

FY 2014 Mission Resource Request (MRR) Technical Guidance

**The Office of State Programs, Operations, and Budget (RM/BP)
The Office of U.S. Foreign Assistance Resources (F)
The Office of Budget and Resource Management (USAID/BRM)**

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I. Introduction	3
II. Reengineered Mission Resource Request	4
A. The MRR: What’s New - State Operations	4
B. The MRR: What’s New - Foreign Assistance	4
C. Funding for State Evaluations	6
III. MRR Sections and Resource Request Guidance	6
A. Chief of Mission Statement	6
B. State Operations Request and Justification	7
1. Resource Requests and Control Levels	7
2. Discussion of Priorities and Tradeoffs	7
3. Narrative and Tables for Resource Requests	7
C. Foreign Assistance Request and Justification	9
1. Resource Request and Control Levels	9
2. Justification Narrative	10
3. Attribution of Resources to Key Issues	13
D. Mission Objective Narratives	14
E. Summary Tables	15
IV. Appendices	16

FY 2014 Budget and Planning Timeline (Key Dates)

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| • February 29: | FY 2014 MRR budget guidance issued to all missions |
| • February 29: | MRR application opens for input from all missions |
| • March 30: | MRR is due |
| • Early April: | Bureaus begin resource request (BRR) process |
| • March - April | Roundtables by sector/region held as applicable |
| • May: | Bureau budget requests are due |
| • July-early August: | Budget decisions by Senior State and USAID Management |
| • August: | Preparation of OMB budget submission |
| • Mid-September: | Submit State-USAID budget request to OMB |

I. Introduction

The Mission Resource Request (MRR) is the first step in the State and USAID budget formulation process. The MRR is a budget document; it is not a strategic plan. In the FY 2014 MRR, each Mission will explain and justify the resources required to achieve its highest foreign policy and management objectives. The MRR is submitted under Chief of Mission authority. Missions should ensure that the appropriate designees from State and USAID co-chair the process for developing this request.

Over the past year, State and USAID jointly set out to better align budget planning and performance management processes with policy priorities and strategies to help us do our business faster, better, and smarter. Details of this effort can be found in ALDAC 124737 (http://telegrams.state.gov/aldac/view_telegram.cfm?teleid=10201331).

One of the key changes was to replace the Mission Strategic and Resource Plan (MSRP) with two separate products: a three-year strategic plan (for bureaus and Missions) and an annual resource request that is directly informed by the three-year strategic plan. The new strategic planning process for bureaus and Missions is being deployed in phases over the next three years (please see Appendix A for details on the phased deployment of the three-year strategies).

All Missions will complete the annual resource request document, the Mission Resource Request (MRR). The roll-out of strategies for bureaus and Missions will occur over the next three years. (Please see Appendix A for details on the phased deployment of the three-year strategies).

The FY 2014 MRR is a departure from the approach in the past of combining elements of a longer term Mission strategy with the annual budget request. The MSRP required Missions to identify tactical resource needs in the budget year, and to develop narratives that focused more on the longer term strategy and objectives, and less on specific and focused justification of the annual resources to achieve goals and objectives. The MRR aims to focus Mission thinking on the resources required in the budget year. Recognizing that good strategic thinking takes more coordination, support, and flexibility than allowed during the annual Mission resource request process, the strategic focus of the MSRP is being shifted to a separate strategic planning process – the Integrated Country Strategy (ICS). As a result, the MRR changes many items that were in the MSRP. The MRR:

- Reduces the length of the Chief of Mission (CoM) statement by focusing this statement more on the annual resource requirements and less on the context of the country, longer term strategic priorities, and objectives;
- Removes the Goal Paper narratives that focused on strategy;

- Removes narrative on how Partners and Donors support Mission strategy;
- Removes foreign assistance performance indicators, targets, and results; and
- Focuses the narratives to address specific targeted questions on the State Operations and Foreign Assistance budget request.

Missions will continue to use the Planning and Performance System (PPS—often known as “the MSRP software”) to complete the MRR exercise.

II. Reengineered Mission Resource Request

A. The MRR – What’s New in the State Operations Section:

State Operations funding supports the people, platform, and programs necessary to conduct official U.S. relations with foreign governments and international organizations. The noteworthy changes to the State Operations sections from the FY 2013 process allow the Department to improve reporting on alignment of requested dollars with [Joint State-USAID Strategic Goals](#) and provide budgetary information this is more useful to Regional Bureaus as they create their budget requests. Missions are also encouraged to continue the use of performance indicators to show progress on the Department’s priorities. Lastly, a new evaluation policy requires Missions to request funds for evaluations.

- Along with allocating State Operations requests within each account by budget object class, Missions are asked to spread their FY 2013 and FY 2014 requests by their alignment to Joint State-USAID Strategic Goals.
- The State Operations request adds a section where Missions provide targeted increases and decreases for the request year, which are directly tied to justifications. This is similar to the collection method made in FY 2011 Mission Strategic Plans.
- For Mission Objectives primarily funded by State Operations, for this cycle Missions are encouraged to maintain or update goal papers from the FY 2013 MSRP. FY 2013 MSRP goals have been preloaded into PPS for use during the FY 2014 MRR cycle. These will serve as interim objectives until Integrated Country Strategies (ICSs) are in place.
- Missions are encouraged to maintain the use of indicators included in their FY 2013 MSRPs until the ICSs are in place.
- Mission Objectives, where appropriate, should identify those management and operational platform considerations associated with State Operations funding. More information on Mission Objectives can be found below in Section C and in Appendix A.

B. The MRR – What’s New in the Foreign Assistance Section:

One of the principal changes this year is the introduction of Mission Objectives to frame the Foreign Assistance request. The Mission Objective concept, defined below, is one of the incremental changes being phased in during this budget cycle that will get us closer to improving the linkages between strategy and budget in the area of foreign assistance.

- The Mission Objective is the primary organizing principle for Foreign Assistance in the MRR. To streamline the budget process and enhance the link between strategy and budget, the Mission

Objective will flow throughout the process and products, from the Integrated Country Strategy (ICS) to the MRR and eventually to the Foreign Operations Congressional Budget Justification (CBJ). Additional information on the Integrated Budget and Reporting Cycle being implemented by the State/USAID Streamlining Project recommendations can be found at:

http://f.state.sbu/ForeignAssistance/Streamlining_Final_Report_FINAL_4-7-11.pdf.

- Mission Objectives will be authoritatively stated in a Mission's three-year ICS. However, since Missions will not have completed the ICS in time for the FY 2014 MRR, Mission Objectives included in the FY 2014 MRR will serve as *interim objectives* (except for development objectives within an approved Country Development Cooperation Strategy (CDCS)). Specific guidance on how to create interim Mission Objectives is included in Appendix C. For additional information, please see the [Frequently Asked Questions](#) on the Integrated Country Strategy on the Diplopedia site (<http://diplopedia.state.gov/planningandbudgeting>).
- The present plan is to use Mission Objectives in the FY 2014 Foreign Assistance CBJ as the focus of the country narratives. As noted above, ICSs will be developed over a three year period, so there will be no Mission Objectives approved through an ICS by the time we finalize the Foreign Assistance CBJ. However, the interim objectives created in the MRR may be used for this purpose. We expect that bureaus will want to review and approve the interim Mission Objectives before they are included in the CBJ. The process to review and approved the interim Mission Objectives has not yet been determined and will be developed in consultation with State and USAID bureaus. **The MRR has the classification of Sensitive but Unclassified (SBU), including the Chief of Mission Statement and Foreign Assistance and State Operations Justification narratives. However, the Mission Objective narratives must be suitable to include in the CBJ, which is a public document.**
- For some USAID Missions, country-specific questions have been developed in order for the Mission to address anticipated issues or concerns at the start of the process. These questions will be provided to the Mission by their regional bureau and should be addressed in the Foreign Assistance Funding Request and Justification section in the MRR.
- To help prepare persuasive budget narratives, we are, for the first time, providing objective data on a country's performance in a range of areas (Peace & Security, Economic Performance, Economic Reform, Investing in People, and Governing Justly and Democratically). We are also providing all Missions baseline data on country military expenditures, overall government expenditures, and other donor funding within the country. Finally, we are providing data on country performance as compared to other countries requesting resources, both in the region and globally. Such baseline information may help Missions identify gaps where interventions may be necessary or, at the very least, generate questions that program officers, etc, can ask as they relate country performance to Mission objectives and programs. To this end, F is providing a standard set of graphs for each country, based on data from well-respected global sources on the sectors listed above. To access the graphs, a Mission links to the file for its country at <http://f.s.state.sbu/Pages/PolicyAnalysis.aspx> . There is no required action with respect to this data; suggestions on how to use the data are included on the site, and Missions are free to make their own judgments for their resource request. This information will also be used to inform Washington analysis of MRRs.

- Missions should not include Foreign Assistance indicators in the FY 2014 MRR. In accordance with the recommendations of the State/USAID Streamlining Project, Missions reported on foreign assistance indicators in their FY 2011 Performance Plan and Report (PPR). Performance information in the FY 2011 PPR, also structured around Mission Objectives, will be reviewed in conjunction with analysis of the FY 2014 MRR.
- **FISCAL GUIDANCE:** For FY 2014, Missions are being asked to submit a budget request that is no greater than the FY 2013 request. The budget environment is still very constrained. For FY 2014, all departments and agencies will be subject to statutory spending caps that will continue to place downward pressure on discretionary spending in many agencies. While the MRR guidance pegs funding levels equal to the FY 2013 request, it is important to note that this funding level is likely to be the high-water mark. The MRR is the first step in a long process that may result in allocations that differ from – and may even be lower than – the guidance levels provided here. However, as a starting point, understanding the programmatic implications of the budget controls will help Missions, bureaus, and State/USAID leadership determine tradeoffs. Missions and post should also endeavor, in its narrative submissions, to help Washington understand the impact of reductions in funding levels on programs.

C. Funding for State Evaluations

The Quadrennial Diplomacy and Development Review (QDDR) highlighted the need to improve monitoring and evaluation at the Department of State. In February 2012 the Deputy Secretary of State for Management and Resources approved a revised evaluation policy. The revised State evaluation policy requires every bureau to conduct two to four evaluations within 24 months of implementation of the policy. While the policy applies initially to evaluations of diplomatic and development efforts initiated by Washington-based bureaus, the new policy will be extended to posts in FY 2013. State and USAID will coordinate and provide further guidance on the application of both agencies' evaluations policies at missions and posts. The Department will soon issue Evaluation Guidance in conjunction with the policy. Anticipating a roll-out of the policy to posts in FY 2013, posts may consider planning for one to two evaluations in their FY 2014 budget request. (Note: Evaluations of foreign assistance programs can be funded with foreign assistance program resources.) The revised State evaluation policy can be found on the new Strategic Planning and Budgeting Diplopedia site (http://diplopedia.state.gov/images/DoS_Program_Evaluation_Policy_Final_Feb-2012.pdf) and also on the public Web site at <http://www.state.gov/s/d/rm/rls/evaluation/index.htm>.

III. MRR Sections and Resource Request Guidance

A. Chief of Mission Statement

(This narrative should not exceed 6000 characters)

The Chief of Mission (CoM) statement is an executive summary of the FY 2014 MRR that should provide an overview of the resources required to advance the Mission's most important foreign policy and management objectives.

The CoM statement should identify management and platform requirements. For example, requirements such as acquisitions, space needs, platform modernization, and changes in staffing

(direct hire or locally employed) should be highlighted using the guidance outlined in Section B below.

If the Mission has high priority needs for funding above the control levels, for foreign assistance, those requirements may be included in the COM statement.

State Operations Request and Justification

NOTE: The State Operations Tables will open later than the rest of the PPS, likely on March 12.

1) Resource Request and Control Levels

Missions are asked to submit an FY 2014 resource request at a total budget control level based on the President's FY 2013 Budget – the request must be no higher than the President's FY 2013 budget level. Within the Mission's aggregate FY 2014 level, a Mission again may propose increases in high-priority programs and activities, but such increases must be offset by decreases in lower priority programs and activities. Bureaus will assess whether any proposed MRR increases warrant an increase in the Mission's total funding as part of the Bureau Resource Request.

In formulating budget requests, Missions should direct FY 2014 resources to those State Operations programs that are most effective, align with high-level strategic guidance from authoritative policy and strategy documents, such as the QDDR and FY 2013 President's Budgets. For those Missions whose regional bureaus have completed a Joint Regional Strategy (JRS) – see Appendix A for more detail – the JRS should be used as a resource for insight into regional circumstances anticipated in FY 2014-2016.

As in the FY 2013 budget process, each Mission's FY 2014 control levels will be pre-populated in the Planning and Performance System (PPS) shortly after release of the MRR. These levels will be based on State Operations budget data for FY 2011-2013. These numbers will have been coordinated with bureaus prior to inclusion in the PPS software.

2) Discussion of Priorities and Tradeoffs

The Mission should provide information in support of proposed priorities that significantly vary from current policies of the Administration and the Secretary. Any significant proposals to realign the FY 2014 budget from prior year budgets should be well justified and transparent. Justifications for these changes should address the relationships among the projected workload, strategic planning initiatives, and reengineering efforts. These justifications should outline programmatic costs and benefits, analyze resources needed to accomplish program goals, and propose alternatives to make the most efficient and effective use of existing resources.

3) Narratives and Tables For Resource Requests

(The State Ops Justification Overview and Discussion of Priorities and Tradeoffs should not exceed 5,000 characters, each.)

In their State Operations section of the request narrative, Missions should:

- Focus on the programmatic priority items required by the Mission to meet its Mission Objectives.

- Explain the budgetary priorities and how the Mission plans to use the FY 2014 levels to accomplish Departmental goals and priorities.
- Identify increases and decreases to priority activities and the programmatic impact of funded and unfunded Mission requests.
- Demonstrate that all appropriate opportunities for coordination and elimination of redundant activities have been explored.
- Summarize the justification for additional staffing positions. While not formally subject to the FY2014 control levels, bureaus will assess HR increases as part of the Bureau Resource Request, which will be subject to fiscal guidance similar to the MRR.
- Discuss implications of request for all agencies at post under Chief of Mission authority.

Where possible, the narrative should address assumptions underlying the estimates including work years, costs of inputs (materials/labor), contract costs, and/or personnel costs. A Mission may provide a discussion of alternative implementation strategies and other considerations including productivity savings or offsets that were used or considered to develop the request.

In order to provide more useful information to Bureaus as they create their budget requests, Missions will provide details on specific targeted increases and decreases for FY 2014, including non-recurring costs. Narrative space will be provided so justifications may be tied directly to those requests. (This is very similar to the State Operations Request made in the FY 2011 Mission Strategic Plan.) In PPS, Missions must stay within the zero-percent baseline that came out of guidance from D (N) and M, offsetting the areas that will require additional funding in FY 2014 by reducing the amount in other areas. An additional, optional Excel file will be made available to MRR Coordinators and on the [MRR SharePoint site](#) to serve as a scenario planning tool and a resource for Regional Bureaus. **Please consult with your Regional Bureau on the submission of this Excel file – they may provide further instruction.**

Missions should, if applicable, support requests with information that takes into consideration Agency and outside program evaluations and analytic studies. Program evaluation, studies and other empirical research should play a complementary role in helping shape budget, management, and policy decisions. Information from research and evaluation is critical for designing effective performance measurement and for helping bureaus interpret and act upon their data in a way that will improve performance. Audits, inspections, and reports by the OIG, GAO, or other Department of State bureaus may be cited in support of the request.

In order to capture post-level data that can feed into the FY 2014 budget formulation process at the Departmental level, this section requests that each Mission submit its MRR funding levels by account (as listed in the PPS), with each account allocated by budget object classifications and Joint State-USAID Strategic Goals.

The accounts listed in the PPS include:

- Diplomatic and Consular Programs (Direct)
- Public Diplomacy
- ICASS
- Consular Fees

Budget object classifications identify the kinds of services, materials, and other resources for which U.S. government payments are made. Additional guidance on object classifications can be obtained by consulting 4 FAH-1 H-610 through H-614 and [Section 83.6 of OMB Circular A-11](#).

FY 2014 funding requests summarized in the Chief of Mission statement and the justification narratives should be reflected in the levels within these accounts. The allocation sections within PPS direct Missions to spread resources by both budget object class and Joint State-USAID Strategic Goal. For budget object class allocations, previous year totals will be pre-populated and account-level ceilings will be provided for the request year (FY 2014). (Spreading by budget object class will be optional for FY 2012.) Missions will also spread their FY 2013 and FY 2014 requests by the Joint Strategic Goals – further information related to this will be sent to MRR Coordinators shortly.

B. Foreign Assistance Request and Justification

1) Foreign Assistance Resource Request and Control Levels

Foreign assistance requests are limited to a budget control level. For foreign assistance this is a straight line of the FY 2013 request level. Each Mission's control level has been built into the application and cannot be exceeded. Control levels are also posted at http://rm.m.state.sbu/sites/bp/BP_Collaboration/PPE/Systems/MRR/Application%20Reference%20Library/Forms/AllItems.aspx. Within the Mission's aggregate FY 2014 level, a Mission may propose increases in high-priority programs and activities, but any such increases must be offset by decreases in lower priority programs and activities.

- Similar to last year's request process, Missions should request foreign assistance funding by account and the Standardized Program Structure. However, this year, Missions will also need to link all foreign assistance funding to a Mission Objectives. **All foreign assistance funding must be linked to a Mission Objective and every dollar only attributed to one Mission Objective (i.e. no double counting).**
- The three interagency Presidential Initiatives – Feed the Future (FTF), the Global Climate Change (GCC) initiative, and the Global Health Initiative (GHI) – will continue to be high priorities for foreign assistance FY 2014. Missions should have the opportunity to plan for and, as appropriate, propose reasonable changes in funding for these Presidential Initiatives. Missions should use FY 2013 initiative levels as their control levels for the FY 2014 MRR. When requesting changes to the initiative controls in the MRR, Missions should take into account the FY 2011, FY 2012, and FY 2013 funding trajectory of each initiative at their Mission. Missions must stay within their topline Mission control level but can propose shifting resources between their initiative and non-initiative controls. Requests for changes to initiative controls will have to meet a high justification bar to be considered.

Note, however, that any changes from initiative control levels requested via the MRR should be limited in scope, fully justified in the Foreign Assistance Request narrative, and understood by all stakeholders in the Mission. A Mission might propose and justify adjustments in initiative levels for the reasons such as the following: a funding trajectory of the past three years that is inconsistent with maintaining the FY 2013 level, a Mission's limited capacity to manage the initiative program causing waste or delayed implementation; a host country's limited absorptive

capacity in the sector that impedes effectiveness, or conversely the host country's ability to handle a greater level of initiative resources provides an opportunity; instances where a small amount of additional funding would improve the sustainability of initiative results; or if additional non-initiative resources are needed to achieve Mission objectives, including initiative objectives. Bureaus in Washington that manage each initiative will work with regional bureaus, F and BRM, to assess any proposed changes.

As with other foreign assistance programs, Missions are asked to focus and concentrate initiative resources where they will have the greatest impact. Missions should also explain the likely effect of any requested funding increase or decrease on the initiative's performance targets, goals, and initiative strategies. If Missions propose any growth or reductions in funding for initiatives that would affect the operational platforms funded through State Operations, these operational changes should be reflected in the FY 2014 MRR narrative.

- Food for Peace (FFP) Programs: Missions should not consider FFP allocations as a vehicle for funding other programs that would normally be funded through Development Assistance or other accounts. The control levels provided specify the assumed FFP levels. Your MRR submissions must include the same FFP levels.
- An initial indication of the implementing agency (State or USAID) must be identified for each Program Area; if not yet determined, the implementing agency should be shown as "Both." However, "Both" should only be cited when an implementing agency is truly undetermined, or if both agencies have relatively equal roles in implementation. In cases where one agency is responsible for the preponderance of implementation, that agency should be cited.
- Funding attributions by Program Area and account are required for some Key Issues, which are listed in the section below under "Attribution of Resources."

2) Justification Narratives

These three narratives should be Mission level justifications with specific rationale, explanations, and cross cutting examples and linked to the Mission Objectives developed in the Mission Objective Narrative section of the MRR as outlined in Section D.

Narrative #1: Foreign Assistance Request Overview - Major Activities, Outcomes, and Results (This narrative should not exceed 5,000 characters)

In this narrative, Missions should:

- Explain the major activities associated with requested funding and highlight any new activities proposed for FY 2014.
- Explain how major outcomes, as expressed in the Mission Objectives, will be achieved by activities supported by requested funding levels. While indicators are not required, Missions are encouraged to cite performance information to support the justification of resources, and draw on performance information reported in the FY 2011 PPR as appropriate.
- In formulating the budget request, Missions should align FY 2014 resources with the high-level strategic guidance from authoritative policy and strategy documents, such as the QDDR, FY

2013 President's Budget, the Joint Regional Strategy or Bureau Strategic Resource Plan, and CDCS.

- Provide the rationale for the FY 2014 request taking into consideration the trajectory of funding from FY 2012 through FY 2014. Explain any significant changes in country/regional circumstances anticipated in FY 2015-2016 which could affect out-year budget plans.
- Prioritize requested FY 2014 funding by Program Area.
- Missions with an approved USAID Country Development and Cooperation Strategy (CDCS), must explain how the Mission's Foreign Assistance request is aligned with the priorities and strategic choices explicit in the CDCS. If the request does not reflect the CDCS due to changed circumstances, provide the reasons and rationale.
- Missions that receive specific questions from bureaus should address them in this narrative.

Narrative #2: Discussion of Priorities and Tradeoffs
(This narrative should not exceed 5000 characters.)

In this narrative, Missions should address the following issues:

- Explain the reasons for Foreign Assistance funding changes (increases and decreases) between program areas and accounts when compared to FY 2013 request levels. To the extent possible, Missions should clearly indicate the quantified anticipated additional results from any proposed budget increases and discuss the implications of proposed decreases from the FY 2013 request level. What will an additional investment allow us to achieve? How are we maximizing the value of every dollar spent in order to increase impact? If possible, discuss the relative cost-effectiveness of the intervention in terms of a cost per unit comparison to other investments. How do proposed increases or decreases help to align the budget request with country or sectoral strategies, priorities and targets?
- Explain the rationale for programs a Mission proposes for elimination. Such rationale should include program success, prioritization of regions or sectors that will have the most impact, and/or unstable host country conditions. Provide examples of funding changes away from programs unaligned with policy or strategic objectives, unsustainable, or high-cost programs; or changes to deal with poor or worsening operating environments.
- Explain how the Mission's foreign assistance request is aligned with the principles of selectivity, focus, and integration highlighted in the PPD, the QDDR, and USAID's Policy Framework. (For additional explanation of these principles, see Appendix B, where there is also an exemption for certain programs.) To the maximum extent possible, selectivity and focus should reflect evidence-based strategic choices, and leverage non-U.S. government resources to magnify the impact of our resources and avoid duplication of effort. In addition, Missions should clearly identify any efforts to integrate cross-sectoral programs, including a clear explanation of the resources devoted to this integrated goal such programs.
- Explain how the resource request responds to program performance that has fallen short or exceeded their targets or norms for similar interventions. Identify projects or activities that have

consistently and significantly exceeded or fell short of output and outcome targets through FY 2011, or whose costs are either particularly high or particularly low in comparison to expected results. Please explain how the Mission is responding to high performers, whether through increased or decreased funding, and addressing underperformers, including specific corrective actions as well as funding changes. Explain the reason for any proposed changes to Presidential Initiative control levels (Feed the Future (FTF), the Global Health Initiative (GHI), and the Global Climate Change (GCC)), including any potential impacts on the achievement of initiative goals and targets.

Narrative #3: Additional Information on Key Policy Considerations

(This narrative should not exceed 3000 characters)

Please provide only 1-2 examples for each of the following Key Policy Considerations that are applicable:

- **Sustainability:** Provide examples of how the request builds sustainability and host country ownership, reducing the need for international technical assistance, and adopting the use of host-country systems.
- **Gender:** In addition to attributing funding to one of the four sub-key issues under Gender, Missions should provide specific examples of how the request promotes gender equality and female empowerment.
- **Innovation:** Identify cross-cutting programs that take advantage of innovation to significantly – not incrementally – improve the cost, speed, or scale of development impact. Innovation may result from a novel technology, process, delivery system, procurement mechanism, or any other significant advance.
- **Science and Technology:** If applicable, identify cross-cutting Science and Technology programs that (1) build the number and quality of host-country scientists through research and development, institutional support, and other activities; and/or (2) use technology to amplify the reach of programs and increase efficiency by reducing programmatic costs, saving time, building sustainability, or integrating multiple Presidential Initiatives and other sector priorities.
- **Strategic Partnerships:** Explain how proposed and existing partnerships contribute to development priorities, align with country priorities, have clear, outcome-driven goals, and apply mechanisms to evaluate the progress and impact of the partnership. If the Mission is pursuing new partnerships, identify estimated resources required, the expected leveraging of these resources, the expected effect on program execution, and the development impact.
- **Evaluation:** Describe actions that will be taken to design and conduct monitoring and evaluation activities. Discuss separately monitoring and evaluation.
- **Partnerships for Growth (PFG) countries:** For El Salvador, Ghana, Philippines, and Tanzania, describe how the FY 2014 request will align with the constraints to growth identified during the PFG process.

- Relief to Development Transition countries: If you are writing an MRR for one of the following countries: Afghanistan, Libya, Ethiopia, Kenya, Nepal, Pakistan, South Sudan, Sri Lanka, Yemen, and Zimbabwe, see Appendix B for additional instructions.

3) Attribution of Resources to Key Issues

The National Security Staff, the Office of Management and Budget, Congress, and other stakeholders expect the State Department and USAID to report on certain cross-cutting issues from the beginning to the end of the budget cycle. These include the development priorities identified in PPD-6.

Attribution of resources to a limited number of these key issues has been collected over the past few years in the MSRP, and it is clear that such attributions are more accurate and better integrated into the budget when they are done at the Mission level.

Therefore, funding attributions against the following Key Issues are required for the FY 2014 MRR in order for State and USAID to ensure that adequate and well-supported request levels for these categories will be included in the joint State/USAID budget submission to OMB. MRRs should identify, as attributions by Program Area and account, any and all resources related to the following Key Issues:

- Science, Technology and Innovation (STI)
 - Direct
 - Indirect
- Sustainable Institutional Capacity Development (SCD), including Health Systems Strengthening (HSS)
- Countering Violent Extremism (CVE)
- Gender
 - Gender – Primary
 - Gender – Secondary
 - Gender Based Violence (GBV)
 - Women, Peace, and Security (WPS)
- Trafficking in Persons (TIP)
- Evaluation
 - Impact
 - Performance

Missions will find definitions and guidance for making attributions of funding for these Key Issues on the F SharePoint site. A link to the appropriate section of the Guidance will be provided when available.

Evaluation is not included as a Key Issue in the Operational Plan Guidance, although we are including it as a Key Issue in the MRR. For further information on evaluations, please see the State and USAID Evaluation Policies at the following links:

http://diplopedia.state.gov/images/DoS_Program_Evaluation_Policy_Final_Feb-2012.pdf

<http://www.usaid.gov/evaluation/USAIDEvaluationPolicy.pdf>

C. Mission Objective Narratives

Mission Objectives are defined as the most ambitious result that the Mission, along with its partners, can materially affect and for which it is willing to be held accountable to demonstrate impact. Missions should design Mission Objectives that illustrate why an investment of U.S. government resources will result in targeted, priority impacts. The Mission Objectives should be based on the priorities defined by the Mission. The resources requested in the MRR should tie directly to Mission Objectives for Foreign Assistance. Mission Objectives will be authoritatively stated in a Mission's three-year ICS. However, since Missions will not have completed the ICS in time for the FY 2014 MRR, Mission Objectives included in the FY 2014 MRR will serve as **interim objectives** (except for development objectives in an approved CDCS). For State Operations Objectives in this cycle, Missions are encouraged to maintain or update goal papers from the FY 2013 MSRP, which PPS will help facilitate.

When developing Mission Objectives, Missions receiving foreign assistance should ensure objectives are clear, comprehensive, measurable, and verifiable. Objectives are only useful if they are easily understood, encompass an appropriate portion of the Mission's activities, and can be tracked, measured, and verified for both internal and external audiences.

Missions with an FY 2011 foreign assistance PPR should review the Mission Objectives developed as part of that process and make adjustments as necessary. Adjustments may be needed due to feedback obtained during the foreign assistance PPR review process, the completion of a CDCS, a change in operating environment since PPR submission, or inclusion of additional programming. PPR objectives are preloaded in the application, but can be updated.

Missions with an approved CDCS must use their Development Objectives identified in the CDCS as Mission Objectives. Approved CDCS Development Objectives will be preloaded in the application and cannot be edited. For Missions with an approved CDCS, State managed foreign assistance funding can be incorporated in one of two ways at the Mission's discretion: 1) under the CDCS-linked Mission Objectives if the programming and intended results helps achieve that objective; and/or 2) from additional Mission Objective(s).

Outline of Key Foreign Assistance Programs and Interventions

Overview: The Mission Objective overview should briefly articulate how the end state of the Mission Objective represents accomplishment of the U.S. foreign policy priorities for the country/region. Mission Objectives supported by Foreign Assistance funding will be the basis of the FY 2014 Foreign Operations CBJ country narratives. **As such, Mission should write to an external audience and focus on programmatic impact.**

Key Interventions by Account: For each Mission Objective, Missions should concisely list major interventions planned with FY 2014 funding by account (e.g. DA, ESF, INCLE). In completing the matrix, Missions should prioritize interventions and only include interventions that the Mission wants to highlight to an external audience. Missions must describe at least one intervention per funded account, however.

Depending on the focus of the Mission Objective, Missions should outline key diplomatic, public diplomacy, management and/or consular interventions necessary to achieve the goal. In general, these justifications should form the basis of requests for additional direct hires.

See Appendix C for examples of the Mission Objective Section.

D. Summary Tables

The MRR will include summary resource tables that will be generated by the application based on the Mission's request.

Table 1. Summary of State Operations Funding

Mission request for State Operations funding.

Table 2. Summary of Human Resource (HR) Request

Mission request for HR positions. Requests for ICASS-funded positions must be approved by the ICASS Council at post.

Table 3. Summary of Foreign Assistance Request

This system-generated report reflects the Mission's total FY 2014 MRR Foreign Assistance Request by account and by the Standard Program Structure.

IV. Appendices

Appendix A: Overview of Strategic Planning Phased Deployment

Throughout the next three years, we will transition all bureaus and missions to an integrated, multi-year planning and budgeting process that better links strategy with resources. These changes are aligned with streamlining efforts and will position State and USAID to realize the call of the QDDR to better manage for results. Full details on the changes to these processes can be found in ALDAC 124737 (http://telegrams.state.gov/aldac/view_telegram.cfm?teleid=10201331), and on the Diplopedia website <http://diplopedia.state.gov/planningandbudgeting>. The key changes include:

- Replacing the Mission Strategic and Resource Plan (MSRP) and Bureau Strategic and Resource Plan (BSRP) with two products:
 - 1) a three-year strategic plan
 - Regional bureaus: Joint Regional Strategy (JRS)
 - Functional bureaus: Functional Bureau Strategy (FBS)
 - Missions: Integrated Country Strategy (ICS) with the Country Development Strategy (CDCS) as the foundation of the development component of the ICS
 - 2) a separate annual resource request that is directly informed by the three-year strategic plan
 - Missions: Mission Resource Requests (MRR)
 - Bureaus: Bureau Resource Request (BRR)

Roll-out of New Processes

Implementing these new processes across all Missions and Bureaus is a large and complex effort. Consequently, all of the processes cannot be rolled out at one time, and not every Mission and Bureau will be impacted immediately by these changes. Implementation of multi-year strategic planning and budget planning will be done in three increments:

- Joint Regional Strategy (JRS) Rollout: Starting in Fall 2011, each year for the next three years, two sets of State regional bureaus and their counterpart USAID regional bureaus will develop a three-year JRS. These bureaus will consult with their Missions and key stakeholders in Washington to develop the JRS.
 - Phase 1 (EUR/E&E & WHA/LAC) – launched November 2011; completed February 2012; EUR/E&E and WHA/LAC Missions will receive their region’s JRS this year as a resource and input into their MRR formulation
 - Phase 2 (AF & EAP/ASIA (non-SCA)) – Fall 2012
 - Phase 3 (NEA & SCA/ASIA) – Fall 2013
- Integrated Country Strategy (ICS) Rollout: Missions will develop their three-year ICS in the spring and summer following the rollout of the JRS for their region. Due to the large number of Missions that must complete an ICS, the launch of the ICS development process will be staggered through the summer and fall to accommodate bureau capacity constraints to provide technical support and review.

- Phase 1 (EUR/E&E & WHA/LAC Missions) – launch Spring 2012, staggered roll-out for these Missions throughout Summer and Fall 2012
- Phase 2 (AF & EAP/ASIA (non-SCA)) – launch Spring 2013, staggered roll-out for these Missions throughout Summer and Fall 2013
- Phase 3 (NEA & SCA/ASIA) – launch Spring 2014, staggered roll-out for these Missions throughout Summer and Fall 2014

At the conclusion of the rollout, all bureaus and Missions will be on a schedule to complete or revise their strategic plans every three years, with opportunities to make adjustments in interim years if needed. All bureaus and Missions will still be expected to develop and submit annual budget requests. As Missions transition to the ICS over the next three years, they will be expected to link their subsequent MRRs with their ICS. The MRR will still be a focused resource request for the Missions and allow for better articulation of priorities and associated resource requests. **For USAID-presence countries, State and USAID regional bureaus will work with Missions to align the timeline of the ICS with CDCS development.**

Future communications on the new planning process, including those accompanying the initial roll-out of the ICS, will be issued in late spring. A set of Frequently Asked Questions can be found on the Diplopedia site at <http://diplopedia.state.gov/planningandbudgeting>.

Appendix B: Policy Points of Emphasis and Additional Guidance

Aligned with the principles of selectivity, focus, and integration; highlighted in the PPD, QDDR, and USAID's Policy Framework

The Foreign Assistance justification should be based on the following principles of the National Security Strategy, the Presidential Policy Directive on Global Development (PPD-6), the Quadrennial Diplomacy and Development Review (QDDR), and the USAID Policy Framework 2011-2015 including:

- **Selectivity, Focus, and Integration:** Selectivity, focus, and integration are key principles of PPD-6 on Global Development, the QDDR, and USAID's Policy Framework 2011-2015. The following further defines these important concepts that should be considered and reflected in the MRR.
 - **SELECTIVITY:** State and USAID must be more selective about where foreign assistance resources are invested - in countries, sub-national regions, or sectors - in order to maximize global impact. Comparisons among countries of likely need for and efficacy of assistance funds will be facilitated by country data collated by F and shared with Missions. At the country-level, it is important that State/USAID indicate areas where difficult trade-offs have been made that resulted in ending funding to programs or sectors in order to shift funds to programs, projects, or activities where evidence shows they are likely to have the greatest impact in achieving priority Mission Objectives.
 - **FOCUS:** Missions should also ensure that investments are sufficiently focused, so that the total volume of resources invested in a selected program or geographic area is large enough to have meaningful and measurable outcomes and to generate lasting impact. Programs funded at \$2 million or less in a specific program area should be particularly scrutinized by the Mission, but larger programs should be included in the review if a larger limit seems appropriate, given the overall size of the country program. If a Mission is proposing to continue or begin a program that is less than \$2 million as outlined above, the Mission should address how the program will be focused geographically or by target population, cost effective relative to other projects in the Mission portfolio, be intentionally innovative or policy-impacting, have a measurable outcome, and/or contribute to a higher-level result or objective as part of an integrated program.

Exemptions: Due to their very nature, certain security-related programs pose particular problems to the examination of program focus. For example, International Military Education and Training (IMET) funded programs, by their nature, are small and dispersed. In addition, these programs tend to be managed more closely in Washington than in the field, so Missions would have a more difficult time justifying these programs. Therefore, funding in security assistance accounts (IMET, FMF, NADR, and INCLE) will be exempt from this examination in the MRR.
 - **INTEGRATION:** Recognizing that development and security challenges are complex and multi-dimensional, resources may be invested across relevant sectors for an integrated approach that broadens the impact and sustainability of development programs and projects. Integrated programs should have a specific, clearly-defined, shared goal from the onset of the program.

- **Alignment with State and USAID Policies and Strategies:** Missions are expected to align their requests and programming with new and existing policies and strategies, including PPD-6, and the QDDR.
 - In addition, USAID programs must align with the USAID Policy Framework 2011-2015 and USAID policies and strategies. Budgetary and programmatic alignment is central to the effectiveness of these policies and strategies. The process for aligning to USAID policies and strategies is set forth in the Administrator’s Policy Directive on Implementing Agency-wide Policies and Strategies (<http://notices.usaid.gov/notice/21185>). USAID policies and strategies can be found at: <http://inside.usaid.gov/PPL/offices/p/psptt.cfm>.
- **Relief to Development Transitions**

The following countries are required to provide responses to the questions below: Afghanistan, Libya, Ethiopia, Kenya, Nepal, Pakistan, South Sudan, Sri Lanka, Yemen, and Zimbabwe.

An important goal of foreign assistance is helping countries that have suffered from conflict or disaster move from a relief context to one in which longer-term sustainable development can be achieved. Missions in countries that have been identified by DCHA and PRM, and validated by country development data as demonstrating readiness to more aggressively pursue a shift from humanitarian to developmental programming, are asked to comment on the shift from relief to longer-term development assistance. Missions should address the following questions:

- What actions (programs, consultations, surveys, planning) is the Mission taking to promote a transition from humanitarian assistance to development programming? Specifically, in what ways do current or planned development programs proposed in the MRR incorporate refugees and/or displaced persons as beneficiaries? Provide two to three specific examples.
- Funding aside, what obstacles are inhibiting the relief to development transition? What action/s has the Mission taken to overcome these obstacles, and in which sectors do these obstacles exist. What is the Mission doing to address these?
- If the Mission has successfully transitioned in some sectors/programs, what was useful to effectively implement the relief to development transition?

Appendix C: Mission Objective Example

The following examples are illustrative and represent programming at a medium-to-large Mission. Missions, especially with relatively fewer programs and funding, may have shorter descriptions and less key interventions.

Mission Objective #1: Freedonia Increases Economic Growth from Agriculture and the Natural Resource Base

Mission Objective Description: Freedonia has enjoyed economic growth averaging 6-7% over the last five years, in large part due to market-based reforms, sound macroeconomic policies, increased agricultural exports, and expanded natural resource base. To sustain and achieve greater broad based economic growth, U.S. will more deeply invest in agriculture (45 percent of its population living on less than \$1.25 a day and 75 percent of labor force engaged in the sector) and focus on environmentally sound management of the recent discoveries of large oil reserves in Freedonia. U.S. agricultural assistance requested for FY 2014 will continue to focus on increasing rural productivity and competitiveness in Freedonia using a value chain approach to agricultural development. Funding to support macro-economic reforms will be reduced as current reforms and policies take root with corresponding technical assistance aligned with implementation of agricultural-related market reforms.

As oil revenues start to flow in 2013 and 2014, additional resources will be used to aggressively advocate and build government and community-level systems towards fiscally sound, politically transparent, and environmentally sustainable management of Freedonia's oil resources.

FY 2014 Key Interventions and Accounts

Account: DA

Key Interventions

- Implementation of the FTF Strategy approved in FY 2011 with focus on improving production, processing, and market access in three value chains (coffee, maize, and beans) in southwest and northern Freedonia.
- New agriculture programs will be designed to strengthen private sector participation in staple food value chains, improve analytical research for policy decision-making, and support the development of agriculture research institutions.
- Biodiversity activities to increase adoption of natural resource management practices around protected areas, improve biodiversity monitoring, improve land use planning and increase capacity to manage buffer zones, strengthen environmental laws and regulations, and establish revenue-sharing policies to encourage sustainable use of natural resources.
- New biodiversity programs will mitigate the impact of oil exploration and production in biodiverse areas.

Account: ESF

Key Interventions

- Training and technical assistance-related to leasing, revenue management and regulatory best practices for oil and gas sectors and in-country support to create a regulator that will provide independent energy sector oversight and management.

Account: FFP, Title II

Key Interventions

- Support the transition to peace and stability in Freedonia by assisting former internally displaced persons to return to their farms and reestablish agricultural production, thereby reducing food insecurity for those populations.

Account: D&CP, Public Diplomacy Account (.7), ECE

Key Interventions

- Raise public awareness of the benefits of well-managed agricultural and natural resources management and proposed reforms.
- Engage key opinion leaders and authorities in the agricultural field for professional exchange with U.S. counterparts to promote sound agricultural, natural resources, and economic policies and reforms.

Mission Objective #2: Freedonians, Particularly the Younger Generation, Improve Their Understanding of U.S. Policy and Values

Mission Objective Description: The US Mission in Freedonia confronts strong and destabilizing negative views of the U.S. from a younger generation, particularly in the restive north and southwest regions where young people under 30 (over 50% of the population) have known only difficult economic times. This is further exacerbated by persistent ethnic tension and mistrust between these two regions and the majority group in the country’s center. As the major university in the southwest has become increasingly radical, so has hostility toward the U.S. The GOF announced a major ethnic reconciliation agenda last year, but implementation has been slow. Meanwhile, the GOF, has attenuated its formerly strong support for U.S. initiatives in the region in an effort to placate elements in the north and southwest. Reaching out to the younger generation will be a “whole of Mission” approach, with an emphasis on American values of tolerance and pluralism.

FY 2014 Key Interventions and Accounts

Account: D&CP, Public Diplomacy Account (.7)

Key Interventions

- Develop proactive, long-term media and messaging strategy on communicating values of tolerance and ethnic cooperation.
- Expand theme-based social media outreach to the under-30 generation, both on Mission sites and third-party sites popular with this demographic, emphasis on tolerance issues, civil society,

entrepreneurship and, in the north, discussions promoting environmentally sustainable resource management practices.

- Increase person-to person engagement, from all sections of the Mission, with Freedonia's academic communities through frequent embassy visits and visiting experts under the U.S. Speaker Program. Some of these will be in conjunction with or as follow-up to CO.NX virtual presence on-line interactive discussion programs. Focus on TV and radio, the two most popular media in the country; continue to cultivate the influential players in those media and seek opportunities for favorable messaging on shared interest on these issues.
- Open a new modern American Corner at the University of the Southwest, equipped with latest technology and full internet access. Mission will close a lightly patronized American Corner in the capital.
- Intensify engagement with influential young professionals, in all three ethnic groups, many of whom are eager to develop international contacts.

Account: ECE

Key Interventions

- Expand English teaching programs in the north and southwest, partnering with Freedonian commercial interests focused on building a substantial English language capability.
- Use English teaching scholarships, exchanges, teacher training, educational materials and online adapted courses, partnering with the five American Corners, academic centers and selected host country institutions, to convey values and lessons learned on productive ethnic cooperation.
- Focus IVLP participation on issues of promoting tolerance; develop a single-country IVLP project comprising rising young leaders in the country's three ethnic groups.
- Develop an American academic presence at the University of the Southwest.
- As a multi-ethnic Freedonian society becomes more viable and economically secure, the number of Freedonian students seeking university abroad will increase. The Mission will be ready to promote the U.S. as an academic destination.

Account: Small Grants

Key Interventions

- Offer small grants to inter-ethnic partnerships that work together to promote civil society and entrepreneurship.
- Offer small grants to community non-profits, inter-ethnic partnerships or faith-based groups willing to set up and administer conflict prevention mentorship programs between the three ethnic groups. Offer small grants for school age children to study at schools or attend camps or other activities (sports, arts and other extracurriculars) in areas that are populated with ethnic peoples different from their background.