SUMMARY REPORT OF THE FY2007 OPERATIONAL PLAN AFTER ACTION REVIEW

EXECUTIVE SUMMARY

The After Action Review of the FY 07 Operational Plan exercise was initiated in an effort to assess the pilot year tools that were used to implement the reform process of United States Foreign Assistance. In May 2006, the Office of the Director of Foreign Assistance (F) began the reform of foreign assistance. A major purpose of the reform was to create an integrated planning and budget allocation process involving the U.S. Department of State (State) and the U.S. Agency for International Development (USAID), two of the primary U.S. government agencies involved in implementing U.S. foreign assistance. A new planning tool, the Operational Plan (OP) and accompanying database (the Foreign Assistance Coordination and Tracking System - FACTS) were created as part of the reform process in order to gather in one central repository U.S. foreign assistance planning and performance information. Guidance and support services were provided to Operating Units (OU) from F and in February 2007, one hundred and twenty-seven (127) OUs from USAID and State submitted their first annual Operational Plans.

The first year use of the Operational Plan and FACTS system represented a change from previous practices. The reforms sought to bring all forms of foreign assistance under one umbrella (F) in order to bring a greater degree of cohesion and coherence to the planning and budgeting process and thereby maximize the use of resources, increase collaboration and coordination among the various entities within State and USAID, and decrease duplication of effort. In utilizing the OP and FACTS as tools to carry out these objectives it became apparent that rolling out this effort was not going to be without its difficulties.

The pace of the reforms necessitated an accelerated ramp-up, which required the development of these tools, training on the tools, communication to users on the tools, use of the tools by users new to the system, and the development of support systems to assist these users, all within a very compressed time frame.

As the agencies made the shift to these new instruments and processes, opportunities to modify the system based on user and architect feedback were presented; changes occurred throughout the first year of the process. The change to the new system was not readily accepted and weaknesses in the tools, such as in the data system itself, bogged down a process meant to improve the way functions were previously carried out.

The After Action Review team (AARt) was convened by F to learn from, and improve upon, the experiences of those undertaking the process in FY 2007. The AARt systematically solicited feedback from users and stakeholders in order to develop recommendations to senior management regarding changes that would improve the system. The recommendations that came out of this action are in response to the number of comments and concerns raised throughout year-one regarding the Operational Plan exercise. The AARt effort was important and necessary and provided beneficial forums from which to solicit valuable input from those who had first-hand knowledge as participants in the first year of reforms.

While significant work remains in the effort to reform foreign assistance, a good first step has been made in the first year. Reforms and massive changes to a system rarely occur without incidence and the first year of the Operational Plan process is no exception. In order to achieve

the outcomes originally intended regarding these reforms it will be necessary to build on what was successful in the first pilot year and address the concerns raised by those using the system, or rather address the weaknesses of the process.

Based on the comments contained in this report there is sufficient information collected in order to plan year-two of the Operational Plan Process as the reform process continues. Likewise, the evidence is conclusive that a re-tooling of the reform process and the tools used for the process is necessary according to those surveyed, interviewed, and involved in focus groups.

As quoted from Under Secretary Fore, currently the Acting Administrator of USAID as well as Acting Director of Foreign Assistance, in her opening statement at the June 12th hearing on *The Efficacy of the Foreign Assistance Reform, Focusing on Successes, Failures and the Next Steps*, held by the Senate Foreign Relations Subcommittee on International Development and Foreign Assistance, Economic Affairs and International Environmental Protection:

> "*I am committed to continuing our work in an increased spirit of consultation. I also intend to move forward immediately through more intensive collaboration with the broad and vibrant development community to reach a more unified focus. . . We also need to simplify and streamline the process of foreign assistance. We need less time spent on meetings and more focus on tapping the benefits of technology. We need to continue breaking down the stove-pipe systems and fostering flexibility. We also need to get on with the work of delivering foreign assistance effectively.*"

Based on the many responses of those interviewed, surveyed, and involved in focus groups, those participating in the After Action Review would welcome such changes that improve on the first year of reforms.

AAR METHODOLOGY

In seeking input from both Washington based and field based system users the AARt utilized:

1) An electronic survey that solicited some 106 responses from system users and stakeholders ;
2) After Action Review focus groups in which there were some 64 participants;
3) Phone and face to face interviews among some 15 participants that included folks from the field and Washington Bureaus;
4) Comments sent to email boxes established by F for input related to program definitions and indicators.

CONCLUSIONS FROM RESPONDENTS

The following sections summarize the major conclusions from the After Action Review process – the survey, focus groups, and interviews.

1. Intent of the Operational Plans:

While there were myriad and disparate responses to the question of intent and purpose of the Operational Plan process, there was consensus on three major functions. Users had an understanding that the OP was for budgeting and planning, reporting, and to a lesser degree, coordination. However, there was no consistent message that users fed-back to the After Action Review team. The lack of clarity of the intent of the Operational Plans suggests:

1) That the intent and purpose of the Operational Plan specifically and the reforms generally need to be more clearly defined and conveyed; and
2) A "core-periphery" issue exists that suggests the need for an increased focus on communication and messaging.

According to key informants in the field, the Operational Plan was considered less a planning document and more of a reporting document, which is in contrast to the answers provided in focus groups in Washington.

2. More on Communication:

F did not provide sufficient information in a timely manner to the Operating Units. USAID became the source of most information on procedures, as USAID/W informally sent information out to the field. In future, F must communicate to posts how the OP data is being used – this would help posts understand how beneficial the OP is. F must put a high priority on finding ways to quickly get the benefits of FACTs out into the field.

3. Malfunctions in the FACTS data collection system:

Users were unable to use the tool that was rolled out for the purposes that it was intended. It appears that there was insufficient testing of the system prior to rolling it out to a broader audience, which precluded the ability to address glitches in the system prior to broader distribution. The FACTS tool created unacceptable delays and frustrations and was not as accessible as users wished as it was closed at times.

The value of putting our work into a data base was clear to respondents. However, they haven't seen how the data base works yet. What was missing for respondents is how the data base information can be analyzed (by Washington and by the field). Also, "it appears that the Operational Plan is trying to do too much – strategy, allocation of funds, and performance monitoring but did not provide a strategy to allocate funds against".

4. Operating Units felt too much authority has been centralized in Washington:

The Operational Plan process proved to be a dramatic shift from past practices, which included more delegation of decision-making to Posts, Missions, and Bureaus as part of their regular duties and practices. This role shift was a source of consternation and thought of as debilitating for programming and planning. The highly centralized planning and decision-making character of this process has discouraged many of the experienced, technically qualified and competent people in the field. While the reforms and Operational Plan process were aimed toward a greater

degree of collaboration between the field and Washington, the year's activities had a divisive affect.

The OPs led to a fundamental question about where to draw the line between decision making in Washington and decision making in the field. Given the information requested in the OPs, it appeared that Washington wanted to approve the tactics down to the sub-partner level. Many questioned whether Washington has the information and resources to take on this role. However, in some cases, State and USAID/Washington manage activities directly in countries under a multi-country strategy (e.g., under Peace and Security, Non-emergency Food Aid, Regional Platforms).

5. The absence of a strategy:

Many participants cited the need for a strategy in which to put the one year Operational Plan in context. The absence of a broader context precluded the ability to plan appropriately and made it difficult for Washington reviewers of OPs to assess whether the proposed use of funds contributed toward achieving the transformational diplomacy goal.

6. Too much detail, not enough detail:

Operating Units felt too much was requested and that the detail requested for the purposes of decision making was in the weeds. It appears that decision making on lower level issues in Washingtonwould slow down field operations, and decrease the flexibility of OUs. Likewise, the detail was cumbersome to input into the data base. On the other hand there was, in some cases, insufficient capacity in the system to clearly document what OUs were seeking to accomplish and report, which thereby lessened the utility of the data and some of the robustness of data gathered previously was lost.

There was a dichotomy of views, with reviewers in Washington concerned with the lack of data and the perceived low quality of data, and individuals in the field concerned that too much data was being requested.

7. The Review Process:

Washington participants felt the Operational Plan review process was too cumbersome and in some cases served as a rubber stamp of what had already been decided. The goals of the review processes were unclear, which made it difficult to make the reviews efficient and effective. The absence of a long-term strategy and the full picture of an OU's portfolio (since only activities funded with FY 2007 appropriations were included, and not activities funded with prior year funds) made it difficult to assess the appropriateness of the tactical approach presented in the OP.

8. Indicators:

Participants cited the need to improve indicators. Indicators were considered to be too focused on outputs and not enough on outcomes. A review of the purpose of the Operational Plan and the FACTS system is necessary to determine the future composition of indicators, the modifications

necessary and whether the system can indeed capture both outcome and input data. The output indicators in FACTS address the issue of accountability for use of funds, but are not sufficient to demonstrate performance and impact in the implementation of programs with those funds. It seems that too much was being asked of the system and decisions should be made as to whether: 1) the system can be modified to do both or; 2) there should be a choice and accompanying direction regarding what the system can and cannot do, which would also speak to the purpose of the system.

Additionally, a lot of custom indicators were used because system users did not find what they were looking for in the standard indicators. Indicators were not in Program Elements where users thought they should be. More flexibility is needed in the system in order for OUs to appropriately document their own indicators to show the achievements of their programs.

9. Guidance and Training:

To the extent possible a comprehensive guidance handbook must be provided with sufficient lead time for users to fully understand prior to the formulation of Operational Plans. There should be consideration as to how supplemental or additional guidance should be conveyed; consideration must include the timing and impact on the current process. Guidance may be necessary during the year and to the extent that it is developed in a consultative process or the purposes clearly conveyed to OUs, there will be less negative impact on the OUs formulation of the Operational Plan. Supplemental guidance that helps to improve the process would likely be well-received. Training and F staff availability will be critical to the success of the FY 2008 Operational Plan process. There will be a need to have “beginner” training available for those OUs that did not participate in the first year process and are unfamiliar with the many nuances to which fast track countries were exposed. Trainings should be designed with users in mind and from the users perspective. Respondents stated that the first year training was insufficient in regards to how it was presented as well as how often it was presented.

10. The Process:

Respondents were highly concerned about the process overall. While certain levels of consternation and angst are typical of reforms and wholesale changes in an organization, the myriad problems discussed by respondents suggest that there were more than the typical problems encountered. Clearly spelling out the process, mapping out expectations, and communicating sufficiently will be helpful in overcoming obstacles that are common to reforms. The Operational Plans increased workload, but did not replace any other work requirements and this added to what was a cumbersome process. Most participants felt the results did not justify the effort invested; a more streamlined process would help to dispel that sentiment.

RECOMMENDATIONS OF THE AFTER ACTION REVIEW TEAM

Following its review of survey results, focus groups and interviews, the F After Action Review Team developed a priority list of recommendations which included the following:

1) The purpose of the Operational Plans should be clearly defined up front.
2) Short term and long term improvements should be made to FACTS to improve its operability and functionality, including ability to automate some required reporting for both State and USAID.
3) Initial Operational Plans should be approved only to the Program Area (and in some cases of special interest, Sub-Element) level in Washington, and reprogramming decisions should be allowed to OUs, within guidelines.
4) FY 2008 OPs should require a Strategy. For the long term, F should seek to coordinate strategy needs with RM. For the longer term, F should work with posts and interagency stakeholders to develop a new approach to produce assistance strategies.
5) F should determine the OP content requirements to meet reporting needs by July 15.
6) F should eliminate the need to cite indicators at the implementing mechanism level.
7) F should eliminate the guideline of 15% of budget for any one implementing partner.
8) The new Operational Plans should be divided into two phases in order to let Operating Units do the bulk of their work when firm budget numbers are available, instead of writing Operational Plans based on tentative numbers.
9) Assistance Working Groups should implement a streamlined approach to Operational Plan reviews.
10) Small changes should be made to indicators for the FY 2008 Operational Plans. Larger changes should be made for FY 2009 Operational Plans to make the standard list more useful after a fully consultative process within State and USAID and with the partner community. Guidance on when and how custom indicators can be used should be strengthened

A more detailed look at the AARt recommendations can be found in Annex I. These recommendations were discussed with F senior leadership and approval was given to implement them to the extent practicable. Annex II elaborates the changes to the process and the timeline proposed for FY 2008.

ANNEX I: FY 2007 AFTER ACTION REVIEW FINDINGS AND RECOMMENDATIONS CHART[1]

Issues	Findings	Recommendations	Vision
Purpose	• No consensus on intent/need • Perceived variably as: database, reporting tool, oversight and approval tool, performance mechanism, CN • Utility of having a central database to answer questions widely recognized • Increased inter-office and inter-agency understanding and coordination of programs both in Washington and in the field.	Agree on Purpose and other issues below via an Action Memo to U/S Fore. Communicate vision and steps to short and long term fixes beyond saturation point.	The Operational Plans are perceived as beneficial both in Washington and overseas. The Op Plan will serve as an oversight mechanism, lead to clear agreement on the use of funds, and populate a database that produces required reporting and allows Washington to answer questions without special data calls. The database will be available to all Operating Units and will serve management and analysis needs for State and USAID in Washington and overseas.
Approval	• Required HQ approval to sub-implementer level raises questions of Washington/field control • Concern Op Plans impede flexibility to manage budgets, respond to needs	• F approves Op Plans at the Objective and Area levels, with exceptions such as malaria and HIV/AIDS. Full list of exceptions must be developed by end July. In these cases, the Op Plan content will go to the Sub-element and Implementing Mechanism level. • Delegate programming and reprogramming decisions at the Element and Sub-element levels to the Operating Units; Delegate reprogramming decisions at the Objective and Area levels to Sr.	• Operational Plans are approved at the Objective and Area levels, with exceptions to the sub-element level, by the Director of Foreign Assistance no later than December 21. Op Plans are due November 15. • Element and sub-element level decisions are delegated to the Operating Units, with noted exceptions, for programming and reprogramming after the appropriation is passed.

[1] Source: Drafted: F Eileen Smith 202 647-2850 June 11, 2007

Issues	Findings	Recommendations	Vision
		Coordinators. • Task Operating Units to enter the Element, Sub-element, and Implementing Mechanism allocations into FACTS X days after appropriation in order to allow F to engage Hill in 653(a) negotiations.	• F Sr. Coordinators approve Objective and Area reprogramming as necessary.
FACTS Functionality/ Operability	• Poor FACTS software and operability wasted time, undermined process, morale. • Lack of access to FACTS outside of F and failure of FACTS to produce required reporting prevented ownership. • Centralized tracking improved information for Hill negotiations • Many ideas for format improvement • One year data and NOA funding only provides partial picture	Short Term: FACTS software is put on hold for FY08, replaced with a quick fix combination of Word and Excel Templates. OR Short Term: FACTS usage is continued for FY08, with small changes made as feasible. Long Term: FACTS system is redesigned to address issues of functionality and operability. A State/USAID team recommends comprehensive list of changes.	The software and bandwidth are designed to meet the needs of front and back end users. Help line is active when all posts need it. The database function is available to all users to manipulate for their purposes. Once plans are approved, the software produces CNs, Annual Reports, and other requirements.
Budget	• Operating Units still don't have their FY07 funds in most cases. • There is no clarity on the 653(a) levels. • Waste of time and effort preparing detailed plans for hypothetical budgets • Waste of time and effort preparing detailed plans for	Negotiate agreement with OMB and Hill for a timeline and plan to release funds upon appropriation. Use Op Plan to facilitate process.	Once approved and upon appropriation, the Op Plan serves as a binding agreement that Operating Units can take to the foreign assistance bank to get X% of funds to get started, subject to the availability of funds.

Issues	Findings	Recommendations	Vision
	hypothetical budgets		
Content	• Information collected often not well-matched with perceived needs/audience • Perceived lack of Congressional/stake holder buy-in on content • Waste of time and effort preparing detailed plans for hypothetical budgets • Many ideas for format improvement • One year data and NOA funding only provides partial picture • Standardized structure is rigid and doesn't reflect the complexity and integrated nature of programs.	• Refer to a State/USAID group to determine content requirement to meet reporting needs by end of July. Product will include the content of data needed for approvals and a list of State and USAID reports, such an CNs, Annual Reports, and the PAR that content should be designed to meet. • Op Plans will not require indicators at the Implementing Mechanism level. • Op Plans will not include a limit of 15% to any one Implementing Mechanism.	Content is driven by reporting requirements and declared needs of end users in F and Operating Units.
Strategy	• Outside Op Plan itself, widespread desire for country assistance strategies to drive planning. • Multiple venues in State and USAID for country and functional strategies.	Short term: A requirement in the FY08 Operational Plan for a five to ten page, three to five year, strategy document that includes country context, foreign policy interests, strategic priorities, long term country targets at the outcome level, and high level results we expect to achieve in the given time frame. Long term: The multiple venues for strategies are rationalized, including requirements from F and RM.	State and USAID develop multi-year strategic documents for each country (and functional area?).
Cost-Benefit / Bang for the Buck	• Required vast total staff time in field to produce	• Limit number of Op Plans: Specific accounts that are fully managed in	Operational Plans for many single account countries are included in

Issues	Findings	Recommendations	Vision
	• Reviews took much time in Washington, with varying results. Review process was unwieldy and of limited value. • PEPFAR model doesn't fit all kinds of assistance • Standardized structure is rigid and doesn't reflect the complexity and integrated nature of programs.	Washington will be included in the Washington Bureau's Operational Plan, rather than that of the benefiting post. In these cases, the Washington Bureau Operating Unit will enter the requisite data into FACTS and gain acceptance by the Ambassador in order to access their funds. • Through the AWGs, hold just one review meeting per Op Plan. Ensure cross-regional functional analysis.	Washington Bureau Operational Plans. Review meetings are kept to a minimum.
Communication	• Guidance confusing, particularly with many late additions/clarifications Often difficult to get questions answered.	Short Term: Fund training to get information on the guidance out. Utilize IRG contract for distance learning and other Op Plan support. Long Term: Build facility of IRG contract into State and USAID websites.	Guidance reaches a steady state within two years where changes are minimal and it can be issued with sufficient lead time. As staff will always be changing, Op Plan training should always be available but should become more regularized. Single guidance document issued with references to specific sectoral guidance (e.g. IMET, Malaria) that is available in the FACTS Help section. FAQs easily available and searchable.
Performance Management	• Focus on output indicators was inappropriate for performance reporting and management, creates perverse incentives. • Indicators not always best fit. • Expertise varies	Short Term: List of standard indicators is revised and applied more usefully (i.e. not at the Implementing Mechanism level). Firm up definition of when and how a custom indicator can be used. Issue is referred to Indicator Working Group.	List of Standard Indicators iterates towards useful, focused list. General knowledge and acceptance of the two purposes of indicators (for management and for reporting) minimizing the amount that indicators skew programs. Operating

Issues	Findings	Recommendations	Vision
	widely in State and USAID.	Long Term: MIS/GIS systems – based on PMPs containing indicators for both reporting and management -- receive information directly from implementers and upload automatically into FACTS (think Quicken into TurboTax).	Units comply with provision of data for reporting purposes, but also provide impact performance measures that are not easily aggregated. Indicators must be appropriate to purpose. Strong performance and monitoring systems needed at OU level.

ANNEX II: PROCESS FOR OPERATIONAL PLAN FOR FY 2008 AND PERFORMANCE REPORTING FOR FY 2007

This memo describes the steps in the process that will be followed for FY 2008. Details on what will be included in certain steps can be found in the *Guidance for Operational Plan for FY 2008 and Performance Report for FY 2007*, not in this document. Specific information related to how this new process came about can be found in the in the previous section.

Purpose:
The Operational Plans will serve to provide a comprehensive, interagency picture of all foreign assistance resources planned for implementation in-country, and how those resources are being used to support the transformational diplomacy goal and objectives. Operational Plans are expected to strengthen the link between funding, activities and results and collect standardized data about foreign assistance programs. They will also lead to clear agreement on the use of funds, and populate a database that produces required reporting and allows Washington to answer questions while minimizing special data calls. The Performance Reporting data will be used to meet GPRA requirements and for internal understanding and evaluation of programs. The data will be available to all Operating Units and will serve management and analysis needs for F and all Operating Units.

Steps:
- **Step 1: Guidance is issued by 08/15/07 –** This needs to be clear and stable. We must not change guidance after it has been sent out. The guidance should include minimal changes to indicators or the Standardized Program Structure and Definitions for this year.
- **Step 2: Planning numbers are distributed by 9/28/07 –** If there is an appropriation in time, the FY 2008 New Obligation Authority (NOA) budget control numbers will be based on the appropriation. If there is not an appropriation in time, F/R&A will develop planning numbers based on the best information available from the Hill (e.g., House mark-up, Senate mark-up, or Conference Reports). F will provide planning numbers at the Program Area level, with the exception of Health and Education, which F will provide at the Program Element level. Operating Units that would like to reallocate distribution (not the total funding level) should work with their F Point of Contact.
- **Step 3: Data Collection system and needed templates distributed by 10/01/07 –** FACTS will be used to collect the data for the FY 2008 period. The system will be available for Phase I data collection by 10/01/07. The template for the budget distribution will also be distributed no later than 10/01/07.
- **Step 4: OUs submit Phase I by 11/16/07 –** This first submission includes only the following:
    - Performance Reporting information down to the Program Element level (including OU ability to updates their 2008 targets)
    - Budget distribution, by Account and USG Agency, down to the Program Sub-Element level (but with no Implementing Mechanism information) plus some special items such as the Global Peacekeeping Operations Initiative (GPOI) that are not included in the hierarchy but which F will need for 653(a) negotiations with the Hill.

- **Step 5: Phase I Operational Plan Reviews Completed by 12/21/07** – Assistance Working Groups will conduct a simplified review process. Data collection systems will be closed only during review periods.
    - The Phase I review process would include consideration of the budget allocation to the Program Sub-Element level and performance data for FY 2007.
    - Performance information will be analyzed as one input, of many, into the review/approval of planned budget allocations for the current or future fiscal year.
    - The Operational Plan and Performance Report Guidance includes the review criteria in order for Operating Units to understand upon what they will be evaluated.
    - Following the Phase I review, an approval memo will be completed. Approval of the FY 2008 budget distribution will be given to the Program Sub-Element level. This memo will permit funds to be allowed against the approved Phase I budget submission subject to legally allowable limits and restrictions set by OMB. The F approval memo will include the budget allocation by Account, USG Agency and Program Sub-Element. The memo will stipulate that the approval is given subject to the program being undertaken in the Program Element specified in the budget distribution, within the bounds for reprogramming articulated below (as articulated in the *Foreign Assistance Standardized Program Structure and Definitions*).
- **Step 6: Final numbers distributed to OUs** – This would happen no later than one week after final agreement on the 653(a) report. As individual accounts are agreed to with the Hill, the figures will be shared. For example, if the DA account is agreed to prior to other accounts, those countries that receive DA funding will be provided with the funding amount, by Program Area (or Program Element if in the Health or Education Area), prior to the complete 653(a) being agreed upon. This may only be useful for OUs which receive funding from only one account, as other OUs may wish to have all of their funding data prior to the final formulation of their Operational Plan.
- **Step 7: OUs submit Phase II** – The due date would be either April 30, 2008 or 30 days after the 653(a) is decided, whichever comes later. Except for contingency programs such as disaster assistance and nonproliferation and disarmament that will be added when it becomes known, Operating Units would complete the remaining level of detail, including all information related to Implementing Mechanisms, Program Element level targets and all narratives. During the Phase II submission, OUs would be able to make needed adjustments to the funding numbers submitted in Phase I, either as a result of the 653(a) negotiation or as a result of changing circumstances in country. The period for the Operational Plan would be FY 2008, but the targets would reflect what is expected through the end of the following fiscal year – results expected for the period ending September 30, 2009. The funding programmed for implementing mechanisms will still only be New Obligating Authority (NOA). Other types of funding (such as carry-over, partner contributions, GDAs, and other leveraged funds) will be captured through the system but not to the same detail as for NOA. The Chief of Mission, Mission Director, Assistant Secretary, or Assistant Administrator (as appropriate) for that Operating Unit will be responsible for endorsing the Op Plan.
- **Step 8: Phase II Operational Plan Reviews Completed by 05/30/08 (or 30 days after submission)**
    - The Assistance Working Groups will lead the Phase II review process. F will arbitrate any disagreements.
        - The AWG reviewers would be responsible for ensuring:

        - The programs and activities in the Operational Plan at all levels presents a coordinated package of assistance that is designed to support the long-term goals of the Operating Unit, as articulated in the Operating Unit, Program Area and Program Element narratives.
        - Activities articulated fall within the definition of that Objective, Program Area, Program Element and/or Program Sub-Element as it is articulated in the Standardized Program Structure and Definitions.
        - The necessary guidance was followed, including, but not limited to, assurance that programs are adequately articulated to understand what is being undertaken, the activities are articulated in the appropriate location within the Standardized Program Structure and Definitions (i.e., the activity falls within the definition for that particular Program Element and Program Sub-Element), Key Issues are appropriately captured and targets seem reasonable.
    - As needed, the Assistance Working Groups will ensure input from the appropriate functional/regional bureaus (beyond those that are members of the AWG) and determine whether changes are needed.
    - At the same time that the AWGs are undertaking to review the information, a review of data quality will also be conducted. This review will include the necessary individuals from both State and USAID in order to such data as, key issues and indicators/targets, are appropriately included.
    - The F Point of Contact (POC) would be responsible for ensuring changes are made by Operating Units as needed
    - The review process is **not** a venue to revisit allocation of funding levels. It is meant to review how posts plan to spend the money as allocated.
    - Operational Plans will be reviewed by L and GC as appropriate to identify key legal issues (such as, are the accounts being used in ways that are consistent with what is legally allowed?). As necessary and appropriate, more detailed legal reviews, by the appropriate legal authority, may be required prior to obligation and implementation of programs (this will be determined according to the requirements of each Agency).
    - F Senior Coordinators will forward the reviewed Operational Plans to the Director of U.S. Foreign Assistance with approval recommendations. Upon approval, the Operating Unit has a mandate to obligate the funds in accordance with the plan, subject to congressional notification and other policy and legal requirements.
- **Step 9: Reprogramming** – Except during a review period, FACTS will be open for Operating Units to update and use for their own information management purposes. Operating Units may make changes at the Implementing Mechanism level without clearance by F (see below for more information). The Operating Unit is responsible for recording these changes in FACTS. In addition, to permit F to keep track of changes to Operational Plans, the Operating Unit must inform the F POC of these changes (see below for details). As appropriate, Operating Units should also cc the necessary contact individuals in the State and USAID Bureaus, depending on which USG Agency manages the funding. All changes must be updated in FACTS and an advice of change sent to F within one week of the change.

As necessary, USAID or State entities seeking to reprogram funds should seek guidance from USAID/GC or State/L respectively on what reprogramming requires a Congressional Notification.

Officials with delegated authority to implement programs are authorized to make reprogramming decisions within the limitations set forth below and with appropriate legal guidance from State/L or USAID/GC. The following applies to reprogramming decisions that are within the limitations set forth below:

- Where authority has been delegated to the country level (i.e., USAID Mission Director), reprogramming may be done while informing the F Country Coordinator.
- Where the authority has been delegated to State or USAID officials in Washington, but the funding is considered to be part of a country's Operational Plan, reprogramming proposals must be cleared by either the U.S. Chief of Mission or designate (for State programs) or the Mission Director (for USAID programs) in the country prior to a decision being made by the official with the delegated authority.
- Where the authority has been delegated to State or USAID officials in Washington, and the funding is considered to be part of that Bureau's Operational Plan, reprogramming may be done while informing the F POC.

In the event of any dispute between a Country Team and a Washington Bureau, F will be the arbiter.

F must approve any reprogramming that would have the following impacts:

- Change the overall funding amount for an Operating Unit;
- Change the amount of funding for an account within an Operating Unit;
- Change the overall amount for an Objective or Program Area;
- Change funding related to "protected" items (earmarks, directives, Administrative priorities) [the funding numbers for "protected items" will be locked in FACTS in order to ensure the assistance program as a whole is meeting agreed upon levels];
- Change the amount for Health or Education Program Elements, or the distribution of account levels within the Health or Education Program Elements for an Operating Unit; and
- Change the Program Element level and below (outside of Health and Education) which would either:
    - Results in a change of greater than 10% of the original amount approved for the Program Element; or
    - Results in a change of greater than $2,500,000 from the original amount approved for the Program Element.
    - Changes of less than $100,000 do not need to come back to F for clearance or approval.

Changes that require F approval have a standard format for submission, which can be obtained from your F POC. Any changes to a country or regional platform Operational Plan that requires F approval must be sent to both your F POC and the appropriate State or USAID Bureau contact. Any changes to a Headquarters Operational Plan must be sent to

your F POC. Requested changes will be acted upon within 48 hours of the request being received.

Any changes that fall outside of what is articulated above, do not need to come to F for approval, though F POCs should be sent an advice of change. This includes changes of the following type:

- Changes to Implementing Mechanisms, including:
    - prime partner names;
    - sub-partners and associated information;
    - implementing mechanism name;
    - implementing mechanism number;
    - implementing mechanism location;
    - implementing mechanism type;
    - modification to the benefiting countries (for Regional or Global programs)
    - specific activities that do not change the Program Element selection;
    - changes between Implementing Mechanisms that do not change the Program Element selection;
    - changes to key issues that are not on the "protected" items list;
    - target populations; and
    - component areas.
- Within Health and Education Program Elements, changes in the amount of funding for Program Sub-Elements that are not on the "protected" items list, and that do not result in a change in the overall Program Element level;
- Outside of Health and Education, changes in the amount of funding for Program Sub-Elements that are not on the "protected" items list, and that do not result in:
    - a change of greater than 10% of the original amount approved for the Program Element; or
    - a change of greater than $2,500,000 from the original amount approved for the Program Element; or
    - a change of greater than $100,000.

For Headquarters Bureaus or Regional Platforms, any changes related to benefiting country designations do not need to come to F for approval. However, these changes do need to be notified and agreed to by either the U.S. Chief of Mission or designate (for State programs) or the Mission Director (for USAID programs) in the country prior to the change being made.

Changes that do not require F approval should be notified to your F POC within one week of the change. This can be done with an advice of change to your F POC (along with appropriate State and USAID Bureaus, as necessary) sent via email. There is a standard template available for this email which can be obtained from our F POC.

<u>Principles:</u>

- F approval is necessary for the following foreign assistance decisions:
    - Submission of the CBJ figures and narrative;
    - Setting Phase I budget control numbers (at the Program Area level, and the Program Element level for Health and Education);

    - The Phase I budget table allocation to the Program Sub-Element level;
    - Setting the NOA control levels for Phase II Operational Plans based on Phase I approvals adjusted for the final 653(a) numbers (at the Program Area level, and the Program Element level for Health and Education); and
    - The Objective, Program Area and Program Element level narratives and the Program Element level targets when the Phase II Operational Plan is submitted.
- Some minor changes to indicators and Standardized Program Structure and Definitions to be made for the FY 2008 cycle would include items such as, possibly including Polio as a Program Sub-Element in the Health Area, correcting grammar or incorrect items. Other substantive changes to the Standardized Program Structure and Definitions deemed necessary would be done for the FY 2009 Operational Plan cycle as part of a collaborative, consultative process, with State, USAID, and the development community, and would be completed by December 1, 2007 (these changes should be reflected in the FY 2009 CBJ submission and the budgets should reflect any hierarchy changes).
- Strategy – There will not be a strategy requirement during calendar year 2007. F needs to propose, working with regional bureaus, the process of rolling strategy submission and reviews during calendar year 2008.