

Managing for Results Training Guide

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Unit 1 : Planning

Unit 2 : Achieving Results

Unit 3 : Assessing and Learning

Unit 1: Planning

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Lesson 1: Introduction to Planning

Learning Objectives:

In this lesson, the trainee will learn:

1. Basic principles of USAID's planning processes and the relationship of planning practices with the Agency's Core Values;
2. The four major levels of engagement (Agency, regional/sectoral, Operating Unit and activity-level) where the Agency carries on planning;
3. Major considerations in planning; and
4. About the development hypothesis underlying USAID Operating Unit Strategic Plans.

Outline - Unit 1, Lesson 1

- A. Definition of Planning
- B. Different Levels of Planning
- C. What to Consider when Planning
- D. Planning and the Core Values

A. Definition of Planning:

Planning in USAID is the process by which we make informed choices on the selection of results that we propose to achieve, and identify the resources and actions necessary to accomplish them. This ranges from the worldwide goals set at the Agency-level, to very specific "Intermediate Results" and outputs that are achieved at an individual activity level. Planning involves the participation of many people, including USAID staff, partners, host country governments, the donor community, Non-Governmental Organizations (NGOs), persons from the private sector, and beneficiaries in the host countries. The term "strategic plan" is used in this course to refer to planning undertaken by an Operating Unit (field Mission or Washington Office).

B. Types and Levels of Planning

Planning takes place in different forms at different levels. Levels include Agency, Regional/Sector, Operating Unit, SO/Results Framework and Activity-level.

- a. Agency Planning: As mandated by the Government Performance Results Act (GPRA), USAID and other U.S. Government agencies produce an Agency Strategic Plan (ASP), annual performance reports (APR), and Annual Performance Plans (APP). Agency planning can include very specific strategies or approaches to address specific problems on a Global basis.
- b. Regional Planning: General or specific strategies are often developed for entire regions that also serve to guide country-level planning.
- c. Operating Unit Plan: Each Unit develops a Strategic Plan that include articulation of the development challenges, development hypotheses and specific results that the Unit is committing itself to during a set planning period. (The topic of strategic plans is covered in more detail in Lesson 3 - Strategic Plan Development)

- d. Activity Planning: As part of the final step before achievement begins, Operating Units develop activity plans that include detailed obligation and procurement planning. (This is covered in Unit 1 Lesson 7)

C. What to Consider when Planning:

- a. Clarification of the development challenges and identification of particular problems contributing to each challenge;
- b. Determination of the customer group(s) whose situation will change;
- c. The parameters and limits placed on USAID resources as a result of planning processes that occur at higher levels;
- d. The fact that partner organizations engage in their own planning processes and articulate their own programmatic priorities;
- e. Identification of opportunities for engagement that would be appropriate for the Operating Unit;
- f. Consideration of alternative courses of actions that might be followed to address the challenges and opportunities; and
- g. Clarification of participation requirements in undertaking each action, specifically:
 - Who must participate to bring about these changes?
 - What working arrangement with participants would work best?

D. Planning and Core Values

- Customer focus - Our results-orientation requires that we give continual attention to customers' perspectives because lasting results exist only if they are experienced and valued ("owned") by the people affected by them. Furthermore:
 - Customer needs and aspirations, along with the priorities of the Agency's stakeholders, determine what results we aim for;
 - Customer feedback keeps us on track in achieving them;
 - Customer views inform how we judge their merit;
 - Participatory planning techniques ensure that the voice of customers not only influences the choice of objectives and activities, but also contributes to their effective and sustainable achievement.
- Valuing Diversity - USAID has always had a diverse workforce and worked in diverse environments. The emphasis of this Core Value is on "valuing" - that is valuing diversity of backgrounds in our workforce and among the perspectives of partners, customers and other stakeholders in the development process.
 - Valuing Diversity means valuing the contributions that each individual or organization can provide and "bring to the table" during any stage of USAID's work.

- It is recognizing that synergy is created when different skill sets, development approaches, problem solving techniques, and other contributions from a diverse set of sources are brought together to solve a problem.
- Managing for Results - To manage for results, objectives and targets must be set, information must be collected to judge progress, and strategies and tactics must be adjusted. Planning defines objectives and strategies, and resources are budgeted, allocated and obligated on the basis of those objectives.
- Teamwork (and partner involvement) - Teamwork means organizing, giving consent and responsibility to a group of people, united by a common goal and purpose, to work collectively to achieve a result. The majority of USAID's planning, implementing, and monitoring are performed by Strategic Objective teams and sub-teams, each made up of USAID staff, partners and customers. Delegation of decision-making to teams and sub-teams provides an important mechanism for integration and participation.
- Empowerment and Accountability -To empower is to endow with authority -to make and implement decisions. It requires a balance between granting autonomy but with responsibility for actions and the results arising from their acts. With proper communication of boundaries, expectations, desired outcomes and the roles of team members, teams can focus on planning for and achieving results and be held accountable for those results.
- Planning and USAID as a Learning Organization - In learning organizations, planning is considered a learning process. Planning constitutes an opportunity to advance institutional learning. In articulating and tracking a development hypothesis at the center of each of its programs, Operating Units test and validate important learnings about how to best address development challenges. Capturing this information and sharing it among other Operating Units and teams can advance the state of the art within the Agency. This learning contributes directly to the overall effectiveness of the organization.

Lesson 2: Strategic Planning Parameters

Learning Objectives:

In this lesson, the trainee will learn:

1. The purpose of USAID's strategic planning and the Agency Strategic Plan;
2. Content and purpose of the other strategic planning processes that support interagency coordination (IASP, MPP); and
3. Regional, sectoral and financial parameters that set the context for Operating Unit strategic planning.

Outline - Unit 1, Lesson 2

- A. Strategic Planning Introduction
- B. Why Do Strategic Planning?
- C. Agency Strategic Plan (ASP)
- D. Overview of Interagency Coordination
 1. International Affairs Strategic Plan
 2. Mission Performance Plan (MPP)
- E. Strategy Parameters
 1. USAID Regional and Sector Plans
 2. Development Policies
 3. Resources

A. Strategic Planning Introduction

Lesson 1 introduced different types and levels of planning and described several important considerations to include in all planning processes. Strategic planning at the Operating Unit level requires two specific considerations, which will be explored in Lesson 2 and 3 respectively. The first is the need to consider strategic planning parameters provided by Washington Bureaus. The second is the pivotal concept of the development hypotheses that provides the basis of all Operating Unit Strategic Plans.

Strategic planning is the process by which an Operating Unit defines and articulates the strategic objectives and special objectives it seeks to achieve, and the resources necessary to achieve them. Some Washington Units will define Strategic Support Objectives (SSOs) which are aimed at supporting the objectives of other Operating Units. The ultimate output of the strategic planning process is a Strategic Plan (SP) document. This document provides a framework for and reflect agreement among the Operating Unit, its USAID/Washington Bureau, other Bureaus and key partners on the objectives of USAID-financed programs and their funding.

Operating Units plan their strategies within the larger context of US government, Agency, and Bureau priorities. This lesson addresses these planning parameters. The subsequent lesson -- Strategic Plan Development -- describes the analyses and planning tools used to develop an Operating Unit SP and the actual content of a SP document.

B. Why Do Strategic Planning?

The strategic planning process provides a means to:

- ◆ Assess the development challenges and opportunities within a particular country or region and develop a collective understanding of the trends (social, economic, political, environmental, etc) and outstanding development problems;
- ◆ Identify what more information (through surveys or studies) we need to know to plan interventions that lead to sustainable development;
- ◆ Clarify the alternatives available for strategy development;
- ◆ Bring partners together to consider the Operating Unit's comparative advantage and make informed choices about strategy alternatives;
- ◆ Articulate a sound development hypothesis that focuses USAID's programs on results (as opposed to inputs and outputs);
- ◆ Ensure that resource (financial, human, etc.) planning is clearly linked to the achievement of specific development results;
- ◆ Assure that strategies address expressed customer needs; and
- ◆ Reach agreement with a host country and major stakeholders and partners on how the Operating Unit will proceed in accomplishing the program strategy.

C. Agency Strategic Plan

USAID's current Agency Strategic Plan (ASP) was completed in September 1997, and reflects the requirements outlined in the Government Performance and Results Act (GPRA) of 1993. It describes seven high level Agency goals which provide a framework within which all lower level Bureau and Operating Unit plans are developed. The ASP reflects agreements reached with OMB, Congress and other stakeholders such as the PVO community on the focus of USAID's work worldwide. These Agency goals provide a reporting framework against which the Agency reports its results each year in the Annual Performance Report. The Agency Strategic Plan covers a five year period. It is supplemented by the Annual Performance Plan which lays out in more detail the accomplishments that are planned in any given year. The APP is formally submitted to OMB and Congress each year along with the Agency's budget request.

Agency Strategic Plan Goals
<ul style="list-style-type: none"> • Broad-based Economic Growth & Agricultural Development Encouraged • Democracy & Good Governance Strengthened • Human Capacity Built Through Education and Training • World Population Stabilized and Human Health Protected • The World's Environment Protected for Long-term Sustainability • Lives Saved, Suffering Associated with Natural or Man-made Disasters Reduced, and Conditions Necessary for Political and/or Economic Development Re-established

The ASP is reviewed and amended every few years. The current version is available on the USAID internal and external web site.

D. Overview of Interagency Coordination

USAID coordinates its strategic planning with other U.S. Government Foreign Affairs agencies such as the Departments of State, Commerce, Agriculture, Treasury and Justice. This coordination takes place through the development of the:

- ◆ International Affairs Strategic Plan in Washington, and the
- ◆ Mission Performance Plan (MPP) at a country Embassy level

1. International Affairs Strategic Plan (also known as the Strategic Plan for International Affairs).

The International Affairs Strategic Plan (IASP) was first completed in September 1997 to provide a framework for coordination among U.S. government foreign affairs agencies. It was developed through an inter-Agency process involving USAID, the Department of State and other Agencies and Departments. The IASP articulates seven fundamental U.S. national interests related to overseas operations and sixteen foreign policy goals aimed at supporting these interests. USAID's six Agency development goals are included in these 16 goals. The plan should be seen as a reference point for USAID's Agency and Operating Unit Strategic Plans. The International Affairs Strategic Plan is used as a framework for developing Mission Performance Plans (MPPs) in specific countries.

2. Mission Performance Plan (MPP).

The MPP is the USG's integrated inter-agency strategy document for a given country. It is prepared by the US Embassy Country Team with the involvement of all Agencies represented in a country.

Each Ambassador approves the MPP for their country, including components that correspond to USAID. Mission Directors are responsible for ensuring that USAID strategic objectives are reflected in and congruous with the goals of the MPP. The MPP Goals are selected to support one or more of the sixteen strategic goals contained in the International Affairs Strategic Plan. Since the IASP incorporates USAID's Agency Strategic Plan goals, incorporation of USAID strategies into the MPP is usually a straightforward matter. Because the MPP is a very abbreviated document covering a short time span of one or two years, it is not suitable as a basis of decision making for USAID strategies.

Cross-Agency Coordination and Implementation of Programs.

The International Affairs Strategic Plan and MPP processes are designed to encourage USG agencies to work more effectively together. By collaborating across agencies and goal areas, duplication of effort or working at cross-purposes can be minimized. Agencies can provide more cost-effective assistance and strengthen the achievement of results through coordinated efforts.

E. Strategy Parameters

Beyond the Agency Strategic Plan which provides a context and justification for all lower-level Agency strategies, Operating Units work within a more detailed set of parameters when designing their strategies. These strategic, resource and policy parameters are defined in relation to a specific Operating Unit strategy during a parameter setting process in USAID/W. The responsible Bureau communicates these parameters to the Operating Unit via a cable or memo. The Operating Unit must then work within these parameters to develop a strategy that meets the needs of its customers. There are three major sets of parameters: regional and sector plans, development policies, and resources. Detailed descriptions of each follow:

1. USAID Regional and Sector Plans

Operating Unit strategies must respond to applicable regional or sector-specific plans developed by the Agency. These plans essentially function either to narrow the set of possibilities provided in the Agency Strategic Plan, or provide more detailed direction as to how ASP goals are to be pursued based on lessons learned from past experience. Operating Units will need to clarify which of these Regional or Sector plans apply to their case. Some examples are as follows:

- ◆ The Europe and Eurasia (E&E) Bureau has developed an E&E Strategic Framework that serves as an umbrella strategy for all of its country programs. Originally conceived of as a regional strategy that could be quickly implemented in countries transitioning from communism, this framework delineated a sub-set of goals that would be pursued in the E&E region. More recently, this framework has been used to guide development of country-specific strategic plans, which are designed with the parameters of the E&E Bureau strategy.
- ◆ Some regional bureaus have sub-regional strategies. For example, the Asia and Near East Asia (ANE) Bureau's Asia Environmental Partnership promotes clean energy and power sector reform across several countries. Operating Units working in countries involved in these sub-regional strategies must ensure that the Operating Unit's strategy is complementary to regional initiatives.
- ◆ The Global Bureau in some cases has developed more detailed approaches and strategies to carry out broader Agency goals in specific areas. For example, the Global Climate Change Initiative has identified priority countries in almost every region. Operating Units planning environmental work in these countries will need to be aware of, and sometimes specifically respond to these Global initiatives.

2. Development Policies

USAID has policies and guidance covering many areas of USAID programming, which apply at different levels of planning. Examples of these include policies relative to free trade zones, endowments, micro-enterprise activities, gender, conflict prevention etc. These are found in the ADS series 200, in Handbook 1 and, at times, in interim Agency

Notices. Some of these policies simply communicate development approaches that have proven most successful for consideration during strategic planning. Others outline procedures that USAID uses to comply with Congressional restrictions or other federal regulations on some types of programs. It is important for Operating Units to identify those policies that may be highly prescriptive in terms of what can or can't be done in a particular case. Expert advice will sometimes be needed on application of these policies.

3. Resources

Prior to initiating the strategic planning process, Operating Units must be aware of the likely budget and staffing resources that will be available for their program. Aside from absolute dollar levels, two major factors are earmarks and directives specify use of dollars for certain categories of activities. These earmarks and directives don't define specific objectives that must be met, but they can limit flexibility of Operating Unit in their strategic planning. Funding categories are created for the major earmarks. These funding categories are not synonymous with the Agency goal areas as demonstrated below:

USAID's Agency goals include:
<ul style="list-style-type: none"> • Broad-based Economic Growth & Agricultural Development Encouraged • Democracy & Good Governance Strengthened • Human Capacity Built Through Education and Training • World Population Stabilized and Human Health Protected • The World's Environment Protected for Long-term Sustainability • Lives Saved, Suffering Associated with Natural or Man-made Disasters Reduced, and Conditions Necessary for Political and/or Economic Development Re-established • USAID Remains a Premier Bilateral Development Agency (Management Goal)

The Agency currently tracks and reports earmarks and directives in:
<ul style="list-style-type: none"> • Child Survival; • Population; • HIV/AIDS; • Democracy and Governance; and • Environment. <p style="text-align: center;">(Earmarks change yearly, these are current to FY 2000)</p>

It is not uncommon to have resources from more than one funding categories committed to a particular strategic objective as long as the funded activities match the eligible uses defined by the earmark. For instance, an agricultural strategy, which would be primarily funded with economic growth funds, could have some natural resources management activities funded with environment monies. Another example would be an integrated health strategy that utilizes population, child survival and HIV/AIDS funding.

The availability of funds within particular earmarks by region will constitute a defining parameter on the size and ambitiousness of Operating Unit strategies.

Lesson 3: Strategic Plan Development

Learning Objectives:

In this lesson, the trainee will learn:

1. Content of an Operating Unit Strategic Plan;
2. The types of analyses used to establish a sound development strategy;
3. The definition of a Strategic Objective and development hypothesis;
4. Concepts behind the Results Framework that illustrates the strategy's development hypothesis; and
5. What is meant by an Operating Unit's "management contract".

Outline - Unit 1, Lesson 3

- A. Outline of the Strategic Planning Process
- B. USAID/W Collaboration in Operating Unit Strategic Planning
- C. Strategic Analyses, Trend Analysis and Assessments
 1. Strategic Analysis and Assessment
 2. Country Analysis
 3. Sector/Technical Analysis
 4. Customer Analysis
 5. Gender and Social Analysis
 6. Institutional/Administrative Analysis
 7. Financial/Economic Analysis
 8. Critical Assumptions
- D. Identifying the Strategic Objectives (SO)
 1. Other Types of Program-level Objectives
 2. Critical Assumptions
- E. Articulation of the Development Hypothesis and Corresponding Results Framework
 1. The RF as a Management Tool
 2. Identifying Intermediate Results
 3. Causal Linkages
- F. Contents of Strategic Plans
- G. The Operating Unit's Management Contract

A. Outline of the Strategic Planning Process

In Lesson 1 - Introduction to Planning, general considerations for planning exercises were outlined. These are amplified here as illustrative steps that typically occur in a strategic planning process. The exact steps will vary from one Operating Unit to another. Common to each will be the need for:

- High level of participation of partners and stakeholders throughout the process;
- Careful analysis of the development problems and strategy alternatives; and
- Consensual decisions about strategic choices.

Prior to engaging in strategic planning, the Operating Unit will need to outline and agree on the planning process that will be used. When the SP builds on work carried out under a previous strategy a field Mission will typically change existing SO Teams with development of follow on SOs in their respective areas. If the strategy involves several SOs and significant country analysis, additional support and coordination is often provided by the Mission's Program Office. Alternatively a special working group is created to direct the process often under the direction of the Program Office. Outside assistance is often used to conduct analytical work and facilitate development of consensus. The basic sequence of planning steps is summarized below. Each of these steps is discussed within this lesson unless otherwise noted:

1. Design and agreement on the strategic planning process, including a calendar of planning events and documentation deadlines;
2. Strategic problem analysis, trend analysis and assessments, these include:
 - Assessment of the planning parameters (as described in Lesson 2), and
 - Clarification of the development challenges, identification of particular problems contributing to each challenge, and opportunities for amelioration (various analytical tools are described in detail later in this lesson);
3. Determination of the customer group(s) whose situation will have to change as a result of the new strategy;
4. Identification of opportunities for engagement that would be appropriate for the Operating Unit;
5. Consideration of strategic alternatives that might be adopted to address the challenges and opportunities;
6. Selection of the Strategic Objective;
7. Articulation of the development hypothesis which will lead to achievement of the SO;
8. Clarification of participation requirements in undertaking each action, specifically:
 - Who must participate to bring about these changes?
 - What working arrangement with participants would work best? (This could lead to modification of the SO Team or sub-team membership.);
9. Development of a detailed Results Framework, which illustrates the development hypothesis and identifies all the necessary Intermediate Results (IR) contributing to achievement of the SO;
10. Clarification of the list critical assumptions, ultimate customers and illustrative activities for each IR;
11. Preparation of the Performance Monitoring Plan (see Lesson 4);
12. Preparation of the resource requirements for budget and staffing (see Lesson 8);
13. Drafting and vetting the SP document;
14. Submission of the strategy.

Once the strategy is approved (by issuance of the Unit's Management Contract - see last section of this lesson); the process will include:

15. Finalization of the team structures (see Lesson 5); and
16. Preparation of activity planning (see Lesson 7) leading to achieving the strategy - the topic of Unit 2.

B. AID/W Collaboration in Operating Unit Strategic Planning

Field Missions should develop their strategies in cooperation with their Regional Bureau and other USAID/W units who can provide analytical support. Washington Operating Units developing strategies will need to coordinate with Missions and regional Bureaus when considering activities in their regions. All Operating Units may identify "virtual" team members who assist in specific aspects of strategy development. This often includes relevant technical staff from regional bureaus and the Global Bureau.

The Operating Unit SP will be reviewed and approved at the Bureau level in USAID/W. Bureaus coordinate the review process in collaboration with the Policy and Program Coordination Bureau (PPC), the Agency's Budget Office and other relevant offices.

C. Strategic Analyses, Trend Analysis and Assessments

Sound development strategies are based on careful analysis and effective management of the planning process so that the resulting strategy will be well thought through and have the support of its major stakeholders. The Operating Unit (SO Teams or designated working group) in charge of the planning process will determine which of the following types of analyses are appropriate and useful to support development and approval of an effective strategy that is likely to succeed. There are many ways to conduct these analysis. Some will be most effective when conducted in a participatory manner with key partners. This helps build consensus for the conclusions that emerge. The results of these analyses will be reflected in the choice of objectives and Intermediate Results, and the development hypothesis.

1. Strategic Analysis and Assessment

In the early stages of strategy development, Operating Units will assess and analyze the current conditions in the host country (or region), as well as the overall context affecting assistance. Several important questions relating to success of overall development efforts should be kept in mind throughout the strategic planning process. These include:

- Will results be sustainable? USAID strategies must consider how results can be sustained, including human capacities and prospects for institutional, political and financial sustainability over the long term. Improvements in social conditions that are wholly and permanently dependent on USAID assistance, without realistic prospects for lasting beyond USAID funding flows, do not constitute sustainable development.
- What is USAID's comparative advantage? Operating Units should not attempt to address needs that are being adequately addressed by other donors. Country strategies should reflect and grow from USAID's field presence, experience and technical expertise.

- How can broad systemic change be achieved? USAID strategies should strive to have broad systemic impact, rather than consist exclusively of isolated, self-contained interventions. Examples of such systemic impacts include changes in social rules and policies influencing public and private resource allocations. In some instances, experimental or innovative activities that are limited in scope may be appropriate if there is scope for applying the lessons learned more broadly at a later point by USAID or others.
- Which problems can be effectively addressed? Not all development problems can be solved. For example, it is not realistic to expect to totally eliminate poverty. Furthermore, even when significant need is clearly established, opportunities for USAID assistance to be used effectively are not always present. Lack of political commitment or inappropriate policy frameworks may limit the opportunities for productive USAID investments.
- What conditions will affect program success? Certain conditions may exist that are outside the control or influence of USAID and its partners. The Operating Unit should be confident that, should they pursue their strategy, these conditions or a change in these conditions will not negatively affect the achievement of results. The Operating Unit may not want to further pursue a particular strategy if the risk of reversals is too high.
- Are proven development models or approaches available? USAID, as well as other donor agencies, have developed many approaches and tools over the years that have proven to be successful. Where there is no demonstrably successful approach, USAID strategies should be carefully constructed with specification of anticipated results and a clear process to learn from the experience.

2. Country Analysis

When Operating Units consider the development of a new strategy, they will conduct some country-wide or macro-level analyses, such as political, economic, social, and environmental analyses. These assessments should be thorough enough to understand the various conditions, constraints, and needs that exist in the country and better inform strategic choices.

Specific factors that should be considered and understood through a country analysis might include:

- Economic conditions
- Quality of Life
- Host Government policies
- National, Regional, and Local community conditions
- Donor roles and programs
- Firmly held religious and cultural practices
- Environmental trends
- Cross-border issues

- Presence of or potential for conflict
- Gender and family roles

3. Sector/Technical Analysis

The Operating Unit will often focus efforts on certain sectors within the country. Operating Units will want to take stock of current conditions and trends within a sector they may be considering for programmatic focus (e.g., agriculture, forestry, tourism, industry, banking, and mining).

When Operating Unit already have considerable background and experience in a sector, due to long-term presence and prior work, existing knowledge may only need to be supplemented with more limited and focused assessments. While past activities should not dictate choices of new program results, lessons-learned in past programs should clearly guide the development and selection of strategic alternatives in a new program. The analysis of the Agency's engagement in the sector within other countries and settings may also inform the choice of the new Strategic Objective.

The end result of the analyses should be an informed choice about the sectors of concentration and specific objectives that USAID will pursue.

4. Customer Analysis

Strategies must be designed with input obtained directly from and in collaboration with "ultimate customers". This helps ensure that USAID efforts complement and support the country's and communities' own self-development efforts and develops broader commitment to the development changes proposed by USAID.

To do this, Operating Units will need to define their potential customers and understand how each group will be affected by, and react to a proposed strategy. Variables to consider in identifying potential customers include:

- Geographic location such as national/regional, rural/urban, or other selected areas;
- Economic groupings or occupational categories;
- Gender;
- Specific age groups, e.g., adults, children under five, etc.; and
- Particular cultural/ethnic or religious groups.

Once potential customers are identified, the Operating Unit will want to use surveys or rapid appraisal techniques to obtain their input and better understand their points of view, values, beliefs, and perceptions that relate to proposed programs. This information is critical to ensuring a common understanding of the problems that are worth investing in. Inadequate customer participation and input translates into misdirected activities that don't achieve and sustain anticipated results.

5. Gender and Social Analysis

Gender is often a key variable to consider in planning a strategy. "Gender" refers to the economic, social, political and cultural attributes and opportunities associated with being male or female, the comparative or differential roles of women and men, and the relationship between them. A gender-aware strategy development process considers the differential roles of males and female in the activities that the strategy intends to affect. This information can often lead to significantly different approaches for defining and solving development problems. In most country contexts, other social factors will also need consideration such as age, economic class, ethnicity, and the differences between rural and urban populations. In performing customer analyses, Operating Units should ensure that gender and social considerations are included. Social analysis may be performed for this purpose. This could include assessing the differential impact of proposed and/or existing programs on women and men, thereby testing assumptions that programs may affect diverse populations in the same way. Technical support for conducting gender analysis is available through the WID office in the Global Bureau.

6. Institutional/Administrative Analysis

At the Strategic Planning stage, Operating Units will identify major potential partner organizations it expects to work with, including host government entities, PVOs and NGOs. While more detailed capacity analysis may be needed as part of activity planning when such entities are to receive USAID funding (see Lesson 7), some preliminary work is often useful at the strategic planning stage. Potential Issues to address include:

- Institutional range; i.e. what institutions exist that can work in a particular sector?
- Capacity of the institutions;
- Drawbacks to working with the institutions;
- Relationship to ultimate customers;
- Relationship to other useful entities;

Creation of a new institution is sometimes considered as part of a strategy. The complexity of such a step as well as time and costs involved often makes this a risky approach. In most cases strengthening of existing institutions is the preferred course of action.

7. Financial/Economic Analysis

Operating Units will need to establish that proposed results are achievable within projected funding levels as well as demonstrate that the results bear a favorable relationship to costs. For some strategies that may hinge on particularly costly activities such as large infrastructure projects, it may be appropriate to conduct cost-benefit or internal rate of return type of analyses. These may be deferred to the activity planning stage, or they may be necessary to address concerns at the strategy approval level (also see Activity Planning lesson).

Performing the types of assessments described above will help the Operating Unit begin to formulate their Strategic Objective, development hypothesis and Results Framework.

D. Identifying the Strategic Objective (SO)

In the process of conducting the types of analyses outlined above, various alternatives for a program strategy will become apparent. At some point, the SO team or working group will articulate potential Strategic Objective statements that could define the strategy in a program area. This task is often conducted in a highly participatory manner that includes the participation of a broad group of potential partners and stakeholders. The pros and cons of the various strategy alternatives will need to be analyzed in order to select the most appropriate one for the Operating Unit. A process that facilitates broad agreement on the SO will lead to a strategy that will be easier to get approved and ultimately implement.

The definition of the SO statement is important and challenging. A Strategic Objective is defined as "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 accountable." (ADS 201.5.10a)

Each Strategic Objective is:

- Typically achieved within 5 to 8 years.
- Linked to Agency goals.
- Expressed in terms of a result or impact that is measurable, clear, and precise.

Defining a SO at an appropriate level of impact is one of the most critical and difficult tasks a SO Team will face. It is a critical task because the Strategic Objective forms the standard by which the operational unit is willing to be judged in terms of its performance. The task is difficult because a SO should reflect a balance of two, potentially contrary considerations - ambition and accountability.

In short, a Strategic Objective should reflect the Operating Unit's best assessment of what can be realistically achieved by USAID and its partners within a given time frame and set of resources. The Strategic Objective must, in the end, strike a balance between ambition and accountability.

1. Other Types of Program-level Objectives

In addition to Strategic Objectives, USAID uses Strategic Support Objectives and Special Objectives.

Strategic Support Objectives (SSO) allow Global and other central or regional bureaus that are providing critical support to missions' development efforts to relate that support to development results.

Special Objectives (SPO) are typically used for program objectives that do not qualify as SOs. Special objectives can cover foreign policy priorities not specifically reflected in the Agency Strategic Plan, special congressional earmarks, exploratory or experimental activities, or a research activity.

2. Critical Assumptions

In defining the Strategic Objective (as well as the Intermediate Results), the SO Team needs to identify any critical assumptions that may affect the success of the proposed strategy. Assumptions are the existing or developing conditions, events, or criteria that are outside the control or influence of USAID and its partners. They are important in so much as they reflect conditions that are likely to affect - either positively or negatively - the achievement of results.

Critical assumptions are those assumptions on which the success of the SO or IRs depends. These assumptions must be explained as part of the strategy description. For instance, a strategy focused on "increased agricultural productivity" might have "no drought during the strategy period" as a critical assumption. If this assumption were not to hold true the success of the strategy would be in jeopardy. Drought is clearly not a condition within the SO Team's control or influence. Another common example of a critical assumption is that "political turmoil in a neighboring country will not lead to destabilization of conditions in the host country." Such critical assumptions are essential to the basic causality of program strategies and may need to be monitored over the life of the strategy.

Critical assumptions should not be confused with necessary results or conditions being supported by other organizations within the operating environment. These are outcomes on which USAID may not have control, but should certainly have some influence. An example of this would be USAID-funded results designed to exploit opportunities presented by a policy reform program being conducted by the host government or another donor. The Operating Unit would certainly want to communicate with the reform program managers in order to stay abreast of their developments. If the reform program were to falter, the SO Team would need to consider altering their strategy.

E. Articulation of the Development Hypothesis and the Corresponding Results Framework

As introduced in Lesson I - Introduction to Planning, a vital element of the Operating Units' strategic planning exercise involves articulation of a development hypothesis. A separate hypothesis is prepared for each SO.

Definition: Development hypothesis: A narrative description of the causal linkages between Intermediate Results and a SO that are expected to lead to the achievement of the SO. The hypothesis is based on sound development theory, knowledge and experience.

The development hypothesis answers the simple question "how do we expect to achieve the proposed SO" in the time allotted. The description of the development hypothesis will include:

- How do we believe the development changes will be brought about?
- What development theory or empirical knowledge are we drawing on to make this hypothesis?
- What are the specific causal links between the results contributing to the changes?
- Are there any other critical considerations or issues predicated in the hypothesis?

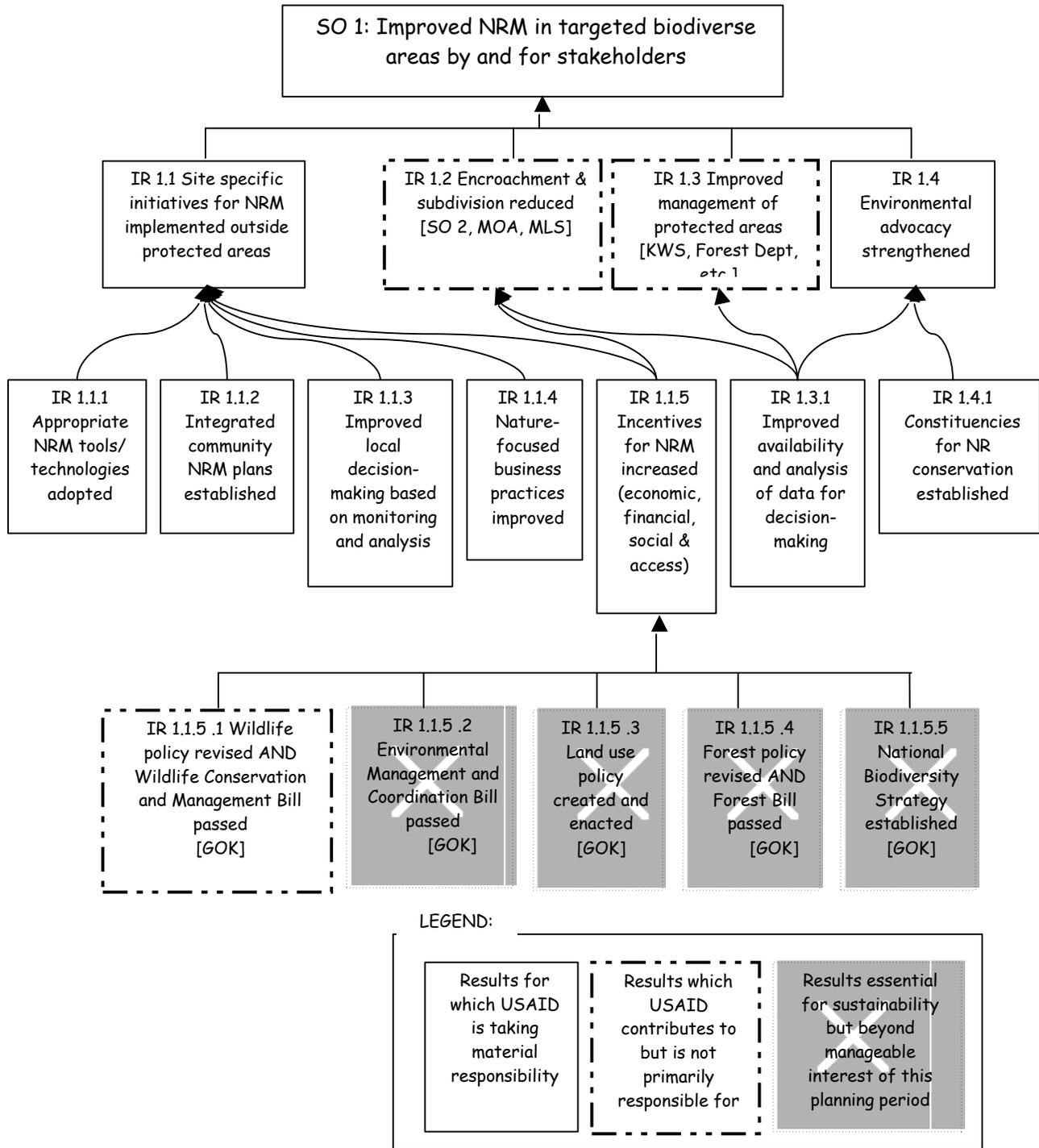
Keep in mind that the development hypothesis is in fact a hypothesis, or "testable statement," based on the Operating Unit's best thinking and inquiry into the development problems it is addressing. It represents a tentative explanation that accounts for the set of facts that can be tested through further investigation. This further investigation is one of the major functions of the SO Team in managing for results. The development hypothesis in the strategy is the tentative and testable explanation of causal linkages between an SO and its IRs.

The Results Framework (RF) is a presentation of an Operating Unit's development hypothesis for achieving a specific strategic objective (SO). Typically, it is in the form of a graphic, supplemented by narrative. A RF is a key element of an Operating Unit's strategic plan, and includes the objective and the Intermediate Results, whether funded by USAID or its partners, necessary to achieve the objective. Activities, inputs and outputs are not included in the RF; these means are addressed by the SO Team after strategy development and are discussed in detail in Lesson 7 - Activity Planning.

A RF presents the development hypothesis implicit in the strategy and the cause and effect linkages between the Intermediate Results and the objective. It includes any critical assumptions that must hold in order for the development hypothesis to lead to the achievement of the relevant objective.

In short, a reasonable person looking at a Results Framework should see within the framework the Intermediate Results critical to the achievement of the objective and be able to understand the basic logical premises underlying the strategy. As the working group or SO Team designs its strategy and crafts its Results Framework, it should also consider what performance indicators it will use to show impact and possible activities for achieving the results. For more on RF development see CDIE Tips.

Example: SO 1 Results Framework



1. The RF as a Management Tool

In so much as the development hypothesis is a "testable statement", the detailed depiction of the hypothesis - the Results Framework - should be considered to be a

dynamic framework that will serve not only for planning purposes but also as a flexible management tool. As the SO Team learns more about the development conditions and as these conditions change or evolve the team will need to make changes in the RF to assure that achievement of the SO does not get off track. The RF serves as an iterative management tool in several ways. These include:

- a. As the foundation for several critical management processes that implicate all the members of the SO Team. These processes include:
 - Reaching agreement on expected results and required resources;
 - Identifying and designing activities;
 - Documenting activities and investment in relation to program -level results;
 - Selecting appropriate indicators for each USAID-supported result;
 - Using performance information to inform program management decisions (e.g., adjusting specific program activities/reallocating resources), and;
 - Analyzing and reporting on performance through the R4 process.

Therefore Results Frameworks should remain flexible in that they should be revisited from time to time and adjusted, as program needs dictate.

- b. As an important communication tool that the Operating Unit or SO Team uses to work with its development partners and customers to build consensus and ownership around shared results and tactics.
- c. As a communication tool for use with major stakeholders (host government, USAID/W, other donors, etc), which succinctly captures the key elements of a strategy leading to achievement of the SO.

2. Identifying Intermediate Results

As articulated in the development hypothesis, the Operating Unit predicates the achievement of the SO on achieving a set of contributing or Intermediate Results (IRs). These IRs are explained and depicted in the RF.

Definition: Result - A developmentally significant change in the condition of a customer or in a host country condition which has a relationship to the customer. What constitutes "significant" depends on the particular developing country context. Strategic Objectives are the highest level result for which an Operating Unit is held accountable.

Definition: Intermediate Result - A discrete result that must be achieved in order to achieve a Strategic Objective or another intermediate result.

USAID, along with its partners, must identify the key IRs that are necessary and sufficient to achieve the SO. It is crucial to remember that a Results Framework must include all of the IRs, whether supported by USAID or its partners (including those defined as "critical assumptions", required to achieve the SO.

In identifying IRs, SO Teams should ensure that all results statements are:

- End results, rather than an on-going activity.
- Unidimensional result (with one final effect) instead of a multi-dimensional result (a combination of more than one result).
- Measurable and verifiable. Given supporting data, even a skeptic should agree that it is a bonafide result.

3. Causal Linkages

A Results Framework should show the principle cause and effect linkages between the IRs and the SO, regardless of relative importance or chronology in implementing each respective IR. Once a SO Team is satisfied with its initial analysis, the team can construct their Results Framework by examining the causal relationships between the SO and Intermediate Results. The Team illustrates their development hypothesis through defining these relationships.

The relationship between two IRs that are "linked", or between an IR and the SO, should be causal in nature. That is, achievement of one result is necessary for, and contributes to, achievement of the other. Essentially, causality is one of simple "cause and effect" or "if/then", meaning:

"If this result occurs . . . then another result will be produced"

"One result is the cause of another result (an effect)"

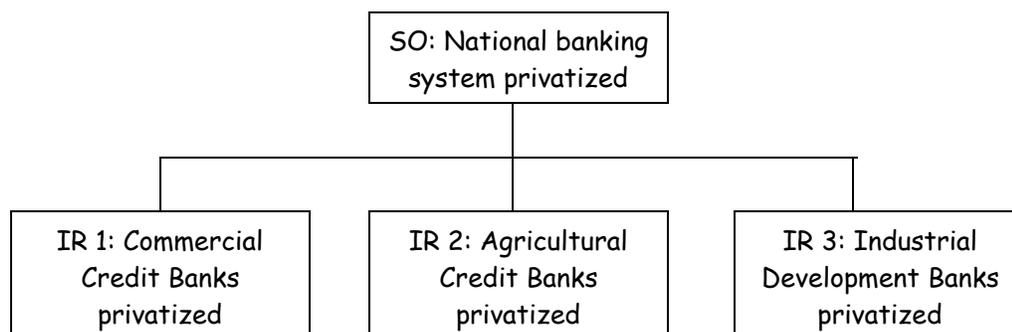
In clarifying the causality leading from one IR to another some of the following questions might prove helpful:

- ◆ Why are we doing this result?
- ◆ Why does this result matter?
- ◆ If we accomplish this IR, how will it contribute to progress towards achievement of the stated SO?
- ◆ What are the changes/results necessary and sufficient to lead to the next level of result?
- ◆ Is the causal relationship between these two IRs hierarchical or crosscutting. Crosscutting causality refers to an Intermediate Result on one "level" which contributes to the achievement of other Intermediate Results on two or more "levels". This is common and acceptable practice.

Note: SO Teams may at times encounter difficulty with defining causal linkages. In the Democracy and Governance area, for example, the development hypothesis for achieving results is not well understood. In these cases, defining all linkages causally may not be possible. But they should be testable.

Two important pitfalls in clarifying causality are:

- Ensuring that relationships defined between results are causal rather than categorical or definitional. Categorical or definitional causal is not true cause and effect. An example of this would be following three IRs leading to the achievement of the SO "National banking system privatized":



Note that all three IRs are just categories of the result stated in the SO. These are further definition of the SO, not causes that would effect its achievement.

and

- Understanding that expected time frame within which each result will be achieved and the effect of such a time frame on other results in the causal chain.

F. Contents of a Strategic Plan (SP)

The Operating Unit's Strategic Plan document should include the information necessary to secure endorsement by Agency management on the following:

- Proposed Strategic Objectives and targeted magnitude of impact;
- Associated resource requirements; and
- Requested delegations of authority.

The Agency Directives System (ADS) contains a basic format for Strategic Plans. However, Operating Units are not required to strictly adhere to the format. Operating Units work from the basic format to develop a more detailed SP outline which organizes the content to best present their particular strategy. Since strategies and programs vary, Operating Units should consult with their respective bureaus to adopt the best document outline for their particular circumstances and needs. Generally, strategies should provide a clear and concise discussion of the issues and strategic decisions that should include the following:

1. A summary analysis of the assistance environment and rationale for focusing assistance in particular areas. The discussion should include country trends, development constraints and opportunities, the role of other donors, U.S. foreign policy interests, and customer needs.

2. For each proposed Strategic Objective, an explanation of the strategy, including:
 - A detailed problem analysis;
 - Discussion of strategic options considered in light of the problem analysis and the unit's comparative advantage;
 - An explanation of the proposed Strategic Objective;
 - Proposed performance measures and illustrative targets (at a minimum for the SO);
 - A description of how sustainability will be achieved.
 - A description of the development hypothesis illustrated by a Results Framework and discussion of the Intermediate Results ; and
 - A summary of illustrative activities relative to each Intermediate Result.
 - Activities in the SP are referred to as "illustrative" because Operating Units are not committing themselves to these specific tactics as part of their strategy. As part of the Managing for Results and Empowerment and Accountability Core Values, Operating Units are provided the flexibility to make activity-level decisions and change them as they see fit. The Operating Unit is accountable to USAID/W for the results that it has committed to in the strategy. The intention of "illustrative activities" discussion in the SP is to establish the feasibility of the Unit's plan in achieving the stated results within the time period defined by the SP (typically five to eight years).
3. The resources that will be required to achieve the Strategic Objective, including program funding, field support from the Global Bureau, operating expenses and personnel, and any other needed support. The Strategic Objective represents the primary point of reference in strategic planning and annual budgeting. Budgeting, allocation, and obligation will be accomplished by Strategic Objective at the Operating Unit level, with a few exceptions.

G. The Operating Unit's Management Contract

Upon approval of the strategy, a Management Contract is issued, usually in the form of a cable, from the head of the regional bureau to the Mission Director or in the form of a memo to a Washington Office. The Management Contract contains a summary of agreements on the set of Strategic Objectives including:

- Confirmation of estimated resources over the strategy period;
- Delegation of authority to the Operating Unit to proceed with program implementation; and
- A discussion of any special management concerns requiring action.

The Management Contract (which is not actually a contract in the legal sense, but an agreement between USAID/W and the Operating Unit) allows the Operating Unit to begin its work of implementing the strategy. The Mission Director, with the delegations of authority provided in the Management Contract, will in turn empower SO Teams with the authorities to implement the program.

The Management Contract, as an agreement, should not be considered set in stone. Operating Units may request that the agreement be modified or changed, depending on how events unfold during program implementation (e.g. the Operating Unit may need to revise the original strategy or there are unexpected changes in resource levels). Such requests are usually made through the annual Results Review and Resources Request (R4) process.

Once a SP is approved, it generally remains in effect for several years and serves as the guide for resource allocation decisions and performance monitoring over the time frame of the plan. However, there is some flexibility for change should the need arise.

Operating Units report on their SOs, IRs, and related activities on an annual basis, using the Results Review and Resource Request (R4) (See Unit 3, Lesson 2 for more detailed discussion on R4 process).

Upon approval of the strategy, next steps for the team include developing a performance monitoring plan and determining how the SO Team will manage and monitor the strategy. At this point the SO Team may want to form sub-teams to attend to designing and documenting activities. (For more on sub-teams and designing activities see Lessons 5 - Team Formation and Lesson 7 - Activity Planning). Documentation of activities (sometimes referred to as Results Packages) will be discussed under Activity Planning as well as throughout Unit 2 on Achieving.

Lesson 4: Performance Measurement Planning

Learning Objectives:

In this lesson, the trainee will learn:

1. The importance and range of sources of performance information;
2. Characteristics, components and requirements in developing a Performance Monitoring Plan for Operating Unit strategies;
3. Important considerations in planning for performance measurement and data collection; and
4. Definitions of performance baselines and targets.

Outline - Unit 1, Lesson 3

- A. Introduction
- B. Performance Monitoring Plan (PMP)
- C. Other Performance Measurement Planning
- D. Performance Baselines and Targets

More detailed information on this topics is covered in Unit 3

A. Introduction

Operating Units must be able to regularly monitor, assess, and adjust their programs during the life of their Strategic Plan. This process is a dynamic one of gathering, analyzing and using performance information from a variety of sources and a range of different levels. Valuable performance information sources include:

- Performance indicators that measure progress of the SO and IRs;
- Evaluations of program impact, causal relationships embodied within the Results Framework and the underlying development hypothesis, or critical assumptions related to the Results Framework;
- Activity-level indicators (such as those for performance-based contracts), reports, and evaluations;
 - Customer and partner feedback;
 - Periodic site visits; or
 - Other formal and informal assessments and sources.

Operating Units, SO Teams and sub-teams need to consider how they will monitor and assess their performance. The first stage of this process is to design a Performance Monitoring Plan (PMP), which serves for:

- Tracking progress of the results in the RF, and
- Ensuring that knowledge gained during implementation is captured.

Knowledge collation and use are important aspects of implementation, and they must be planned for carefully, and as early as possible. There are several compelling reasons for this:

- Monitoring requires the definition and collection of baseline information, which necessarily needs to be initiated as soon as possible;

- More fundamental to *Managing for Results*, a monitoring system plays a key role in refining the underlying development hypothesis of the SO, and in developing over time an operationally useful Results Framework.

Therefore an information system developed simply to provide reporting information should be avoided.

As noted in Lesson 3, USAID's prior experience in development activities can provide important lessons-learned to inform the planning process. Prior performance information can guide choices made in strategy development process.

Furthermore the definition of performance indicators for intended results is a powerful exercise for clarifying results statement. Therefore identifying indicators is not a step that can wait until after the approval of a SO. The definition of indicators, which can be understood, agreed upon among partners and effectively monitored, can play a key role in the definition and refinement of Intermediate Results (IRs) and the Results Framework. IRs that cannot be monitored may indicate results that are not achievable.

B. Performance Monitoring Plan (PMP)

1. Introduction

- a) During the development of its strategic plan and Results Framework, an Operating Unit develops the underlying development hypothesis that explains why the SO is achievable if all results are achieved. The Operating Unit also identifies a few preliminary performance indicators, performance base lines and targets for each of its Strategic Objectives, strategic support objectives, special objectives, and Intermediate Results (IRs).
- b) While USAID's ability to monitor those results not directly under their control will be necessarily limited, it is still essential to consider how key results not funded by USAID will be monitored. The ability of non USAID-funded results to be achieved may significantly affect the overall performance of the SO and therefore need to be part of the overall monitoring plan.
- c) Agency guidance requires at least one performance indicator be developed for the SO and each IR.
- d) Operating Units are required to complete a set of indicators for their Results Framework by preparing a Performance Monitoring Plan (PMP).
- e) Although PMPs are required at the Operating Unit level, review by central or regional bureaus is not mandated. Some bureaus encourage sharing PMPs. PMPs should be an operational tool, not simply a static plan. (The PMP and its use are described in more detail in Unit 3). PMP document should be updated as needed to ensure plans, schedules, and assignments remain current.

- f) The PMP is a tool Operating Units use to plan and manage the collection of performance data. PMPs should include:
- A detailed definition and purpose of each performance indicator;
 - The source, method, frequency, and schedule of data collection; and
 - The office, team, or individual responsible for ensuring data is available on schedule.

As part of the PMP development process, it is also advisable (but not mandated) for Operating Units to plan for:

- How the performance data will be analyzed;
- How it will be reported, reviewed, and used to inform decisions; and
- How partner and customer inputs will be encouraged and used in preparing the PMP.

2. Required Components of the PMP

- a. Performance indicators for each result
Performance indicators provide information to assess the performance of an IR or SO. The meaning of the indicator as an adequate measure of the result will need to be explained and the unit of measure employed will need to be defined. When defining an indicator and unit of measurement:
- State exactly what will be measured. Be precise about all technical elements
 - Identify the exact measurement. If it is a percent or rate, define the numerator and the denominator.
- b. Data Source and Method of Data Collection
Be as specific about the source (the entity from which the data are obtained) as possible. Be sure to cite from whom and through what mechanism (i.e., report, survey) data will be obtained. Provide sufficient detail on the data collection or calculation method to enable it to be replicated.
- c. Frequency and Schedule of Data Collection
When planning the frequency and scheduling of data collection, an important factor to consider is management's needs for timely information for decision-making.
Planning the frequency and schedule of data collection involves considering:
- When the actual arrival of the data into the mission will take place.
 - Who will be responsible for ensuring that the data is available at the mission?
 - How often the data will come to the mission.
 - When the data are needed as input to management decisions.

d. Responsibilities for Acquiring Data

For each performance indicator, the responsibility of the Operating Unit for the timely acquisition of data from their source should be clearly assigned to a particular office, team, or individual.

Unit 3, Lesson 3 contains more detailed explanation on data sources and indicator and data quality.

C. Other Performance Measurement Planning

Although not required for inclusion in a PMP, Operating Unit performance measurement planning should take into account these other aspects:

1. Data Analysis Plans

To the extent possible, plan in advance how performance data for individual indicators or groups of related indicators will be analyzed. Identify data analysis techniques and data presentation formats to be used.

2. Plans for Complementary Evaluations

Operating Units may find it useful to plan on a regular basis what evaluation efforts are needed to complement information from the performance monitoring system. However, not all evaluative needs can be pre-defined. Operating Unit's therefore should include enough flexibility to permit issues to be reviewed as they arise.

3. Plans for monitoring underlying hypotheses and the context affecting an SO

It is often essential to track underlying assumptions, and some of the causal relationships affecting a SO. This information supplements performance indicators directly linked to specific results, but is often not included within a performance plan. From the perspective of results management, such information can often be critical to understanding what needs to be done to improve performance.

4. Plans for Communicating and Using Performance Information

Planning how performance information will be reported, reviewed, and used is critical for effective managing for results. For example, plan, schedule, and assign responsibilities for internal and external reviews, briefings, and reports. Clarify what, how and when management decisions will consider performance information.

Specifically, plan for the following:

- Operating Unit performance reviews.
- USAID/W reviews and the R4 Report.
- Partner reviews, reports, and briefings.
- Decision-making events requiring performance information. The ultimate aim of performance monitoring systems is to promote performance-based decision-making. To

the extent possible, plan in advance what management decision-making processes should be influenced by performance information.

- For example, budget discussions, programming decisions, evaluation designs/scopes of work, office retreats, management contracts, and personnel appraisals often benefit from the consideration of performance information.

5. Budgeting for Performance Monitoring

Estimate roughly the costs to the Operating Unit of collecting, analyzing, and reporting performance data for a specific indicator (or set of related indicators). Identify the source of funds.

If adequate data are already available from secondary sources, costs may be minimal. If primary data must be collected at the Operating Unit's expense, costs can vary depending on scope, method, and frequency of data collection.

Sample surveys may cost considerably more than \$100,000, whereas rapid appraisal methods can be conducted for much less. ADS guidance gives a range of 3 to 10 percent of the total budget for a SO as a reasonable level to spend on performance monitoring and evaluation.

Often strategies will include results that improve the level of USAID program knowledge or the ability of the host country to monitor and use information in their program management. These programs can also do both; support the funding of performance information gathering for the Operating Unit, and ensure that the use of knowledge becomes more sustainable and integrated into a host country's results management infrastructure.

D. Performance Baselines and Targets

Performance Baselines:

The performance baseline is the value of the performance indicator at the beginning of the planning period -- ideally, just prior to the implementation of USAID program activities. The baseline may be a single value, or can be data reaching back several years so as to establish a trend line. Operating Units may be able to rely on secondary data sources for the baselines, if available, or may have to conduct primary data collection efforts to establish the values.

Performance Targets:

Operating Units should establish a performance target for each performance indicator its selects for its SO and IRs. The targets are one way to gage expected progress and impact relative to the baselines. Whereas the indicator defines how performance will be measured along a scale or dimension, the target identifies the specific, planned level of result to be achieved within an explicit timeframe. For example, for the indicator "value of credit provided

to small enterprises by private financial institutions," the target might be "\$500 million provided by 2002."

The definition of targets in fact can be essential in defining a realistic SO and Results Framework. Thinking through achievable targets requires consideration of HOW results are to be achieved, not just how they are to be monitored, and as such is also a key part of activity planning, as discussed in Unit 1, Lesson 7.

Other information on implementing and monitoring using the PMP will be covered in the Portfolio Monitoring Lesson in the Achieving Unit and in the Monitoring and Evaluation unit in these training materials.

Lesson 5: Strategic Objective Team Formation

Learning Objectives:

In this lesson, the trainee will learn:

1. The purpose of the SO Team in USAID's work;
2. The differences between SO Teams and other types of work groups and organizational structures;
3. The functions, team membership and member roles on the team;
4. How the SO Team might form sub-teams to conduct its work;
5. The importance of delegation of authority and effective decision making methods in teamwork; and
6. Documentation relative to team formation.

Outline - Unit 1, Lesson 5

- A. Introduction
- B. SO Team Structure
 1. SO Team Functions
 2. Team Membership
 3. Team Member Roles
 4. Use of sub-teams to organize and distribute workload
- C. Delegation of Authority
- D. Decision-Making
- E. Team Formation Documents
 1. Mission Order on Delegation of Authority
 2. Team Charter
 3. Management Agreement

A. Introduction

This lesson provides information necessary to form SO Teams. Management of SO Teams is covered in Unit 2, Lesson 2. Operating Units are required to form a SO Team for each strategic, special or strategic support objective (the term SO Team as used here refers to all three types of objectives). These Teams consist of USAID staff, as well as customers, stakeholders and partners. They are created to plan, achieve, and assess the strategy for the objective they are responsible for. SO Teams are dynamic and the membership will typically evolve over time as the work evolves from planning to achieving results to activity closeout.

Definition of SO Team: A SO Team is a group of people with complementary skills who are empowered to achieve a specific USAID development objective for which they are willing to be held accountable. The primary responsibility of SO Teams is to make decisions and carry out activities related to accomplishing the objective. Another essential function is to ensure open communication and collaboration across organizational boundaries at all phases of the development process.

The following are some general considerations related to SO Team formation:

1. **Team size:** Generally, an ideal team size is 5-8 members. If it is smaller than that, the Operating Unit may have difficulty staffing the team with the appropriate mix of skills to implement the Strategic Objective. A larger team will be less manageable and may lack the agility, responsiveness, and decision-making ability of a smaller team. In such cases, it is useful to divide into sub-teams.
2. **Other teams:** In addition to SO Teams, an Operating Unit may form other teams for various purposes and tasks. The Operating Unit has wide discretion in determining the composition, functions, and life span of these teams.
3. **Other Types of Work Groups:** In addition to teams, Operating Units may form consultative groups, steering committees, task forces and other work groups that normally do not function as teams. Teams are decision-making bodies whose members are jointly responsible for achieving a common objective.
3. **Offices versus SO Teams:** Before SO Teams, Operating Units managed development activities (projects) through a traditional office structure (e.g. an Agriculture Development or Health Office). The gradual conversion to SO Teams did not preclude the continued maintenance of these technical offices. While SO Teams are required, Agency guidance provides Operating Units with the flexibility to determine when to modify their organizational structure. Some Operating Units may still use a combination of traditional technical offices and teams while others have ceased using technical offices altogether. The main advantage of SO Teams is their ability to bridge organizational boundaries. The objective to be achieved provides the main focus of the SO Team organization rather than supervisor-supervisee relationships. SO Teams, as stated earlier, should have as membership those people who bring the expertise, knowledge and authorities necessary to achieve the SO. Therefore, SO Teams will normally include a variety of technical and non-technical people, from units both within and outside of USAID Teams may include part time and full time members. Full time USAID employees may be members of several SO Teams, other types of work groups, and a traditional office.
4. **Supervisory Responsibilities and Teams:** All USAID employees must have a formal supervisor. This supervisor performs such functions as planning and organizing work, conducting the annual performance appraisal, approving leave, selecting or participating in the selection of subordinate employees, hearing and resolving complaints and grievances, and effecting disciplinary measures. Supervisors also serve as coaches who empower staff to accomplish work. A SO Team Leader may or may not serve as the formal supervisor of SO Team members. When SO Team members report to a formal supervisor who is outside the team, it is expected that this supervisor will obtain and use substantive feedback on the team member's performance from the Team Leader and other team members for the purpose of completing the employee's annual performance evaluation. As with traditional supervisors, SO Team Leaders are expected to play a significant role in recruiting and coaching all members of a team.

B. SO Team Structure

The structure of a SO Team is determined by the functions it must carry out with respect to a specific set of results and activities. The following summarizes these functions and discusses how the three main elements of structure - membership, roles and sub-teams - are determined.

1. SO Team Functions

a) General functions:

The overall task of the SO Team is strategic management this includes several functions that can be summarized as follows:

- identifying customer needs
- articulating and leading the development strategy;
- planning and obtaining necessary approvals for activities needed to achieve the strategy;
- managing these activities (see lesson 7, section D, step 8 for more details on activity management functions of SO Teams and discussion of SO Team and CTO role in Unit 2 lessons 5 and 7);
- meeting regulatory requirements that apply to the resources used;
- ensuring that conflict of interest is avoided and procurement integrity is maintained;
- coordinating and collaborating with partner and host government organizations;
- assessing and reporting on results;
- modifying the strategy, and tactics (activities) as necessary; and
- closing out activities

b) Inherently governmental functions and the core members:

In carrying out the general functions described above, some decisions and actions will be needed that are considered "inherently governmental". Inherently governmental functions include such things as representing the Agency in negotiations with other organizations; formulating policy; negotiating acquisition and assistance instruments; or carrying out other Agency responsibilities in conformity with specific delegations of authority to individual or classes of team members. Two special areas of concern with respect to these functions are avoiding conflicts of interest, and ensuring the integrity and fairness of procurement processes (discussed further in a separate lesson). Only USAID employees can only carry out inherently governmental function.

2. Team Membership

The SO Team is composed of staff from USAID, customer, stakeholder, and partner organizations. Members are chosen based on the knowledge, skill, expertise and authorities -- i.e. the "value added" -- that they bring to the SO Team. The right skill mix is key to the success of the SO, and includes technical as well as administrative domains. The basic principle for selecting members is to customize membership around the particular needs of the strategy and activities in order to effectively carry out the functions of the team. In

the administrative areas, expertise in budgeting, activity planning, procurement, financial management, accounting, and legal issues is typically needed. In technical areas, the expertise required will depend on the sector of work involved (e.g. health) and the kind of work to be carried out (e.g. civil engineer if construction of clinics or water systems is involved).

Each SO Team must have a "core" group of USAID staff for the purpose of carrying out inherently governmental functions. Core members will be selected from USAID staff available to the Operating Unit who have the expertise and authorities necessary to carryout inherently governmental functions.

SO Teams may have "virtual members." These are members who are not physically present but play a vital role in the achievement of the SO. They collaborate in decision making via electronic technology with other SO Team members. Examples of virtual members may include the Regional Contracting Officer and Regional Legal Advisor, USAID/W or regional technical staff, or an international technical expert.

While team members may not devote 100% of their time to a SO Team, all members have a vital role in, and share responsibility for, achieving the results of that SO.

3. Core Team Member Roles

Many different roles can be described for members of SO Teams. These will vary extensively according to the nature of the programs being achieved. For USAID employees who function as core members there are four particularly common roles that tend to occur on most SO Teams. They are described briefly here.

- a) SO Team Leader - Agency guidance on allows creation of formal teams (and sub-teams) that do not have a designated leader (ADS102). In these cases, it is anticipated that the team as a whole reports to a manager in the hierarchy who is not on the team. In the case of SO Teams however, it is usually practical to have a designated Team Leader. This is both for delegations of authority and team management reasons. Some authorities, such as approving specific activities are delegated to individuals only and would logically be delegated to a Team Leader (see discussion below). The head of an Operating Unit who delegates such authorities often prefer delegating approval authorities to an individual on the team who can be held personally accountable (in part through the employee evaluation process). Team management reasons include the need to recruit and coach team members, manage boundaries between the team and other organizational units, and make decisions when a team consensus approach is not practical (see decision making discussion below). Someone who is seen as leader of the SO Team can often best do these tasks. As pointed out latter in the Lesson on Team Management (Unit 2, Lesson 2), it is critical that Team Leaders clearly understand the differences between managing a team and managing a traditional office.
- b) Technical Expert - The SO Team will need individuals with technical expertise in the type of programs to be carried out. To make some inherently governmental decisions, it

may be necessary to have adequate technical expertise among core members of the SO Teams - i.e. among USAID employees. This expertise is usually supplemented or rounded out by additional expertise provided by external team members who are not USAID employees.

- c) CTO - The Cognizant Technical Officer role is described in detail in Unit 2, Lessons 5 and 7. The CTO plays a key role in managing acquisition and assistance instruments. The SO Team nominates an individual to be the CTO for a specific contract or grant/cooperative agreement. The Contracting/Agreement Officer is responsible for designating an individual as a CTO.
- d) Internal regulations experts - SO Teams will need expert advice from USAID staff members who have expertise in USAID's processes and regulations. These skills are often limited to specific individuals in or supporting an Operating Unit such as Program Officers (budget and policies), project development officers (activity planning), contract officers (procurement), legal advisor (legal issues), controllers (financial management issues).

4. Use of sub-teams to organize and distribute workload

The final element of team structure relates to how workload is distributed among team members. Organizing to do the work involves applying principles of good management and common sense, balancing team size, member skills and authorities, and the various tasks associated with activity design and management. In organizing workload, teams should avoid creating unmanageable or inefficient arrangements such as:

- Expecting a large SO Team to manage, through group consensus, a broad set of complicated activities;
- Diluting teamwork by delegating all activity management to individuals (the old Project Manager model).
- Unnecessarily excluding external partners in program assessment and decision making, and thus losing valuable ideas, experience and knowledge that increases the quality of decisions.

Over the life of a Strategic Objective, the type of work and skills needed will evolve. At certain phases, such as when a team shifts from planning a strategy to achieving, SO Teams need to revisit team member roles and responsibilities to include activity management as well as assessing and learning. All members must be aware of organizational conflict of interest and ethics guidance and the need for some information and decision making to be limited to core members (see separate lesson on this topic).

There are several ways for SO Teams to divide workload into manageable pieces. The following illustrates the more common approaches used:

- a) **The One Team approach:** The SO Team manages activities as a single team. Differentiation of member roles takes place such as assignment of CTO responsibilities and identification of core members, but no sub-teams are formed. Decisions are made

at the SO Team level, except for those few decisions which must be limited to core members or those decisions which the team has delegated to individual members. This approach can work quite well when both team size and the number of activities are limited. It can also be useful for limited periods when a larger team is relatively new or its members have changed, and the team needs a higher level of communication to adjust to the change.

- b) **SO Team with activity sub-teams:** SO Team members divide themselves into formal sub-teams who are responsible for different sets of activities. All sub-team members are members of the larger SO Team, but some decisions and responsibilities are delegated to the sub-teams while others are handled at the SO Team level. Core members can be identified at both levels for carrying out tasks and decisions limited to them. In this case, each SO Team member effectively serves in two capacities: as an SO Team member, who weighs in on strategic management issues, and a sub-team member who is responsible for activity-level decision making and management. This option can work well in more complex programs where:
- There are many operational details which can be resolved at a lower level, or
 - Where there are few opportunities for trade-offs in allocation of resources among activities (due, for example, to earmarks or other factors which limit the range of decisions that can be made across activities).
- c) **SO Team with functional sub-teams:** The SO Team delegates to sub-teams specific management functions across several activities. For example, developing a performance monitoring system that collects information for all activities, or managing training for several activities. This approach is particularly useful when functions involve use of specialized skills or a single point of contact with external counterparts involved with that function (e.g., a training institution). As always, some tasks would be limited to core members.
- d) **SO Team plus sub-teams comprised of additional members:** The SO Team creates sub-teams and recruits additional members who belong to the sub-teams only and are not part of the higher-level SO Team. This option is useful in the case of a very large and complex set of activities, which require full time attention of certain members over a protracted period. This option also works well for smaller SO Teams, allowing them to draw on additional human resources to form sub-teams. Sub-teams serve to expand participation in strategy implementation without increasing the size of the SO Team. Significant decision making authority can be delegated to sub-teams. Clarity of roles and responsibilities is particularly important to ensure that sub-teams are aware of what decisions need to be made at the SO Team level. Use of a management agreement between the SO Team and sub-teams can be useful in this regard.

Flexibility in choosing organizational approaches and adjusting them over time allows USAID to manage program workload more efficiently. The number of possible team members and the particular skills and expertise they bring with them will influence the choice of structure. In selecting the particular approach that makes sense for a given SO, managers should seek the one that best supports achievement of development results and regulatory

requirements, with the most effective use of limited staff resources.

C. Delegation of Authority

A delegation of authority occurs when an official, vested with certain authorities, extends that authority to a team or an individual within a chain of command. The official retains the oversight responsibility over that team or staff person. The empowered team or staff person, in accepting the authority, agrees to exercise the delegation in a responsible manner (i.e., they are willing to be held accountable). Some authorities are general; others are highly specific.

General authorities can include overall responsibilities for developing and implementing a program. The Mission Director or Operating Unit Head typically delegates general responsibilities for managing a program to a SO Team. These general delegations are often informal and may be stated in the Team Charter or a Team Management Agreement with the Mission Director. Certain elements of USAID's business are highly regulated, such as finance and procurement. In these cases, certain individuals are formally delegated specific authorities because they have met pre-determined requirements.

Specific Delegations of Authority exist throughout an organization and are formally delegated to individuals. USAID has formal Delegations of Authority that actually start with the President of the United States. The President delegates authority for the foreign assistance program to USAID's Administrator through the Secretary of State. The Administrator then delegates some of these authorities to the Assistant Administrators of each bureau, who in turn delegate some of their authorities to Mission Directors and heads of Washington Operating Units. These delegations are specified in ADS 103. In addition, the management contract, issued upon approval of the Operating Unit's Strategic Plan, will contain authorities for implementing the Operating Unit's program (see Lesson 3).

Certain authorities, such as many of those related to procurement or financial management, reside only with those staff who have been trained and certified to do the job. For example, Contracting Officers have contracting warrants that are not re-delegated. In addition, some mission staff, such as the Legal Advisor or Program Officer, may have authorities to clear or approve certain actions based on a mission's internal delegations of authority document (typically contained in a Mission Order).

Management decisions at the Operating Unit concerning the mix of authorities that are delegated to Teams and individuals will take into account the experience and expertise represented on the Team and Agency regulations about Delegation of Authority. Management should ensure all individuals who are delegated authority have the proper training and skills to accomplish delegated responsibilities. Management does not delegate authority to individuals who have insufficient skills or knowledge to fulfill their duties.

While an SO Team may have general authorities to carry out a program, SO Teams only have specific implementation authorities to the extent that these have been formally delegated to the SO Team Leader and that some team members bring with them specific authorities that are not re-delegable.

Procurement, legal, and financial staff serving on the Team will have certain functional responsibilities they must exercise. They may or may not have the full authorities for executing that function. For example, a SO Team member from the procurement office may or may not come with a contracting warrant. Therefore, consultation with and approval from their functional office may be required to complete certain actions.

Other staff may also have individual responsibilities. The Contracting Officer will delegate authorities to the Cognizant Technical Officer (CTO), who has been identified by the SO Team for that role (See Unit 2 for more details).

It is critical that all staff are aware of the specific authorities they have or don't have, and avoid creating audit risk by attempting to exercise authorities which they don't possess. Operating Units normally have a Mission Order which specifies what specific authorities are vested in which individuals which covers common approvals on various internal documentation and actions (see section E below). A legal advisor can clarify the situation in any given case. When in doubt, check!

D. Decision-making

Decision-making is a process by which team members commit to a course of action through a process of deliberation. Clear and explicit methods of reaching decisions build confidence, and promote collaboration, and support team leaders in sharing responsibility without feeling a loss of control. Although they take more time, group decisions tend to incorporate the maximum amount of data and experience plus a diversity of opinion. This can improve the quality of the decision and ensure greater follow-through. Team members who participate in decisions are more likely to implement them.

It is important to recognize different decision-making approaches available to a team and how each is appropriate in the right circumstance. A common error is to assume that group consensus is the only form of team decision making. The method appropriate in a particular case depends on the decision to be made and the team involved.

In general, decisions should be made by team consensus when the outcome:

- a) Affects everyone on the team;
- b) Has long-term implications;
- c) Is critical for the team's customers (who may or may not be represented directly on the team), or
- d) Is a sensitive issue and therefore team members need to know and understand how a decision was reached.

There are many occasions however when these criteria don't hold or when there is no time to go through a decision process involving the whole team. In such cases other methods involving fewer team members are needed. The following summarizes four methods of team decision making with various levels of participation of team members. Each method has advantages and disadvantages. Using the method most appropriate to a given decision situation will help achieve

efficiency in decision-making processes. Discussing these approaches in advance in relation to anticipated future decisions can be very helpful in building trust and improving communication among members.

I. DECIDE	
Definition: Team Leader makes decision and communicates it to the team.	
POSSIBLE ADVANTAGES	POSSIBLE DISADVANTAGES
<ul style="list-style-type: none"> • Decision can be made quickly. • Team Leader is in immediate control of the decision. • Implementation can begin immediately. 	<ul style="list-style-type: none"> • It may not be the most well informed decision. • Those assigned to carry out the decision may balk at implementation. • Those affected by the decision may harbor resentment about not having been asked their opinion.
Rationale for using this option:	
<ul style="list-style-type: none"> • Little time to make the decision without adverse impact. • Team members are likely to support and implement the decision. 	

II. GATHER INPUT FROM INDIVIDUALS AND THEN DECIDE	
Definition: Team leader gathers input from some team members, then makes the decision	
POSSIBLE ADVANTAGES	POSSIBLE DISADVANTAGES
<ul style="list-style-type: none"> • More information with which to make a decision. • Increased likelihood that decision will be carried out. • Doesn't require a meeting of all the team members. 	<ul style="list-style-type: none"> • Some team members may feel arbitrarily excluded. • Some team members may undermine the decision or be less likely to provide input the next time.
Rationale for using this option:	
<ul style="list-style-type: none"> • Need expert opinion of a few people to make informed decisions. • Team interests are represented by selected individuals. 	

<p>III. GATHER INPUT FROM TEAM AND DECIDE</p> <p>Definition: Team leader calls a team meeting to collect input, then he or she uses the input to make the decision.</p>	
<p>POSSIBLE ADVANTAGES</p> <ul style="list-style-type: none"> • More creative thinking because of group synergy. • Increased likelihood of well-informed decision. • People feel included and may be more committed to implementation. 	<p>POSSIBLE DISADVANTAGES</p> <ul style="list-style-type: none"> • Takes more time. • May surface issues or conflicts inappropriate for that meeting. • If resulting decision is in conflict with input, people may sabotage implementation.
<p>Rationale for using this option:</p> <ul style="list-style-type: none"> • Very important decision to many people. • Synergy may provide good options. <p>Opportunity to build common understanding of situation and key groundwork for implementation.</p>	

<p>IV. HAVE TEAM DECIDE BY AGREEMENT - CONSENSUS</p> <p>Definition: Team leader and team reach a decision that everyone understands, can support, and is willing to implement.</p>	
<p>POSSIBLE ADVANTAGES</p> <ul style="list-style-type: none"> • Educates the team through active participation. • High level of support for decision. • Quicker implementation because more people already up and running on the issues at hand. 	<p>POSSIBLE DISADVANTAGES</p> <ul style="list-style-type: none"> • May take more time. • Team members may not have the collaborative skills needed to reach agreement. • People may interpret team leader's choice of consensus approach as weakness.
<p>Rationale for using this option:</p> <ul style="list-style-type: none"> • Change caused by decision requires complete understanding and buy-in. • Need expertise of entire team to design effective change. • Team is experienced in consensus process. <p>If this agreement cannot be reached within the time allowed, a fallback decision-making option is used. (The fallback option must be clear on the outset).</p>	

Adapted from P. Keith Kelly, Team Decision-Making Techniques.

E. Team Formation Documents

The following documents are useful to support the formation and functioning of SO Teams (see Annex for examples).

1. Mission Order on Delegation of Authority

A clear Delegation of Authority Mission Order is very important to support SO Teams charged with implementing a program. It shows specific delegations to individuals for the range of implementation approvals and clearances. The Mission Order is the instrument an Operating Unit head, such as a Mission Director, uses to formally delegate the authorities he or she receives from the Assistant Administrator to members of the unit. In addition, the Mission Order summarizes additional authorities held by certain staff through a certification process (Controller or Contracts Officer). A Mission Order summarizes how the delegations provided to an Operating Unit are distributed among the staff and will specify what approvals can be made by SO Team Leaders and other members.

2. Team Charter

A Team Charter is prepared by a team and describes the team's purpose, authorities, membership, roles and structure. Team charters serve to record agreement on and communicate:

- goals
- boundaries,
- norm and expectations,
- roles of team members,
- relationship of sub-teams to SO Team

While the team charter is a document, team members often find that the process of creating and agreeing on a charter with fellow team members is very useful in clarifying how the team will function. By collectively working through each component of the charter, team members contribute to the development of the team. The process helps team members coalesce and reduces the possibility of future misunderstandings and conflicts. Teams will want to revisit their charters from time to time as membership changes and as the team evolves.

3. SO Team Management Contract

Just as Operating Units have Management Contracts with their Bureau, SO Teams can create a similar "SO Team Management Contract" with the head of the Operating Unit. These agreements typically specify the results to be achieved by the SO Team and the resources, staff, and authorities that will be provided to the team.

Lesson 6: Working with Partners

Learning Objectives:

In this lesson, the trainee will learn:

1. The underlying importance and challenges in effective partnering to conduct USAID's work;
2. Basic rules and regulation governing partnering;
3. How SO Teams can protect its members from organizational conflict of interest; and
4. The basic standards of procurement integrity and ethics.

Outline- Unit 1, Lesson 6

- A. Introduction
- B. Rules and Regulations Governing Partnering
- C. Organizational Conflict of Interest
 1. General Rules
 2. Standards
 3. Mitigation
- D. Procurement Integrity
 1. Standards of Conduct
 2. Procurement Integrity

A. Introduction

A significant focus of on-going USAID reform efforts is encouraging more collaborative working relationships with partner organizations. This is important because USAID's impact is largely dependent on the success of its development partners. Improving existing partner relationships and encouraging new ones is therefore critical to managing for results. Issues such as communication, transparency, sharing in decision making as appropriate, engendering more trust and confidence between partners, are all part of the challenge.

What makes this task complex are the literal and figurative "firewalls" that exist between USAID and its partners. The literal ones will be described in greater detail below in the section on "Rules and Regulations Governing Partnering". There are indeed situations where the nature and magnitude of communication, transparency, and participation in decision-making by partners is prohibited. These restrictions exist in part out of a concern that potential partner organizations have an equal chance at becoming funded partners. On the other hand, the figurative might be best described as "cultural firewalls". Evidence of this kind of impediment is exemplified by SO Teams composed only of USAID employees, which use partners as an occasional reference group rather than as members of the SO Team who are actively and regularly involved in team processes and work.

USAID has been making greater strides toward increasing the level of real participation of partners in the full array of its activities and decisions through a variety of means by:

- Providing an enabling environment for the free exchange and gestation of ideas;
- Being more responsive to partner desires for trust and confidence; and
- Providing partners with greater access to some of the wide array of management tools that the SO Team uses in its planning, achieving, and assessing and learning efforts.

Some of the key concepts that should guide efforts to improve partnering include:

- Communication;
- Cooperation;
- Coordination; and
- Collaboration.

Communication involves giving and receiving information about goods and services, products and processes that individuals and groups are developing and using. Communication of this kind can reduce duplication of effort, for example, in the provision of certain services. It can also enhance the impact of existing programs and services because of greater awareness that communication allows. Two of the key questions USAID and its partners must work to answer together are:

- What is going on?
- Why is it going on?

Understanding the what and why of everyone's actions will lead to greater efficiency and effectiveness in planning, achieving, assessing and learning.

Cooperation is a form of social interaction. Fundamentally, it is a form of interaction between two or more communicators (e.g., USAID and its partners) who reach some degree of understanding about how they are going to work and communicate with each other. Cooperative actions include meetings and sharing of information (perhaps by phone or email) on a more ad hoc basis than other forms of interaction.

Coordination is a more complex form of social interaction. It fundamentally requires that two or more communicators determine to combine some amount of their respective resources to better meet mutually held needs. Coordination may be as simple as sharing a fax machine or as complex as sharing in data collection efforts.

Collaboration is the highest form of interaction. It involves a process of jointly defining objectives and combining respective resources. Through the synergy of collaborative efforts, USAID and its partners are more likely to achieve mutually defined objectives. At times this can result in more profound creative work which provides a new basis for longer term sustainable development to take place.

It is important to note that these forms of social interaction often happen at the same time and with little thought. As people communicate, they often do so in a cooperative way. Communication is fundamental to each of these forms of social interaction. So, too is some degree of formal or informal planning about the kind of social interaction that USAID and its partners will want to undertake. Cooperation is more informal, while coordination requires more formal agreement and planning for when and how coordination will occur. Collaboration requires the greatest degree of formal planning since there is a need for a forum to define objectives, determine what kinds of resources will be shared, and determine a plan of action for achieving the defined objectives.

B. Rules and Regulations Governing Partnering

Each SO Team is intended to have members who work for organizations external to USAID. In fact, USAID policy requires and encourages frequent and substantive interaction between USAID staff and our partners and customers, including host country citizens, foreign government representatives, higher education institutions, and other donor organizations.

Participation and consultation are essential features of the Agency's Strategic Planning and implementation process as elaborated in the ADS 200 series. In the achieving context, and within the limits described here, members of the SO Team are expected to discuss whatever is needed to achieve the objective. This may include ideas about new activities and progress on existing activities as well as review of overall progress in meeting the objective.

However, SO Team members need to be aware of a number of limitations with regard to Acquisition and Assistance instruments. These limitations are intended to promote fairness and integrity in the processes followed by USAID to plan, award and administer transfers of funds to other entities. The regulations discussed below lay out ground rules and guidelines regarding when and how USAID personnel and other partner members may interact in order to preserve the option for these external organizations to participate in a given activity at a future date. Furthermore, these regulations provide guidance to Agency employees with regards to certain procurement-related restrictions on their own conduct with partners. These limitations and regulations are discussed in detail in guidance (See the Partnering General Notice Issued by GC) prepared by the General Counsel (GC) and PPC and are briefly described in the next two sections.

C. Organizational Conflict of Interest (OCI)

1. General Rules

An Organizational Conflict of Interest (OCI) can occur when an organization that has designed an activity which will be implemented by contract, or contributed to the development of the scope of work (SOW) for a contract, also seeks to implement the contract in question. If an OCI is determined to exist with respect to a particular contract solicitation, the organization that has the OCI is precluded from receiving the contract award. OCI concerns do not arise in connection with the design or development of assistance instruments. OCI issues also generally are not presented when an organization makes general contributions to concepts, ideas or strategies (i.e. the stage prior to identifying possible implementation instruments)."

OCI is unlikely to be a concern if involvement of outside organizations on the SO Team is stopped before the point of identifying possible implementation instruments or if only assistance (not contract) instruments are involved. If SO Team members who are not USAID employees do participate after identifying a possible contract procurement, it is necessary to consider a number of OCI standards as identified below and described in FAR Part 9.505. The Contracting Officer should examine the particular facts of each individual

situation to decide if a potential conflict of interest exists and whether the conflict can be mitigated or avoided.

2. Standards

"Directly, Predictably and without delay":

An organization that designs an activity or develops material that leads directly, predictably and without delay to a Statement of Work (SOW) for a contract generally may not compete to implement the contract in question, either as a prime or a subcontractor.

Bias:

Bias focuses on information that an outside organization provides to USAID (e.g., design work) and USAID's ability to evaluate the merits of that information to ensure that the outside organization has not created a design toward its own strengths.

Unfair Competitive Advantage:

Unfair competitive advantage occurs when an organization gains insight into USAID's plans for an upcoming procurement or learns of its competitor strategies. This information may be "competitively useful" in the upcoming procurement, thus giving that organization an unfair advantage in the competition for the given award.

3. Mitigation

Mitigating unfair competitive advantage involves:

- Identifying competitively useful information held by one potential offerer and
- Sharing that information with all other potential offers.

This "levels the playing field" and enables the organization in question to compete on a fair basis.

Bias is avoided if an outside organization's involvement in the design is limited and USAID staff actively participate to reach an informed decision regarding the best design for the Agency's interest.

D. Procurement Integrity and Ethics

In the SO Team context, the procurement integrity and ethics rules are identical to those applicable in other USG work contexts. In general, ethics rules apply equally to assistance and acquisition matters, while procurement integrity rules are applicable only to contracts. The rules apply to personal services contractors (PSCs) in addition to direct-hire Agency employees.

1. Standards of Conduct (<http://www.usoge.gov/>):

By criminal statute, a Federal employee generally cannot participate "personally and "substantially" on matter that has a "direct" and "predictable" effect on the employee's

financial interests. Additionally, the Standards of Conduct also prohibit certain post-employment activities for a time frame after leaving the federal government.

The Standards of Conduct also cover a variety of other situations involving the interaction between USAID employees and outside parties, as well as situations involving the interaction among USAID employees. Annual ethics briefings are required of all employees. In addition, an ethics homepage is under development and will be added to the USAID website.

2. Procurement Integrity (<http://www.arnet.gov/far/loadmain.html>):

Procurement Integrity rules

- Limit disclosure or release by USAID employees and others of "contractor bid or proposal" and other "source selection" information (as defined in FAR 3.104-3) to persons with a need to know this information for purposes of carrying out the procurement.
- Require USAID employees involved in a given procurement to report to their supervisor any contact with a bidder or offerer during the course of the procurement about business or employment opportunities; and
- Also contain certain post-employment restrictions applicable to USAID employees for specified time frames.

Lesson 7: Activity Planning

Learning Objectives:

In this lesson, the trainee will learn:

1. The definition of "activity" and its relationship to inputs, outputs and results;
2. The principles of activity planning;
3. Ten illustrative steps that Operating Units will employ to move from their strategy to activity planning. These steps start with identification of outputs leading to selection of implementing instruments, preparation of pre-obligation requirements and documentation for activity approval;
4. Additional consideration for SO Team organization based on activities to be approved and managed; and
5. The minimal documentation requirements accompanying activity planning and approval (results package).

Outline - Unit 1, Lesson 7

- A. Introduction
- B. Definition of Terms
 1. Basic Definitions
 2. Outputs versus Results
 3. Understanding Results Packages
- C. Principles of Activity Planning
- D. Ten Steps in Activity Design
- E. Next Steps: Achieving, Assessing and Learning

A. Introduction

Conceptualization of development activities begins during the strategic planning process. A preliminary description of how the SO Team will achieve the strategy is described in the "illustrative activities" discussion of the Strategic Plan. Once the Strategic Plan is approved, more detailed activity planning is needed before achieving can begin. Often times these two processes - strategic planning and activity planning take place concurrently, particularly when a new strategy is developed that builds upon activities from a previous strategy.

As USAID-funded activities involve transfer of resources to other governments and organizations, the process of developing and approving activities is regulated and at times complex. This lesson provides an overview of the steps needed to plan, organize, document and approve those activities that are designed, approved and managed by USAID. More detailed guidance on this subject is provided in ADS200. This lesson does not cover what is known as "program assistance" where resources are provided to host governments through cash transfers or commodity import programs that finance costs of activities that are not directly designed and managed by USAID. Program assistance is beyond the scope of this course. However, you will find some brief explanation of these mechanisms in the Implementing Instruments lesson (Unit 2, Lesson 3, item B.2.c).

B. Definition of Terms

1. Basic Definitions

The following definitions are essential in thinking about activity planning:

Definition: Input - A resource that is used to create an output. For example: funding, technical assistance, commodities, and training.

Definition: Output - A tangible immediate and intended product or consequence of an activity. Examples of outputs include a strengthened institution, trained personnel, better technologies and a newly-constructed building. A combination of outputs will normally be required to achieve an intermediate result.

Definition: Activity - An activity is the set of actions through which inputs are mobilized to produce specific outputs. Examples of activities might include the work of a USAID staff member directly negotiating policy change with a host country government, or providing technical assistance to strengthen the skills of rural medical staff. Activities essential to achieving Intermediate Results in the Results Framework may or may not be funded by USAID.

Definition: Result - A developmentally significant change in the condition of a customer or in a host country condition which has a relationship to the customer. What constitutes "significant" depends on the particular developing country context. Strategic Objectives are the highest level result for which an Operating Unit is held accountable. An Intermediate Result is a key result which must occur in order to achieve a Strategic Objective or another intermediate result.

Definition: Results Package - The combination of people, funding, authorities, activities and associated documentation needed to achieve a specified result(s) within an established time frame.

2. Outputs versus Results

Understanding the difference between outputs and results is important. The creation of outputs is generally under the direct control of an implementing entity (grantee or contractor institution) using resources provided. For example, deliverables under a contract are outputs. In differentiating outputs from results, it can be useful to think of the latter as developmentally significant events which impact on customers, while outputs are lower level steps that are not developmentally significant in themselves, but are essential in achieving results. Outputs may impact on ultimate customers, but in a much more limited way than Intermediate Results. The link between outputs and Intermediate Results should always be direct. However, it may take many outputs from several activities over time to create measurable impact at an intermediate result or Strategic Objective level.

Example 1

INPUTS →	OUTPUTS →	IR
Funding and technical assistance to disseminate information on proven agricultural techniques	Increased knowledge of agricultural techniques among farmer audiences	Sustainable agricultural practices adopted
Training of local blacksmiths on fabricating improved planting tools	Improved and affordable planting tools available on the market	

Example 2

INPUTS →	OUTPUTS →	IR
Funding to local environmental groups and the national geological survey department to conduct environmental monitoring	Reliable and relevant information collected and disseminated to national and regional planning bodies	Land use decisions based on sound environmental data

3. Understanding Results Packages:

A results package is not a document, nor is it an activity or a team. Rather it is a short hand designation for all of the items required to achieve a particular result or a set of results including the activities and the documentation necessary to initiate them. An SO Team that has completed a strategic plan, designed activities, documented their approval and obtained funding to start them, has, by definition, a results package. If different activities are undertaken to achieve different Intermediate Results, the SO Team may have more than one results package. While a SO Team must have all of the component parts of a result package to achieve results, there is no requirement to specify or define results packages per se.

Some Operating Units have found the results package concept useful to designate approval documentation for several activities (a "results package" document) and to distinguish certain SO sub-teams (a "results package" team). This provides these units with a framework for organizing and delegating some of the SO Team functions and authorities.

While there is no requirement to document a results package, it is essential to document and obtain approval for activities. The rest of this lesson provides the information necessary to accomplish this. The discussion of SO Team structure, authorities, funding and funds transfer instruments, i.e. the other constituent parts of a results package, are included in following lessons.

C. Principles of Activity Planning

The Agency's programming approach for activity planning is based on several principles that are intended to promote flexibility and speed of response while minimizing internal processes and reducing cost. They are summarized as follows:

- **Activities must support achievement of approved Intermediate Results.** The purpose and justification of any activity is to achieve a strategy's Intermediate Results. Activities which are not directly associated with an Intermediate Result are not permitted. SO Teams should question and avoid activities with no tangible impact on an Intermediate Result.
- **Strategies are approved at a Bureau level, activities are planned and approved by Operating Units and their SO Teams.** This approach focuses program accountability on results (not just inputs and outputs) and gives Operating Units and SO Teams the flexibility to adjust activities as needed based on local circumstances. SO Teams or designated sub-teams may change tactics, work plans, and activities as long as this improves the probability of achieving agreed upon Strategic Objectives. Some activities may need approvals at higher levels due to special concerns (such as use of cash transfers) or when special waiver authorities are needed.
- **Simplicity and low management cost.** Activity design should seek to group activities into the fewest number of management units possible and delegate appropriate decision making to implementing entities, consistent with their capacity. This serves to lower USAID management and procurement burdens, reduce USAID's overhead costs, and enable staff to focus more on development issues rather than internal processes.
- **Documentation flexibility.** Operating Units and SO Teams are given flexibility in determining the documentation necessary to support approval of activities and establish an audit trail. This flexibility is provided to reduce cost and improve efficiency. Guidance on acceptable standards is provided in ADS200. Final determination on the appropriateness of approval documentation rests with the approving official (Mission Director, Washington Office Director for a Washington managed activity, or SO Team leader with delegated approval authority).

D. Ten Steps in Activity Design

The process of developing activities necessary to achieve a Strategic Objective can be complex. The following provides an outline of key steps in this process that are applicable to a broad range of situations. Not all steps will be taken in all cases. While the steps are described in a step-by-step fashion for clarity of presentation, in actual practice they typically occur in an iterative, more or less concurrent, process. Steps are revisited several times as the process moves along.

The SO Team leads this development process and will need to call on expertise from its Legal Advisor, Contracting Officer, Controller, and Program Officers to determine the steps that are needed for a particular case. Early consultations with all of these experts is important to ensure that regulatory requirements are met with minimal delays.

To ease the workload associated with activity planning and to further Teamwork and Empowerment and Accountability, the SO Team might consider forming sub-teams around small sets of IRs and delegating to them some or all of the following planning steps. Similarly, once

activities are planned and approved these same sub-teams (commonly called a Results Teams or IR Teams) or other configurations may be delegated management functions for groups of IRs or activities. In the case of delegation to sub-teams the SO Team - as the lead of the process - will conduct reviews and approvals of the sub-teams plans and decisions on a periodic basis. Alternately the SO Team may decide to conduct all activity planning and management as a full group.

The time required for completing procurement processes and obtaining start-up funding can mean that little impact on results will occur for several months after strategy approval. For this reason, the SO team should seek to complete as many of the steps as is possible and prudent during the strategy development and approval process. Minimizing time-lags between strategy development and activity start-up is essential to ensure that the strategy and activities remains relevant and useful in a changing environment.

1. Flesh out the Results Framework

Results Frameworks submitted for Bureau approval are typically summary renditions of a more complex set of results necessary to achieve a SO within the life of the strategy. When developing strategies and activities, a SO Team will work with, or think in terms of, a more detailed set of Intermediate Results. If the SO Team does not have an sufficiently fleshed out RF for purposes of activity planning, they will need to develop one by thinking through what other Intermediate Results are needed to achieve those already on the framework. This typically requires tracing the causality of the RF three or more levels below the Strategic Objective level. Confirming the categories of customers to be affected by each IR is often helpful at this stage to complete subsequent steps.

2. Clarify role of other institutions in achieving Intermediate Results

In most strategies, USAID is just one of several entities contributing to the achievement of Strategic Objectives. Host country governments, other donors and private parties play central, if not leading roles. Results Frameworks (summary or detailed version) should include IRs necessary for meeting the Strategic Objective even when these are not financed by USAID. To the extent that USAID's success is related to that of others, it is vital to understand whether their activities are likely to be realized, and how their outputs and results complement those of USAID. The process of coordinating outputs and results with other entities begins during strategy development and continues through activity planning. It often requires on-going effort throughout the life of the SO. The SO Team will need to ensure it is not duplicating outputs financed by others and that there are no critical gaps in creation of outputs that might compromise achievement of results. The following steps refer to outputs financed by USAID.

3. Determine major outputs necessary to affect each Intermediate Result

The SO Team or sub-team will need to list the major USAID financed outputs needed to achieve each Intermediate Result along with a timeframe for completion. The level of detail should be sufficient to complete the activity planning process steps. This list of outputs and estimated completion dates will eventually be incorporated into various grant and contract documents. Implementing partners (those receiving USAID funds) will develop more detailed output plans as part of their work planning process. Each output should be

necessary to achieve the IR. Various technical analyses may be necessary to make informed choices on the most desirable outputs that are feasible. These may include economic, social soundness (including gender), environmental, technical, administrative, institutional and cost-benefit analyses. The type and level of analysis needed is determined by SO Teams and the approving official (see below). Much of the needed analytical work is normally carried out as part of the Strategic Plan.

4. Identify implementing institutions and determine their capacity

Two related but different capacities are important. First is the capacity to produce the desired outputs and results, second, the capacity to meet USAID financial accountability requirements.

For regional or global programs, this step may be as simple as deciding whether a contractor or grantee is most appropriate. For country programs, the selection process is more complex.

Institutions may include:

- Government ministries and agencies,
- Local governments,
- Local or expatriate educational institutions,
- Local or expatriate institutional contractors and
- Local or expatriate non-government organizations.

Host governments will often have major involvement in activity planning decisions, particularly when use of expatriate technical assistance or local non-government organizations is considered. A key issue for USAID is the capacity of host country institutions to affect ultimate customers in a sustainable manner over the long term. Capacity to meet USAID's financial accountability requirements is equally critical. Certification of the latter is required prior to providing funds.

External technical assistance is commonly used to strengthen institutions. Creating new institutions when existing capacities are extremely limited is also considered. In this case, creation of the new institution would be a major activity in itself. Weighing options and making good choices involves significant expert opinion and experience. Technical analyses are often necessary for this purpose. At times planned outputs are modified or new ones considered to take into account an institution's particular capabilities.

When this planning step is completed, planned outputs will have been grouped by the institution(s) that is expected to achieve them. (Oliver, John suggest we replace previous sentence with; Planned outputs will have been matched by the type of institution that is expected to achieve them.

5. Formulate initial cost estimate and develop financial plan

This step involves determining the specific inputs required for each institution to produce desired outputs, estimating the cost of these inputs, and making decisions about the source and method of financing. Since USAID funds are provided on a fiscal year basis, it will be

necessary to break out budgets by fiscal year based on the planned completion time estimates developed in step 3 above.

It is USAID policy to require that grant recipients (host government or non-profit organizations) co-finance part of the costs of an activity. This is referred to as a counterpart contribution. For grants to host governments, counterpart financing may be provided by other donors. Some policies and regulations limit the type of costs that USAID may finance. For example, salaries of government officials, non-US vehicles, and maintenance of infrastructure are examples of costs that USAID prefers to avoid. Where possible, these are funded from counterpart funds.

Matching the source of funding with the output to be financed is critical. Most dollar funds are tied to specific earmarks and directives that limit their use to specific types of activities (see budget lesson). Unrestricted funds - i.e. those not subject to limitations - are generally in short supply. Activities that only qualify for unrestricted funds will be more exposed to potential budget shortfalls. In addition to USAID dollars and counterpart contributions, in kind resources provided through PL480 Title II and III, as well as host country owned local currency that is jointly programmed with USAID may sometimes be available to support certain activities.

6. Select funds transfer instruments and develop procurement plan

Formal instruments are used to transfer funds from USAID to implementing partners. Some will serve as obligating instruments which legally bind USAID to a particular course of action (see below). Others will be subsidiary to a higher level obligation instrument. Use of these instruments is highly regulated and requires legal or contract officer expertise. The range of instruments and selection among them is discussed in Unit 2. They include:

- An agreement with the host government
- A grant or cooperative agreement with a Private Voluntary Organization
- Grants or sub-grants to local Non-Governmental Organizations
- A contract with an international or local firm.

More complex situations involve transfer of USAID funds through several entities in succession - for example from a Finance Ministry to a Health Ministry to local governments to a local contractor and local grantees. In such cases, it is useful to complete a schematic drawing that traces funding flow from USAID to and through the various entities. This is used to clarify relationships and ensure that capacities at each level are assessed according to the outputs they are expected to produce and applicable financial accountability requirements. Some type of formal instrument will be used whenever funds are transferred between institutions following either USAID regulations or local laws. The objective of the SO Team is to structure the formal relationship between all involved partners so as to:

- Maximize the likely impact on customers
- Minimize USAID management burden
- Minimize audit vulnerability

The result of this step is a selection of the obligating and sub-obligating instruments that will be used, and what parties they will be used with.

In most cases, contracts and grants to non-governmental entities will be executed by a USAID Contracting Officer. In rare cases, a host country government entity who is party to an obligation agreement with USAID will execute contracts or grants for activities. In either case, a procurement plan needs to be developed that confirms the procurement regulations to be followed (host country or USAID, competitive or non-competitive etc), the time frame for procurement processes to be completed, and the need for selection committees to be formed if necessary. These processes are discussed in more detail in Unit 2.

7. Determine and meet additional pre-obligation requirements

An obligation is a legal agreement committing USAID funds for the purchase of goods or services or for the purpose of providing assistance for a public purpose. Obligating instruments include, among other documents, grant agreements with foreign governments, contracts with U.S. firms, cooperative agreements with local non-governmental organizations and certain types of inter-agency agreements with other U.S. Government agencies.

An obligation always involves USAID and a partner entity. The obligating instrument commits USAID and the partner to provide the resources and follow the course of action described in the obligating document. Obligations with host country governments have the force of international law. Those with non-government entities are backed by US domestic, and when applicable, host country laws. Funds that are obligated in an agreement are not available for other purposes.

The legally binding nature of obligation instruments means they have to be entered into carefully. Extensive regulations at both USAID and federal government levels specify what steps must be completed before an obligation can take place. These pre-obligation requirements are discussed in detail in ADS 200. The major categories of pre-obligation requirements that apply to USAID-financed activities are outlined here. The first requirement on adequate planning will have been met through completion of strategic plans and the activity planning steps described above. The complete summarized list of requirements is as follows:

- a) **Adequate Planning** - Activities must be adequately planned and described. This requirement includes:
 - ◆ A description of how activities are linked to an approved Strategic Plan and Results Framework.
 - ◆ An illustrative budget which provides a reasonably firm estimate of the cost to the USG.
 - ◆ A plan for monitoring the impact of the activity on results achievement (see unit 3).
 - ◆ Appropriate feasibility analyses needed to support approval of activities. (e.g., social soundness analysis, institutional analysis, cost/benefit analysis)
 - ◆ A procurement plan that states the timeline for implementation including expected completion dates to be included in the appropriate implementing instrument, and

includes plans for competition or for waivers of competition, and source and origin requirements or waivers.

- ◆ Other waivers if necessary.
- b) **Environmental Review:** An appropriate environmental review consisting of an Initial Environmental Examination (IEE) must be completed prior to any obligation of funds. The IEE is one of the few activity level requirements that must be referred to USAID/W for approval (Bureau Environmental Officer). In some cases, a more involved Environmental Assessment will be required to identify appropriate mitigation measures which would need to be included as part of the activities implemented.
- c) **Country and Activity level statutory reviews:** This consists of completing checklists of statutory prohibitions or requirements which apply to the country in question and/or to the activities being funded. Statutory checklists are a formal mechanism used by USAID to identify legal issues in designing programs. They are updated by the Office of General Counsel each year, and are organized in two parts: Country Checklist and Assistance Checklists. Country checklists are prepared annually by the USAID/W country desk officer, while the Assistance Checklist is prepared by the Operating Unit usually once for the first FY obligation for a particular program or activity (or more if the activity is substantially changed).
- d) **Congressional Notification:** Congress must be notified of the Agency's intent to obligate funds for the SO or activity and there must be no outstanding congressional objection.
- e) **Funds Availability:** Funds must be available and their availability shown on the record. Obligations therefore can't take place until the budget for that fiscal year has been provided to the unit incurring the obligation.
- f) **Approval by an Authorized Official:** All activities and related obligating instruments must be approved by an authorized official (see below for approval authority and documentation).

8. Determine appropriate SO Team management structure

A key part of activity planning is determining how USAID will manage them. SO Teams are the responsible management unit. Operational units are responsible for ensuring that SO Teams are managing for achievement of their Strategic Objective. Lesson 1.5 On SO Team formation discusses the options available to SO Teams for organizing themselves to manage activities. The following provides some additional considerations focused on information that is needed for formal approval of the activities.

a) Activity Management Functions

At this point in the activity planning steps, the activities to be implemented have been matched by the type of institution who will do the implementing and the instruments to be used. To determine what management support is needed on behalf of the SO Team, it is useful to start with the functions that the SO Team needs to carry out and the

level of effort and expertise that will be needed in light of the activities and institutions involved.

Managing Activities entails the following general functions:

- Moving funds incrementally on an annual basis to implementing entities
- Providing USAID approvals of work plans and other actions as specified in the agreement instrument
- Ensuring that payment requests are appropriate
- Providing necessary information on USAID or host country procedures that apply to implementing entities (e.g. customs clearance to obtain duty exemptions)
- Monitoring expenditures and outputs
- Assessing activity contribution to results achievement
- Adjusting tactics and strategy when necessary

The skills and level of effort to carry out these functions will vary according to the nature of the activities.

b) Recruiting Additional SO Team members

To help carry out these functions, SO Teams often recruit Personal Services Contract (PSC) staff using program funds (Foreign Service Nationals, US or Third Country Nationals). In some cases other types of temporary staff such as fellows or PASAs can be recruited as well. When such recruitment is planned and financed with program funds, it effectively becomes an additional activity under the SO which has to be planned and budgeted for. PSCs are considered employees of USAID for purposes of program management and can function as core members of the SO Team.

The other option for providing management support is recruiting additional non-USAID staff. As discussed in the SO Team Formation lesson, external members of the SO Team are limited to functions that are not considered "inherently governmental" and hence restricted to core members. However, the expertise and knowledge of external members can be invaluable in helping to manage activities successfully. Typically, representatives of major implementing partners will become members of the SO Team.

c) Organizing the team

When seeking approval for activities, it is important to be able to describe not just who will be on the team to manage them, but also, how the team will be structured to manage. Team Charters and SO Team Management Contracts should be adequate for this purpose (see lesson 1.5 on Team Formation). In the absence of such documents, or to supplement them, a description of how the SO Team will manage activities to achieve specific IRs can be included in the activity approval documentation.

Lesson 5 on SO Team Formation discusses how SO Teams can structure themselves to manage planning, achieving and assessing functions. This goes beyond activity management in a narrow sense to managing for results.

9. Prepare activity approval documentation

There are several acceptable options for documenting activities and their formal approvals. Documentation at a minimum must be sufficient to:

- Briefly describe the activity or activities;
- Demonstrate that pre-obligation requirements have been met;
- Record approval of any waivers of policy or regulations if these apply;
- Clarify who is responsible for management of the activity(ies) in USAID;
- Provide an audit trail.

SO Teams establish documentation requirements for approval in consultation with the approving and obligating officials, and others who may be involved in the Operating Unit's activity design and approval process. Documentation can be completed for individual activities, for groups of activities, or for the entire Strategic Objective (all activities).

Options for documentation of activity design and approval include:

- An Action Memo encompassing one or more activities and including descriptive documentation (by reference or annex)
- A Modified Acquisition and Assistance Request Document (MAARD) signed by an authorized official with an offerors proposal and/or other documentation prepared by the Mission as annexes
- A cable authorized by the approving official which provides approval to specific activities whose documentation is referenced in the cable (useful for activities such as cash transfers that may be approved in Washington).
- Signing of a bilateral obligation instrument such as a SOAG when the USAID obligating official is the same as the approving official and adequate documentation describing the activities is explicitly referenced in the agreement
- An Implementation Letter to a bi-lateral obligating agreement (SOAG) when documentation is annexed or explicitly referenced and the letter is signed by a USAID official authorized to approve the activity.

Generally, the more activities that can be included in one document, provided the design and associated pre-obligation requirements are adequately covered, the more streamlined the process will be. Economy in documentation obviates the need for repetitive approvals to meet the same pre-obligation requirements (such as IEEs), and helps eliminate potential confusion as to what activities are included under what documentation thus leaving a clear audit trail. Guidance on appropriateness of different documentation is provided in ADS200 (pre-obligation guidance).

10. Obtain approvals

Delegations of authority contained in Mission Orders and their Washington equivalents specify who may approve activities and who must clear approval requests (see delegation of authority discussion in Team Formation).

It is important to note that while some officials have authority to approve an entire set of activities, this authority may not extend to all types of approvals needed. For example the Bureau Environmental Officer will need to approve every IEE, and specific waivers may need to be approved at a higher level. SO Teams need to work closely with their legal advisor, contracts officer, controller and Program Office experts to determine appropriate approvals in specific cases.

In a host country situation where a program is implemented bilaterally with a host government, approvals of the host government will also typically be needed. This often takes place through signing of obligating documents (eg Strategic Objective Agreements (SOAGs)) or through Implementation Letters for such documents that record approval of specific activities.

Once all approvals are obtained the activity planning phase is complete.

F. Next Steps: Achieving, Assessing and Learning

Once the SO Team is satisfied that they have a clear plan, and adequate documentation, for implementation, the team can move into the nuts and bolts of managing their program. This will entail using Acquisition and Assistance (A&A), covered in unit 2, to make the program and activities become real. This will also necessitate monitoring the activities and results to ensure the SO is being achieved. Unit 2 also discusses A&A administration. Unit 3, Assessing and Learning, will describe the process of collecting information, called performance information, on programs and activities and analyzing and using it to assess performance and adjust programs and activities.

In summary, although procedures may vary somewhat between Operating Units, it is imperative that each organization has its own procedures in place to plan an activity or grouping of activities leading to implementation. Documentation is especially important to record decisions and for the pre-obligation requirements discussed above.

Lesson 8: Budget Planning

****TEXT WITHHELD**

This lesson is still pending a rewrite.

Learning Objectives:

In this lesson, the trainee will learn:

1. The basics of the US budget cycle and how it effects USAID's program planning;
2. Budget parameters that define Agency budget allocations;
3. The responsibilities and implications for Operating Units in each phase of the budget cycle - formulation, justification and implementation;
4. Requirements regarding congressional and technical notifications;
5. Common mistakes to avoid in budget planning; and
6. The significance of pipeline and forward funding.

Outline - Unit 1, Lesson 8

- A. Overview of the U.S. Budget Cycle
- B. Budget Parameters
- C. Phase I - Formulation: Agency Budget Formulation
 1. Results Review and Resources Request (R4)
 2. The Process Plays Out at Multiple Levels
 3. Conclusion of the Formulation Phase
- D. Phase II - Justification: OMB Submission and Congressional Presentation
- E. Phase III - Implementation: Operational Year Budget
 1. Implementation Begins
 2. Appropriations Are Limited By
 3. Continuing Resolution
 4. Apportionment
 5. Section 653(a) Report
 6. Getting Funds to Operating Units
 7. Available Fund Accounts
- F. Congressional and Technical Notifications
- G. Budget Mistakes to Avoid
- H. Pipeline and Forward Funding

Unit 2: Achieving Results

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Lesson 1: Introduction to Achieving

Learning Objectives:

In this lesson, the trainee will learn:

1. The characteristics of the Achieving phase of the dynamic programming cycle (planning - achieving - assessing and learning);
2. That achieving focuses on results achieved on various level organizational levels; and
3. The implications on Achieving with the Agency's Core Values.

Outline - Unit 2, Lesson 1

- A. Definition of Achieving
- B. Operating Principles and Achieving

A. Definition of Achieving

Achieving can be defined as doing what it takes to get results. This includes a broad, flexible category of decisions and actions that range from negotiating Strategic Objective Agreements (SOAGs) with foreign governments to conducting high-level dialogue regarding national policy to every day Acquisition and Assistance Award administration. In large part, USAID "achieves" its results through third parties engaged through various implementing instruments --- the most common of which currently are Acquisition and Assistance Instruments (these subjects will be covered in Lessons 3 through 7).

1. It is important to recognize that results achievement occurs at all organizational levels in the Agency.
 - a. World-wide results sought at an Agency level
 - b. Regional program results
 - c. Operating Unit or country-level results
 - d. SO-level results (for a specific strategy)
 - e. Intermediate Results within a specific strategy
 - f. Activity level outputs that create higher level results
2. Achieving is at heart of USAID's operations, at the center of the dynamic cycle of "planning-achieving-assessing and learning." The essence of Achieving -- Managing for results -- is intended to be dynamic process where the three program phases (planning, achieving and assessing and learning) are often blended as simultaneous actions. This is especially true in the Achieving phase where assessing and monitoring will be on-going as well as occasional planning or re-planning, especially on the activity level.

In Achieving at the Operating Unit level, SO Teams or designated sub-teams execute their strategic and activity plans and also initiate their Assessing and Learning activities. Based on their experience in managing for results (on the program, IR or activity level), teams may be

obliged to revisit their conclusions from the planning phase and modify their Results Framework or activity plans.

Achieving includes a number of characteristic actions including:

- Structuring SO Teams to best support program management (as referred to in Unit 1, Lesson 5);
- Executing the various planned activities (see Unit 1, Lesson 7 - Activity Planning) and transferring resources (see Unit 1, Lesson 8 - Budget Planning) through the most appropriate instruments (these will be addressed in Lessons 3, 4 and 6); and
- Ongoing management of activities (this will be addressed throughout Unit 2, with interpersonal management highlighted in Lesson 2 - Working in Teams - and the management of acquisitions and assistance instruments in Lessons 5 and 7 respectively)

a. Structuring the SO Team to Support Achieving

Normally Operating Units form SO Teams during the Planning phase or as soon as the SP is approved. The composition of SO Teams should allow maximum flexibility to meet a wide variety of requirements over the life of the Strategic Objective. Team composition may vary over time in size and scope in order to accomplish particular results. To better organize for activity management SO Teams may decide to form sub-teams in the Achieving phase. SO Teams may have formed and delegated tasks to sub-teams under the Planning phase and want to add to or alter the membership and responsibilities of these teams to support achieving.

Achieving involves making decisions using the mix of authorities delegated to sub-teams and individual team members. It means continually taking into account the experience and expertise represented on the team and Agency regulations about delegation of authority. It also includes establishing boundaries and/or guidelines about when some SO Team members may not be able to actively participate to avoid conflict of interest or other ethics issues.

Finally, the effectiveness of team structures will depend on each team's ability to organize its work and operations. Lesson 2 will address internal team management and common issues that negatively impact results achievement.

b. Executing the planned tactics and activities and allocating associated resources through the most appropriate implementation method.

Achieving is taking the necessary steps to act on those activities identified in activity planning to achieve the planned Intermediate Results. This includes preparing and executing the appropriate implementing instrument that were selected during activity planning.

c. On-going Management Activities

For effective activity management, SO Teams must practice appropriate behaviors such as having an organized approach to portfolio management and partner involvement. In the Achieving phase SO Teams or sub-teams may benefit greatly from developing a

implementation calendar of events which details all events, information, and outcomes or results that will be monitored for a given team's set of activities.

Other effective activity management practices include:

- Focusing the team on targets/goals and revising that focus if necessary.
- Informing the team of progress/status ensuring that "progress" also considers customer feedback.
- Appropriate management of implementing instruments by virtue of thorough training on Agency instruments.

B. Operating Principles and Achieving

Throughout the Achieving function, Core Values are at play in everything USAID does.

1. Customer Focus:

Achieving gives USAID the opportunity to focus on the customer, both in terms of quality and quantity of services delivered, through the use of various implementing instruments. Teams will need to develop mechanisms that ensure that implementing parties share the Agency's commitment to customer focus and that an effective feedback loops exist that bring customer information into results and activity management decisions. This Core Value may also include surveying for customer satisfaction (by the SO Team or intermediaries) and making mid-course adjustments to activities as necessary.

2. Valuing Diversity:

During Achieving, USAID takes the opportunity to create synergy in carrying out program activities through involvement of diverse group of players. This may include the active involvement of SO Teams and sub-teams with diverse membership (both USAID and non-USAID employees serve on these teams), including customers and customer representatives and partner and government organizations that comprise differing backgrounds. Valuing diversity on teams requires accommodating members' work styles, and strengths, among other attributes. By collectively working together, the SO Team can benefit from creative decision making and implementation of development activities.

3. Managing for Results:

Throughout achieving, USAID focuses on Managing for Results by operationalizing results and activity plans using appropriate implementing instruments. Furthermore, results and activity achievement are monitored and frequently analyzes to ensure that the development hypothesis and supportive tactics are on track and appropriate.

4. Teamwork and Participation:

Achieving involves the ongoing teamwork of all members of the SO Team (e.g., sub-teams, partner-members, activity managers, Contracting Officers, SO Team leaders, etc) to achieve results. Interpersonal and leadership skills are tested, but through interdependence and accountability, all parties work together on any number of activities.

5. Empowerment and Accountability:

Empowerment and Accountability go hand-in-hand. During Achieving, decision making should be delegated to the closest to the action "on the ground" while maintaining standards of management. SO Teams are expected to have a clear understanding and vision of the Agency guidelines, purpose and goals to achieve results related to their SO and are empowered with the authority to make appropriate decisions for managing for results. It also means that that SO Teams will seek to form sub-team and delegate certain decision making to them as a way of further empowering team while balancing of the "achieving" workload. Both the SO Team and their designated sub-teams are held accountable for results. Within each SO Team or sub-team, individuals bring their expertise (e.g., local technical experts, representatives of major implementing organization) and special authorities (e.g., Contracting Officers, Regional Legal Advisors, CTOs) as contributions to the team effort. The team comes to decisions using all internal resources and expertise available to them.

6. USAID as a Learning Organization:

As a learning organization, USAID and its partners come together as team members or colleagues through the implementation process that marks achieving. Opportunities for learning are a continuous feature of achieving as day-to-day operational issues arise and are resolved. The SO Team's responsibility of managing its strategy means that team members, or designated sub-teams, are called upon to handle routine and urgent program issues that threaten achievement of the Strategic Objective. One function the SO Team plays to be reflect of these challenges and provide members with opportunities to advance and distribute institutional learning.

Lesson 2: Working in Teams

Learning Objectives:

In this lesson, the trainee will learn:

1. Important concepts of team management relative to results achievement and activity management;
2. Suggested structures for effective SO Team of sub-team meetings;
3. The use of work plans, timelines and management checklists;
4. Approaches for conflict management;
5. The basics of team member performance evaluation and feedback;
6. Suggestions for dealing with common team management issues; and
7. Team's role in activity management.

Outline - Unit 2, Lesson 2

- A. Overview - Working in Teams
- B. Team Management
 1. Structuring Team Meetings for Efficiency
 2. Work Plans and Timelines
 3. Management Checklists
 4. Conflict Management
 5. Performance Evaluation and Feedback
- C. Common Issues
 1. Lack of Clarity in Bureau Management Contracts
 2. Turnover of Key Team Members
 3. Relationship Between SO Teams and Other Units in an Operating Unit
 4. Expectations Versus Reality on Empowerment And Accountability
 5. SO Teams inadequately supported by other units
 6. Leadership Styles Incompatible with Teamwork

A. Overview - Working in Teams

Unit 1 Lesson 6 discussed the formation and organization of SO Teams. In this lesson, SO Teams are revisited with a focus on day to day team management. The objective of this lesson is to provide tools that support efficient teamwork.

B. Team Management

The following items can be seen as a basic set of tools for team management. These complement the documents discussed in lesson 1.6 on Team Formation such as delegations of authority, Team Charter and SO Team Management Contract. The later two can and should be reviewed periodically and modified to reflect revised agreements between team members (charter) or between the team and the Operating Unit leadership (management contract).

1. Structuring Team Meetings for Efficiency

Much of a SO Team's internal communication and decision making takes place in team meetings. Structuring meetings appropriately can help ensure that such time is well spent and produces clear actionable decisions. The following steps are useful for improving the quality and utility of team meetings:

- a. **Clarify Agenda:** Develop an agenda that identifies priority items to be addressed during the meeting. Note those items that require a decision versus those items that are mainly for information sharing purposes. Circulate agenda and accompanying materials before hand if possible.
- b. **Review Agenda:** At the start of the meeting, briefly review the agenda, and set a time limit for each item.
- c. **Assign roles/responsibilities:** Selecting a facilitator, timekeeper, and recorder helps meetings stay focused and on track.
- d. **Encourage participation and demonstrate respect for all members.** Avoid domination of the meeting by a few members.
- e. **Record the agenda, decisions made, task assignments, and other thinking during the meeting.** Use of flip charts can help communicate.
- f. **Closure.** Take 5 minutes to summarize the decisions made, agree on next steps, assign responsibilities, and schedule the next meeting, if appropriate.
- g. **Circulate and maintain abbreviated minutes to record issues discussed and decisions made and keep absentee members informed.**

2. Work Plans and Timelines

A work plan serves as a tool for the SO Team to plan and track its activities. A good work plan is indispensable for coordinating closely interrelated processes such as expenditures, budget allocations, obligations and procurement actions. The work plan helps the many parties involved, both on and outside the team, stay informed and plan their work to support the team. The work plan can be a document, calendar, or a Gantt chart that details events, tasks, target dates and responsible individuals. Since many USAID business processes are tied to fiscal year funding cycles, most work plans will need to encompass a fiscal year period. The SO work plan should be updated as needed, and made available to all SO Team members. It also serves as an important communication tool with higher level management that helps build the trust necessary for empowerment of the team.

Work plans for SO Teams typically include some version of the following items:

- Major activity design tasks needed to meet requirements for upcoming obligations.
- Obligation and Procurement actions needed to move funds to implementing partners.
- Financial management tasks such as planning expenditure rates, comparing planned to actual expenditures, and projecting budget needs to maintain implementation momentum
- Schedule of planned results-level impact that will be measured and reported in the next R4 document.
- Schedule of planned outputs by implementing partners that influence achievement of R4 performance targets.

- Tasks related to assessing and learning (inspections, rapid appraisals, external evaluations, other field visits).
- Audit management tasks including any actions to prevent or close audit recommendations.
- Team member leave and turnover schedules

3. Management Checklists

USAID has developed an Internal Control Assessment (ICA) designed to help Operating Units and higher level USAID management identify potential management vulnerabilities that need to be addressed. The ICA is discussed in more detail in Unit 3. A number of items on the ICA checklist relate directly to SO Team responsibilities for meeting certain accountability requirements. Reviewing of these items by the SO Team on an annual basis and developing appropriate actions to address problem areas will help reduce the possibility that more serious problems develop. Time spent preventing accountability problems reduces the risk of future audit findings and helps ensure that limited staff time can be focused on achieving development results rather than closing audit recommendations.

Some Missions have developed a version of the ICA concept specifically for SO Teams. This can serve as a useful self-diagnostic for SO Teams (see Annex on SO Team Management Checklist).

4. Conflict Management

Working in teams can often be a more complex process than working in a traditional bureaucracy. This is due to the fact that:

- SO Teams are more diverse in membership as they include members with different functions, skills and experience, and include both USAID staff and external non-USAID members
- Though SO Teams typically have a team leader, many members may have different formal supervisors who are not themselves members of the team. As a result, the team leader's authority tends to be granted by the members as much or more than it is imposed from above.
- Joint responsibility for results and increased opportunity to communicate tends to bring out differences in perspectives, worldviews or values that may not have been apparent before.
- Team membership and leadership skills may be lacking.

Because of this new complexity, working in a team can at times place tremendous demands on interpersonal skills. Effective teamwork however, is not defined by the absence of conflict. It means moving forward together, turning differences into strengths, and improving group communication and problem solving. Conflict is an inevitable part of teamwork. It is neither good nor bad. Properly managed, it is absolutely vital and can lead

to higher quality, products, services, and actions. The degree to which conflict leads to improved creativity and better solutions depends upon open, honest and direct communication and the ability to surface and address issues.

When conflict arises, team members should seek to:

- Address it head on rather than hope it will go away, and see it as a means to improve team performance
- De-personalize conflict that originates from differences in organizational view points or perspectives (e.g. technical versus procurement expert perspectives)
- Focus on shared values and goals
- Encourage two-way communication and productive feedback among members
- Establish clear behavioral norms that all can agree to
- Find win/win solutions

Recurring problems should be systematically analyzed for patterns. It may help to list all apparent issues, identifying and resolving misunderstandings; grouping and prioritizing hard issues; brainstorming for compatible and shared alternatives and goals.

Continued or escalating conflict can rob the team of productiveness. If this occurs, it may be necessary for the team to seek an outside "referee" to help members find a better way towards resolution. Opportunities for enhancing team membership and team leadership skills can be sought to help build the skills that help teams stay productive. At times, changing the team composition may be a viable option.

5. Performance Evaluation and Feedback

As part of the Agency's reform efforts, USAID revised its Employee Evaluation Program to support a team-based work environment. The process of performance evaluation has been modified to require "360 degree" feedback on employee performance as part of the annual appraisal process (i.e. feedback from peers, subordinates and coaches other than the formal supervisor). More recently the promotion precepts for Foreign Service Staff have been modified to incorporate demonstration of team skills as a key factors in promotion decisions.

Not all employees have equal experience or skills for working in a team setting. SO Teams can help themselves and their members develop requisite skills by increasing the level of performance feedback. Rather than wait for the formal once a year evaluation process, it is most useful to provide teamwork feedback throughout the year. Team members should actively solicit feedback from colleagues on the team as well as the team leader. Team leaders should seek feedback on their performance in managing the team. It takes some thought and skill to create an environment conducive to effective and productive performance feedback.

C. Common Issues

Since their inception beginning in 1995, SO Teams in USAID have encountered a number of issues that are problematic for team functioning, and not amenable to simple solutions. These issues can periodically create uncertainty and challenge teams and team managers. The best preparation is simply to be aware of their existence and steps that teams can take to mitigate their impact. These issues are shared here to help team members anticipate and prepare for challenges, and for other staff to help teams succeed.

1. **Lack of Clarity in Bureau Management Contracts:** Strategic Plans are multiyear in nature while budgets are formulated annually. When Agency budgets are very restricted; it can be difficult for Washington Bureaus to provide the desired level of certainty on multi-year budgets and staffing levels that a team needs to plan efficiently. Teams can in part compensate for this by maintaining closer communication with their Bureau budget staff on budget issues, and structuring procurements so that adjustments in budget levels can be accommodated more easily when they become known (e.g. identifying separable components that can be added or cut).
2. **Turnover of Key Team Members:** Developing communication and trust among team members often takes weeks and months of interaction. When team leaders or other members change due to personnel rotations, the effects are significant, particularly when new members have little experience with teamwork. Teams can partially compensate for this by recognizing and accepting that some of the consensus that existed before may change and need to be rebuilt. The process of reviewing and revising the Team Charter with new members can be very helpful in reestablishing a sense of team. Holding more frequent team meetings for a few months can also be very useful to re-establish communication and trust.
3. **Relationship Between SO Teams and Other Units in an Operating Unit:** At some point, an SO Team will see some its decisions overturned by higher level authorities. This can be vexing and demoralizing when these higher authorities are in the USAID hierarchy and when the decision was strongly and appropriately "owned" by the Team. Repeated "second guessing" and questioning from higher levels can have a similar effect even when decisions are not overturned. Under such circumstances, it can be particularly difficult to maintain the active involvement of external partners on the team. Teams can reduce these negative consequences by taking the following steps:
 - a) Clarifying the boundaries between the team and higher levels in the hierarchy;
 - b) Seeking better communication with the hierarchy before making potentially sensitive decisions and to determine which decisions will need prior consultations at a higher level; and
 - c) Helping senior managers become aware of the cost of overturning team decisions. These are tasks that call for strong and effective team leadership.
4. **Expectations versus reality on empowerment and accountability:** The mere presence of core values such as "empowerment" raises expectations that at times simply can't be met.

Members of a team sometimes come to feel that empowerment means they “own” a program or activity and should be free to take whatever action they deem appropriate. They become resentful when they see others act in ways that they feel are inconsistent with their beliefs. Such feelings can easily come about when the precise meaning of “empowerment” remains vague, and when boundaries between the SO Team and other units of the organization are unclear. SO Teams can address this problem by realizing that they are not an autonomous independent units and that other managers higher up the chain are also held accountable for programs to their superiors (following the delegation of authority chain). Taking responsibility for clarifying accountability requirements and defining workable decision-making boundaries between the SO Team and higher management units can help reduce problematic misunderstandings.

5. **SO Teams inadequately supported by other units in a Mission:** In some field Operating Units, the conversion to SO Teams is only partial in that SO Teams are formed, but functional offices (Program, Project Development, Contracts, Controller, Legal Advisor) limit themselves to an “arms length” oversight role that can render teams ineffective and unable to act. This is a particular risk when functional office staff do not participate as members of a team yet feel compelled to second-guess or reverse team decisions when clearing on procurements or other action requests. Operating Units as a whole can address this issue if it arises by encouraging functional offices to take on more of a customer oriented service provision approach vis-a-vis SO Teams, or better yet, ensuring membership from these functional offices on SO Teams. In addition, insisting that SO Team leaders or members contribute in performance appraisals of functional unit staff as intended by the 360 degree AEF system can be very helpful in clarifying expectations. At the same time, it is essential that SO Teams adopt as part of their accepted responsibilities the regulatory requirements that they may have left for functional offices to worry about. When all explicitly share responsibility for both development goals and regulatory requirements, teamwork becomes natural.
6. **Leadership styles incompatible with teamwork:** USAID's experience with teams is still a new and growing one. Some individuals will be placed in the position of SO Team Leader or Operating Unit head with little experience in team management. Some learn quickly. Others are more comfortable with a traditional authoritative approach that presumes existence of a direct supervisory relationship or hierarchy rather than a collaborative team. This can be particularly frustrating to team members who have experienced and appreciate a more collaborative empowering style. Over time, with training, experience, and application of new promotion precepts, this problem should gradually diminish. For an SO Team member in this situation, the choices may be limited to recognizing and accepting the different management styles, transferring to another team or unit, or seeking to promote change by exemplifying and promoting team approaches. There is a long informal teamwork tradition in USAID that most managers and staff will be able to relate with and support. Connecting with this tradition may be helpful.

Lesson 3: Implementing Instruments

Learning Objectives:

In this lesson, the trainee will learn:

1. Appropriate uses of formal bilateral agreements that USAID uses, including those that obligate and do not obligate funds;
2. Appropriate uses of instruments that implement development programs;
3. The factors to consider in choosing between acquisition and assistance instruments;
4. The characteristics of acquisition instruments and types of contracts; and
5. The characteristics and types of assistance instruments.

Outline - Unit 2, Lesson 3

- A. Overview
- B. Agreements between USAID and Foreign Governments
 1. Agreements That Do Not Obligate Funds
 - a. Framework Bilateral
 - b. Memorandum of Understanding (MOU)
 2. Agreements That Obligate Funds
 - a. Strategic Objective Agreements (SOAG)
 - b. Intermediate Results Agreements
 - c. Program Assistance Agreements
 - (1) Cash Transfer Agreements
 - (2) Commodity Import Program
 - d. Limited Scope Grant Agreements
 - e. P.L. 480, Title III
 - f. Implementation Letters
 3. Choosing Obligor Instruments
- C. Instruments That Implement Programs
 1. Host Country Managed Instruments
 - a. Host Country Contracting
 - b. Host Country Direct Financing
 - c. Fixed Amount Reimbursement
 2. Credit Assistance
 3. Acquisition, Assistance and Interagency Agreements
 - a. Choosing Between Acquisition and Assistance
 - b. Acquisition Instruments
 - c. Types of Assistance Instruments
 - d. Interagency agreements

A. Overview

The most important aspect of achieving is establishing and maintaining agreement among all key partners on the intended results of the strategy and the means for achieving them. USAID's strategic planning process seeks to achieve a high degree of consensus among all partners on the results to be achieved. During the Achieving phase, it is essential to reference this overall strategy when making, maintaining, and communicating formal agreements among partners.

Many different partners are involved, for example, host country governments, public and private entities, donors, etc. Some of these partners may receive funds from USAID. Others will not. In every case where USAID transfers funds, the U.S. Government requires very specific legal instruments.

Written agreements, e.g., contracts or grants, formalize relationship between USAID and other entities. The SO Team must choose agreements that reflect the intended nature of the relationships. This requires taking into account:

- The objectives to be achieved;
- The legal status of the parties;
- The desired relationship between USAID and individual parties;
- The desired relationship between those parties who have direct agreements with USAID and other involved parties (who will have some sort of sub-agreements).

A key decision in a host country setting is whether or not funds should be obligated with the host government. Overseas Operating Units should consider a number of factors when considering whether to enter into agreements directly with the host government, e.g. a strategic objective agreement or other form of bilateral agreement. For instance, the Operating Unit should consider the host government's interest in cooperating with USAID supported programs in a particular sector and their technical capability to do so. The Operating Unit also should take into consideration whether an agreement directly with the host government will facilitate program implementation on matters such as customs clearances and tax exemptions for the USAID-supported program. Also, if the agreement between USAID and the host government will provide for the host country to undertake contracting with USAID funds or otherwise receive disbursements of USAID funds, the Operating Unit will need to determine the capability of their host government counterpart office to manage contract procedures and account for USAID funds.

In making decisions about the best implementing instrument(s) for a given purpose, SO Teams also must focus on limiting the number of "transactions" to the extent practicable, in order to promote the efficient use of resources and staff time. This can be accomplished by early and thorough planning and by combining similar requirements into one instrument. The choice of implementation instrument has major implications for eventual activity management.

This lesson reviews the types of agreements that USAID uses to achieve its Strategic Objectives.

B. Agreements between USAID and foreign governments

1. Agreements That Do Not Obligate USAID Funds

- a. **Framework Bilateral.** A framework bilateral agreement is an agreement between a host country and the U.S. Government. It often is called an "Agreement Concerning Economic, Technical and Related Assistance". This agreement covers, at a very general

level, a number of subjects related to the USAID assistance program in the host country. This includes:

- Tax exemptions for equipment which is purchased in, or imported into, the host country to support the USAID program;
- Tax exemptions for USAID employees and the employees of USAID contractors;
- The status of the USAID Mission as part of U.S. Diplomatic Presence; and
- The extent to which USAID employees and contractor employees are subject to host country legal jurisdiction.

Not all USAID programs are conducted under the general umbrella of a framework bilateral agreement (e.g., several countries in the E&E region). In addition, the framework bilateral agreements with many countries are old (e.g. signed in the 1950s) and are problematic for USAID in that their provisions do not reflect all of the implementing approaches currently used by USAID.

b. Memorandum of Understanding (MOU)

In certain situations, USAID and a host government may choose to enter into a Memorandum of Understanding (MOU) with respect to a program or set of activities. For instance, in the E&E region, USAID provides assistance through USAID contracts and grants that is not the subject of Strategic Objective Agreements (SOAGs) with the host government.

An MOU does not grant USAID funds to the host government as a SOAG does (see section 2 - Agreements that Obligate USAID funds - below). It sets forth USAID's and the host government's understandings on matters such as

- The purpose of the assistance in question,
- The mechanisms which will be used to provide the assistance, and
- The host government's role in facilitating and supporting the work carried out under these mechanisms.

2. Agreements That Obligate USAID Funds

a. Strategic Objective Agreement (SOAG):

A SOAG is a grant agreement with a host government to achieve a Strategic Objective. The prescribed SOAG format is found in ADS 350.

SOAGs :

- Set forth the agreements reached by USAID and the host government with respect to broader purposes, at the Strategic Objective level; and also
- Set forth a general plan for achieving results.

While a SOAG grants funds to the host government, the SOAG normally provides that those funds will be used to carry out activities under a variety of mechanisms. Often the mechanisms chosen by the host government and USAID are managed directly by USAID (for example, USAID awarded contracts to private firms and grants made to

private organizations). This means that the funds granted to the host government under the *SOAG* are actually managed and disbursed by USAID in support of the Strategic Objective, IRs and activities agreed to in the *SOAG*.

The three components of a *SOAG* are:

- (1) **Principal text:** Describes the Strategic Objective to be achieved and the levels of USAID funding and host government contribution for the Strategic Objective, among other things.
- (2) **Annex 1: Amplified Description:** Describes the results to be achieved and the relationships and responsibilities of the various parties. This might mean for measuring results (e.g. indicators, targets and performance baselines) and agreements reached with respect to the activities to be carried out and mechanisms used to achieve these results.
- (3) **Standard Provisions:** Sets forth standard USAID provisions on record-keeping, audits, tax exemptions, procurement and other matters.

b. Intermediate Results Agreements (IRAs)

In addition to *SOAGs*, USAID enters into a number of other types of agreements with host governments, which are limited to specific Intermediate Results and activities rather than encompass the entire Strategic Objective. These are similar in scope to the older project agreements known as *PROAGs* which defined "projects" under USAID's old programming system. While USAID no longer organizes its assistance activities as "projects", some of the older *PROAG* agreements signed in years past are still in effect. Missions have the authority to amend existing project agreements and to take other actions necessary to make the transition to the new Programming System set forth in the ADS.

c. Program Assistance Agreements

Program assistance agreements are a variant of the Intermediate Results Agreement described above. The main difference is in the nature of the activities that are supported. While *SOAGs* and *IRAs* are used in the case of activities developed for direct USAID financing (following the planning procedures described in Unit 1 Lesson 7 on Activity Planning), Program Assistance Agreements serve to provide resources to support broader macro-economic, sectoral or foreign policy objectives. The specific activities for which funds are used is payment of debt or import transactions executed by host country parties (Note: in the past, program assistance was referred to as "non-project assistance" or "NPA").

There are two types of "program assistance" agreements:

- "cash transfers" and
- "commodity import programs" .

Both agreements are almost always negotiated and signed as separate agreements with the host government, rather than have their detailed provisions included in *SOAGs*.

Both cash transfer agreements and commodity import program (CIP) agreements have special agreement formats.

(1) Cash transfer agreements.

A cash transfer is a method of financing that provides for rapid direct disbursement of cash to a host government. This is typically used to support policy reform efforts at either macro or sectoral levels of the economy. In that case, the transfer of cash is made after the host government completes actions specified in the cash transfer agreement (e.g. adopts new policies). Cash transfers are also used in special foreign policy circumstances when the USG seeks to compensate host governments for incurring certain costs (eg peace processes, post war reconstruction, counter-narcotics efforts etc). Cash transfers have special accountability requirements with respect to tracking the ultimate use of the dollars provided. The use of dollars granted by USAID is generally limited to debt financing or approved government imports. Sometimes cash transfer agreements are structured to "generate" local currency. USAID and the host government jointly program local currency generations for development purposes. Current guidance on cash transfers is found in a general notice dated 3/25/96 and in the ADS (Handbook 1, Policy Papers, Program Assistance.)

(2) Commodity Import Program (CIP)

This is a unique method by which USAID finances the foreign exchange costs of procuring and shipping eligible commodities. In a CIP, the host country allocates the foreign exchange provided by USAID among its importers in the public and private sectors to finance the purchase of products and equipment through regular host country commercial trade channels. Based on public announcements in the United States, transactions are completed directly between suppliers (usually American) and cooperating country importers. Suppliers are paid with USAID funds after shipment, upon presentation of standard, primarily commercial documents. In most cases, importers are required to put up the local currency equivalent in value to the dollar cost of the transaction. The local currency generated is typically jointly programmed by USAID and the host government for specific activities. As of October 1999, only USAID/Egypt had a CIP. (See ADS 307 for more information).

d. Limited Scope Grant Agreements

A limited scope grant agreement follows the same basic framework as a SOAG, but it is used for funding less complex activities where the host government has a distinct and limited role that does not require the detailed description of the grantee's responsibilities found in a SOAG. The prescribed format for limited scope grant agreements is found in ADS 350.

e. P.L. 480, Title III Agreements

Title III Agreements provides food (grains and other agricultural products) rather than dollars to host country governments. Usually 100% of Title III food is sold by the host

government on the local market and local currency proceeds are used for balance of payments, policy reform and agreed upon development activities. (See BHR Web-Site)

f. Implementation Letters

USAID uses implementation letters under the above agreements with foreign governments that obligate funds to provide additional detailed instructions on USAID policies and procedures and to record mutual understandings about implementations decisions which arise under such agreements.

C. Instruments that implement programs

include:

1. Host Country managed instruments;
2. Credit Assistance; and
3. Acquisition, Assistance, and Interagency Agreements.

1. Host Country managed instruments

a. Host Country Contracting (See references in ADS 305)

To implement SOAGs, IRAs, of Limited Scope Grant Agreements or old "project" agreements (PROAGs), USAID and the host government may agree to use host country contracting. This is where the host government does the buying of services or goods, and USAID agrees to finance the host government contract. USAID is not a party to the contract; however, USAID as paymaster, reserves the right to approve the contract.

- Host Country Contracting is often used in construction contracts. In major construction, USAID tends to avoid contracting directly because of legal liability concerns. Host countries often insist on assuming procurement leadership in national projects, leading to host country contracting as the preferred mode.
- A formal certification of the host country agency's capability to undertake the procurement must be made by the Mission Director before USAID finances any host country contract exceeding \$250,000.
- The Host Country Contracting certification is based on full programmatic, legal, procurement, and financial management assessment, and must be revisited every three years. (Even if no such certification is required, the Controller has to review and be satisfied with the financial management control systems of the contracting agency.) In those instances where the capability assessment concludes that the host country agency's contracting mechanism is deficient, and the deficiency cannot be remedied through the provision of technical assistance and/or training, then the procurement must be performed by USAID itself or by another USG agency. (See ADS E301.5.2B) Any host country contract in excess of \$10 million requires the approval of the USAID Procurement Executive.

b. Host Country Direct Financing

In some instances USAID directly finances specific items in the host government's development budget. The mechanism for doing this normally is an implementation letter issued by USAID under a SOAG or IRA and signed by the host government. In reaching a decision to provide direct financing, USAID must consider:

- The relevant host government ministry's role in the achievement of the Strategic Objective;
- The importance of the financing to the achievement of the objective; and
- USAID's assessment of the host government's capacity to be accountable for the use of the funds.

c. Fixed Amount Reimbursement

A Fixed Amount Reimbursement (FAR) agreement is a simplified method of financing under a SOAG or IRA whereby USAID reimburses the host government for the successful completion of specified activities at a pre-determined rate. The amount reimbursed is agreed to in advance based on estimates. It is not based on the actual cost incurred by the host government which may be above or below the agreed upon FAR amount. Generally FAR agreements are used in construction activities when many units (such as schools) are to be built using standard designs. The advantage of this approach is that it is simpler for USAID to administer than host country contracts. For more information on fixed amount reimbursement, (see ADS 317)

2. Credit Assistance

USAID has statutory authority to issue loan guaranties and to make direct loans. This is limited to special programs that are not covered in this course (Refer to Annex for more information).

3. Acquisition, Assistance and Other Agency Agreements

Though a variety of implementing instruments is available, the vast majority of USAID funded activities is carried out through acquisition instruments (i.e., Federal contracts) and assistance instruments (i.e., Federal grants and cooperative agreements). Under SOAGs and/or IRAs, acquisition and assistance instruments are sub-obligating document. When there is no higher level "obligating" instrument, A&A instruments may be used to "obligate" funds (for more on this see Unit 1, Lesson 7- Activity Planning).

a. Choosing Between Acquisition and Assistance

When the SO Team decides to implement an activity using either an acquisition or assistance instrument, the Contracting Officer, as a member of the SO Team ensures that the proper instrument is selected, solicits offers, and makes awards to the non-Federal party. (Refer to ADS 304 for more information)

There is no one factor that determines whether an acquisition or assistance award is the more appropriate instrument for the implementation of a given activity. Rather, it is through careful and thorough analysis and input of the entire SO Team. The following are illustrative factors that may be considered:

(1) Nature of the Activity

There are no clear categories of activities that are better suited for one type of instrument over the other. At the very earliest stages of activity planning, the design can be tailored toward the use of either type of instrument. Key in consideration is the role USAID desires to play in the activity implementation.

In acquisition, USAID states what goods, services, and/or results it wants to buy, then monitors and evaluates the Contractor's performance in providing these goods/services/results. In acquisition, USAID decides the requirements and standards, and frequently provides technical direction of the activity during contract implementation.

By contrast, in assistance, USAID has little day-to-day involvement in the operational control of the activity. The program is largely the recipient's, with USAID ensuring (prior to award) that the proposed program supports a Strategic Objective.

(2) Type of Implementing Organization (e.g., PVO, profit-making firm, non-profit organization, university, etc.)

There are no restrictions with regard to what type of organization may receive an acquisition or assistance award. However, most profit-making firms usually seek and receive contracts, while most non-profits, PVOs, and universities seek and receive assistance awards (e.g., grant, cooperative agreement).

(3) Achieving Results

Acquisition and assistance instrument types should be results-specific. In acquisition, contracts use "performance-based" contracting (PBC) methods, and, in assistance, there is the "results-oriented" grant or cooperative agreement. (See Annex materials on PBC and Results-Oriented Grants) (Lessons 2.4 through 2.7 treat the preparation and administration of acquisition and assistance instruments in more detail.)

Remedies for failure to achieve stated results or outcomes vary between instrument types and will be discussed in later lessons.

(4) Sector (e.g., Democracy, Health, Population, Environment, Education, Energy, etc.) and Stakeholder Considerations

In general acquisition and assistance are equally appropriate instrument types for any sector. However, SO Teams should scan the environment in which the activity is to take place. Are there any issues that preclude the use of an instrument type or more strongly support the use of one type over the other?

(5) Lessons Learned about Selecting Instruments

When a proposed activity is a "follow-on" to an activity being implemented under an existing award, SO Teams should carefully evaluate the effectiveness of the use of the present instrument type.

If the current instrument selection is working well for the given activity, then selecting a different instrument for the follow-on activity should be based upon need with specific regard to revisions to the nature of the activity.

(6) USAID Resources

The instrument selection has direct implications on USAID resources. In general, acquisition awards tend to require much more support from USAID staff. Consideration should be given to available resources for award administration when choosing the instrument type.

Further implications on choice acquisition or assistance instrument can be found in the Cognizant Technical Officer (CTO) Guidebook (See page 6 of the CTO guidebook). These include: USAID Administrative Support Required; Termination Rights; Control over Cost Items; Control over Implementation of the Activity; and Cost-Sharing and Subgrants.

- b. **"Acquisition" instruments** (i.e., "contracts") are used when the principal purpose is to acquire property or services for the direct benefit or use by the U.S. Government.

These instruments are governed by the Federal Acquisition Regulation (FAR) and Agency supplements (AIDAR) and parts of ADS Series 300). Acquisition instruments provide for day-to-day operational involvement by USAID in the way in which the work is carried out. Contracts using performance-based contracting methods require less day-to-day operational involvement by USAID.

USAID can require any level of reporting and other detail that they desire provided it is clearly identified in the solicitation and resultant award. However, FAR states that US Government should not require more information than it should needs to insure performance. Therefore, a conservative approach to reports and deliverables is encouraged to reduce the overall administrative costs being "bought" under a contract and to reduce the amount of resources USAID will require in reviewing and approving deliverables and reports. Even with conservative limitations on reports

and deliverables, acquisition awards generally present a greater administrative burden on USAID resources than assistance awards.

Warranted and delegated Agency officials execute contracts. These officials are Contracting Officers, executive officers (EXOs) (for simplified acquisitions) and Mission Directors within AIDAR specified limits.

There are many ways to categorize acquisition instruments primarily by what is known as "contract type". This can refer to the pricing arrangement, i.e., how the contractor will be paid under the award, or how the instrument may be used, i.e., indefinite quantity or "umbrella" contracts.

(1) Types of Contracts

Following is a brief discussion of types of contracts most frequently used in USAID. (Check Annex for greater details on contracts. Also Refer to FAR Part 16 on this subject).

- (a) Cost-reimbursement types of contracts are contracts that provide for payment of allowable incurred costs, to the extent prescribed in the contract. The U.S. Government bears most of the risk in cost reimbursement. Cost-reimbursement contracts are used when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use any type of fixed-price contract.
- (b) Fixed Price types of contract provide for a firm price or, in appropriate cases, and adjustable price. A firm-fixed-price contract provides for a price that is not subject to any adjustment on the basis of the contractor's cost experience in performing the contract. This contract type places upon the contractor maximum risk and full responsibility for all costs and resulting profit or loss. In order to use a fixed price contract, the description of the work or the specifications must be clear enough to permit a reasonable basis for firm pricing by the contractor.
- (c) An indefinite-quantity contract (IQC) provides for an indefinite quantity, within stated limits, of supplies or services to be furnished during a fixed period, with deliveries or performance to be scheduled by placing orders with the contractor. Quantity limits may be expressed in terms of numbers of units or dollar values.
- (d) A Personal Services Contracts (PSC) is with an individual and establishes an employer-employee relationship between the Agency and the contractor. While the arrangement creates an "employer-employee" type relationship, the individual is in fact, a contractor, not a direct hire (i.e., an individual hired directly by the Agency, and who is an employee and receives all of the U.S. Government benefits, etc.).

Refer to the Annex for more details on the following:

- (1) Cost Plus fixed-fee
- (2) Cost plus award
- (3) Cost contract
- (4) Other Kinds of Cost-Reimbursement
- (5) Fixed Price
- (6) Indefinite-delivery
- (7) Indefinite-quantity
- (8) Requirements
- (9) Indefinite quantity
- (10) Time and Materials
- (11) PSCs
- (12) TAACS (Technical Advisors for AIDS and Child Survival)

c. Types of Assistance Instruments

The principal purposes of assistance instruments are to:

- Transfer funds (or other item of value) to the recipient to -
- Carry out a public purpose of support or stimulation.

Assistance instruments allow the recipient to carry out its program with little day-to-day operational involvement from USAID.

Types of assistance instruments include a grant, cooperative agreement and P.L. 480 Title II instrument.

- (1) In a grant, USAID receives progress reports and summary financial reporting. USAID does not manage the grantee, because we support the grantee's program as opposed to buying services as we do with contracts (acquisition)
- (2) In a cooperative agreement the recipient has substantial freedom to pursue its program. USAID receives progress reports and summary financial reporting. USAID does not manage the recipient, however, USAID has substantial involvement in key programmatic areas.
- (3) P.L. 480 Title II
P.L. 480 Title II is managed by USAID and provides food on a grant basis to PVOs, cooperatives and international organizations for emergency and development projects. Some Title II food is monetized (sold) to help PVOs cover the costs of logistics and complementary inputs. (Title II emergency food USAID may be provided through governments too.)

There are many additional types of instruments that USAID uses to achieve its objectives. The following are described in more detail in the Annex.

Assistance Instruments:

- (1) Cooperative Agreements

- (2) Grants
- (3) PIOs
- (4) Endowments
- (5) Fellows

d. **Interagency Agreements** (See ADS 306 and Annex)

Two forms of participating agency agreements, 632 (b), are used to "hire" other federal agency employees: Participating Agency Service Agreements (PASAs) and Resource Support Service Agreements (RSSAs).

An interagency agreement, 632 (a), may also be used by USAID to transfer funds to, or to utilize the resources of, another federal agency. More detailed information on interagency agreements can be found in the Annex. These include:

- (1) 632(b) Agreement
- (2) 632(a) Agreement

Lesson 4: Acquisition – Pre-award and Award Process

Learning Objectives

In this lesson, the trainee will learn:

1. Issues to consider in acquisition planning;
2. The choices for competition in the acquisition process;
3. The role and responsibilities of the SO Team's requestor in solicitation process;
4. The Contracting Officer's responsibilities in the process;
5. The basic organization of the solicitation phase of acquisitions; and
6. Performance-based contract methods.

Outline – Unit 2, Lesson 4

- A. Acquisition Planning Phase
- B. Types of Contracts (See Unit 2, Lesson 3 and Lesson Annex)
- C. Types of Competition
- D. Pre-solicitation Phase
- E. Contracting Officer Responsibilities
- F. Solicitation Phase
- G. Evaluation Phase¹
- H. Performance Based Contracting Methods

A. Acquisition Planning Phase

Acquisition planning is completed early each fiscal year by Strategic Objective Teams, and includes requesting personnel, contracting personnel, and other personnel essential to achieving specific results. Acquisition planning must include consideration of the following issues:

- Based on our Results Framework, what is the contractor responsible for achieving under this activity?
- What kind of acquisition instrument do we want to use? (The various kinds of acquisition instruments were discussed in Unit 2, Lesson 3.)
- What type of competition should we use (i.e., full and open, informal, non-competitive)?
- When do we need to have our acquisition instrument in place?
- How long will it take the activity to achieve the results?
- What is the budgeted amount for this activity? Are we reasonably confident that we will be able to obtain that budgeted amount in outlying years? Do we need an instrument that allows us to "cut" certain parts of the activity (without completely sacrificing our intended results) if funds are vulnerable?

¹ The term "evaluation" as used in this section is based on the Federal Acquisition Regulation (FAR) definition, i.e., an assessment of the proposal and the offeror's ability to perform the prospective contract successfully.

B. Types of Contracts

See Unit 2, Lesson 3, Lesson 3 Annex, and FAR Part 16 for more in-depth information on this subject.

C. Types of Competition (See FAR Part 6 for more in-depth information on this subject)

A part of acquisition planning includes deciding on the competitive process we want to use. USAID has established a goal for lead times of 150 days for full and open competition, and for informal competitive and noncompetitive processes, 90 days. Full and Open Competition is required by law unless there is a basis for following one of the other procedures identified below.

1. Full and open competition permits any interested offeror to submit an offer (or proposals) to our solicitations (i.e., Request for Proposals (RFP), Request for Quotation (RFQ), Invitation for Bid (IFB) etc.), helping to ensure that the US Government obtains a good buy. It requires:
 - Advertising in the Commerce Business Daily (CBD)
 - Listing the solicitation on USAID's Internet
 - Providing the solicitation to all interested parties
 - Stating the designated place, date, and time of receipt of proposals
2. Full and open competition after exclusion of sources permits a lesser degree of competition. The US Government first decides which sources are excluded, and then uses full and open competition among the remaining sources to select the contractor. An example of this type of competition is a small business set aside, where full and open competition would be carried out among small businesses.
3. Other than full and open competition requires that one of the following exceptions be applicable.
 - Only one responsible source exists (sole source acquisition).
 - The Agency's need is of such unusual and compelling urgency that the US Government would be seriously injured unless the Agency is permitted to limit the number of sources solicited.
 - It is necessary to award the contract to a particular source or sources to maintain a mobilization capacity in a national emergency; or to set up and maintain a source of essential engineering, developmental, or research work.
 - An international agreement precludes full and open competition.
 - A federal statute authorizes or requires acquisition through certain sources, e.g., Federal Prison Industries, certain agencies for the blind, etc.
 - Disclosure of the Agency's needs would compromise the national security unless the number of solicited sources is limited.
 - When the Administrator determines that it is in the public interest.

In addition to FAR exceptions to full and open competition, USAID's legislation permits an exception for impairment of foreign aid programs (i.e., using full and open competition would

harm the U.S. Government's aid program). As stated in AIDAR 706-70(b), this authority may be used for:

- An award involving personal services contractors serving abroad.
- An award of \$250,000 or less by an overseas contracting activity.
- An award for which the Assistant Administrator responsible for the program makes a formal written determination, with supporting findings, that compliance with full and open competition procedures would impair foreign assistance objectives, and would be inconsistent with the fulfillment of the foreign assistance program.
- Awards for countries, regions or programs for which the Administrator of USAID makes a formal written determination, with supporting findings, that compliance with full and open competition procedures would impair foreign assistance objections.
- Awards under Title XII (land grant universities) selection procedure per AIDAR 715.613-70 and 71.
- An award for the continued provision of highly specialized services when award to another resource would result in substantial additional costs to the Government or would result in unacceptable delays.

Note: Under the majority of these exceptions, some form of competition is still required.

OTHER FORMS OF CONTRACTING METHODS

FAR prescribes other forms of contracting methods, other than "Contracting by Negotiation." This includes Part 13, "Simplified Acquisition Procedures" for obtaining goods and services under \$100,000. USAID uses simplified acquisition procedures for small value purchases, most often using purchase orders as the contract instrument. (NB: a purchase order is a contract.)

The Agency uses full and open competition in the majority of its procurements for goods and services. This process is described more fully below and the Annex entitled, "Process for Full and Open Competition."

D. Pre-solicitation Phase

Up to this point, we have discussed the various roles of SO Team members. Now we move from the "team" concept to the individual(s) who has specific responsibilities for activity management. The term "Requestor" below, comes from the Agency's New Management Systems (NMS), and represents the role of the person responsible for asking or requesting the Contracting Officer to buy services or goods.

1. Implementation Schedule

The pre-solicitation phase begins with an implementation schedule that identifies both the responsible parties and the lead times required for awarding an acquisition instrument.

2. Requestor Responsibilities

The Requestor is responsible for preparing an acquisition package that describes:

- (1) What s/he wants to buy that will contribute progress toward achievement of a given result or set of results,
- (2) What reports are needed,
- (3) What Government property requirements there are,
- (4) Technical terms and conditions associated with the acquisition,
- (5) Any waivers associated with source/origin/nationality, and
- (6) Any special requirements that may be needed.

The Requestor also is responsible for the development of the Government's cost estimate incorporating the use of "line items". A line item includes:

- A description of results or outputs that the Requestor expects to be achieved by the recipient of USAID funds;
- A summary of all applicable cost elements related to its achievement; and
- Numbering the items (output, result or goods). to be procured

Note: Once a contract is awarded, the contractor reports to USAID using line items and payment is made by these line items. The number of line items should be a manageable number for the contractor and USAID, i.e., neither too many nor too few.

The Requestor is required to develop the technical evaluation criteria by which technical proposals will be evaluated. The evaluation criteria are tools that help to distinguish the relative merits of different proposals. Evaluation criteria must show the relative importance of all factors, e.g., past performance, technical approach, management capability, and/or cost.

The Requestor must work closely with contracting personnel during the development of the statement of work (SOW) in order to ensure that the specifications are not restrictive, thereby inhibiting full and open competition, and that the SOW is contractible and consistent. (See Annex for "Outline for a Statement of Work.")

Once the statement of work has been completed and approved, the Requestor submits an acquisition package to the Contracting Officer for action.

E. Contracting Officer Responsibilities

The Contracting Officer is responsible for taking the approved SOW, adding information, documents, terms/conditions, and rules for submitting an offer, and turning all of this into a solicitation package, frequently referred to as a Request for Proposal (RFP). (Note: The resulting contract is derived from the solicitation by deleting certain sections of the solicitation, and adding certain portions that result from contract negotiations. The Contracting Officer works closely with the Requestor to ensure that the resulting solicitation package reflects the requirements of the Requestor.)

According to FAR, the Contracting Officer is responsible for deciding the kind of contract that will be used. However, the Contracting Officer does not make this decision in a vacuum, but

rather works closely with the Requestor at both the acquisition planning phase and the pre-solicitation phase to ensure that both the Requestor and the Contracting Officer are comfortable with the instrument that will be awarded.

Under full and open competition, solicitation summaries must be published in the Commerce Business Daily (CBD). USAID also requires that solicitations be posted on the Internet. Solicitations have a "closing" date and time, after which proposals may not be accepted except for reasons clearly stated in FAR, e.g., mishandling or misdirecting the proposal by the Federal Government. During the waiting period until the closing date, offerors may ask questions about the solicitation, for which the Contracting Officer is the contact person who provides the official response.

F. Solicitation Phase

Offerors (or proposers) submit proposals in two sections: a technical section and a business management section. The proposal must follow the evaluation criteria, which are included in the solicitation. Once all proposals have been received, a technical evaluation team, including the Contracting Officer as an *ex-officio* member, is convened to evaluate the technical portion of all proposals and to obtain past performance information about potential contractors.

The Contracting Officer's role during this time is to provide direction to the technical evaluation team about such things as:

- Using the evaluation criteria to evaluate proposals,
- Proper handling of proposals,
- Answering the team's questions concerning the competitive process, and
- Responding to offerors' inquiries.

Additionally, as the "business manager" for USAID, the Contracting Officer is responsible for reviewing business management section of the proposal. This section contains the cost proposal, information regarding personnel/travel policies, information on subcontractors, etc. The Contracting Officer reviews the cost estimate, determines the offeror's understanding of the work requirements based on this estimate, and whether the estimated costs are realistic for the technical approach.

1. Managing Cost Information

- USAID's policy is that the Government's cost estimate shall not be provided to offerors when a term or level of effort contract will be awarded.
- The Contracting Officer has the responsibility for deciding whether, how much, and to whom cost information will be provided to the technical evaluation team.

2. Past Performance Evaluation

Past performance is an indicator of an offeror's ability to perform the contract. For past performance, USAID assesses and reviews the number/severity of an offeror's problems in implementation, the effectiveness of corrective actions, and the overall work record. The

Contracting Officer uses the offeror's past performance as an indicator of how well the offeror is likely to perform the contract that will be awarded. In evaluating past performance for a specific procurement, it is important to consider the age of the information and the relevance to the procurement at hand.

During the evaluation period of proposals, the Contracting Officer is responsible for leading all discussions, officially notifying all proposers about the status of their proposals, and documenting/maintaining the official contract file. The Contracting Officer is responsible for awarding the contract, based on the technical evaluation team's recommendations concerning the relative merits of each technical proposal, determination of contractor responsibility, and price. Generally, USAID's solicitations state that award will be made to the offeror whose proposal is the best value to the US Government, price and other factors considered.

G. Evaluation Phase

One of the most important tools of a solicitation is the evaluation criteria. Because each criterion generally has a numeric rating, offerors use the criteria as an indicator of the relative importance that USAID places on individual criterion. USAID uses the evaluation criteria to determine which proposal offers the best value to the Government.

A Technical Evaluation Team (TET) is usually composed of the Requestor (or representative from that office), representatives from other concerned offices, host country representatives (if the procurement is managed overseas), and the Contracting Officer as an ex-officio member.

Each voting team member must evaluate every proposal using only the technical evaluation criteria contained in the solicitation. The chairperson for the technical evaluation team provides each team member with copies of scoring sheets. Each member supplements his/her scoring sheet with a narrative that discusses the strengths and deficiencies of each proposal. Once the evaluation of all proposals is completed, the chairperson submits to the Contracting Officer a memorandum that discusses each proposal's strengths and deficiencies as well as any recommendations that the technical evaluation team may have. The memorandum also includes a summary of the scoring by the team members for all proposals and an assessment of each offeror's ability to accomplish the technical requirements.

NB: No contact relative to the solicitation should be made with individual offerors before or during the evaluation team's deliberations, without the concurrence of the Contracting Officer. Such unauthorized contact may serve to disqualify an offeror, or in extreme situations, may result in termination of the procurement action.

Refer to the Annex for more in-depth information on the award process. The following is a summary of the steps that the Contracting Officer takes in deciding who will be awarded the contract.

- Once the TET provides its memorandum to the Contracting Officer, and after technical considerations, cost analyses, cost realism analyses, and past performance have been assessed, the Contracting Officer determines which firms are placed in the competitive range. (See A&A webpage on cost realism analysis guidelines)
- Once the Contracting Officer establishes the competitive range, s/he opens discussions with each offeror in the competitive range and notifies all other offerors that their offers will no longer be considered.
- Discussions (also known as negotiations) usually include technical and cost issues. Offerors' responses can be either written or oral (face-to-face). Once the Contracting Officer along with the TET have completed discussions, the Contracting Officer requests final proposal revisions from each offeror still in the competitive range. Note: based on offerors' responses to the issues and rescoring by the TET (and Contracting Officer if costs are an evaluation criterion), the Contracting Officer may change the competitive range.
- Once the Contracting Officer has received final proposal revisions from all organizations still in the competitive range, the Contracting Officer decides which offer is the best value to the U.S. Government, and makes the award.
- The final step in the award process is that the Contracting Officer notifies the awardee of the Contracting Officer's decision, and notifies all unsuccessful offerors of the award. The Contracting Officer must provide debriefings to all offerors who request one in writing.

H. Performance-Based Contracting Methods

An important part of USAID's work is to provide, through procurement instruments, highly complex technical assistance implemented in developing countries. Part 37, Service Contracting, is applicable to USAID as it delivers technical assistance in developing countries. The FAR-fathers probably did not have "highly complex technical assistance implemented in developing countries" in mind when Part 37 was written, and therein lies the challenge of using performance-based contracting methods.

FAR 37.102 states that "...Agencies shall use performance-based contracting methods to the maximum extent practicable...for the acquisition of services...." This requirement implements the Office of Federal Procurement Policy (OFPP) Policy Letter 91-2, Service Contracting. There is some confusion within USAID concerning what performance-based contracting is and is not.

There is no such thing as a performance-based contract. The term "performance-based contracting methods" actually helps to clarify that point, insofar as FAR uses the word "methods" to define the essential ingredients of a contract that uses performance-based contracting methods. Basically, a contract employs performance-based contracting methods if it:

- Describes the requirements in terms of outputs or results required rather than the methods of performance of the work;
- Uses measurable performance standards (i.e., terms of quality, timeliness, quantity, etc.) and quality assurance surveillance plans;

- Specifies procedures for reductions of fee of a cost-reimbursement contract or for reductions to the price of a fixed-price contract when services are not performed or do not meet contract requirements; and
- Includes performance incentives where appropriate.

The key elements of a contract that employs performance-based contracting methods are:

- A performance work statement that states what the services are in terms of measurable outputs or results. In other words, we state the "what" we want, and the contractor says "how" it will achieve it;
- A performance standard for measuring the contractor performance in achieving outputs or results;
- Any incentives for achieving the outputs or results; and
- Any necessary approvals that may be needed as a result of working in developing countries with host country partners.

(See sample outline for a SOW in Annex)

NB: Developing a performance work statement can take less time and effort if the Results Framework for the Strategic Objective goes "low" enough to capture the Activity outcomes or results.

Finally, because of the environment in which we deliver development assistance, it may not be possible to have a contract that fully employs performance-based contracting methods. Fortunately, performance-based contracting methods are not "all or nothing" methods. Instead, it is important to understand the implementation environment as well as the results you want to achieve, and then hold the contractor responsible for what is in its manageable interest within these parameters. Contract Line Item Numbers (CLINS) included in a contract can be used to identify those items that are the responsibility of the contractor to achieve and those elements over which the contract has no direct control.

Lesson 5: Acquisition Administration

Learning Objectives:

In this lesson, the trainee will learn:

1. The respective roles of the SO Team and CTO in acquisition administration; and
2. The specific authorities and responsibilities of the officially designated CTO.

Outline - Unit 2, Lesson 5

- A. Role of the Strategic Objective (SO) Team
- B. Role of the Cognizant Technical Officer (CTO)
 1. Monitoring Performance
 - a. Technical Direction
 - b. Deliverables
 - c. Ethics Requirements
 - d. CTO File
 - e. Change Orders
 - f. Modifications
 - g. Financial Reports
 - h. Contract Monitoring Plan
 2. Coordinating with the Contracting Officer
 3. Inspection and Acceptance

A. Role of the Strategic Objective (SO) Team

During the implementation phase of activities, the SO Team or designated sub-team normally expands to include its acquisition partners. The SO Team or sub-team may manage activities by having several team members responsible for different parts of activity management and/or by delegating to team member specific Activity Management function (see discussion of SO Team structure in Unit 1 Lesson 6 on Team Formation). The SO Team role in acquisition management includes:

- Working in partnership with the contractor;
- Developing the Contract Monitoring Plan;
- Gathering and analyzing performance information;
- Interpreting contractor-generated data for the Results Review and Resource Request (R4); and
- Nominating to the Contracting Officer an individual to be CTO.

B. The Role of the Cognizant Technical Officer (CTO)

The SO Team nominates a qualified individual to be the Cognizant Technical Officer (CTO) for a newly awarded contract. This individual must be accepted by the Contracting Officer and receive a written delegation from the Contracting Officer that spells out which of the duties s/he may and may not perform as the CTO. It is important to remember that the delegation of CTO begins upon contract award, and only the Contracting Officer can redelegate CTO duties to another person. Once the CTO has been delegated contract administration

responsibilities, s/he may carry out certain duties related to that contract. The major areas of CTO responsibility under contracts are:

1. **Monitoring Performance** - Institutional contracts include costs of managing staff and resources by the contractor's own personnel. CTOs do not "supervise" contractors. If a CTO acts in a "supervisory" role, s/he relieves the contractor of certain contractual responsibilities. The CTO administers the Contract Monitoring Plan contained in the contract. In some circumstances, it may be appropriate for the CTO to observe the contractor at work to determine if performance is in compliance with the contract, particularly if the contract provides specific performance requirements. The CTO should notify the Contracting Officer of intended site visits so the Contracting Officer can suggest areas to cover. The purposes of these site visits may include checking actual contractor performance against scheduled and reported performance, seeing if facilities and working conditions are adequate, and verifying that the employees charged to a cost-reimbursement contracts are actually working on that contract.

The CTO's responsibility for monitoring performance includes reviewing deliverables, maintaining a CTO work file, reporting changes and problems, recommending modifications, analyzing financial reports, and preparing annual Contractor Performance Reports for contracts whose value is over \$100,000, and submitting them to the Contracting Officer. Additional information concerning performance issues can be found in the Technical Officer's Guide for Evaluating Contractor Performance. Refer to the Annex for this document. This publication explains how Contractor Performance Reports (CPR) are used to evaluate contractor performance. CTOs monitor contracts in accordance with the terms and conditions of the award itself and referenced Federal and Agency regulations contained in the award. It is important to know that there are frequently differences in the policies, procedures, restrictions, etc., of USAID direct hire staff and our institutional contractors.

Under fixed price contracts, the CTO monitors whether the contractor performed and delivered the outputs, result(s), or deliverables, in accordance with contractual requirements. In cost-reimbursement completion contracts, the CTO monitors whether the contractor delivered the outputs, result(s), and/or deliverables, in accordance with contractual requirements. In cost-reimbursement term (or level of effort) contracts, the CTO monitors whether the contractor delivered its "best efforts."

a. **Technical Directions**

The CTO has the responsibility of providing technical direction to the contractor. These directions must be within the terms of the contract, and they must be written. The CTO uses written directions to fill in details, suggest possible lines of inquiry, or otherwise facilitate completion of work. An example of technical direction might be the discussion that takes place between the CTO and the contractor that leads to the decision to use one particular education model over another when there are no differences in the cost of the two models. Technical directions shall not be used as the basis to supervise the contractor or to require the contractor to carry out work that is not within the requirements of the contract.

b. Deliverables

The CTO has responsibility for monitoring deliverables and performance under the terms of the contract. The CTO cannot change or waive a delivery date for any reason, and is responsible for notifying the Contracting Officer of delivery or non-delivery. Note: deliverables also may be reports that are required under the contract.

The receipt of deliverables and services under the contract must also be documented by the CTO for purposes of prompt payment. The Government must pay its bills within a specified period of time or pay the contractor interest.

The CTO should recommend to the Contracting Officer acceptance or rejection of all contract deliverables. If the work is judged unsatisfactory, the CTO and the Contracting Officer must determine what further actions are required, seeking the advice of legal counsel, if necessary.

c. Ethics requirements

The CTO should immediately notify the Contracting Officer of any suspected procurement fraud, bribery, conflict of interest, or other improper conduct, and then report promptly and directly to the Inspector General (or the equivalent office).

d. CTO File

The CTO should maintain a contract work file. The work file contains all relevant documentation such as notes of conversations with the contractor, written technical directions given to the contractor, notes on performance issues, and similar items as called for by the Contracting Officer. This file must contain enough detail so that if a contract dispute or claim occurs, the Contracting Officer or Board of Contract Appeals can reconstruct what the CTO did or did not do. Information in this file will also help the CTO prepare annual Contractor Performance Reports. The file should also contain copies of the contract, all modifications, the CTO designation letter from the CO, and all correspondence between the CTO and the contractor or the Contracting Officer.

e. Change Orders

"Change order" means a written order, signed by the Contracting Officer, directing the contractor to make a change. The "changes" clause in the contract authorizes the Contracting Officer to order a change without the contractor's consent.

The CTO must report all problems and requests for changes to the Contracting Officer for formal action and approval. The CTO should assure that changes in the work to be performed or any change in the delivery schedule are formally put into effect by written supplemental agreements or change orders.

Changes are only binding if made by a Contracting Officer in the form of a modification to the contract.

f. Modifications

Contract modifications change the terms and conditions of a contract and fall into two categories.

- Unilateral - A unilateral modification is a contract modification that is signed only by the Contracting Officer. Unilateral modifications are used to:
 - Make administrative changes
 - Issue change orders
 - Make changes authorized by clauses other than a Changes clause (e.g., property clause, options clause, suspension of work clause)
 - Issue termination notices
 - Provide incremental funding
- Bilateral - A bilateral modification is a contract modification that is signed by the contractor and the Contracting Officer. Bilateral modifications are used to:
 - Make negotiated equitable adjustments resulting from the issuance of a change order
 - Define requirements in letter contracts
 - Reflect other agreements of the parties modifying the terms of contracts. (e.g., extend period of performance, provide increased budget to accomplish the same work (cost overruns)).

Additional information can be found in FAR Part 43, Contract Modifications.

g. Financial Reports

The CTO compares actual progress and costs to planned progress and costs in order to evaluate the contractor's efforts in terms of the contract's specifications. The CTO will judge if actual progress indicates that performance is on schedule. The CTO will use the information in these financial reports to prepare the annual Contractor Performance Reports.

Using these analyses, the CTO helps to provide assurance that the Government does not pay excess costs because of a contractor's inefficiency (e.g., missed schedules, unacceptable reports). If analysis suggests current or potential financial issues, the CTO must notify the Contracting Officer.

- h. Contract Monitoring Plan (CMP) - One method of monitoring the contractor is through the use of a Contract Monitoring Plan contained in the contract. The CMP defines what the government must do to ensure that the contractor has performed in accordance with the predefined performance standards (specified in the Statement of Work). This CMP may include a one-time inspection of a product or service, periodic in-process inspections of on-going product or service delivery, regularly scheduled meetings, etc. It also includes site visits and progress reports. The reason for a CMP is to ensure that the Government receives the quality of services called for under the contract, and pays only for the acceptable level of services received.

In a well-written *CMP*, a particular task should be consistent with the importance of the task. The *CMP* should focus on the quality, quantity, and timeliness of the performance outputs to be delivered by the contractor, and not on the steps required or procedures used to provide the product or service. A *CMP* should include a surveillance schedule and clearly state the surveillance method(s) to be used. The *CMP* establishes what actions will be used to ensure that the Government receives that for which it is paying.

2. Coordinating with Contracting Officer

- a. Contracting Officer - Contracting Officers are responsible for entering into, administering, and/or terminating USAID-direct contracts in accordance with the limitations of their delegated authority and the policy and essential procedures in ADS Chapter 302. The authority is delegated to a specific person and may not be redelegated to others.
- b. The CTO must coordinate with the Contracting Officer on the following issues:
 - Problems and changes - The CTO must advise the Contracting Officer of the following situations:
 - Possible changes in contractor management or key personnel
 - Potential labor disputes or problems
 - Disputes with the contractor

One method of dealing with potential or actual problems and changes is partnering. Partnering is a technique for preventing disputes from occurring. The Contracting Officer, CTO, contractor (and a facilitator, if necessary) conduct a post-award briefing upon contract award to discuss contract terms and conditions as well as mutual expectations. The parties mutually develop performance goals, identify potential sources of conflict, and establish cooperative ways to resolve any problems that may arise during contract performance. A written record of the post-award briefing should be contained in the contract file.

If the contractor's management under the contract changes, the CTO should analyze for the Contracting Officer the possible and/or probable changes in performance of the contract. If the contract contains a Key Personnel clause under which individual persons/positions are listed, the CTO should ensure that the named key personnel are approved by the Contracting Officer, and are actually working on the contract and that their level of effort meets requirements.

- Contractor inadequacies or discrepancies and the appropriate course of action - The CTO should immediately alert the Contracting Officer if any of the following problems occur so that corrections can be made before the problems become significant.

- *Delinquencies* - The CTO must notify the Contracting Officer when deliveries might be delinquent regardless of the reason. This notification will allow the Contracting Officer to take formal action to protect the Government's contractual rights.
- *Unsatisfactory performance* - If the CTO identifies unsatisfactory performance, the Contracting Officer must be notified. The Contracting Officer can obtain the contractor's commitment for corrective action, withhold contract payments, or terminate the contract.
- *Changes in the contract* - When work under the contract changes, even if the CTO believes the changes are within the terms and conditions of the contract, the Contracting Officer shall be notified.
- *Unsatisfactory performance includes problems related to cost, quality, and non-compliance with others terms and conditions of the contract.*
- *Technical analyses and evaluations* - The CTO should analyze contract proposals in response to change orders and provide information to the Contracting Officer that will allow negotiation of a fair and reasonable price for each task order and change order.
- *Continuing the contract* - The CTO should contact the Contracting Officer at least 90 days before a contract expires if the need for goods and services provided by that contract will continue past the expiration date.

If the contract contains priced options, the CTO should notify the Contracting Officer reasonably in advance of the time frame specified in the contract and give recommendations regarding the exercising of options within a reasonable time period before the contract's expiration date, whether or not priced options will be exercised.

Fixed-price options are included in a contract so that if the contractor's performance is satisfactory, the Government can obtain additional supplies/services, at previously determined prices, in subsequent time periods. The CTO should be aware of how many options the contract has, coordinate with other personnel in the initiating office to determine if an option should be exercised, and ensure that a procurement request is forwarded to the Contracting Officer for action.

- *Contract Closeout* - All USAID Operating Units should have formal systems in operation for the closeout of contracts. When the contract expires, the system should automatically go in motion to ensure that the Controller, CTO, Contracting Officer, and contractor perform their closeout responsibilities. While many of the actions are simply paperwork, it is vital that the disposition of all non-expendable property be properly authorized and documented. The Contracting Officer initiates

closeout actions within 90 days following physical completion of the work under a contract.

When performing contract closeout, the procedures in FAR 4.8 should be followed. For contracts administered by USAID/Washington, the FAR procedures are supplemented by OPAM 85-7. For contracts administered by USAID field Operating Units, CIB90-12 supplements the FAR procedures.

Closeout procedures ensure that the contractor's final invoice has been submitted and reviewed by the Contracting Officer. Contract funds review and deobligation of any excess funds must be completed. Deobligation of excess funds is critical because these funds may be reallocated and reobligated to those Strategic Objectives that are underfunded and that warrant additional funding on the basis of performance and other relevant criteria used by the agency in making resource allocation decisions (ADS 605.5.7).

- The rules for deobligation are generally the same as those for initially obligating the appropriation.
- Deobligating excess funds from contracts are an exercise that involves the controller, the CTO, and the Contracting Officer. For more information on the release of excess funds see FAR 4.804-1 or FAR 49.105-2.

The CTO's role in contract closeout is to confirm physical completion of the work under the contract and, along with the Contracting Officer, administratively approve the final voucher for payment.

- Delivery or performance of a contract - The CTO should furnish the Contracting Officer a notice of satisfactory or unsatisfactory completion of delivery or performance of a contract.
- The CTO also may oversee the proper disposition of any:
 - Non-expendable, government furnished property,
 - Contractor acquired, non-expendable property,
 - Classified materials in the contractor's possession, and
 - Contractor produced technical reports.

- The CTO may also be called upon to provide input in support of the contracting, finance, and audit office functions in closeout.

For information concerning contract closeout, refer to *A Guide to Best Practices for Contract Administration* by the Office of Federal Procurement Policy (OFPP) (where found and how accessed). This guidebook contains best practices in contract administration, including contract closeout, that should be useful tools to program and contracting officials in administering federal contracts.

3. Inspection and Acceptance

- a. The contract specifies the criteria for inspection and acceptance of deliverables. The CTO should review the contract inspection and acceptance provisions and discuss any issues with the Contracting Officer.

The CTO may be required to conduct acceptance testing. In the testing of equipment or commercial software, the items tested will either meet the requirement or not. Adequate documentation by the CTO during testing is essential.

- b. Invoice Review - The CTO, who approves interim invoices for payment, should review the contractor's invoices to ensure that they accurately reflect the work completed in accordance with the requirements of the contract.

The CTO's administrative approval of a voucher implies that, to the best of the CTO's knowledge, the nature, type, and quantity of effort or materials being expended are in general accord with the progress of work under the contract.

When reviewing vouchers under cost-reimbursement contracts, CTOs should check the voucher date against the contract performance period to ensure that costs are being billed for the proper timeframe, and compare the contractor's billing rates against the contract rates to ensure that indirect costs are being billed properly. These measures, along with monitoring the contractor's performance, help the CTO determine if claimed costs are reasonable for the period covered by the voucher. During this process, the CTO may want to consult with the Contracting Officer and/or the financial officer if s/he has any questions or issues about the voucher.

- c. Disallowed costs: During the performance of a contract, there may be costs that should be disallowed on a voucher. Only the Contracting Officer who is responsible for administering the contract may issue to the contractor a written notice of intent to disallow specified costs incurred or planned for incurrence. However, before issuing the notice, the contracting officer works with the CTO, the financial manager, and the contractor to take every reasonable effort to reach a satisfactory settlement through discussions with the contractor.

A notice of intent to disallow such costs usually results from monitoring contractor costs. The purpose of the notice is to notify the contractor as early as practicable

during contract performance that the cost is considered unallowable under the contract terms and to provide for timely resolution of any resulting disagreement. In the event of disagreement, the contractor may submit to the Contracting Officer a written response. Any such response shall be answered by withdrawal of the notice or by making a written decision within 60 days. More information on the disallowance of costs can be found in Part 42.8 of the FAR.

Additional information concerning actions that the CTO may take, including actions that require the CO's authorization, can be found in Chapter VII of the Guidebook for Managers and Cognizant Technical Officers on Acquisition and Assistance.

- d. CTO Prohibitions: The CTO may not take actions that require authorization by a Contracting Officer. Some of the things that the CTO cannot do include:
- Supervise the contractor.
 - Make commitments or promises to any contractor.
 - Solicit proposals for enhancements to the contract.
 - Modify the stated terms of the contract.
 - Issue instructions to a contractor to start or stop work.
 - Approve items of cost not specifically authorized by the contract.
 - Require or direct changes such as time of delivery.
 - Sign supplemental agreements.
 - Discuss procurement plans or any other advance information that might provide preferential treatment to one firm over another.

Violation of any of the above may be a violation of law with grave consequences for the Agency, the firm, and persons involved.

- e. Informal commitments occur when an unauthorized USAID official acts in a manner that suggests (to a contractor or potential contractor acting in good faith) that USAID has committed to:
- Make a specific award.
 - Change the amount of an existing award.
 - Revise an existing award budget, program description, or any of the terms and conditions of the award.
 - Change the price, delivery schedule, requirements, or terms and conditions of a contract.

As a legal matter, the US Government does not recognize nor is it bound by the doctrine of "apparent authority." That means that the US Government is bound only by the actions of its officers who possess the actual delegated authority to bind the US Government. It is a regulatory requirement (FAR) that unauthorized persons shall not make informal commitments. It is possible to formalize informal commitments if, in the opinion of the Contracting Officer, a formalization of an informal commitment would best protect the foreign policy interest of the United States. In order to maintain management oversight and controls on unauthorized commitments, authority to ratify informal commitments is reserved for the USAID Procurement Executive.

If the CTO makes an informal commitment, s/he must:

- Draft a memo for the Contracting Officer's clearance, address it to the Procurement Executive, Office of Procurement in Washington, and include all the facts and details requesting ratification or extraordinary contractual relief.
- If the Procurement Executive does not ratify the informal commitment, the Contracting Officer shall notify the contractor.
- The contractor may then pursue legal action against the individual who ordered the change.

The steps required to formalize informal commitments within USAID are provided in the USAIDAR 750.7106-4.

Lesson 6: Assistance Planning/Award

Learning Objectives

In this lesson, the trainee will learn:

1. Roles and responsibilities of the SO Team and Agreement Office in preparing assistance awards;
2. The requirements for competition in assistance instruments;
3. The responsibilities of the Agreement Officer;
4. How to develop RFAs;
5. Requirements for Annual Program Statements; and
6. Exception to competition.

Outline - Unit 2, Lesson 5

- A. Overview
- B. Roles and Responsibilities
 1. SO Team
 2. Agreement Officer
- C. Results Oriented Assistance Instruments
- D. Requirements for Competition
- E. Competitive Requirements
- F. Developing Requests for Application (RFAs)
- G. Annual Program Statements
- H. Exceptions to Competition
- I. Cost Sharing
- J. USAID's Source, Origin, and Nationality Rules
- K. Substantial Involvement
- L. Assistance Tid Bits (See Annex)

A. Overview - Assistance Planning/Award

This lesson deals with Grants and Cooperative Agreements which are the assistance implementing instruments for the transfer of money, property, services, or anything of value to an organization in order to support a public purpose authorized by Federal Statute during the planning and award phases.

<p>For more information on what constitutes a Grant/Cooperative Agreement - See: a) Unit 2, Lesson 3 - Transfer Resources; b) Results-Oriented Assistance: A USAID Sourcebook; c) ADS 303 - Grants and Cooperative Agreements, and d) ADS 304 - Choice of Implementation Instrument</p>

B. Roles And Responsibilities

During the Planning Phase, responsibilities of the Agreement Officer and SO Team (unless otherwise noted SO Team in this section refers to the "core" members only) are:

1. SO Team:
 - a. Prepares competitive announcements &/or writes a justification for an exception to competition.
 - b. Recommends the expected level of cost sharing.
 - c. Determines and describes in the requesting documentation the purpose of the transaction and the intended nature of the relationship.

2. Agreement Officer:
 - a. Interprets USAID's assistance policies and procedures.
 - b. Coordinates with the SO Team.
 - c. Determines the appropriate type of instrument to be used, in accordance with ADS 304.

Note: Agreement officers are warranted to negotiate and award assistance instruments. Contracting officers are warranted to negotiate and award acquisition instruments. In many USG agencies, these are two different individuals.

During the Award Phase, the responsibilities of the SO Team and the Agreement Officer are:

1. SO Team:
 - a. Develops the evaluation² criteria. Evaluation criteria for assistance instruments usually are based on technical considerations, e.g., how well the Recipient's program fits with the SO Team's Intermediate Results.
 - b. Conducts the process of technical evaluation of applicants.
 - c. Determines if the applicant's program description is responsive to USAID competitive notice or is otherwise in keeping with established USAID Strategic Objectives.
 - d. Processes all necessary internal USAID authorization papers.
 - e. Assists the Agreement Officer in determining the potential recipient's level of technical and managerial competence.

2. Agreement Officer:

Signs on behalf of USAID under a duly authorized warrant; Mission Directors and USAID Representatives receive limited warrant authority by virtue of their position.

See USAID/General Notice, dated 6/22/98 for Guidelines for Expanded Assistance Authority for Mission Directors

² "Evaluation" as used in this module means an assessment of applications from potential Recipients.

- a. Bears the legal responsibility for the award. Only the Agreement Officer can take action to enter into, change or terminate the award on behalf of USAID.
- b. Is responsible for ensuring prudent management over assistance funds by:
 - Interprets assistance policies and procedures;
 - Approves all evaluation criteria for Request for Applications ;
 - Determines the appropriate type of instrument to be used;
 - Guarantees the integrity of the competitive through the following:
 - Approves Annual Program Statement (APS) or Request for Application (RFA) prior to publication; and
 - Ensures that the review & evaluation of applications was in keeping with USAID policies.
 - Makes a responsibility determination regarding a potential recipient's management competence in implementing a planned activity
 - Develops the instrument that sets out the results the recipient plans to achieve and all understandings between USAID and the recipient
 - Negotiates costs in the financial plan of the award in accordance with OMB and USAID standards
 - Assures that there are no restrictions in the award that go beyond the provisions of the applicable OMB Circulars and USAID Regulation 26, or applicable Standard Provisions, unless a deviation has been approved. (See the A&A webpage)
- c. Process deviations to USAID Regulation 26, applicable Standard Provisions, if necessary. A deviation is defined as any policy, procedure, or provision that is inconsistent with applicable statutes, rules and regulations. There are specific processes for authorizing deviations within USAID.

<p>See ADS 303.3 for a more detailed description of the duties and responsibilities of an Agreement Officer.</p>
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C. RESULT-ORIENTED ASSISTANCE INSTRUMENTS (See the A&A webpage on this subject)

For the same reasons that USAID uses performance-based contracting methods in acquisitions, the SO Team will structure the grant or cooperative agreement so that it is result-oriented.

Result-oriented assistance instruments incorporate:

1. A results-oriented program description
2. A performance measurement system
3. Accountability/responsibility for performance

D. REQUIREMENTS FOR COMPETITION

In accordance with the Federal Grant and Cooperative Agreement Act, USAID shall encourage competition in the award of grants and cooperative agreements.

USAID requires all grants and cooperative agreements to be awarded competitively unless an exception is authorized. Either publicizing an Annual Program Statement (APS) or a Request satisfies competition for Application. See ADS 303.5.4 on Public Notice and Advertising.

E. COMPETITIVE REQUIREMENTS

1. Basic requirements for competition include publishing an announcement on the USAID Internet site and recommending award after an impartial review and evaluation of all applications.

2. There are two different types of competitive announcements.

Annual Program Statement (APS): The APS is a general announcement that identifies program areas and invites interested parties to submit applications at any time. Applications may be submitted for a minimum of six months or up to one year during which time several rounds of evaluations and awards may take place.

Request for Applications (RFA): An RFA identifies a specific program activity for which applications are requested, and sets a short-term deadline, generally from 30 to 45 days, for receipt of the applications.

3. The Agreement Officer is responsible for verifying that the APS or RFA correctly identifies applicant eligibility requirements and essential program qualifications in accordance with the following standards:

Eligibility - In compliance with the Foreign Assistance Act of 1961, assistance may be provided to any U.S. or many non-U.S. organization, individual, non-profit, or for-profit entity.

See 22 CFR 228 about applicants' source, origin and nationality eligibility requirements

Qualifications - The SO Team develops minimum qualifications (i.e., technical, institutional) for applicant consideration.

Pre-qualification Competition - If the SO Team, with the approval of the Agreement Officer, establishes a two or more tiered competition system, the SO Team then reviews and evaluates potential applicants by requesting the submission of an executive summary and corresponding budget information. A second level, more detailed, competition shall then be conducted among a selection of the best applicants to the initial competition. When conducting this type of competition, it may be appropriate to explain in the RFA the intended process so those potential applicants know what to expect at each phase.

F. Developing Requests For Applications (RFAs)

USAID uses a Request for Application (RFA) when it intends to support a specific type of activity or methodology in keeping with Strategic Objectives.

1. A RFA is published on USAID's Internet site at least 30 days before applications are due. The SO Team may decide that due to the complexity of the information being sought, longer periods are needed to ensure quality responses.

ADS 303 discusses at length what is included in a RFA, below list some of those items.

- a) Minimum qualifications requirements:
- b) b) General description of the proposed program including an indication of the range of activities

(Be sure to include those basic elements for a results-oriented activity description)

- c) Criteria used to evaluate applications
- d) Type of award anticipated (grant or cooperative agreement)
- e) Estimate of available funds and number of awards anticipated
- f) If the award is a cooperative agreement, state what the substantial involvement will be. See section J in this lesson for further information on "substantial involvement."
- g) Cost share requirements

The above is only a partial list of the documentation require for a RFA. See ADS 303.5.4 for additional information.

G. ANNUAL PROGRAM STATEMENTS

An Operating Unit publishes an Annual Program Statement (APS) at least once a year, either with an open-ended response, or a closing date at least six months after issuance. ADS 303 lists what the Annual Program Statement contains, which includes:

- 1) Activity objectives, including any areas of special interest,
- 2) Brief statement on how resulting applications will be evaluated including evaluation criteria with an indication of their relative importance;
- 3) Estimate of funds available if appropriate, and the number of awards anticipated;
- 4) Cost sharing element, required or suggested, as applicable;
- 5) Statement to the effect that USAID reserves the right to fund any or none of the applications submitted.

H. Exceptions To Competition

Competition is not required for the following categories of assistance awards. However, these exceptions need to be justified in accordance with the essential procedures in ADS - E303.5.

Exceptions to competition include:

- a) Amendments and Follow-On Awards - This exception would be used when it is more advantageous for USAID to amend an award or create a new "follow-on" award without the benefit of competition rather than open the process to competition.
- b) Unsolicited Applications - See the Annex for more information regarding unsolicited Applications.
- c) Exclusive or Predominant Capability - This exception is used when the proposed recipient is unique or its activity is unique.
- d) Small Awards - For awards with an estimated total amount of \$50,000 or less and with a term of no more than one year.
- e) Foreign Assistance Policy exception deals with meeting critical objectives of the Foreign Assistance Program.
- f) Director, Office of Procurement has the authority to limited competition among a select group of participants for reasons of efficiency
- g) Congressional mandate. This exception is used when there is a congressional earmark to one specific organization.

I. COST SHARING

USAID's policies on cost sharing are established in the USAID - U.S.PVO Partnership Paper of April 12, 1995 (Mandatory Reference) and ADS 216 (Mandatory Reference) (See ADS). It is USAID policy to apply these principles to US and non-US for-profit and non-profit non-governmental organizations.

Cost sharing is an important element of the USAID-recipient relationship. However, unless cost sharing has been specifically mandated in a program or statutory requirement, its application should be flexible and case-specific.

There will be program activities and certain categories of awards for which cost sharing is not appropriate, e.g., USAID-designed cooperative agreements, which are implemented by recipients as USAID intermediaries.

The following procedures are essential for determining cost share requirements:

- a. Level of Financial Participation
When designing and negotiating a development activity, the SO Team may use 25% as a suggested reference point, keeping in mind the need for flexibility and the diverse circumstances and conditions that may define a relationship between USAID and a recipient of funds. Financial participation rates of less, or more, may be justified as reasonable and

appropriate in terms of the recipient's financial resources and fund-raising capacity, USAID's objectives and/or where justified by USAID program objectives.

b. Final Determination

The USAID officer authorizing the activity shall determine whether the recipient shall make a financial contribution, and the amount of the contribution, if any. The document signed by the officer authorizing the assistance activity shall describe the particular circumstances, conditions or considerations that caused the officer to conclude that the indicated final contribution is appropriate and acceptable. The justification for the required cost share should be established in the APS or RFA announcement.

COST SHARE IMPLEMENTATION

It is the Agreement Officer who determines if the applicant's cost share contributions meet the prescribed standards.

While all cost sharing must be in conformance with the Standard Provision entitled "Cost Sharing", USAID's does not to apply its source, origin and nationality requirements or the restricted goods provision to the recipient's share of cost. Refer to 22 CFR 228.

J. Substantial Involvement

You will recall that the U.S. Government's role in managing a grant is very limited. A cooperative agreement, however, permits the U.S. Government to play a more substantial role. However, the "substantial involvement" in a cooperative agreement is NOT the kind of involvement that we have when we manage a contract.

No single factor or proposed involvement (listed below) means that the instrument will be a cooperative agreement instead of a grant. It is the type of relationship that USAID and the recipient anticipate having that is used to determine the implementing instrument.

Cooperative Agreements must describe in detail the anticipated Agency involvement during performance of the award.

Substantial involvement is limited to:

1. Approval of the recipient's Implementation Plan
2. Approval of specified key personnel
3. Agency and recipient collaboration or joint participation
4. Agency authority to immediately halt a construction activity

The Agreement Officer may delegate these approvals to the Cognizant Technical Officer (CTO), EXCEPT for changes to the Program Description or the approved budget, which are the responsibility of the Agreement Officer and cannot be delegated to the CTO.

Substantial involvement is limited to the elements listed above, unless a deviation is authorized in accordance with ADS 303.5.3. For example, an assistance-monitoring plan may be required and would be listed as a substantial involvement activity.

K. USAID's SOURCE, ORIGIN, AND NATIONALITY RULES

The rules vary on where goods and services are procured. When procuring of goods and services, it is important to note what country such goods and services are procured. The USAID Geographic Code Book sets forth the official description of all geographic codes used by USAID in authorizing or implementing documents, to designate authorized source countries or areas. The following are summaries of the principal codes:

- (a) Code 000--The United States: The United States of America, any State(s) of the United States, the District of Columbia, and areas of U.S.-associated sovereignty, including commonwealths, territories and possessions.
- (b) Code 899--Any area or country, except the cooperating country itself and the foreign policy restricted countries.
- (c) Code 935--Any area or country including the cooperating country, but excluding the foreign policy restricted countries.
- (d) Code 941--The United States and any independent country (excluding foreign policy restricted countries), except the cooperating country itself and the specific countries.

There are also prohibition of certain restricted and ineligible commodities and supplies. A list of such restricted and ineligible commodities and supplies are found in Chapter 312 of ADS.
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See - 22 CFR 228 for more information on : RULES ON SOURCE, ORIGIN AND NATIONALITY FOR COMMODITIES AND SERVICES FINANCED BY USAID

L. TID BITS: Assistance Tid Bits Refer to the Annex

Lesson 7: Assistance Administration

Learning Objectives

In this lesson, the trainee will learn:

1. The nature and extent of assistance administration;
2. The requisite roles of the SO Team, TO and Agreement Officer in assistance administration;
3. The recipient's responsibilities
4. Required performance and financial reporting;
5. Assistance instrument allowances and restrictions;
6. How disputes and appeals should be handled; and
7. Close out procedures.

Outline - Unit 2, Lesson 7

- A. Overview of Assistance Administration
- B. Roles and Responsibilities
 1. SO Team
 2. Cognizant Technical Officer
 3. Agreement Officer
 4. Recipient
- C. Performance Report
- D. Financial Reporting
- E. Enforcement
- F. Additional Requirements
- G. Revision of Budget
- H. Informal Commitments
- I. Travel
- J. Real Property, Equipment and Supplies
- K. Disputes and Appeals
- L. Closeout procedures
- M. Suspension
- N. Termination

A. Overview of Assistance Administration

The specific nature and extent of assistance administration will vary from award to award. Assistance administration encompasses all dealings between USAID officials and the recipient:

- From the time the assistance instrument is awarded ;
- Until the end of USAID support.

Assistance administration may include:

- Reviewing and analyzing performance reports,
- Performing site visits
- Developing substantial involvement by USAID under a cooperative agreement.

The Cognizant Technical Officer (CTO) and the Agreement Officer share administration responsibilities of an assistance instrument. While there is a clear division of responsibility, the functions are closely related and cannot be performed in isolation from each other.

B. Roles and Responsibilities

1. SO Team Responsibilities

The SO Team's role includes

- working in partnership with the recipient organization
- developing the assistance monitoring plan,
- gathering and analyzing performance information
- interpreting recipient data and information for the Results Review and Resource Request (R4), and
- nominating to the Agreement Officer an individual to be CTO.

2. Cognizant Technical Officer' Role and Responsibilities

Once there is an assistance award, the Agreement Officer approves and designates one member of the SO Team as CTO, and provides him/her an appointment letter, which further defines the CTO's official responsibility. These responsibilities include:

- a. Monitoring and evaluating the recipient and the recipient's performance during the award in order to facilitate the attainment of program objectives.
- b. Maintaining contact including site visits and liaison with the recipient.
- c. Reviewing and analyzing all performance and financial reports for adequacy and responsiveness.
- d. Assuring compliance with the terms and conditions of the award.
- e. Carrying out all responsibilities as delegated by the Agreement Officer.
- f. Preparing internal documents to support amendments to the award.
- g. Evaluating the recipient's program effectiveness at the end of the program and submitting a final report to the Agreement Officer.

The CTO issues all technical communication to the recipient. NB: Monitoring of the assistance award is to ensure that performance conforms to the terms and conditions of the award and does not mean giving technical directions.

3. Agreement Officer's Role and Responsibilities

- a. Maintains contact with the designated Cognizant Technical Officer and the recipient for proper award administration. The Agreement Officer is the mandatory control point for all official communications and contacts with the recipient which may affect the award budget, the program description or any terms and conditions of the award;
- b. Prepares and executes amendments to awards as necessary;
- c. Initiates actions when audits, disallowances, suspensions or terminations are necessary; and

- d. Receives copies of all performance and financial status reports, as appropriate. Maintains the official Agency files for each grant or cooperative agreement.

4. Recipient's Responsibilities

The Recipient manages and monitors each activity supported by the award, including its sub-awards (e.g., audit requirements)

The Recipient must immediately notify USAID of developments that have a significant impact on the award-supported activities. Also, notification shall be given in the case of problems, delays, or adverse conditions, which materially impair the ability of the Recipient to meet the objectives of the award.

C. Performance Reports.

The terms and conditions of the assistance instrument prescribe how often the Recipient will submit its performance reports. By regulation performance reports cannot be required more frequently than quarterly, or less frequently than annually. The final performance reports are due 90 calendar days after the expiration or termination of the assistance instrument.

1. Annual performance reports normally are due 90 calendar days after the award year.
2. Quarterly or semi-annual performance reports are due 30 days after the reporting period.
3. Performance reports generally contain, for each assistance instrument, brief information on each of the following:
 - A comparison of actual accomplishments with the recipient's work plan goals for that period.
 - Reasons why recipient goals were not met, if appropriate.
 - Other pertinent information, such as analysis and explanation of cost overruns or high unit costs.

See 22 CFR 226.51 for additional information on monitoring and reporting program performance.

D. Financial Reporting

- a. As another way to monitor, USAID requires recipients to report on the status of funds. The assistance instrument states which Financial Report the Recipient will use.
- b. USAID determines the frequency of the Financial Status Report for each project or program, considering the size and complexity of the particular project or program. However, USAID cannot require that the Recipient submit the report more frequently than quarterly or less frequently than annually. The Recipient must submit a final report upon completion of the agreement.

E. Enforcement

If a recipient materially fails to comply with the terms and conditions of an award, USAID may take one or more of the following actions:

- Temporarily withhold cash payments pending correction of the deficiency by the recipient.
- Disallow all or part of the cost of the activity or action not in compliance. **Only the Agreement Officer can disallow costs.**
- Wholly or partly suspend or terminate the current award.
- Withhold further awards for the project or program.
- Take other remedies that may be legally available, such as suspension or debarment.

F. Additional requirements the Agreement Officer may also impose if the applicant or recipient:

- Has a history of poor performance.
- Is not financially stable.
- Has a management system that does not meet the standards previously described.
- Has not conformed to the terms and conditions of a previous award.
- Is not otherwise responsible.

G. Revision of Budget

The budget plan is the financial expression of the project or program as approved during the award process. The budget plan may be written to include either the total of both the Federal and non-Federal shares, or only the Federal share, depending upon USAID requirements as stated in the terms and conditions of the agreement. The budget plan is related to performance for program evaluation purposes when appropriate.

1. Recipients are required to report deviations from budget and program plans, and request prior approvals for budget and program plan revisions.
2. Recipients must request prior approvals from the USAID Agreement Officer for one or more of the following program or budget related reasons:
 - a. Change in the scope or the objective of the activity or program.
 - b. Change in a key person specified in the application or award document.
 - c. The absence for more than three months or a 25 percent reduction in time devoted to the activity by, the approved project director or principal investigator.
 - d. The need for additional Federal funding.
 - e. The transfer of amounts budgeted for indirect costs to absorb increases in direct costs, or vice versa.
 - f. The inclusion, unless waived in the agreement by USAID, of costs that require prior approval.
 - g. The transfer of funds allotted for training allowances to other categories of expense.

See 22 CFR 226.25 for additional information on the revision of budgets and program plans.
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H. Informal Commitments

Informal Commitments occur when an unauthorized USAID official acts in a manner, which appears to a recipient, or potential recipient, acting in good faith, that USAID has committed to:

- Make a specific award,
- Change the amount of an existing award, or
- Review an existing award budget, program description or any of the terms and conditions of the award.

It is against USAID policy to enter into informal commitments; however, if in the opinion of the Agreement Officer a formalization of an informal commitment would best protect the foreign policy interest of the United States, the Agreement Officer may take steps to authorize the commitment. In order to maintain management oversight and controls on unauthorized commitments, authority to ratify informal commitments is reserved to USAID's Assistance Executive for Management.

I. Travel

Guidance for international travel or transportation is listed in the Mandatory Standard Provision for U.S., Nongovernmental Recipients (when activities are undertaken outside the U.S.) (See A&A WEBSITE for mandatory standard provisions)

In accordance with OMB Cost Principles, direct charges for foreign travel costs are allowable only when each foreign trip has received prior budget approval. Otherwise, separate notification is required. The Fly America Act requires that all air travel and shipments under this award be made on U.S. flag air carriers to the extent service by such carriers is available.

J. Real Property, Equipment and Supplies

1. Real Property- Unless the agreement states otherwise, the Recipient has title to real property so long as the Recipient uses this property for the authorized purpose stated in the "Program Description".

ADS 226.32 addresses Real Property

2. Federally owned Property- the Federal Government has title to Federally owned property that the Recipient may be using. Annually, the recipient must submit an inventory listing of Federally owned property.

ADS 226.33 addresses Federal-Owned property

3. Equipment - Equipment acquired by a Recipient with Federal funds is owned by the recipient, subject to certain terms and conditions

ADS 226.34 addresses Equipment

The Recipient's property management standards for equipment acquired with Federal funds and Federally owned equipment must comply with all the information as listed in ADS 226.34(f).

4. Supplies and other expendable equipment

The Recipient has title to supplies and other expendable equipment at the time of purchasing them. If there is a residual inventory of unused supplies exceeding \$5,000 in total aggregate value upon termination or completion of the project or program and the supplies are not needed for any other Federally sponsored project or program, the Recipient may retain the supplies for use on non-Federal sponsored activities or sell them. In either case, the Recipient must compensate the Federal Government for its share.

ADS 226.35 addresses Supplies and other expendable equipment.

K. DISPUTES AND APPEALS

The Agreement Officer is responsible for rendering a written final decision to any dispute under or relating to a grant or agreement within 60 days of receiving notification from the recipient of a dispute. The decisions of the USAID Agreement Officer shall be final unless, within 30 days of receipt of the decision, the grantee appeals the decision to the Assistant Executive for Management USAID, Washington, DC 20523. Even though there is no hearing, the recipient is given an opportunity to submit written evidence in support of its appeal. Such final decisions are final.

This process is described in more detail in ADS 303.5.19 -Disputes and Appeals.

L. CLOSEOUT PROCEDURES

There are five elements to a closeout:

- 1) Submitting all required reporting
- 2) Adjusting the Federal government's share of the cost of the program or project
- 3) Reporting the disposition of all acquired property and equipment the recipient has a custodial relationship
- 4) Settling any cash advances
- 5) Resolving any residual, recipient, patent, copyright or restricted rights data obtained under the award

Even though the Agreement Officer handles closeout, the Cognizant Technical Officer plays an important role in closing out the files.

The Administrative rules for closeout are listed in ADS 226.71 Closeout procedures. CIB 90-12 provide guidance for USAID Missions in closing out grants and cooperative agreements

M. SUSPENSION

Suspension occurs when USAID temporarily withdraws Federal sponsorship under an award, pending corrective actions by the recipient or pending a decision to terminate the award

N. TERMINATION

Termination means the cancellation of USAID sponsorship in whole or in part, under an agreement any time prior to the date of completion.

- Termination by USAID, if recipient materially fails to comply with the terms and conditions of an award.
- Termination by USAID with the consent of the recipient, in which both parties agree upon the termination conditions
- Termination by USAID, when USAID determines that continuation of all or part of the funding for a program should be suspended or terminated because such assistance would not be in the in the national interest of the Untied States or would be in violation of an application law.
- Termination by the recipient upon sending to USAID written notification setting forth the reasons for such termination, the effective date, and in the case of partial termination, the portion to be terminated.

Lesson 8: Financial Management

****TEXT WITHHELD**

This lesson is still pending a rewrite.

Learning Objectives

In this lesson, the trainee will learn:

1. x

Unit 3: Assessing and Learning

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Lesson 1: Overview of Assessing and Learning

Learning Objectives:

In this lesson, the trainee will learn:

- The process of assessing performance on an on-going basis;
- Means for collecting information on performance, including using the tools of monitoring and evaluation;
- Issues to consider in terms of data collection and performance measurement;
- About analyzing and using information to assess performance and learn from experience; and
- The relationship between this phase of operations and the five Core Values.

Outline - Unit 3, Lesson 1

- A. Introduction
- B. Managing for Results, Assessing Performance, and Learning
- C. Customer and Partner Involvement
- D. Assessing Performance and Core Values

A. Introduction

SO Teams, as part of their day-to-day work, should regularly use information to:

- Assess and adjust activities;
- Assess and adjust the program's strategy and development hypothesis;
- Report program progress to non-so team stakeholders, partners and customers; and
- Learn lessons for future planning.

B. Managing for Results, Assessing Performance, and Learning

SO Teams do not control all factors which affect the achievement of results. The Agency holds SO Teams accountable for good management - for money, people and knowledge - but realizes they are not always able to fully achieve results. SO Teams "manage for results", in part by responding to change and new information.

The SO Team should remember that change is a constant; for most of USAID's SO's the Results Framework represents essentially an experiment, based on past practice, a projection of future behavior, and an evaluation of overall present and future countrywide and sectoral trends. Added to the uncertainty implied in the Results Framework, the SO Team is also basing its overall success on expected performance of grants and contracts, as well as the ability of partners not being funded by USAID to achieve their results. And while the SO team can limit the risk involved in its program, any SO implies a degree of uncertainty, based on:

- The amount of change within the host country;
- The degree of uncertainty within the development hypothesis;
- The number of results to be achieved by unfunded partners; and
- Other variables.

A result not being achieved is not necessarily a sign of bad results management. A Team that is unwilling or unable to change its strategic and operational approach when faced with evidence of problems, or which has difficulty in explaining why performance did not meet expectations, however, is not managing for results.

During the Planning phase (see Unit 1 for more on this phase), SO Teams use information and analysis to refine their Results Framework, and identify measurable and achievable results. SO Teams develop Performance Monitoring Plans (PMPs) with indicators for tracking their results through the life of the SO. Often, the definition of indicators can help to clarify the Intermediate Results in the Results Framework, and to ensure that the SO is indeed achievable. A SO or RF which can't be monitored normally implies a flaw in design and definition or the articulation of the results.

As the program is implemented in the Achieving phase (see Unit 2 for more on this), data will be collected periodically (in some instances continuously, in other cases in predetermined intervals, or only as-needed) to assess performance. The SO Team uses information from a wide variety of sources for a wide range of purposes.

This includes data collected not only against indicators in the PMP, but data from other sources as well. The management of contracts and grants will necessitate the collection of data on activities, processes, outputs and outcomes. Activity monitoring (including financial monitoring and contractor/grantee performance of scopes of work) is covered in detail in Unit 2 under Acquisition and Assistance Administration.

SO Teams will also want to periodically evaluate programs and activities to obtain a deeper understanding of why things are happening as they are. Site visits may also be performed yielding other qualitative information. In addition, SO Team members own observations and questioning will be a valuable source of knowledge.

Collectively, information from all of these sources is referred to as performance information.

SO Teams use this information to assess their performance on an ongoing basis. Such assessments may take a variety of forms. A SO Team member, as part of their ongoing activity management responsibilities, will assess activities and how they are contributing to the achievement of results. The SO Team may use data to revalidate their development hypothesis and Results Framework. Operating Units will hold periodic reviews to assess progress of their strategic objectives. One of these periodic reviews will usually feed into the R4 process.

SO Team members should make assessing performance and learning from experience part and parcel of their everyday work. By continually assessing performance, SO Teams will acquire the knowledge and understanding that members need in order to make decisions on adjusting strategies and activities to optimize their achievement of results. Lessons learned will contribute to improvements for future programs and strategies.

C. Customer and Partner Involvement

SO Teams should include partners and have a way to involve partners and customers in:

- Planning and conducting performance measurement
- Reviewing and interpreting performance information
- Building monitoring and evaluation capacity within recipient developing countries
- Sharing information and experience

Therefore, an effective performance measurement system requires developing an understanding and agreement among the core SO Teams and the full SO Teams (including partners) as to what's to be achieved, specifically what "achievement" will look like, and how important performance management decisions will be made.

D. Assessing Performance and Core Values

Maintaining a focus on the Core Values and learning organization principles will lead to maximizing the effectiveness of assessing and learning toward achieving results.

1. Core values:

- a) **Customer Focus** - By assessing performance, USAID has the opportunity to continuously ensure activities and results are meeting customer expectations and needs. The use of rapid appraisal and participatory techniques also enable the Team to improve their working relationships with customers, and to improve the sustainability of the results being monitored.
- b) **Managing for Results** - USAID and its partners assess performance to determine if results are being achieved and determine corrective actions if needed. Managing for results fundamentally relies upon the gathering of information, its analysis, and the assessment of its implications.
- c) **Teamwork and Participation** - SO Team members collaborate to track progress toward results, sharing responsibility and accountability for achieving goals. The collection and use of information must be collaborative for it to be effective. Monitoring and evaluation systems should be planned and carried out in a participatory manner. Monitoring, data collection, evaluation and analysis are often included as results or activities in our programs in order to build capacity within the country.
- d) **Empowerment and Accountability** - SO Teams personnel are given the power to assess the progress of activities and the opportunity to implement change where and when needed to reach proposed results.
- e) **Valuing Diversity** - To effectively gather and use performance information, the differing opinions, values, worldviews, and expectations from stakeholders, partners, and especially customers must be incorporated when developing corrective actions and responding to new opportunities. Monitoring and evaluation tools can be used to collect

data on and assess differential impacts of programs, such as by disaggregating data according to gender or other factors.

f) USAID as a learning organization:

SO Team members should learn from their own experiences in implementing their program. Through this learning, SO Team members gain the knowledge and understanding to adjust their development hypothesis, strategies, and activities to improve their work. Monitoring, evaluating, and assessing these relationships and assumptions empowers the SO Teams to change ideas and actions when necessary to "get back on track."

In addition, by contributing to and accessing development knowledge and information from other parts of the Agency and elsewhere, SO Team members are able to augment and strengthen their development expertise.

The SO Team needs to learn from its own experience, and to draw upon the experiences of other Operating Units, as well as partners and other actors. In turn, the Agency needs to ensure that Operating Unit lessons are captured for use outside of the specific SO. Learning comes from examining failures as well as successes; it is not simply the compilation of success stories and informational pieces.

SO Teams can help build an assessing and learning function into their team by including members with strong analytical skills. USAID will become a learning organization only through the effective collection and use of developmental information and knowledge; SO Teams will depend on such knowledge generated by other Teams undertaking similar programs, and their own experience will directly benefit other SO Teams, and the overall development community. This will only occur however if assessing and learning are actively supported, and the results disseminated, by other SO Teams. This implies collecting and disseminating analysis beyond that required under the annual R4 review process the Results Review is used to develop the Congressional Presentation.

Lesson 2: Performance Monitoring and Data Quality

Learning Objectives:

In this lesson, the trainee will learn:

1. The definition and appropriate uses of monitoring versus evaluation;
2. Important considerations for choice of data sources and collection;
3. Criteria for quality performance indicators and data.

Outline - Unit 3, Lesson 3

- A. Definition of Monitoring
- B. Performance Monitoring Plans
- C. Criteria for Quality Performance Indicators
- D. Data Gathering
- E. Criteria for Collecting Quality Performance Data

A. Definition of Monitoring

Monitoring is a process used by SO Teams to collect and analyze data to measure the performance of a program, process, or activity against expected results.

Using a set of indicators, performance monitoring lets managers know whether results are being achieved over time. It is an important tool to enable SO Team members to collect information on performance. However, SO Teams should use other formal and informal techniques as well, including evaluation. Evaluation can be used to inform managers, in greater depth, as to why results are or are not being achieved, when other information is lacking. This lesson discusses performance monitoring and data quality. Evaluation tools are discussed in the next lesson.

B. Performance Monitoring Plans (PMPs)

Unit 1, Lesson 4 discussed how to plan for measuring results in the Results Framework and for developing a Performance Management Plan. The PMP is a tool to assure comparable data will be collected on a regular and timely basis. The PMP identifies indicators, data sources, and responsibilities associated with monitoring the program.

Once the PMP is developed, SO Teams will need to collect data to establish a baseline for each indicator, and collect data on a regular basis thereafter in order to assess performance of results.

Some Operating Units have developed centralized analytic/monitoring mechanisms which can be utilized by SO Teams. This approach may be able to lower procurement costs and complexity, while helping to improve data quality and coherence across all strategies. A possible drawback of centralized systems is that they can be not as focused on the technical needs of the individual SO Team customer.

C. Criteria for Quality Performance Indicators

When developing performance indicators, SO Teams should consider the following criteria:

a. Direct

A performance indicator should measure as closely as possible the result it is intended to measure. When direct indicators cannot be used (because of costs or other factors), a reasonable proxy indicator may be used.

b. Objective

An objective indicator has no ambiguity about what is being measured. That is, there is general agreement over interpretation of the results. It is both unidimensional and operationally precise. To be unidimensional means that it measures **ONLY ONE PHENOMENON** at a time. Operational precision means no ambiguity over what kind of data would be collected for an indicator.

c. Adequate

Taken as a group, a performance indicator and its companion indicators (when there is more than one for a result) should adequately measure the result in question. How many indicators should be used to measure any given result? As a general rule, no more than three should be used, but the answer depends on a) the complexity of the result being measure, b) the level of resources available for monitoring performance, and c) the amount of information needed to make reasonably confident decisions. Try to strike a balance between resources available for measuring performance and the amount of information managers need to make reasonably well informed decisions.

d. Practical

An indicator is practical if data can be obtained in a timely way and at a reasonable cost. USAID Operating Units should expect to incur reasonable, but not exorbitant, costs for obtaining useful performance information.

e. Quantitative/Qualitative

While this is not actually a criteria, SO Teams should consider the issues surrounding quantitative and qualitative information. Quantitative indicators are numerical (number or percentage of dollar value, tonnage, for example). While quantitative indicators are not necessarily more objective, their numerical precision lends them to more agreement on interpretation of results data. However, qualitative indicators can also provide a richness of information and are sometimes better. Whether quantitative or qualitative, indicators should be meaningful and provide an adequate level of comparability over time.

D. Data gathering

Performance indicators are only as good as the data that can be collected for them.

Therefore, SO Teams need to carefully consider the data sources and methods of collection they will use to get their data. This information needs to be considered while the SO Team is developing its PMP and indicators.

1. Data Source and Method of collection

The source is the entity from which the data are obtained. This is usually the organization that conducts the data collection effort and could range from governments, international organizations, private firms, NGOs, universities, USAID offices, etc.

Be as specific about the source as possible, so the same source can be used routinely. Be sure to cite from whom and through what mechanism (i.e., report, survey) data will be obtained. Switching data sources for the same indicator over time can lead to inconsistencies and misinterpretations and should be avoided.

If indicators are derived by using formulas, write out the formula and explain the variables in it. Provide sufficient detail on the data collection or calculation method to enable it to be replicated.

For primary data collection, consider:

- The unit of analysis (individuals, families, communities, clinics, wells).
- Data demographic needs (by gender, age, ethnic groups, and location).
- Sampling techniques for selecting cases (random sampling, purposive sampling).
- Techniques or instruments for acquiring data on these selected cases (structured questionnaires, direct observation forms, scales to weigh infants).
- The cost, effort, and expertise required to collect data for measuring achievements of periodic (annual) and final targets.

For indicators based on secondary data, give the method of calculation and source of data for each data point. Note issues of data quality and reliability. For example, using secondary data from existing sources cuts costs and efforts, but its quality may not be as reliable.

Note: Secondary data are data that are collected by another source for some other purpose. Birth rate information collected by a government and obtained for USAID purposes is an example of the use of secondary data.

E. Criteria for Collecting Quality Performance Data

1. Data Quality Criteria

Because performance data have become increasingly important to Agency decision-making, clear criteria for judging the quality of these data have become increasingly crucial. Unit 1, in the lesson on performance measurement planning, discussed criteria for selecting quality performance indicators. Developing good and meaningful performance indicators is a prerequisite to collecting good quality data, but SO Teams should be aware of some additional considerations regarding the quality of data that are to be collected. This lesson discusses three criteria for quality data--including validity, reliability, and timeliness. As with the performance indicators selected during the planning process, USAID staff sometime have to make trade-offs, or informed judgments, when applying the criteria for data quality. This is especially true when SO Teams rely on other organizations for data.

- a. Validity - The data collected must correctly measure the indicator

Validity refers to the extent to which a measure actually represents what was intended to be measured. Though simple in principle, validity can be difficult to assess in practice, particularly when measuring social phenomena.

Judgments about acceptable levels of error in data should reflect technical assessments about what level of measurement is possible, practical considerations such as cost, and management judgment about what level of accuracy is needed in decisions. Keep in mind that USAID is primarily concerned with learning, with reasonable confidence, that anticipated improvements have occurred, not with reducing error below some arbitrary level.

- b. Reliability - The data collection process must be stable or consistent over time

Data reliability refers to the stability or consistency of the data collection process. Performance data collected or used by Operating Units should be reasonably reliable-- that is, they should reflect a consistent data collection process from year to year such that managers can be confident that progress toward indicator targets reflects real changes rather than variations in data collection methods. If elements of the data collection process vary from year to year, Operating Units must assess the degree to which the resulting data can be usefully compared to understand performance over time.

In addition to maintaining consistency in data collection, it is also important to be consistent if possible in the method of analysis; different analytic approaches might lead to quite different conclusions, even with the same data.

- c. Timeliness - Data should be available relatively frequently and should be relatively current

Timeliness refers to two elements--frequency and currency.

Concerning frequency, performance data collected or used by Operating Units should be available on a frequent enough basis to regularly inform program management decisions. That is, to effectively "manage for results," managers must have information regarding performance on a regular periodic basis, preferably annually.

NOTE: For some development results (such as reduced fertility) that occur slowly over relatively long periods, it may not make sense to collect data annually, because changes are unlikely to be significant at such shorter intervals. Often, these are the very indicators that require relatively expensive sample surveys to collect data. In these cases, data may be collected at several-year intervals, supplemented by proxy (or indirect) indicators (e.g., contraceptive distribution and sales data that track

Intermediate Results) to get an indication of progress toward the longer-term objective.

Regarding currency, data should be sufficiently up to date to be useful in decision making. As a general guideline, data should lag no more than three years. It is also important to note that annual data collection for USAID-funded Intermediate Results is not required until the point at which progress is expected to begin. Data obtained from a secondary source, and at times even USAID-funded primary data collection, will often reflect substantial time lags between initial data collection and final analysis and publication. Many of these time lags are unavoidable, even if considerable additional resources were to be expended. NOTE: Even though R4 guidance requires Operating Units to report on performance for the immediate past fiscal year, data may come from preceding years and may reflect either the calendar year or a fiscal year (i.e., it need not be consistent with the U.S. fiscal year).

2. Assessing the Quality of Data from Secondary Sources

USAID's performance monitoring systems often rely on data from existing sources, which can vary considerably in quality. In some cases a data source is sufficiently reliable so that independent data checks are necessary only in rare intervals. In other instances data may need to be spot-checked. Realism, as well as technical acuity, is necessary to select the type of validation that is appropriate. Sources need to be evaluated, on a case by case basis, in terms of adequacy of their data quality assurance systems.

3. Documentation for Data Quality Assurance

Data quality assurance requires that SO Teams document data quality issues and decisions around the collection and use of data. Careful development, use and maintenance of the PMP will go a long way toward ensuring adequate documentation. These plans should be prepared and periodically updated, to provide details on performance monitoring system's indicators and data collection efforts.

Lesson 3: Using Evaluation to Assess Performance

Learning Objectives:

In this lesson, the trainee will learn:

1. The new orientation and appropriate use of evaluation in performance management;
2. The range of evaluative approaches that SO Team and sub-team have available to them for management;
3. How to plan and conduct an evaluation;
4. The difference and applications of quantitative and qualitative methods;
5. About a variety of effective evaluation tools; and
6. How to applying evaluation results to management decisions.

Outline - Unit 3, Lesson 4

- A. Introduction
- B. Planning and Conducting an Evaluation
 1. Evaluation Triggers
 2. Planning an Evaluation
 3. Team Planning Workshop
 4. Data Collection and Analysis
- C. Choosing Tools for Data Collection
 1. Quantitative and Qualitative Methods
 2. Rapid Appraisal Techniques
 3. Participatory Evaluation
- D. Effectively Applying Evaluation Results

A. Introduction

In the past, USAID used evaluation to focus on reviewing single projects or activities at their mid-term and at their end. Evaluations were typically formal studies that were conducted over several months and produced a final report. Now, the Agency uses a more dynamic approach to evaluation. Evaluating performance is viewed as a tool, to be used as needed, to provide management-useful information.

While the ADS does not specifically require evaluations, SO Teams are strongly urged to use evaluative approaches whenever necessary, including if at all possible at the end of the SO, to ensure the capturing of lessons learned for use by the SO Team in developing the next program, or by other SO Teams.

SO Teams are encouraged to:

- conduct strategic evaluations
- use collaborative and participatory evaluation processes
- use rapid appraisal techniques

SO Teams can conduct evaluations at several different levels, depending on the performance issue that needs to be addressed: these levels include dealing with issues at the activity-level, issues surrounding the results, causal relationships and assumptions in the Results Framework, and issues of broader impact and consequence of the Strategic Objective.

Definition of Evaluation: An evaluation is a structured, analytical effort undertaken selectively to answer specific management questions regarding programs or activities. SO Teams conduct evaluative activities that are used to explore issues and determine the reasons why expected results are or are not being achieved, when other information is not sufficient to answer the "why" question. It provides a systematic way to reach judgments about the effect or significance of something needed for making decisions.

The SO Team has a broad range of evaluative approaches available to them. These may include:

- A short workshop to reflect on the "correctness" of development hypothesis;
- Community interviews or customer focus groups used to understand the needs of a targeted local population;
- Large scale survey (although not all large scale surveys are evaluative; they can also be used primarily for monitoring purposes);
- Rapid Rural Appraisal or participatory techniques; and
- A formal, traditional evaluation used to assess broad impacts of the SO, either internal with SO Team members, or externally, with outside analysts.

This lesson describes how evaluations should be planned and conducted for management and strategic purposes. Use of participatory processes in evaluation and rapid appraisal methods are also explored.

B. Planning and Conducting an Evaluation

1. Evaluation Triggers

Performance information, gathered through performance monitoring activities, is crucial to deciding whether or not an evaluation is necessary. Monitoring may point to a problem or an information gap that can be addressed through conducting an evaluative activity. Evaluations should be planned when there is a distinct and clear management need.

Some triggers that may indicate an evaluation is needed include:

- a. Performance monitoring indicates there are unexpected results (positive or negative) that need to be explained.
- b. A key management decision must be made and there is inadequate information.
- c. Periodic portfolio reviews have identified key questions that need to be answered.
- d. Customer or partner feedback suggests that there are implementation problems or unmet needs.
- e. The contribution of USAID activities to results is questioned.
- f. Issues of sustainability, cost-effectiveness, or relevance arise.

- g. The validity of Results Frameworks hypotheses and critical assumptions is questioned.
- h. Recommendations for actions to improve performance are needed.
- i. Extracting lessons is important for the benefit of other Operating Units or for future programming.

2. Planning an Evaluation

Once the decision to evaluate is made, SO Teams, with their relevant partners, need to undertake a number of planning tasks to help ensure that the evaluation will be successfully conducted and the findings will be used. An evaluation should include the following phases:

- a. Clarify the evaluation purpose. The SO Team should first clarify the evaluation purpose and audience. This is the time to ensure that the expected users of the information are clear on what they want and how they will use the findings. Questions relating to who wants the information, what do they want to know, what will the information be used for, when will it be needed, and how accurate must it be should be explored.
- b. Identify the evaluation questions. Clarifying the management-useful information that is needed and the questions the evaluation will answer is critical to a focused effort.
- c. Select appropriate methods. The next challenge is to select an evaluation design and methodology that answers the evaluation questions in a credible way, subject to time and resource constraints. The Team should consider how they will involve partners, stakeholders, and customers in the process. Some evaluation methods that should be considered are presented later in this lesson, eg. Participatory and rapid appraisal.
- d. Prepare and plan for data collection and analysis. Once the basic design is selected, detailed data collection and analysis plans need to be developed before work can begin. The plans should include items such as identifying the unit of analysis, what instruments will be used, and how the data will be analyzed.
- e. Forming an Evaluation Team
Identify the expertise and skills needed on the evaluation team. Participation of stakeholders and customers are needed for external evaluations. The following considerations should be taken when selecting the team:
 - Areas of technical competence
 - In-country work experience
 - Proficiency in evaluation methods and data collection skills
 - Familiarity with the program or activity
 - Knowledge of local language
 - Participation of USAID staff, partners, customers, and other stakeholders
 - Possible conflicts of interest
- f. Plan procedures: schedule, logistics, reporting requirements, and budget. Some of the items that should be considered are:
 - Schedule of evaluation activities;

- Logistical support for travel, computers, translators, etc.;
- Deadlines for submitting any preliminary and final reports;
- Cost of conducting data collection, travel budget, stipends for customers or partners, etc.

g. **Scope of Work**

In formal evaluation efforts, the SO Team should document these evaluation plans in a scope of work (SOW). The SOW should convey clear directions to the evaluation team. SOWs are necessary to detail evaluation work to be carried out by a contractor. A SOW provides the framework for the evaluation and helps communicate the relevant research questions, thus avoiding miscommunication between the USAID manager and/or the contractor that can affect the outcome of the evaluation.

In preparing the SOW, the following items should be included:

- Background and purpose of study;
- Investigative study questions;
- Appropriate data collection method;
- Specific tasks that are to be completed;
- Team composition and participation;
- Special skill required to conduct study;
- Deadlines (e.g., timeframe);
- Reporting and/or dissemination requirements; and
- Deliverables (e.g., product requirements).

(See CDIE TIPS No. 3 on Preparing an Evaluation Scope of Work)

3. Team Planning Workshop

Once fieldwork for the evaluation begins, the evaluation team will have a great deal to accomplish in a short period of time. Holding a pre-field work team-planning workshop will help the team get off to a good start. The workshop will serve to:

- Help create an effective team, whose members share a common understanding of the evaluation purpose and plans.
- Prepare the team as much as possible for the fieldwork ahead.

Items that should be covered include reviewing the evaluation plans and clarifying teamwork styles, roles, communicating with expected users, and schedule of tasks.

4. Data Collection and Analysis

A variety of approaches can be used to collect and analyze data, including formal quantitative data gathering techniques and qualitative methods that can provide useful information in a timely manner.

- a. What are the parameters of the evaluation?

When determining the appropriate type of data to collect it is important to keep in mind the cost, strengths, and weaknesses associated with a particular type of data collection. The following questions may help to determine the type of data needed to make informed decisions:

- What is the purpose of the data collection?
- What is the nature of the audience and intended users?
- How focused is the issue or problem?
- Are existing data available or are new data needed?
- Does data need to be benchmarked against other organizations?
- Are quantitative or qualitative data appropriate?
- How are the data going to be analyzed?
- What degree of precision is necessary?
- When are the data needed?
- What are the resource constraints associated with data collection?

The next section further explains different methods that can be used in answer to these questions.

C. Choosing tools for data collection

1. Quantitative and Qualitative Methods

Evaluation can include either or both quantitative and qualitative methods. Quantitative methods are useful for summarizing large amounts of data and reaching generalizations based on statistical projections.

Quantitative information is generally obtained through structured surveys. Quantitative surveys can provide an objective measure of change over time or differences across populations. Studies can be aggregated to create a big picture. These types of evaluations offer high reliability, validity, and credibility, but can be expensive, time consuming, and costly.

More qualitative methods can be used to "tell the story" from the participants viewpoint, providing rich, descriptive, and useful detail that sets quantitative results into their human context. Rapid appraisal methods offer this type of an approach in a relatively low-cost, quick turn-around, and flexible manner to collect useful data for decision-makers. The findings may be perceived as somewhat less credible by decision makers than purely quantitative methods, but when done properly, they provide in-depth information that can be valid and reliable for decision-making purposes. Moreover, rapid appraisal techniques are ideal for conducting participatory evaluations.

All of these methods can be useful and appropriate, depending on the information needs, resources available, and the level of precision needed. Because rapid appraisal can be a powerful tool for collecting management-useful information, the following section identifies some of the rapid appraisal techniques used to gather qualitative performance information.

Note: The use of diverse sources of information and different techniques of data gathering to achieve a high level of accuracy. (e.g., using semi-structured interviews to cross-check the information gathered during a mapping exercise.

2. Rapid Appraisal Techniques

All qualitative research is grounded in awareness that people in varying circumstances experience reality differently. The objective is to gather information about these realities and put them into context. Key characteristics of rapid appraisal are:

- high quality listening and observing
- mutually supportive teamwork
- triangulation among team members, sources of information, and methods of analysis
- iterative learning

Tools

Below are a few of the many techniques used in rapid appraisal. It is the responsibility of the evaluation team and facilitator to determine the most appropriate tools depending on the context and nature of the evaluation.

a. Observation

Direct observation is the act of gathering information systematically by observing an occurrence, a process, or a physical object. The team observing an event or location should be made up of people with contrasting backgrounds and training because each member will be attuned to different features. Direct observation is a useful technique to use:

- to understand an ongoing behavior or an unfolding event.
- when physical information is required, such as observation of roads, housing, and irrigation systems.
- when preliminary, descriptive data are required.

Direct observations may reveal :

- social and economic conditions,
- problems and behavior patterns that informants may be unaware of or unable to adequately describe.

It is important to keep in mind that the act of observation can affect the behavior of the people and organizations being studied.

b. Semi-structured interviews and focus groups

A semi-structured interview is based on a short list of themes -- not specific questions - - which is used as a guide for conversations with individuals or small groups who are likely to provide the needed information, ideas, and insights on a particular subject. The interview team should be made up of people with contrasting backgrounds and training so

they will notice different features of the interviews and the contexts in which they take place. The team should spend as much time together reviewing and analyzing the interviews as they do in conducting them. The team may revise the list of topics and their approach to subsequent interviews as they learn together. Interviews provide in-depth, inside information and the flexibility to explore new ideas and issues that had not been anticipated.

A focus group is a discussion session to explore a specific topic. Groups should be limited to no more than 12 participants. Like a semi-structured interview, a guide is developed to steer a conversation around specific themes. A facilitator guides participants to discuss their ideas, issues, insights, and experiences

Focus groups are useful when:

- ideas and hypotheses for designing a development intervention are needed
- reactions to the recommended innovations need to be determined
- the responses of the local population need to be explained
- major implementation problems, whose nature and implications are not clear, are to be examined and analyzed
- recommendations and suggestions are needed
- stakeholders' needs and whether their needs have been met must be assessed.

3. Participatory Evaluation

While some evaluations may be conducted by an outsider (someone not associated with the program or activity) in order to obtain an objective, third-party viewpoint, most evaluations can benefit from a more participatory approach. Participatory evaluations involve the collective examination and assessment of a program or activity by stakeholders and customers. In participatory evaluation, activity stakeholders and customers are the key actors of the evaluation process and not the mere objects. Involving the various actors in the planning, conducting and interpretation of findings of the evaluation will ensure that the data will be collected and used in ways that to meet the needs of everyone involved.

A participatory evaluation fulfills the needs of managing for results by:

- a. Providing stakeholders and customers with the opportunity to reflect on an activity's progress and obstacles.
- b. Identifying differences in perspectives held by various participants and analyzing their reasons.
- c. Generating knowledge that stakeholders and customers use to change activities to maximize results.
- d. Providing customers and stakeholders with the tools to transform their environment.
- e. Building evaluation capacity in partner and customer organizations or groups.

D. Effectively applying evaluation results

The completion of an evaluation often is the beginning of a new stage in the development process, not the finale. Once completed, the SO Teams has initial and primary responsibility for

responding to and using any evaluation of a strategic objective, or a group of related activities. This important phase links the evaluation back to planning.

Specifically, SO Teams should:

- 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 to be taken as an outcome of the evaluation and assign clear responsibility for undertaking them.
- Determine whether any revision is necessary in the strategy, the Results Framework, or the activity, given all information then available to the team.

The SO Teams will want to have an action plan outlining next steps and responsibilities. By taking time to reflect on the evaluation findings, conclusions, and recommendations, the SO Teams may also gain additional insights, which in turn may lead to further actions.

In other instances, evaluations are undertaken at the end of an SO, or at the conclusion of a specific activity. While useful for follow-on activities or SO's by the SO Teams, such information is also more broadly useful to other Operating Units and development practitioners.

In order to support the Agency as a whole in its learning processes, it is essential that SO Teams share copies of evaluative reports and documents which may be of broad interest to other SO Teams in other countries. The best mechanism for doing so is to provide copies to CDIE (need complete address here) who will store them and make them available upon demand to other Teams and Operating Units.

Lesson 4: The SO Team's Role in Assessing Performance and Learning

Learning Objectives:

In this lesson, the trainee will learn:

1. What should be included in the SO Team's planning for assessing performance;
2. Ways in which SO Teams build assessing, analytic exercises, and learning into program implementation;
3. How preparation of required reporting documents contribute to program management.

Outline - Unit 3, Lesson 2

- A. Introduction
- B. Information and Knowledge use over the life of a SO
- C. Performance Assessments
- D. Results Review and Resource Request (R4) a Management and Reporting Tool

A. Introduction

The SO Team uses information and knowledge to inform both strategic and tactical decisions. Assessing is an ongoing process of linking knowledge with planning and achieving, of making knowledge actionable. This is a function that should be inherent to SO Teams; as it implements its programs a SO Team should take into account the implications of the information it is collecting about the performance of its programs.

B. Information and Knowledge use over the life of a SO

The most important type of assessing is that which is done by the SO Team as a matter of course, as it oversees the achievement of its SO. The ability of a SO Team to keep larger questions in mind and not to be caught up solely by discussions of implementation details ("staying out of the weeds", so as to see the big picture) is an essential element affecting overall performance.

The SO Team should be able to carry out such questioning primarily through internal dialogue, drawing upon existing analysis and the performance data being generated by their performance monitoring system. If the SO Team should need additional information, or if the performance targets are not being met, they may want to undertake an evaluation, or gather additional performance data. But the Team should incorporate the assessing of knowledge as a key tool for implementation, the link between the other two components of the Agency's Operations System - planning and achieving.

It is not enough for SO Teams to monitor expected outcomes solely linked to the SO; it is also important to examine cross-sectoral relationships and how they are being tracked.

It is also important for the SO Team to keep alert for unanticipated impacts; our monitoring efforts may be focused on what is happening with our specific indicators but may not be picking up on other issues simply because they aren't among our indicator set.

A key reason for SO Teams to maintain a working relationship with customer representatives (and to ensure that the SO Team fully includes all partners needed to implement the program) is to ensure that this aspect of ongoing assessing is done collegially as a partnership, to ensure a range of perspectives and information. An assessment process, which captures only a few perspectives, is of limited value, and may mask serious issues.

Many USAID programs include an element of analysis, such as developing analytic capability, as a legitimate result in their Results Framework. The SO Team should build upon such effort, as a way to stimulate and encourage the ongoing questioning of assumptions and hypotheses, to ultimately build capacity to such analytic work after the SO has been completed.

C. Performance Assessments

1. Portfolio Reviews

Throughout the implementation of an SO, team members should continuously monitor the SO to identify opportunities for improvement. In addition, the SO Team needs a scheduled "checkup" of program and activity performance from time to time. Operating Units may decide to organize such reviews more formally, or the SO Team itself may decide on its necessity, but their primary purpose is to diagnose the health of the program and activities, define any areas of concerns, and then fix them.

Performance monitoring and evaluation data as well as other sources of performance information will provide helpful and useful information for these reviews, but operational-level data on activities will provide much of the data for analysis. The reviews are meant to be operational in tone and purpose.

SO sub-teams will also want to make frequent assessments and reviews of their implementation progress. The primary emphasis here will be on activity performance, including contractor and grantee performance (covered in more detail in Unit 2, lessons 6 and 7),

SO Teams should also conduct with their operational units periodic program reviews to assess the implications of operational information - will a delay in a contract being put in place affect achieving a given result? Has the grantee discovered some information affecting the underlying hypotheses of the program such that the Results Framework may need to be amended?

To support preparation of the annual R4 report, it is helpful to conduct more far reaching program reviews one or more times a year. These reviews examine broader, strategic issues, looking at the relevance and robustness of the underlying development hypothesis and the impact of activities on results.

Questions addressed in Program Reviews

Specific areas for review and relevant questions that might be asked are listed below. For questions that are answered in the negative, the SO Team should seek to understand why and what corrective actions, if any, might be necessary.

Strategy and Activity Areas

1. Results: Are the desired results being achieved?
2. Outputs: Are the outputs needed to obtain results being achieved on schedule? Are the outputs leading to the achievement of the desired results as anticipated?
3. Inputs: Are the inputs (including resources, and personnel) necessary for producing necessary outputs on various activities being provided on schedule by USAID and/or its customers/partners? Are these inputs producing the desired outputs?
4. Development Hypothesis: Has the logic identified in the development hypothesis in the Results Framework been found to hold true? If not, what adjustments, if any, are needed to the strategy?
5. Critical Assumptions inherent in the Results Framework: Do the assumptions stated in the Results Framework still hold true? If they do not, what effect does this have on the SO activities and expected results?
6. Non-USAID circumstances: Are situations or circumstances beyond USAID's control and influence, other than the identified critical assumptions, affecting USAID activities? If so, what are they and what are the effects on USAID activities?
7. Interface between tactics and strategy: At the current rate of progress, is USAID on track to achieve the results that have been targeted in the future? Have significant problems or issues been identified in their early stages in order to take corrective action, or are they dealt with after major problems have occurred?

Process areas

8. Indicators and Targets: Are the established indicators being monitored regularly? Are the right indicators being monitored? Were the set targets realistic? If not, what targets are more appropriate? Is the performance monitoring data that is being collected of relatively good quality?
9. Evaluative Activities: Have any evaluative activities been completed to fill performance information gaps? Do any evaluations need to be conducted to inform future program or management decisions?
10. Functioning of the team: Are team members carrying out the roles and responsibilities necessary for implementing the activities? Is the team receiving adequate support from other units in the Mission? Is the team regularly involving external members in information sharing and decision making? Is staffing of the team adequate? Are any changes to roles or new team members needed? Are sub-teams functioning adequately?
11. Customer/partner perceptions: Are customer/partner expectations and needs being regularly assessed? Are customers/partners continuously involved in monitoring and evaluating activities? What opportunities do customers have to obtain information and to provide ongoing feedback to USAID on priorities and activity implementation?

Financial and Audit Areas

12. Financial vulnerability: Has needed assistance been provided to the institution receiving USAID funds in order to help it manage the funds? Is the institution continuously monitored to assess USAID financial liability? Are the funds received from USAID being handled properly? If not, what transgressions are occurring?
13. Audit Readiness: Have the decisions and documentation necessary to satisfy audit trail checks been completed? Has the appropriate approval documentation been received? Has the necessary post-obligation documentation been developed (e.g., financial and substantive tracking)? Note: Any deficiencies or problems identified may require the need to alter, increase, or discontinue activities. Alternatively, these deficiencies or problems may require rethinking the logic behind the original expectations.

2. Managing Audit Vulnerability

As part of their assessing role, SO Teams will need to be attentive to audit vulnerability and assessing management risks. Doing so will allow the SO Team to spend less time worrying about regulatory matters in its day-to-day work, and more time concentrating on program implementation. The tool for doing this type of assessment is the annual Internal Control Assessment. In addition, maintaining good records for an audit trail will help ensure that, should the Operating Unit be audited, the SO Team can efficiently and effectively respond to the information requirements of the audit. SO Teams should also ensure that implementing entities are up to date on meeting periodic audit requirements in agreements. The team may also need to help manage the closure of any outstanding audit recommendations.

D. Results Review and Resource Request (R4) a Management and Reporting Tool

Each year, every USAID field mission and Washington-based Operating Unit prepares a Results Review and Resource Request (R4), the Operating Unit's annual performance report for the preceding year and request for funds for the following year.

The R4 provides Operating Units with a mechanism to communicate information about its program to AID/W on an annual basis. Each R4 document is based on an approved strategic plan. The R4 is used to validate the Strategic Plan and update or modify strategic objectives as necessary.

R4s summarize current performance and draw on other evaluations and management studies to assess progress towards an Operating Unit's strategic objectives and key Intermediate Results.

The R4s also discuss actions taken to revise programs not meeting their planned targets and contain the unit's request for future funding.

1. The R4 has three main purposes:
 - a. To report on SO performance results;

- b. To highlight strategic changes to the SO, the Strategic Plan and the Management Contract (discussed in more detail in Unit 1, Lesson 3);
- c. To request funds for the coming year (discussed in more detail in Unit 2)

The R4 enables an Operating Unit to assess and evaluate progress toward results. It serves to:

- Reconfirm the management contract based on progress. Refine indicators and targets, as necessary. The R4 presents only those indicators that are most relevant for reporting progress to Washington; changes to indicators that aren't to be presented in the R4, or that don't represent a significant change to the management contract do not need to be reported through the R4.
- Advise relevant parties of key issues affecting the program.
- To tell their story - what works and what doesn't. It provides an opportunity, to pass on the substance of what their program has been able to accomplish, in a form and level of detail of interest to senior management and key stakeholders.

Form a basis of information in AID/W for results reporting. The narrative section of the Results Review is used to develop the Congressional Presentation and reports on special topics.