal Manager's Financial Integrity Act of 1982

201.2 Objectives

The objective of this chapter is to ensure that strategic planning is effectively used in the management of Agency assistance programs and is serving the following purposes;

- To ensure that the efforts of the Agency's operating units are directed toward achieving significant development impact in priority areas through a participatory process involving stakeholders, partners, and customers.

- To provide a structure which allows operating units to make program choices and effectively respond to evolving circumstances.

- To establish a framework for monitoring the progress and effectiveness of the Agency's programs in accomplishing its objectives and allocating Agency resources.

201.3 Responsibilities

1. Bureau for Policy and Program Coordination (PPC): PPC is responsible for:

a) establishing Agency policy regarding strategic planning requirements;

b) developing and articulating the Agency's strategic plan and framework;

c) issuing annual planning guidance to include resource parameters and program priorities in a timely manner;

d) providing guidance on any special legislation which affects strategic planning;

e) reviewing and approving supplemental planning guidance issued by the operating bureaus;

f) reviewing and concurring with operating unit strategic plans for conformance with Agency goals and program policies;

g) conducting the Agency review of bureau budget submissions with the M Bureau;

h) establishing and maintaining a monitoring system for Agency goals and objectives;

i) coordinating the review of Agency performance, and reporting on that performance;

j) providing technical leadership in developing Agency and operating unit performance monitoring and evaluation systems;

k) evaluating the effectiveness of Agency program strategies and other strategies used by operating units to achieve objectives;

l) conducting evaluations on issues related to the delivery of development assistance of interest to the Agency or its stakeholders;

m) maintaining the Agency's database of development information and development experience and acting as a repository for Agency lessons learned; and

n) supporting its operating units in achieving approved objectives, and reviewing annually those units' performance in achieving their objectives.

2. Bureau for Management (M): M is responsible for:

a) analyzing the resource requirements necessary to meet Agency goals;

b) establishing indicative budget planning levels for operating bureaus in a timely manner;

c) reviewing and concurring with operating unit strategic plans for consistency with anticipated resource availability;

d) conducting the Agency review of bureau budget submissions with PPC;

e) ensuring that performance and results information are used in Agency resource allocation decision making;

f) preparing the Agency's annual budget request for OMB and Congress;

g) monitoring budget implementation; and

h) assisting PPC with establishing and maintaining the monitoring system for Agency goals and objectives, and reviewing and reporting on overall Agency performance.

3. Office of General Counsel (GC): GC is responsible for:

a) assuring that proposed activities are in compliance with all legal requirements;

b) assuring that such activities and their implementation were not in violation of any prohibitions against assistance; and

c) assuring that agreements with host countries, and other agreements as appropriate, meet the agency's requirements.

4. Regional Bureau: Each regional bureau is responsible for:

a) providing oversight and support to operating units in the strategic planning process, ensuring that strategic plans are in place for each operating unit;

b) providing supplemental policy guidance addressing concerns unique to the region as necessary;

c) establishing indicative country levels for budget planning prior to the initiation of the strategic planning process and the annual results review and resource request (R4) submission;

d) managing the Agency review of strategic plans for operating units under its authority;

e) reviewing strategic plans from its operating units as well as those from Global Bureau (G) and Bureau for Humanitarian Response (BHR) operating units for consistency with regional priorities and geopolitical considerations;

f) approving country and regional strategic plans under its purview with concurrence from Management (M), Policy and Program Coordination (PPC), General Counsel (GC), BHR (as appropriate), and G;

g) providing an analytic overview of results in the region in conjunction with the annual bureau budget submission;

h) supporting its respective operating units overseas and, in USAID Washington (USAID/W), in achieving approved objectives, pursuant to

the management contracts established following the review and approval of strategic plans;

i) reviewing and assessing the performance of each of its operating units in achieving that unit's objectives;

j) coordinating the participation in these reviews of PPC, M, G, and BHR; and

k) participating in the review of overall Agency performance.

5. Global Bureau (G): G is responsible for:

a) assisting overseas and USAID/W operating units by providing technical leadership and guidance in the development and review of strategic plans;

b) organizing the provision to all operating units of central technical resources which are relevant to implementation of strategic plans;

c) providing assistance to PPC in establishing and maintaining the monitoring system for Agency goals and objectives;

d) participating in regional bureau reviews of field mission performance, and in the review of overall Agency performance;

e) providing oversight and support to its own operating units in developing their strategic plans, ensuring appropriate consultation in this process with operating units in the field, managing the Agency review of those plans, and approving the plans with concurrence from M, PPC, GC, BHR (as appropriate) and regional bureaus; and

f) supporting its operating units in achieving approved objectives, and reviewing (in consultation with PPC, M, BHR and regional bureaus) and reporting annually those units' performance in achieving their objectives.

6. Bureau for Humanitarian Response (BHR): BHR is responsible for:

a) providing technical leadership and guidance in planning and implementation to all operating units in the area of humanitarian assistance, food aid, and programs which are in transition from relief to development as appropriate;

b) reviewing operating unit strategic plans to assure humanitarian, disaster relief, food aid, and transitional concerns are appropriately addressed, and participating in other bureau reviews of their respective operating units' performance;

c) organizing the provision of resources under its purview relevant

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to implementing strategic plans;

d) providing oversight and support to its own operating units in developing their strategic plans;

e) ensuring appropriate consultation with operating units in the field;

f) managing the review and approval of strategic plans for operating units under its authority, with concurrence from M, PPC, GC, regional bureaus, and G; and

g) providing an analytic overview of results in its programs in conjunction with the annual bureau budget submission.

7. Operating Units: Operating units are responsible for:

a) developing strategic plans for program funds for which they have responsibility and authority;

b) ensuring the participation of other interested USAID offices, partners and customers throughout planning, achieving and performance monitoring and evaluating;

c) within the scope of its management contract, delegated authorities, and Agency directives, managing the implementation of the strategic plan, including establishing and defining authorities for strategic objective teams, achieving the objective(s) set forth in the plan, and reviewing performance and reporting annually on that performance to their respective bureaus;

d) during the course of implementation, ensuring that their strategic objective teams gather and use performance information to manage for results, and that adequate resources are programmed for performance monitoring and evaluation.

8. Strategic Objective Team: A strategic objective (SO) team is responsible for managing to achieve a specific strategic objective under the direction of an operating unit. The SO team's specific responsibilities include:

a) establishing its internal operating rules and procedures (consistent with its delegated authorities);

b) involving customers and partners in collecting, reviewing and interpreting performance information, and assuring that agreed-to customer needs are addressed through activities being implemented;

c) grouping, as appropriate, results and associated activities from the SO's results framework into results packages (and regrouping as necessary);

d) allocating resources associated with achieving the objective;

e) developing and implementing (within subteams if appropriate) necessary and effective activities, contracts, grants and other agreements;

f) monitoring, analyzing and reporting on performance against established performance criteria, and taking corrective action as necessary;

g) using evaluative activities to determine why assistance is or is not achieving intended results;

h) recommending to the operating unit any changes to an objective or the strategic plan;

i) preparing appropriate close-out reports, including resources expended, accomplishments achieved and lessons learned;

j) with respect to the strategic objective team leader, organizing, coordinating, coaching and inspiring the team to achieve the set of results leading to the strategic objective; and

k) with respect to each strategic objective team member, advancing a common team effort to achieve the strategic objective assigned to the team, and implementing his or her specific responsibilities and authorities on that team.

201.4 Definitions

1. Activity: An action undertaken either to help achieve a program result or set of results, or to support the functioning of the Agency or one of its operating units. In a program context, i.e., in the context of results frameworks and strategic objectives, an activity may include any action used to advance the achievement of a given result or objective, whether financial resources are used or not. E.g., an activity could be defined around the work of a USAID staff member directly negotiating policy change with a host country government, or it could involve the use of one or more grants or contracts to provide technical assistance and commodities in a particular area. (Also within this context, for the purposes of the New Management Systems [see definition], "activity" includes the strategic objective itself as an initial budgeting and accounting element to be used before any specific actions requiring obligations are defined.) In an operating expense context, an activity may include any action undertaken to meet the operating requirements of any organizational unit of the Agency.

2. Activity Manager: That member of the strategic objective or results package team designated by the team to manage a given activity or set of activities.

3. Agency Goal: A long-term development result in a specific area to

which USAID programs contribute and which has been identified as a specific goal by the Agency. (See also Operating Unit Goal.)

4. Agency Mission: The ultimate purpose of the Agency's programs; it is the unique contribution of USAID to our national interests. There is one Agency mission.

5. Agency Objective: A significant development result that USAID contributes to, and which contributes to the achievement of an Agency goal. Several Agency objectives contribute to each Agency goal. Changes in Agency objectives are typically observable only every few years.

6. Agency Program Approach: A program or tactic identified by the Agency as commonly used to achieve a particular objective. Several program approaches are associated with each Agency objective.

7. Agency Strategic Plan: The Agency's plan for providing development assistance; the strategic plan articulates the Agency's mission, goals, objectives, and program approaches.

8. Agency Strategic Framework: A graphical or narrative representation of the Agency's strategic plan; the framework is a tool for communicating USAID's development strategy. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of Agency programs.

9. Agent: An individual or organization under contract with USAID.

10. Agreement: An agreement is the formal mutual consent of two or more parties. The Agency employs a variety of agreements to formally record understandings with other parties, including grant agreements, cooperative agreements, strategic objective agreements, memorandum of understanding, contracts and limited scope grant agreements. In most cases, the agreement identifies the results to be achieved, respective roles and contributions to resource requirements in pursuit of a shared objective within a given time frame.

11. Assistance Mechanism: A specific mode of assistance chosen to address an intended development result. Examples of mechanisms include: food aid, housing guaranties, debt-for-nature swaps, endowments, cash transfers, etc.

12. Baseline: See Performance Baseline.

13. Causal Relationship: A plausible cause and effect linkage; i.e. the logical connection between the achievement of related, interdependent results.

14. Critical Assumption: In the context of developing a results framework, critical assumptions refer to general conditions under which a development hypothesis will hold true or conditions which are outside of the control or influence of USAID, and which are likely to affect the achievement of results in the results framework. Examples might be: the ability to avert a crisis caused by drought, the outcome of a national election, or birth rates continuing to decline as it relates to an education program. A critical assumption differs from an intermediate result in the results framework in the sense that the intermediate result represents a focused and discrete outcome which specifically contributes to the achievement of the SO.

15. Customer: An individual or organization who receives USAID services or products, benefits from USAID programs or who is affected by USAID actions.

15a Intermediate Customer: A person or organization, internal or external to USAID, who uses USAID services, products, or resources to serve indirectly or directly the needs of the ultimate customers.

15b Ultimate Customer: Host country people who are end users or beneficiaries of USAID assistance and whose participation is essential to achieving sustainable development results.

16. Customer Representative: Any individual or organization that represents the interests of those individuals, communities, groups or organizations targeted for USAID assistance.

17. Customer Service Plan: A document which presents the operating unit's vision for including customers and partners to achieve its objectives. This document also articulates the actions necessary to engage participation of its customers and partners in planning, implementation and evaluation of USAID programs and objectives.

18. Customer Surveys: Surveys (or other strategies) designed to elicit information about the needs, preferences, or reactions of customers regarding an existing or planned activity, result or strategic objective.

19. Development Experience: The cumulative knowledge derived from implementing and evaluating development assistance programs. Development experience is broader in scope than "lessons learned", and includes research findings, applications of technologies and development methods, program strategies and assistance mechanisms, etc.

20. Development Information: The body of literature and statistical data which documents and describes the methods, technologies, status and results of development practices and activities and measures levels of development on a variety of dimensions.

21. Evaluation: A relatively structured, analytic effort undertaken

selectively to answer specific management questions regarding USAID-funded assistance programs or activities. In contrast to performance monitoring, which provides ongoing structured information, evaluation is occasional. Evaluation focuses on why results are or are not being achieved, on unintended consequences, or on issues of interpretation, relevance, effectiveness, efficiency, impact, or sustainability. It addresses the validity of the causal hypotheses underlying strategic objectives and embedded in results frameworks. Evaluative activities may use different methodologies or take many different forms, e.g., ranging from highly participatory review workshops to highly focused assessments relying on technical experts.

22. Global Programs or Activities: Global programs or activities refer to USAID programs or activities which take place across various regions, (i.e. they are trans-regional in nature). These types of programs are most often managed by central operating bureaus such as BHR or the G Bureau.

23. Goal: See Operating Unit Goal or Agency Goal.

24. Implementation Letters: Formal correspondence, numbered sequentially, between USAID and public sector entities pursuant to a duly signed agreement.

25. Indicator: See Performance Indicator.

26. Input: The provision of technical assistance, commodities, capital or training in addressing development or humanitarian needs.

27. Interim Performance Target: A target value which applies to a time period less than the overall time period related to the respective performance indicator and performance target.

28. Intermediate Result: A key result which must occur in order to achieve a strategic objective.

29. Joint Planning: A process by which an operating unit actively engages and consults with other relevant and interested USAID offices in an open and transparent manner. This may occur through participation on teams or through other forms of consultation.

30. Lesson Learned: The conclusions extracted from reviewing a development program or activity by participants, managers, customers or evaluators with implications for effectively addressing similar issues/problems in another setting.

31. Limited Scope Grant Agreement: The Limited Scope Grant Agreement(LSGA) is similar to the Strategic Objective Agreement but is shorter in length. It is used for obligating funds for a small activity or intervention; e.g., participant training or PD&S. Model agreements, including the LSGA, can be found in the Series 300 directives.

32. Manageable Interest: See Responsibility

33. Management Contract: The management contract consists of the strategic plan (including a strategic objectives and supporting results frameworks) together with official record of the guidance emerging from the review of the plan. The management contract provides; a summary of agreements on a set of strategic and other objectives, confirmation of estimated resources over the strategy period, delegations of authority, and an overview of any special management concerns.

34. Memorandum or Letter of Understanding: A memorandum of understanding or letter of understanding (not used for obligating funds) sets forth the understandings of the parties regarding the objective, results to be achieved and the respective roles and responsibilities of each party in contributing toward the achievement of a given result or objective. It is particularly useful when USAID wishes to obligate through individual grants and contracts, without host government participation in those actions, but still wishes to make the host government a partner in writing to the program or activity and each party's obligations. It specifically provides for USAID implementation in the manner noted above.

35. New Management Systems: The set of management software developed to support Agency functions in the areas of accounting, budgeting, planning, achieving, performance monitoring and evaluation, assistance and acquisition, human resource management and property management.

36. Objective: See Agency Objectives.

37. Obligation: In the event of a strategic objective agreement with a host country government, that agreement is normally the obligating agreement (unless a non-obligating MOU is used) and all grants to and contracts with private entities thereunder are subobligating agreements. If there is no strategic objective agreement, whether or not a non-obligating MOU is used, all grants to and contracts with private entities become obligating agreements.

38. Operating Unit: USAID field mission or USAID/W office or higher level organizational unit which expends program funds to achieve a strategic objective, strategic support objective, or special objective, and which has a clearly defined set of responsibilities focussed on the development and execution of a strategic plan.

39. Operating Unit Goal: A higher level development result to which an operating unit contributes, but which lies beyond the unit's level of responsibility. An operating unit goal is a longer term development result that represents the reason for achieving one or more objectives in an operating unit strategic plan. An operating unit goal may be identical to an Agency goal, but is normally distinguished from it in several key ways. An Agency goal is a long-term general development objective, in a specific strategic sector, that USAID works toward, and represents the contribution of Agency programs working in that sector.

An operating unit goal is optional and represents a long-term result in a specific country or program to which an operating unit's programs contribute, and may cross sector boundaries.

40. Output: The product of a specific action, e.g., number of people trained, number of vaccinations administered.

41. Parameter: A given framework or condition within which decision making takes place (i.e. Agency Goals, earmarks, legislation, etc).

42. Participation: The active engagement of partners and customers in sharing ideas, committing time and resources, making decisions, and taking action to bring about a desired development objective.

43. Partner: An organization or customer representative with which/whom USAID works cooperatively to achieve mutually agreed upon objectives and intermediate results, and to secure customer participation. Partners include: private voluntary organizations, indigenous and other international non-government organizations, universities, other USG agencies, U.N. and other multilateral organizations, professional and business associations, private businesses (as for example under the U.S.-Asia Environmental Partnership), and host country governments at all levels.

44. Partner Representative: An individual that represents an organization with which USAID works cooperatively to achieve mutually agreed upon objectives.

45. Partnership: An association between USAID, its partners and customers based upon mutual respect, complementary strengths, and shared commitment to achieve mutually agreed upon objectives.

46. Performance Baseline: The value of a performance indicator at the beginning of a planning and/or performance period. A performance baseline is the point used for comparison when measuring progress toward a specific result or objective. Ideally, a performance baseline will be the value of a performance indicator just prior to the implementation of the activity or activities identified as supporting the objective which the indicator is meant to measure.

47. Performance Indicator: A particular characteristic or dimension used to measure intended changes defined by an organizational unit's results framework. Performance indicators are used to observe progress and to measure actual results compared to expected results. Performance indicators serve to answer "whether" a unit is progressing towards its objective, rather than why/why not such progress is being made. Performance indicators are usually expressed in quantifiable terms, and should be objective and measurable (numeric values, percentages, scores and indices). Quantitative indicators are preferred in most cases, although in certain circumstances qualitative indicators are appropriate.

48. Performance Information: The body of information and statistical data that directly relates to performance towards overall USAID goals and objectives, as well as operating unit strategic objectives, strategic support objectives and special objectives. Performance information is a product of formal performance monitoring systems, evaluative activities, customer assessments and surveys, Agency research and informal feedback from partners and customers.

49. Performance Monitoring: A process of collecting and analyzing data to measure the performance of a program, process, or activity against expected results. A defined set of indicators is constructed to regularly track the key aspects of performance. Performance reflects effectiveness in converting inputs to outputs, outcomes and impacts (i.e., results).

50. Performance Monitoring Plan: A detailed plan for managing the collection of data in order to monitor performance. It identifies the indicators to be tracked; specifies the source, method of collection, and schedule of collection for each piece of datum required; and assigns responsibility for collection to a specific office, team, or individual. At the Agency level, it is the plan for gathering data on Agency goals and objectives. At the Operating Unit level, the performance monitoring plan contains information for gathering data on the strategic objectives, intermediate results and critical assumptions included in an operating unit's results frameworks.

51. Performance Monitoring System: An organized approach or process for systematically monitoring the performance of a program, process or activity towards its objectives over time. Performance monitoring systems at USAID consist of, inter alia: performance indicators, performance baselines and performance targets for all strategic objectives, strategic support objectives, special objectives and intermediate results presented in a results framework; means for tracking critical assumptions; performance monitoring plans to assist in managing the data collection process, and; the regular collection of actual results data

52. Performance Target: The specific and intended result to be achieved within an explicit timeframe and against which actual results are compared and assessed. A performance target is to be defined for each performance indicator. In addition to final targets, interim targets also may be defined.

53. Portfolio: The sum of USAID-funded programs being managed by a single operating unit.

54. Rapid, Low-cost Evaluations: Analytic or problem-solving efforts which emphasize the gathering of empirical data in ways that are low-cost, timely, and practical for management decision making. Methodological approaches include mini-surveys, rapid appraisals, focus groups, key informant interviews, observation, and purposive sampling, among others.

55. Responsibility: In the context of setting strategic objectives, responsibility refers to a guiding concept which assists an operating unit in determining the highest level result that it believes it can materially affect (using its resources in concert with its development partners) and that it is willing to use as the standard for the judgement of progress. This has also been referred to as "manageable interest."

56. Result: A change in the condition of a customer or a change in the host country condition which has a relationship to the customer. A result is brought about by the intervention of USAID in concert with its development partners. Results are linked by causal relationships, i.e. a result is achieved because related, interdependent result(s) were achieved. Strategic objectives are the highest level result for which an operating unit is held accountable; intermediate results are those results which contribute to the achievement of a strategic objective.

57: Results Framework: The results framework represents the development hypothesis including those results necessary to achieve a strategic objective and their causal relationships and underlying assumptions. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of the operating unit. It typically is presented both in narrative form and as a graphical representation.

58. Results Package: A results package (RP) consists of people, funding, authorities, activities and associated documentation required to achieve a specified result(s) within an established time frame. An RP is managed by a strategic objective team (or a results package team if established) which coordinates the development, negotiation, management, monitoring and evaluation of activities designed consistent with: (1) the principles for developing and managing activities; and (2) achievement of one or more results identified in the approved results framework. The purpose of a results package is to deliver a given result or set of results contributing to the achievement of the strategic objective.

The strategic objective team will define one or more RPs to support specific results from the results framework. The SO team may elect to manage the package or packages itself, or may create one or more subteams to manage RPs. In addition, strategic objective teams create, modify and terminate results packages as required to meet changing circumstances pursuant to the achievement of the strategic objective. Thus, typically a results package will be of shorter duration than its associated strategic objective.

59. Results Package Data Base: A results package data base consists of the data and information related to the actions, decisions, events, and performance of activities under a results package.

60. Results Review and Resource Request (R4): The document which is reviewed internally and submitted to USAID/W by the operating unit on an

annual basis. The R4 contains two components: the results review and the resource request. Judgement of progress will be based on a combination of data and analysis and will be used to inform budget decision making.

61. Review Workshops: Workshops which involve key participants in an SO/RP or even a particular element of an RP in collectively evaluating performance during the previous implementation period and planning for the forthcoming period. Participants are normally representatives of partners, customers, counterparts, other donors, stakeholders, and USAID. Successful workshops are often facilitated to assure that all perspectives are heard and that key findings and conclusions and consensus on modifications and plans is documented and distributed.

62. Special Objective: The result of an activity or activities which do not qualify as a strategic objective, but support other US government assistance objectives. A special objective is expected to be small in scope relative to the portfolio as a whole.

63. Stakeholders: Individuals and/or groups who have an interest in and influence USAID activities, programs and objectives.

64. Strategic Objective: The most ambitious result (intended measurable change) that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held responsible. The strategic objective forms the standard by which the operational unit is willing to be judged in terms of its performance. The time-frame of a strategic objective is typically 5-8 years for sustainable development programs, but may be shorter for programs operating under short term transitional circumstances or under conditions of uncertainty.

65. Strategic Objective Agreement: A formal agreement that obligates funds between USAID and the host government or other parties, setting forth a mutually agreed upon understanding of the time frame, results expected to be achieved, means of measuring those results, resources, responsibilities, and contributions of participating entities for achieving a clearly defined strategic objective. Such an agreement between USAID and the host government may allow for third parties (e.g., NGOs) to enter into sub-agreements with either USAID or the host government or both to carry out some or all of the activities required to achieve the objective. (Details in Series 300.)

66. Strategic Plan: The framework which an operating unit uses to articulate the organization's priorities, to manage for results, and to tie the organization's results to the customer/beneficiary. The strategic plan is a comprehensive plan which includes the delimitation of strategic objectives and a description of how it plans to deploy resources to accomplish them. A strategic plan is prepared for each portfolio whether it is managed at a country level, regionally, or centrally.

67. Strategic Support Objective: Strategic support objectives are intended to capture and measure a regional or global development objective which is dependent on the results of other USAID operating units to achieve the objective but to which a global or regional program makes an important contribution. Therefore, the key differentiation from a strategic objective, as defined above, is that there is a recognition that the achievement of the objective is accomplished and measured, in part, through the activities and results at the field mission level.

68. Subgoal: A higher level objective which is beyond of the operating unit's responsibility but which provides a link between the strategic objective and the operating unit goal. Inclusion in operating unit plans is optional.

69. Strategic Objective Team: In general, a team is a group of people committed to a common performance goal for which they hold themselves individually and collectively accountable. Teams can include USAID employees exclusively or USAID and partner and customer representatives. An SO team is a group of people who are committed to achieving a specific strategic objective and are willing to be held accountable for the results necessary to achieve that objective. The SO team can establish subsidiary teams for a subset of results or to manage a results package.

69a. Core Team: U.S. government employees and others who may be authorized to carry out inherently U.S. governmental functions such as procurement actions or obligations. For example, only members of the core team would manage procurement sensitive materials or negotiate formal agreements.

69b. Expanded Team: U.S. government employees and partner and customer representatives committed to achieving the strategic objective.

69c. Virtual Team: Members of a team who are not collocated and therefore participate primarily through telecommunication systems.

70. Target: See Performance Target.

71. U.S. National Interest: A political/strategic interest of the United States that guides the identification of recipients of foreign assistance and the fundamental characteristics of development assistance.

72. Value Engineering: A management technique using a systematized approach to seek out the best functional balance between the cost, reliability, and performance of an activity or process, with a particular focus on the identification and elimination of unnecessary costs. VE/VA can be used both in the design stage and as an evaluation tool.

201.5 Policy & E201.5 Essential Procedures

201.5.1 Agency Strategic Plan

The Agency will establish an Agency strategic plan for its programs which shall:

- Define the broad strategic framework within which operating unit strategic plans will be developed.

- Articulate what the Agency expects to achieve in facilitating sustainable development world-wide and by incorporating the needs of the Agency's customers.

- Define USAID goals and priority objectives which contribute to the Agency mission of sustainable development.

- Establish a basis for allocating resources against relevant factors (priority sectors, geopolitical considerations, country sustainable development needs, and desired Agency-wide results).

- Serve as the basis for presenting the Agency's programs and budget requests to Congress and the public.

The strategic plan shall be developed in accordance with the requirements established in the Government Performance and Results Act (GPRA) and shall be consistent with the findings of the Agency Customer Service Plan.

E201.5.1 The Agency Strategic Plan

The Agency strategic plan shall be developed by PPC, in consultation with M, G, BHR, and regional bureaus. In developing the plan, PPC shall lead the Agency in a broadly consultative process involving Congress, State Department, and other interested stakeholders, partners, and customers. (See section 201.6.1; Supplementary References: Strategies for Sustainable Development and Implementation Guidelines.)

The Agency strategic plan will be amended as necessary based on significant changes in U.S: national interests, geopolitical considerations, country and customer needs, progress or lack of progress in achieving Agency goals and objectives, and/or new technical knowledge in a sector.

PPC and M shall use the Agency strategic plan as a basis for analyzing and presenting information on programs and performance for annual internal strategy and performance reviews. The plan will also provide the basis for analyzing and presenting information on program plans, budgets, and performance to meet external reporting requirements, including Congress (for GPRA reporting, OMB performance reviews, Congressional Presentations and testimony).

201.5.2 The Agency Strategic Framework

The Agency will establish an Agency strategic framework which graphically depicts the Agency's strategic plan. The framework will;

- Articulate the essence of the Agency strategic plan in graphic form.

- Provide the framework within which operating unit strategic plans will be developed by laying out Agency goals and objectives.

- Serve as a basis for tracking progress toward Agency goals and objectives.

- Provide an organizing framework for periodic internal Agency strategy and performance reviews, including programming and budget allocation decisions.

- Serve as a basis for presenting information on the Agency's programs, budget requests, and performance to external audiences, including Congress.

The Agency strategic framework shall be developed in accordance with the requirements of the Government Performance and Results Act (GPRA) and shall be consistent with the findings of the Agency Customer Service Plan.

E201.5.2 The Agency Strategic Framework

The Agency strategic framework is a tool for communicating USAID's development strategy and shall directly reflect the Agency strategic plan. The Agency strategic framework establishes an organizing basis for strategy and performance reviews, budgeting, and external reporting requirements. Operating unit strategic plans and regional planning frameworks must contribute to the Agency-wide goals and objectives represented in the Agency strategic framework.

The Agency strategic framework will lay out the linkage between program approaches, Agency objectives, Agency goals and the Agency mission. PPC is responsible for developing the Agency strategic framework and for periodically revising it to reflect any adjustments to the Agency strategic plan, in consultation with central and regional bureaus.

201.5.3 Regional Planning Framework.

Special circumstances or unique foreign policy concerns may warrant the development of a bureau level regional planning framework. Such a framework must be developed in consultation with PPC, and shall identify assistance objectives or define unique program priorities within a specific region. Such objectives and priorities shall be consistent with the Agency's stated overall mission and goals, and shall be developed in accordance with GPRA requirements and any other specific

legislative requirements.

201.5.4 Purpose of Operating Unit Strategic Plans

Operating unit strategic plans constitute the essential building block of the Agency's programming system. The approved strategic plan will represent an Agency-wide commitment to an agreed strategic direction and set of results at the strategic objective level, to be accomplished by that operating unit over the planning period. A strategic plan shall:

- Develop a limited number of strategic objectives and special objectives which encompass all development activities managed by that unit (see 201.5.9, Selection of Programmatic Focus).

- Define how those objectives will contribute to the accomplishment of Agency goals and objectives as defined in the Agency strategic plan

- Articulate the development hypothesis which justifies the feasibility of achieving the objective

- Estimate the resources needed to accomplish those objectives

- Establish the framework for subsequent monitoring of the performance of the programs for which it is responsible in order to accurately demonstrate impact

201.5.5 Applicability of Strategic Planning Requirements for Operating Units

Every operating unit which manages program resources shall have an approved strategic plan in place to govern the use of the program resources under its authority as well as the related staff and operating expenses required to manage those funds, except as provided under exceptions and special cases (see 201.5.5d, Exceptions and Special Cases).

201.5.5a Planning for Country Programs Managed in the Field

Planning for country programs will encompass all USAID program resources proposed for allocation to the country, including those proposed in support of centrally-managed global programs, regional programs, food aid, housing guarantees, and research activities.

Activities which take place within a country to support global objectives and do not contribute to the bilateral strategy must be listed in the field mission's strategic plan together with any management responsibilities which have been assigned to the field mission (see 201.5.10d, Listing of G Bureau Activities Supported by Bilateral Programs). For example, global research activities often fall into this category.

201.5.5b Planning for Regional and Global Programs.

Planning for regional and global programs shall capture those program funded activities which are regional or global in nature (i.e. objectives which cannot be achieved or measured on the basis of a single country).

201.5.5c Planning for Centrally Managed Bilateral Programs

In some cases, USAID/W offices have direct management responsibility for bilateral programs (e.g. programs which are directed at achieving country level impact) due to management efficiencies. In such cases, the USAID/W office shall consult with PPC to determine the appropriate strategic planning requirements.

201.5.5d Exceptions and Special Cases

Exceptions and special cases related to the strategic plan shall include:

1) Start-up Programs. Start-up or new programs shall manage for results. However, such programs will be exempted from any or all of the strategic planning requirements stated herein for the first year of operation.

2) Close-Out Programs. Programs which are planned for close-out shall manage for results. However, the operating bureau will consult with M and PPC to determine appropriate strategic planning and/or impact reporting requirements.

3) Emergency Programs in the Field. The strategic planning document for an emergency program in the field may be brief, will address a planning period which is appropriate to the emergency program, and may follow an abbreviated review process as agreed to by the AA in consultation with PPC, BHR and M. The strategic plan for an emergency program shall address both natural disasters as well as man made disasters as is appropriate. The strategy will identify; strategic objectives, estimated resource requirements, time period covered, other key management, strategic, or political concerns.

4) Small Country Programs. Small country programs will be allowed to prepare abbreviated strategic plans which focus primarily on the results to be achieved in the sector(s) in which they are working or planning to work (see E201.5.10, Contents of Strategic Plans, Part II, c). The regional Bureau, in consultation with PPC and M, will provide such a country program with planning parameters and outline strategy requirements as appropriate. Criteria for small country programs will be defined by PPC in consultation with the regional bureaus. (See 201.5.11 and 201.5.12 for Review and Approval Policies.)

5) Special Foreign Policy Programs. Special foreign policy programs

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shall manage for results. However, programs which are instituted in response to special foreign policy issues and concerns may be exempted from specific strategic planning policies and essential procedures, or may follow different procedures as required by legislation or dictated by the type of funds being used. For example, programs conducted by the Bureau for Europe and the New Independent States (ENI) and those conducted using Economic Support Funds (ESF) may necessitate some different procedures as required by specific legislation or regulations. In these and similar instances, while the intent and principles of the Agency directive on planning will be followed, specific policies and/or essential procedures may be revised or developed to incorporate the specific legislative and operating requirements of the programs. Exemptions from Agency planning policies and procedures, and/or the development of alternative policies and procedures, for these programs must be approved by the cognizant bureau AA in consultation with the AA/PPC and the AA/M, and this approval must be documented in a formal action memorandum. Programs which involve the programming of funds prior to the preparation of a strategic plan require a review of the respective program and a formal exemption, as noted above, from the requirements of the planning directive if a strategic plan is not prepared within a year of the program's initiation.

201.5.6 Planning Parameters

201.5.6a Setting Planning Parameters

PPC and M shall provide each operating Bureau with planning parameters in a timely manner. Each Bureau will be responsible for providing its operating units with updated Agency guidance on planning parameters prior to the development of a strategic plan. These parameters shall include indicative resource levels, guidance on earmarks, and updated guidance on the Agency's goals and objectives over the proposed planning period. As appropriate, the bureau may also provide additional guidance to the operating unit on the strategic direction of the program, key management or performance issues, and any special foreign policy interests in the country.

201.5.6b Management Letter

Each Bureau will be responsible for providing new mission directors or representatives with a management letter which provides bureau guidance on the long term strategic direction of the program, key management or strategic issues, resource parameters, and any special foreign policy interests in the country.

201.5.7 Participation

201.5.7a Strategic Planning

All strategic plans shall be developed, updated, and monitored in active

consultation with relevant development customers, partners, and stakeholders. This consultation is subject to Agency guidance on conflict of interest. (See Supplemental Reference 201.6.4)

201.5.7b The Customer Service Plan

Each operational unit (including the G bureau, BHR, and regional bureaus) shall develop a customer service plan which will inform its planning and operations. The customer service plan shall;

- Present the operating unit's vision for including customers and partners to achieve development objectives.

- Explain how customer feedback will be incorporated to determine customer needs and perceptions of the services provided and how this feedback will be regularly incorporated into the mission's processes.

- Identify the unit's key customer service principles and the standards to which the operating unit will commit.

The customer service plan will act as a management tool for the individual operating unit and must be developed in the context of existing Agency parameters. The customer service plan does not require USAID/W approval.

201.5.8 Joint Planning

The strategic plan is required to reflect joint planning principles, therefore, operating units are responsible for consulting with relevant and affected USAID/W offices and field missions throughout the strategic planning process as appropriate.

201.5.9 Selection of Programmatic Focus

Each strategic plan shall identify a limited number of strategic objectives and, where appropriate, special objectives which encompass all program resources to be managed by the operating unit.

The selection of programmatic focus shall be informed by the following factors:

- The contribution toward the Agency's mission of sustainable development and associated Agency goals and objectives as described in the Agency strategic plan.

- The needs and interests of the host country, region, or sector as identified by the customers of USAID activities.

- The possibility of achieving sustained and significant impact with the resources likely to be available by USAID, the host country, and other development partners, and the ability to demonstrate

that impact over the planning period.

- Analysis of the problems to be addressed and potential approaches.

- The findings of Agency assessments of performance and impact, in order to continually improve the Agency's ability to deliver effective assistance.

201.5.10 Components of the Strategic Plan

201.5.10a Strategic Objectives

A strategic objective is defined as the most ambitious result (intended measurable change) in a particular program area that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held responsible. The strategic objective forms the standard by which the operational unit is willing to be judged in terms of its performance. The time-frame for the achievement of the strategic objective is typically 5-8 years for sustainable development programs, but may be shorter for programs which are operating under short term transitional circumstances or under conditions of uncertainty. Each strategic objective shall be linked to one Agency goal. It may be linked to other Agency goals on a secondary basis, if necessary. The strategic objective must also be linked to one or more Agency objectives within that goal.

Strategic objectives may be bilateral, regional, or global in nature and shall set the direction for the selection and design of the assistance activities to be carried out in the portfolio over the time-frame of the plan. A strategic objective must be expressed in terms of a result or impact, be defined in a manner which permits objective measurement, be clear and precise, and generally include only one objective so that progress can be clearly measured.

However, strategic objectives which represent more than one dimension in addressing a development problem will be acceptable if the component results of the strategic objective are a) implemented in an integrated manner (e.g. the two components are part of the same activity which takes place in the same locations) b) achievable by a common set of intermediate results and causal linkages represented in the results framework, and c) the component results are inseparable and mutually reinforcing (achievement of each facilitates the achievement of the other). An example might be "Increased Use of Family Planning and Maternal and Child Health Services (MCH)" which combines family planning and MCH.

An operating unit shall focus resources on the achievement of a limited number of strategic objectives that have significant potential for sustainable development impact. An operating unit shall consider the factors described under Selection of Programmatic Focus (see 201.5.9, Selection of Programmatic Focus) when setting strategic objectives within their respective program area. There is no fixed limit on the

total number of strategic objectives that the operating unit may identify for its portfolio. However, the number will depend most importantly on the likelihood of effectively achieving significant impact as based on expected program funding and staff resource levels over the planning period. Other factors will include the absorptive capacity of program sectors and the need to meet current and on-going program commitments.

201.5.10b Strategic Support Objectives

Strategic support objectives (SSOs) are intended to capture and measure a regional or global development objective which is dependent on the results of other USAID operating units to achieve the objective but to which a global or regional program makes an important contribution. Therefore, the key differentiation from a strategic objective is that there is a recognition that the achievement of the objective is accomplished and measured, in part, through the activities and results at the field mission level. For example, a majority of strategic support objectives for the G bureau will be driven, in large part, by field demand for services.

The strategy must clearly distinguish the operating unit's unique role in meeting the SSO from that of the field missions. In most cases, this will be demonstrated as identifiable intermediate results in the results framework for which the central operating unit is responsible.

A central operating unit, such as the G bureau, would contribute significantly to the achievement of the strategic support objective by providing support services (i.e. providing central contracting mechanisms to support field missions). In addition, technical leadership and research activities (e.g. conducting research which provides new and more effective approaches that are used by the field missions) will be considered means to accomplishing the objective. The central operating unit will outline the results of the activities under its direct control and clearly show how these activities, in concert with mission activities, will achieve the strategic support objective. All requirements for strategic objectives are applicable to strategic support objectives.

201.5.10c Special Objectives

Under exceptional circumstances, a mission or office may include activities in its portfolio which could not qualify as a strategic objective, but which produce results to support other U.S. government assistance objectives. Special objectives may be justified if one or more of the following criteria are met:

- The activity represents a response to a legislated earmark or special interest which does not meet the criteria for a strategic objective

- It is a continuation of an activity initiated prior to the

strategic plan which needs additional time for orderly phase-out

- It is an exploratory/experimental activity in a new program area which merits further exploration or which responds to new developments in the country, region, or sector

- It is a research activity which contributes to the achievement of an Agency objective

These activities are expected to be small in scope relative to the portfolio as a whole. The operating unit, as a part of the strategic plan, will outline: the time-frame for the special objective, expected results to be achieved, a proposal for evaluating results, and an estimated budget. Results of experimental or exploratory activities may have different criteria for success than other activities where USAID has more experience.

201.5.10d Listing of G Bureau Activities Supported by Bilateral Programs

Any activities which take place at the country level and are solely designed to support global objectives should be listed in the country's strategic plan together with any management responsibilities the operating unit has for support of those activities. For example, if global climate change or global research activities are carried out in a country and do not support the mission's bilateral strategy, these activities would be included in such a listing.

201.5.10e Results Framework

In the context of defining a strategic objective or strategic support objective, it is necessary to identify the intermediate results which are necessary to accomplish that objective. This analysis will produce a Results Framework for each objective. The results framework must provide enough information so that it adequately illustrates the development hypothesis (or cause and effect linkages) represented in the strategy and therefore assists in communicating the basic premises of the strategy. The results framework shall include any key results that are produced by other development partners (e.g. partners such as non governmental organizations, the host country government, other donors, and customers).

The Results Framework must also be useful as a management tool and therefore focuses on intermediate results which must be monitored to indicate progress. The framework is intended to be a management tool first and foremost for operating unit managers so that it is able to gauge progress toward achievement of intermediate results and their contribution to the achievement of the strategic objective.

201.5.10f Identifying Illustrative Approaches and Estimated Resource Requirements

The operating unit will identify illustrative approaches that would

likely be used in achieving the results outlined in the results framework. While this will not be the focus of the strategy review, illustrative approaches will be required to indicate the feasibility of achieving selected strategic objectives and will serve as the basis for determining resource needs and establishing performance targets (or magnitude of impact) for each SO. An operating unit will have the flexibility to adjust approaches without further USAID/W review to achieve the strategic objective, except as otherwise indicated in a management contract.

201.5.10g Environmental Requirements

Section 118/119 of the Foreign Assistance Act requires that all country plans (or strategies) include an analysis of a) the actions necessary in that country to conserve biological diversity and tropical forests and b) the extent to which current or proposed U.S.A.I.D. actions meet those needs. In many cases, the environmental analysis may be broader than the specific requirement for 118/119. For example, in the course of examining whether a strategic objective in the environment should be undertaken or how environmental issues relate to other objectives and activities, it may be appropriate to conduct a broader analysis to examine other environmental issues, such as the environmental underpinnings of a economic growth or preventing environmental threats to public health. Operating units should consult with Bureau environmental officers to ensure that legislative requirements are met and to ensure that salient issues are addressed as appropriate. (See section 201.5.8; Joint Planning and 201.6 Supplementary References; Guidelines for Strategic Plans; Technical Annex B Environment, dated February 1995)

E201.5.10 Contents of Strategic Plans

Operating unit strategic plans shall include the information necessary to secure endorsement by Agency management on the proposed strategic objectives and targeted magnitude of impact; associated resource requirements; and, requested delegations of authority. Operating units must ensure that any special legislative requirements, as applied to strategic planning, are included. Operating units are not required to follow the outline below in its exact form, however, strategies shall include the following three sections and shall provide a clear and concise discussion of the below referenced issues in a form which is appropriate to their program.

PART I: Summary Analysis of Assistance Environment and Rationale for Focusing Assistance in Particular Areas.

A. U.S. Foreign Policy: Relationship of the program to US foreign policy interests.

B. Overview: Country strategies will provide an overview of the country condition to include a summary of overall macro-economic and socio-political trends, a discussion of development constraints and

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opportunities, how the strategy relates to host country or regional priorities, and the role of other donors. Regional and Global strategies will provide a discussion of relevant transnational trends, how the strategy relates to regional or global priorities and the role of other donors.

C. Customers: A brief discussion of how customers influenced the strategic plan both directly and indirectly using the customer service plan as a basis.

D. Transitional Issues: Transition or phase out issues; for those country programs which are transitional in nature, the strategy will provide a discussion of key transitional issues which are appropriate to the country (whether it is a country nearing graduation or transitioning from relief to development). Regional and global programs may discuss transitional or phase out issues where relevant.

PART II: Proposed Strategic Plan (Country, Regional, or Global):

A. A discussion of the linkage of the strategy to Agency goals and objectives.

B. A discussion of country goals and subgoals (where applicable).

C. Each Strategic Objective or Strategic Support Objective must include the following:

1. A statement of strategic objective.

2. A problem analysis; to include an analysis of the specific problem to be addressed and an identification of affected customers.

3. A discussion of critical assumptions and causal relationships which are represented in the Results Framework.

4. The commitment and capacity of other development partners in achieving the objective. This may include a trend analysis which demonstrates why the current climate and support by other partners (including the host country government) or customers indicates that the objective can be achieved.

5. Illustrative approaches.

6. How sustainability will be achieved.

7. How the achievement of the strategic objective will be judged including;

   a. Proposed performance indicators and targets for achievement of each strategic objective as well as monitoring interim progress (see Series 200, Chapter 203.)

b. Performance targets which convey an understanding of the anticipated magnitude of change vis a vis USAID's investment and/or that of USAID's partners. These performance targets will represent anticipated results over the entire strategy period to the extent possible (i.e. where past experience and technical knowledge indicate that targets which are projected to the end date of the strategy are useful and meaningful). There are some cases, most often in new areas, where select targets may be shorter than the planning period, and therefore will need to be updated via the R4 process. Also, interim performance targets may be used as par of performance monitoring during the life of the objective.

D. If the operating unit has identified a special objective, the discussion must include the following for each special objective;

1. The time-frame for the Objective

2. Relationship to Agency goals and objectives and/or the country strategy

3. Expected Results

4. A proposal for monitoring achievement of any special objectives as is appropriate to the nature of the objective.

E. For Field Mission operating units, the strategy shall identify any activities which support global objectives and are outside of the field mission's bilateral strategy. The field mission should also identify any management responsibilities for which it is held responsible.

PART III: Resource Requirements

A. Estimated resource requirements over the planning period to achieve the strategic objectives; including program dollars as well as supportive OE and personnel. Program funding shall include the amount for field support provided through G Bureau mechanisms. The operating unit shall also identify any USAID/W technical or other support which are necessary to accomplish the strategic objectives.

B. Discussion of programming options. This should be brief and concise and may take the form of a simple matrix which serves to articulate and distill the priorities of the operating unit and is based on high, medium, and low funding levels. Such a matrix should take into account Congressional and Administration mandates and may indicate country conditions that would warrant increases or decreases in assistance

201.5.11 Review Process for Strategic Planning

Reviews shall be a collaborative process where Agency wide participation is elicited. This will provide a forum for the Agency to come to agreement around the strategic plan and to make final decisions regarding the program. All strategic plans will be submitted to USAID/W for formal review, except where alternative review procedures are agreed upon for exceptional programs (see 201.5.5d, Exceptions and Special Cases). Strategic plans for bilateral, regional, and global programs must be reviewed by PPC, M, BHR (as appropriate), G, GC, and regional bureaus. The review process for global, BHR or regional strategic plans must include a mechanism to allow for input by affected field missions.

The strategic plan will guide resource allocation decisions and performance monitoring over the time-frame of the plan. As a result of the review process, the strategic plan is expected to represent an Agency plan for that operating unit over the planning period. (See 201.5.12b, Approval of the Management Contract).

Procedures for reviews shall be developed and organized by the responsible regional or central bureau.

201.5.11a Roles in the Review Process

Each USAID/W bureau will review strategic plans in light of their respective roles with a special emphasis on the following. (Also see 201.3, Responsibilities, for further information);

1) Regional bureaus seek consistency with the Agency strategic plan, regional objectives, and geopolitical considerations unique to the region

2) PPC ensures consistency with Agency-wide priorities and the adequacy of plans for measuring performance and documenting impact

3) M ensures that resources can be made available

4) G assures the technical soundness of and technical support for the plan

5) BHR assures that humanitarian assistance, food aid, and transitional issues (as it relates to the transition from relief to development) are incorporated and related resources are used as appropriate

6) GC ensures the strategic plan meets all legal requirements

201.5.11b Focus of the Review Process

Reviewers will focus on the following aspects of the strategy;

1) The relevance of the strategy to significant development problems

2) Appropriateness of the strategy vis a vis country performance

3) The plausibility of the causal linkages presented in the strategy

4) The ability of the operational unit to monitor and demonstrate performance and to achieve results

5) The consistency of the proposed strategy with past progress and lessons learned

6) Consistency with Agency strategies and policies as expressed in the Agency strategic plan

7) Appropriateness of the strategy in light of expected resource availabilities

8) Appropriateness of the strategy vis a vis any legal requirements

201.5.12 The Management Contract

201.5.12a Definition of the Management Contract

The approval of all operating unit strategic plans shall result in the establishment of a management contract between that unit and Agency management. That contract will consist of the strategic plan (including final results frameworks) together with an official record of the guidance emerging from the review of the plan. This guidance shall:

1) Summarize the agreement on a set of strategic and other objectives which will be pursued by that operating unit over the agreed planning period

2) Provide confirmation of estimated resources regarding resource levels to be made available over the strategy period pending the availability of U.S. funds

3) Provide appropriate delegations of authority which allow the mission to proceed with implementation; these authorities remain in effect unless and until amended

4) Outline any special conditions precedent, covenants, and/or management concerns which require further action by either party (e.g. a field mission might note that a certain change in funding would necessitate a change in the strategy, or USAID/W might specify covenants to a related strategic)

201.5.12b Approval of the Management Contract

A management contract shall be approved by the submitting operational unit (as represented by the director or AID representative of that operating unit) as well as the AA of the operating bureau, with clearance from PPC, M, GC, BHR (as appropriate), G, and the regional bureaus (for G and BHR strategic plans) in light of each operational

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unit's respective responsibilities. (See 201.3, Responsibilities, and 201.5.11, Review Process for Strategic Planning.) The management contract will serve as a delegation of authority to the operating unit to proceed with program implementation under those strategic objectives where agreement has been reached.

201.5.12c Annual Reconfirmation of the Management Contract

Every management contract will be reconfirmed annually as part of the bureau's Results Review and Resource Request (R4) process, unless otherwise determined by the AA for the operating bureau in consultation with PPC and M.

201.5.13 Development of the Performance Monitoring Plan

The operating unit will finalize the performance monitoring plan, including performance targets and indicators, after strategic objectives have been approved. The performance monitoring plan must be completed shortly after the approval of the strategy and prior to the next Results Review and Resource Request (R4) (See Series 200, Chapter 203.5.5, Performance Monitoring Plans.)

201.5.14 Changes in Strategic Plans

The strategic plan (at the strategic objective level) represents the Agency's strategy for a particular country or program over a specified time-frame. Therefore, strategic objectives are expected to remain relatively stable over the planning period. Changes to strategic objectives should be based on compelling evidence that the direction of the program must be modified. This would include;

- Dramatic changes in country or other conditions external to the program

- Unsatisfactory progress toward approved strategic objectives or other evidence that those objectives will not be met

- Achievement of a strategic objective on an accelerated basis

- A major shift in Agency policy or resource availabilities

E201.5.14 Changes in Strategic Plans

Changes in strategic objectives must be approved by the AA with concurrence from PPC, M, GC, BHR (as appropriate), G and regional bureaus (for central operating bureau strategic plans).

The operating unit will consult with its operating bureau to determine whether the changes to the strategic plan require an update in the strategy as a whole or whether a document which focuses only on one particular SO is required. In the latter case, the content of the strategy can be modified to focus only on the relevant strategic

objective. (See E201.5.10, Contents of Strategic Plans, Part II C for required information.)

201.5.15 Strategic Planning and Resource Allocation

Budget planning in USAID will be guided by the Agency strategic plan and the strategic plans approved for individual operating units. The Agency's budget planning documents will identify proposed resource levels for each operating unit by individual strategic objective. In making resource allocations among operating units and strategic objectives, the relative contribution of each to overall Agency goals and objectives, as defined in operating unit strategic plans and updated annually in the R4, shall be a principal factor. This contribution shall take into account both projected impact (significance of strategic objectives and magnitude of performance targets), as defined in operating unit strategic plans, and actual performance (progress to date toward meeting performance targets), as reported annually, in addition to resource needs and foreign policy considerations.

E201.5.15 Strategic Planning and Resource Allocation: Budget Submissions

E201.5.15a Bureau Level Submissions

Once Agency-wide planning levels are set for the budget request year, operating bureaus will assemble bureau-wide budget submissions (BBS) which recommend funding levels by strategic objective for each operating unit and which are subject to joint PPC and M review to arrive at an Agency-wide budget request.

A BBS shall be assembled by each operating bureau to conform to a bureau budget ceiling and programming targets established by PPC and M. In preparing its consolidated bureau budget, the budget planning levels for individual operating units may be adjusted by the operating bureau to respond to shifts in expected resource availabilities and/or relative Agency priorities as between sectors and/or countries and regions. These adjustments shall be made, to the extent possible, so as to ensure resource needs are met for those programs which are demonstrating progress toward stated performance targets.

E201.5.15b Formulation of Agency Budget Request

After review of the BBSs, PPC and M will assemble an Agency Budget Request for submission to OMB, drawing on the information presented in the BBSs and in accordance with OMB guidance. The Agency Budget Request will define the Agency's strategic objectives, by operating unit, and identify the funding requested for each. This request will be subsequently adjusted as may be required by OMB for subsequent submission as part of the President's budget. Adjustments will be coordinated by PPC and M, in consultation with the operating bureaus.

201.5.16 The Results Review and Resource Request (R4)

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The following is intended to provide an overview of the R4 and to demonstrate its role vis a vis the strategic planning process. For more specific guidance regarding results reporting, see 203.5.9, Reporting and Disseminating Performance Information.

An approved strategic plan will be the basis for each R4 document. The R4 will serve to:

- Allow the operating unit to assess and evaluate progress toward results

- Include progress toward results as a factor in decision making regarding the budget

- Update estimates of resource requirements for achieving those objectives for the current year, the budget year, and the budget request year.

- Serve as a mechanism for regular USAID/W review of progress toward the achievement of the strategic objective(s) of the operating unit

- Reconfirm the management contract based on progress

- Refine indicators and targets, as necessary (indicators and targets are expected to remain relatively stable over time, however, if changes are deemed necessary by the operating unit, the R4 can be used to indicate those changes)

- Advise relevant parties of key issues affecting the program

- Form a base of information in USAID/W for responding to external inquiries, country and regional results reporting, and Agency impact reporting

E201.5.16 The Results Review and Resource Request (R4)

E201.5.16a Content of the R4

Each operating unit will submit an R4 annually which will include the following information in a form which is appropriate:

Part I: Factors Affecting Program Performance

A. Progress in the Overall Program (i.e. goals/subgoals, or other broad programmatic issues such as pipeline, if applicable)

Part II: Progress Toward Strategic Objectives (to be repeated for each strategic objective and special objective)

A. Summary of data on progress toward achieving the strategic

objective, which includes data on intermediate results where appropriate; this may take the form of a table.

B. Analysis of the data; this section should provide background and insight into the meaning of the data.

C. Evidence that USAID activities are making a significant contribution to the achievement of the strategic objective

D. Expected progress for the next year

Part III: Status of the "Management Contract"

A. Proposals for change/refinements at the strategic objective level, if necessary.

B. Special Concerns or Issues (e.g. discussions of how the customer influenced the operating unit's assessment of progress based on the customer service plan, updates in global activities in country, special field mission or Bureau issues or concerns, etc)

C. Any issues related to implementation of requirements under 22 CFR 216. Operating units must also provide the operating bureau with a schedule for any activities which must be reviewed under 22 CFR 216 to facilitate advance planning.

Part IV: Resource Requirements

A. Program Funding Request by Strategic Objective

B. Operating Expenses (OE)

C. Staffing

D. Technical Support from USAID/W

E. Program Development and Support (PD&S) Funding

E201.5.16b Submission of the R4

The R4 will be submitted annually, unless otherwise determined by the AA for the operating bureau, in consultation with PPC and M.

E201.5.16c Review of the R4

The R4 will be reviewed by the operating bureau which will renew or revise the management contract with the operating unit as appropriate on the basis of the results review. This may include adjustments in indicators and targets, or recommendations for formal bureau review of changes to the strategic objective. Minor changes or refinements in a strategic objective may be approved by the operating bureau in consultation with other relevant offices.

Bureaus will be allowed to separate the review of the R4 into two components; a results review report and resource requirement report, where necessary and appropriate, provided that the results report is used as a basis to inform decisions regarding the budget.

Based on the review of the R4, budget planning levels for an individual operating unit will be established by the operating bureau which reflect the estimated resource costs for the programs and performance targets approved for that unit.

201.6 Supplementary References (all reserved)

201.6.1 Strategies for Sustainable Development

201.6.2 Implementation Guidelines

201.6.3 Agency Strategic Framework

201.6.4 Guidance on Consultation and Avoidance of Unfair Competitive Advantage

Major Functional Series 200 Program Assistance
Chapter 202 Managing for Results: Achieving

202.1 Authority

202.2 Objective

202.3 Responsibility

1. Bureau for Policy and Program Coordination (PPC)
2. Bureau for Management (M)
3. Office of General Counsel
4. Regional Bureau
5. Global Bureau (G)
6. Bureau for Humanitarian Response (BHR)
7. Operating Units
8. Strategic Objective Team

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202.5.3 Including the Views of Customers and Stakeholders

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I. Country Eligibility Checklist Index:
A. Criteria Applicable to Development Assistance and Economic Support Funds
II. Assistance Checklist Index:
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B. Criteria Applicable to Development Assistance Only
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Appendix B to Section 202.5
Official Files

202.6 Supplementary References (202.6.1 - 2-2.6.6 are reserved.)
202.6.1 Team Development
202.6.2 Implementation Letters
202.6.3 Statutory Checklist Criteria
202.6.4 Analyses
202.6.4a Financial Analysis
202.6.4b Economic Analysis
202.6.4c Social Soundness Analysis
202.6.4d Administrative Analysis
202.6.4e Environmental Analysis
202.6.4f Technical Analysis
202.6.5 Developing and Monitoring Activities
202.6.6 Congressional Notification
202.6.7 Characteristics of Results Packages

202.1 Authority

1. The Foreign Assistance Act (FAA) of 1961, as amended

2. The Government Performance and Results Act of 1993, Public Law 102-62 (GPRA)

3. Chief Financial Officers Act of 1990, Public Law 101-576 (November 15, 1990)

4. Government Management Reform Act of 1994, Public Law 103-356 (October 13, 1994)

5. Agricultural Trade and Development and Assistance Act of 1954, as amended (P.L. 480)

6. SEED Act of 1989

7. Federal Manager's Financial Integrity Act of 1982

202.2 Objective

The objective of this chapter is to provide direction for the effective management of Agency development and humanitarian assistance programs and resources, with an emphasis on achieving results through team efforts and customer focus. More specifically, this chapter serves to:

a) Ensure that the efforts of the Agency's operating units are directed toward achieving significant development impact in priority areas through a participatory process involving stakeholders, partners, and customers;

b) Provide a structure which allows operating units to make program choices and effectively respond to evolving circumstances;

c) Emphasize the accomplishment of results;

d) Focus on identifying and meeting customer needs;

e) Promote a teamwork approach, including U.S. Agency for International Development (USAID) staff, partners and customers;

f) Provide a significant level of empowerment and accountability for those individuals and management units closest to the development and humanitarian problems being addressed; and

g) Promote the regular collection and review of data and information related to performance resulting in the continuous improvement of the implementation of development assistance; the effectiveness of management decisions and processes; the means by which the Agency learns through its experience; and the ability of the Agency to meet accountability and reporting requirements.

202.3 Responsibility

1. Bureau for Policy and Program Coordination (PPC): PPC is responsible for:

a) establishing Agency policy regarding strategic planning requirements;

b) developing and articulating the Agency's strategic plan and framework;

c) issuing annual planning guidance to include resource parameters and program priorities in a timely manner;

d) providing guidance on any special legislation which affects strategic planning;

e) reviewing and approving supplemental planning guidance issued by the operating bureaus;

f) reviewing and concurring with operating unit strategic plans for conformance with Agency goals and program policies;

g) conducting the Agency review of bureau budget submissions with the M Bureau;

h) establishing and maintaining a monitoring system for Agency goals and objectives;

i) coordinating the review of Agency performance, and reporting on that performance;

j) providing technical leadership in developing Agency and operating unit performance monitoring and evaluation systems;

k) evaluating the effectiveness of Agency program strategies and other strategies used by operating units to achieve objectives;

l) conducting evaluations on issues related to the delivery of development assistance of interest to the Agency or its stakeholders;

m) maintaining the Agency's database of development information and development experience and acting as a repository for Agency lessons learned; and

n) supporting its operating units in achieving approved objectives, and reviewing annually those units' performance in achieving their objectives.

2. Bureau for Management (M): M is responsible for:

a) analyzing the resource requirements necessary to meet Agency goals;

b) establishing indicative budget planning levels for operating bureaus in a timely manner;

c) reviewing and concurring with operating unit strategic plans for consistency with anticipated resource availability;

d) conducting the Agency review of bureau budget submissions with PPC;

e) ensuring that performance and results information are used in Agency resource allocation decision making;

f) preparing the Agency's annual budget request for OMB and Congress;

g) monitoring budget implementation; and

h) assisting PPC with establishing and maintaining the monitoring system for Agency goals and objectives, and reviewing and reporting on overall Agency performance.

3. Office of General Counsel (GC): GC is responsible for:

a) assuring that proposed activities are in compliance with all legal requirements;

b) assuring that such activities and their implementation were not in violation of any prohibitions against assistance; and

c) assuring that agreements with host countries, and other agreements as appropriate, meet the agency's requirements.

4. Regional Bureau: Each regional bureau is responsible for:

a) providing oversight and support to operating units in the strategic planning process, ensuring that strategic plans are in place for each operating unit;

b) providing supplemental policy guidance addressing concerns unique to the region as necessary;

c) establishing indicative country levels for budget planning prior to the initiation of the strategic planning process and the annual results review and resource request (R4) submission;

d) managing the Agency review of strategic plans for operating units under its authority;

e) reviewing strategic plans from its operating units as well as those from Global Bureau (G) and Bureau for Humanitarian

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Response (BHR) operating units for consistency with regional priorities and geopolitical considerations;

f) approving country and regional strategic plans under its purview with concurrence from Management (M), Policy and Program Coordination (PPC), General Counsel (GC), BHR (as appropriate), and G;

g) providing an analytic overview of results in the region in conjunction with the annual bureau budget submission;

h) supporting its respective operating units overseas and, in USAID Washington (USAID/W), in achieving approved objectives, pursuant to the management contracts established following the review and approval of strategic plans;

i) reviewing and assessing the performance of each of its operating units in achieving that unit's objectives;

j) coordinating the participation in these reviews of PPC, M, G, and BHR; and

k) participating in the review of overall Agency performance.

5. Global Bureau (G): G is responsible for:

a) assisting overseas and USAID/W operating units by providing technical leadership and guidance in the development and review of strategic plans;

b) organizing the provision to all operating units of central technical resources which are relevant to implementation of strategic plans;

c) providing assistance to PPC in establishing and maintaining the monitoring system for Agency goals and objectives;

d) participating in regional bureau reviews of field mission performance, and in the review of overall Agency performance;

e) providing oversight and support to its own operating units in developing their strategic plans, ensuring appropriate consultation in this process with operating units in the field, managing the Agency review of those plans, and approving the plans with concurrence from M, PPC, GC, BHR (as appropriate) and regional bureaus; and

f) supporting its operating units in achieving approved objectives, and reviewing (in consultation with PPC, M, BHR and regional bureaus) and reporting annually those units' performance in achieving their objectives.

6. Bureau for Humanitarian Response (BHR): BHR is responsible for:

a) providing technical leadership and guidance in planning and implementation to all operating units in the area of humanitarian assistance, food aid, and programs which are in transition from relief to development as appropriate;

b) reviewing operating unit strategic plans to assure humanitarian, disaster relief, food aid, and transitional concerns are appropriately addressed, and participating in other bureau reviews of their respective operating units' performance;

c) organizing the provision of resources under its purview relevant to implementing strategic plans;

d) providing oversight and support to its own operating units in developing their strategic plans;

e) ensuring appropriate consultation with operating units in the field;

f) managing the review and approval of strategic plans for operating units under its authority, with concurrence from M, PPC, GC, regional bureaus, and G; and

g) providing an analytic overview of results in its programs in conjunction with the annual bureau budget submission.

7. Operating Units: Operating units are responsible for:

a) developing strategic plans for program funds for which they have responsibility and authority;

b) ensuring the participation of other interested USAID offices, partners and customers throughout planning, achieving and performance monitoring and evaluating;

c) within the scope of its management contract, delegated authorities, and Agency directives, managing the implementation of the strategic plan, including establishing and defining authorities for strategic objective teams, achieving the objective(s) set forth in the plan, and reviewing performance and reporting annually on that performance to their respective bureaus;

d) during the course of implementation, ensuring that their strategic objective teams gather and use performance information to manage for results, and that adequate resources are programmed for performance monitoring and evaluation.

8. Strategic Objective Team: A strategic objective (SO) team is responsible for managing to achieve a specific strategic objective under the direction of an operating unit. The SO team's specific responsibilities include:

a) establishing its internal operating rules and procedures (consistent with its delegated authorities);

b) involving customers and partners in collecting, reviewing and interpreting performance information, and assuring that agreed-to customer needs are addressed through activities being implemented;

c) grouping, as appropriate, results and associated activities from the SO's results framework into results packages (and regrouping as necessary);

d) allocating resources associated with achieving the objective;

e) developing and implementing (within subteams if appropriate) necessary and effective activities, contracts, grants and other agreements;

f) monitoring, analyzing and reporting on performance against established performance criteria, and taking corrective action as necessary;

g) using evaluative activities to determine why assistance is or is not achieving intended results;

h) recommending to the operating unit any changes to an objective or the strategic plan;

i) preparing appropriate close-out reports, including resources expended, accomplishments achieved and lessons learned;

j) with respect to the strategic objective team leader, organizing, coordinating, coaching and inspiring the team to achieve the set of results leading to the strategic objective; and

k) with respect to each strategic objective team member, advancing a common team effort to achieve the strategic objective assigned to the team, and implementing his or her specific responsibilities and authorities on that team.

202.4 Definitions

1. Activity: An action undertaken either to help achieve a program result or set of results, or to support the functioning of the Agency or one of its operating units. In a program context, i.e., in the context of results frameworks and strategic objectives, an activity may include any action used to advance the achievement of a given result or objective, whether financial resources are used or not. E.g., an activity could be defined around the work of a USAID staff member directly negotiating policy change with a host country government, or it could involve the use of one or more grants or contracts to provide technical assistance and commodities in a particular area. (Also within

this context, for the purposes of the New Management Systems [see definition], "activity" includes the strategic objective itself as an initial budgeting and accounting element to be used before any specific actions requiring obligations are defined.) In an operating expense context, an activity may include any action undertaken to meet the operating requirements of any organizational unit of the Agency.

2. Activity Manager: That member of the strategic objective or results package team designated by the team to manage a given activity or set of activities.

3. Agency Goal: A long-term development result in a specific area to which USAID programs contribute and which has been identified as a specific goal by the Agency. (See also Operating Unit Goal.)

4. Agency Mission: The ultimate purpose of the Agency's programs; it is the unique contribution of USAID to our national interests. There is one Agency mission.

5. Agency Objective: A significant development result that USAID contributes to, and which contributes to the achievement of an Agency goal. Several Agency objectives contribute to each Agency goal. Changes in Agency objectives are typically observable only every few years.

6. Agency Program Approach: A program or tactic identified by the Agency as commonly used to achieve a particular objective. Several program approaches are associated with each Agency objective.

7. Agency Strategic Plan: The Agency's plan for providing development assistance; the strategic plan articulates the Agency's mission, goals, objectives, and program approaches.

8. Agency Strategic Framework: A graphical and/or narrative representation of the Agency's strategic plan; the framework is a tool for communicating USAID's development strategy. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of Agency programs.

9. Agent: An individual or organization under contract with USAID.

10. Agreement: An agreement is the formal mutual consent of two or more parties. The Agency employs a variety of agreements to formally record understandings with other parties, including grant agreements, cooperative agreements, strategic objective agreements, memorandum of understanding, contracts and limited scope grant agreements. In most cases, the agreement identifies the results to be achieved, respective roles and contributions to resource requirements in pursuit of a shared objective within a given time frame.

11. Assistance Mechanism: A specific mode of assistance chosen to address an intended development result. Examples of mechanisms include: food aid, housing guaranties, debt-for-nature swaps, endowments, cash

transfers, etc.

12. Baseline: See Performance Baseline.

13. Causal Relationship: A plausible cause and effect linkage; i.e. the logical connection between the achievement of related, interdependent results.

14. Critical Assumption: In the context of developing a results framework, critical assumptions refer to general conditions under which a development hypothesis will hold true or conditions which are outside of the control or influence of USAID, and which are likely to affect the achievement of results in the results framework. Examples might be: the ability to avert a crisis caused by drought, the outcome of a national election, or birth rates continuing to decline as it relates to an education program. A critical assumption differs from an intermediate result in the results framework in the sense that the intermediate result represents a focused and discrete outcome which specifically contributes to the achievement of the SO.

15. Customer: An individual or organization who receives USAID services or products, benefits from USAID programs or who is affected by USAID actions.

15a Intermediate Customer: A person or organization, internal or external to USAID, who uses USAID services, products, or resources to serve indirectly or directly the needs of the ultimate customers.

15b Ultimate Customer: Host country people who are end users or beneficiaries of USAID assistance and whose participation is essential to achieving sustainable development results.

16. Customer Representative: Any individual or organization that represents the interests of those individuals, communities, groups or organizations targeted for USAID assistance.

17. Customer Service Plan: A document which presents the operating unit's vision for including customers and partners to achieve its objectives. This document also articulates the actions necessary to engage participation of its customers and partners in planning, implementation and evaluation of USAID programs and objectives.

18. Customer Surveys: Surveys (or other strategies) designed to elicit information about the needs, preferences, or reactions of customers regarding an existing or planned activity, result or strategic objective.

19. Development Experience: The cumulative knowledge derived from implementing and evaluating development assistance programs. Development experience is broader in scope than "lessons learned", and includes research findings, applications of technologies and development methods, program strategies and assistance mechanisms, etc.

20. Development Information: The body of literature and statistical data which documents and describes the methods, technologies, status and results of development practices and activities and measures levels of development on a variety of dimensions.

21. Evaluation: A relatively structured, analytic effort undertaken selectively to answer specific management questions regarding USAID-funded assistance programs or activities. In contrast to performance monitoring, which provides ongoing structured information, evaluation is occasional. Evaluation focuses on why results are or are not being achieved, on unintended consequences, or on issues of interpretation, relevance, effectiveness, efficiency, impact, or sustainability. It addresses the validity of the causal hypotheses underlying strategic objectives and embedded in results frameworks. Evaluative activities may use different methodologies or take many different forms, e.g., ranging from highly participatory review workshops to highly focused assessments relying on technical experts.

22. Global Programs or Activities: Global programs or activities refer to USAID programs or activities which take place across various regions, (i.e. they are trans-regional in nature). These types of programs are most often managed by central operating bureaus such as BHR or the G Bureau.

23. Goal: See Operating Unit Goal or Agency Goal.

24. Implementation Letters: Formal correspondence, numbered sequentially, between USAID and public sector entities pursuant to a duly signed agreement.

25. Indicator: See Performance Indicator.

26. Input: The provision of technical assistance, commodities, capital or training in addressing development or humanitarian needs.

27. Interim Performance Target: A target value which applies to a time period less than the overall time period related to the respective performance indicator and performance target.

28. Intermediate Result: A key result which must occur in order to achieve a strategic objective.

29. Joint Planning: A process by which an operating unit actively engages and consults with other relevant and interested USAID offices in an open and transparent manner. This may occur through participation on teams or through other forms of consultation.

30. Lesson Learned: The conclusions extracted from reviewing a development program or activity by participants, managers, customers or evaluators with implications for effectively addressing similar issues/problems in another setting.

31. Limited Scope Grant Agreement: The Limited Scope Grant

Agreement(LSGA) is similar to the Strategic Objective Agreement but is shorter in length. It is used for obligating funds for a small activity or intervention; e.g., participant training or PD&S. Model agreements, including the LSGA, can be found in the Series 300 directives.

32. Manageable Interest: See Responsibility

33. Management Contract: The management contract consists of the strategic plan (including a strategic objectives and supporting results frameworks) together with official record of the guidance emerging from the review of the plan. The management contract provides; a summary of agreements on a set of strategic and other objectives, confirmation of estimated resources over the strategy period, delegations of authority, and an overview of any special management concerns.

34. Memorandum or Letter of Understanding: A memorandum of understanding or letter of understanding (not used for obligating funds) sets forth the understandings of the parties regarding the objective, results to be achieved and the respective roles and responsibilities of each party in contributing toward the achievement of a given result or objective. It is particularly useful when USAID wishes to obligate through individual grants and contracts, without host government participation in those actions, but still wishes to make the host government a partner in writing to the program or activity and each party's obligations. It specifically provides for USAID implementation in the manner noted above.

35. New Management Systems: The set of management software developed to support Agency functions in the areas of accounting, budgeting, planning, achieving, performance monitoring and evaluation, assistance and acquisition, human resource management and property management.

36. Objective: See Agency Objectives.

37. Obligation: In the event of a strategic objective agreement with a host country government, that agreement is normally the obligating agreement (unless a non-obligating MOU is used) and all grants to and contracts with private entities thereunder are subobligating agreements. If there is no strategic objective agreement, whether or not a non-obligating MOU is used, all grants to and contracts with private entities become obligating agreements.

38. Operating Unit: USAID field mission or USAID/W office or higher level organizational unit which expends program funds to achieve a strategic objective, strategic support objective, or special objective, and which has a clearly defined set of responsibilities focussed on the development and execution of a strategic plan.

39. Operating Unit Goal: A higher level development result to which an operating unit contributes, but which lies beyond the unit's level of responsibility. An operating unit goal is a longer term development result that represents the reason for achieving one or more objectives in an operating unit strategic plan. An operating unit goal may be

identical to an Agency goal, but is normally distinguished from it in several key ways. An Agency goal is a long-term general development objective, in a specific strategic sector, that USAID works toward, and represents the contribution of Agency programs working in that sector. An operating unit goal is optional and represents a long-term result in a specific country or program to which an operating unit's programs contribute, and may cross sector boundaries.

40. Output: The product of a specific action, e.g., number of people trained, number of vaccinations administered.

41. Parameter: A given framework or condition within which decision making takes place (i.e. Agency Goals, earmarks, legislation, etc).

42. Participation: The active engagement of partners and customers in sharing ideas, committing time and resources, making decisions, and taking action to bring about a desired development objective.

43. Partner: An organization or customer representative with which/whom USAID works cooperatively to achieve mutually agreed upon objectives and intermediate results, and to secure customer participation. Partners include: private voluntary organizations, indigenous and other international non-government organizations, universities, other USG agencies, U.N. and other multilateral organizations, professional and business associations, private businesses (as for example under the U.S.-Asia Environmental Partnership), and host country governments at all levels.

44. Partner Representative: An individual that represents an organization with which USAID works cooperatively to achieve mutually agreed upon objectives.

45. Partnership: An association between USAID, its partners and customers based upon mutual respect, complementary strengths, and shared commitment to achieve mutually agreed upon objectives.

46. Performance Baseline: The value of a performance indicator at the beginning of a planning and/or performance period. A performance baseline is the point used for comparison when measuring progress toward a specific result or objective. Ideally, a performance baseline will be the value of a performance indicator just prior to the implementation of the activity or activities identified as supporting the objective which the indicator is meant to measure.

47. Performance Indicator: A particular characteristic or dimension used to measure intended changes defined by an organizational unit's results framework. Performance indicators are used to observe progress and to measure actual results compared to expected results. Performance indicators serve to answer "whether" a unit is progressing towards its objective, rather than why/why not such progress is being made. Performance indicators are usually expressed in quantifiable terms, and should be objective and measurable (numeric values, percentages, scores and indices). Quantitative indicators are preferred in most cases,

although in certain circumstances qualitative indicators are appropriate.

48. Performance Information: The body of information and statistical data that directly relates to performance towards overall USAID goals and objectives, as well as operating unit strategic objectives, strategic support objectives and special objectives. Performance information is a product of formal performance monitoring systems, evaluative activities, customer assessments and surveys, Agency research and informal feedback from partners and customers.

49. Performance Monitoring: A process of collecting and analyzing data to measure the performance of a program, process, or activity against expected results. A defined set of indicators is constructed to regularly track the key aspects of performance. Performance reflects effectiveness in converting inputs to outputs, outcomes and impacts (i.e., results).

50. Performance Monitoring Plan: A detailed plan for managing the collection of data in order to monitor performance. It identifies the indicators to be tracked; specifies the source, method of collection, and schedule of collection for each piece of datum required; and assigns responsibility for collection to a specific office, team, or individual. At the Agency level, it is the plan for gathering data on Agency goals and objectives. At the Operating Unit level, the performance monitoring plan contains information for gathering data on the strategic objectives, intermediate results and critical assumptions included in an operating unit's results frameworks.

51. Performance Monitoring System: An organized approach or process for systematically monitoring the performance of a program, process or activity towards its objectives over time. Performance monitoring systems at USAID consist of, inter alia: performance indicators, performance baselines and performance targets for all strategic objectives, strategic support objectives, special objectives and intermediate results presented in a results framework; means for tracking critical assumptions; performance monitoring plans to assist in managing the data collection process, and; the regular collection of actual results data

52. Performance Target: The specific and intended result to be achieved within an explicit timeframe and against which actual results are compared and assessed. A performance target is to be defined for each performance indicator. In addition to final targets, interim targets also may be defined.

53. Portfolio: The sum of USAID-funded programs being managed by a single operating unit.

54. Rapid, Low-cost Evaluations: Analytic or problem-solving efforts which emphasize the gathering of empirical data in ways that are low-cost, timely, and practical for management decision making. Methodological approaches include mini-surveys, rapid appraisals, focus

groups, key informant interviews, observation, and purposive sampling, among others.

55. Responsibility: In the context of setting strategic objectives, responsibility refers to a guiding concept which assists an operating unit in determining the highest level result that it believes it can materially affect (using its resources in concert with its development partners and customers) and that it is willing to use as the standard for the judgement of progress. This has also been referred to as "manageable interest."

56. Result: A change in the condition of a customer or a change in the host country condition which has a relationship to the customer. A result is brought about by the intervention of USAID in concert with its development partners and customers. Results are linked by causal relationships, i.e. a result is achieved because related, interdependent result(s) were achieved. Strategic objectives are the highest level result for which an operating unit is held accountable; intermediate results are those results which contribute to the achievement of a strategic objective.

57: Results Framework: The results framework represents the development hypothesis including those results necessary to achieve a strategic objective and their causal relationships and underlying assumptions. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of the operating unit. It typically is presented both in narrative form and as a graphical representation.

58. Results Package: A results package (RP) consists of people, funding, authorities, activities and associated documentation required to achieve a specified result(s) within an established time frame. An RP is managed by a strategic objective team (or a results package team if established) which coordinates the development, negotiation, management, monitoring and evaluation of activities designed consistent with: (1) the principles for developing and managing activities; and (2) achievement of one or more results identified in the approved results framework. The purpose of a results package is to deliver a given result or set of results contributing to the achievement of the strategic objective.

The strategic objective team will define one or more RPs to support specific results from the results framework. The SO team may elect to manage the package or packages itself, or may create one or more subteams to manage RPs. In addition, strategic objective teams create, modify and terminate results packages as required to meet changing circumstances pursuant to the achievement of the strategic objective. Thus, typically a results package will be of shorter duration than its associated strategic objective.

59. Results Package Data Base: A results package data base consists of the data and information related to the actions, decisions, events, and performance of activities under a results package.

60. Results Review and Resource Request (R4): The document which is reviewed internally and submitted to USAID/W by the operating unit on an annual basis. The R4 contains two components: the results review and the resource request. Judgement of progress will be based on a combination of data and analysis and will be used to inform budget decision making.

61. Review Workshops: Workshops which involve key participants in an SO/RP or even a particular element of an RP in collectively evaluating performance during the previous implementation period and planning for the forthcoming period. Participants are normally representatives of partners, customers, counterparts, other donors, stakeholders, and USAID. Successful workshops are often facilitated to assure that all perspectives are heard and that key findings and conclusions and consensus on modifications and plans is documented and distributed.

62. Special Objective: The result of an activity or activities which do not qualify as a strategic objective, but support other US government assistance objectives. A special objective is expected to be small in scope relative to the portfolio as a whole.

63. Stakeholders: Individuals and/or groups who have an interest in and influence USAID activities, programs and objectives.

64. Strategic Objective: The most ambitious result (intended measurable change) that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held responsible. The strategic objective forms the standard by which the operational unit is willing to be judged in terms of its performance. The time-frame of a strategic objective is typically 5-8 years for sustainable development programs, but may be shorter for programs operating under short term transitional circumstances or under conditions of uncertainty.

65. Strategic Objective Agreement: A formal agreement that obligates funds between USAID and the host government or other parties, setting forth a mutually agreed upon understanding of the time frame, results expected to be achieved, means of measuring those results, resources, responsibilities, and contributions of participating entities for achieving a clearly defined strategic objective. Such an agreement between USAID and the host government may allow for third parties (e.g., NGOs) to enter into sub-agreements with either USAID or the host government or both to carry out some or all of the activities required to achieve the objective. (Details in Series 300.)

66. Strategic Plan: The framework which an operating unit uses to articulate the organization's priorities, to manage for results, and to tie the organization's results to the customer/beneficiary. The strategic plan is a comprehensive plan which includes the delimitation of strategic objectives and a description of how it plans to deploy resources to accomplish them. A strategic plan is prepared for each portfolio whether it is managed at a country level, regionally, or centrally.

67. Strategic Support Objective: Strategic support objectives are intended to capture and measure a regional or global development objective which is dependent on the results of other USAID operating units to achieve the objective but to which a global or regional program makes an important contribution. Therefore, the key differentiation from a strategic objective, as defined above, is that there is a recognition that the achievement of the objective is accomplished and measured, in part, through the activities and results at the field mission level.

68. Subgoal: A higher level objective which is beyond of the operating unit's responsibility but which provides a link between the strategic objective and the operating unit goal. Inclusion in operating unit plans is optional.

69. Strategic Objective Team: In general, a team is a group of people committed to a common performance goal for which they hold themselves individually and collectively accountable. Teams can include USAID employees exclusively or USAID and partner and customer representatives. An SO team is a group of people who are committed to achieving a specific strategic objective and are willing to be held accountable for the results necessary to achieve that objective. The SO team can establish subsidiary teams for a subset of results or to manage a results package.

69a. Core Team: U.S. government employees and others who may be authorized to carry out inherently U.S. governmental functions such as procurement actions or obligations. For example, only members of the core team would manage procurement sensitive materials or negotiate formal agreements.

69b. Expanded Team: U.S. government employees and partner and customer representatives committed to achieving the strategic objective.

69c. Virtual Team: Members of a team who are not collocated and therefore participate primarily through telecommunication systems.

70. Target: See Performance Target.

71. U.S. National Interest: A political/strategic interest of the United States that guides the identification of recipients of foreign assistance and the fundamental characteristics of development assistance.

72. Value Engineering: A management technique using a systematized approach to seek out the best functional balance between the cost, reliability, and performance of an activity or process, with a particular focus on the identification and elimination of unnecessary costs. VE/VA can be used both in the design stage and as an evaluation tool.

202.5 Policy & E202.5 Essential Procedures

202.5.1 Managing for Results - Applicability

These provisions shall apply to all program or guarantee resources administered by USAID. Emergency disaster assistance, emergency food aid authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480), and activities undertaken by operating units that have received exemptions from the requirements of strategic planning, may be exempted from some of these provisions; affected operating units shall request clarification from their respective bureau.

E202.5.1 Managing for Results - Applicability - N/A

202.5.2 Strategic Objective Team

The operating unit shall establish a strategic objective team for each strategic objective, strategic support objective, and special objective defined in the approved strategic plan.

E202.5.2 Strategic Objective Team - N/A

202.5.2a Composition and Responsibilities of the Strategic Objective Team

The operating unit shall establish a strategic objective team comprised of USAID personnel, agents, development partners, stakeholders, and customers for the purpose of jointly working to achieve the strategic objective.

E202.5.2a(1) Composition of the Strategic Objective Core and Expanded Team

The operating unit shall establish a strategic objective core team, consisting of USAID employees and others who are internal to the operating unit and who are authorized to carry out inherently U.S. governmental functions such as procurement actions or obligations, or who are serving on a part time or full time basis while assigned to other organizational units within the Agency (e.g., Global, regional bureaus, PPC, BHR, GC, or M). This core team shall operate under the direction of the operating unit for the purpose of carrying out USAID's responsibilities for achieving the strategic objective. The core team shall establish, under the direction of the operating unit, the strategic objective expanded team. Together, the core and expanded teams comprise the strategic objective team. The strategic objective expanded team shall consist of groups or persons who:

1) bring significant expertise or knowledge needed for achieving the strategic objective;

2) represent major development partners, especially those receiving funds from USAID, others who bring to the program significant resources of their own, or those who manage significant resources of others which are necessary for achieving the strategic objective;

3) represent key stakeholders, in particular those local groups and individuals who are anticipated to realize significant gains or suffer substantial losses if the strategic objective is achieved; and

4) represent major USAID customers for the strategic objective.

E202.5.2a(2) Responsibilities of the Strategic Objective Expanded Team

The strategic objective expanded team shall assist in managing to achieve the strategic objective, including the following:

a) identify and evaluate the assumptions and hypotheses inherent in the program's activities and in the results framework;

b) analyze and report overall performance against expected results and the strategic objective; and

c) use monitoring and evaluation information, customer surveys, analysis of performance, individual expertise, and other relevant information, to recommend approaches and to make adjustments in ongoing activities and/or in the results framework.

E202.5.2a(3) Responsibilities of the Strategic Objective Core Team:

In addition to the responsibilities listed in E202.5.2a(2), the strategic objective core team shall:

a) carry out inherently governmental functions (e.g., represent the Agency in negotiations with other organizations; policy formulation; negotiation of agreements; contracts; grants; and other functions specified in legislation or regulation as inherently governmental), and carry out other Agency responsibilities consistent with the delegations of authority to individual or classes of team members (e.g., U.S. direct hires, foreign service nationals, personnel services contracts, etc.);

b) carry out Agency responsibilities with respect to the requirements of section 202.5.5;

c) maintain information on current plans and status of activities (including planned and actual inputs and outputs) and results achievement; agreements signed; implementation letters and other relevant correspondence; any analysis performed preceding, during or after completion of activities; and other documents related to key decisions the core team and the strategic objective team make in carrying out their responsibilities;

d) create, modify and disband results packages (see 202.5.4); and

e) prepare activity, results package, and strategic objective close out reports, as necessary, to summarize the results

attained, resources expended, lessons learned, and, where relevant, the benefits or processes expected to be sustainable beyond the period of USAID funding; how such sustainability will be monitored; and for what time period.

202.5.2b Strategic Objective Team Authorities

The operating unit shall establish the authorities and other parameters governing strategic objective team operations.

E202.5.2b Strategic Objective Team Authorities

The operating unit shall specify the information below in establishing the strategic objective team:

1) The specific strategic objective to be achieved, which shall be consistent with the approved strategic plan and the operating unit's customer service plan;

2) Performance measure and reporting requirements;

3) The responsibilities of, and authorities delegated to core team members;

4) The budget for achieving the strategic objective;

5) Other requirements or conditions which the operating unit shall deem necessary to ensure the core team is capable of carrying out its responsibilities in accordance with these directives and any special conditions that may pertain to the strategic objective approval pursuant to the management contract.

202.5.3 Including the Views of Customers and Stakeholders

Operating units and their core teams, in seeking to include the views of customers or stakeholders in the deliberations of strategic objective teams, shall meet such requirement through one or more of the following means:

- direct representatives of customers sitting on the team; or

- representatives from associations, non-governmental organizations, informal groups or collections of individuals, who the strategic objective team deems competent to serve on the team; or

- members of the strategic objective core team or USAID development partners eliciting input through normally accepted means from customers or their representatives, including key informants, that provide sufficient information to inform the decisions of the strategic objective team with respect to the needs, desires, and wants of the customer. Normally accepted means shall include but not be limited to: focus groups, town

meetings, formal and informal consultations, systematic formalized customer surveys or research, rapid appraisal methods that involve customers, or other means that the Agency may from time to time include as acceptable means of acquiring customer input.

E202.5.3 Including the Views of Customers and Stakeholders: **N/A**

202.5.4 Results Package

With guidance from and representing the strategic objective expanded team, the strategic objective core team shall create, modify and disband results packages as required to meet changing circumstances pursuant to the achievement of the strategic objective. (See also 202.6.1.)

E202.5.4a Establishment of Results Packages

With guidance from and representing the strategic objective expanded team, the core team shall establish one or more results packages from the results framework. Results packages may be managed by the strategic objective team or by a subgroup established by that team (a results package team). Each results package shall include:

a) the set of activities designed to achieve the results in the results package;

b) information or analysis required for the strategic objective team to approve activities;

c) explanation of how activities will achieve the intended results, including linkages between USAID, intermediaries and ultimate customers;

d) identification of personnel, including appropriate USAID staff and representatives of partners and customers, with the knowledge and capacity needed to deliver the specified result(s);

e) identification of clearly defined responsibilities and authorities sufficient to ensure decisions can be made which are necessary to results achievement, consistent with Agency conflict of interest requirements;

f) funding from USAID and partner organizations sufficient to carry out the activities required to deliver the specified results; and,

g) a performance monitoring plan indicating how results will be monitored and measured.

E202.5.4b Creating, Disbanding, or Modifying the Results Package

With guidance from and representing the strategic objective expanded team, the core team shall create, disband or modify results packages as necessary to ensure the achievement of the strategic objective. The

team shall also monitor, assess, and evaluate, as necessary, the performance of agreements and other actions to ensure that intended results are being achieved.

202.5.5 Principles for Developing and Managing Activities

Strategic objective teams shall develop and manage activities to:

- seek to maximize the impact of scarce development resources;
- ensure the prudent stewardship of USAID resources;
- manage for results; and
- Comply with applicable USAID policies.

E202.5.5 Principles for Developing and Managing Activities

Teams shall carry out the following functions in developing and managing activities:

a) seek commitment of all relevant development partners and stakeholders, in the public and private sectors, to USAID-financed efforts; collaborate closely with customers, partners, stakeholders, and other donors to develop complementary programs and leverage additional resources wherever possible; assure that the policy and institutional framework exists or is developed to support the USAID investment; and seek sustainable solutions to development problems, including the active participation of local organizations and communities during and after USAID's involvement.

b) apply lessons learned from prior USAID and other donor experience; select development strategies that seek to maximize the probability of achieving approved objectives and minimize costs, including USAID management costs; examine design feasibility, soundness, and cost-benefit or cost effectiveness, including careful consideration of alternate approaches and alternative delivery mechanisms and reporting on the costs and risks associated with USAID-financed activities.

c) ensure that all USAID-financed agreements (strategic objective agreements, grants, contracts, cooperative agreements, etc.) have clear performance targets and accountability standards; define procedures for monitoring, evaluating, and reporting on the results of USAID assistance; create plans and program support systems which are sufficiently flexible to enable USAID and its development partners to respond to customer needs and complex and changing circumstances; experiment with new and innovative approaches to development problems to enhance the probability of success; use performance information on program results to inform decisions on future direction of the program activities. (See Series 200, chapter 203, for guidance on performance targets, and

Series 300 for guidance on specific agreements.)

202.5.5a Criteria To Be Met By Approved Activities

Activities developed pursuant to an approved strategic plan shall meet the following three criteria:

- show how USAID resources (program and operating expense funds and personnel) will be used to support the achievement of result(s) in the results framework of the operating unit's approved strategic plan;

- ensure USAID and its partners can meet their fiduciary responsibilities for USAID funds; and

- provide a framework for monitoring the activity's contribution to the results in the results framework. (See Supplementary Reference 202.6.5 for suggestions regarding activity development and monitoring.)

E202.5.5a Criteria To Be Met by Approved Activities

The strategic objective team shall select from a variety of tactics in pursuing a given activity. In some instances, the tactic shall involve the deployment of one or more USAID staff members to achieve a desired outcome, such as a change in host country policy. In other, more complex instances, the tactic shall involve a particular assistance agreement specifying the roles, responsibilities, contributions, performance monitoring and other arrangements necessary to accomplish the desired outcome of a given activity. Such agreements shall include a memorandum of understanding, particularly when more than two parties are involved in a common undertaking; a bilateral agreement with a host government entity; a strategic objective agreement, where the intent is to confirm understandings for an entire strategic objective; a grant agreement or cooperative agreement with a non-governmental organization (NGO); or a limited scope grant agreement for small scale bilateral activities. (See the Series 300 directives for additional discussion and examples of assistance agreements.)

202.5.5b Developing and Managing USAID Financed or Supported Activities

In developing and managing USAID financed or supported activities, including activities that do not involve program funds, USAID managers and teams shall ensure that the substance and design of such activities meet the policy requirements promulgated by USAID (see also 202.5.7 through 202.5.10, which contain additional statutory or regulatory requirements that may be applicable to the design and management of specific activities).

E202.5.5b Developing and Managing USAID Financed or Supported Activities

There are numerous policy requirements that define how USAID develops activities. For example, there are unique requirements associated with

food aid programs, housing guaranty programs, and others that need to be taken into account when relevant to the activity to be undertaken. Below is an index of current policies with cross references to the location of relevant policy requirements and their associated essential procedures:

- Policy Papers and Policy Determinations (see HB 1);
- Agency Strategic Framework (Series 200, Chapter 201)
- Housing Guaranty Programs (see Chapter 2xx);
- International Disaster Assistance (see Chapter 2xx);
- Food Aid (see Chapter 2xx);
- Participant Training (see Chapter 2xx);

202.5.6 Using Performance Information to Achieve Results

The operating units and SO teams shall remain informed of all aspects of performance relating to USAID-funded assistance in order to effectively manage for results. Performance monitoring information, evaluation findings, and information from additional formal and informal sources shall be used regularly throughout management processes. Specifically, operating units and SO teams shall use such information to:

- improve the performance, effectiveness, and design of existing development assistance activities;
- revise operating unit strategies, including objectives and results frameworks, where necessary;
- plan new activities, intermediate results or objectives;
- make informed decisions whether to revise or terminate results packages and/or individual activities which are not achieving intended results; and,
- document findings on the impact of development assistance.

See Series 200, Chapter 203.

202.5.7 Obligation and Sub-Obligation of USAID Funds

Prior to the obligation or sub-obligation of USAID funds, the USAID signatory shall ensure that the respective agreement meets applicable statutory, regulatory, and USG policy requirements. (See Series 300 for information about agreements and other requirements associated with agreements.) USAID managers and teams shall review the applicable checklists (see Appendix A) and ensure that financial management (see Series 500) and other requirements are met during the "managing for results" process.

E202.5.7 Obligation and Sub-Obligation of USAID Funds

The Country Checklist (see Appendix A, Country Eligibility Checklist Index), composed of items affecting the eligibility for foreign assistance of a country as a whole, shall be reviewed at the beginning of each fiscal year. In most cases, responsibility for review of the Country Checklist rests with the cognizant USAID/W bureau working in conjunction with the Assistant General Counsel for that bureau.

The Assistance Checklist (Appendix A, Part II) lists the statutory and regulatory items that directly concern assistance resources. The Assistance Checklist shall be reviewed in the field, but information shall be requested from Washington whenever necessary. USAID managers are advised to consult these checklists early in the development of activities as there are several requirements that shall be taken into account in the planning of activities. For activities funded by accounts other than Development Assistance and Economic Support Funds, consult the Regional Legal Adviser or the Assistant General Counsel for the region.

Because the statutory checklist does not include country-specific statutory requirements, consult with the Regional Legal Advisor or the Assistant General Counsel for country-specific statutory requirements.

Information about agreements and related requirements is provided in Series 300.

Information about financial management requirements is provided in Series 500.

202.5.7a Authorization to Sign or Negotiate Agreements

Only USAID personnel so designated in appropriate delegations of authority shall be authorized to negotiate or sign obligation or sub-obligation agreements on behalf of USAID.

202.5.7b Actions Prior To Approving Obligating and Sub-obligating Agreements

Prior to approving obligating and sub-obligating agreements, the USAID signatory shall ensure the following:

- that all obligation or sub-obligation of USAID funds shall be in conformance with an approved strategic plan; in support of the development of a strategic plan or strategic objective; or related to monitoring and evaluating the strategic plan, its objectives, or other activities that support the approved program;

- that the appropriate obligating or sub-obligating agreement, including attachments, is used to obligate or sub-obligate USAID funds [see Series 300 for information on specific agreements];

- that organizations, who under the terms of the agreement

shall have the authority to further sub-obligate USAID funds, have met or have provision to meet USAID approved procurement and financial management standards as USAID may establish to govern such sub-obligations (see Series 300);

- that such agreement has been reviewed and approved for signature by the appropriate officials and parties as may be required pursuant to USAID's and the operating unit's standard operating procedures, as may be applicable;

- that the agreement obligating USAID funds is not in violation of the Anti-Deficiency Act (see 31 U.S.C., section 1341 (a)(1)); and

- that obligating agreements contain appropriate clauses to commit the recipient or grantee at a minimum to manage the activities funded by the agreement in such manner as to further the achievement of the strategic objective, to achieve specific results, and to broad consultation with USAID, other partners, customers, and other stakeholders involved in achieving the strategic objective.

202.5.8 Other Agreements

Prior to entering into an agreement that does not obligate or sub-obligate USAID funds (e.g., memoranda of understanding), the USAID signatory shall ensure that the respective agreement meets all applicable statutory, regulatory, and USG policy requirements. (Model agreements and guidance are found in Series 300.)

E202.5.8 Other Agreements: N/A

202.5.8a Authorization to Negotiate or Sign Agreements

Only USAID personnel so designated in appropriate delegations of authority shall be authorized to negotiate or sign agreements on behalf of USAID.

202.5.8b Responsibilities of the Signatory

The USAID signatory shall ensure that all agreements are in conformance with an approved strategic plan; in support of the development of a strategic plan or strategic objective; or related to monitoring and evaluating the strategic plan, its objectives, or other activities that support the approved program.

The USAID signatory shall ensure that prior to signing an agreement on behalf of USAID that such agreement or instrument has been reviewed and approved for signature by the appropriate officials and parties as may be required pursuant to USAID's and the operating unit's standard operating procedures, as may be applicable.

The USAID signatory shall ensure that agreements contain appropriate

clauses to commit the parties to the strategic objective and specific results and to broad consultation with USAID, other partners, customers, and other stakeholders involved in achieving the strategic objective.

202.5.9 Information Management

Operating units shall ensure information relevant to the management of program resources is developed, used, and recorded.

E202.5.9 Information Management

Operating units shall ensure that implementation letters are used to record major developments in carrying out USAID financed programs with public sector entities, where the communication is between USAID and other parties pursuant to a duly signed agreement entered into by USAID. Areas covered by implementation letters shall include, but are not limited to: formal interpretations of agreements, satisfaction of conditions precedent to disbursement, funding commitments, and mutually agreed upon modifications to program descriptions. (See 202.6.2 for additional guidance on implementation letters.)

E202.5.9a Operating Units' Information Management Responsibilities

Operating units shall ensure that all relevant decisions, analyses, and other material and information necessary to document compliance with these directives are available to authorized persons, and are maintained through the respective unit's official filing system. (See Appendix B.)

E202.5.9b USAID Managers Information Management Responsibilities

USAID managers shall ensure that correspondence, reports, memoranda, and other information and documentation required for managing the achievement of strategic plans, objectives, results packages, activities, and agreements are prepared, issued, retained and kept current in accordance with the appropriate USAID policy governing such correspondence and records [see Series 500, Chapter 508, Electronic Records Management].

APPENDIX A

I. COUNTRY ELIGIBILITY CHECKLIST INDEX:

A. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Narcotics Certification [FAA Sec. 490]

2. Indebtedness to U.S. Citizens [FAA Sec. 620(c)]

3. Seizure of U.S. Property [Foreign Relations Authorization Act, FY 1994 and FY 1995 Sec. 527]

4. Communist and Other Countries [FAA Sections. 620(a), 620(f), 620(d); and FY 1995 Appropriations Act Sections. 507, 523]

5. Mob Action [FAA Sec 620(j)]

6. OPIC Investment Guaranty (FAA 620(1)]

7. Seizure of U.S. Fishing Vessels [FAA Sec. 620(o); Fishermen's Protective Act of 1967, as amended, Sec. 5]

8. Loan Default (FAA Sec. 620(q); FY 1995 Appropriations Act Sec. 512 (Brooke Amendment)]

9. Military Equipment [FAA Sec. 620(s)]

10. Diplomatic Relations with U.S. [FAA Sec. 620(t)]

11. U.N. Obligations [FAA Sec. 620(u)]

12. International Terrorism Sanctuary and support [FY 1995 Appropriations Act sec 529; FAA Sec. 620(a)

13. Airport Security [ISDCA of 1985 Sec. 552(b)]

14. Compliance with UN Sanctions [FY 1995 Appropriations Act Sec. 538]

15. Countries that Export Lethal Military Equipment [FY 1995 Appropriations Act Sec. 563]

16. Discrimination [FAA Sec. 666(b)]

17. Nuclear Technology [Arms Export Control Act Sections. 101, 102]

18. Algiers Meeting [ISDCA of 1981, Sec. 720]

19. Military Coup [FY 1995 Appropriations Act sec. 508]

20. Exploitation of Children [FAA Sec. 116(b)]

21. Parking Fines [FY 1995 Appropriations Act Sec. 564]

B. CRITERIA APPLICABLE ONLY TO DEVELOPMENT ASSISTANCE

Human Rights Violations [FAA Sec. 116]

C. CRITERIA APPLICABLE ONLY TO ECONOMIC SUPPORT FUNDS

Human Rights Violations [FAA Sec. 502B]

II. ASSISTANCE CHECKLIST INDEX:

A. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE AND ECONOMIC SUPPORT FUNDS

1. Host Country Development Efforts (FAA Sec. 601(a))

2. U.S. Private Trade and Investment (FAA Sec. 601(b))

3. Congressional Notification

a. General requirement (FY 1995 Appropriations Act Sec. 515; FAA Sec. 634A)

b. Special notification requirement (FY 1995 Appropriations Act Sec. 520)

c. Notice of account transfer (FY 1995 Appropriations Act Sec. 509)

d. Cash transfers and nonproject sector assistance (FY 1995 Appropriations Act Sec. 536(b)(3))

See additional guidance in Supplementary Reference entitled "Congressional Notification."

4. Engineering and Financial Plans (FAA Sec. 611(a))

5. Legislative Action (FAA Sec. 611(a)(2))

6. Water Resources (FAA Sec. 611(b))

7. Cash Transfer/Nonproject Sector Assistance Requirements (FY 1995 Appropriations Act Sec. 536)

8. Capital Assistance (FAA Sec. 611(e))

9. Multiple Country Objectives (FAA Sec. 601(a))

10. U.S. Private Trade (FAA Sec. 601(b))

11. Local Currencies

a. Recipient Contributions (FAA Sections. 612(b), 636(h))

b. U.S.-Owned Currency (FAA Sec. 612(d))

12. Trade Restrictions

a. Surplus Commodities (FY 1995 Appropriations Act Sec. 513(a))

b. Textiles (Lautenberg Amendment) (FY 1995 Appropriations Act Sec. 513(c))

13. Tropical Forests (FY 1991 Appropriations Act Sec. 533(c)(3)(as referenced in section 532(d) of the FY 1993 Appropriations Act)

14. PVO Assistance

a. Auditing and registration (FY 1995 Appropriations Act Sec. 560)

b. Funding sources (FY 1995 Appropriations Act, Title II, under heading "Private and Voluntary Organizations")

15. Agreement Documentation (State Authorization Sec. 139 (as interpreted by conference report))

16. Metric System (Omnibus Trade and Competitiveness Act of 1988 Sec. 5164, as interpreted by conference report, amending Metric Conversion Act of 1975 Sec. 2, and as implemented through A.I.D. policy)

17. Abortions (FAA Sec. 104(f); FY 1995 Appropriations Act, Title II, under heading "Population, DA," and Sec. 518):

18. Cooperatives (FAA Sec. 111)

19. U.S.-Owned Foreign Currencies

a. Use of currencies (FAA Sections. 612(b), 636(h); FY 1995 Appropriations Act Sections. 503, 505)

b. Release of currencies (FAA Sec. 612(d))

20. Procurement
a. Small business (FAA Sec. 602(a))
b. U.S. procurement (FAA Sec. 604(a)
c. Marine insurance (FAA Sec. 604(d))
d. Insurance (FY 1995 Appropriations Act Sec. 531)
e. Non-U.S. agricultural procurement (FAA Sec. 604(e))

f. Construction or engineering services (FAA Sec. 604(g))
g. Cargo preference shipping (FAA Sec. 603))
h. Technical assistance(FAA Sec. 621(a))
i. U.S. air carriers (International Air Transportation Fair Competitive Practices Act, 1974)
j. Consulting services (FY 1995 Appropriations Act Sec. 559)
k. Competitive Selection Procedures (FAA Sec. 601(e))
l. Notice Requirement (FY 1995 Appropriations Act Sec. 568)

21. Construction
a. Capital Assistance (FAA Sec. 601(d))
b. Construction contract (FAA Sec. 611(c))
c. Large projects, Congressional approval (FAA Sec. 620(k))

22. U.S. Audit Rights (FAA Sec. 301(d))

23. Communist Assistance (FAA Sec. 620(h)

24. Narcotics
a. Cash reimbursements (FAA Sec. 483)
b. Assistance to narcotics traffickers (FAA Sec. 487)

25. Expropriation and Land Reform (FAA Sec. 620(g))

26. Police and Prisons (FAA Sec. 660)

27. CIA Activities (FAA Sec. 662)

28. Motor Vehicles (FAA Sec. 636(i))

29. Export of Nuclear Resources (FY 1995 Appropriations Act Sec. 506)

30. Publicity or Propaganda (FY 1995 Appropriations Act Sec. 554)

31. Exchange for Prohibited Act (FY 1995 Appropriations Act Sec. 533)

32. Commitment of Funds (FAA Sec. 635(h))

33. Impact on U.S. Jobs(FY 1995 Appropriations Act, Sec. 545)

34. Environmental Considerations (22 CFR Part 216 [USAID Regulation 16]; also applicable to NIS per FY 1995 Appropriation Act [Levin Amendment]; see also items 11, 12, and 13 under "Criteria Applicable to Development Assistance Only.")

B. CRITERIA APPLICABLE TO DEVELOPMENT ASSISTANCE ONLY

1. Agricultural Exports (Bumpers Amendment) (FY 1995 Appropriations Act Sec. 513(b), as interpreted by conference report for original enactment)

2. Tied Aid Credits (FY 1995 Appropriations Act, Title II, under heading "Economic Support Fund")

3. Appropriate Technology (FAA Sec. 107)

4. Indigenous Needs and Resources(FAASec.281(b))

5. Economic Development (FAA Sec. 101(a))

6. Special Development Emphases (FAA Sections. 102(b), 113, 281(a))

7. Recipient Country Contribution (FAA Secs.110,1(d)) [See additional guidance in Supplementary Reference entitled "Guidance on Host Country Contribution under Section 110 of the FAA."]

8. Benefit to Poor Majority (FAA Sec. 128(b))

9. Contract Awards (FAA Sec. 601(e))

10. Disadvantaged Enterprises (FY 1995 Appropriations Act Sec. 555)

11. Environmental Impact Review (FAA Section 117, addressed under 22 CFR Part 216; see also item 34 under "Criteria Applicable to DA and ESF.")

12. Tropical Forests (FAA Section 118; FY 1991 Appropriations Act Section 533(c) as referenced in Sections 532(d) of the FY 1993 Appropriations Act; see also item 34 under "Criteria Applicable to DA and ESF.")

13. Biological Diversity (FAA Section 119(g); see also item 34 under "Criteria Applicable to DA and ESF.")

14. Energy (FY 1991 Appropriations Act Sec. 533(c) as referenced in section 532(d) of the FY 1993 Appropriations Act)

15. Debt-for-Nature Exchange (FAA Sec. 463)

16. Deobligation/Reobligation (FY 1995 Appropriations Act Sec. 510)

17. Loans
    a. Repayment capacity (FAA Sec. 122(b))
    b. Long-range plans (FAA Sec. 122(b))
    c. Interest rate (FAA Sec. 122(b))
    d. Exports to United States (FAA Sec. 620(d))

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18. Development Objectives (FAA Sections. 102(a), 111, 113, 281(a))

19. Agriculture, Rural Development and Nutrition, and Agricultural Research (FAA Sections. 103 and 103A)

20. Population and Health (FAA Sections. 104(b) and (c))

21. Education and Human Resources Development (FAA Sec. 105)

22. Energy, Private Voluntary Organizations, and Selected Development Activities (FAA Sec. 106)

23. Capital Assistance (Jobs Through Export Act of 1992, Sections. 303 and 306(d))

C. CRITERIA APPLICABLE TO ECONOMIC SUPPORT FUNDS ONLY

1. Economic and Political Stability (FAA Sec. 531(a))

2. Military Purposes (FAA Sec. 531(e))

3. Commodity Grants/Separate Accounts (FAA Sec. 609)

4. Generation and Use of Local Currencies (FAA Sec. 531(d)) (For FY 1995, this provision is superseded by the separate account requirements of FY 1995 Appropriations Act Sec. 536(a), see Sec. 536(a)(5).)

5. Capital Activities (Jobs Through Exports Act of 1992, Sec. 306)

APPENDIX B

OFFICIAL FILES

I. By Strategic Objective
- A. Obligation Documents
  - 1. Bilateral
    - a. Grant and Loan Agreements
  - 2. Nonbilateral
    - a. Contracts
    - b. Grants
    - c. Purchase Orders
    - d. Interagency Agreements
    - e. PASAs
    - f. RSSAs
- B. Nonobligating Agreements
  - a. Memoranda of Understanding
- C. Implementation Orders
  - 1. IO/Ts
  - 2. IO/Cs
  - 3. IO/Ps
- D. Implementation Letters
- E. Results Frameworks and Assoicated Results Package Documents
- F. Closeout Reports
- G. Audits
- H. Performance Monitoring documents
  - 1. Plans
  - 2. Results Reviews
  - 3. Supporting Documentation
  - 4. Evaluations
- I. Budget Information
- J. Resource Requests
- K. Congressional Notifications
- L. Waivers
- M. Environmental Reviews
- N. SO team delegations and membership lists
  - 1. Subteam information (as appropriate)
- O. Statutory checklists

II. General information, not SO-specific
- A. Strategic Plan
- B. Management Contract
- C. Customer Service Plan
- D. Results Review and Resource Request
- E. Obligating documents not related to one individual SO (e.g., contracts which include activities for two or more objectives)
- F. Congressional Presentation
- G. Audits
- H. Performance Monitoring Plan (may be for the overall strategic plan, not just specific objectives)

202.6 Supplementary References (202.6.1 - 202.6.6 are reserved.)

202.6.1 Team Development

202.6.2 Implementation Letters

202.6.3 Statutory Checklist Criteria

202.6.4 Analyses

202.6.4a Financial Analysis

202.6.4b Economic Analysis

202.6.4c Social Soundness Analysis

202.6.4d Administrative Analysis

202.6.4e Environmental Analysis

202.6.4f Technical Analysis

202.6.5 Developing and Monitoring Activities

202.6.6 Congressional Notification

202.6.7 Characteristics of Results Packages

Strategic objective teams create, modify and terminate results packages as required to meet changing circumstances pursuant to the achievement of the strategic objective. Thus, typically a results package will be of shorter duration than its associated strategic objective. Some of the characteristics of results packages include specification of:

- One or more results from the results framework which personnel assigned to the results package are tasked with producing;

- The set of activities and their respective agreements with USAID development partners and customers designed to achieve one or more results from the results framework;

- How activities will achieve the intended results including linkages between USAID, intermediaries and ultimate customers;

- Personnel, including appropriate USAID staff and representatives of partners and customers, with the knowledge and capacity needed to deliver the specified result(s);

- Responsibilities and authorities clearly defined with respect to the personnel assigned to the results package;

- Funding from USAID and partner organizations sufficient to carry out the activities required to deliver the specified results; and,

- Information on the elements identified above as well as how performance will be monitored and measured; current plans and status of activities and results achievement; agreements signed; implementation letters and other relevant correspondence; any analysis performed preceding, during or after completion of activities; and other documents related to key decisions the assigned personnel make in carrying out their responsibilities.

Major Functional Series 200 Program Assistance
Chapter 203 Managing for Results: Monitoring and Evaluating Performance

203.1 Authority

203.2 Objective

203.3 Responsibilities
1. Bureau for Policy and Program Coordination (PPC)
2. Bureau for Management (M)
3. Office of General Counsel
4. Regional Bureau
5. Global Bureau (G)
6. Bureau for Humanitarian Response (BHR)
7. Operating Units
8. Strategic Objective Team

201.4 Definitions

203.5 Policy & E203.5 Essential Procedures

203.5.1 Core Monitoring and Evaluation Policy
203.5.1a Performance Monitoring
203.5.1b Evaluation
203.5.1c Other Sources of Information

203.5.2 Using Information to Manage for Results

203.5.3 Participation in Performance Monitoring and Evaluation
203.5.3a Building Performance Monitoring and Evaluation Capacity
203.5.3b Information Sharing

203.5.4 Resources for Performance Monitoring and Evaluation
E203.5.4

203.5.5 Performance Monitoring
203.5.5a Operating unit: Results Framework-Level Performance Monitoring
203.5.5b Operating Unit: Special Objectives, Exceptions and Special Cases
203.5.5c Operating Unit: Activity-Level Monitoring
203.5.5d Development Monitoring at the Overall Agency Level
203.5.5e Quality of Performance Data
E203.5.5 Performance Monitoring
E203.5.5(1) Performance Indicators
E203.5.5(2) Performance Monitoring Plans
E203.5.5(3) Establishing Performance Baselines
E203.5.5(4) Collection of Performance Data: Frequency and Standards
E203.5.5(5) Data Quality

203.5.6 Evaluation
203.5.6a Planning and Conducting Evaluations
E203.5.6a Planning and Conducting Evaluations
E203.5.6a(1) The Decision to Evaluate at the Operating Unit
E203.5.6a(2) Planning and Conducting Evaluations at the Overall Agency Level.
E203.5.6a(3) The Focus and Purpose of Evaluations

203.5.6b Evaluation Follow-up and Documentation
E203.5.6b
E203.5.6b(1) Evaluation Reports
E203.5.6b(2) Electronic Submissions of Evaluation Documentation
E203.5.6b(3) Translating an Evaluation Report

203.5.7 Other Sources of Information for Managing for Results
E203.5.7

203.5.8 Review of Performance Information
203.5.8a Operating Unit Internal Reviews
203.5.8a(1) Results Framework-Level Reviews
203.5.8a(2) Activity-Level Review
203.5.8a(3) Participation in Reviews
203.5.8b Bureau Reviews of Operating Units
203.5.8c Review of Overall Agency Performance.

203.5.9 Reporting and Disseminating Performance Information
E203.5.9
203.5.9a Operating Unit R4 Report
203.5.9b Reporting on Agency Performance
E203.5.9b
203.5.9c Meeting Other External Reporting Requirements
E203.5.9c
203.5.9d Dissemination of Performance Findings
203.5.9e Special Requests for Performance Information

203.6 Supplementary References (Reserved)

203.1 Authorities

1. The Foreign Assistance Act (FAA) of 1961, as amended

2. The Government Performance and Results Act of 1993, Public Law 102-62 (GPRA)

3. Chief Financial Officers Act of 1990, Public Law 101-576 (November 15, 1990)

4. Government Management Reform Act of 1994, Public Law 103-356 (October 13, 1994)

5. Agricultural Trade and Development and Assistance Act of 1954, as amended (P.L. 480)

6. SEED Act of 1989

7. Federal Manager's Financial Integrity Act of 1982

203.2 Objective:

To establish the framework for monitoring and evaluating overall Agency and operating unit performance. Towards this end, to insure that the Agency and its operating units regularly collect and review data and information related to performance in order to continuously improve:

- the planning and implementation of development assistance;

- the effectiveness of management decisions and processes;

- the means by which the Agency learns through its experience;

- the ability of the Agency to meet accountability and reporting requirements.

203.3 Responsibilities

1. Bureau for Policy and Program Coordination (PPC): PPC is responsible for:

a) establishing Agency policy regarding strategic planning requirements;

b) developing and articulating the Agency's strategic plan and framework;

c) issuing annual planning guidance to include resource parameters and program priorities in a timely manner;

d) providing guidance on any special legislation which affects

strategic planning;

e) reviewing and approving supplemental planning guidance issued by the operating bureaus;

f) reviewing and concurring with operating unit strategic plans for conformance with Agency goals and program policies;

g) conducting the Agency review of bureau budget submissions with the M Bureau;

h) establishing and maintaining a monitoring system for Agency goals and objectives;

i) coordinating the review of Agency performance, and reporting on that performance;

j) providing technical leadership in developing Agency and operating unit performance monitoring and evaluation systems;

k) evaluating the effectiveness of Agency program strategies and other strategies used by operating units to achieve objectives;

l) conducting evaluations on issues related to the delivery of development assistance of interest to the Agency or its stakeholders;

m) maintaining the Agency's database of development information and development experience and acting as a repository for Agency lessons learned; and

n) supporting its operating units in achieving approved objectives, and reviewing annually those units' performance in achieving their objectives.

2. Bureau for Management (M): M is responsible for:

a) analyzing the resource requirements necessary to meet Agency goals;

b) establishing indicative budget planning levels for operating bureaus in a timely manner;

c) reviewing and concurring with operating unit strategic plans for consistency with anticipated resource availability;

d) conducting the Agency review of bureau budget submissions with PPC;

e) ensuring that performance and results information are used in Agency resource allocation decision making;

f) preparing the Agency's annual budget request for OMB and Congress;

g) monitoring budget implementation; and

h) assisting PPC with establishing and maintaining the monitoring system for Agency goals and objectives, and reviewing and reporting on overall Agency performance.

3. Office of General Counsel (GC): GC is responsible for:

a) assuring that proposed activities are in compliance with all legal requirements;

b) assuring that such activities and their implementation were not in violation of any prohibitions against assistance; and

c) assuring that agreements with host countries, and other agreements as appropriate, meet the agency's requirements.

4. Regional Bureau: Each regional bureau is responsible for:

a) providing oversight and support to operating units in the strategic planning process, ensuring that strategic plans are in place for each operating unit;

b) providing supplemental policy guidance addressing concerns unique to the region as necessary;

c) establishing indicative country levels for budget planning prior to the initiation of the strategic planning process and the annual results review and resource request (R4) submission;

d) managing the Agency review of strategic plans for operating units under its authority;

e) reviewing strategic plans from its operating units as well as those from Global Bureau (G) and Bureau for Humanitarian Response (BHR) operating units for consistency with regional priorities and geopolitical considerations;

f) approving country and regional strategic plans under its purview with concurrence from Management (M), Policy and Program Coordination (PPC), General Counsel (GC), BHR (as appropriate), and G;

g) providing an analytic overview of results in the region in conjunction with the annual bureau budget submission;

h) supporting its respective operating units overseas and, in USAID Washington (USAID/W), in achieving approved objectives, pursuant to the management contracts established following the review and approval of strategic plans;

i) reviewing and assessing the performance of each of its operating units in achieving that unit's objectives;

j) coordinating the participation in these reviews of PPC, M, G, and BHR; and

k) participating in the review of overall Agency performance.

5. Global Bureau (G): G is responsible for:

a) assisting overseas and USAID/W operating units by providing technical leadership and guidance in the development and review of strategic plans;

b) organizing the provision to all operating units of central technical resources which are relevant to implementation of strategic plans;

c) providing assistance to PPC in establishing and maintaining the monitoring system for Agency goals and objectives;

d) participating in regional bureau reviews of field mission performance, and in the review of overall Agency performance;

e) providing oversight and support to its own operating units in developing their strategic plans, ensuring appropriate consultation in this process with operating units in the field, managing the Agency review of those plans, and approving the plans with concurrence from M, PPC, GC, BHR (as appropriate) and regional bureaus; and

f) supporting its operating units in achieving approved objectives, and reviewing (in consultation with PPC, M, BHR and regional bureaus) and reporting annually those units' performance in achieving their objectives.

6. Bureau for Humanitarian Response (BHR): BHR is responsible for:

a) providing technical leadership and guidance in planning and implementation to all operating units in the area of humanitarian assistance, food aid, and programs which are in transition from relief to development as appropriate;

b) reviewing operating unit strategic plans to assure humanitarian, disaster relief, food aid, and transitional concerns are appropriately addressed, and participating in other bureau reviews of their respective operating units' performance;

c) organizing the provision of resources under its purview relevant to implementing strategic plans;

d) providing oversight and support to its own operating units in developing their strategic plans;

e) ensuring appropriate consultation with operating units in the field;

f) managing the review and approval of strategic plans for operating units under its authority, with concurrence from M, PPC, GC, regional bureaus, and G; and

g) providing an analytic overview of results in its programs in conjunction with the annual bureau budget submission.

7. Operating Units: Operating units are responsible for:

a) developing strategic plans for program funds for which they have responsibility and authority;

b) ensuring the participation of other interested USAID offices, partners and customers throughout planning, achieving and performance monitoring and evaluating;

c) within the scope of its management contract, delegated authorities, and Agency directives, managing the implementation of the strategic plan, including establishing and defining authorities for strategic objective teams, achieving the objective(s) set forth in the plan, and reviewing performance and reporting annually on that performance to their respective bureaus;

d) during the course of implementation, ensuring that their strategic objective teams gather and use performance information to manage for results, and that adequate resources are programmed for performance monitoring and evaluation.

8. Strategic Objective Team: A strategic objective (SO) team is responsible for managing to achieve a specific strategic objective under the direction of an operating unit. The SO team's specific responsibilities include:

a) establishing its internal operating rules and procedures (consistent with its delegated authorities);

b) involving customers and partners in collecting, reviewing and interpreting performance information, and assuring that agreed-to customer needs are addressed through activities being implemented;

c) grouping, as appropriate, results and associated activities from the SO's results framework into results packages (and regrouping as necessary);

d) allocating resources associated with achieving the objective;

e) developing and implementing (within subteams if appropriate)

necessary and effective activities, contracts, grants and other agreements;

f) monitoring, analyzing and reporting on performance against established performance criteria, and taking corrective action as necessary;

g) using evaluative activities to determine why assistance is or is not achieving intended results;

h) recommending to the operating unit any changes to an objective or the strategic plan;

i) preparing appropriate close-out reports, including resources expended, accomplishments achieved and lessons learned;

j) with respect to the strategic objective team leader, organizing, coordinating, coaching and inspiring the team to achieve the set of results leading to the strategic objective; and

k) with respect to each strategic objective team member, advancing a common team effort to achieve the strategic objective assigned to the team, and implementing his or her specific responsibilities and authorities on that team.

203.4 Definitions

1. Activity: An action undertaken either to help achieve a program result or set of results, or to support the functioning of the Agency or one of its operating units. In a program context, i.e., in the context of results frameworks and strategic objectives, an activity may include any action used to advance the achievement of a given result or objective, whether financial resources are used or not. E.g., an activity could be defined around the work of a USAID staff member directly negotiating policy change with a host country government, or it could involve the use of one or more grants or contracts to provide technical assistance and commodities in a particular area. (Also within this context, for the purposes of the New Management Systems [see definition], "activity" includes the strategic objective itself as an initial budgeting and accounting element to be used before any specific actions requiring obligations are defined.) In an operating expense context, an activity may include any action undertaken to meet the operating requirements of any organizational unit of the Agency.

2. Activity Manager: That member of the strategic objective or results package team designated by the team to manage a given activity or set of activities.

3. Agency Goal: A long-term development result in a specific area to which USAID programs contribute and which has been identified as a specific goal by the Agency. (See also Operating Unit Goal.)

4. Agency Mission: The ultimate purpose of the Agency's programs; it

is the unique contribution of USAID to our national interests. There is one Agency mission.

5. Agency Objective: A significant development result that USAID contributes to, and which contributes to the achievement of an Agency goal. Several Agency objectives contribute to each Agency goal. Changes in Agency objectives are typically observable only every few years.

6. Agency Program Approach: A program or tactic identified by the Agency as commonly used to achieve a particular objective. Several program approaches are associated with each Agency objective.

7. Agency Strategic Plan: The Agency's plan for providing development assistance; the strategic plan articulates the Agency's mission, goals, objectives, and program approaches.

8. Agency Strategic Framework: A graphical or narrative representation of the Agency's strategic plan; the framework is a tool for communicating USAID's development strategy. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of Agency programs.

9. Agent: An individual or organization under contract with USAID.

10. Agreement: An agreement is the formal mutual consent of two or more parties. The Agency employs a variety of agreements to formally record understandings with other parties, including grant agreements, cooperative agreements, strategic objective agreements, memorandum of understanding, contracts and limited scope grant agreements. In most cases, the agreement identifies the results to be achieved, respective roles and contributions to resource requirements in pursuit of a shared objective within a given time frame.

11. Assistance Mechanism: A specific mode of assistance chosen to address an intended development result. Examples of mechanisms include: food aid, housing guaranties, debt-for-nature swaps, endowments, cash transfers, etc.

12. Baseline: See Performance Baseline.

13. Causal Relationship: A plausible cause and effect linkage; i.e. the logical connection between the achievement of related, interdependent results.

14. Critical Assumption: In the context of developing a results framework, critical assumptions refer to general conditions under which a development hypothesis will hold true or conditions which are outside of the control or influence of USAID, and which are likely to affect the achievement of results in the results framework. Examples might be: the ability to avert a crisis caused by drought, the outcome of a national election, or birth rates continuing to decline as it relates to an education program. A critical assumption differs from an intermediate

result in the results framework in the sense that the intermediate result represents a focused and discrete outcome which specifically contributes to the achievement of the SO.

15. Customer: An individual or organization who receives USAID services or products, benefits from USAID programs or who is affected by USAID actions.

15a Intermediate Customer: A person or organization, internal or external to USAID, who uses USAID services, products, or resources to serve indirectly or directly the needs of the ultimate customers.

15b Ultimate Customer: Host country people who are end users or beneficiaries of USAID assistance and whose participation is essential to achieving sustainable development results.

16. Customer Representative: Any individual or organization that represents the interests of those individuals, communities, groups or organizations targeted for USAID assistance.

17. Customer Service Plan: A document which presents the operating unit's vision for including customers and partners to achieve its objectives. This document also articulates the actions necessary to engage participation of its customers and partners in planning, implementation and evaluation of USAID programs and objectives.

18. Customer Surveys: Surveys (or other strategies) designed to elicit information about the needs, preferences, or reactions of customers regarding an existing or planned activity, result or strategic objective.

19. Development Experience: The cumulative knowledge derived from implementing and evaluating development assistance programs. Development experience is broader in scope than "lessons learned", and includes research findings, applications of technologies and development methods, program strategies and assistance mechanisms, etc.

20. Development Information: The body of literature and statistical data which documents and describes the methods, technologies, status and results of development practices and activities and measures levels of development on a variety of dimensions.

21. Evaluation: A relatively structured, analytic effort undertaken selectively to answer specific management questions regarding USAID-funded assistance programs or activities. In contrast to performance monitoring, which provides ongoing structured information, evaluation is occasional. Evaluation focuses on <u>why</u> results are or are not being achieved, on unintended consequences, or on issues of interpretation, relevance, effectiveness, efficiency, impact, or sustainability. It addresses the validity of the causal hypotheses underlying strategic objectives and embedded in results frameworks. Evaluative activities may use different methodologies or take many different forms, e.g., ranging from highly participatory review workshops to highly focused

assessments relying on technical experts.

22. Global Programs or Activities: Global programs or activities refer to USAID programs or activities which take place across various regions, (i.e. they are trans-regional in nature). These types of programs are most often managed by central operating bureaus such as BHR or the G Bureau.

23. Goal: See Operating Unit Goal or Agency Goal.

24. Implementation Letters: Formal correspondence, numbered sequentially, between USAID and public sector entities pursuant to a duly signed agreement.

25. Indicator: See Performance Indicator.

26. Input: The provision of technical assistance, commodities, capital or training in addressing development or humanitarian needs.

27. Interim Performance Target: A target value which applies to a time period less than the overall time period related to the respective performance indicator and performance target.

28. Intermediate Result: A key result which must occur in order to achieve a strategic objective.

29. Joint Planning: A process by which an operating unit actively engages and consults with other relevant and interested USAID offices in an open and transparent manner. This may occur through participation on teams or through other forms of consultation.

30. Lesson Learned: The conclusions extracted from reviewing a development program or activity by participants, managers, customers or evaluators with implications for effectively addressing similar issues/problems in another setting.

31. Limited Scope Grant Agreement: The Limited Scope Grant Agreement(LSGA) is similar to the Strategic Objective Agreement but is shorter in length. It is used for obligating funds for a small activity or intervention; e.g., participant training or PD&S. Model agreements, including the LSGA, can be found in the Series 300 directives.

32. Manageable Interest: See Responsibility

33. Management Contract: The management contract consists of the strategic plan (including a strategic objectives and supporting results frameworks) together with official record of the guidance emerging from the review of the plan. The management contract provides; a summary of agreements on a set of strategic and other objectives, confirmation of estimated resources over the strategy period, delegations of authority, and an overview of any special management concerns.

34. Memorandum or Letter of Understanding: A memorandum of

understanding or letter of understanding (not used for obligating funds) sets forth the understandings of the parties regarding the objective, results to be achieved and the respective roles and responsibilities of each party in contributing toward the achievement of a given result or objective. It is particularly useful when USAID wishes to obligate through individual grants and contracts, without host government participation in those actions, but still wishes to make the host government a partner in writing to the program or activity and each party's obligations. It specifically provides for USAID implementation in the manner noted above.

35. New Management Systems: The set of management software developed to support Agency functions in the areas of accounting, budgeting, planning, achieving, performance monitoring and evaluation, assistance and acquisition, human resource management and property management.

36. Objective: See Agency Objectives.

37. Obligation: In the event of a strategic objective agreement with a host country government, that agreement is normally the obligating agreement (unless a non-obligating MOU is used) and all grants to and contracts with private entities thereunder are subobligating agreements. If there is no strategic objective agreement, whether or not a non-obligating MOU is used, all grants to and contracts with private entities become obligating agreements.

38. Operating Unit: USAID field mission or USAID/W office or higher level organizational unit which expends program funds to achieve a strategic objective, strategic support objective, or special objective, and which has a clearly defined set of responsibilities focussed on the development and execution of a strategic plan.

39. Operating Unit Goal: A higher level development result to which an operating unit contributes, but which lies beyond the unit's level of responsibility. An operating unit goal is a longer term development result that represents the reason for achieving one or more objectives in an operating unit strategic plan. An operating unit goal may be identical to an Agency goal, but is normally distinguished from it in several key ways. An Agency goal is a long-term general development objective, in a specific strategic sector, that USAID works toward, and represents the contribution of Agency programs working in that sector. An operating unit goal is optional and represents a long-term result in a specific country or program to which an operating unit's programs contribute, and may cross sector boundaries.

40. Output: The product of a specific action, e.g., number of people trained, number of vaccinations administered.

41. Parameter: A given framework or condition within which decision making takes place (i.e. Agency Goals, earmarks, legislation, etc).

42. Participation: The active engagement of partners and customers in sharing ideas, committing time and resources, making decisions, and

taking action to bring about a desired development objective.

43. Partner: An organization or customer representative with which/whom USAID works cooperatively to achieve mutually agreed upon objectives and intermediate results, and to secure customer participation. Partners include: private voluntary organizations, indigenous and other international non-government organizations, universities, other USG agencies, U.N. and other multilateral organizations, professional and business associations, private businesses (as for example under the U.S.-Asia Environmental Partnership), and host country governments at all levels.

44. Partner Representative: An individual that represents an organization with which USAID works cooperatively to achieve mutually agreed upon objectives.

45. Partnership: An association between USAID, its partners and customers based upon mutual respect, complementary strengths, and shared commitment to achieve mutually agreed upon objectives.

46. Performance Baseline: The value of a performance indicator at the beginning of a planning and/or performance period. A performance baseline is the point used for comparison when measuring progress toward a specific result or objective. Ideally, a performance baseline will be the value of a performance indicator just prior to the implementation of the activity or activities identified as supporting the objective which the indicator is meant to measure.

47. Performance Indicator: A particular characteristic or dimension used to measure intended changes defined by an organizational unit's results framework. Performance indicators are used to observe progress and to measure actual results compared to expected results. Performance indicators serve to answer "whether" a unit is progressing towards its objective, rather than why/why not such progress is being made. Performance indicators are usually expressed in quantifiable terms, and should be objective and measurable (numeric values, percentages, scores and indices). Quantitative indicators are preferred in most cases, although in certain circumstances qualitative indicators are appropriate.

48. Performance Information: The body of information and statistical data that directly relates to performance towards overall USAID goals and objectives, as well as operating unit strategic objectives, strategic support objectives and special objectives. Performance information is a product of formal performance monitoring systems, evaluative activities, customer assessments and surveys, Agency research and informal feedback from partners and customers.

49. Performance Monitoring: A process of collecting and analyzing data to measure the performance of a program, process, or activity against expected results. A defined set of indicators is constructed to regularly track the key aspects of performance. Performance reflects effectiveness in converting inputs to outputs, outcomes and impacts

(i.e., results).

50. Performance Monitoring Plan: A detailed plan for managing the collection of data in order to monitor performance. It identifies the indicators to be tracked; specifies the source, method of collection, and schedule of collection for each piece of datum required; and assigns responsibility for collection to a specific office, team, or individual. At the Agency level, it is the plan for gathering data on Agency goals and objectives. At the Operating Unit level, the performance monitoring plan contains information for gathering data on the strategic objectives, intermediate results and critical assumptions included in an operating unit's results frameworks.

51. Performance Monitoring System: An organized approach or process for systematically monitoring the performance of a program, process or activity towards its objectives over time. Performance monitoring systems at USAID consist of, inter alia: performance indicators, performance baselines and performance targets for all strategic objectives, strategic support objectives, special objectives and intermediate results presented in a results framework; means for tracking critical assumptions; performance monitoring plans to assist in managing the data collection process, and; the regular collection of actual results data

52. Performance Target: The specific and intended result to be achieved within an explicit timeframe and against which actual results are compared and assessed. A performance target is to be defined for each performance indicator. In addition to final targets, interim targets also may be defined.

53. Portfolio: The sum of USAID-funded programs being managed by a single operating unit.

54. Rapid, Low-cost Evaluations: Analytic or problem-solving efforts which emphasize the gathering of empirical data in ways that are low-cost, timely, and practical for management decision making. Methodological approaches include mini-surveys, rapid appraisals, focus groups, key informant interviews, observation, and purposive sampling, among others.

55. Responsibility: In the context of setting strategic objectives, responsibility refers to a guiding concept which assists an operating unit in determining the highest level result that it believes it can materially affect (using its resources in concert with its development partners) and that it is willing to use as the standard for the judgement of progress. This has also been referred to as "manageable interest."

56. Result: A change in the condition of a customer or a change in the host country condition which has a relationship to the customer. A result is brought about by the intervention of USAID in concert with its development partners. Results are linked by causal relationships, i.e. a result is achieved because related, interdependent result(s) were

achieved. Strategic objectives are the highest level result for which an operating unit is held accountable; intermediate results are those results which contribute to the achievement of a strategic objective.

57: Results Framework: The results framework represents the development hypothesis including those results necessary to achieve a strategic objective and their causal relationships and underlying assumptions. The framework also establishes an organizing basis for measuring, analyzing, and reporting results of the operating unit. It typically is presented both in narrative form and as a graphical representation.

58. Results Package: A results package (RP) consists of people, funding, authorities, activities and associated documentation required to achieve a specified result(s) within an established time frame. An RP is managed by a strategic objective team (or a results package team if established) which coordinates the development, negotiation, management, monitoring and evaluation of activities designed consistent with: (1) the principles for developing and managing activities; and (2) achievement of one or more results identified in the approved results framework. The purpose of a results package is to deliver a given result or set of results contributing to the achievement of the strategic objective.

The strategic objective team will define one or more RPs to support specific results from the results framework. The SO team may elect to manage the package or packages itself, or may create one or more subteams to manage RPs. In addition, strategic objective teams create, modify and terminate results packages as required to meet changing circumstances pursuant to the achievement of the strategic objective. Thus, typically a results package will be of shorter duration than its associated strategic objective.

59. Results Package Data Base: A results package data base consists of the data and information related to the actions, decisions, events, and performance of activities under a results package.

60. Results Review and Resource Request (R4): The document which is reviewed internally and submitted to USAID/W by the operating unit on an annual basis. The R4 contains two components: the results review and the resource request. Judgement of progress will be based on a combination of data and analysis and will be used to inform budget decision making.

61. Review Workshops: Workshops which involve key participants in an SO/RP or even a particular element of an RP in collectively evaluating performance during the previous implementation period and planning for the forthcoming period. Participants are normally representatives of partners, customers, counterparts, other donors, stakeholders, and USAID. Successful workshops are often facilitated to assure that all perspectives are heard and that key findings and conclusions and consensus on modifications and plans is documented and distributed.

62. Special Objective: The result of an activity or activities which do not qualify as a strategic objective, but support other US government assistance objectives. A special objective is expected to be small in scope relative to the portfolio as a whole.

63. Stakeholders: Individuals and/or groups who have an interest in and influence USAID activities, programs and objectives.

64. Strategic Objective: The most ambitious result (intended measurable change) that a USAID operational unit, along with its partners, can materially affect and for which it is willing to be held responsible. The strategic objective forms the standard by which the operational unit is willing to be judged in terms of its performance. The time-frame of a strategic objective is typically 5-8 years for sustainable development programs, but may be shorter for programs operating under short term transitional circumstances or under conditions of uncertainty.

65. Strategic Objective Agreement: A formal agreement that obligates funds between USAID and the host government or other parties, setting forth a mutually agreed upon understanding of the time frame, results expected to be achieved, means of measuring those results, resources, responsibilities, and contributions of participating entities for achieving a clearly defined strategic objective. Such an agreement between USAID and the host government may allow for third parties (e.g., NGOs) to enter into sub-agreements with either USAID or the host government or both to carry out some or all of the activities required to achieve the objective. (Details in Series 300.)

66. Strategic Plan: The framework which an operating unit uses to articulate the organization's priorities, to manage for results, and to tie the organization's results to the customer/beneficiary. The strategic plan is a comprehensive plan which includes the delimitation of strategic objectives and a description of how it plans to deploy resources to accomplish them. A strategic plan is prepared for each portfolio whether it is managed at a country level, regionally, or centrally.

67. Strategic Support Objective: Strategic support objectives are intended to capture and measure a regional or global development objective which is dependent on the results of other USAID operating units to achieve the objective but to which a global or regional program makes an important contribution. Therefore, the key differentiation from a strategic objective, as defined above, is that there is a recognition that the achievement of the objective is accomplished and measured, in part, through the activities and results at the field mission level.

68. Subgoal: A higher level objective which is beyond of the operating unit's responsibility but which provides a link between the strategic objective and the operating unit goal. Inclusion in operating unit plans is optional.

69. Strategic Objective Team: In general, a team is a group of people committed to a common performance goal for which they hold themselves individually and collectively accountable. Teams can include USAID employees exclusively or USAID and partner and customer representatives. An SO team is a group of people who are committed to achieving a specific strategic objective and are willing to be held accountable for the results necessary to achieve that objective. The SO team can establish subsidiary teams for a subset of results or to manage a results package.

69a. Core Team: U.S. government employees and others who may be authorized to carry out inherently U.S. governmental functions such as procurement actions or obligations. For example, only members of the core team would manage procurement sensitive materials or negotiate formal agreements.

69b. Expanded Team: U.S. government employees and partner and customer representatives committed to achieving the strategic objective.

69c. Virtual Team: Members of a team who are not collocated and therefore participate primarily through telecommunication systems.

70. Target: See Performance Target.

71. U.S. National Interest: A political/strategic interest of the United States that guides the identification of recipients of foreign assistance and the fundamental characteristics of development assistance.

72. Value Engineering: A management technique using a systematized approach to seek out the best functional balance between the cost, reliability, and performance of an activity or process, with a particular focus on the identification and elimination of unnecessary costs. VE/VA can be used both in the design stage and as an evaluation tool.

203.5 Policy & E203.5 Essential Procedures

203.5.1 Core Monitoring and Evaluation Policy

In order to effectively manage for results, the Agency shall regularly collect, review and use information on its performance. At both the overall Agency and operating unit level, this information shall play a critical role in planning and management decisions and will be derived from formal performance monitoring systems, evaluative activities and other relevant sources.

203.5.1a Performance Monitoring

Performance monitoring shall focus on whether and to what extent objectives at both the operating unit and Agency level are being achieved. At the operating unit, strategic objective teams shall establish performance monitoring systems to regularly collect and

analyze data which will enable them to track performance and objectively report on their progress in achieving strategic objectives and intermediate results. SO teams and activity managers shall also track inputs, outputs and processes to insure activities are proceeding as expected and are contributing to intermediate results and strategic objectives as anticipated (refer to Supplementary Reference 203.6.6 for further discussion on designing performance monitoring systems).

The Agency shall establish performance monitoring systems at the Agency level which enable it to track, review and report on overall progress toward the Agency's goals and objectives outlined in the Agency strategic framework. (See also, 203.5.5 through 203.5.5d for more information on performance monitoring.)

203.5.1b Evaluation

Evaluation shall be used to ascertain why unexpected progress, positive or negative, is being made towards a planned result. When performance monitoring systems or other feedback mechanisms at the operating unit indicate that expected results are not being achieved, SO teams shall seek to determine the reason, usually through the use of one or more evaluative activities. Evaluation shall also be used to explore issues related to sustainability and customer focus.

At the Agency level, evaluation shall be a principal vehicle for extracting cross-cutting lessons from operating unit experiences and determining the need for modifications to the Agency strategic framework. (See also, 203.5.6 through 203.5.6b for more information on evaluations.)

(Refer to Supplementary Reference 203.6.18 for further discussion regarding the use of evaluation in USAID.)

203.5.1c Other Sources of Information

The Agency and its operating units shall seek and use other relevant sources of information to improve their understanding of performance and to inform planning and management decisions. Both formal (Agency research findings, customer surveys, experience of other development organizations) and informal (unstructured feedback from customers and partners, site visits) sources shall be considered. (See also, 203.5.7.)

E203.5.1 Core Monitoring and Evaluation Policy - N/A

203.5.2 Using Information to Manage for Results

The Agency, operating units and SO teams must remain informed of all aspects of performance relating to USAID-funded assistance in order to effectively manage for results. Performance monitoring information, evaluation findings and information from additional formal and informal sources shall be used regularly throughout planning and management processes. Specifically, operating units and SO teams shall use such

information to:

- improve the performance, effectiveness, and design of existing development assistance activities;

- revise Agency or operating unit strategies where necessary;

- plan new strategic objectives, results packages and/or activities;

- inform decisions whether to abandon Agency program strategies, strategic objectives or results packages which are not achieving intended results; and,

- document findings on the impact of development assistance.

(Refer to Supplementary Reference 203.6.31)

E203.5.2 Using Information to Manage for Results - N/A

203.5.3 Participation in Performance Monitoring and Evaluation

Operating units and SO teams shall involve USAID customers and partners in planning approaches to monitoring performance, in planning and conducting evaluative activities, as well as in collecting, reviewing and interpreting performance information.

At the agency level, USAID shall involve stakeholders and partner development organizations in the examination of overall agency performance and development information.

203.5.3a Building Performance Monitoring and Evaluation Capacity

The Agency and its operating units shall attempt to build performance monitoring and evaluation capacity within recipient developing countries. Operating units shall integrate, wherever feasible, performance monitoring and evaluation activities with similar processes of host countries and other donors.

203.5.3b Information Sharing

Whenever feasible and appropriate, the Agency and its operating units shall participate in networks for exchange and sharing of development experience and development information resources with development partners, host country development practitioners, researchers and other donors.

(Refer to Supplementary Reference 203.6.4 for additional information on partner and customer participation).

E203.5.3 Participation in Performance Monitoring and Evaluation - N/A

203.5.4 Resources for Performance Monitoring and Evaluation

Operating units and SO teams, when budgeting for strategic objectives and/or results packages, shall insure that sufficient and adequate resources (funding and personnel) are allocated to performance monitoring and evaluation activities. The Agency shall insure that adequate resources are allocated to and used in performance monitoring and evaluation functions. (See also, E203.5.4)

E203.5.4 Resources for Performance Monitoring and Evaluation

When budgeting for strategic objective and results packages, teams must allow adequate funds for performance monitoring and evaluation. A target range for resource levels dedicated to monitoring and evaluation functions in SOs and RPs is 3% to 10% of the overall budget. However, factors unique to each SO/RP may lead to a decision to budget above or below that range.

Operating units and strategic objective teams are responsible for collecting information for managing for results in a cost-effective manner (consideration of cost-effectiveness issues related to data collection shall begin during the strategic planning process). If anticipated costs appear prohibitive, consideration shall be given to:

- modifying performance indicators to permit less expensive approaches to regular data collection;

- modifying the approach/design of evaluative activities, considering rapid, low cost alternatives, or;

- modifying the relevant strategic objective or intermediate result, since it is not possible to judge progress at reasonable costs.

(Refer to Supplementary Reference 203.6.5 for additional information on resources for performance monitoring and evaluation).

203.5.5 Performance Monitoring

The Agency and its operating units shall establish and maintain performance monitoring systems that regularly collect data which enable the assessment of progress towards achieving results. Operating unit performance monitoring systems shall track performance at both the results framework level and the activity level. Performance monitoring systems at the Agency level shall track progress towards overall Agency goals and objectives. (See also, E203.5.5.)

(Refer to Supplementary Reference 203.6.6 for further discussion on designing performance monitoring systems.)

203.5.5a Operating unit: Results Framework-Level Performance Monitoring

The development of performance monitoring systems at the results framework level begins during the strategic planning process. At that time, operating units shall specify preliminary performance indicators

and performance targets for the strategic objectives, strategic support objectives and intermediate results presented in their results frameworks (see also Strategic Planning E201.5.10, Part II,C(7)). Following approval of their strategic plans, operating units and SO teams shall complete and operationalize their performance monitoring systems by doing the following:

- Confirm and/or modify the set of performance indicators initially defined in the operating unit's strategic plan. Performance indicators must be defined for all strategic objectives, strategic support objectives and intermediate results in the results framework that are directly supported by USAID funds. A final working set of performance indicators must be defined prior to submission of the R4 that immediately follows approval of a strategic plan. (for subsequent modification of performance indicators refer to Strategic Planning, essential procedures E201.5.14 and E201.5.15);

- Validate and/or modify the performance baselines and targets initially defined in the operating unit's strategic plan. Performance baselines and targets shall be established for each performance indicator. A final working set of performance baselines and targets must be defined prior to submission of the R4 that immediately follows approval of a strategic plan. (for subsequent modification of baselines and targets, refer to Strategic Planning, essential procedures E201.5.14 and E201.5.15 and; for guidance on performance baselines and interim and final performance targets, see Supplementary References 203.6.8 and 203.6.9, respectively);

- Define means or approach to be used in monitoring both the results supported by development partners and critical assumptions identified in the results framework (refer to Supplementary Reference 203.6.10);

- Complete and periodically update a performance monitoring plan that provides details necessary for collecting relevant performance data and information (see also, Strategic Planning 201.5.7);

- Collect "actual results" data for each performance indicator on a regular basis (refer to Supplementary Reference 203.6.13 for additional information on performance monitoring data collection);

- Collect information on both the results supported by development partners and the status of critical assumptions on a regular basis.

(See also, E203.5.5 through E203.5.5(4).)

203.5.5b Operating Unit: Special Objectives, Exceptions and Special Cases

Operating unit performance monitoring systems shall address special

objectives as well as special or exceptional programs, including emergency programs, small country programs and special foreign policy programs (see also, Strategic Planning 201.5.3e). To the extent possible, performance monitoring guidelines established for strategic objectives, strategic support objectives, intermediate results and activities shall be followed (see also, 203.5.5a and 203.5.5c). If it is impractical or inappropriate to follow these guidelines, operating units shall develop alternative approaches to monitoring the performance of these programs and present them to their respective bureaus for approval.

203.5.5c Operating Unit: Activity-Level Monitoring

SO teams and/or activity managers shall regularly collect data on inputs, outputs and processes to insure that activities are proceeding as expected and are contributing to relevant intermediate results, strategic objectives and strategic support objectives as anticipated. Activity level data shall be collected at intervals consistent with the management needs of the SO team and/or activity manager (refer to Supplementary Reference 203.6.16 for additional information on activity monitoring).

203.5.5d Development Monitoring at the Overall Agency Level

The Agency shall monitor Agency performance by tracking progress towards Agency goals and objectives, and by analyzing operating unit performance information within the context of the Agency strategic framework. PPC, in conjunction with other bureaus and operating units, as appropriate, shall insure that progress towards Agency goals and objectives is monitored regularly by:

- developing performance indicators, including Agency-wide common indicators, for each Agency goal and objective and validating the utility and appropriateness of these indicators periodically;

- preparing and updating a performance monitoring plan that provides information necessary for regularly collecting data on the performance indicators identified for each Agency goal and objective;

- collecting data for each performance indicator of Agency goals and objectives on a regular basis.

(See also, E203.5.5 through E203.5.5(4).)

203.5.5e Quality of Performance Data

The Agency and its operating units shall, at regular intervals, critically assess the data they are using to monitor performance to insure they are of reasonable quality and accurately reflect the process or phenomenon they are being used to measure. (See also, E203.5.5(5).)

E203.5.5 Performance Monitoring

The Agency and its operating units shall establish performance monitoring systems which meet Agency standards for: developing performance indicators and baselines, managing and documenting the data collection process and ensuring the quality of performance data.

E203.5.5(1) Performance Indicators

The Agency and its operating units shall define performance indicators for which quality data are available at intervals consistent with management needs and that are direct, objective, practical and unidimensional (refer to Supplementary Reference 203.6.7 for definitions of these attributes and more information on performance indicators).

Quantitative performance indicators are preferred and shall be used in most cases. If qualitative indicators are used, they must be defined so as to permit regular, systematic and relatively objective judgement regarding change in the "value" or status of the indicator.

When identifying performance indicators, operating units will consider "common" indicators that have been identified for each sector and that have been derived from Agency experience and best practices. Use of these "common" indicators by operating units is not required.

E203.5.5(2) Performance Monitoring Plans

Performance monitoring plans shall be prepared for the Agency strategic framework and for each operating unit's strategic plan. Information included in a performance monitoring plan shall enable comparable performance data to be collected over time, even in the event of staff turnover, and shall clearly articulate expectations in terms of schedule and responsibility. Specifically, performance monitoring plans shall provide a detailed definition of the performance indicators that will be tracked; specify the source, method of collection and schedule of collection for all required data; and assign responsibility for collection to a specific office, team or individual (refer to Supplementary Reference 203.6.11 for Agency guidelines on the development of performance monitoring plans).

Performance monitoring plans are one element of a performance monitoring system and function as critical tools for managing and documenting the data collection process. The review of operating unit performance monitoring plans by central or regional bureaus is not required.

(See also, Strategic Planning 201.5.13.)

E203.5.5(3) Establishing Performance Baselines

To the extent possible, performance baseline data should be included with an operating unit's strategic plan when it is submitted for review. If it is not possible, practical or cost effective to do so, operating units will have until submission of their next R4 to establish a

baseline. If data for a performance indicator prove to be unavailable or too costly to collect, the indicator may need to be changed.

Performance baselines will reflect, as near as possible, the value of each performance indicator at the commencement of USAID-supported activities that contribute to the achievement of the relevant strategic element (i.e., Agency goal or objective, strategic objective, strategic support objective or intermediate result). This is consistent with the purpose and process of performance monitoring, both of which focus on performance over a very specific planning or performance period (refer to Supplementary Reference 203.6.8 for a discussion of related topics, including the utility of historical data that predate a performance baseline).

E203.5.5(4) Collection of Performance Data: Frequency and Standards

Specific timeframes and standards shall be applied when collecting performance data.

a) For performance indicators: Comparable data for all performance indicators of strategic objectives and USAID-funded intermediate results, as well as for strategic support objectives, shall be collected and reviewed on a regular basis (comparability refers to tracking a performance indicator over time, not to comparison across strategic objectives or operating units).

- To the extent possible, some comparable data for each strategic objective, strategic support objective and special objective shall be collected annually. That is, where possible, data for at least one performance indicator (the same indicator) shall be collected every year for each strategic objective, strategic support objective and special objective.

- To the extent possible, some comparable data for each USAID-funded intermediate result shall also be collected annually. However, annual collection is not required until the point in time at which progress towards the intermediate result is anticipated to begin.

- For performance indicators for which annual data collection is not practical, operating units will collect data regularly, but at longer time intervals.

- To the extent possible, the principles described for performance indicators at the operating unit level shall be applied to the performance indicators of Agency goals and objectives.

(Refer to Supplementary Reference 203.6.13 for additional information on collecting performance monitoring data.)

b) For critical assumptions and results supported by development partners: The frequency of data collection, as well as the level

of detail and degree of comparability of the data collected, shall be determined by the SO team. The data collection process for monitoring critical assumptions and results supported by development partners is generally not expected to be as rigorous or systematic as the data collection process for monitoring performance indicators of SOs and USAID-funded results. However, the information collected must be at a level of detail and quality that insures the SO Team has an accurate understanding of the progress being made toward each partner-supported intermediate result and whether each critical assumption continues to hold (refer to Supplementary Reference 203.6.10 for additional information on monitoring critical assumptions and non-USAID funded intermediate results).

c) For multi-country strategic objectives: To the extent possible, comparable data for all strategic objectives that encompass more than one country shall be collected and reviewed on a regular basis. Where possible, data for at least one performance indicator (the same indicator) at the strategic objective level shall be collected across all countries represented by the SO. To the extent possible, data shall also be collected for all performance indicators of USAID-funded intermediate results in every country with activities relevant to the given intermediate result.

Data shall be collected for performance indicators of multi-country strategic objectives and USAID-funded intermediate results at a frequency that is determined by management needs and practical considerations. Annual collection of some comparable data for both strategic objectives and intermediate results is ideal, although it may only be practical to collect such data at longer intervals.

d) For special objectives, exceptions and special cases: When collecting data on the performance of special objectives or special or exceptional programs (see Strategic Planning, 201.5.5d, Exceptions and Special Cases, and 201.5.10c, Special Objectives), operating units shall attempt to follow guidelines relating to periodicity and comparability that have been established for performance indicators (see (a) above). If it is impractical or inappropriate to follow these guidelines, operating units shall develop alternatives that will insure they have an accurate understanding of the performance of these special objectives and programs.

E203.5.5(5) Data Quality

Data quality will be assessed as part of the process of establishing performance indicators and choosing data collection sources and methods. Data quality will be reassessed as is necessary, but at intervals of no greater than three years. Whenever possible, reasonable standards of statistical reliability and validity should be applied, although in many cases it will not be appropriate or possible to meet these standards

(refer to Supplementary Reference 203.6.14 for additional information on means to ensure data quality).

203.5.6 Evaluation

As an ongoing part of planning and managing development assistance, the Agency, its operating units, and the teams managing development assistance shall use evaluative activities as needed. Evaluation activities shall be utilized, when information from other sources is insufficient to provide the needed insight, to:

- assess why unexpected progress, either positive or negative, towards planned results is occurring;

- determine whether conditions for sustainability related to USAID assistance exist;

- re-examine or test, when necessary, the validity of hypotheses and assumptions embedded in strategic objectives and results frameworks;

- determine whether the needs of intended customers are being served;

- identify, probe, and understand positive and negative unintended consequences or impacts of assistance programs;

- distill "lessons learned" which may be useful elsewhere in the Agency; and,

- assess the effectiveness of Agency strategies across countries and within sectors. (See also, 203.5.1b.)

E203.5.6 Evaluation - N/A

203.5.6a Planning and Conducting Evaluations

A decision to carry out an evaluative activity shall be driven primarily by management need. Evaluations are not required as a matter of formality. If they will serve no management need and will not be used, evaluations shall not be conducted.

When planning an evaluation at any level, the cost of evaluation must be justified by the management value of the information it will generate. If the information an evaluation is intended to produce is not critical, an expensive evaluation is not justified. Alternatives shall be considered, such as low-cost methods, narrowing the scope, or reassessing the need for the evaluation.

SO Teams shall include customers and partners in planning and conducting evaluative activities. Consideration shall be given to utilizing evaluation methodologies and data collection methods which allow for maximum participation. (See also 203.5.3, Participation in Performance

Monitoring and Evaluation; refer to Supplementary References 203.6.4, 203.6.21 and 203.6.22 for more information on participation in evaluations.)

The Agency shall include direct-hire employees in evaluations, where feasible and where operating expense resources are available, to maximize the Agency's learning from its own experience. Care must be taken in selecting either Agency direct-hire employees or contractors as evaluation team members to avoid any conflict of interest related to the purpose of the evaluation.

(See also, E203.5.6a through E203.5.6a(3).)

E203.5.6a Planning and Conducting Evaluations

The Agency and its operating units shall seek to address specific questions and issues when planning and conducting evaluations.

E203.5.6a(1) The Decision to Evaluate at the Operating Unit

Strategic Objective Teams shall decide whether/when an evaluative activity is needed, in consultation with other partners and customers, as well as senior management of the operating unit. The following events or situations, among others, shall trigger a consideration of whether an evaluation is needed:

- performance monitoring indicates an unexpected (positive or negative) result on a critical measure;

- a key management decision must be made about directions in an activity, intermediate result or SO, but there is inadequate information for making the decision;

- annual (or periodic) reviews in the operating unit or with the host country identify key questions to be resolved or questions on which consensus must be developed;

- formal or informal feedback from participants, partners, customers, or other informed observers suggests that implementation is not going well or is not meeting the needs of intended customers;

- there is a breakdown in a critical assumption or intermediate result supported by another donor, thus challenging the validity of the strategy to achieve the SO; or,

- an operating unit believes extracting key "lessons learned" or documenting experience is important for the benefit of other operating units or for future programming in the same country.

(Refer to Supplementary Reference 203.6.19 for additional information.)

E203.5.6a(2) Planning and Conducting Evaluations at the Overall Agency Level.

Central evaluations shall be conducted to meet Agency management and planning needs. PPC/CDIE shall conduct and coordinate participation in these evaluations, working in cooperation with other appropriate bureaus. Agency senior management, as well as relevant stakeholders and partner development organizations, as appropriate, shall be consulted to determine central evaluation needs and areas of focus. The following concerns, among others, shall be considered in determining the focus of central evaluations and the areas to be assessed:

- issues related to the effectiveness of Agency program strategies in contributing to overall Agency goals and objectives;

- issues related to the effectiveness of strategies commonly or experimentally used by operating units to achieve strategic objectives within particular sectors;

- other important issues related to the delivery of development assistance (i.e. unexpected, positive or negative, consequences or impacts from various programs or activities); and,

- major issues which may be of concern to the Administrator or Agency stakeholders.

E203.5.6a(3) The Focus and Purpose of Evaluations

For any evaluative activity, a clear purpose must be articulated, along with a small number of key questions on which the evaluation will focus. A clear Scope of Work (SOW) is crucial to conducting a useful evaluation and shall be prepared. (See Supplementary Reference 203.6.30 for standard Agency guidelines on preparing Scopes of Work (SOWs) for formal evaluations.)

The following factors, among others, shall be considered when planning the type of evaluative activity to be undertaken:

- the nature of the information/analysis/feedback needed;

- cost-effectiveness;

- time-frame of the management need for information;

- the time and resources available; and

- the level of accuracy required.

(See Supplementary Reference 203.6.20 for additional information on evaluation design and 203.6.22 for suggestions on alternative evaluation methodologies.)

203.5.6b Evaluation Follow-up and Documentation

At all levels, the findings, conclusions, and recommendations of evaluative activities shall be openly shared and discussed with relevant customers and partners, as well as other donors or stakeholders, unless there are unusual and compelling reasons not to do so.

The SO team has initial and primary responsibility for responding to and using an evaluation, once completed, of a strategic objective, a results package, or a related activity. They must:

- Systematically review the key findings, conclusions, and recommendations;

- Identify which findings, conclusions, or recommendations the team(s) accept/support and which they disagree with;

- Identify the management/program actions proposed to be taken as an outcome of the evaluation and assign clear responsibility for undertaking them; and

- Determine whether any revision is necessary in strategy, the results framework, or the activity, given all information then available to the team. (If significant revision is necessary, refer to Strategic Planning, E201.5.8 and E201.5.9.)

The primary oversight and review of an SO level evaluation shall be by the head of the operating unit. (The responsibility for oversight and review of evaluations is generally at the next level in the direct program management line. In general, an evaluation of a strategic objective or results package is not formally reviewed and responded to above the operating unit level.) (See also, E203.5.6b through E203.5.6b(3).)

(Refer to Supplementary Reference 203.6.27 for additional information on presenting evaluation findings and recommendations and 203.6.29 for information on acting on evaluation findings.)

E203.5.6b Evaluation Follow-up and Documentation

At the conclusion of any evaluative activity, documentation shall be prepared to, at a minimum, highlight important findings, conclusions and recommendations. The nature of the documentation will vary considerably, depending on the type, formality, importance, breadth/scope and resources committed to the evaluative activity. The review of such documentation by regional or central bureaus is not required.

E203.5.6b(1) Evaluation Reports

Evaluation reports shall be prepared for more formal and critical evaluative activities. These reports must be written to be useful and readily understood. Key findings, conclusions, and recommendations must be succinct, clearly distinguished from each other, and clearly identified in the report.

For contracted evaluations and assessments, the report format shall be specified in the evaluation scope of work and must adhere to the Agency's required format (for Agency guidelines on evaluation report formats, refer to Supplementary Reference 203.6.28).

An executive summary shall be prepared for each evaluation report. The executive summary shall present a concise and accurate summary of the most critical elements of the larger report and should adhere to Agency guidelines for preparing executive summaries (for Agency guidelines, refer to Supplementary Reference 203.6.28).

E203.5.6b(2) Electronic Submissions of Evaluation Documentation

The following shall be submitted, in electronic form, to PPC/CDIE for entry into the Agency's automated development information system:

- full evaluation reports
- executive summaries of evaluation reports
- other documentation prepared at the conclusion of an evaluative activity
- response of the SO teams (and/or Operating Unit or Counterpart Agency) to evaluation reports, when appropriate
- action decisions arising from evaluative activities.

E203.5.6b(3) Translating an Evaluation Report

If an evaluation report (or other documentation prepared at the conclusion of an evaluative activity) is written in English and key project counterparts or participants do not speak English, the SO team shall arrange for translation of at least the executive summary into the local written language(s).

203.5.7 Other Sources of Information for Managing for Results

In addition to information from performance monitoring and evaluative activities, the Agency, SO teams and activity managers shall, to the extent possible, use the following other sources of information for managing for results:

- Agency research and other state-of-the-art findings in the Agency's technical areas;
- documented experiences of other donors and development agencies;
- development experience, including Agency "lessons learned" (see Definitions);
- development information (see Definitions);

- knowledge gained from assessing customer needs;

- analyses and assessments of relevant countries and sectors; and,

- informal feedback from counterparts, partners, customers, or other informed observers, or from field visits or other direct contact.

(See also, E203.5.7.)

E203.5.7

The Agency shall, to the extent feasible and practical, establish and maintain databases and information systems which permit Agency-wide access to the formal sources of information for managing for results listed in policy 203.5.7.

203.5.8 Review of Performance Information

The Agency, its operating units, and SO teams shall conduct reviews and analyses of performance information at regular intervals to assess progress against expected results and to determine if critical assumptions continue to hold.

203.5.8a Operating Unit Internal Reviews

Operating units and SO teams shall regularly review and analyze performance information to assess progress towards achieving their objectives and intermediate results.

203.5.8a(1) Results Framework-Level Reviews

Operating units and SO teams shall conduct reviews, as often as necessary but at least once a year, to assess progress towards achieving their strategic objectives, strategic support objectives, special objectives and USAID-funded intermediate results in the results framework. These reviews shall serve operating unit internal management and planning needs. At least one of these reviews, however, must provide analysis for the annual R4 report (see 203.5.9 and 203.5.9a) and, therefore, must address the following:

- progress made towards the achievement of strategic objectives, strategic support objectives and special objectives over the past fiscal year, as well as expectations for future results;

- status of critical assumptions (i.e. whether they continue to hold) and causal relationships defined in the results framework and the related implications for strategic objective and intermediate results performance;

- status of the operating unit's "management contract" and the

need for any changes to the approved strategic plan (refer to Strategic Planning, E201.5.9); and,

- future resource requirements (see also, Strategic Planning, E201.5.9).

The following information shall be used to conduct the "R4" results review:

- data on the performance indicators of strategic objectives, strategic support objectives, special objectives and USAID-funded intermediate results;

- information regarding critical assumptions in the strategic plan and intermediate results supported by other donors;

- information from any relevant evaluative activities completed during the period under review; and,

- any other relevant information.

(Refer to Supplementary References 203.6.15 and 203.6.26 for information concerning the analysis of performance monitoring and evaluation data.)

203.5.8a(2) Activity-Level Review

SO teams and/or activity managers shall regularly review and analyze inputs, outputs, and processes to insure activities are supporting the relevant intermediate result(s), and, ultimately, are contributing to the achievement of the strategic objective (refer to Supplementary Reference 203.6.16).

203.5.8a(3) Participation in Reviews

Operating units and SO teams shall conduct their reviews with relevant customers (including internal Agency customers, e.g. Global Bureau Centers providing technical support to field missions) and principal partners, when appropriate, to obtain their input.

203.5.8b Bureau Reviews of Operating Units

Agency bureaus shall conduct annual reviews of any and all operating units under the respective bureau's purview (i.e., regional bureaus will conduct annual reviews for each of their field mission operating units; Global bureau will conduct annual reviews for each of it's Centers/Offices functioning as operating units; BHR will conduct annual reviews of each of their operating units, etc.) to:

- assess progress towards the achievement of strategic objective(s), strategic support objectives and special objectives;

- examine areas where expected results are not being met;

- review the "management contract" and the need for any changes or refinements to the approved strategic plan; and,

- review resource requirements (see strategic planning).

PPC, M, G, BHR, and regional bureaus shall each participate in the bureau reviews as deemed appropriate by the conducting and participating bureaus. The R4 report shall be used as the basis of these reviews (see also Strategic Planning, E201.5.9). The bureau review of operating unit results may be conducted in conjunction with or separately from the annual budget reviews, provided that the results review is used as a basis to inform decisions regarding the budget. These bureau reviews may provide summary operating unit performance information for use in the annual review of overall Agency performance.

203.5.8c Review of Overall Agency Performance.

The Agency shall conduct a review of its performance on an annual basis by assessing progress towards Agency goals and objectives and by analyzing operating unit performance within the context of the Agency strategic framework. The review shall focus on the immediate past fiscal year, but may also review performance for prior years. This annual review shall serve overall Agency planning and management needs and form the basis of the GPRA report (see E203.5.9b). In addition to reviewing progress towards achieving Agency objectives, the review shall examine areas in which expected results are not being met.

The Agency review shall be coordinated and conducted by PPC with the assistance of M and G, as appropriate. PPC shall be responsible for coordinating and designating appropriate roles for other Agency bureaus, offices, and field missions in compiling and analyzing information for and participating in the review. PPC shall establish a schedule for the review, with the participation of other relevant Agency organizational units, in order to coordinate Agency information and meet specific reporting deadlines.

The review shall use information from Agency and operating unit performance monitoring systems, information from operating unit performance reviews, relevant evaluation and research findings, and other available information as necessary.

E203.5.8 Review of Performance Information - N/A

203.5.9 Reporting and Disseminating Performance Information

The Agency and its operating units shall report and disseminate findings on Agency and operating unit performance. The Agency shall be open and direct in reporting and disseminating findings on performance, and shall report on both successes and failures. Information from Agency performance monitoring systems, evaluative activities, and other relevant information, both quantitative and qualitative, as appropriate, shall be used in reporting and in disseminating findings on performance. (See also, E203.5.9.)

E203.5.9 Reporting and Disseminating Performance Information

Formal reports stipulated in policy 203.5.9a and essential procedures E203.5.9b and E203.5.9c shall be submitted to and collected by PPC/CDIE for purposes of providing broad access to this information and of archiving Agency records.

203.5.9a Operating Unit R4 Report

Operating units shall report annually to their respective bureaus through the Results Review and Resource Request (R4) report. The results review section(s) of the R4 report must address the operating unit's performance for the immediate past fiscal year, focusing on progress made towards achievement of the strategic objectives, strategic support objectives, and special objectives. The R4 is also to be used for revalidating the operating unit's strategy based on progress and refining indicators and targets.

Information from the R4 shall be used, as appropriate, for internal Agency analyses, responding to external inquiries, and Agency results reporting. (see Strategic Planning, 201.5.9 and E201.5.9 for other purposes of the R4 report as well as the required content of the R4 report).

The operating unit annual review stipulated in policy 203.5.8a(1) is to provide the analysis and information for the results review section(s) in the R4 report. The deadlines for submission of the R4 report shall be determined by the relevant Agency bureaus and shall take into account Agency needs for the use of this information for Agency reporting requirements and for the annual budget cycle.

E203.5.9a Operating Unit R4 Report - N/A

203.5.9b Reporting on Agency Performance

As required by legislation (GPRA of 1993) and Executive Orders, the Agency shall annually report on its performance to Congress and the Executive Branch. (See also, E203.5.9b.)

E203.5.9b Reporting on Agency Performance

Consistent with the Government Performance and Results Act (GPRA) of 1993, the Agency shall prepare and submit, by March 31 of each year or another date allowed for by Congress and the Executive Branch, a report to the President and Congress on the Agency's program performance for the previous fiscal year. The report must:

- review progress towards objectives over the past fiscal year;

- examine Agency plans for the current fiscal year relative to the performance achieved in the fiscal year covered by the report;

- where objectives are not being met, explain and describe why the objective was not met, plans and schedules for improving progress towards the established objective, and, if the objective is determined to be impractical or not feasible, why that is the case and what action is recommended;

- describe the use and assess the effectiveness in achieving objectives of any waiver under section 9703 of the GPRA; and,

- include summary findings of evaluations, as deemed appropriate, completed during the fiscal year covered by the report (see GPRA of 1993).

The review of overall Agency performance stipulated in policy 203.5.8c is to provide information for the GPRA report. PPC shall be responsible for coordinating and compiling this report, including coordinating information from other Agency bureaus, offices, and field missions as appropriate.

The performance information resulting from the preparation of the above annual Agency performance report may be used to meet the reporting requirements for the appropriate sections of financial statements submitted under the Chief Financial Officers Act (CFO) of 1990.

203.5.9c Meeting Other External Reporting Requirements

The Agency shall, where appropriate, use information on its performance to meet other external reporting requirements (beyond those described in policy 203.5.9b and essential procedure E203.5.9b) and to inform Agency stakeholders. (See also, E203.5.9c.)

E203.5.9c Meeting Other External Reporting Requirements

Performance information shall be used, as necessary, in the Agency Congressional Presentation submitted each year to Congress. Performance information shall also be used, as needed, to respond to other Agency reporting requirements.

203.5.9d Dissemination of Performance Findings

The Agency and its operating units shall disseminate and discuss findings on performance with relevant customers and principle partners (refer to Supplementary Reference 203.6.32 for additional information on communicating and disseminating performance findings).

E203.5.9d Dissemination of Performance Findings - N/A

203.5.9e Special Requests for Performance Information

Agency bureaus and offices shall not make special requests for performance information from operating units, unless the information is unavailable from R4 reports or Agency information systems.

E203.5.9e Special Requests for Performance Information - N/A

203.6 Supplementary References

[This section reserved for the following references]

Overview of Performance Monitoring and Evaluation

203.6.1 How to Use These Supplementary Reference Materials

203.6.2 Purpose of and Relationship Between Performance Monitoring and Evaluation

203.6.3 Roles and Responsibilities in Performance Monitoring and Evaluation

203.6.4 Partner and Customer Participation in Performance Monitoring and Evaluation

203.6.5 What Resources are Needed for Performance Monitoring and Evaluation

Performance Monitoring

203.6.6 Designing a Performance Monitoring System for use at USAID [Establishing Strategic Objectives and Intermediate Results - see Planning Supplementary References]

203.6.7 Selecting Appropriate and Useful Performance Indicators

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Evaluation

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203.6.19 When is an Evaluation Needed

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203.6.27 Presenting Evaluation Findings, Conclusions and Recommendations

203.6.28 Preparing Evaluation Reports and Documentation

203.6.29 Review, Follow-up and Action Plan for Improvement with Partners and Customers

203.6.30 Preparing an Evaluation Scope of Work

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U.S. Agency for International Development

USAID Strategic Plan

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Preamble

Promoting sustainable development among developing and transitional countries contributes to U.S. national interests and is a necessary and critical component of America's role as a world leader.[1] It helps reduce the threat of crisis and create the conditions for economic growth, the expansion of democracy and social justice, and a protected environment. Under these conditions, citizens in developing and transitional countries can focus on their own social and economic progress, which creates demand for U.S. goods and services and expands cooperative relationships between the United States and assisted countries.

Sustainable development leads to a lasting increase in the capacity of a society to improve the quality of life of its people. Humanitarian assistance is a vital part of sustainable development, essential to saving lives during natural or man-made crises and for returning societies to social and economic progress in post-crisis countries.

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Sustainable development results from: the implementation of open, market-oriented economic policies and institutions; social policies that increase human capacity and opportunities for individuals to better their lives; open and accessible political institutions and processes that encourage the active engagement of all members of a society; environmental policies and practices that sustain a country's and the world's natural resource base and the collaboration of public and private institutions and groups, especially at the local level. USAID recognizes that each of these conditions is necessary for sustainable development; each contributes to the success of the others, and the lack of any one impedes the success of all the others. USAID also recognizes that these conditions can only be created by the people and governments of developing and transitional countries. In the right settings, however, American resources, including its ideas and values, can be powerful catalysts enabling sustainable development.
USAID expects its activities to encourage stability rather than crisis, convert poverty to prosperity, and open closed economies and societies. It considers effective institutions of democratic governance and vibrant civil society organizations essential foundations of sustainable development and encourages the development of such institutions wherever it works. USAID is committed to full participation by women and disadvantaged groups in all sustainable development activities and to ensuring that sustainable development includes improvements in the lives of children. USAID recognizes the critical role training and access to information and information technology play in achieving its goals for sustainable development generally and incorporates these activities across all sectors. USAID acknowledges its success depends on working effectively with its partners, including the people and governments of developing and transitional countries; U.S. public, private and voluntary organizations; and other assistance organizations. USAID values this mutual commitment to sustainable development, however, because it ensures its programs will be, on the one hand, customer-focused and, on the other, coordinated with the work of others, thereby enhancing the impacts of its efforts and those of others.

Where and how USAID works

USAID typically works in countries committed to achieving sustainable development, but which lack the technical skills or resources necessary to implement policies and programs that will accomplish this result. In such countries, USAID's program emphasizes one or more of the Agency's strategic goals depending upon a country's specific needs and the

activities of other donors.

USAID also works in countries that have made major commitments to cooperating with the United States in achieving complementary goals, particularly the establishment and maintenance of regional peace. In such countries, USAID's programs typically enhance the country's capacity to continue to collaborate with the United States on goals of mutual interest.

USAID is also substantially involved in assisting countries committed to shedding economically repressive and ruinous totalitarian legacies. In these countries, USAID focuses on building the human and institutional capacities needed to implement major reforms.

USAID'S MISSION:
USAID contributes to U.S. national interests through the results it delivers by supporting the people of developing and transitional countries in their efforts to achieve enduring economic and social progress and to participate more fully in resolving the problems of their countries and the world.

Increasingly, USAID is involved with countries emerging from post-conflict situations. Here, USAID's emphasis is on restoring fundamental social, institutional and physical infrastructure in ways that reduce the risk of renewed conflict and return the country to a path of sustainable development.

USAID responds to natural disasters within each of these country contexts. USAID also addresses developmental problems along regional and global lines, including slowing the transmission of infectious diseases, reducing the threat of global climate change, stabilizing world population and enhancing food security and regional trade and investment.

Generally, USAID-supported activities are based on the strategic goals and objectives identified in this plan, although the way in which it operates is affected by the different settings in which the Agency works. In post-conflict situations or humanitarian crises, USAID's ability to achieve humanitarian results is greatly affected by the willingness of contending groups to cooperate in the restoration of normal

social, economic and political relationships. In those situations where USAID is supporting major reform efforts, its success depends heavily on sustained public support for change and a continued commitment among leaders to carry out reform. In its more traditional assistance programs, results can be sidetracked by political unrest, changes of government or policy, natural disasters that affect a large proportion of the country's population or infrastructure, or significant shifts in the international economy, which reduce government revenues and its capacity to invest in sustainable development activities.

At the country level, such factors are tracked by USAID field missions. They estimate the effects such factors have on the achievement of individual country programs and modify their programs to offset the impact of these factors. This may mean adopting a different approach to government policy makers, initiating new activities in a new goal area, or terminating assistance in areas where there is no longer a productive partnership. At the Agency level, however, USAID is a highly diverse corporate entity, pursuing six strategic goals in more than 100 countries around the world. This diversity serves to offset the adverse program effects that developments in any single country may have on USAID's overall performance and progress toward its strategic goals. In this context, the major external factor affecting USAID's performance is the continued commitment of other donor countries and multilateral agencies to sustainable development, a commitment that USAID promotes through active interactions with its development partners.

USAID pursues its mission through partnerships with the people and governments of assisted countries, U.S. businesses, non-governmental organizations (NGOs), private voluntary organizations (PVOs), academic institutions, other U.S. government agencies and international assistance agencies including international financial institutions, multilateral and bilateral donors and private foundations. In cooperation with its many partners, USAID identifies the needs of a country, assesses the country's commitment to sustainable progress, and develops country-specific plans to address the country's needs or to enhance its contribution to the resolution of regional or global problems. USAID also seeks to strengthen the capacities of host governments and of its U.S. and local PVO and NGO partners to expand their development and humanitarian activities and consults with them on USAID's policies and practices.

USAID's success depends on the quality of its many

partnerships. Accordingly, it actively seeks to improve the quality of its partnerships and cooperation among partners.

At the country level, USAID seeks to build partnerships that facilitate local resource mobilization and action, that encourage local participation and advocacy for development and humanitarian efforts, and that foster cooperation among local actors. There are three key components to USAID's local partnering: (1) creating an enabling environment supportive of development and humanitarian actions by both individuals and communities; (2) encouraging investments in human and institutional capacity at the local level; and (3) building strategic partnerships among state, society and market actors through new linkages at the community, national and society-to-society levels. This ensures that host government priorities reflect the needs of their peoples and that USAID programs address the sustainable development priorities of the countries and peoples it assists.

At the international level, USAID's efforts have contributed to building a consensus among bilateral and multilateral donors on the key problems of sustainable development. Much of the coordination at the international level takes place within the framework of the Organization for Economic Cooperation and Development (OECD), but includes specific collaborative activities with the European Union through the "Transatlantic Agenda" and with the Japanese through the "Common Agenda." Such interactions concentrate resources on key problems to the benefit of all participants. Though its strategic approaches and evaluations of development experiences, the United States has contributed significantly to defining the problems upon which international assistance is focused.

USAID has long used the skills of other U.S. government agencies to provide technical assistance to developing and transitional countries. Some of these services are included in the strategic plans of other agencies, e.g., the Department of Energy, which will help an estimated 18 developing countries develop plans to reduce greenhouse gas emissions. In other cases, USAID and another agency may pursue a similar goal, but engage in very different activities. Both USAID and the Overseas Private Investment Corporation (OPIC), for example, have articulated goals related to economic reform and democracy in developing countries. OPIC, however, focuses on how these goals can be achieved through the promotion of U.S. private investment while USAID works on creating enabling legal and regulatory environments within developing countries that encourage private investment, both local and U.S.

Finally, USAID's ability to achieve its long-term goals are affected by the actions of other agencies. The Treasury Department, for example, carries primary responsibility for representing U.S. positions in international financial institutions such as the World Bank. USAID provides recommendations to Treasury on what the U.S. positions should be based on what needs to be done to achieve Agency-wide and country-specific goals.

Mechanisms are in place to reduce or minimize duplication at the field level between USAID and the international activities of other U.S.government agencies. GPRA-mandated strategic plans, however, provide a new opportunity for all agencies to step back and examine the overall approach being taken to address specific U.S. national interests and goals as identified in the International Affairs Strategic Plan. The strategic goals proposed by USAID are integrated fully with the International Affairs Strategic Plan. USAID contributed to the preparation of this plan and looks forward to an expanded and ongoing dialogue with other executive agencies under the direction of the President and Secretary of State regarding improved coordination and collaboration among their international affairs activities.

Among other donors, USAID is generally recognized as a leader in innovative, performance-based development assistance. America's ability to lead sustainable development initiatives, therefore, depends on USAID maintaining its position as a premier bilateral development assistance agency with the capacity to identify significant development problems, generate effective solutions, serve as a catalyst for donor coordination and manage effectively the resources allocated to it for sustainable development. This mandates, in turn, that USAID be a learning organization one that constantly monitors and evaluates the performance of its activities, replicating those that are most effective, dropping those that are less so and using a variety of sources to generate new initiatives. This is a continuous process that USAID carries out in the following ways:

1. As appropriate, usually every four to six years, the Agency's field missions and Washington-based operating units develop or modify strategic plans which identify the specific objectives each unit is to accomplish. These objectives are approved only if they contribute to the goals identified in the Agency's strategic plan.[2]

2. For each approved strategic objective, operating units develop performance monitoring plans that include baseline

data and performance targets. Annually, operating units report progress against these targets and request additional resources based in part on the objective's performance. Objectives that are not performing well are either fixed or dropped. Washington allocates resources to the Agency's operating units using performance criteria.

3. Annual performance assessments by the Agency's operating units are reviewed by technical officers in Washington. The results of these reviews are used to inform sector-wide assessments of the effectiveness of various objectives and approaches and are reflected in the Agency's Annual Performance Reports. In addition, formal evaluations of strategic objectives and approaches are conducted at the discretion of operating units, to enhance performance, or by the Agency, to identify best practices across a number of objectives that are performing well. Such information is then used by individual operating units or the Agency to develop new approaches, objectives or goals as appropriate.

4. USAID updates a rolling agenda of central evaluation studies each year to better address senior managers' strategic information needs. Findings and lessons learned are widely disseminated through briefings, electronic systems/networks, formal publications, and the Agency's Annual Performance Reports.[3]

USAID's goals, objectives and performance measures

The following sections of USAID's strategic plan set forth its goals, objectives and performance measures for its major functions and operations. USAID has defined its major functions and operations in terms of sustainable development; i.e., actions that lead to a lasting increase in the capacity of a society to improve the quality of life of its people. This is the fundamental mission of USAID and, although it manages a variety of resources responding to U.S. national interests, it does so with an emphasis on activities that contribute to sustainable development at the community, national, regional or global level.

USAID's goals reflect its authorizing and appropriating legislation, Administration priorities, consultations with the Congress and public, and a growing consensus among donors, based on experience and numerous program evaluations, about what is needed to achieve conditions favorable to sustainable development. The logical

connections between each of USAID's goals and the conditions of sustainable development are described in the following pages in the paragraphs immediately after the goal statement itself. U.S. national interests in the goal's achievement is also described as are the objectives or "intermediate results" through which USAID pursues its goals. USAID's tactics or "approaches," i.e., what it does to achieve its objectives, are presented graphically in Annex 1.

For each of its strategic goals, USAID has identified performance goals and indicators that are ambitious yet realistic. USAID's performance measures are the standards by which it will assess progress and the overall effectiveness of its objectives and tactics. Its performance measures also provide a basis for analyzing progress and adjusting the Agency's strategic framework.

Where it has developed the requisite experience and adequate data exists to do so, USAID has identified specific targets -- explicit levels of results to be achieved within the 10-year time frame of this strategic plan -- to measure performance. This is the case for the Agency's economic growth and agricultural development, population and health, and human capacity development goals. For the other goals, i.e., democracy and governance, environment and humanitarian assistance, development hypotheses are less well developed and the data may be less reliable. In these cases, USAID has chosen to rely upon performance trends, i.e., the desired directional changes it seeks to influence, while working to increase its understanding of the factors affecting results and its ability to assess performance. As the Agency gains experience and information in these sectors, it will establish more rigorous performance targets that inform us not only of trends, but of results across the Agency's programs.

The context, significance and importance of the Agency's performance goals are discussed in Annex 2. This annex also describes the data sources for each Agency performance indicator. USAID's performance "targets" are stated in annual terms, e.g., average annual growth rates in per capita income above 1 percent, to facilitate the Agency's annual performance planning and reporting. USAID's performance "trends" are also stated in ways that facilitate annual reporting; however, the magnitude of change expected for each trend can only be projected on a short-term basis. Therefore, USAID will establish expected trend changes in its annual performance plans.

Where possible, USAID's performance goals replicate those

endorsed by the United States as a member of the OECD. This reflects USAID's commitment to working collaboratively with its development partners and its belief that, while these goals will not be achieved independently by USAID alone, through its collaborative relationships with host governments, other donors, and a broad array of U.S. and local non-governmental actors, USAID will be able to influence results significantly.

USAID GOAL: Broad-based economic growth and agricultural development encouraged

Broad-based, equitable economic growth is the most effective means of bringing poor, disadvantaged and marginalized groups into the mainstream of an expanding economy. The keys to broad-based growth and reduced poverty are expanded human capacity through education and training, a policy environment that promotes efficiency and economic opportunity for all members of society, soundly organized and managed institutions and good governance. The resulting widespread increases in income, employment and output lead to reduced poverty, increased food security and higher standards of living including better health and education. For transitional countries, broad-based economic growth offers the best chance to enhance political stability and transform their societies along an irreversible reform pathway.

The majority of people in the poorest countries derive their livelihoods from agriculture. Therefore, in most of the least developed countries, the transformation of agriculture and food systems is an essential aspect of broad-based economic growth. The shift from subsistence agriculture to producing for off-farm markets and consumers contributes to a more prosperous rural environment, additional opportunities for employment and economic progress throughout the economy and reduced food insecurity.

Women play a central role in broad-based economic growth and agricultural development. In addition to their direct contribution to agricultural production and income generation, women contribute to economic growth indirectly through their household maintenance and child rearing roles.

U.S. NATIONAL INTEREST: Economic Prosperity

Americans benefit as the economies of transitional and developing nations become more open and market-oriented

and expand. This also helps reduce widespread and extreme poverty and lack of economic opportunity, which contribute to political instability and exacerbate global and transnational problems, such as rapid population growth, the spread of infectious and communicable diseases, drug trafficking, and accelerated environmental degradation. USAID coordinates its economic growth and agricultural development programs with the Departments of Agriculture, Justice, State and Treasury.

USAID OBJECTIVES:

* Critical private markets expanded and strengthened.
* More rapid and enhanced agricultural development and food security encouraged.
* Access to economic opportunity for the rural and urban poor expanded and made more equitable.

PERFORMANCE GOALS:

* Average annual growth rates in real per capita income above 1 percent achieved.[4]
* Average annual growth in agriculture at least as high as population growth achieved in low income countries.
* Proportion of the population in poverty reduced by 25 percent.
* Openness and greater reliance on private markets increased.
* Reliance on concessional foreign aid decreased in advanced countries.

INDICATORS:

* GNP per capita average annual growth rate (in constant prices).
* Difference between average annual growth rate of agriculture and average annual growth rate of population.
* Percent of population below poverty line.
* Trade of goods and services average annual growth rate.
* Foreign direct investment average annual growth rate.
* Economic Freedom Index.
* Aid as percent of GNP.

USAID GOAL: Democracy and good governance strengthened

Broad-based participation and democratic processes are integral elements of sustainable development: They encourage individuals and societies to take responsibility for

their own progress, ensure the protection of human rights and foster informed civic participation. Sustainable democracies are built on the guarantee of human rights for all people, women as well as men. To achieve the broad goals of democracy, USAID supports programs that strengthen democratic practices and institutions and ensure the full participation of women.

Democracy requires transparent and accountable government, fair and effective judicial systems, open and transparent access to and use of information, and citizen participation in the policy-making process. These attributes of democracy ensure that government policy reflects popular will, which contributes to fairer uses of public resources -- including access to quality education, improved health care, and the management of natural resources -- and the needs and concerns of local communities. Training at all levels is usually required to achieve or revitalize these attributes.

The democratic process also builds trust and legitimacy for government, which help prevent political destabilization and, in extreme cases, failed states. The consequences of such political failures often include massive flights of people from their homelands, costly refugee flows, destruction of the environment, and the spread of disease and epidemics of catastrophic proportion.

U.S. NATIONAL INTEREST: Democracy and Human Rights

A world of democratic nations provides a more stable and secure global arena in which to advance the fundamental values and national interests of the United States. Democracy, transparent and accountable government, and respect for human rights, including the rights of women and minorities, reflect the fundamental values of the American people. Advancing these values and U.S. national interests in maintaining conditions necessary for a more stable, peaceful and prosperous world require support for democratic transitions and amelioration of human rights disasters. USAID coordinates its democracy, good governance, human rights and justice programs with the Departments of Defense, Justice, State and Treasury.

USAID OBJECTIVES:

* Rule of law and respect for human rights of women as well as men strengthened.
* Credible and competitive political processes encouraged.
* The development of politically active civil society

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promoted.
* More transparent and accountable government institutions encouraged.

PERFORMANCE GOALS:

* Level of freedom and participation improved.
* Civil liberties and/or political rights improved.

INDICATORS:

* Number of countries classified by Freedom House as free/partly free/not free.
* Freedom House scores for political rights.
* Freedom House score for civil liberties.

USAID GOAL: Human capacity built through education and training

The development of human capacity permits all individuals to participate in matters that affect their lives. Increasing human capacity through education, training and increased access to information is essential for sustained social and economic progress. Basic education, including the acquisition of literacy, numeracy and problem-solving skills, is especially critical to development. Investments in universal primary education have been linked to economic growth, reduction of poverty, improved health, lower fertility and the enhanced status of women.

U.S. or in-country training in each of USAID's strategic goal areas expands a country's capacity to manage its own social and economic progress through the identification and implementation of appropriate policies; the development, adaptation or adoption of progress-enhancing technologies; and the commitment to more open lines of inquiry and tolerance. USAID also provides international leadership in developing training policy and building institutional capacity for long-term training programs that promote the sustainability of Agency assistance efforts.

Colleges and universities produce the educated leaders and skilled professionals essential to the development of politically and economically sustainable societies, from the teachers who provide quality basic education; to the decision makers and practitioners essential to sustained growth and progress in all sectors. Vibrant partnerships between higher education institutions, business and government are critical to a developing or transitional country's ability to solve

complex problems, support a growing economy and develop sound policies.

Broad and equitable access to information is also essential to success in each of USAID's strategic goal areas not only at the level of policy makers, who are therefore better informed about what works and why, but at the individual and household level as well so that, among other results, farmers can better produce, price and market their crops, microentrepreneurs can provide improved products or services, and families can protect their health. USAID is gaining experience with the role of information technology in development, particularly through the Leland Initiative in Africa, ongoing technology transfer activities across all strategic goal areas, and a new interagency collaboration led by the Global Bureau. While training and information technology are highlighted here, they are addressed under each of USAID's strategic goal areas.

U.S. NATIONAL INTEREST: Economic Prosperity and Global Issues

Americans benefit as the people of developing and transitional countries become better able to address their nations' problems through the application of their own abilities, skills and resources. Expanding these skills initiates a process by which individuals, families and communities become better able to manage their own development. Education is essential to preventing and mitigating crises, achieving post-crisis transition to sustainable development, reducing fertility rates, ensuring good health and child development, and fuller participation in the global economy. USAID coordinates its human capacity development programs with the Departments of State and Treasury.

USAID OBJECTIVES:

* Access to quality basic education, especially for girls and women, expanded.
* The contribution institutions of higher education make to sustainable development increased.

PERFORMANCE GOALS:

* Proportion of the primary school-age population not enrolled reduced by 50 percent.
* Differences between girls' and boys' primary enrollment ratio virtually elminated.
* Primary School completion rates improved.
* Higher education increased 100 percent.

INDICATORS:

* Net primary enrollment ratio.
* Gross primary enrollment ratio.
* Ratio of girls' enrollment ratio to boys' enrollment ratio.
* Percentage of cohort reaching grade five
* Percentage of relevant age group enrolled in tertiary education..

USAID GOAL: World population stabilized and human health protected

Stabilization of rapid population growth and improved health, nutrition and education (particularly for mothers and children) are essential to sustainable development. They are also fundamentally interdependent. When people are nourished and free from the ravages of infectious diseases, they can contribute more fully to their own social and economic progress and to that of their nations. Nutrition education and investments to correct micronutrient deficiencies along with investments in basic health services will significantly improve the health of undernourished people. When people can control the size of their families, resources are made available at the household, national and global levels for enduring improvements in quality of life. Improved health status of women and girls plays a critical role in child survival, family welfare, economic productivity and population stabilization.

Stabilizing population and improving health are two aspects of a single common goal that is essential for sustainable development, rather than two separate goals. As such, USAID's efforts within this goal area focus on interventions that contribute directly and in an integrated fashion to achieving both aspects through improvements in maternal and child health and reproductive health, rather than on the potentially broader array of activities that might contribute to one or the other but not both. Achieving this common goal depends on strengthening voluntary family planning and other reproductive health information and services, infant and child health services, safe pregnancy care, nutritional security for women and children, prevention of HIV transmission, mitigation of the impact of the HIV/AIDS pandemic, improved management of other sexually transmitted infections, and capacity to combat infectious diseases.

U.S. NATIONAL INTEREST: Population and Health

Early stabilization of the world's population serves U.S. national interests by contributing to global economic growth, a sustainable environment and regional security. Reduced population pressures will also lower the risk of humanitarian crises in countries where population growth rates are highest. Protecting human health and nutrition in developing and transitional countries also directly affects public health in the United States. Unhealthy conditions elsewhere in the world increase the incidence of disease and threat of epidemics which could directly affect U.S. citizens, retard economic development, and increase human suffering. Thus, the U.S. has a direct interest in both safeguarding the health of Americans and helping to reduce the negative consequences of disease worldwide. USAID coordinates its population, health and nutrition programs with the Departments of Agriculture, Health and Human Services, State and Treasury.

USAID OBJECTIVES:

* Unintended and mistimed pregnancies reduced.
* Infant and child health and nutrition improved and infant and child mortality reduced.
* Deaths, nutrition insecurity, and adverse health outcomes to women as a result of pregnancy and child birth reduced.
* HIV transmission and the impact of the HIV/AIDS pandemic in developing countries reduced.
* The threat of infectious diseases of major public health importance reduced.

PERFORMANCE GOALS:

* Fertility rate reduced by 20 percent.
* Mortality rates for infants and children under the age of five reduced by 25 percent.
* Maternal mortality ratio reduced by 10 percent.
* Rate of increase of new HIV infections slowed.
* Proportion of underweight children under 5 in developing countries reduced.

INDICATORS:

* Total fertility rate.
* Under 5 mortality rate.
* Prevalence of underweight children under 5.
* Early Neonatal mortality rate (proxy for maternal mortality rate).
* HIV seroprevalence rate in 15- to 49-year-olds.

USAID GOAL: The world's environment protected for long-term sustainability

Environmental degradation threatens human health, undermines long-term economic growth and impairs critical ecological systems upon which sustainable development depends. Careful management of natural resources is essential if investments in development are to yield sustainable benefits. Unpolluted and undegraded natural resources are required for long-term economic growth and food security. Clean air and water are prerequisites to people's health. Addressing environmental issues builds public/private sector partnerships; increases public awareness through education and training; crosses gender, cultural and class lines; stretches across the political spectrum; and strengthens civil societies.

U.S. NATIONAL INTEREST: Environment

Not only is the United States affected directly by global climate change, the loss of biodiversity, the spread of pollutants, use of toxic chemicals and the decline of fish stocks in the oceans, but struggles over land, water and other resources can lead to instability and conflict, which may become serious and direct threats to U.S. interests, as well as the U.S. itself. United States. leadership is essential to resolving global environmental problems and promoting environmentally sustainable economic growth in developing countries. USAID coordinates its environmental programs with the Departments of Energy, State and Treasury and the Environmental Protection Agency.

USAID OBJECTIVES:

* The threat of global climate change reduced.
* Biological diversity conserved.
* Sustainable urbanization including pollution management promoted.
* Use of environmentally sound energy services increased.
* Sustainable management of natural resources increased.

PERFORMANCE GOALS:

* National environmental management strategies prepared.
* Conservation of biologically significant habitat improved.
* Rate of growth of net emissions of greenhouse gases slowed.
* Urban population's access to adequate environmental

services increased.
* Energy conserved through increased efficiency and reliance on renewable sources.
* Loss of forest area slowed.

INDICATORS:

* National environmental management strategies.
* Nationally protected areas (in hectares and as percent of total land area).
* Carbon dioxide emissions, average annual rate of growth.
* Percent of urban population with access to safe drinking water.
* Percent of urban population with access to sanitation services.
* GDP per unit of energy use.
* Percent of energy production from renewable sources
* Annual change in total forest area (percent change and in hectares).
* Annual change in natural forest area (percent change and in hectares).
* Annual change in plantation forest area (percent change and in hectares).

USAID GOAL: Lives saved, suffering associated with natural or man-made disasters reduced, and conditions necessary for political and/or economic development re-established

Crises, whether natural or man-made, destroy the resources individuals, families or nations might otherwise commit to social and economic progress. Crises usually have their greatest impact on the poor, women and children. Humanitarian assistance can help replace some of these resources and enable victims to resume their normal lives more quickly. The provision of humanitarian and transitional assistance is equally important as a means to prevent crisis, to safeguard long-term economic and social development, and to support the creation of free markets and democratic institutions for countries in transition.

U.S. NATIONAL INTEREST: Humanitarian Assistance

Small U.S. investments in crisis prevention and mitigation may reduce the need for more substantial investments in crisis resolution where U.S. interests are directly at risk. However, even where U.S. interests may not be directly affected, the United States has a long-standing tradition of

providing humanitarian assistance in response to the urgent needs of the victims of natural and man-made disasters and complex emergencies. USAID coordinates its humanitarian assistance programs with the Departments of Agriculture, Defense and State.

USAID OBJECTIVES:

* The potential impact of crises reduced.
* Urgent needs in times of crisis met.
* Personal security and basic institutions to meet critical intermediate needs and protect human rights re-established.

PERFORMANCE GOALS:

* Crude mortality rate for refugee populations returned to normal range within six months of onset of emergency situation.
* Nutritional status of children 5 and under populations made vulnerable by emergencies maintained or improved.
* Conditions for social and economic development in post-conflict situations improved.
* Freedom of movement, expression and assembly and economic freedoms in post-conflict situations increased.

INDICATORS:

* Crude mortality rate in emergency situations.
* Proportion of children under 59 months in emergency situations who are wasted.
* Number of people displaced by open conflict.
* Changes in the number and classification of designated post-conflict countries classified by Freedom House as free/partly free/not free.
* Economic Freedom Composite Index.

USAID GOAL: USAID remains a premier bilateral development agency

To achieve maximum impact in assisted countries and returns to the United States, America's contributions to sustainable development programs must be efficiently and effectively managed. Beginning in 1993, USAID has made concerted efforts to improve its efficiency and effectiveness by: (1) establishing a coherent strategic framework in its Strategies for Sustainable Development; (2) becoming a pilot reform agency under the Government Performance and Results Act (GPRA); (3) simplifying internal operations; (4) encouraging operating units to identify better ways of doing

business and to adopt "best practices," including effective partnering; and (5) emphasizing a customer focus and coordination with other donors. USAID has been and will continue to be a learning organization committed to improving its performance. Accordingly, USAID will pursue the following management objectives.

U.S. NATIONAL INTEREST: Maintenance of fundamental capabilities to carry out international affairs missions in sustainable development

Promoting sustainable development is a necessary and critical component of America's role as a world leader. It helps to reduce the threat of crisis, and to create the conditions for economic growth, the expansion of democracy and social justice, and a protected environment. Under these conditions, citizens in developing and transitional countries can focus on their own social and economic progress, which creates demand for U.S. goods and services and expands cooperative relationships between the United States and those countries it assists.

USAID OBJECTIVES:

* Responsive assistance mechanisms developed.
* Program effectiveness improved.
* U.S. commitment to sustainable development assured.
* Technical and managerial capacities of USAID expanded.

PERFORMANCE GOALS:

* Time to deploy effective development and disaster relief resources overseas reduced.
* Level of USAID-managed development assistance channeled through strengthened U.S.-based and local non-governmental organizations increased.
* Contacts and cooperation between USAID's policy and program functions and those of other U.S. government foreign affairs agencies expanded.
* The OECD agenda of agreed development priorities expanded.
* Capacity to report results and allocate resources on the basis of performance improved.

INDICATORS:

* Percent of critical positions vacant.
* Percent of USAID-managed development assistance overseen by U.S. and local private voluntary organizations.
* Statements at the objective level across the strategic plans

of U.S. executive agencies concerned with sustainable development are consistent.
* Number of jointly defined OECD development priorities.
* Financial and program results information readily available.
* Time to procure development services reduced.

Resource assumptions

USAID's performance goals were selected, in part, on the basis of its assumptions about available program resources, support resources and workforce, and information resources. If these assumptions prove incorrect, then USAID would have to modify its projected performance goals.

Program Resources. Resource levels for most USAID program accounts are projected to remain at fixed levels in constant dollar terms over the course of the planning period. The exceptions are Economic Support Funds earmarked for Israel and Egypt, projected to be straightlined, and transitional programs funded by the Support for Eastern European Democracy and Freedom Support Act accounts, projected to be phased down as transitional objectives are reached in specific countries.

Administration budget requests are projected to be sustained by Congressional appropriations action, and resources made available for each strategic goal are projected to be congruent with current Administration priorities -- as reflected in the FY 1998 USAID budget request -- in constant dollar terms throughout the planning period.

The Strategic Plan also assumes that current levels of development assistance provided by other donor nations will remain roughly at current levels throughout the planning period USAID would have to re-examine its own assistance plans if such assumptions prove unfounded for any reason.

Support Resources. In contrast to program resources, the Strategic Plan assumes that resources for USAID support costs, including the cost of maintaining the Agency's direct-hire and non-direct-hire workforce, will remain fixed, in current dollar terms, over the planning period. This means that the purchasing power of the USAID Operating Expenses account, the principal source of such support resources, effectively will shrink annually at the rate of inflation.

To accommodate such a reduction in the effective level of

support resources, USAID workforce levels, which account for the largest portion of support costs, would have to be reduced at roughly the annual inflation rate, unless a case can be made for marginally increased operating expenses to accommodate program management requirements. If a continued contraction in Agency staff is required, it will place increasing limits on USAID's ability to provide adequate oversight for even a program portfolio projected to remain static in constant dollar terms.

Moreover, while this level of workforce reduction may be largely achievable through normal annual rates of attrition, the effects of such staff losses -- e.g., skewing the Agency's available skills mix, changing the balance between field and headquarters staffing, losing institutional memory from retirement of senior staff, and limiting the ability to recharge the Agency's workforce with the infusion of new hires -- will require active workforce planning. The Strategic Plan assumes that a workforce planning process, recently initiated, will be completed successfully, that its results will permit the Agency to manage its programs responsibly with available staff and, possibly, that its findings will help make the convincing case for increased support resources to fund adequate program oversight.

Information Resources. To effectively manage its information resources in support of the Strategic Plan, the Agency is updating for the sixth time its five-year Strategic Information Resources Management (IRM) Plan. USAID has made considerable progress against the previous IRM plan, having successfully completed three of its six goals. The Agency is well into the implementation stage of the Information Systems Plan, with more than half of the planned New Management System modules operational in Washington and the architecture in place to support them worldwide.

This updated Strategic IRM Plan focuses on completing implementation of the New Management System to support the re-engineered Agency and is expected to set the direction for the IRM program to meet the Agency's information needs through 2002. It includes four goals:

* Operations to assure the architecture to support Agency automated business processes is available and provides a reliable, secure and robust environment to support the Agency's business as well as the productivity of Agency staff.

* Information Management to improve USAID's ability to

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manage, access and use information to achieve Agency strategic objectives.

* Quality to improve the value (efficiency and effectiveness) of information-related products and services.

* Project Support to ensure that information technology and information management components of program activities contribute effectively to meeting USAID goals and objectives.

Conclusion

The purpose of the diplomacy of the United States is to create a more secure, prosperous and democratic world for the benefit of the American people and those whom they choose to assist. Sustainable development, that is, lasting improvements in the lives of the people in those countries in which USAID works, contributes to this end and remains a necessary and critical component of America's role as a world leader. USAID leads American efforts to promote sustainable development around the world. Through this Strategic Plan, USAID commits itself, with the support of the American people and in coordination with its partners, to achieving significant results in developing and transitional countries over the next 10 years and establishes a base for measuring its performance.

Footnotes:

1 U.S. national interests are defined in the Strategic Plan for International Affairs Agencies and are incorporated into USAID's strategic plan.
2 Immediately prior to this strategic plan, program parameters for the Agency's operating units were established by the Agency's Strategies for Sustainable Development (USAID, Washington: March 1994).
3 USAID prepares annual evaluation schedules which will be discussed in its Annual Performance Plans.
4 Statistical analyses suggest that achieving this goal over the course of ten years can be expected to reduce the incidence of poverty by up to 29 percent. For more detail, see Annex 2.

Annex #1
in .pdf format

Annex #2

MAKING A DIFFERENCE FOR DEVELOPMENT

OPERATIONS BUSINESS AREA ANALYSIS (BAA)

EXECUTIVE SUMMARY

THE APPROACH

The charter of the Operations Business Area Analysis (BAA) team was twofold:

(1) To reengineer USAID's operations system, i.e. the way the Agency programs its development assistance. This means how the Agency plans, designs, and implements activities as well as how it monitors and evaluates what it is achieving.

(2) To define the system's information requirements for the Agency's Information Systems Plan (ISP). Through the ISP, USAID is developing a framework for establishing a corporate data base and supporting integrated systems for accounting, budgeting, procurement, personnel management and property management, as well as operations.

Four core values guided the work of the team:

- Customer focus,
- Results orientation,
- Empowerment and accountability, and
- Teamwork and participation

In addition, significant developments in information systems technology acted as both a catalyst and an enabler, promoting greater efficiency and effectiveness through information sharing. An interest in continuous improvement steered the team toward making the Agency a learning organization and an inclusive approach highlighted the role of our partners and the greater potential they offer if treated more as partners and less as primarily providers of services.

From a development assistance perspective, USAID's ultimate customer is the end user or beneficiary of our assistance. Under the new operations system, we will involve more consistently and systematically these customers in the design, implementation and evaluation of our assistance. The Agency also will better recognize the needs and requirements of it's stakeholders: those who have some authority over our resource flows and their direction (e.g., Congress, OMB, State); those who influence the political process (e.g., interest groups and taxpayers); and those who use our resources in a collaborative fashion to help achieve results (e.g., U.S. private voluntary organizations (PVOs), universities, indigenous nongovernmental organizations (NGOs), host country governments). Some of these will be the Agency's partners in development, and our business processes must reflect the attributes of partnerships which strengthen the capability to achieve common objectives.

The intent of this work is to build on what is good in USAID, to develop systems which facilitate our development work, to open opportunities not possible or at best difficult to access under old systems, and to utilize the Agency's and its partners' high level of skill, energy, and initiative to achieve even greater accomplishments.

THE SYSTEM

Key features of the new operations system follow:

- Within overall policy direction set by the Administrator and coordinated by the Bureau for Policy and Program Coordination (PPC), strategic planning will define a framework for making management decisions. Principal development objectives and results will be identified, along with their causal relationships. Other related processes - budgeting, procurement, implementation, accounting and monitoring - will be geared to supporting the achievement of these objectives and results. Planning will be a participatory process, utilizing USAID staff (both in the field and in Washington (USAID-W)), stakeholders and customers.

- An approved strategic plan will constitute a management contract between an operating unit and USAID/W in which the operating unit commits to meeting specified objectives and USAID/W commits to providing the necessary resources. Significant changes on either side will trigger a review of that contract.

- Budgeting and planning will be performed within sets of parameters decided upon in USAID/W and influenced by Agency-wide results, individual country sustainable development performance and potential, and political considerations. Within parameters and the terms of management contracts, operating units will have the authority to utilize funds in whatever mix is appropriate to achieve agreed-to objectives. Budgeting as well as bilateral obligations will be organized by objective rather than by project.

- Implementation will focus on the achievement of objectives. Strategic objective teams, comprised of field staff, USAID/ W staff and host country individuals important to achieving the objective, will plan and execute resource use through results packages (RP). RPs will incorporate the skills, resources and authorities necessary to achieve key results leading to accomplishing a strategic objective. Implementation will become more of a learning process, with the ability to readily assimilate past and other's experiences in the revision or design of activities.

- A comprehensive monitoring and evaluation structure will support more effective implementation, results-oriented budgeting, and the Agency's ability to better understand its accomplishments and failures.

In sum, an operations system has been developed to allow USAID staff, partners, customers and contractors to collaborate more and to work more productively to accomplish their common objective of sustainable development. This system is predicated on an integrated organizational structure capable of supporting teams and empowering employees throughout the Agency.

CHAPTER 1

OPERATIONS BUSINESS AREA ANALYSIS
AN OVERVIEW

1. FOREWORD

In June 1994, sixteen USAID employees representing the full array of technical and geographic backgrounds of the Agency began the second phase in the process of reengineering the way USAID plans, delivers and judges its development assistance,the first phase having been completed in April 1994 with the release of the Intensive Reengineering Report. These employees were assigned to the Operations Business Area Analysis (BAA) team, and charged to build on the best practices within USAID and to describe an agency which would become truly "best in its class," a world-wide leader in development assistance.

A reengineered USAID, making the greatest possible difference for development, must have a very clear idea of where it is going and how it will get there. It needs clear policies, priorities, and operating principles: strong top-down leadership for effective bottom-up decision-making. It needs clear objectives, effective strategies to achieve these objectives, and practical ways to measure performance. It must be aware of customer wants and needs and involve customers and partners in strategic and operational decision-making. It must empower teams and tolerate occasional failures, while holding managers fully accountable for learning from experience. Most of all, it must reflect a radical shift from a bureaucracy of working to the rules and managing inputs, towards entrepreneurial risk-taking, customer service, and a concern for the performance bottom-line.

This report describes a reengineered operations system which represents such a new way of doing business. One in which:

- each manager and work team is concerned with and has access to all the information they need for planning, judging, and achieving results; understands what this means; and has the authority, expertise, and tools to do it;

- partnerships and teams are respected and work together as an organization to achieve common goals for our customers;

- every operating unit delineates ambitious, but achievable objectives and fully empowers work teams to manage activities and allocate resources to achieve results;

- there are clear, consistent, and simple procedures for approving strategies, allocating resources, delivering goods and services, assessing performance, stewarding funds, and working with partners to achieve results; and

- most importantly, the needs of its customers are met effectively, facilitating sustainable development throughout the world, in a way in which all Americans can be proud.

2. INTRODUCTION

The Operations BAA team met for four months (from June to September 1994) to reengineer USAID's operations system, i.e., the processes we currently use to plan, implement and evaluate our development assistance. The BAA did this by first mapping out those processes. They then identified new ways to make them more efficient, more customer and results focused, and better integrated, with greater emphasis on empowerment. Finally, they determined the business requirements for implementing the new system -- the information and rules needed to support the new processes.

They were guided by a core Reengineering Reference Group of 27 employees and an outline for a new system that had been completed in April 1994 by the Intensive Reengineering Team (the IRT, comprised of 12 other employees and one customer). Support for the technical aspects of reengineering came from IRM and James Martin Government Consulting. The BAA met with over 100 employees and also reviewed comments received from Agency staff on the IRT's reengineering proposal. They also incorporated the work of the other process reform efforts being conducted under the USAID Information System Plan (ISP) covering procurement, budget, and financial management processes. Human resource management and property management will complete the ISP and will build on the work of this BAA.

This report presents the findings of the Operations BAA, and has been prepared to achieve the following:

- explain the reasons behind reengineering and the approach we have used;
- define a core set of values guiding the reengineering that grew out of the vision Agency employees had for the new system, and identify how the new system supports these values;
- describe how the new system will work;
- highlight features of the system which are different from the current system and provide a notion of what the new USAID will be like;
- relate the system changes to the other process reforms now underway;
- help employees understand the BAA analytical process and how the ISP functions; and,
- delineate the requirements for the new information system and for the business rules that are necessary for a reengineered operations system.

Because some of the language in this report is new and some terms are used with very specific meanings, a glossary of terms is provided as an attachment.

Through reengineering, USAID intends to refocus its efforts on supporting the achievement of sustainable development in countries where we have programs. Working within a limited number of key areas which both are fundamental to development and reflect United States' interests, we must marshal all available skills to work in a collaborative fashion to achieve agreed-to objectives. While our work is primarily country-based, we must demonstrate that our achievements are having a global impact, and must address regional issues which transcend country boundaries. In addition, our efforts should be combined with those of others who share similar objectives, so that we benefit by both their innovations and experiences as well as a larger resource base to meet common goals. Finally, our efforts should be fully informed by and associated with our customers - those who not only benefit by our assistance but also are central to our success at achieving objectives.

3. WHY REENGINEER?

The Agency has chosen to reengineer its operations system to accelerate trends toward a more responsive and supportive operations system, and to correct deficiencies which have persisted. It made this decision in recognition of the valued and conscientious efforts of Agency staff to plan and implement development programs as effectively as possible despite the bureaucratic and organizational barriers they face. The intent has been and continues to be to build on what is good in USAID, to develop systems which support and promote the work we do, to open opportunities not possible or at best difficult to access under old systems, and to utilize our high level of skill, energy, and initiative to achieve even greater accomplishments.

Over the past few years, the Agency has been adapting its business policies and procedures to a variety of internal and external stimuli. Some changes have been positive, and we are moving to accelerate those, e.g., greater delegation of authority, increased emphasis on strategic planning, and greater use of information systems technology. However, other features of our institutional development have been far less positive, and require significant work: overlays of new procedures on top of old structures; a sometimes confused set of policies and guidance which get amended and revised piecemeal - often with little sense of overall purpose; difficulty as an organization to identify and clearly explain where our resources go and what they are achieving; and an operations system, or perhaps more accurately a variety of sometimes vaguely connected systems, which keep the Agency functionally limited and which contribute far less than they should to supporting the achievement of our mission.

One major negative consequence has been that an inordinate amount of USAID staff, contractor and partner time is spent on establishing paper trails and on satisfying, manipulating and outsmarting the rules and regulations at the expense of working more productively to improve the quality and effectiveness of our development assistance. A second is that while we have introduced some new management techniques, e.g., strategic planning, we have not fully integrated them into our overall operations system and thus

have taken only partial advantage of the potential benefits those new techniques offer. Finally, while we assert that our projects and programs are achieving significant results, we frequently cannot provide the evidence to support our assertions, and thus are in a weak position to demonstrate our value-added as an organization in the public realm.

Reengineering involves significant changes to business processes to position an organization for focusing on its mission. A formal definition is, " the fundamental rethinking and radical redesign of business processes to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service, and speed." (Hammer and Champy, Reengineering the Corporation, 1993) Being a government organization makes it more difficult to place the same emphasis on "fundamental" and "radical" change as, say, a private corporation can do. However, even within these limitations, the Operations BAA has developed a system which shifts the emphasis from implementing activities to achieving results, which fosters initiative as well as collaboration, which opens opportunities for the introduction of new ideas and practices from both within and outside, and which displays a greater responsiveness to the needs and expectations of our partners and customers.

The development of information systems technology and the introduction of computer information systems present a wealth of opportunities for generating and utilizing data bases for more effective management and decision-making. Much of what we have developed in operations, and what others have developed in accounting, budget and procurement, is intimately linked with this innovation. These new systems do not substitute for judgement -- they are tools which if properly used can improve the quality of judgements.

While a recognition of the institutional problems facing the Agency showed us the need for change, and new technology enabled us to develop new ways of doing business, the commitment of Agency senior management and staff to strengthening our capability to achieve development results in a more responsive and effective way, combined with the high level of staff skill and dedication, are the keystones to the success of reengineering.

4. AGENCY CORE VALUES

In its approach to formulating new business processes, the Operations BAA was guided by four core values: customer focus, results orientation, empowerment/accountability, and teamwork. Any new operations system should display characteristics of these values throughout its constituent parts. Each is discussed separately below, with a description of the value first and how it has been incorporated into the system second.

a. Customer Focus

In both the private and public sector, the importance of aligning business processes with customer need has gained recognition as an approach which leads to greater efficiency and effectiveness. Within reengineering methodology, the identification of the various business "process customers" of an organization is important to analyzing how those processes should function to best meet customer need. In the work of the Operations BAA, it is

recognized that USAID must consider the needs of a variety of customers from a process perspective, but from a development assistance perspective USAID's ultimate customer is the end user or beneficiary of our assistance. To avoid confusion in terms, "process customers" here are defined as stakeholders, and "customer" is reserved as a reference to the end user.

A focus on customers is not new to USAID. We have utilized a variety of approaches to secure their participation in planning and implementing our development assistance activities. We now have a strengthened focus on customers to establish them in a more active role to ensure that we are making greater progress in delivering measurable and sustainable development results. This focus also is in keeping with an Executive Order issued by President Clinton in 1993 calling on each federal agency to set customer standards, and with the National Performance Review that calls for a government that "puts customers first."

Under the new operations system USAID more consistently and systematically will involve both partners and customers in the design, implementation and evaluation of our assistance. Participatory planning techniques will be used to learn directly from customers, as well as indirectly from stakeholders, what customer needs and priorities are, and this information will be used to frame strategic objectives and to design specific interventions.

USAID also will consult with organizations representing the interests of customers such as small-scale farmers and business people, slum dwellers, fishing communities, women, etc. During implementation, USAID staff will monitor customer participation and consistently seek feedback through surveys, field visits and open forums, to determine whether our assistance is meeting customer needs, and will communicate back to those customers how their recommendations have been incorporated into programs. While we will strive also to strengthen our relationships with partners such as PVOs and NGOs to reach customers, we will encourage more direct lines of communication specifically with customers by partners and by us to better achieve success in meeting objectives. Adequate and accurate communication with customers is imperative for effective management at all levels within the Agency, from identifying agency-wide priorities, to defining specific strategic objectives, to implementing activities.

The Agency also must meet stakeholder needs if it is to successfully accomplish its mission. Three categories of stakeholders are: those who have some authority over our resource flows and their direction, i.e., Congress, the Office of Management and Budget, and the State Department; those who influence Congress' actions, i.e., interest groups and taxpayers; and those who use our resources in a collaborative fashion to help us achieve results, e.g., PVOs, NGOs, host country governments and universities. (While contractors are not stakeholders in the same sense as PVOs, they also have specific needs which our acquisition process must meet in order for us to achieve our objectives, and our business processes should be designed to facilitate meeting those needs.)

For the purposes of reengineering, we recognize the importance and function of customers as well as stakeholders, and build into our processes mechanisms which meet their needs,

while focusing on the end user or customer where our ultimate interests and objectives can be achieved. For example, to improve the economic well being of disadvantaged farmers through a country program requires resources, and acquiring those resources necessitates meeting the needs of Congress for information which demonstrates that the program is effective and managed efficiently. Also, it requires some form of service delivery system, and establishing that may necessitate understanding and meeting the needs of the government and NGOs for technical expertise and infrastructure support. Thus, USAID's function is to play a key role within a network of stakeholders (including partners) to ensure that customer needs are met, and this means improved and more effective participation in our processes by customers as well as by partners and other stakeholders.

b. Results Orientation

Results represent changes in developing country conditions that USAID and our partners seek to influence through the provision of development assistance. For a system to be results oriented, its processes must be focused on achieving these changed conditions. Typically, the primary purpose of a process is to perform some function which is essential to the completion of an action. Processes can become overly bureaucratic, directed toward meeting regulatory and administrative requirements rather than toward supporting in a substantive way the objective of the action. Processes with a results orientation would place greater emphasis on accomplishing objectives and serving the customer.

The operations system proposed here comprises processes which to the extent possible are defined by the value they add to fulfilling development objectives. Planning defines objectives and strategies, and resources are budgeted, allocated and obligated on the basis of those objectives. Internal reviews are structured to focus on actual and planned results achievement. Work is organized in a way that keeps the Agency's and its partners' focus on intended results, allowing flexibility in the deployment of resources to achieve objectives while maintaining prudent management principles. Monitoring and evaluation of results achievement is an ongoing process, and influences the implementation of existing activities, the design of new activities, the allocation of resources, the review of objectives and strategies, and the body of knowledge about development. Finally, the system utilizes and builds on reforms in other Agency business areas, e.g., procurement, budgeting, accounting and human resource management, to lessen the burdens of administration, increase staff efficiency and effectiveness, and strengthen program performance.

Finally, a results orientation is defined as managing for the achievement of results. This means setting clear objectives and targets, collecting adequate information to judge progress and adjusting strategies and tactics as required. The achievement of results is one indicator of success but not the only one. Failure can also lead to success if we learn from the experience. Continued failure with inadequate attention or efforts to change is what a results based system would seek to avoid.

c. Empowerment and Accountability

To empower is to invest with authority to make and implement decisions. An organization that involves customers more, and that focuses on the results of its services to customers, has to place the authority for decisions as close as possible to where the impact is achieved. Furthermore, to promote greater participation, people must be able to use their own initiative, must be able to take considered risks, and must be able to respond to opportunities.

Thus, empowerment in a customer and results focused organization must result in authority delegated closer to where the action takes place.

However, it must also be bound by parameters related to legal and ethical standards as well as organizational goals and strategic objectives. This balance between the needs for autonomy and responsibility is best achieved by eliminating unnecessary rules and by clarifying and making transparent the limitations that remain.

Empowerment also implies accountability for decisions made. If a manager is empowered to make decisions, he or she must be delegated sufficient authority and have sufficient knowledge of the legal, ethical and policy related issues to be willing and capable of assuming accountability for that decision. Decisions may lead to expected results or lessor or greater than expected results. Achievement of results is not necessarily within the control of the team and its manager/leader, but achievement or nonachievement may relate to how a decision was made and implemented, and therefore does reflect on the quality of management.

The empowerment of teams raises separate authority and accountability issues. There is a continuum when teams are concerned, with team empowerment and accountability meaning anything from the set of individual authorities and responsibilities, and thus individual accountability, to authority, responsibility and accountability resting with the team as a corporate entity. The concept here is closer to the former, but with mechanisms related to the latter , e.g., incorporating team input into individual performance evaluations and rewarding team performance, included.

The extent of delegation may be influenced both by programmatic concerns (e.g., the nature of expected activities, complexity of the results framework, or political sensitivity of the program) and by an individual's expertise and experience. Specific delegations will be recorded in a computer-based filing system which can confirm electronic signatures and which can be updated and amended on short notice. In order to promote and support greater delegation, an information system will be developed to include current policies and recommended and/or required procedures, with the thought that delegation is more feasible with greater clarity of the rules and of policy guidance, and better understanding of where judgement or obedience is the better approach. If additional authorities in, for example, procurement and financial management are allowed, teams should be able to be more responsive, flexible and innovative in providing assistance and achieving results.

d. Teamwork

Teams are groups of individuals coming together through consensus on a common approach to achieve agreed-to objectives or results. Typically, team members bring specific skills needed to achieve a result, or represent an interest central to that achievement. Teams function in a collaborative and supportive fashion, drawing on the strengths of individual members. They work best when these individual strengths are combined into a congregation of interested parties working more effectively because they have agreed to this union or because they understand that, "Together each achieves more."

The recently completed reorganization of the Agency was built around the concept of teamwork, which provides an important mechanism for integration and participation. By enabling the various specialties within a mission or within a USAID/W office to work together, and by supporting field and central expertise working together, the Agency will be better able to identify and agree upon its objectives. Even more significantly, the Agency will be able to stretch limited resources and bring maximum expertise to bear on problems. It will also be able to respond more rapidly and effectively. By enabling the various interest groups concerned with achieving a strategic objective or producing a result to work together, we can assure customer and stakeholder involvement throughout the process and thus gain the benefits of a more participatory process. We believe those benefits will be as a result of both improved services targeted more to what people want and value, as well as better identification of, agreement to, and reporting on results.

The success of the new operations system will depend to a large degree on the inculcation of the value of teamwork among all USAID staff. Much of the work of planning, implementing and monitoring will be performed by teams. Personnel assignments, promotions, and rewards will be explicitly linked to the achievement of results by teams. While teams have been organized to perform work in the Agency in the past, the new reengineered system involves a substantial increase in the degree of responsibility, authority, autonomy and accountability that they hold.

Teams will draw full and part-time members from throughout USAID (mission, USAID/W and regional staff could all be members on one team), and will include representatives of partners, contractors, and, whenever appropriate and feasible, customers. Some members may participate primarily electronically. It is expected that activities will be organized within results packages defined by specific intended results and may be implemented through teams or individuals, depending on the given circumstances. Given the guiding principle that responsibility and authority should rest with those closest to the work, teams or team members generally will be vested with the necessary authority, responsibility, resources and skills required to achieve their intended results.

5. HOW THE NEW SYSTEM IS DIFFERENT

Answering the question, "How is the new operations system different?" begs another question, "different from what?" There is an official Agency operations system defined in handbooks, policy directives and guidance, and there are various operating procedures used by bureaus and individual missions which may differ only slightly or in significant ways from the "official" standard. Generally, the Agency has been moving toward more emphasis on strategic planning and delegation of authority, and the system proposed here continues and accelerates that trend. The discussion below highlights those characteristics of the reengineered system which change in a significant way our current rules.

- *It focuses on the achievement of results, and insures that all involved, from Congress to customers, agree and focus on achieving objectives.*

The current operations system focuses on the identification and delivery of inputs and outputs within a project framework intended to achieve a purpose which may be only loosely associated with an overall objective. Management of those inputs and outputs often overshadows what it is we are trying to achieve. Where our intended outcomes are in better focus, we frequently follow a fairly rigid results hierarchy which misses important causal relationships and narrows our field of potential approaches. The project usually sets the direction of our assistance in a specific area for a multi-year period, and changing that direction often is a difficult process.

The new system focuses on the objectives to be achieved, identifies multiple subsidiary results (not just program outcomes), along with causal relationships, necessary to achieve the objectives, and that framework leads to the identification of activities, partners, etc., also necessary to achieve objectives. Implementing activities is only part of the effort -- achieving the results becomes a more important part. The new system also emphasizes managing strategically, i.e., the capability to define activities and change directions in line with what is required to meet objectives. This means greater flexibility in the implementation process, and a system which encourages and supports learning about performance and acting on knowledge as it is available.

The new planning and implementation processes also place a higher priority on participation and the development of partnerships, with the purpose of fostering development which is more sustainable and creating an environment in which those who are key actors and particularly end users are involved throughout our work.

- *Strategic planning becomes a dynamic process and management tool.*

Over the past few years, parts of the Agency have significantly strengthened their operations through increased use of strategic planning, and in these instances this often has resulted in a more focused and effective provision of development assistance. Agency-wide, however, progress has been uneven: There is not yet complete understanding of the benefits of and procedures for strategic planning, nor of its nature as a dynamic rather than static process. There also has been uneven recognition and understanding within the

Agency of how strategic planning influences the relationship between USAID/W and individual operating units. Finally, while this planning process has been increasingly used in the field, it is rarely used by operating units in USAID/W who have programmatic responsibilities.

With the new system, strategic planning will become a more dynamic process by providing a framework in which resource allocation, implementation and overall direction decisions can be made. It also will provide the basis for a structure through which authorities can be delegated so that authority and responsibility can rest with those who are doing the work to achieve specific results. As resource availability and the development environment change, plans and expected results also will change to reflect those realities. It will involve all operating units, not just those in the field. Finally, through review and approval of plans with concrete strategic objectives, Agency management will be able to make better decisions about the overall direction of USAID's development assistance.

- *Implementation becomes more a means to an end than an end in itself.*

Projects now can easily take on a life of their own, often neglecting the relationship between the various activities and the larger objective. And frequently that larger objective is ill-defined, lacking the clarity and specificity necessary to guide project development. Project managers frequently operate within fairly narrow boundaries, often with little authority of their own and utilizing a committee of individuals whose purpose may be more to impose their respective regulations than to collaborate to achieve a common objective.

The new system creates a much more flexible implementation process while providing an analytical structure and integrity through the definition of a results framework and provision for continuous monitoring and feedback. Activities are defined within the logic of the results framework, and can be initiated, amended and/or terminated as determinations are made that specific results are or are not being achieved. Decisions are made by those closest to the work, and are aided by team members with the necessary skills and experience. Performance is monitored also by a team responsible for the achievement of the strategic objective. Implementation becomes a more collaborative effort, with specific authorities and responsibilities assigned and with clear objectives in mind.

Implementation also takes a more central role. With budgets tied to results, with more rapid and streamlined procurement mechanisms, and with documentation minimized, the startup time for implementation should be and must be significantly reduced. Furthermore, participation and customer focus as well as obligations at the SO level enable many previous planning functions to be done as a part of the implementation process. Finally, with SO's defined for a five to eight year period and results for a shorter period, the systems will work more efficiently if community commitment and determination aspects of design are treated as the initial stages of implementation.

- *The operating culture within the Agency becomes one of greater collaboration, clearer roles, orientation toward achieving common objectives, and increased attention to participation and customer needs.*

There has been a tendency toward an unproductive competition for resources by organizational units within the Agency, one that often focuses much more on obligation rates than on results being achieved. Also, competition as to whose ideas will prevail often is waged not on the logic of what we are trying to achieve but rather on who controls resources and who can marshal the most influential support. Our processes frequently tolerate rather than facilitate participation, and that tolerance diminishes as internal procedures dictate courses of action.

The new system moves our operating culture away from these concerns and toward those which support meeting the Agency's overall objective of promoting sustainable development. There is more emphasis on collaboration and participation, both internally and externally, on knowledgeable risk management rather than risk aversion, and on guidance and trust rather than control. With a clearer identification of roles and responsibilities, combined with better definition of rules and information on procedures, greater authority can be granted throughout the Agency to encourage and support a more effective organizational structure.

- *Documentation requirements are reduced, and documentation preparation is less burdensome.*

Operating units now have to deal with a large number of program documents: CDSS/CPSP, CP, ProAg, NAD, PID/PAIP, PP/PAAD, PRISM, AP, and ABS, to name only the major ones. Two or more of these often involve identical content, but because of our systems we cannot always take advantage of previous work when preparing a later document, and simply must suffer the repetition required.

The new system includes fewer documents, and better integration of those which achieve common purposes. Two major documents typically will be the basis for operating unit and USAID/W interactions, the strategic plan and the results review and resource request. Much of the content of the latter will be pulled together electronically, and will be used both within the operating unit for internal decisions about resource allocations and adjustments to programs as well as by USAID/W. Strategic objective agreements will replace bilateral project/program agreements, with one agreement per objective. Implementation documentation will be kept to the minimum required for accountability and management purposes, and will be available electronically to whomever has need to know.

6. THE OPERATIONS SYSTEM

a. What it Achieves

The operations system described below, and in more detail in the accompanying chapters, will permit the agency to identify, define and execute strategies for the achievement of results with a range of development partners and customers, using reengineered processes and modern management techniques and technology. It is primarily country-based while at the same time focuses on achieving development results in the Agency's five priority areas

fundamental to sustainable development (population and health, broad-based economic growth, environment, democracy, and humanitarian response). It organizes work around intended results and through teams with specific authorities and responsibilities, and highlights the causal relationships among results for the achievement of objectives.

The system corresponds with the precepts enunciated in the agency's recently published Strategies for Sustainable Development and with other efforts the agency is pursuing to streamline procedures, automate systems, and develop more effective and responsive tactics and tools we use to provide development assistance. It will promote learning from experience, define causal links between what USAID finances and the results we wish to achieve, and emphasize the importance of field-level implementation and adaptation. Taken as a whole, the reengineered operations system should provide a more productive and results-oriented environment in which USAID can achieve its primary purpose of fostering sustainable development as a contribution toward world economic growth and political stability.

b. Key Functions of the System

During the initial analytical stage of the Operations BAA, the team identified three primary functions performed as the core of the Agency's operations system: planning, achieving and judging. While each of these involves distinct processes, their execution may be performed in an interdependent or iterative manner, depending on the work being done. For example, during the course of trying to achieve a specific result (i.e., the implementation of an activity), judging (monitoring) may be done to see that the activity is accomplishing its intended purpose, and, depending on the information collected, planning may be used to redesign the activity or to design an additional activity intended to achieve a related result. Here budgeting and resource allocation is treated as an aspect of planning, but it also can be seen as a link between planning and achieving. Each function is described briefly below.

Planning: Planning generally can be categorized into two types, strategic planning and operational planning, and may be performed at various "levels," e.g., agency-wide, operating unit (field mission or bureau office with responsibility for achieving specific objectives), or results package. Depending on the purpose and level, strategic planning may involve performing a planning process which results in clear and achievable objectives as well as the intermediate results necessary to achieve those objectives, developing approaches through which these results can be achieved, preparing an estimate of required resources over the course of the plan period, and determining how performance will be measured. Operational planning is conducted within a strategic framework and focuses on defining the specific activities necessary to achieve the agreed-to results, identifying their resource requirements, and determining how best to deliver the assistance.

Achieving: Achieving results is performed within an operational framework. It involves defining specific tactics and tools for implementation, providing the necessary USAID resources, activating partnerships, coordinating implementation in particular with non-USAID entities, and resolving any issues which arise during the course of implementation. Generally this will be accomplished at the results package level, although strategic objective

teams and operating unit management structures also will have specific responsibilities for achievement of results.

Judging: Judging is intended to assess the causal relationships linking results to strategic objectives, and lessons learned will be factored into ongoing and future activities. Performance information will feed into the resource allocation process, inform managers and partners about impact, problems and successes, help clarify objectives, help determine customer satisfaction, identify lessons learned, and advance development theory. Judging will involve evaluating results as well as the approaches, including tactics and tools, used to achieve results, and will incorporate surveys of customers to determine whether our efforts are having their intended impact. Information collected and analyzed about expected compared with actual results as well as about unintended results is critical feedback for both planning and achieving results.

c. Descriptions of the Processes

To explain the operations system, some functions are best separated into individual processes. The following processes are described in some detail below, and in greater detail in separate chapters.

(1) Strategic Planning

Within overall policy direction set by the Administrator and coordinated by PPC, strategic planning will define a framework for making management decisions at all levels. This framework allows (1) those responsible for allocating resources to know the purposes for allocation and to judge achievement of results and (2) those responsible for achieving to manage strategically.

A strategic planning framework at the Agency level will define the Agency's overall direction, along with key interrelated high-level results, which guide decision making and management. The strategic planning efforts of USAID operating units (office level units or above, whether field or Washington based, that expend program funds to achieve strategic objectives) focus on establishing a framework which will (1) enable senior decision makers to delegate authorities necessary for achieving results and (2) become the operating unit's framework for strategic management by defining the causal links, assumptions, and hypotheses regarding key interrelated results for selected strategic objectives (SOs).

(a) Agency Strategic Plan

The Government Performance and Results Act of 1993 requires that every federal agency develop a strategic plan with clear performance objectives by 1997 and begin reporting to the President and Congress on results against these objectives the following year. In accordance with this act, an Agency strategic plan (ASP) will be created. Agency priorities will be set and efforts laid out to achieve sustainable development within the context of legislation, executive orders, national security objectives, other external influences, and

foreign assistance authorization and appropriation. The Agency Strategic Plan will be reviewed annually as part of the annual budget process. Logically the ASP will:

- define the "strategic management framework" for USAID;
- articulate what the Agency expects to achieve in facilitating sustainable development worldwide; and
- define broad goals for USAID priority areas that contribute to sustainable development, and provide a basis for identifying performance indicators through which progress in achieving these goals will be tracked.

It also will define the broad strategic framework within which operating unit strategic plans will be developed. Until the ASP is created, the USAID strategies for achieving sustainable development and other planning guidance provided by the Administrator, PPC or relevant bureau AAs will guide operating unit planning.

(b) Operating Unit Strategic Plans

Operating unit strategic plans:

- articulate significant results to be achieved (strategic objectives) and the interrelated results which lead to their achievement;
- define a strategic management framework (the causal links, assumptions, and hypotheses regarding the interrelated results) for implementing strategic objectives and continual assessment of the performance; and
- provide a basis for requesting resources to achieve results.

An important aspect of the new operating system is the expectation that the strategic planning process will be accomplished through teamwork. Teams will consist of USAID direct hires and, as appropriate, relevant development partners and customers. USAID/W based bureaus, especially Global, PPC, and BHR, are critical elements to the team in framing strategic plans.

Operating units periodically conduct the analysis necessary to determine the development needs, constraints, and opportunities relevant to their operation, within the guidance provided by the Administrator and PPC. Analyses will be conducted when a operating unit is first established; when conditions within the operating unit change significantly; or when significant time has past since the last analysis. This analysis will be used as a basis for preparation of a strategic plan. It will include an early assessment of customer needs and will incorporate relevant lessons learned from previous USAID, partner and/or other donor efforts.

Strategic planning also requires that planners think about how results will be achieved, i.e. what kinds of approaches will effectively achieve the desired results. Identifying planned and/or alternative approaches helps establish both the feasibility of achieving selected strategic objectives as well as a basis for depicting resource needs.

(c) Identification and Definition of Strategic Objectives

Strategic objectives are ***significant, measurable results, both quantitative and qualitative, which the operating unit believes it and its partners can achieve and for which the operating unit is willing to be held accountable.*** They will be described in terms of:

- the objective to be achieved expressed as a change (ordinarily with people-level impact) that can be seen over a 5 to 8 year period, along with indicators and targets;
- the agency goal or priority that this objective relates to;
- country trends which indicate the potential for achieving this objective;
- what the host country and other donors are doing that relate to achieving the objective;
- partners and customers critical to the achievement of the objective;
- the approach we plan to use to achieve the objective with some specificity about the purpose and a notion of the tactics and tools we might use; and
- the results framework that identifies the results needed to achieve the objective, their causal relationship or the underlying assumptions and hypotheses about these relationships.

During the course of preparing a strategic plan or conducting analysis as preparation for defining a new strategic objective, the operating unit will form a strategic objective team which will be responsible for achieving that objective. The specific role of that team is discussed further in the section below titled, "Achieving Results." The issue of accountability requires serious reflection and discussion within the Agency. Staff clearly has responsibility for managing effectively, but responsibility for achieving specific results has to be shared with the host government, NGO or organization committed to and receiving support for that action. USAID maintains responsibility for managing resources effectively to gain the best possible results.

The nature of some of the work of central and regional bureau operating units may lead them to select strategic support objectives as the desired results in addition to or instead of relevant strategic objectives as defined above. ***Strategic support objectives are changes directed at internal USAID customers (i.e. field support or technical leadership), but must be directed at supporting the achievement of sustainable development objectives*** (quality field support to assist field units in achieving their sustainable development goals).

(d) Results Framework

Strategic objectives are expressed in terms of impact on people (our customers), with explicit indicators, target values, and a specified achievement timeframe (generally five to eight years). Strategic objectives should be described by a set of interrelated results (referred to as intermediate results) that lead to the achievement of the strategic objective.

The basic tool for focusing analytical efforts will be a *results framework*. The results framework will be derived through problem analysis describing the set of interrelated changes that must or are desired to occur if the selected strategic objective is to be achieved. This framework becomes the basis for USAID/W decisions to authorize implementation, and subsequently guides the strategic management of implementation efforts. It is more than an objective tree which frequently identifies only high level results, or program outcomes, and then quickly moves to the activity level. Instead, the results framework incorporates intermediate and lower level results, and their causal relationships. Neither approaches nor activities appear as part of the framework. It is critical, therefore, to carefully think through the changes that must occur if the strategic objective is to be achieved. Once the framework is established, approaches can be considered as to how best to achieve the desired results.

(2) Budgeting and Allocation of Financial Resources

> The budgeting and allocation processes will be more results-oriented, focusing on planned results and their actual achievement, and will include a more

Budgeting and allocating of financial resources within USAID is a process which incorporates the intent of Congress, Agency goals or priorities, assessments of planned and achieved results, selected approaches, operating unit analyses of country development assistance environments, and customer needs. It is a process which has time frames dependent on the nature of the decisions being made, ranging from a few weeks to about eight years. And it is a process during which many planning, obligating and expenditure authorities are determined.

(a) Budget Description

Budgets will be prepared for at least three purposes:

- strategic planning, covering typically a five to eight year period;
- annual budgeting, covering a two year period;
- results package management, covering the life of the package and related activities.

For strategic planning and annual budgeting, budgets will be organized primarily around strategic objectives. As with other aspects of the operations system, the intent is to focus attention on objectives and the resources necessary to achieve them, rather than on inputs, their costs and delivery schedules. Input cost estimates will be generated at the results package level and will support the development of SO budget estimates and requests.

Within budgets, funds will be associated with operating unit programs by objective, but will be allocated to whichever unit has specific responsibility for obligation. For example, funds for an activity within a specific country program may be allocated to BHR for obligation but nonetheless will show as part of the overall country program's resources. (One exception to this might be funds both budgeted and allocated to BHR which have no specific country association at budget time, e.g., emergency food relief.) Similarly, funds for an activity to be implemented through a Global Bureau-managed contract may be budgeted as part of a specific country program, but allocated to Global for obligation into the central contract. Technically funds cannot be received by any unit before the Agency has its appropriation, but decisions about allocations of expected funds can be made at any time during the budget process given agreement of all parties concerned.

(b) Parameters

The allocation of USAID'S financial resources occurs within parameters defined by those with authority and responsibility over some aspect of results achievement or resource allocation. The Agency's budget is developed within parameters set by Congress, Office of Management and Budget (OMB), and the State Department. An operating unit's budget is developed within parameters set by Agency and bureau management (which reflect parameters determined outside the Agency). And the strategic objective team and results package budgets are developed within parameters developed within the operating unit (again, which reflect higher level parameters). The parameter setting process occurs both when strategic plans and/or strategic objectives are generated or revised, and during the annual budget cycle. Three factors play important roles in this process:

- Agency-wide results: How well the Agency is meeting its overall goals and whether the relative shares of Agency resources going to each priority area should be altered to better meet those goals.

- Country sustainable development: An assessment of the performance of a specific country's program as well as more generally the investment climate in the country.

- Political considerations: Influence exerted by Congress, State, NSC, and other players in the political arena over the direction of Agency programs and the setting of specific country levels.

Particularly important to parameter setting are directives from Congress. Traditionally, a major way in which Congress has influenced the Agency's resource allocation is by setting obligation earmarks, either soft or hard, in areas which are of particular interest, e.g., child survival and population. While recognizing Congress' role in this process, the Operations

BAA team believes that the intent of Congress, to ensure that the Agency achieves certain objectives as efficiently and effectively as possible, would be best accomplished through concurrence on those development objectives and reporting against those objectives rather than through obligation targets. The process of defining the agreed-to objectives may involve consideration of informal financial targets in order to develop a sense of magnitude of expected effort, but then the "contract" is for the results, not an obligation amount. In this way, the Agency is encouraged to manage for results, rather than manage to meet some financial targets which are viewed as separate from what we are achieving.

Parameters issued for the annual budgeting process will include projected operating unit (e.g., for Global, BHR and regional bureaus) or country levels, and the calculation of these levels will reflect the operating unit's strategic plan budget estimates. Parameters which influence the overall level and/or direction of an individual operating unit's program, e.g., a dramatic reduction in funding levels or a proposed new programmatic area, may require revision of the strategic plan and relevant strategic objectives. PPC will coordinate the definition of operating unit parameters, with input from other central and regional bureaus and the respective operating unit itself.

(c) Strategic Plan Budgets

Budget estimates will be prepared by the operating unit as part of the strategic planning process. They will cover the plan time period, will be organized by strategic objective, and will indicate the magnitude of financial resources necessary to achieve the objectives proposed. **Approval of the strategic plan by USAID/W constitutes a contract under which the operating unit agrees to work to achieve the agreed-to objectives and USAID/W agrees to supply the resources necessary, to the extent possible within the constraints of annual appropriations.** As changes occur to either side of the contract, the other must be amended and approved accordingly.

(d) Annual Budgets

Annually, a Results Review and Resource Request (RRRR or R4) will be prepared by each operating unit for the purposes of demonstrating performance and requesting a budget for each of two following years. The R4 will provide information for the congressional presentation (CP), ensure more precise resource requirement information for the upcoming fiscal years and plan for resource allocation for obligation purposes. It also will serve as a reporting document on progress toward achieving the agreed-to strategic objectives.

To justify the resource request, each operating unit will:

- verify the continuing validity of the strategic objectives;
- describe progress toward achieving results made to date, and expected progress for the upcoming two fiscal years, along with any additions or modifications to the monitoring plan;

- propose a resource request (program funds, OE funds, FTEs, USAID/W or other technical support), along with a brief description of planned activities associated with expected results;

- update relevant other donor program descriptions; and,

- where appropriate, provide alternative planning scenarios.

Much of the content of the Results Report and Resource Request will be available directly from existing results package data files.

The budget request process formally begins with the issuance of guidance (which will include parameters as described above) from USAID/W. With guidance in hand, operating units will proceed to develop budget requests for the next two fiscal years. Typically, strategic objective teams in the operating units will review results achieved and those which are planned, the budget estimates in the strategic plan, and the resource requirements for continuing and planned activities. They will prepare input for the results review and budget estimates for their respective objectives. The results report and strategic objective resource requests will be reviewed by operating unit management, revised if necessary, and aggregated, along with other budget information not included in those requests, into an operating unit request by individual objective (plus administration costs). During the course of all of these proceedings, the integrated, corporate data system will facilitate discussion between the operating unit and USAID/W as specific issues or need for clarification arise.

Budget request reviews in USAID/W will be managed by the respective central or regional bureau and will focus on the continuing validity of the strategic objectives, results achievement to date, and expected future results. These R4 reviews should not prescribe implementation interventions, although the quality of implementation and the nature of tactics chosen could be subjects for review, particularly when results achieved deviate significantly from results expected. They should identify problems, flaws in the causality framework and lessons learned. The appropriate operating unit should be charged with correcting the problems.

While a system of managing based on long-range strategic plans and the issuance of clear parameters at the start of the process may reduce the number of instances where headquarters is unable to provide the resources requested by the operating unit, there will inevitably be times when differences must be resolved. There is no simple mechanical way to translate performance into dollar levels. More work needs to be done to define an evaluation matrix to guide the resource allocation decision process, but such a tool can only aid -- not replace -- expert management judgement.

The Agency generally will not attempt to specify at the outset of the budget process a level of funding for each of the five agency strategy areas. As exceptions, it may choose to do this in areas where there is a well defined set of agency-wide objectives and programming will be done centrally rather than at the country level, and where there is an earmark which the agency is responsible for meeting. USAID/W influence over resource allocation to

individual strategy areas should be conducted through the strategic planning process -- to attempt to direct expenditures to agency strategy areas through the annual budget process may have short term benefits in terms of meeting expenditure goals, but it negates the effectiveness and purpose of strategic planning, ignores results, and, thereby weakens the long term goal of sustainable development.

(e) Allocation of Funds within Budgets

At the time appropriated funds are allocated within the Agency, decisions will have to be made as to which operating units will receive the allocation. Prior to appropriation, during the budget process, operating units will communicate whether funds requested will be assigned to the unit itself (and through it to a strategic objective team), or to a different unit, typically a central or regional bureau which manages and funds contracts providing particular services to missions and offices responsible for meeting specific objectives. In this way, central bureaus will be given advance notice of estimated allocations when resource requests are received in USAID/W from operating units. However, because missions and offices learn about actual funding levels only when appropriations occur, it is unlikely that firm decisions will be made about the allocation of specific amounts until after appropriation time. Operating units will be encouraged to decide as soon after appropriated amounts are known about specific amounts to be allocated to centrally-funded and managed contracts, so that contract negotiations and/or amendments can be done efficiently by combining a number of individual allocations.

The allocation process under the new budgeting and accounting procedures should function much more smoothly than the existing operating year budget (OYB) transfer process. As explained in the procurement chapter of this report, some centrally positioned contracts will require forward funding and some will not. For those that do, the intent is to have a mechanism which easily places funds with the appropriate operating unit for obligation and which at the same time allows the association of those funds with a different operating unit -- the one which has responsibility for achieving the related objective and the authority over deciding how its funds are used. That is achieved through the budget and allocation process described above, combined with other budget and accounting reforms taking place within the Budget and AWACS BAAs.

(3) Obligation/Authorization

Obligation of funds may be through bilateral agreements, grants, cooperative agreements, contracts, or interagency agreements. When a bilateral agreement is used, obligation normally will be by strategic objective. An umbrella agreement for each strategic objective will exist between the mission and host country, and periodic obligations will be made as replenishment of funds is required (assuming fund availability). In a section similar in purpose to an amplified project description, the umbrella agreement will include an explanation of the objective along with the lower level results necessary to achieve the objective, and a brief description of the planned approaches and tactics, a discussion about respective responsibilities (USG, host country, and other partners), and a performance monitoring plan. It also will include one or both of the following: (1) a description of the

criteria to be used for specific activity selection, design and implementation, and/or (2) a high-level description of the specific activities already chosen for implementation. With approach (1), a budget estimate will be determined by identifying illustrative activities and their resource requirements. With approach (2), a budget estimate will be determined by costing out the planned activities. Using either or both of these approaches properly should meet current legal requirements for obligation purposes.

Obligations other than through bilateral agreements will be done "under" or "within" SOs. They will be associated with, budgeted under and accounted for within an objective and a RP. Whereas in the bilateral example obligation by objective will permit substantial flexibility to shift resources among activities, similar flexibility will not exist with other mechanisms. However, through the increased use of performance-based contracts and grants, teams and contractors/grantees should have greater flexibility to shift resources within their activity description and be less bound by agreement to specific inputs.

Authorizations under the proposed operations system will be incorporated within the management contracts between the operating unit and USAID/W based on the reviews of strategic plans, and related to individual strategic objectives. Once plans and objectives are approved in USAID/W, operating units will be authorized to proceed with design and implementation without additional approvals. Where this is not allowed, USAID/W will explicitly inform the operating unit at the time the management contract is negotiated. During reviews of performance, authorizations may be amended.

(4) Achieving Results

Achieving results in the operations system will be accomplished, principally, through committed teams of USAID staff, customers and stakeholders. Work will be organized around strategic objectives and results frameworks, and implemented through results teams and packages incorporating budgets, skills, responsibilities, authorities and information systems.

> Empowerment, customer-focus and a results-orientation all will be achieved through tactical and organizational flexibility, continuous monitoring and feedback, a focus on objectives, teamwork, and information systems to impart knowledge and counsel.

(a) Putting the Results Framework into Action

As described above in the section on "Strategic Planning," a results framework presents the set of interrelated results necessary to achieve an objective, and incorporates causal relationships among those results. This framework helps guide the organization of work necessary to achieve intended results. Organizing work involves the following:

- determining what results teams are necessary;
- defining the approaches intended to achieve specific results;

- assigning responsibility and authority for results achievement and activity design and management; and

- confirming and/or further refining the performance monitoring system.

Putting a strategic objective results framework into action will involve at least one results team, the strategic objective team, and perhaps others as well, organized around smaller sets of results (see Results Packages, below). Teams generally will include two groups, a core group and an extended group. The core group will be those who are important to achieving the objective or smaller set of results, and who can legally and ethically play a determinant role in defining contractual requirements. The extended group comprises the core plus others who are important to managing for results, but who should not be directly involved in defining specific procurement actions. In this way, a variety of players (customer, partners, stakeholders, etc.) can participate in the achieving process without violating procurement and other regulations. Thus, team membership would vary depending on the circumstances but could include USAID staff (from the missions,regional support units or central bureau offices), public and private partners, and customers. Team members need not be resident within the mission or office responsible for the objective, but rather could participate as "virtual" members through electronic means. Assignment of an individual to a team is by that individual's parent organization in response to a request by the team leader.

Key to any results-oriented system are the incentives which help drive individual performance. While the Operations BAA has identified this as a major concern and has made some recommendations, it will be the responsibility of the Human Resources BAA to define ways to address the concern with specific incentive programs and approaches.

(b) Functions of the Strategic Obective Team

The strategic objective (SO) team will have the responsibility and authority to manage the achievement of the SO and related results framework. It will recruit team members who have the necessary skills for this work, organize how the agreed-to results will be achieved, and assign to individual team members (or to additional teams) the responsibility for performance in specific areas. Within the organizational unit (mission, office or bureau), the SO team will be held accountable for overall performance. Critical to the success of a team is agreement on the objective to be achieved, as well as the indicators and targets used to monitor performance.

Procurement and legal officers will work as members of these teams, and will convey their respective authorities to the team by virtue of their membership. Decisions about the mix of authorities delegated to an individual SO team will take into account the nature of the objective, the experience and expertise represented on the team, and Agency regulations about delegation of authority. The intent is to give to the SO team the necessary authorities for it to fulfill its responsibility to achieve the strategic objective.

(c) Results Packages

In order to manage for results, flexible units of work will be defined which combine (1) results from the strategic objective's results framework with (2) activities designed to achieve those results. These units are called *results packages* (RP), and they are very different in character than units of work we have used in the past *(projects* and *programs*).

Results packages have their foundation in the results framework which is the analytical picture of how a strategic objective will be achieved, the set of intermediate and lower level results necessary to reach the objective. In establishing a results package, relevant elements of the results framework and related activities are packaged together, along with the responsibilities, authorities, skills, and financial resources necessary for activity implementation and result achievement. This package also incorporates an electronic filing system. Utilizing new software developed for this purpose, SO and RP managers and team members will be able to enter and track performance, cost and implementation data, generate reports, and interact with other Agency automated information systems.

Electronic signature capability will be developed whereby authorized team members can execute approvals automatically, significantly reducing preparation and distribution of paperwork. Team members will be recorded, along with their respective responsibilities and authorities.

The SO team has the responsibility to define RPs for its objective. The number and nature of RPs for any one SO would depend on the magnitude and complexity of the objective and results framework, the interrelationship of individual elements of results frameworks for different SOs, and staff considerations. In some cases the SO, results framework and related activities would constitute one RP, and in other cases it would be divided into two or more RPs.

When an RP is established, an RP manager will be identified. Typically this person will be a member of the SO team. That manager will determine how to structure the staffing requirements of the RP. Given the emphasis on customer and partner participation which the new operations system includes, it is expected that RP managers will work in a team environment with those who are important to the achievement of results, in particular those outside the official AID community. It also is expected that technical, procurement and legal officers, as appropriate, whether located in the mission, regional office or USAID/W, will be more substantively involved with activity implementation and results achievement, and this may be best accomplished through a teamwork environment.

A decision also will be made as to what specific authorities and responsibilities the RP manager and other team members will have. Once delegated authorities are in place and responsibilities determined, the RP manager and team receive a budget and begin the job of achieving the agreed-to results. Those involved with the RP are empowered to take whatever actions necessary and within their authority to achieve their elements of the strategic objective's results framework. This includes identifying, designing and implementing activities, communicating with relevant host country institutions and government departments and organizing their participation, maintaining a customer-focus, meeting USAID' s internal management requirements, and coordinating with other donors.

Monitoring performance also will be the responsibility of RP and SO teams and managers, and this function is described in more detail below in the section on "Judging."

(5) Procurement

Procurement is a vital part of achieving results. It is the major means by which we transform financial resources into the activities and commodities that will lead to those results. The reengineered operations system embodies several principles that bear directly on how procurement procedures can support the core values of empowerment and accountability, teamwork, and results-oriented development. These include:

The goals for a reengineered procurement system are:

- **For the technical or program person,** procurement mechanisms that are more responsive to the needs of the USAID development professional.
- **For the contracts officer,** enhanced procurement integrity and a greater involvement in and understanding of the development results procurements are intended to achieve.

- aligning responsibility and accountability for results with authority over the resources needed to achieve them;
- managing for results at every step of the process, rather than simply managing the delivery of inputs;
- implementing activities and tactics flexibly, in response to performance feedback rather than through preordained implementation plans; and
- obtaining needed goods and services as quickly, simply, and efficiently as possible.

Consistent with these principles, USAID's procurement system will need to emphasize fast and effective delivery of goods and services in response to changing requirements of development programs in the field. The Operations BAA is working with the Office of Procurement (OP) to develop the specific methods and mechanics to accomplish this. Much work has already been done by OP to improve procedures and systems in support of this.

The changes needed (or already underway) are summarized in the table below, and key concerns are discussed in the paragraphs that follow.

Improvements in Procurement		
Streamlined Procurement Methods (Reduced Cycle Time)	**Performance Focus In Procurement**	**Improved Working Relationships**
- Early coordination between C.O.s and program staff - Greater use of prepositioned contracts mechanisms - Streamlined procedures for accessing contract support - Elimination of red tape from contract administration - More flexibility through expanded use of change orders	- Shift to performance-based contracts and grants - Better guidance on how to select the right procurement mechanisms - Contractor evaluations available to USAID staff	- "Delinearized" procurement means early and extensive cooperation - Teamwork means both program and contracting staff committed to same results - Results package managers have increased authorities - C.O.s freed up to concentrate on providing effective, substantive support to teams - More cross-training of procurement staff on development and development staff on procurement

(a) Streamlined Procurement Methods

Rapid, flexible, and responsive delivery of goods and services required by the reengineered operations system calls for a variety of new approaches to contracting. One of the most critical is early coordination between Contracting Officers (C.O.s) and program staff. C.O.s will be part of teams, working directly with the teams to define the resources and activities to be performed, select the best mechanisms to achieve the desired results, and develop the statement of work that defines what is to be procured. Enhanced communications and the automated procurement system will support this cooperation even where the contracting officer is not co-located with the Mission responsible for the assistance effort. Thus, procurement efforts can begin long before funds are actually available to begin work. Other areas of streamlined procurement include:

- *Prepositioned contracts*, centrally established contracts which either are centrally funded, often with field associated resources, or involve individual task orders funded directly by operating units. Both of these could include long term technical assistance, commodities, etc.

- *Better information on available sources*. Better information, and access to that information, about available contract vehicles and potential sources of goods and services will result in a more efficient procurement process.

- *Streamlined procedures for new procurements.* The Acquisition and Assistance BAA has developed new procedures intended to achieve this purpose. Additional ideas are included in this report's chapter on procurement.

- *Elimination of red tape from contract administration.* The Office of Procurement has identified and begun to initiate actions in this area.

- *Better access to NGOs and other partners.* Current USAID guidelines make it difficult for USAID to provide grants to new, small, or less experienced NGOs and PVOs -- particularly indigenous organizations which may be unable to meet stringent accounting and accountability requirements. Improved guidelines would open important opportunities for USAID to utilize key actors in development.

- *Improved guidance.* All of the improved mechanisms are dependent on USAID staff knowing how to take advantage of them. In the policy development efforts that will follow this BAA, ways will be explored to develop guidance which will assist staff to select the tactics, tools, and specific procurement mechanisms best suited to a particular development situation.

(b) Performance Focus in Procurement

USAID's procurement reform agenda supports the performance-based contracting approach. This offers advantages for USAID as the Agency moves its operations to a results focus. Performance-based contracting can be achieved in a number of ways, all of which the Agency is likely to explore and make operational: incentive fees linked to performance; scopes of work identifying the intended results and allowing respondents to define how they would achieve those results; contracts stipulating the development result to be achieved rather than the inputs to be delivered; and grants with future funding conditional on the achievement of agreed-to results under an on-going agreement.

(c) System Requirements

In addition to the advancements achieved by the Acquisition and Assistance BAA and the procurement reform group, the following will help strengthen the contribution the procurement system makes to the Agency's overall mission:

- better guidance on selecting the right mechanism;

- limited warrant authorities for nonprocurement staff (authorities to issue task orders off of a pre-established contract up to certain limits, or to approve no-cost extensions of performance periods); and

- more cross-training of procurement staff on development and development staff on procurement to facilitate the teamwork described in the preceding paragraphs.

(6) Judging Results

> To transform USAID into a more dynamic, "learning organization" that "manages for results," we must be able to measure and judge performance -- within results packages, against strategic objectives, and for the Agency as a whole.

Results are central to USAID's new strategic management framework and to the operations' re-engineering through which it will be realized. We judge results for three fundamental reasons:

- to *assure accountability* by verifying that our resources are being well-spent and that our programs are achieving expected results in improving the lives of our customers;

- to *improve management* by identifying progress in achieving expected results, problems (and successes) as a basis for strategic and tactical decision-making, and information gaps where additional knowledge and attention is needed; and,

- to *improve our understanding of development* by assessing impact, identifying lessons learned, and advancing broader development theory and practice.

Performance monitoring, evaluation and research all analyze results to reach conclusions about development processes. While these activities are inter-related (and inform each other), they also embody different ways of collecting, analyzing, and using performance data that reflect different aspects of judging results.

Performance Monitoring is relevant to management review, accountability, and improvement. It focuses almost exclusively on tracking progress in achieving planned results and analyzing the difference between actual and planned results. Performance monitoring provides a powerful tool for reviews and decisions by managers and teams, by identifying problems and successes where changes in strategy and tactics may be necessary.

Research is primarily concerned with understanding the how's and why's of development: with testing hypotheses, validating theory, and (in "applied research") identifying better development assistance approaches.

Evaluation is explicitly concerned with the results of development interventions and often makes use of performance monitoring data. The scope of evaluation is generally far broader, encompassing the larger impacts of development interventions, their intended and unintended effects, and their sustainability.

(a) Choosing Measures, Indicators, and Targets

Results represent changes in developing country conditions that USAID and our partners seek to achieve through our strategies. Measures represent various ways in which these desired results could be measured. Indicators are the specific measures USAID has chosen

to assess our progress in achieving the strategic objectives and intermediate results sought by our interventions. Targets specify the amount of change we expect to achieve in a performance indicator within a defined timeframe. Indicators and targets are necessarily and inextricably linked; all are needed to effectively manage for results.

As management tools, performance indicators must first and foremost be valid, useful, and practical to the managers and teams that are operationally responsible for achieving the results being measured. They must appropriately measure what we in fact want to achieve. They must provide information that is actionable by managers and teams. And they must be collectable at a reasonable cost.

Specifying appropriate performance targets, the amount of change we expect to achieve in an indicator, that are ambitious, but achievable, requires experience, judgment, and local knowledge. More extensive customer surveying, more easily accessible research and evaluation findings, better internal benchmarking, and better external (strategic) benchmarking would be very helpful. This would be greatly assisted if targeting data and benchmarks were available through a menu driven computer system.

(b) Roles and Responsibilities in Analyzing and Using Performance Information

USAID's new "strategies," for example, define broad agency-wide goals and priorities, identify preferred practices and ways of doing business, and describe a range of acceptable strategies at an operational level. Performance information and analysis would be conveyed through PPC's Annual Report on Program Performance and in the summary and overview sections of the Agency's annual Congressional Presentation (CP).

Bureaus are responsible for periodically reviewing and approving operating unit ***strategic plans***. The strategic plan must appropriately reflect country opportunities and constraints; incorporate sufficient customer and partner participation; identify significant and achievable strategic objectives; and provide reasonable resource estimates. Bureaus will also review and approve each operating unit's annual ***Results Report and Resource Request***. This will involve a review of results achieved and progress made towards strategic objectives and intermediate results in the previous year, planned tactics (activities) for the coming year, and resources requested for their implementation.

Operating units would be expected, typically, to establish an overall monitoring and evaluation team, including representatives from each strategic objective team. Operating units are also responsible for reviewing progress in achieving strategic objectives, assessing the need for any changes in the strategic plan, and approving resource requests across strategic objective teams.

Strategic objective teams are responsible for defining the key results to be achieved by results packages, reviewing the results actually achieved, and approving plans and budgets (and allocating resources).

(c) Ensuring Accountability for Results

USAID is fully committed to becoming a "learning organization" that "manages for results" to achieve the best possible outcomes for our customers. But in reaching high, we will also occasionally fail, and must learn from this experience. Individual managers should be accountable for achieving development results. This involves how well they "manage for results" in all their programs: whether they have clear objectives and targets, collect adequate information to judge progress, and adjust strategies and tactics accordingly. However, our partners and the host country customers also have to be held accountable for results. Thus, achievement of results is a key indicator of success at "managing for results," but not the only important indicator. Failure to achieve expected results should be a learning experience, and our processes should support that learning concept. Obviously, continuous failure by an individual or organizational unit to achieve expected results over time would merit special management attention. Both failures and successes should be shared within the organization and with our partners so that future actions are informed by past performance.

Our ability to validly judge performance, and to use these judgments in adjusting our strategies and tactics, is the linchpin for results-oriented development assistance. But effective judging depends greatly on other reengineering and reforms. Decentralization, delegation of responsibility and authority to staff and partners on the development frontlines, is one side of a two-way street; clear accountability for the use of this delegated authority and responsibility is the other side. Judging is the vehicle through which this accountability must be assured.

7. TRANSITION TO THE NEW SYSTEM

a. Overview

This report describes a new operations system which incorporates the four core values and represents a new way of doing business -- one that will enable the Agency to achieve its objectives effectively and efficiently. This work represents an important first step. However, moving into and implementing the new system are the challenges we still face.

The first phase of transition takes us up to a milestone of October 1, 1995, when we will begin operating under the new system. However, transition work continues after this date as we continue to roll-out additional information systems, monitor the performance of the new systems, improve them, and work at institutionalizing the new systems and the supporting culture.

As we move into the new system, there are two major areas of change we will focus on. First, we must convert existing practices into ones the new system requires. This includes changing the policies and procedures of USAID's present operations system, and building a new information system. Simultaneously, The Agency will change other supporting systems, (procurement, accounting, budget, human resources, etc.), aligning them with

operations and building integrated information systems. People will be taught how to function in the new systems and equipped with new skills.

Secondly, we need to manage the culture change to ensure it supports and is consistent with the principles and practices of a new USAID. Culture can be thought of as the prevailing beliefs, behaviors and assumptions of an organization which serve as a guide to what are considered appropriate or inappropriate actions to engage in by individuals and groups. The culture of USAID needs to be one that clearly focuses on customers, is oriented toward results, effectively uses teams to get work done, and empowers accountable people to make decisions to accomplish objectivês.

The work of changing both the systems and the culture are very much interrelated. A new system design which incorporates the core values and unshackles USAID staff and partners from overly prescriptive rules and practices can enable the culture to transform quickly. The new operations system goes far beyond espousing a set of values. The practices described in the system turn those USAID core values into a new set of operational processes. A carefully designed system can unleash the potential of people and allow a culture change to flourish.

Change, by its very nature, can generate optimism and excitement, but it can also create unsettling unknowns which stir emotions such as fear, anger, resistance, skepticism and uncertainty. Change needs to be both understood and managed. Plans for change need to ensure that resistance to change is understood, and that barriers to change are quickly recognized and minimized.

For USAID to become a learning organization, we need to ensure the management systems, expectations and rewards (formal and informal) are oriented toward achieving results, monitoring progress toward results, and making improvements along the way. In a learning organization, people are continuously monitoring customer needs and expectations, how well they are meeting them, and how well the organization is performing (efficiently and effectively). They use this information to take action to bring about improvement. USAID employees and partners need to learn the concepts and the analytical and problem solving tools of improvement. These need to become part of the toolkit for everyday business.

b. Summary of Transition Actions

Prepare New Policies and Procedures - This report provides a description for a new operations system. Handbooks and guidance need to be redone to further articulate policies and directives, and to develop specific procedures for the new system. The current plan calls for this guidance to be incorporated into our information systems in a user-friendly manner.

Prepare Agency Strategic Plan - Develop an agency-wide strategic plan which outlines Agency priorities and direction.

Design, Build and Test Information Systems - Build and test both components of the operations information system -- Results Planning and Implementation System, and Results Tracking System -- and coordinate with other information systems (AWACS, A&A, Budget, Human Resources) to ensure these systems are consistent with the new operations system.

Communicate with External and Internal Customers - Discuss the changes in the new operations system with customers and stakeholders, including Congress and partners, and employees.

Develop Training in the New Systems - Develop training programs to enable people to work with the new system including: training in the use of new procedures and the information system as well as in the four core values.

Convert from the Old to the New System - Identify agency-wide and bureau-specific issues (e.g., moving from projects to results packages) and interim steps and procedures.

Implement a Management System and Develop the Capacity for Continuous Improvement - Develop and use a management system which provides information on efficiency of new operations system in terms of meeting customer needs, operating in more streamlined manner and building a learning organization.

Develop the Capacity of Intermediaries to Operate Using the Core Values - Assist interested USAID intermediaries to institutionalize the core values by educating them about managing for results and customer service standards, and rewarding and recognizing performance consistent with the new system.

Experimental Labs - 10 labs have been established to experiment with the reengineered system and the four core values. Labs were approved in October 1994 and will run until September 1995.

8. DESCRIPTION OF THE BAA PROCESS

The scope of the BAA can be interpreted both functionally and technically. From a functional perspective, the team analyzed the activities of the major functions within Operations to the lowest level of meaningful work. These functions involve planning, achieving, and judging results, and included operating expense and programmatic resources.

Areas such as Participant Training and Humanitarian Relief were identified as in our scope in the ISP. We analyzed these areas to the extent that they apply to programming but did not make an effort to capture information requirements or perform analysis in preparation for system design. Previous analysis performed in these areas prior to this effort provide sufficient foundation for detailed analysis and design of systems. The collection of similar data and processes in these areas also makes them unique enough to justify treating them as separate initiatives.

The Approach: The first task of the project was to gather information about the Operations business area. In this task, the project team referenced many sources to gather information about the Business Area. The team was trained in Business Area Analysis techniques for modeling the results of information gathering and interviews. Based on the knowledge and experience of the BAA project team, the ISP Information Architecture was expanded for the Operations Area producing a Preliminary Business Area Model. This provided a "strawman" which was further refined from information gathered during user interviews and group work sessions and which also served as the starting point for introducing re-engineering concepts into the analysis.

Activity analysis was performed to gain an understanding of the business area's processes and activities. Entity Analysis captured the information requirements that play an integral role in the activities and processes which are performed within Operations. Interaction Analysis confirmed the accuracy of models as well as helped define the "natural" business systems which may support Operations. A "natural" business system is the combination of similar information and processes which act upon that information that can be easily transferred to an automated system. For example, "... all of the activities and information involved in Planning constitute a natural business system..." As we identified information requirements and activities performed, we evaluated the extent to which they added value to the externally focused organization. Information and activities determined not to add value were altered or eliminated.

Workflow diagrams were the mechanism by which the team reengineered the processes performed within Operations. After identifying the units of activity through decomposition, the workflows combined these activities together in a normal sequence to reflect how work is really performed at USAID. Examining these flows resulted in elimination of wasteful activities and redundancy. The team also performed analysis which superimposes Responsibility, Authority, Expertise, and Work (RAEW) parameters on the processes. This analysis will be a direct input to the policies and procedures of USAID.

Finally, the team analyzed where the data are found and where activities occur in USAID. The results of this Distribution Analysis were used to define the systems architecture for the Operations Area, which may include client-server or distributed applications and data stores. USAID is widely disparate with regard to organizational structure and work performed. Identifying where activities occur and where information is created and updated was a significant input to the new reengineering system. Studying the distribution of work not only provided insight into the computer systems architecture and applications, but provided a way to analyze efficiency across the organization.