PD-AAZ-224

MEMORANDUM

TO : DISTRIBUTION

FROM : AAA/AFR/DP, John R. Westley

SUBJECT : CDSS and Action Plan Guidance

Over the last several months, it has become increasingly clear that PPC's efforts to revise the Agency CDSS guidance are not moving on a timetable which responds to the Africa Bureau's needs to orient country program documentation more closely to the implementation of the DFA. Since 10 out of the top 20 African programs* are expected to develop program strategy documents this year, the objectives and targets which the Bureau has developed to implement the DFA have been approved by the Fifth Floor, and the only "official" Agency CDSS guidance is badly outdated, I am proposing, first, that the Africa Bureau develop its own program strategy guidance as soon as possible and second, that this guidance encompass the Action Plan as well as the CDSS.

Attachment A provides a first draft of such program documentation guidance for the Africa Bureau. The guidance is intended to accomplish four things:

1. To streamline the program strategy development process while more closely linking it to program implementation tracking and reporting;

2. To provide a clear outline for the structure of a combined CDSS and Action Plan document (called the Country Program Strategic Plan) but to allow Missions considerable flexibility in deciding on the content;

3. To make explicit the criteria by which program strategy documents will be assessed by AFR/W; and

4. To result in programs which are focussed on achievable strategic objectives and targets and will play significant roles in accomplishing the objectives of the DFA.

Your early review and suggestions for additions, corrections, and other amendments by October 18 would be much appreciated. This will give us time to redraft and circulate prior to discussion at the October 25 senior staff meeting.

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* Burundi, Ghana, Guinea, Guinea-Bissau, Kenya, Madagascar, Malawi, Mozambique, Senegal, and Zaire

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ATTACHMENT A
FIRST DRAFT OF CDSS/ACTION PLAN GUIDANCE

Subject: Program strategy development and documentation requirements for Missions in Africa under the DFA

Refs: (A) 87 STATE 340629 (B) 87 STATE 299421 (C) 87 STATE 377729 (D) 87 STATE 112838 (E) 88 STATE 030913 (F) 89 STATE 113988 (G) 89 STATE 147592 (H) 89 STATE 283555

1. Background. The 1980's engendered a widespread re-examination of the development record in Africa. Among the initiatives launched by various countries and donors to redress what was perceived as a growing economic crisis were homegrown economic recovery programs which drastically altered the directions in which economies were headed, the Structural Adjustment Facilities of the IMF, the structural and sectoral adjustment programs supported by the World Bank, and a wide range of revised sectoral interventions which combined an emphasis on policy reform with the more traditional assistance in support of technical or institutional change.

The African Economic Policy Reform Program (AEPRP) was introduced in 1984/85 as one U.S. bilateral response to the economic woes which were increasingly apparent in the early years of the decade. We have seen it used as a flexible and, we think, useful tool to enhance African governments' capacities to implement difficult but essential policy and institutional reforms. The U.S. End Hunger Initiative was launched in 1986/87 about the same time as the U.N. Programme for African Economic Recovery and Development (UNPAAERD). Reacting not only to the economic situation but also to the recurrence of severe drought in the early 1980's and the continued threat of famine among populations affected by civil disturbances, the End Hunger Initiative was successful in drawing attention to the need to better coordinate U.S. agencies' development agendas in Africa, especially in the areas of food aid, debt relief, and famine preparedness.

The passage of the Development Fund for Africa (DFA) helped to further the process of focussing and revising our approach to assistance in Africa by providing "an assured and stable source of funding". Congress, in approving the DFA, also extended to AID the "authority to implement programs in Africa in a more flexible fashion." The expectations for the DFA are directly rooted in history and are performance-oriented. To quote the Congressional Conference report which inaugurated the DFA: The first twenty-five years of independence has seen little real improvement in the quality of life for the majority of Africa's people. Indeed, of all the regions in the world, the economic performance of Sub-Saharan Africa has brought the least in terms of economic results over this period of time....The need for a process of long-term development in Sub-Saharan Africa that is equitable, participatory, environmentally sustainable,

and self-reliant remains compelling. To achieve these objectives, the conferees are in agreement that there must be fundamental changes in U.S. assistance programs for Africa.

As you know, the Bureau has taken up the challenge embodied in the DFA: We're changing the way we do business in order to have better results. We are concentrating our resources where the potential to make a positive contribution to improving the performance of African economies exists, focusing our efforts on problems which are important to economic performance and which our resources can address in a measurable way, and making sure, by improved tracking efforts, that our resources are having the impact we hoped they would.

We are making more flexible use of project and non-project mechanisms, putting more emphasis on solving systemic problems, more collaboration with other donors and PVOs, and reconsideration of many of the ways in which the Bureau manages its business -- monitoring and evaluation, management reporting in the PIRs, staffing, the budget allocation and reporting processes, etc.

2. Purpose of this cable. This cable lays out new draft guidance for Category I and II Missions' use in the development of strategies and operational plans for providing assistance under the DFA to their host countries. This guidance for the preparation of Country Program Strategic Plans (CPSPs) is intended to replace all previous guidance on CDSSs and Program Weeks (Refs A through F) with the exception of material contained in Ref A on Congressional requirements. The most recent guidance pertaining to Action Plans (Refs G and H) remains relevant. As will be clear below, the new Country Program Strategic Plan will fully incorporate the Action Plan.

The guidance in this cable explicitly reflects Bureau efforts to take full advantage of the DFA to improve the effectiveness and impact of our development assistance to Africa. Category III Missions will find guidance on the Limited Program Strategic Plans (LPSPs) in para. 8 below. Your comments and criticisms are welcomed.

3. The concept of the country program under the DFA. AID's decentralized, country-specific approach to the programming of development assistance has been judged, by analysts within and outside of AID, to be a principal strength of the bilateral U.S. assistance program. By having professional staff on the ground on a permanent basis, AID Missions are able to be constantly aware of changing country social and economic conditions, to interact on a continuous basis with people of all classes and opinions, and to direct assistance where and when it can be be of most use in a form in which it can best be used. This has led to the definition of a AID country program as consisting not only of project and nonproject activity, but also including the programming of food aid, collaboration and

consultation with other donors and private voluntary organizations, policy dialogue with the host government and, on occasion, with representatives of the private sector, and direct provision of technical assistance to development efforts by the AID staff. AID Missions must, moreover, design and manage the country program in such a way that it responds to the foreign policy needs of the U.S. government and implements the development policy directions of Congress and Agency leadership.

4. Design of country programs. It has been found useful, over the years, for Missions to develop country development assistance strategy statements (CDSSs) or small program strategy statements (SPSSs) every five or six years which (a) reflected their careful analysis of the local scene and (b) proposed a role for AID assistance. Review of the CDSSs/SPSSs in AID/W ensured that the analyses were adequate and that the role proposed reflected policy directions, operational priorities, and financing and staffing availabilities and is feasible. Approval of the CDSS/SPSS document in principle signified commitment of the entire Agency to the design of the strategy and its implementation. A few years ago, the Concept Paper was added to the lexicon of program documents in Africa. The Concept Paper was felt to be appropriate for relatively important countries in which some sort of interim strategy was needed but in which conditions were too fluid to project its utility five to seven years in the future.

As noted in Para 1, however, the passage of the DFA resulted from widespread concern, especially in Congress, that country programs in Africa were not as effective as they should be in improving the quality of life of Africans. The language of the DFA, therefore, mandates AID to take steps to change the way that assistance is provided in order to increase its effectiveness and impact. Implementation of this mandate has engendered reconsideration by the Africa Bureau of the country programming process. The way that these programs are designed -- as embodied in the CDSS/SPSS document -- and implemented -- as outlined in the Action Plans and PIRs -- has come under particular scrutiny. Two conclusions have come to the fore: first, that the DFA opens up a greater range of programming options and may demand a somewhat different analytical approach than we have undertaken before; and second, that better focussing of AID's limited resources on a limited number of problems is essential if we are to have a measurable and sustainable impact in the quality of life of Africans.

Both of these conclusions have major implications for the development of country assistance strategies and, consequently, the program documentation requirements: the CDSS/SPSS in which the rationale for the program strategy and the program structure are laid out and the Action Plan in which the strategy and structure are translated into operational terms.

The following paragraphs present guidance for a combined CDSS/Action Plan document named the Country Program Strategic Plan (CPSP). Missions in Category I and II countries are expected to prepare CPSPs every five to six years. Progress in accomplishing the strategic objectives and targets will be assessed and reported on by Missions through a revised Project Implementation Reporting process. Separate guidance will be issued soon on the proposed Program Implementation and Impact Reporting process. Missions in Category III countries are expected to do LPSPs at the discretion of the desks.

5. Country Program Strategic Plans (CPSPs)

A. What Should be in a Strategic Plan?

Development of a country development assistance program strategy which responds both to the broad policy guidelines of the DFA and to the host country development situation requires Missions to undertake three basic analyses: first, of the environment for sustainable, broad-based, market oriented economic growth and the likelihood of its leading to a better life for the next generation of Africans; second, of the key constraints to such growth and development progress; and third, of what the host government, local initiatives, and other donors are doing to address these constraints.

The combination of these findings of these analyses and an assessment of AID's own track record in providing development assistance to the country in question should lead directly to the articulation of a five to seven year strategy which: (a) is analytically sound; (b) matches the needs and absorptive capacity of the assisted country with the resources available; (c) focusses on a limited number of strategic objectives which are in the manageable interest of the Mission to achieve; (d) projects a level of achievement which is measurable; and (e) reflects the interests and unique capacities of the United States Government and the American people. It is then essential to operationalize this strategy, taking into account available financing, staff, the level of detailed analyses required, and the time that actions envisioned need to be brought to fruition. Finally, it is important to ensure that adequate preparation is made for tracking progress in implementing the strategy and accomplishing the strategic objectives and targets defined and for designing mid-course corrections likely to be needed.

These requirements imply that CPSPs in the Africa Bureau should contain six sections:

I. An Overview of the Environment for Sustainable, Broad-based, and Market-Oriented Economic Growth

II. In-Depth Analysis of Key Constraints to Growth and to the Realization of a Better Life for the Next Generation of Africans

III. What Others are Doing to Address these Constraints

IV. AID's Own Experiences in Addressing these Constraints

V. The Proposed Country Development Assistance Strategy or "Program Logframe": Goal, Strategic Objectives, Targets, and Benchmarks

VI. Plans for Implementation: Level and Use of Resources, Monitoring and Evaluation, Policy Agenda

B. How Does this Differ from the Current CDSS?

Sections I through III of the CPSP are, in fact, very similar to the current CDSS -- although Section III has hitherto been presented after rather than before the AID strategy. Section IV of the CPSP should go further than most CDSSs do as it should strongly reflect the lessons of experience based on analytical and evaluative work as well as implementation progress made since the last Action Plan. Section V of the CPSP should be a more completely elaborated program logframe than is normally prepared in the current CDSS. It should be prepared following the current guidance for Section II of the Action Plan and should articulate the program target and subtarget levels and benchmarks for monitoring and evaluation as well as the strategic goal and objectives. Section VI of the CPSP would be a more complete articulation of the Mission's plans for executing its strategy than is found in a CDSS; indeed, it should incorporate much of what is now found in Section III of most Action Plans. In short, the proposed strategy would be complemented with fairly definitive, detailed proposals for implementation.

C. Why Propose a Hybrid Document?

The option of combining the CDSS and Action Plan documents was first proposed by USAID/Lilongwe and offers several attractive benefits: (1) an opportunity for Missions to link more closely their strategic planning and their operational programming; (2) time-saving in terms of document preparation time, since much of the Action Plan material has to be developed in the CDSS anyway; (3) OE saving in terms of review time as a full Program Week would be held one year rather than a CDSS review one year and the Program Week based on the Action Plan the next; and (4) a combined document such as the CPSP would go as far as possible toward eliminating AID/W micromanagement of country programs.

D. What are the Disadvantages of a CPSP?

The Mission commitment to a particular course of action will be fairly well-developed by the time a CPSP is reviewed in Washington. If there are differences of opinion between the

Mission and Washington, the review could be confrontational and the losses, in terms of both effort and time, significant. The logical solution to this potential problem is to establish sufficient communication between the Missions and the key Washington offices during the development of the Strategic Plan. An experimental program of three in-Mission program reviews will be developed soon to test this method of improving field-Washington communication during CPSP development.

E. How About the Special Interests?

The bottom line of the DFA is improving economic performance and the quality of Africans' lives. The DFA Action Plan lays out the overall Bureau strategy for contributing to the achievement of this bottom line and Missions are expected to be fully aware of this policy and Bureau program context as they undertake the preparation of their CPSPs.

The analytical approach outlined above should permit adequate flexibility for Missions to develop an effective program strategy as creatively as they can while at the same time providing consistency in documentation which will facilitate AID/W review.

While the DFA has reduced the number of Congressionally-mandated earmarks for Africa programs, they are not eliminated altogether. Missions must, therefore, ensure that they address at appropriate points in their analyses the issues associated with the three Congressional budgetary targets included in the DFA legislation (child survival, population/family planning, and natural resource management -including biodiversity) as well as the topics which the Agency as a whole has been asked to address in strategy documents: actions necessary for conserving biological diversity and tropical forests; energy; microenterprises; women in development; and the conservation of tropical forests.

Missions should also take into account the Bureau's more detailed sectoral guidance particularly if the country has been designated by the Bureau's sectoral plans as an emphasis country.

Finally, since the DFA legislation specifically enjoins AID to work more closely and collaboratively with U.S. and African PVOs and with other donors, it is reasonable to expect that these options must be fully explored in any strategy development and will, in any event, be addressed in Section III.

It is expected that the CPSP itself will not exceed the traditional 60 page limit. Missions should feel free to cite references, use cogent explanatory footnoes, and add supplementary annexes to increase the depth of coverage on particularly important issues. Special annexes can present

analyses of particular subsectors (such as those required by Congress) or crosscutting problems. The conclusions of these analyses can simply be summarized in the body of the CPSP itself.

F. What Kind of a Review will be Held?

The two-hour review of CDSSs has been a point of complaint in the past. All the work which a Mission puts into a strategy document appears to be subjected to a cursory review in Washington while the Action Plans, whose utility and validity depends on the quality of the strategy itself, receive a week of intensive discussion.

As the new CPSP will address both strategy development and implementation planning, it is logical to assume that an extended review of the document along the lines of the current Program Week would be useful. On the first day or two, attention would be directed to understanding the analyses laid out in Sections I through III. The agenda for the third and fourth days would then deal with the program strategy and structure. A possible fifth meeting might be needed to wrap up and nail down agreements on key actions expected from both the Mission and AFR/W in implementing the CPSP.

6. Action Plans and the PIIR Overview Statement.

In recent weeks, an effort has been made to improve the link between the routine Project Implementation Reporting (PIR) process and Action Plans. The idea behind this effort has been to further build on the Action Plan-established basis for AFR/W to understand the Mission's efforts in a program rather than project context, to reduce AID/W micromanagement of country programs, and to limit project level oversight only to those actions which AID/W needs to be involved in: personnel assignments, budget allocations, and program and project support actions. The proposal now being considered is to require Missions to submit in the fall a Program Implementation and Impact Reporting (PIIR) overview keyed to the strategic objectives articulated by the Mission in its Action Plan or, as proposed in the paragraph above, in its Country Program Strategic Plan.

This would eliminate the need for stand-alone Action Plans to be prepared as separate documents in years two and four of the period covered by the CPSP.

The success of this approach in reducing the time spent on preparing separate Action Plans and in Washington reviews based on these Plans will depend on the quality of the Action Plan aspects of the CPSP.

As both Ref G and Ref H indicate, the experience with Action Plans to date has been that the guidance on format and content of Action Plans has not been as precise as many Missions would wish and that additional trial and error with the development

of the Country Action Plan as a planning and management tool is still needed. Much of the difficulty, of course, is in casting a program which was developed prior to the DFA into the DFA mold. The DFA emphases on program focus, on measurability of results, and on improved program tracking and reporting are new and require Missions to: rethink their efforts, perhaps dropping some activities and adding others; develop more sensitive and more timely progress monitoring systems oriented toward impact measurement than was previously the case; and accept more responsibility for program impact. For Missions with mature programs, implementing approved strategies which specified sectors of involvement but not measurable targets for achievement, the development of an Action Plan which responds to the DFA mandate is particularly difficult.

This difficulty should, of course, resolve itself over time as new CPSPs in the DFA mold are developed. The distribution of some Action Plan examples from the FY 89 review cycle should also help in the short term to illustrate the application of the Action Plan design principles articulated in Ref C. Consultancies to help Missions to deal with the monitoring and evaluation requirements are also likely to facilitate the development of really useful Action Plans. AFR/W staff are ready to work closely with the Missions in this area.

7. Concept Papers.

As noted above, Concept Papers were developed particularly to the need in Africa for interim strategies in countries in which conditions were especially fluid. "Fluid" in this case referred to countries where political upheaval or civil disturbances rendered all normal planning and projection techniques suspect, where Missions were being newly-established and there was a need to identify some preliminary lines for assistance without taking the time to thoroughly analyze the options, and where the AID commitment for establishing major program was, for any reason, tentative. The categorization of countries under the DFA has to some extent reduced the need for Concept Papers. However, it is conceivable that the interim strategy document covering a period of two or three years might be an appropriate programming tool in some countries and the Africa Bureau will consider the Concept Paper on a case by case basis.

8. Small Country Program Rationales or Limited Program Strategic Plans (LPSPs).

In Category III countries, the programs are generally limited to one or two sectors and have relatively small staffs. When the Mission proposes to change the direction of its program and/or wishes to use the analytical/strategy formulation process as a way of verifying that the program is still on the right track, the Mission may submit an Limited Program Strategic Plan (LPSP). This should be coordinated with the geographic desk on a case-by-case basis and reviews will be

scheduled accordingly. The general outline of the CPSP noted above should be used.

9. Conclusion.

The Congressional mandate of the Development Fund for Africa and the Bureau's development of an overall Action Plan for implementing this mandate in the FY 89 - 91 period have led the Africa Bureau to propose a new approach to the development of program documents. This approach differs from the traditional Agency approach in four important ways: (1) it proposes that one document -- the Country Program Strategic Plan or CPSP -- combine the analytical aspects of the CDSS and the operational planning aspects of the Action Plan; (2) it is less directive as to the specific content of the CPSP itself; (3) it establishes the DFA legislation and the DFA Action Plan as the most relevant policy guidance; and (4) it places greater emphasis on implementation effectiveness and program impact projection and monitoring and suggests an annual review of progress in accomplishing the strategic objectives of each major program. In so doing, the Africa Bureau intends to take full advantage of the flexibility and budgetary security provided by the DFA and to better respond to the development needs of Africa.

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