USAID Programming Policies

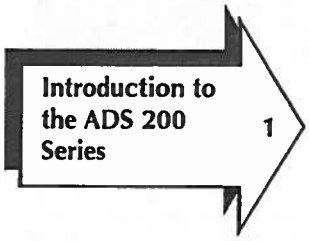
ADS 200 Series Information Package

August 2000

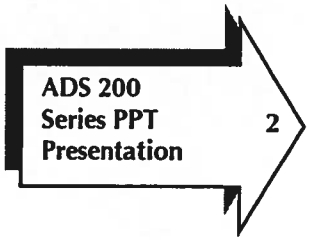
Welcome

Welcome to USAID release of the ADS 200 Series. This orientation package is designed to provide you with an introduction to the series and to assist you in delivering information to you and your team. The ADS comprises of USAID's official, written guidance on policies, operating procedures, and delegations of authority for conducting Agency business and replaces the old AID Handbook System. The ADS is intended to help Agency employees understand their responsibilities and achieve development goals, consistent with applicable rules, sound policy, and management practices. We hope you take the time to review the materials and distribute the information to your subordinates.

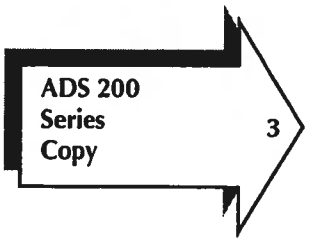
The Series 200 Information Package includes the following:



Section 1 provides an introduction to the ADS 200 series, history of the ADS and more in-depth instructions on how to use and the contents of this Information package.



Tab 1 provides an overview of the new ADS 200 series. We ask you to use this presentation to present the ADS to your staff and partners. A downloadable presentation can be found at http://www.dec.org/partners/mfr/ads/.



Tab 2-5 provides a hard copy of the ADS. A copy-ready version is provided in this package and is ready for distribution to you and yoru team. A downloadable version is available at http://www.usaid.gov/pubs/ads/200.

Electronic copies of the ADS 200 Series can be found at http://www.usaid.gov/pubs/ads/200.

Section 1

Introduction to the ADS 200 Series

ADS Series 200 Information Package Instructions

Introduction

The Automated Directives System (ADS) contains the standard operating procedures and policies for the Agency. Like Rome, the ADS 200-203 Series was not created overnight. Many hours were spent developing and analyzing current procedures to create policies and guidance that are clearer, more consistent and more informative for our staff and partners. USAID has made great strides to improve the policies that govern program operations and recently received a #1 ranking by the Mercatus Center at George Mason University for Communicating with the American people and Congress.

Policies and procedures are useless unless they are understood and practiced in a real working environment. This Information Package is geared to assist you in providing you and your staff with important details on the ADS 200 series release. **Therefore, we need your help getting the message out to your staff, SO Teams, and their partners.**

The policies described in this package are now official so it is important that the users become familiar with the content immediately.

Get the message out to your staff immediately

Information Package Contents

Over 1000 Information Packages are being distributed and presented to USAID staff and partners over a two month period starting in August 2000.

The contents of the Information Package include:

- Detailed preface and background materials on the ADS 200 Series.
- PowerPoint Presentation with instructions to retrieve the downloadable version from USAID's Development Experience Clearinghouse website (www.dec.org/partner/mfr/ads/).
- ADS 200-203 Series

Tab 1 includes a presentation that should be used to brief your staff. This package includes a hard copy that can be easily copied for distribution. A downloadable version is available at www.dec.org/partners/mfr/ads/.

Tab 2-5 includes a copy of the ADS 200 covering all the managing for results programming policies and planning guidance for USAID. A downloadable version is available at www.usaid.gov/pubs/ads/200/.

ADS 200 Series Outline

The guidance presented in these new chapters revises the original 1995 guidance by taking into account experience to date and evolving USG standards on results reporting. This ambitious revision effort represents a major task under the Agency's Reform Roadmap. We have endeavored to offer staff proven and practical guidance on how to apply results-based management in a developing country context. The revised ADS 200-203 guidance will provide staff with comprehensive, user-friendly guidance on developing, managing and assessing results focused development programs around the world.

New Key Changes and Additions

We would like to call your attention to several topics of particular interest to Operating Units and SO Teams:

1. Makes SO's more transparent and concrete. The ADS provides Operating Units with more flexibility, in return for more transparency, clarity and rigor in terms of defining SO's. Elements of this include more rigorous informational requirements, more

discussion about the importance of a realistic and operationally useful SO's and Results Frameworks, approaches for addressing the needs of nonpresence and small mission programs, as well as programs in crisis or in transition (See ADS 201)

2. The parameter setting process is more rigorous and designed to give operating units clearer signals at the beginning of the planning process. (See ADS 201)

3. New emphasis has been given to bureau-level planning to assist in the handling of programs in small missions and nonpresence countries, and to address countries in crisis and transition. (See ADS 201)

4. Includes an Activity Approval Document which eliminates Results Packages. The ADS no longer includes the Result Package, which had been confusing and misused. Instead, all activities need to have some form of approval documentation (AAD) outlining that pre-obligation requirements have been met. (See ADS 202)

5. Provides assistance on getting teams to work. While the previous ADS 200 Series required the use of SO Teams, there was no discussion as to how such teams were to be formed, managed and strengthened. The revised 200 series includes considerable information on how to form teams and how to ensure their viability. (See ADS 200, ADS 201, and ADS 202)

6. Promotes procurement innovation and sharing of instruments across SO's and activities. The ADS permits the use of instruments initiated under one SO by another SO, if the instrument has been designed with such flexibility, and makes this opportunity available to both central and well as field-based operating units.

7. Consolidates all Agency programming policies into the ADS 200. The ADS now includes an exhaustive compilation of external and internal regulations, policies, guidance and additional help, and related Agency training materials, all of which are available through a click of the mouse.

Brief ADS History

Until October 1995, the staff who managed project relied on useful policy handbooks for detailed guidance. With the advent of the Government Performance Results Act and broader US Government reform efforts, USAID shifted to a results-based programming system which required new guidance. USAID felt it was necessary to minimize the guidance and still meet regulation and reduction targets and reduce the vulnerability. As a result of these events, USAID developed the new ADS policies.

Evolution of the New 200 Release

USAID staff received positive feedback on the Managing for Results approach during an internal 1998 Stocktaking Survey. This information told Washington that it needed to update its current programming policies and fill the gaps in the earlier versions. It became apparent that there were many disconnects between the practices and intended reforms and that our staff wanted comprehensible guidance for planning and achieving results.

PPC, in collaboration with Regional Bureaus, G, BHR, M, and GC, has developed revised ADS guidance on the Agency's results-based programming system. Through extensive consultation with staff and partners from Washington and the field, PPC revised and fine-tuned ADS Chapters 200-203 series to reflect state-of-the-art practice on results management and performance reporting.

Revision Background

This revision effort passed through several stages:

1. Early Input. Feedback on the existing ADS 201-203 series, originally issued in 1995, was obtained through the 1998 stocktaking of Agency reforms, as well as the 1998 Worldwide Mission Director Conference and various Program Officer and PDO Conferences. PPC also took into account feedback from "Reaching for Results" training course participants and the Managing for Results course curriculum development team.

2. Issues Analysis. PPC prioritized substantive issues requiring further analysis and resolution, and created ten issue analysis teams made up of staff from all bureaus to analyze the more controversial issues and make recommendations.

3. Drafting. In the Fall of 1999, PPC began to draft new ADS language to address the less controversial "green" issues. Shortly thereafter, the issues analysis teams recommended resolutions to issues based upon the consensus reached at the policy level in PPC. In January, a working group of ten Agency expert staff began the drafting effort with numerous consultations in the process.

Special efforts were made to improve the integration between the programming process, acquisition and assistance and financial management. To make the guidance more clear and useful, chapters were written following new USG plain language standards.

4. Extensive Vetting. In April, PPC published a vetting draft in hard copy and on the Internet. Widespread review and feedback was successfully obtained from throughout the Agency. 130 pages of comments were received in electronic form and several hundred more in hard copy from over 65 different reviewers, including field staff, regional bureaus, central bureaus, and external partners. A decision board carefully reviewed each comment, resolved any remaining issues, and prepared the final clearance draft. The new guidance has been significantly improved and strengthened by the extensive comments received.

5. Clearance, posting and distribution of 200 Series. In June, the ADS was formally circulated for clearance. Over the next 5 weeks comments were collected, reviewed and as appropriate incorporated into the text. A detailed 200 page matrix was prepared documenting the disposition of all changes. The text was finalized August 8, 2000, and submitted for final posting. It was posted on the ADS website (http://www.usaid.gov/pubs/ads/) in Word format, and will be available in PDF format on or about August 25. The CD ROM version of the ADS will be issued in December 2000.

For More Information

We are currently developing an interactive system that will allow users to access case examples and best practices that are currently dispersed throughout the Agency.

In the meantime, we are sending out invitations to join RFNET, an existing informal, moderated, email discussion group on reengineering and Results Frameworks. To join RFNET, please go to http://www.rfnet.org/.

Provide any questions or comments back to Washington to ensure a better understanding of staff and partner's needs

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If you or your staff have any further questions beyond the provided materials or would like to schedule a more in-depth briefing, you may email Tony Pryor at tpryor@rfnet.org. After you present these materials to your staff, we would appreciate any feedback so that we can continue to improve the policies that govern the Agency and promote sustainable development.

ADS 200 Series Timeline

August 2000	ADS 200 Series is approved through the clearance process and is made available on the USAID's web site (www.usaid.gov/pubs/ads/200).
August 2000	USAID sends ADS information packages to Mission Directors.
August 2000	Staff and partners are invited to join the RFNET listserv until new interactive site is available. (www.rfnet.org)
Aug-Oct 2000	Presentations and ADS overviews are hosted in Washington to staff and partners. (to request a briefing, please contact Tony Pryor at tpryor@rfnet.org)
Aug-Sep 2000	Mission Directors ensure that hard copies are distributed to staff (additional copies will be made available as needed).
December 2000	Release ADS CD ROM to all USAID staff.

Section 2

ADS 200 Series Overview Presentation

ADS PRESENTATION

USAID's New Programming Policy Guidance

New ADS Chapters 200-203 Release

PowerPoint Presentation

Version 09/5/00

ADS 200 Series Outline

1. Introduction to the ADS 200 Series

2. Review of Changes

- Chapter 200 Introduction to Managing for results
- Chapter 201 Planning
- Chapter 202 Achieving
- Chapter 203 Assessing and Learning

Evolution of the ADS

- **What is the "ADS"?**
  - The Automated Directives System (ADS) contains the standard operating procedures and policies for the Agency
- **Where did it come from?**
  - Until October 1995, policy "handbooks" were used
  - Handbook 3 was "the bible" to staff those who designed and managed projects
  - With Government Performance Results Act and continued US Government reform efforts, USAID shifted to a results-based programming system and updated in existing guidance

Evolution of the ADS

- **The ADS 200 Series is the Programming Policy Guidance for USAID**
  - ADS chapters 201, 202, 203 were issued in November 1995 and replaced Hand Book #3
  - It provided procedures for planning and making decisions on use of all Agency program resources (ESF, DA, SEED, NIS, PL480)
  - The initial drafts were intentionally written in a somewhat skeletal way with little "how to" guidance -- motto: "Let 1000 flowers bloom"

Why was the ADS updated?

Internal Calls for Revision

The findings of the 1998 USAID staff and partners Stocktaking Survey received generally positive feedback on new Managing for Results Approach, but more guidance was needed to:

- Fill the gaps in the ADS
  - Examples: Activity Planning, Strategic Objective (SO) Team management
- Fix disconnects between practices and intended reforms
  - Examples: Expanded teams, use of "PP-like RPs," Rote Strategic Plans, vague Customer Service Plans
- Provide clearer guidance with more "how to"
  - Examples: technical analysis, activity planning, SO Teams, performance management

Why was the ADS updated?

External Changes Affecting Programming Guidance

- Evolution of USG results reporting standards
  - How to measure and aggregate development results for agencies that have limited controls on outcomes? (GAO, OMB, IG, Hill views evolve with GPRA experienced)
  - Data quality standards need to be clarified
- Link between performance and budget recognized as complex
- Closer State/USAID relationship
- 35% decrease in staff means more small Missions, non-presence programming

Guiding principles of revision

Revision effort sought to:

- Reflect state of the art thinking in results management and reporting for development agencies
- Provide comprehensive, user-friendly guidance to meets expressed needs and helps staff manage for development results
- Expand the guidance to include both "must do" and "how to"
- Provide comprehensive references to mandatory policies contained in other documents (old Handbook 1)
- Make guidance as clearly as possible and in "plain language" for new and experienced staff
- Allow more flexibility (options and tools), with increased rigor

How the ADS was updated

Clearance Draft Prepared

- In April, PPC prepared preliminary copies of the ADS for a vetting period and, with the assistance of the drafting team, reviewed every comment received
- New clearance draft was significantly improved and strengthened by the extensive comments received
- Clearance draft formally reviewed by 24 clearance points
  - Including all bureaus and several Washington offices
  - Clearance points consulted widely within their units
  - Approximately 130 pages of formal comments received
- Final draft addresses clearance comments

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Chapter 200

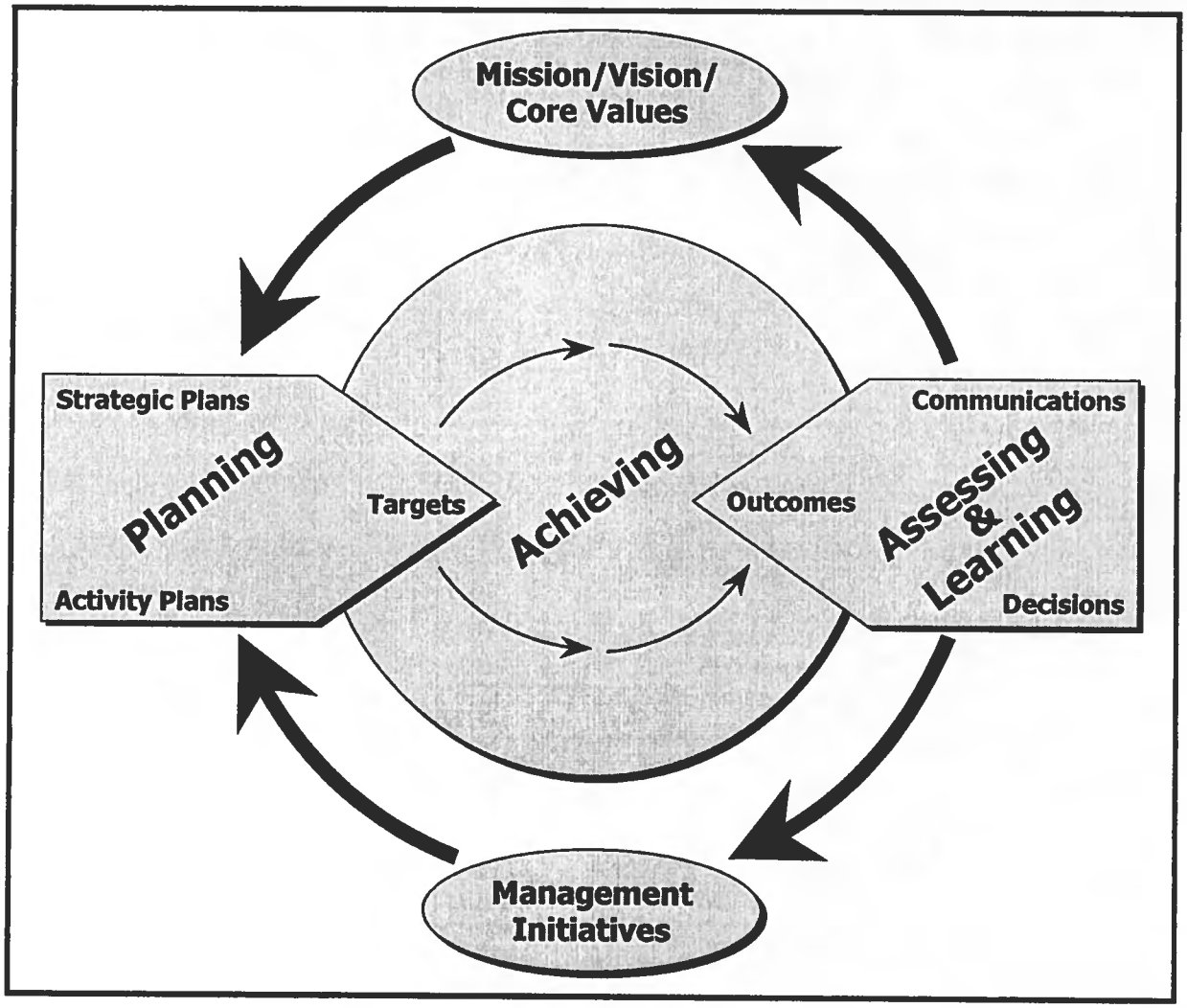
"Introduction to Managing for Results"

Chapter 200: Content Summary

- Chapter 200 provides context and rationale for the Managing for Results (MFR) programming system
- Discusses the "Core Values" as drivers of MFR
- Outlines the key features of USAID's Programming System
- Discusses rationale for the organization and responsibilities of SO Teams
- Provides a comprehensive list of policy references
- Provides new updated glossary of terms and definitions

Chapter 200: Conceptual framework for MFR12

The Managing for Results Programming System



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2000 Release

ADS Chapter 201

"Planning"

ADS 201: Content Summary

This chapter encompasses all aspects of planning

- Agency-level planning
- Bureau-level planning
- Operating Unit strategic plans
- Establishment of SO Teams
- Activity planning
- Policy on public release of planning documentation

ADS 201: Highlights

What was dropped from this chapter:

- Strategic Support Objectives
- Separate customer service plans
- "Results Package" concept

ADS 201: Highlights

Bureau - Level Planning

- Use of "Planning Frameworks" to set goals at a regional or country level that guide development of SOs or activities in a given country
- Considerations related to structuring country programming (Including presence/non-presence decisions and small Mission management load)
- Discusses country programming restrictions
- Sets much stronger parameter-setting processes
- Program Development and Learning (PD&L) objectives

ADS 201: Highlights

Operating Unit Strategic Plans:

- Includes new options to develop "interim" or "transition" plans for short term situations
- Provides more details on technical analysis requirements
- Provides end dates for instruments, SO Team formation and Strategies and their relationship to each other
- Encourages use of instruments that support multiple SOs

ADS 201: Highlights

Emphasis on "performance management"
(beyond basic performance monitoring)

- Development of Performance Monitoring Plans to help meet new data quality standards (discussion of data limitations, description of data quality assessments planned)
- Encourages preliminary PMPs and milestones
- Provides more guidance on the number of indicators, use of qualitative indicators, and how to change indicators
- Provides guidance on the "when and how" indicators and how evaluations should reflect gender considerations

Planning Establishment of SO Teams

- Provides the five steps needed for forming an SO Team
- Describes inherently governmental functions which can only be carried out by core members of an SO Team
- Describes restrictions on delegation of authorities to core team members
- Emphasizes that SO Teams are decision-making bodies that are comprised of both USAID and non-USAID members and that require involvement of all members for decision making on program content, direction and performance

ADS 201: Highlights

Activity Planning

- Outlines all pre-obligation requirements
- Requires Activity Approval Documentation (AADs)
  - Flexibility on format and content to fit situation and needs
  - Must be approved by designated official
- Describes the requirements for Activities not managed by in-country USAID Staff
- Describes the ten steps in activity design (guide to activity design)

ADS 202 Chapter

Achieving

ADS 202: Content Summary

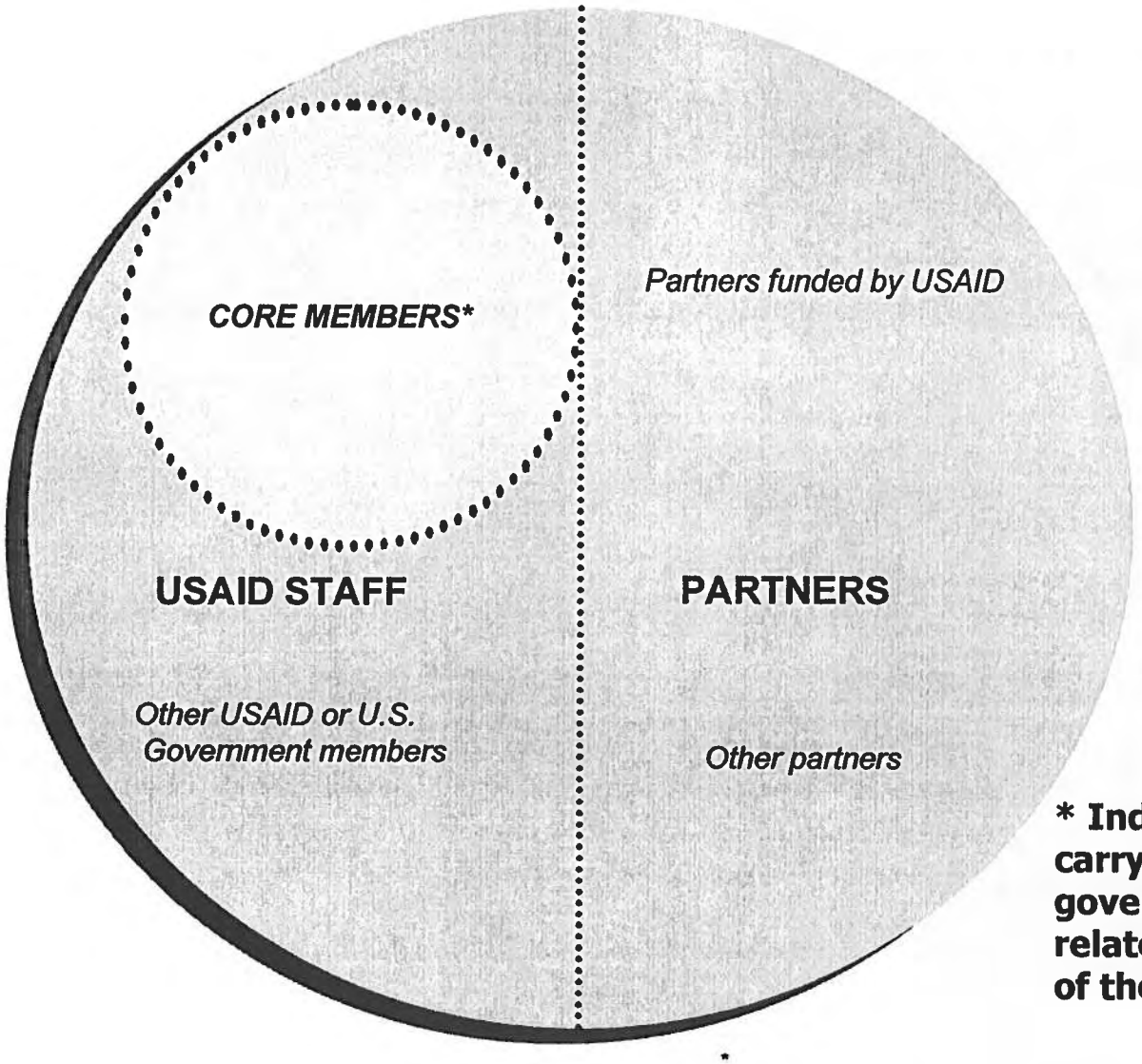
- Structuring SO Teams for implementation
- Mobilizing inputs
- Supporting implementing partners
- Monitoring quality and timeliness of key outputs
- Managing USAID resources, requesting funds
- Funds control, payment, obligations management
- Managing vulnerability
- Close-out procedures at instrument, activity and SO levels

ADS 202: Highlights

SO Team Operations Requirements

- Adjusting membership and structure for implementation
  - Adding members
  - Creating sub-teams
  - Nominating CTOs
  - Clarifying roles and relationships between Activity Mangers and CTOs
- Assists in the Team Decision Making process
- Describes other team strengthening steps

SO team membership



*** Individuals responsible for carrying out inherently governmental functions related to the achievement of the SO Team**

ADS 200 Series - 2000 Release -

ADS 202: Highlights

Financial planning and funds management

- Outline procedures for determining budget requirements and formulating a budget request
- Describes procedures for funds control, payment and obligations management

Managing Program Vulnerability

- Delegations of Authority
- Conflict of interest
- Procurement integrity
- Content of SO Team files

ADS 203 Chapter

Assessing and Learning

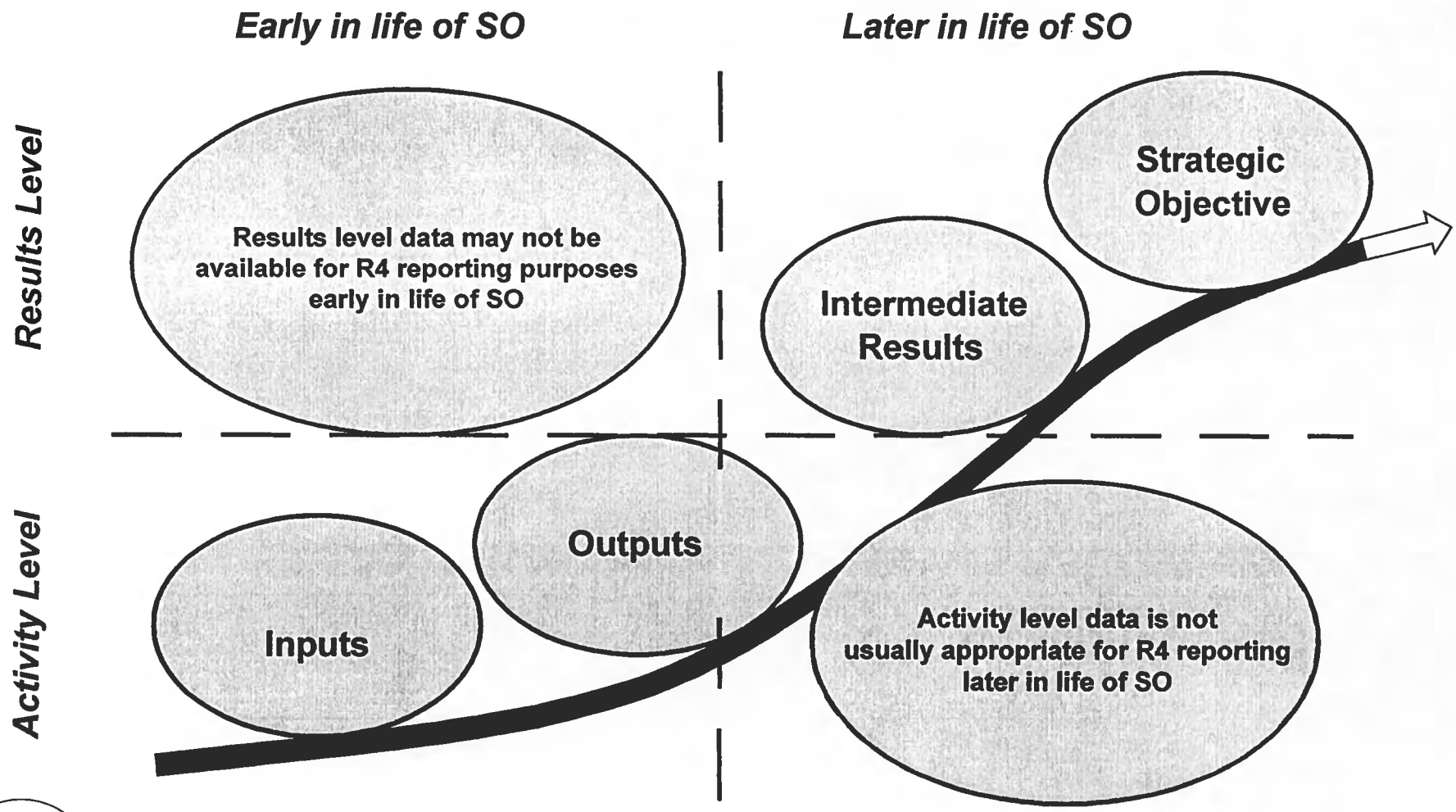
ADS 203: Content Summary

- Conceptual framework for assessing and learning
- Portfolio reviews
- Evaluations
- Other sources of performance information
- Results Review and Resource Request (R4)
- SO Close Out Report
- Assessing and learning at the bureau and Agency levels

ADS 203: Highlights

- New conceptual framework emphasizes Managing for Results (vs. achieving results, or reporting to Washington)
  - Principles of Assessing and Learning outlined
  - Different phases of strategy implementation may require different indicators, approaches
  - More explicit reference to the ongoing role of the SO Team in assessing and learning
- Tools for gathering performance information
  - portfolio reviews encouraged and procedures outlined
  - Re-emphasis of importance of evaluation and special studies

Reaching Results: The Strategic Process



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USAID

ADS 203: Highlights

R4 Performance Reporting Standards

- Selection of indicators for R4 reporting
- New R4 indicator quality standards
  - Criteria for selection of performance indicators
  - Quality standards for indicators
    - indicator characteristics
    - data quality
- Specific guidance on how to conduct data quality assessments

New mandatory requirement for SO close-out report

For more information

- USAID is currently developing an interactive system that will allow users to access case examples and best practices. Please watch for more information on this site.
- Encourage staff to join RFNET, an existing listserv designed to promote discussions in the development community. To join RFNET, please go to http://www.rfnet.org.
- If you or your staff have any further questions beyond the provided materials, you may email Tony Pryor of PPC at topryor@usaid.gov.
- Download this presentation at http:www.dec.org/partners/mfr/ads.
- Downloadable version of ADS is located at http://www.usaid.gov/pubs/ads/200.

Section 3

ADS 200 Series

Functional Series 200 – Programming Policy
ADS 200 – Introduction to Managing for Results

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ADS 200 – Introduction to Managing for Results

200.1 OVERVIEW

This chapter provides an overview to ADS Series 200, which covers USAID's programming policy. Program policy guides the way in which USAID designs programs to achieve development results, implements those programs, and assesses them. It includes two types of policies:

- **Operations Policy:** The procedures and methods used by USAID to plan, achieve, assess, and learn from its programs. (This is covered in ADS 201-203 and ADS 200 mandatory references.)
- **Development Policy:** Policy regarding the content of USAID development programs, including Agency choices among development goals, recommended practices in addressing particular development challenges, and policy directives and required procedures affecting specific aspects of program design and implementation. (This is covered in ADS 204-299 and ADS 200 mandatory references.)

This chapter outlines the general principles that govern our results-based programming system. It includes a

- Vision that guides on-going reform and improvement efforts
- Description of core values
- Description of results-based programming
- Discussion on the role of Strategic Objective (SO) Teams in results-based programming
- Listing of additional programming policy organized by topic area
- List of term-of-art definitions

200.2 PRIMARY RESPONSIBILITIES

a. Strategic and Special Objective Teams (SO Teams) are responsible for managing the achievement of Strategic and Special Objectives. SO Teams develop and implement activities designed to achieve objectives, take the lead in modifying SO strategies when necessary, and often lead the development of new strategies. Team members serve as the focal point of interaction between USAID and partner organizations at an operational level. SO Team members are responsible for assessing and learning from the Agency's development experience.

b. Operating Units include both USAID field Missions and USAID/Washington organizations responsible for global and regional programs. Operating Units develop Strategic and Special Objectives (SOs) that define the precise results that USAID holds itself accountable for achieving. Operating Units also create and support the SO Teams responsible for achieving results.

c. Regional Bureaus take a lead role in integrating Agency-wide programming policy with U.S. foreign policy toward particular regions and countries. Regional Bureaus develop parameters for country programs and coordinate regional and global activities with the Bureau for Global Programs, Field Support, and Research (G) and the Bureau for Humanitarian Response (BHR) in particular regions. Regional Bureaus backstop field Operating Units, review program performance, allocate program and staff resources, and conduct region-specific technical analysis.

d. The Bureau for Policy and Program Coordination (PPC) plays a lead role in developing the Agency's programming policy. In the area of development policy, PPC works closely with G, BHR, the Office of General Counsel (GC), and regional Bureaus. In the area of operations policy, PPC works especially closely with GC and the Bureau for Management, Offices of Budget (M/B), Procurement (M/OP), Financial Management (M/FM), Human Resources (M/HR), and Information Resources Management (M/IRM), as well as with regional Bureaus. This helps ensure appropriate and adequate integration between programming policy and other key Agency systems, such as funding allocation, acquisition and assistance, financial accounting, workforce management, and information management.

e. The Bureau for Humanitarian Response (BHR) develops, applies, and interprets policies related to emergency assistance and food aid.

f. The role of the Bureau for Global Programs, Field Support, and Research (G) falls into three categories:

- The Bureau is responsible for developing parameters and approving strategies for worldwide programs managed by its own Operating Units and for coordinating activities with regional Bureaus and BHR. The Bureau backstops its Operating Units, reviews program performance, and allocates program and staff resources.
- G plays a lead role in advancing technical knowledge on how to achieve Agency goals most effectively and provides technical support and leadership in program development to other Agency Operating Units in USAID/Washington and in the field.
- G manages and/or oversees most of the Agency's research portfolio and is responsible for working with other Operating Units on specific research activities and disseminating research findings and lessons learned.

g. The Office of General Counsel (GC) and its regional legal advisors provide legal support and advice to Agency units on the full range of operational matters pertaining to USAID programs.

h. The Bureau for Legislative and Public Affairs (LPA) has primary responsibility for interchange with external parties, including Congress and the American public.

i. The Bureau for Management (M) fills a number of key functions. M/B interprets and applies external U.S. Government foreign policy preferences as expressed through budget signals and, in collaboration with PPC, translates these preferences into funding allocation priorities. M/OP, M/FM, M/HR, and M/IRM, collaborate with PPC in ensuring that the Agency's core systems related to acquisition and assistance, financial accounting, workforce management, and information management are adequately integrated and support programming processes. The Office of Management Planning and Innovation (M/MPI) manages audit closure at an Agency level.

200.3 POLICY AND PROCEDURES

200.3.1 Background and Rationale for the USAID Programming System

USAID revised its internal programming policies beginning in 1994 in response to broader U.S. Government efforts to reinvent the way the public sector works. Reinvention movements have revolutionized government operations on every continent, drawing extensively from private sector experience. As part of this revolution, legislatures have mandated that government agencies center their planning processes and organizational structures on intended program results. This is intended to improve communications with the public, help ensure that resources are focused on agreed upon results, and promote results-level accountability.

U.S. Government reinvention efforts have received special attention since the early 1990s. Congress passed the Government Performance and Results Act (GPRA) in 1993. The GPRA holds all federal agencies accountable for achieving program results. It requires federal agencies to define program goals and measure performance toward their achievement on an annual basis. Other legislation promotes the concept of focusing on customer service as a means of improving effectiveness. In total, more than 300 U.S. Government Agencies, Departments, and Units to date have engaged in some type of reform or reinvention initiative.

USAID stands out as one of a handful of federal agencies that committed early to this type of effort on an Agency-wide basis. The decision to adopt changes on a wider basis was prompted by two other challenges beyond the need to meet new legislative requirements. These challenges are

a. The evolution of development needs and challenges in the post-Cold War period characterized by

- Rapidly-changing development, transition, and post-conflict settings
- The rise of global environmental, health, and crime concerns

- A new international context with greater cross-border economic opportunities and risks
- Increased need to manage "failed state" transitions
- Greater demand for natural and man-made disaster recovery and mitigation
- Increased receptivity of host governments to work with non-government entities, and a corresponding rise in the capacity of private organizations to contribute to development processes

b. The requirement to operate with significantly increased efficiency as a result of severe operating expense budget constraints

USAID addressed these challenges by re-examining some fundamental assumptions about how it works and its relationship with partner organizations. This led to changes in the programming system and related Agency systems beginning in 1995. In 1999 and early 2000, PPC led a review of experience with the new programming approach. This resulted in further modifications to reflect best practice, fill gaps, and meet current needs. These changes are reflected in ADS 200-203. Complementary reform efforts are ongoing. Information on overall reform efforts at USAID, including experience and lessons learned, is summarized in "USAID Reform Roadmap 1999-2000" and related Reform Roadmap progress reports posted on the USAID intranet. **(See Additional Help document, USAID Reform Roadmap)**

200.3.1.1 USAID Reform Vision

To guide ongoing reform efforts, the Agency endorsed the following vision statement as an outcome of the November 1998 Worldwide Mission Director Conference. This vision describes how we want to work in the twenty-first century:

Reform Vision

USAID seeks to evolve into a model international development agency that has the operational flexibility, technical skills, and institutional strength to meet twenty-first century global challenges. This means

- Being dynamic and proactive in addressing both long-term development challenges and shorter-term crises that undermine sustained progress
- Selecting the most worthwhile goals, achieving success consistently, and demonstrating our impact
- Being recognized as a highly valued partner by our colleagues in other U.S. foreign affairs agencies; public, private and international donor organizations; and host country institutions
- Having a strong and flexible field presence that enables us to devise better programs, implement them more quickly, and avoid costly mistakes
- Applying the lessons of successes and failure systematically, and providing leadership in tackling complex problems that demand multi-agency or multi-donor responses
- Working more effectively and collaboratively with our implementing partners
- Improving our internal processes so that they are less costly to operate, more productive, and much more responsive to the customers they serve, both inside and outside of USAID

200.3.2 The Core Values

Values are deeply held beliefs that guide action in a wide range of circumstances. Core values are an explicit statement of those values that we, as an Agency, seek to promote actively in order to improve our overall performance and achieve the reform vision outlined above. Core values represent ideals we strive for, as opposed to a state that we have already achieved. In USAID, we specifically seek to promote five interrelated core values:

- Managing for results
- Customer focus
- Teamwork and participation
- Empowerment and accountability
- Valuing diversity

These core values help us focus on the things that matter: working with others; encouraging staff to take initiative and assume risks; and embracing the cultural, social,

and gender differences among us. These values are reflected in how we organize our work and processes, delegate authority, engage partners and customers, judge the value of our efforts, and apply the regulations we are expected to follow.

Core values alone are not sufficient for success in a large government organization. Similarly, simply following the regulations in ADS chapters is not sufficient either. Applying the core values while implementing rules, regulations, and procedures leads us to achieve the most meaningful results rather than merely implement activities or administer resources.

200.3.2.1 Core Value – Managing for Results

Managing for results means that we seek to define and organize our work around the end result we seek to accomplish. This means making intended results explicit, ensuring agreement among partners, customers, and stakeholders that proposed results are worthwhile, and organizing our day-to-day work and interactions to achieve results as effectively as possible.

In the planning phase described in ADS 201, the processes and procedures used to define and reach agreement on intended results are explained. The planning phase includes the customers whom we intend to affect and benefit. The resulting SOs and Intermediate Results (IRs) provide the rationale for allocating program and staff resources.

In the achieving phase described in ADS 202, we use SO Teams to keep our partners and ourselves focused on intended results. This provides flexibility in mobilizing staff and program resources around each objective while meeting the regulatory and accountability requirements that we must follow. We seek to optimize integration with other key Agency systems, especially budgeting, acquisition and assistance, and financial management, in order to minimize internal barriers to performance.

In the assessing and learning phase described in ADS 203, we define how we assess our progress on an on-going basis, decide on modifying activities when needed, make changes to results based on experiences or other factors, and learn from success or failure so as to improve our ability to succeed in future programs.

Accountability for Results

In the development work that is the core of our programs, we almost never have total control over the results we seek to accomplish. Indeed, development results that would be within our control are not likely to represent sustainable development. Rather than limit ourselves to mundane, safe, but not useful results, our goal is to select objectives that reach high and inspire others but that are also within our manageable interests. The concept of manageable interest recognizes that achievement of results requires joint action on the part of many other actors such as host country governments, institutions, other donors, civil society, and the private sector. When an objective is within our manageable interest, it means that we have reason to believe that

- Our ability to influence, organize, and support others around commonly shared goals can lead to the achievement of desired results
- The probability of success is high enough to warrant expending program and staff resources.

In such cases, the concept of accountability for results means that we expect our SO Teams, field Missions, and Washington Operating Units to

- Make intelligent, informed choices on what results to pursue
- Manage proactively towards those results
- Respond effectively to the inevitable changes in the development and policy environment that affect the feasibility of our selected results by modifying tactics or strategies
- Provide transparency and objectivity when reporting problems and progress
- Help the entire Agency learn from successes and failures

Accountability is achieved through meeting these requirements, rather than simply by achievement of agreed-upon (numerical) targets.

When dealing with outputs contracted for or co-financed under a grant, the concept of accountability is very different. USAID enters legal agreements with institutions regarding production of outputs. When using these agreements, accountability for outputs may, depending on the terms of the specific implementing instrument used, include the option of obtaining a reimbursement if the output is not produced. **(See ADS 303 and ADS 308)**

200.3.2.2 Core Value – Customer Focus

Our development assistance objectives require that we identify who our customers are and secure their participation to help us choose a variety of approaches. We focus on our customers to understand their needs and help us focus our efforts and resources on the most productive tasks. We have four types of customers:

- **Ultimate customer** — Those host country individuals, especially the socially and economically disadvantaged, who are beneficiaries of USAID assistance and whose participation is essential to achieving sustainable development results.
- **Intermediate customer** — Those organizations, including host country governments that receive USAID services and resources to implement programs that are designed to benefit the ultimate customer.
- **Internal customer** — Bureaus, Offices, and individuals within USAID that benefit from, and participate in, the activities undertaken by other Bureaus, Offices, and individuals within the Agency.

- **Washington customer** — Those entities at whose behest we carry out foreign assistance. This includes Congress, the taxpayer, and other relevant Government agencies, including the State Department.

We embody this core value in our work by

- Exercising participatory planning techniques to obtain direct involvement of customers, and to identify their aspirations and priorities
- Consulting with organizations representing the interests of customers
- Monitoring customer participation and consistently seeking feedback through surveys, field visits, and open forums to determine if our efforts are consistent with the aspirations or needs of our customers
- Using customer information to frame program strategies and to design specific interventions
- Communicating back to customers on how their recommendations have been incorporated into programs

USAID results-focused programming systems are intended to help ensure that our programs and priorities are as responsive as possible to customer needs. In many cases, we will not be able to produce the products and services some customers prefer. In such cases, customer focus means being clear with our customer about what we can and cannot do. Another aspect of customer focus involves managing potential conflict between customer groups who perceive themselves as gaining or losing as a result of a particular intervention.

200.3.2.3 Core Value – Teamwork and Participation

The core value of teamwork and participation represents a belief that we are more effective when we work collaboratively with others, through teams or joint consultations with those who have expertise or interest in the outcome of our work. Working more effectively is directly linked to managing for results. Therefore, the teamwork and participation core value is also directly linked to our results orientation.

a. Teamwork

Teamwork is the coming together of a group of people who are

- Committed to achieving defined results
- Vested with the authority to make decisions
- Willing to be held jointly accountable for achieving results

These points help to distinguish teams from committees or work groups that include representatives from different units. In a traditional office-based structure, committees and groups are formed with the idea that each member represents and promotes the goals of his or her unit. There is no presumed

commitment to accept responsibility to pursue a new goal or result that transcends the different units represented on the committee. If the members of a group agree to share responsibility for achieving common results and have the agreement and support of their home unit to take on this responsibility, then the group takes on the characteristic of a team.

Teams are used in USAID for many different purposes. They may have specific, long-term or short-term tasks and have full-time or part-time members.

b. Participation

Participation is the active involvement of people in decisions that affect them. At USAID, we seek to involve customers, partners, and stakeholders. Partners are those individuals and organizations who work with us (formally or informally) to achieve shared objectives. Stakeholders are individuals and organizations who have an interest in the outcome of USAID programs. **(See 200.6, "Stakeholders")**

The objective of participation is to improve the quality of our decisions and to ensure that we have the support we need from others to succeed. In our programming system, we encourage participation by following the principle of "joint planning." Joint planning means plans made are vetted with those parts of the organization that have a stake or interest in our plans. The object of joint planning is to ensure broader Agency ownership and support for our plans and actions.

In our programming system, we practice teamwork and participation by establishing and supporting SO Teams to manage each SO that is financed by USAID. SO Teams are structured to permit inclusion of a broad range of members beyond USAID staff, including other federal agencies, grantees, contractors, other partner organizations, customers, and stakeholders. **(See 200.3.4)**

The results of effective teamwork and active participation include

- Better decisions
- More effective work or business processes
- An increased sense of broad-based ownership for program results
- An improved likelihood of sustainable program impact

Concerns over conflict of interest and governmental decision-making need to be taken into account when involving others in SO Teams. New policies and best practices give USAID staff a variety of tools for promoting teamwork and participation while avoiding these difficulties. **(See 200.3.4 and related discussion on SO Teams in ADS 201.3.5 and ADS 202.3.6.2)**

SO Teams use many different means of ensuring broad participation beyond recruitment of non-USAID team members. These include participatory planning and evaluation methods, regularly scheduled consultative groups, rapid appraisal techniques, etc. Through active participatory processes, the SO Team ensures that USAID partners and customers are engaged in program planning, achieving, and assessing and learning.

200.3.2.4 Core Value – Empowerment and Accountability

The core value of empowerment and accountability reflects the belief that success requires that we push decision-making to those organizational units that are closest to the "front lines" and that we maintain an appropriate balance between authority and responsibility. Empowerment and accountability directly complement the core values of teamwork and managing for results.

In practice, this means delegating authority to those who need it to help the Agency succeed in achieving important results. It also means that authority should be delegated consistent with the capacity to carry it out in a responsible and accountable manner. This value recognizes that delegating responsibility alone, without the necessary concurrent authority, is a recipe for failure. It recognizes that to succeed, we must delegate authorities to the people closest to the action, i.e., those who are in the best position to see and react to a changing environment and to the changing needs of ultimate customers, partners, and stakeholders. Finally, it recognizes that managers who delegate and empower their staff have a responsibility to ensure that staff are adequately trained and supported so that they can meet the accountability requirements that correspond to the authority delegated. This can include providing information on changing internal and external policy mandates.

Empowerment means that we are accountable for our decisions. If a manager (or team) is empowered to make decisions, he or she must have sufficient knowledge of the legal, ethical, and policy-related issues that affect those decisions.

We use empowerment and accountability to give SO Teams official authority to make and implement decisions and to accept responsibility for decision-making. As an organization that focuses on its customers, we put the authority for decisions as close as possible to the point where the impact is achieved. Empowerment means we allow teams to take considered risks and to adjust their programs in light of new developments and the constantly changing broader environment affecting the Agency. With accountability, we must provide them with parameters related to Agency goals as well as legal, policy, and ethical standards and requirements. We can achieve this balance between empowerment and accountability by eliminating or replacing unnecessary rules and policy directives and by being transparent and clear about the rules and policies that we must have. The continual upward and downward flow of information, to and from SO Teams, particularly concerning changing internal and external foreign policy and Congressional factors, is an essential component of empowerment and accountability.

Within a team structure there is individual accountability; therefore, team input is necessary for individual performance evaluations. When individuals successfully show results from teamwork, we must reward both team and individual performance.

200.3.2.5 Core Value – Valuing Diversity

Valuing diversity reflects a belief that there is more than one way to look at the world and that our work will improve if we consciously seek to take into account the diversity of views, experience, skills, capabilities, and beliefs of those around us.

Our success as an organization depends on having a multicultural workforce that works effectively with diverse customers, stakeholders, and partners all around the world. We must ensure that our own workplace environment promotes

- Diversity, experience, and contributions of others
- Opportunity for team members to contribute to the full extent of their ability on SO Teams and other settings
- Synergy and benefits of bringing together people of different backgrounds and skills to accomplish the Agency mission

Valuing diversity is demonstrated within the Agency by the way teams are composed and, more importantly, by the way program decisions are made. For example, are discussions on vision and problem analysis conducted with a broad and diverse audience? Do team decisions respect all members' input regardless of ethnicity, nationality, gender, and organizational status?

200.3.3 Overview of USAID's Results-Based Programming System

The approach and philosophy embodied in USAID's programming system evolved from innovative techniques developed by USAID staff as they sought more effective ways to work in extremely varied and changing development environments. USAID reform efforts legitimized and expanded a variety of successful practices. Overall, the objectives of this system are to

- Limit the Bureau approval process to higher-level results, as opposed to activity-level inputs and outputs
- Link Bureau budget allocations to results (objectives) as opposed to activities with defined inputs and outputs
- Delegate activity design, approval, and budgeting decisions to Operating Units
- Establish teams that bridge organizational boundaries both within and outside of USAID as the basic organizational unit to manage development programs

The system is designed to promote clarity in defining objectives and provide flexibility in selecting and implementing the activities to achieve them. A dynamic cycle of management functions lies at the heart of the system. These three functions are

- Planning
- Achieving
- Assessing and Learning

These three functions operate within the context of two elements of management leadership – defining an organizational mission and vision and taking management initiatives. The following graphic illustrates this model:[Endnote 1]

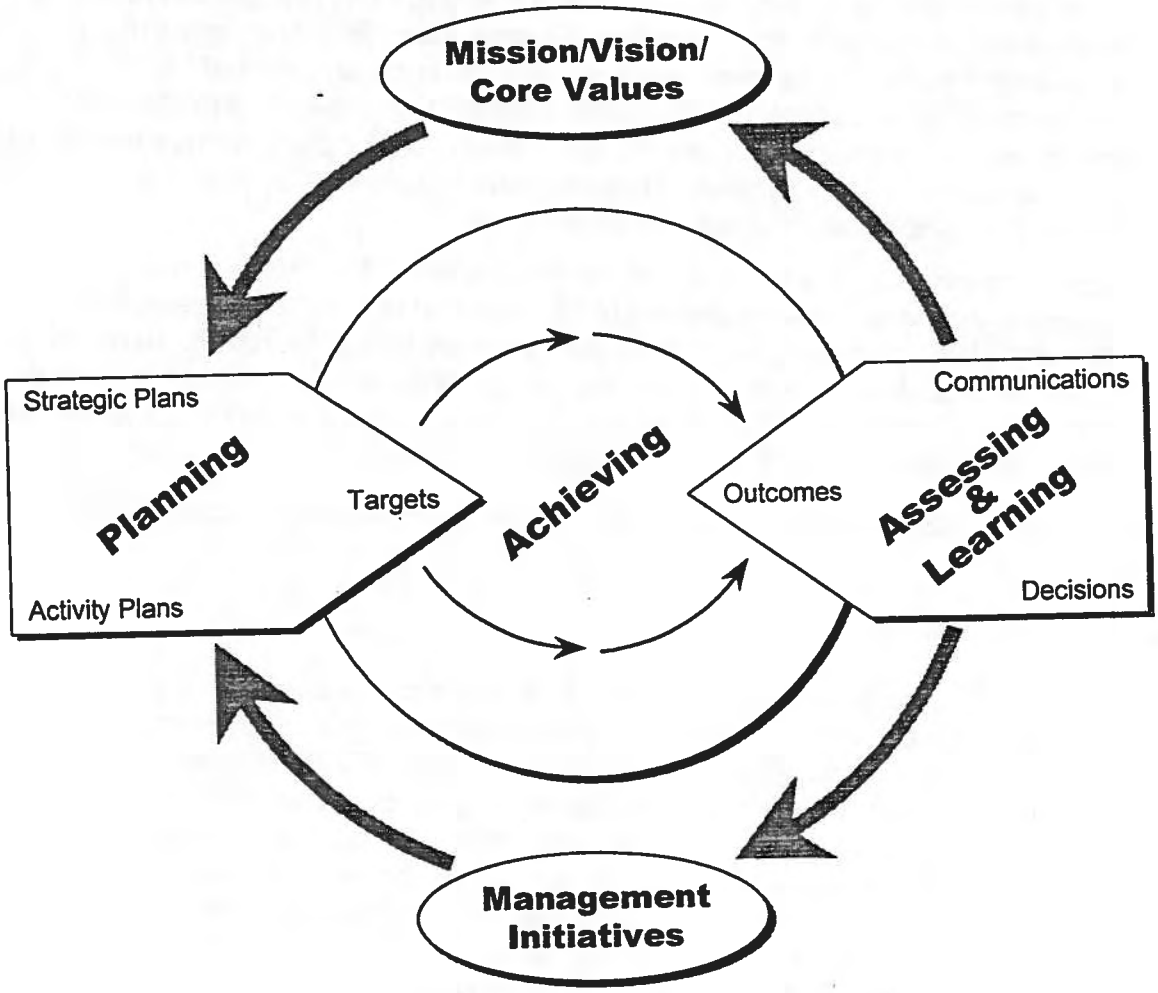

Figure 200A, Managing for Results

Before discussing each of the three main functions, it is worth pointing out three important linkages:

- The Agency **mission, vision, and core values** provide a framework that guides our planning. This framework is shaped by learning from past experience (both from USAID and others' experience). Our mission is described in the Agency Strategic Plan. **(See Additional Help document, The Agency's Strategic Framework and Indicators)** This plan also sets out an overall vision of what we want to accomplish through a statement of our overarching Agency goals. Section 200.3.1.1 of this chapter supplements the Strategic Plan by providing a vision of how we work. **(See 200.3.1.1)** Together, these mission and vision statements represent a broad consensus on a framework for action that directly affects our planning efforts.
- Linking the planning and the assessing and learning functions are **performance measures**. We need to know whether we are succeeding, and we do this by establishing performance measures and **performance targets** before achievement takes place. We use these measures to assess progress and **outcomes**. When necessary, we work to develop better performance measures as we implement our programs. These measures help us stay focused on results throughout the three phases of our work.
- Assessing and learning is not the end of the process. It includes making decisions that lead to **management initiatives** that in turn put us back into planning. New planning could range from developing a new activity, to refining Strategic Objectives or Intermediate Results, to rethinking our tactics in an entire goal area of the Agency Strategic Plan. The latter could affect many subsequent objectives in different country or Washington programs.

The three basic functions or phases of the model are summarized in sections 200.3.3.1 through 200.3.3.3.

A Note on Terminology

The term "project" is generally used throughout the development community and in host countries to denote structured interventions developed through various bureaucratic, analytical, and approval processes. In that general sense, USAID still carries out projects. Operating Units may wish to use the term "project" instead of "Strategic Objective" or "activity" when communicating with other organizations (for example, when translation of new terminology to different languages is problematic). However, we should be careful to bear in mind that the new programming approach is significantly different from that used prior to 1995, and that different U.S. Government entities do not use the term "project" consistently. Internally, in the ADS guidance, we use the term "activities" to refer to the inputs and outputs level of our intervention and the contracts and grants used to manage them. Every activity is intended to contribute to achieving formally approved results, defined as Strategic or Special Objectives or Intermediate Results. SOs provide the rationale for our activities.

200.3.3.1 Planning

Planning includes strategic and activity planning. Strategic planning occurs at several levels (at the Agency, Bureau, Operating Unit, and SO Team levels). Although many different steps are involved, the end result of strategic planning is to define the specific results we hold ourselves accountable for achieving. We call these types of results Strategic or Special Objectives. Activity planning serves to define the means (that is the inputs and outputs) that we need to achieve these objectives.

Key aspects of planning include

- Engaging customers and partners in our planning process to improve the quality of our decisions and increase the chances of achieving useful results
- Understanding the context and parameters within which we work, including relevant Agency policy, the host country, and other actors, such as donors and non-governmental organizations (NGOs)
- Identifying and clarifying the specific development problems we seek to affect
- Developing hypotheses about how to address the selected problem
- Defining results (objectives) that reflect that hypothesis and obtaining approval to fund them
- Articulating alternative approaches and obtaining approval of funds for the approach chosen
- Determining how we will assess progress
- Organizing teams to manage for results
- Developing activities that achieve intended results and obtaining the approval to fund them in the time allotted

200.3.3.2 Achieving

Achieving consists of implementing the activities we have planned. Because the majority of activities are conducted with partner institutions (governments, international organizations, contractors, and grantees), this means putting in place formal agreements to work with them and provide necessary financing.

Key aspects of achieving include

- Structuring effective SO teams and partner relationships
- Mobilizing inputs, including developing and negotiating formal agreements with partner organizations
- Engaging customers and partners to achieve results
- Managing financial aspects of work, including budgeting resources and reviewing expenditures

- Monitoring the quality and timeliness of outputs
- Ensuring accountability for use of resources and minimizing audit vulnerability

200.3.3.3 Assessing and Learning

Assessing and learning represent a continuous effort to help anticipate and measure the impact we will have on the objectives we have defined, make decisions that improve our chances of ultimate success, and ensure that learning takes place both within the SO Team and throughout the organization. Assessing and learning take place as we work with our partners to transform inputs into outputs and as we assess whether the outputs are adequate to achieve our stated objectives. It requires good performance data and supporting analysis and evaluation. It also requires asking tough questions about the underlying logic on which our programs are based and the assumptions we made regarding events we do not control. In the long-term, we should learn from our experiences and save those lessons for future use.

Key aspects of assessing and learning include

- Reporting performance honestly and openly, even when results are not what was hoped
- Involving customers and partners in assessing the quality, timeliness, and effectiveness of outputs
- Tracking progress in achieving outputs and results and reporting this progress
- Assessing the reliability and quality of performance measures and correcting weaknesses when these are found
- Questioning the underlying causal linkages between activities and results and conducting evaluations and research that can identify ways to strengthen that link
- Providing performance information at all levels of the Agency, at a level of detail that matches the needs of information users
- Recognizing the importance of learning from our mistakes rather than minimizing them to avoid possible embarrassment

200.3.3.4 Where to Find More Guidance

Each of the three functions summarized in this chapter has specific procedures and processes that are outlined in ADS 201, 202, and 203 respectively. These procedures define the standards we seek to maintain and provide the consistency and predictability that we need to operate in concert with each other. Best practices and the "art" related to each function are also discussed in more detail in the Managing For Results training materials, see the "TIPS" series and other items found in the Additional Help section of this chapter. **(See 200.5)**

Other areas of the ADS provide more detail on specific elements of relevance to the USAID programming system. Key areas include

ADS Series and Chapters	Series Topic
Series 100 **(See ADS 100)**	Organizational and Executive Management
▪ Chapter 102 **(See ADS 102)**	Agency Organization
▪ Chapter 103 **(See ADS 103)**	Delegation of Authority
Series 300 **(See ADS 300)**	Acquisition and Assistance
Series 400 **(See ADS 400)**	Personnel
Series 500 **(See ADS 500)**	Management
▪ Chapter 501 **(See ADS 501)**	The Automated Directives System
Series 600 **(See ADS 600)**	Budget and Finance

200.3.4 SO Teams

One of the most innovative aspects of the USAID programming system is the use of SO Teams to customize our organizational structure around the objectives we undertake to achieve. Before discussing some of the specifics of SO Teams, it is useful to outline some of the reasons why USAID seeks to use teams more generally and identify some of the particular requirements for ensuring successful team-based management.

200.3.4.1 Why Team-Based Management?

Teams have distinct advantages. To benefit from these advantages, it is important to understand potential pitfalls and recognize that an investment of time and effort on the part of team members and Operating Unit managers is necessary.

The fundamental rationale for using teams is cost-effectiveness. Careful comparisons of teams and traditional office type structures (fragmented hierarchies) in a private-sector setting have shown that teams can achieve 50 percent higher productivity. At USAID, informal estimates based on before and after comparisons suggest that significant improvement in productivity is possible with use of teams (20 to 25 percent or more). This means that the use of teams is a potentially powerful tool to address staff shortages and compensate for some of the effects of downsizing.

Several factors combine to create a boost in productivity. At USAID, all of the following factors are present:

- **Better use of employee skills.** The traditional office structure tends to box employees within narrow job descriptions. Teams expand the potential range of work that any given employee can contribute to. This means that existing skills can be more effectively utilized. For example, some SO Teams have used specialized staff (such as financial analysts) to assist in managing activities during absences of technical staff.
- **The interdependence of team members.** Interdependence creates more transparency in employee performance, which in turn creates strong incentive for good performance. When all members are co-responsible for a common objective, interdependence and performance incentives are increased.
- **More effective use of staff time.** In a team setting, it is easier to reallocate "down time" across team members and ensure that everyone is focused on priority actions. In a traditional office setting, some units may be overloaded when others are in a lull, simply because workload has been fragmented across different units.
- **Higher morale.** Many staff who have experienced both traditional office structures and real teamwork express a preference for the latter when they can see the realized advantages. The feeling that their efforts are more closely linked to results and that their skills are in greater demand tends to boost staff morale.
- **Greater flexibility.** Teams provide Operating Units the ability to customize their organizational structure around the results to be achieved and the tasks that this involves. This flexibility contributes to improved use of limited staff.
- **Team structures.** Using team structures in operational decision-making and assessing effectiveness can greatly facilitate involvement of partners, customers, and stakeholders of our programs.

Our experience to date with teams confirms that all of these benefits can be realized at USAID even with limited investment in team building. Experience also confirms that teams work best when a synergy develops where team members

- Understand their respective roles and responsibilities
- Are well-trained in accomplishing their work and functioning as a team members
- Share a commitment to goal accomplishment

Team-based organizations typically fail (especially in the transition phase when becoming a team) due to lack of role clarity (especially the authority and responsibilities of a team leader), improper training, and a misunderstanding of authorities delegated by their superiors.

Continuous attention to team strengthening is needed to achieve the greatest level of benefit from teams. This includes

- Clarifying the respective roles of team members and related authorities
- Developing team membership skills among members
- Developing team leadership skills
- Encouraging other units in USAID to support teams and see them as their primary customer

It is important to note that the use of teams does not imply suspending the notion of individual responsibility, relying exclusively on consensus decision-making, or meeting constantly. Additionally, not all staff members necessarily belong on a team, and some may belong to more than one team. The guidance on SO Team formation and management contained in ADS 201 and ADS 202 is intended to help Operating Units obtain the advantages of using teams and minimize the pitfalls. The same principles can and should be generally applied to other situations where teams are used in USAID.

200.3.4.2 SO Team Organization

Field and Washington Operating Units establish SO Teams to be flexible organizational structures responsible for achieving SOs. There is a team for each SO that will exist throughout the life of the SO.

An SO Team includes both USAID and non-USAID staff with complementary skills. Team members should be selected for the expertise, experience, skills, and authorities that they possess and that are necessary to support functions such as technical oversight, customer outreach, assessment of progress, development of activities, budgeting, acquisition and assistance, and financial management. For intermittent tasks, teams can either decide to include such expertise on the team itself or draw upon others not in the team on an as-needed basis, depending on what is most efficient.

Each SO Team has a designated Team Leader, and each SO Team must designate certain employees to serve as "core members" of the team. Core members carry out inherently governmental functions that are limited by regulation to USAID employees and certain other members. **(See ADS 201.3.5)**

Organizational structures within an SO Team are based on the actual management needs of that team and can consist of various sub-teams. The team makes decisions on its internal structure. Team structure must be consistent with general Agency guidance on organizational management contained in ADS 102. **(See ADS 102)** Team membership and structure are intended to remain flexible so that modifications can be made in response to programmatic needs.

200.3.4.3 SO Team Responsibilities

All SO Team members share responsibility for achieving a given SO. This generally includes

- Identifying the most effective ways to use limited financial and human resources available to the team
- Identifying relevant Agency policies and regulations and ensuring that activities meet mandatory requirements
- Coordinating efforts with partners not represented on the SO Team
- Analyzing and reporting overall performance against expected results on an annual basis
- Using monitoring and evaluation information, customer surveys, analysis of performance, individual expertise, and other relevant information to recommend approaches and to make adjustments in ongoing activities and/or in the Results Framework
- Identifying and evaluating the assumptions and hypotheses inherent in the program strategy and activities
- Developing new approaches and making adjustments to ongoing activities and/or to the Results Framework.
- Ensuring open communication and collaboration across organizational boundaries

Specific additional information on the responsibilities of SO Teams is included in ADS chapters as it relates specifically to planning, achieving, and assessing and learning. **(See ADS 201, 202, and 203)**

200.4 MANDATORY REFERENCES

The following tables contain the more commonly used references related to programming. However, it is not possible to identify all mandatory references, particularly legal provisions, which may be applicable in a particular situation. This list will be revised and updated periodically by PPC. The tables are divided into

- External Mandatory References
- Internal Mandatory References
- Additional Help References

In addition to these resources, please see the other ADS Series, chapters, and Interim Updates noted within ADS 200 through 203. These Series, chapters, and Interim Updates contain additional Agency policy and procedures.

External Mandatory references are relevant Federal statutes, Executive Orders, and other external regulations (e.g., USAID-specific regulations, Uniform Foreign Affairs Regulations, and some U.S. Government-wide regulations). You are expected to meet the mandatory requirements spelled out in these references.

Internal Mandatory references are those created by the Agency, which contain policy and procedures that supplement ADS chapters. You are expected to meet the mandatory requirements spelled out in these references.

Additional Help references provide detailed information about Agency policy, guidance, and procedures. **(See ADS 200.5)** You are encouraged, but not required, to use the "Additional Help" guidance. These documents do not specify required actions or other requirements.

Many referenced titles that are listed below are "linked" electronically. By clicking on the title, you will be taken directly to the referenced document.

Resolving Conflicting Guidance

Many internal mandatory references were developed before the 1995 modifications to the programming system. As such, some references refer to documentation and approval requirements that apply to documents and processes that are no longer in use (for example, Country Development Strategy Statements, Project Papers, Project Authorizations). Until these references are updated, you should determine the most appropriate way to meet any mandatory requirements that do not correspond to current approval or documentation steps. In cases where this is difficult to determine, contact your regional legal advisor or the Bureau for Policy and Program Coordination, Office of Program Coordination (PPC/PC).

Due to staff limitations, updating the policies and guidance contained in the tables below will take time. If you find that some mandatory policies are particularly problematic and should be considered for early revision or deletion, please contact PPC. We will use this information to determine priorities in revision efforts.

200.4.1 External Mandatory References

Reference tables being updated. Final version of Reference tables will be posted mid-September 2000.

EXTERNAL MANDATORY REFERENCES
22 CFR 211, Transfer of Food Commodities for Food Use in Disaster Relief, Economic Development and other Assistance
22 CFR 145, Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations
22 CFR 216, Environmental Procedures
22 CFR 225, Protection of Human Subjects
22 CFR 226, Administration of Assistance Awards to U.S. Non-Governmental Organizations
Competition in Contracting Act
FAS Online Food Aid Programs Summary & web entry (PL 480)
FAS Online---Food Aid, Section 416 (b)
Federal Acquisition Regulations (FAR)
Federal Financial Management Improvement Act of 1998, beyond original FMFIA
Federal Grants and Cooperative Agreements Act
FY 200X Appropriations Act (paper only – See the General Counsel at your unit)
Legislation on Foreign Relations Through 1996 (the FAA)
OFPP Policy Letter 92-1, Inherently Governmental Functions
OFPP Policy Letter 97-1, Procurement System Education, Training and Experience Requirements for Acquisitions Personnel
OMB Circular A-11, Preparing and Submitting Budget Estimates
OMB Circular A-34, Instructions on Budget Execution
OMB Circular No. A-123, Management Accountability and Control
Public Law 101-576, Chief Financial Officers Act of 1990
Public Law 102-62, Government Performance and Results Act {GPRA} of 1993
Public Law 102-511, Freedom Support Act of 1992, Freedom for Russia and Emerging Eurasian Democracies and Open Markets Support Act
Public Law 103-356, Government Management Reform Act {GMRA} of 1994
Support for Eastern European Democracy (SEED) Act of 1989
31 USC 1341, Limitations on expending and obligating amounts

200.4.2 Internal Mandatory References

Reference tables being updated. Final version of Reference tables will be posted mid-September 2000.

RELATED CATEGORY	INTERNAL MANDATORY REFERENCES
Goal Area: Democracy & Governance Click here to Link to WWW site with D/G Technical Publications Series	Conducting a DG Assessment: A Framework for Strategy Development
	Democracy and Governance
	Democracy and Governance: A Conceptual Framework
	Handbook of Democracy & Governance Program Indicators
	A Handbook on Fighting Corruption
	PD #12 – Human Rights
Goal Area: Economic Growth	Cooperative Development
	Financial Markets Development
	Food and Agricultural Development
	Microenterprise Development
	PD #13 - Land Tenure
	PD #14 - Implementing USAID Privatization Objectives
	PD #15 - Assistance to Support Agricultural Export Development
	PD #22 - Telecommunication, Information, and the Global Information Infrastructure
	PD #52 - Policy Determination on Labor Manpower
	PD #71 - USAID Financing of Palm Oil, Citrus and Sugar Projects and Related Products
	Pricing, Subsidies, and Related Policies in Food and Agriculture
	Private Enterprise Development (Revised)
	The Role of Resource Transfers in U.S. Economic Assistance
	Trade Development
Goal Area: Environment & Energy	Domestic Water and Sanitation
	Energy
	Environment and Natural Resources
	Environment Strategy
	Guidance for Preparation of Background Assessments on Biological Diversity and Tropical Forest for Use in CDSS or Other Country Plans, ADAC Cable

RELATED CATEGORY	INTERNAL MANDATORY REFERENCES
Goal Area: nvironment & Energy continued	PD #7—Forestry Policy and Programs
	Shelter
	Series 200, Interim Update #8, Global Climate Change – Complying with the Knollenberg Amendment on the Kyoto Protocol
	Urban Development Policy
Goal Area: Health & Population	Health Assistance
	Nutrition
	PD #39 – USAID Policy on Tobacco
	Population Assistance
	Series 200, Interim Update #14, Guidance on the Definition and Use of the Child Survival and Disease Program Funds
	USAID Policy on Female Genital Cutting
Goal Area: Education & Training	Basic Education and Technical Training
	Policy Paper: Program Focus Within Basic Education
	USAID-Higher Education Community Partnership
Goal Area: Humanitarian Assistance & Food Aid	Field Operations Guide for Disaster Assessment & Response
	Food Aid and Food Security Policy Paper
	Mitigation Practitioner's Handbook
	OFDA Guidelines for Grant Proposals and Reporting
	PD #19 - Definition of Food Security
Goal Area: Cross-Cutting Issues	A.I.D. Partnership in International Development with Private and Voluntary Organizations
	Gender Plan of Action
	Institutional Development
	PD #73 – Policy on USAID-U.S. Cooperative Organization Relationships
	Series 200, Interim Update #7, Conflict Prevention Guidance for Strategic Planning
	Women in Development Policy Paper
Other Issues	Approaches to the Policy Dialogue
	Human Resources Tools Available to Assist Overseas Missions in Establishing Team-Based Organizational Structures
	Local Organizations in Development
	PD #1 – Narcotics

200.5 ADDITIONAL HELP

Reference tables being updated. Final version of Reference tables will be posted mid-September 2000.

RELATED CATEGORY	ADDITIONAL HELP REFERENCES
Goal Area: Democracy & Governance Link to Strategic Plan	Managing Assistance in Support of Political and Electoral Processes Click here to Link to WWW site for Additional D/G Technical Publications Series
Goal Area: Economic Growth Link to Strategic Plan	AID Food and Agriculture Strategy
	Agricultural Sector Assessments
	Design of UEC Program
	Economic Analysis of Assistance Activities
	Food and Agricultural Development
	Introduction to Food Security Analysis
	Loan Refinancing
Goal Area: Environment & Energy Link to Strategic Plan	Initial Environmental Examination
	Environmental Strategy
	PD #6—Environmental and Natural Resource Aspects of Development Assistance
	Summary Description of FAA sections 118(e) and 119(d) Requirements for Preparing Strategic Plans
Goal Area: Education & Training Link to Strategic Plan	Education Sector Assessment -1997 "Vol. 5, Strategy Development and Project Design"
Goal Area: Health & Population Link to Strategic Plan	Population Assistance
	Using Technical Advisors in AIDS & Child Survival Programs
Goal Area: Humanitarian Assistance & Food Aid Link to Strategic Plan	Food for Peace (PL480, Titles II & III), Formerly HB 9. Contact BHR/FFP for additional assistance

RELATED CATEGORY	ADDITIONAL HELP REFERENCES
Goal Area: Cross-Cutting Issues Link to Strategic Plan	Donor Coordination Strategies
	Guide to Gender Integration and Analysis - RESERVED
Operational Policy: Planning	Agency Directive on Setting & Monitoring Program Strategies
	The Agency's Strategic Framework and Indicators
	AID Partnership in International Development with PVOs
	Country Eligibility Checklist Index
	Description of Inherently Governmental Functions re: teams
	FY2000 USAID Statutory Checklists
	Guaranty Authorization
	Guidelines for Strategic Plans
	Loan Termination - RESERVED
	Management Tool to Ensure Preobligation Requirements Are Met
	Managing for Results training guide (Unit 1 – Planning)
	National Security Decision Directive Number 298 – National Operations Security Program
	Official Files (for Strategic Objectives)
	Program Assistance
	Project Development Interim Directive
	Regulations Implementing Section 487 of Foreign Assistance Act (FAA)
	Results-Oriented Assistance: A USAID Sourcebook
	Standard Congressional Notification Macro
	UEC Loan Documentation
	USAID and Other Websites Providing Helpful References and Other Information
	USAID Reform Roadmap
Operational Policy: Achieving	Detailed Guide for Training Results
	Federal Advisory Committee Act, Title 5 - USC- Appendix 2, (against establishing new advisory committees for government)
	Form to Use Before Obligating Funds
	Guidance on Consultation and Avoidance of Unfair Competitive Advantage

RELATED CATEGORY	ADDITIONAL HELP REFERENCES
Operational Policy: Achieving continued	Guidelines for Financial Analysis of Activities
	HB3, Appendix 1A, Criteria for Selecting Among Alternatives
	Implementation Letters
	Key Individual Certification Narcotics Offenses & Drug Trafficking
	Legal & Policy Considerations when Involving Partners and Customers on Strategic Objective Teams and Other Consultations
	Managing for Results: Challenges Agencies Face in Producing Credible Performance Information (GAO/GGD-00-52)
	Managing for Results training guide (Unit 2 – Achieving Results)
	OMB A-11, MACS coding with Treasury
	Participant Certification Narcotics Offenses and Drug Trafficking
	State 119780 – Policy Guidance on Criteria for Payment of Salary Supplements for Host Government Employees
Operational Policy: Assessing / Learning	Managing for Results: Measuring Program Results that are Under Limited Federal Control (GAO/GGD-99-16)
	Managing for Results training guide (Unit 3 - Assessing and Learning)
	Managing for Results: Views on Ensuring the Usefulness of Agency Performance Information to Congress (GAO/GGD-00-35)
	OMB 93-06, Audit Requirements for Federal Financial Statements
	The Results Act, An Evaluator's Guide to Assessing Agency Annual Performance Plans (GAO/GGD-10.1.20)
	TIPS 1 ,Conducting a Participatory Evaluation
	TIPS 2, Conducting Key Informant Interviews
	TIPS 3, Preparing an Evaluation Scope of Work
	TIPS 4, Using Direct Observation Techniques
	TIPS 5, Using Rapid Appraisal Methods
	TIPS 6, Selecting Performance Indicators
	TIPS 7, Preparing a Performance Monitoring Plan
	TIPS 8, Establishing Performance Targets

RELATED CATEGORY	ADDITIONAL HELP REFERENCES
Operational Policy: Assessing / Learning continued	TIPS 9, Conducting Customer Service Assessments
	TIPS 10, Conducting Focus Group Interviews
	TIPS 11, The Role of Evaluation in USAID
	TIPS 12, Guidelines for Indicator and Data Quality
	TIPS 13, Building a Results Framework
Other Issues	Closing of Mission Checklists for Normal Closeout
	Technical Officer's Guide for Evaluating Contractor Performance (part of the Past Performance Handbook - Contractor Performance Report Cards)

200.6 DEFINITIONS

a. Acronyms

Acronym	Term
A&A	Acquisition and Assistance
AA	Assistant Administrator
AA/M	Assistant Administrator/Management Bureau
AAD	Activity Approval Document
AIDAR	Agency for International Development Acquisition Regulations
APP	Annual Performance Plan
APR	Annual Performance Review
ASP	Agency Strategic Plan
BHR	Bureau for Humanitarian Response
BPBS	Bureau Program and Budget Submission
CDIE	Center for Development Information and Evaluation
CE	Categorical Exclusion
CFO	Chief Financial Officer
CFR	Code of Federal Regulations
CIB	Contract Information Bulletin
CO	Contracting Officer
CP	Congressional Presentation
CPA	Certified Public Accountant
CTO	Cognizant Technical Officer
DAA	Deputy Assistant Administrator
DAP	Development Assistance Proposal
DCAA	Defense Contract Audit Agency
DEC	Development Experience Clearinghouse
DHHS	Department of Health and Human Services
DHS	Demographic and Health Surveys
E&E	Bureau for Europe and Eurasia
EA	Environmental Assessment
EXO	Executive Officer
FAA	Foreign Assistance Act
FAR	Federal Acquisition Regulations
FAR	Fixed Amount Reimbursement
FAS	Freight Along Side
FMFIA	Federal Managers Financial Integrity Act
FOB	Freight-on-Board
FOG	Field Operations Guide
FSA	Freedom Support Act
FSN	Foreign Service National
FSNDH	Foreign Service National Direct Hire
FSNPSC	Foreign Service National Personal Services Contract or Contractor
G	Bureau for Global Programs, Field Support, and Research

Acronym	Term
GAO	General Accounting Office
GC	Office of General Counsel
GPRA	Government Performance and Results Act
IASP	International Affairs Strategic Plan
ICASS	International Cooperative Administrative Support Services
IEE	Initial Environmental Examination
IG	Inspector General
IMF	International Monetary Fund
IR	Intermediate Result
LAC	Bureau for Latin America and the Caribbean
LOC	Letter of Credit
LPA	Bureau for Legislative and Public Affairs
M	Bureau for Management
M/B	Bureau for Management, Office of Budget
M/FM	Bureau for Management, Office of Financial Management
M/HR	Bureau for Management, Office of Human Resources
M/IRM	Bureau for Management, Office of Information Resources Management
M/OP	Bureau for Management, Office of Procurement
MAARD	Modified Acquisition and Assistance Request Document
MCH	Maternal and Child Health Services
MFR	Managing for Results
MOU	Memorandum or Letter of Understanding
MPP	Mission Performance Plan
NGO	Non-Governmental Organization
OCI	Organizational Conflict of Interest
OE	Operating Expense
OMB	Office of Management and Budget
OYB	Operating Year Budget
PAA	Previously Approved Activity
PAAD	Program Assistance Approval Document
PAIP	Program Assistance Initial Proposal
PASA	Participating Agency Service Agreement
PD	Policy Directive
PD&L	Program Development & Learning
PID	Project Identification Document
P.L. 480	Public Law 480 (food aid)
PMP	Performance Monitoring Plan
PP	Project Paper
PPC	Bureau for Policy and Program Coordination
PPC/PC	Bureau for Policy and Program Coordination, Office of Program Coordination
PSC	Personal Services Contract or Contractor
PVO	Private Voluntary Organization
R4	Results Review and Resource Request
RCO	Regional Contracting Officer

Acronym	Term
REFTEL	Referenced Cable
RFA	Request for Application
RFP	Request for Proposal
RLA	Regional Legal Advisor
RSSA	Resources Support Services Agreement
SEED	Support for Eastern European Democracy
SLC	Special Letter of Credit
SO	Strategic Objective
SOAG	Strategic Objective Agreement
SOW	Scope of Work
SSO	Strategic Support Objective
TAACS	Technical Advisors in AIDS and Child Survival
TCN	Third Country National
TCNPSC	Third Country National Personal Services Contract or Contractor
UEC	Urban and Environmental Credit Program
UN	United Nations
USAID/W	USAID, Washington
USDH	United States Direct Hire
USG	United States Government
USPSC	United States Personal Service Contract or Contractor

b. Other Definitions

Accountability for Results (or Results Accountability)
The establishment of clear responsibility and expectation related to achieving formally approved results. Expectations concerning accountability vary with the degree of control that an individual or unit has over the results they are managing. (Chapters 200-203)

Accrual
The estimated cost of goods and/or services or other performance received but not yet paid for by the Agency. Accruals are calculated for specific agreements and help provide current information on the financial status of an activity (or group of activities), agreement, or program. In the case of construction, they may be based on percent completed. **(See ADS Series 600 for a more technical discussion of this term)** (Chapters 200-203)

Activity
A set of actions through which inputs, such as commodities, technical assistance, and training, are mobilized to produce specific outputs, such as vaccinations given, schools built, or micro-enterprise loans issued. Activities are undertaken to achieve Strategic or Special Objectives that have been formally approved and notified to Congress. **(See ADS 201.3.6, Activity Planning)** (Chapters 200-203)

Activity Approval Document (AAD)
A document that approves one or more activities for implementation. An AAD is required prior to obligating funds. **(See ADS 201.3.6, Activity Planning)** (Chapters 200-203)

Activity Manager
Member of a Strategic Objective (SO) Team or sub-team who is responsible for the day-to-day management of one or more specific activities. The Activity Manager is selected by the SO Team, and may or may not also have the delegated authorities of a Cognizant Technical Officer (CTO), whose authority to carry out contract management functions are designated by a Contracting or Agreement Officer. **(See "Cognizant Technical Officer (CTO)")** (Chapters 200-203)

Agency Goal
A long-term development result in a specific area to which USAID programs contribute. An Agency goal has been identified as a specific goal in the Agency Strategic Plan (ASP). (Chapters 200-203)

Agency Mission
The ultimate purpose of Agency programs; it is the unique contribution of USAID to U.S. national interests. There is one Agency Mission, and it is described in the Agency Strategic Plan (ASP). (Chapters 200-203)

Agency Objective
A development result that contributes to the achievement of an Agency goal as defined in the Agency Strategic Plan (ASP). Agency Objectives generally denote preferred approaches or areas of emphasis for programs that support specific goals. They should not be confused with Strategic or Special Objectives. Agency Objectives provide a general framework for more detailed planning that occurs for specific country and regional programs. (Chapters 200-203)

Agency Program Approach
A tactic commonly used to achieve a particular Agency Objective. Several program approaches are associated with each Agency Objective. These are identified in the Agency Strategic Plan (ASP). (Chapters 200-203)

Agency Strategic Plan (ASP)
The overall Agency plan for providing development and humanitarian assistance, the strategic plan articulates the Agency mission, goals, objectives, and program approaches. The Agency Strategic Plan is coordinated with and reflects U.S. Government foreign policy priorities, as described in the International Affairs Strategic Plan (IASP). (Chapters 200-203)

Agent
Term no longer used. **(See "Partner")**

Attribution
The extent to which a result is caused by USAID activities. (Chapters 200-203)

Cognizant Technical Officer (CTO)
The individual who performs functions that are designated by the Contracting or Agreement Officer, or are specifically designated by policy or regulation as part of contract or assistance administration. **(See "Activity Manager")** (Chapters 200-203)

Core Member
A member of a Strategic Objective (SO) Team carrying out a U.S. governmental function. Must be an employee of the U.S. government, including Direct Hire USAID employees, and with some restrictions Resources Support Services Agreement (RSSA), Participating Agency Service Agreement (PASA), TAACs (Technical Advisors in AIDS and Child Survival), and all Personal Services Contracts (PSCs). These employees are only core members for a specific SO if they are carrying out a specific governmental function for that SO. (Chapters 200-203)

Core Team
Term no longer used. **(See "Strategic Objective (SO) Team")**

Critical Assumption
A general condition under which the development hypothesis or strategy for achieving the objective will hold true. Critical assumptions are outside the control or influence of USAID and its partners (i.e., they are not results), but they reflect conditions likely to affect the achievement of results in the Results Framework, such as the level of world prices or the openness of export markets. (Chapters 200-203)

Customer
The person or group who is receiving a service, or who is considered the recipient or beneficiary of a given result or output. There are several different types of USAID customers:

- *Ultimate customers:* Those host country individuals, especially the socially- and economically-disadvantaged, who are beneficiaries of USAID assistance and whose participation is essential to achieving sustainable development results.

- *Intermediate customers:* Those organizations, including host country governments that receive USAID services to implement programs that are designed to benefit the ultimate customer. This includes private voluntary organizations (PVOs), contractors, and host country entities.

- *Internal/process customer:* Bureaus, Offices, and individuals within USAID that benefit from and participate in the activities undertaken by other Bureaus, Offices, and individuals within the Agency.

- *Washington customers:* U.S. Government entities, or individuals representing such an entity, at whose behest USAID carries out its programs and who have a stake in the program results that USAID produces. Examples include Congress, the Office of Management and Budget (OMB), and the Department of State. Congress represents U.S. taxpayers. (Chapters 200-203)

Customer Service Plan
A planning document previously required for every individual Operating Unit. The plan is no longer required. This term is no longer used. (Chapters 200-203)

Deobligation
The process of removing unneeded funds from an obligating instrument. This step is typically done upon completion of activities when unliquidated obligations might have become excessive or might no longer be needed for their original purpose. (Chapters 200-203)

Development Hypothesis
A narrative description of the specific causal linkages in a given Strategic Objective (SO) between Intermediate Results (IRs) and an SO that are expected to lead to the achievement of the SO. The hypothesis is based on sound development theory, knowledge, and experience within the context of a specific SO. Generally, the term refers to plausible linkages, and not statistically accurate relationships. (Chapters 200-203)

Disbursement
Payments made by the Agency to other parties using cash, check, or electronic transfer. (Chapters 200-203)

Environmental Impact Statement
A detailed study of the reasonably foreseeable positive and negative environmental impacts of a proposed USAID action and its reasonable alternatives on the United States, the global environment, or areas outside the jurisdiction of any nation. **(See ADS 204 and Mandatory Reference, 22 CFR 216)** (Chapters 200-203)

Evaluation
A relatively structured, analytical effort undertaken selectively to answer specific management questions regarding USAID funded assistance programs or activities. (Chapters 200-203)

Expanded Team
Term no longer used. **(See "Strategic Objective (SO) Team")**

Expenditures
The sum total of disbursements and accruals in a given time period. These are typically calculated for specific agreements, activities, and programs. Expenditures are estimates of the total cost incurred by the Agency for a given agreement, activity, or program. Also referred to as accrued expenditure. **(See ADS Series 600 for a more technical discussion of this term)** (Chapters 200-203)

Framework Goal
A higher-level development result to which a Strategic Objective (SO) contributes. Framework Goals are beyond the manageable interest of an Operating Unit either because of the time frame necessary to achieve them or because they address very broad objectives. **(See ADS 200.3)** (Chapters 200-203)

Gender
The economic, political, and cultural attributes and opportunities associated with being male or female. (Chapters 200-203)

Host Country
The country in which a USAID funded activity takes place. (Chapters 200-203)

Implementation Letters
Formal correspondence between USAID and another party following a formal agreement that obligates funding. Implementation letters serve several functions, including providing more detailed implementation procedures, providing details on terms of an agreement, recording the completion of conditions precedent to disbursements, and approving funding commitments and mutually agreed upon modifications to program descriptions. (Chapters 200-203)

Indicator
(See "Performance Indicator")

Initial Environmental Examination
The first review of the reasonably foreseeable effects of a proposed action on the environment. Its function is to provide a brief statement of the factual basis for a Threshold Decision as to whether an Environmental Assessment or an Environmental Impact Statement will be required. **(See ADS 204)** (Chapters 200-203)

Input
A resource, such as technical assistance, commodities, training, or provision of USAID staff, either Operational Expenses (OE) or Program funded, that is used to create an output. (Chapters 200-203)

Instrument
A contract, grant, bilateral agreement, or other mechanism that obligates or sub-obligates program or Operating Expenses (OE) funds. (Chapters 200-203)

Intermediate Customer
(See "Customer")

Intermediate Result (IR)
An important result that is seen as an essential step to achieving a Strategic Objective (SO). IRs are measurable results that may capture a number of discrete and more specific results. IRs may also help to achieve other IRs. (Chapters 200-203)

Internal/Process Customer
(See "Customer")

International Affairs Strategic Plan (IASP)
The IASP is an overarching framework for the international affairs goals of the executive branch of the Federal Government and is prepared by the Secretary of State. (Chapters 200-203)

Manageable Interest
The concept of manageable interest recognizes that achievement of results requires joint action on the part of many other actors such as host country governments, institutions, other donors, civil society, and the private sector. When an objective is within our manageable interest, it means that we have reason to believe that our ability to influence, organize, and support others around commonly shared goals can lead to the achievement of desired results, and that the probability of success is high enough to warrant expending program and staff resources. An outcome is within an entity's manageable interest when there is sufficient reason to believe that its achievement can be significantly and critically influenced by interventions of that entity. **(See ADS 200.3.2.1)** (Chapters 200-203)

Management Agreement
Formerly called Management Contract. An agreement between an Operating Unit and its Bureau that provides approval to carry out a proposed strategy. The management agreement provides a summary of agreements on a set of strategic and other objectives, confirmation of estimated resources over the strategy period, time period for completion of each Strategic Objective (SO), and additional guidance on any special management concerns. (Chapters 200-203)

Management Contract
Term no longer used. **(See "Management Agreement")**

Memorandum or Letter of Understanding (MOU)
A document that sets forth an agreement between parties. A Memorandum or Letter of Understanding may be used to cover a range of topics including results to be achieved, activities to be implemented, and the respective roles and responsibilities of each party. An MOU is not used for obligating funds. However, an MOU may be used to confirm an agreement with a host government on a program that USAID will fund directly through an obligating instrument signed with other parties. (Chapters 200-203)

Operating Units
USAID field Missions, regional entities, and USAID/W organizations that expend program funds to achieve a Strategic or Special Objective (SO). (Chapters 200-203)

Operating Expenses (OE)
Costs related to personnel, other administration costs, rental, and depreciation of fixed assets. (Chapters 200-203)

Operations Policy
Program procedures, rules, and regulations affecting the management of USAID internal systems, including budget, financial management, personnel, procurement, and program operations. (Chapters 200-203)

Outcome
A result sought by USAID. In ADS 200-203, the term "outcome" is equivalent to "result." **(See "result")** (Chapters 200-203)

Output
A tangible, immediate, and intended product or consequence of an activity within USAID's manageable interest. Examples of outputs include people fed, personnel trained, better technologies developed, and new construction. Deliverables included in contracts will generally be considered outputs, as will tangible products and consequences of USAID grantees. (Chapters 200-203)

Parameter
A given framework or condition within which decision-making takes place, e.g., Agency goals, earmarks, legislation, framework goals, staffing, funding levels, funding source, and time frame. (Chapters 200-203)

Parameter Setting
A process by which parameters are agreed upon and used to define limits, constraints, and options for the development or revision of Strategic Plans. (Chapters 200-203)

Partner
An organization or individual with which/whom the Agency collaborates to achieve mutually agreed upon objectives and to secure participation of ultimate customers. Partners include host country governments, private voluntary organizations, indigenous and international non-governmental organizations (NGOs), universities, other U.S. Government agencies, United Nations and other multilateral organizations, professional and business associations, and private businesses and individuals. (Chapters 200-203)

Performance Baseline
The value of a performance indicator at a point in time that is relevant to tracking performance. (Ideally, this is just before the implementation of USAID-supported activities that contribute to the achievement of the relevant strategic element.) (Chapters 200-203)

Performance Indicator
A particular characteristic or dimension used to measure intended changes defined by an organizational unit's Results Framework. Performance indicators are used to observe progress and to measure actual results compared to expected results. Performance indicators serve to answer "how" or "whether" a unit is progressing towards its objective, rather than why such progress is or is not being made. Performance indicators are usually expressed in quantifiable terms, and they should be objective and measurable (numeric values, percentages, scores, and indices). (Chapters 200-203)

Performance Monitoring Plan
A tool used by an Operating Unit and a Strategic Objective (SO) Team to help plan and manage the process of assessing and reporting progress towards achieving an SO. It contains full documentation on the indicators to be used, their sources, the quality of data available, and responsibilities for collection and analysis of data. A Performance Monitoring Plan is prepared during the first year of an SO and is reviewed and updated at least annually. (Chapters 200-203)

Performance Targets
Specific, planned level of result to be achieved within an explicit time frame. (Chapters 200-203)

Portfolio Review
A periodic review of all aspects of an Operating Unit or Strategic Objective (SO) Team's programs. It is often held in preparation for submission of the annual Results Review and Resource Request (R4) report. (Chapters 200-203)

Program Assistance Approval Document (PAAD)
An internal USAID document used before 1994 approving non-project assistance. Term no longer used. (Chapters 200-203)

Program Assistance Initial Proposal (PAIP)
An internal USAID document used before 1994 to initiate and identify proposed non-project assistance, including commodity import programs. It is analogous to the Project Identification Document (PID). Term no longer used. (Chapters 200-203)

Program Development & Learning (PD&L) Objectives
PD&L objectives are used by Bureaus to finance program development, program assessments, and learning efforts that do not fit within the scope of existing Strategic Objectives (SOs). They are intended to fund studies, analyses, and evaluative work for developing future SOs, for assessing completed SOs, or for disseminating lessons learned. (Chapters 200-203)

Project
The term "project" is generally used throughout the development community and in host countries to denote structured interventions developed through various bureaucratic, analytical, and approval processes. Before 1995, USAID used the term "project" to refer to a combination of results and activities that were planned, documented, and approved together as one package using Project Papers and project authorization. The term "project" is no longer used in USAID as a term of art. **(See ADS 200.3.3)** (Chapters 200-203)

Project Identification Document (PID)
An internal USAID document used before 1994 that initially identifies and describes a proposed project. Term no longer used. (Chapters 200-203)

Project Paper (PP)
An internal USAID document used before 1995 that provides a description and appraisal of a project and the plan for implementation. The project paper was used to obtain formal approval. Term no longer used. (Chapters 200-203)

Result
A significant, intended, and measurable change in the condition of a customer, or a change in the host country, institutions, or other entities that will affect the customer directly or indirectly. Results are typically broader than USAID-funded outputs and require support from other donors and partners not within USAID's control. (Chapters 200-203)

Results Framework
A planning, communications, and management tool. It includes the objective and the Intermediate Results (IRs), whether funded by USAID or its partners, necessary to achieve it. The framework also conveys the development hypothesis implicit in the strategy and the cause-and-effect linkages between the IRs and the objective. It includes any critical assumptions that must hold for the development hypothesis to lead to achieving the relevant objective. Typically, it is laid out in graphic form supplemented by narrative. (Chapters 200-203)

Results Package
A results package is a shorthand designation of items that contributes to achieving a particular result. Some Operating Units have used the term as a name for documentation used to obtain approval for a set of activities and to define SO sub-teams that concentrate on a particular new set of activities. The term is no longer used. Documentation to approve activities is called Activity Approval Documentation. **(See ADS 201)** (Chapters 200-203)

Special Objective (SO)
An objective that USAID manages and expends program funds to achieve but which does not meet all the characteristics of a Strategic Objective (SO). **(See ADS 201)** (Chapters 200-203)

Stakeholders
Those who are affected by a development outcome or have an interest in a development outcome. Stakeholders include customers (including internal, intermediate, and ultimate customers) but can include more broadly all those who might be affected adversely, or indirectly, by a USAID activity who might not be identified as a "customer." (Chapters 200-203)

Strategic Objective (SO)
The most ambitious result that a USAID Operating Unit, along with its partners, can materially affect, and for which it is willing to be held accountable. SOs can be designed for an Operating Unit to provide analytic, technical, logistical, or other types of support to the SOs of other Operating Units (whether bilateral, multi-country, or global in nature). (Chapters 200-203)

Strategic Objective Agreement (SOAG)
A formal agreement that obligates funds between USAID and the host government or other parties, such as, in certain cases, regional organizations created by governments. It sets forth a mutually agreed upon understanding of the time frame, results expected to be achieved, means of measuring those results, resources, responsibilities, and contributions of participating entities for achieving a clearly defined Strategic Objective. (Chapters 200-203)

Strategic Objective (SO) Team
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. SO Teams may decide to organize sub-teams if they wish, to more efficiently manage complex SOs. SO Teams are composed of USAID employees and those partners and customers considered to be essential for achieving the SO. (Chapters 200-203)

Strategic Plan
A document used to describe and obtain approval for one or more Strategic Objectives or Special Objectives to be implemented by an Operating Unit. Approved Operating Unit Strategic Plans represent an Agency-wide commitment to a set of objectives and Intermediate Results (IRs) to be accomplished by an Operating Unit. (Chapters 200-203)

Strategic Support Objective
Term no longer used. **(See "Strategic Objective (SO)")**

Target
(See "Performance Target")

Ultimate Customer
(See "Customer")

Washington Customer
(See "Customer")

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Endnote 1 Figure 200A, Managing for Results – This graphic illustrates the links between "planning", "achieving", and "assessing/learning" as a continuous, dynamic cycle. The graphic depicts the "achieving" stage as the centerpiece of this cycle, with "planning" and "assessing/learning" as two stages

that serve to bolster the "achieving" stage. The overall USAID management system depicted also includes defining a mission/vision and taking management initiatives.

In the "planning" stage, Strategic Plans and Activity Plans are developed, and performance targets are set. In the graphic, all these activities then feed into the "achieving" stage.

During the "assessing/learning" stage, communication and decision-making activities are undertaken, and actual performance outcomes are measured. In the graphic, results from this stage then lead to potential new management initiatives and potential changes to the mission/vision of the Agency, and eventually flow back into the "planning" stage.

ADS SERIES 201

Functional Series 200 – Programming Policy
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ADS 201 – Planning

201.1 OVERVIEW

Planning is the process that we use to identify appropriate results, develop approaches to reach them, assign needed resources, organize ourselves to achieve, and identify the means to measure progress. **Strategic planning** refers to that part of the planning process where goals and objectives are defined and approved and performance measures are identified. **Activity planning** defines the specific outputs needed to achieve agreed-upon results and the means for achieving them. This includes identifying the types of institutions that will actually produce the outputs, estimating costs, and identifying formal agreements that will be needed to provide USAID financing. Planning at each of these levels has distinct requirements.

The planning process is considered complete when Strategic Objectives (SOs) and Results Frameworks have been developed and approved, SO Teams have been formed, performance indicators have been identified, and specific activities have been developed and formally approved for implementation.

Planning requires the participation of many actors, including Washington customers, USAID partners, host country governments, the donor community, non-governmental organizations (NGOs), individuals from the private sector, and ultimate customers in the host countries. Participation helps ensure that we adequately identify and analyze development problems and opportunities and make informed choices on the results that we propose to achieve. Participation is essential to ensuring the long-term sustainability of assistance programs.

Levels of Planning

- The following table illustrates the four principal levels at which planning takes place in USAID. First, at the Agency level, three major planning documents are produced:
- Agency Strategic Plan (ASP)
- Annual Performance Plan (APP)
- Congressional Presentation (CP), also known as the Budget Justification

Together these documents describe results and resources by Agency goals and country, regional, or worldwide program objectives. Second, regional and sectoral planning takes place primarily in Washington. Third, Operating Unit Strategic Plans define specific multi-year objectives (Strategic and Special) that specify how Agency goals will be pursued in a specific country, region, or sector. Fourth, SO Teams plan individual activities that will realize these results, typically through transfer of program funds to implementing entities. Activity planning focuses heavily on the definition of outputs, the types of institutions that will achieve these outputs, and the acquisition and

assistance instruments that formalize the relationship between USAID and the implementing entities that receive USAID funding.

Table 201A, Levels of Planning

Level of Planning	*Responsible Units*	*Description*
Agency	The Bureau for Policy and Program Coordination (PPC) and the Bureau for Management, Office of Budget (M/B)	▪ USAID produces a multi-year Agency Strategic Plan (ASP). The ASP provides a more detailed articulation of USAID contributions to U.S. Government foreign policy goals described in the International Affairs Strategic Plan (IASP). ▪ The Annual Performance Plan (APP) and Congressional Presentation (Budget Justification) provide details on how the ASP will be implemented and funded in specific years.
Bureaus Planning Frameworks	Regional Bureaus, the Bureau for Global Programs, Field Support, and Research (G), and the Bureau for Humanitarian Response (BHR)	▪ General planning frameworks are sometimes developed for regions, multi-country groupings, or individual countries. Goals spelled out in such frameworks are used to guide selection and planning of Strategic and Special Objectives. ▪ Specific sectoral approaches may also be developed based on experience of what works. These guide Operating Unit planning. ▪ Bureaus select countries to which assistance is provided and determine management approaches. ▪ The Annual Bureau Program and Budget Submission (BPBS) describes programs and budget needs for a given fiscal year. ▪ Planning parameters for specific Operating Unit strategies are developed at the Bureau level.
Strategic and Special Objectives (SOs)	Operating Units	▪ Each Operating Unit develops a Strategic Plan that defines and justifies the Strategic and Special Objectives it seeks to achieve during a set planning period. ▪ SOs provide the basis for notification to Congress, request of funds, and progress reporting. ▪ Annual Results Review and Resource Requests (R4s) describe any adjustments to Strategic Plans and request funds for the Strategic Plan period. ▪ At a country level, objectives are reflected in the Mission Performance Plan (MPP) prepared by the Embassy team. ▪ SO Teams are formed for each SO.

Level of Planning	Responsible Units	Description
Activity	SO Teams	▪ Defines the outputs needed to achieve SOs. ▪ Defines the type institutions involved and their role in producing outputs and managing for results. ▪ Detailed acquisition and assistance plans and bilateral agreements form the basis for transferring funds from USAID to other entities. ▪ Pre-obligation requirements are reviewed and addressed.

201.2 PRIMARY RESPONSIBILITIES

a. Operating Units and **SO Teams** have primary responsibility for developing and justifying Strategic and Special Objectives (SOs) and designing activities to achieve them.

b. Regional Bureaus have a lead role in managing bilateral relationships for countries in a region and coordinating with the U.S. State Department and other U.S. Government entities on USAID efforts in that region. Regional Bureaus select countries in which USAID staff will work and decide when country and regional strategies will be developed. They provide support and oversight to Operating Units and manage the review and approval process for strategies developed by their Operating Units. Regional Bureaus have the lead in ensuring that country and regional programs in their region meet any constraints imposed by legislative sanctions.

c. PPC has primary responsibility for defining Agency-wide standards for programming the use of USAID-managed program resources. PPC also produces the Agency Strategic Plan (ASP), the Annual Performance Plan (APP), and the Annual Performance Report (APR) and provides policy guidance to USAID staff on operational and development policies related to program planning.

d. The Office of the General Counsel (GC) and its regional legal advisors provide legal support and advice to Agency units on the full range of operational matters pertaining to USAID programs.

e. The Bureau for Management (M) is responsible for ensuring that the use of program resources is consistent with budgetary earmarks, directives, and related planning considerations. M/B prepares the annual Agency budget request that is contained in the Congressional Presentation (Budget Justification). The M Bureau has overall responsibility for managing and budgeting use of staff and operating expense resources Agency-wide.

f. G and **BHR** have primary responsibility for defining specific sectoral approaches that correspond to specific Agency goals. These sectoral approaches reflect best practice and are used to guide strategic planning at the Operating Unit level. G and BHR are

also responsible for developing and implementing specific strategies at a world-wide level to support, guide, and complement the work of field Missions and regional Bureaus. G also has the responsibility for planning and implementing worldwide Strategic and Special Objectives through its central Operating Units. G Strategic Plans articulate objectives and results that cover the Bureau's responsibilities for field support, technical leadership, and research.

201.3 POLICY AND PROCEDURES

201.3.1 Mandatory and Non-Mandatory Guidance

The following sections of this ADS chapter describe both mandatory and non-mandatory procedures and practices used for planning. Mandatory procedures are identified with use of the words "must," "required," or other clear designation.

Special exemptions from some mandatory procedures are noted in the text. You must obtain approval in writing from the Assistant Administrator responsible for your Bureau for any additional exemptions beyond those specifically mentioned in this chapter. Requests for additional exemptions must be written as an action memorandum and cleared by the Bureau for Policy and Program Coordination, Office of Program Coordination (PPC/PC), the Office of General Counsel (GC), and the Bureau for Management, Office of Budget (M/B) before approval.

Special Exemptions: Certain programs are exempted from the mandatory procedures described in this chapter, including (1) emergency disaster assistance; and (2) emergency food aid authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480).

The non-mandatory procedures described in this chapter are intended to increase consistency and predictability of operations. Non-mandatory procedures are identified with use of the words "should," "recommended," "may," or other clear designation. Although you should generally follow t
them or adapt them to particular situations, especially when such deviations promote core values and increase cost-efficiency. You do not have to document deviations from non-mandatory procedures.

201.3.2 Agency Level Planning

201.3.2.1 Agency Strategic Plan

The Agency Strategic Plan (ASP) defines the Agency's mission and specific Agency goals and objectives. These goals and objectives provide a strategic framework within which Operating Unit Strategic Plans are developed and approved and resources are allocated. The ASP serves to present the Agency's programs to Congress, other U.S. Foreign Affairs Agencies, and the public. The ASP is periodically updated based on

significant changes in U.S. national interests, global and regional geopolitical considerations, country and customer aspirations, progress or lack of progress in achieving Agency goals and objectives, and/or new technical knowledge in a sector. PPC leads preparation of the ASP with the collaboration of all Bureaus and external stakeholders, such as Congress, the U.S. State Department, Office of Management and Budget (OMB), and other interested stakeholders, partners, and customers. The ASP is developed in accordance with Government Performance and Results Act (GPRA) standards and OMB guidance.

201.3.2.2 Annual Agency Planning Documents

In accordance with guidance issued by OMB, based on legislation related to Federal Agency management and reporting, USAID prepares detailed planning and reporting documents that cover programs funded in each fiscal year. These documents include

- Budget Submission to OMB
- Annual Performance Plan (APP)
- Agency Performance Report (APR)
- Congressional Presentation (CP), also known as the Budget Justification
- Agency Strategic Plan (ASP)
- Chief Financial Officer's Accountability Report

Planning for the annual budget submission to OMB involves the incorporation of Operating Unit Results Review and Resource Request (R4) information into an overall program and budget plan for individual Bureaus. These Bureau plans – Bureau Program and Budget Submissions (BPBS) – support resource allocation decisions among competing programs and enable subsequent aggregation of budget plans into a coherent Agency request to OMB. PPC/PC and M/B issue specific guidance on the process each year prior to the start of the exercise.

The APP updates the ASP on a yearly basis and contains the most current articulation of Agency performance goals, performance measures, baseline data, targets, and development tactics for all Agency goals. The purpose of the APP is to plan results and performance measures that justify the Agency budget request for the following year. The APP describes the manner in which resource allocation decisions are made to achieve ASP goals and the methods used for performance reporting. PPC leads Agency-wide production of the APP.

Finally, the Agency prepares an APR. The purpose of the APR is to inform the President and Congress about Agency performance during the most recently completed fiscal year. The APR addresses progress in meeting the targets set in the APP submitted two years earlier to cover that particular fiscal year.

Together, the APP, CP, and APR are, at the Agency level, the functional equivalent of the R4 documents prepared at the Operating Unit level. All of these Agency Planning

documents are available on both the internal and external Agency web pages (http://www.usaid.gov and http://inside.usaid.gov).

201.3.2.3 Inter-Agency Coordination

The overall national interests and foreign policy goals of the U.S. Government are described in the International Affairs Strategic Plan (IASP). The IASP provides an overall framework to help coordinate the efforts of all U.S. Government Agencies working in the foreign affairs area. The USAID Agency Strategic Plan (ASP) is developed to be consistent with the IASP. The ASP provides a more detailed description of USAID contributions to foreign policy goals that relate specifically to the Agency's development mission.

The Agency coordinates closely with the U.S. State Department at several levels of planning. At a country level, the principal inter-Agency coordination tool is the U.S. Embassy Mission Performance Plan (MPP). The MPP is the authoritative integrated inter-agency country strategy document prepared by the U.S. Embassy Country Team and approved by the Ambassador or Chief of Mission. MPP goals are based on the national interests and strategic goals contained in the IASP. The MPP is both a planning and reporting document. USAID officers participate in the preparation of MPPs to include performance information on USAID SOs and related resource data. USAID officers participate in Washington MPP reviews for all countries that receive, or propose to receive, USAID funding. They also clear any MPP follow-up actions that relate specifically to USAID-managed activities.

Although the MPP summarizes USAID plans and funding requests at a country-level, its role in the Agency programming system is to enable and facilitate inter-Agency coordination. The MPP process is not designed or intended to serve as a USAID program decision-making tool. To ensure adequate coordination with the U.S. State Department on key decision-making, the Chief of Mission (Ambassador or Charge) in a given country clears USAID country strategies and annual R4s. At the Washington-level, U.S. State Department officials are invited to participate in reviews of USAID country strategies where final decisions are made on objectives to be pursued with USAID managed-funds.

201.3.2.4 Additional Policies and Guidance Relevant to Planning

The Agency Strategic Plan is the broadest statement of USAID programming policy. It is complemented by a considerable body of detailed programming policy covered in ADS Series 200 and in references to these chapters.

In ADS 200.4, you will find a list of currently applicable programming policy that relates directly to planning. **(See ADS 200.4)** Some of this mandatory material consists of guidance that identifies specific approaches that are required in implementing particular types of development programs, as well as detailed guidance on application of certain restrictions, procedures, or accountability standards that affect programming of USAID

resources. This list also includes broader statements of Agency goals, guiding principles, views on best practices, and preferred approaches in addressing particular types of development challenges.

USAID staff should familiarize themselves with Agency programming policy related to the types of programs they are designing and implementing and should ensure that those programs are consistent with applicable policy. Moreover, USAID staff must ensure that programs conform to all mandatory guidance. You should identify relevant policy early in the planning process and factor it into planning and related decision-making processes from the outset.

The procedures described in ADS 501 control the issuance of new Agency-wide policies. **(See ADS 501)**

201.3.3 Bureau Level Planning

Regional and central Bureaus play a major role in the process of making Agency-level Plans operational. Bureau-level planning involves three major types of decisions:

- Decisions on regional or sectoral priorities that guide subsequent programming decisions on establishing Operating Units to develop and manage country, regional, or global programs
- Decisions on management approaches for country level programs
- Decisions on planning parameters used by individual Operating Units in preparing strategy proposals

These decisions are made following a process of extensive consultations that involve many actors inside and outside the Agency. For example, Bureaus are the major focal point for coordination with counterpart Bureaus in the U.S. State Department and other U.S. Government agencies. ADS 201.3.2 outlines basic considerations and requirements that apply to this level of planning. **(See 201.3.2)**

201.3.3.1 Bureau Planning Frameworks

Special circumstances or foreign policy concerns occasionally prompt a Bureau to develop one or more planning frameworks. Such frameworks may range from succinct statements of general priorities to detailed descriptions of specific goals and priorities for a region, sector, or country. These frameworks can be very useful for promoting communication and reflecting consensus within USAID and between the Agency, the U.S. State Department, the Legislative Branch, host country governments, and other institutions. At times, planning frameworks reflect foreign policy priorities or agreements established by the foreign policymaking process. Current examples of planning frameworks used by Bureaus include the Summit of the Americas Agenda used in the Bureau for Latin America and the Caribbean (LAC), the Europe and Eurasia Strategic Framework developed by the Bureau for Europe and Eurasia (E&E), the U.S.-Egypt

partnership agenda that frames USAID/Egypt's Strategic Plan, and the Africa Bureau's "Integrated Strategic Plans" for Greater Horn of Africa countries. Operating Units normally include references to such frameworks in Strategic Plan documents to show the relationship between proposed SOs and the goals described in broader frameworks.

Due to their potential impact on Agency-level planning and reporting, as well as possible effects on the ability of the Agency to absorb and manage external earmarks and directives, three requirements apply to such frameworks:

- Bureau planning frameworks must be consistent with the stated overall mission, goals, and objectives of the Agency as described in the ASP.
- The programmatic goals described in planning frameworks must not be confused with SOs and cannot serve as their functional equivalent. That is, they cannot be used to meet pre-obligation strategic planning requirements; notify Congress of our intent to obligate; request funding for specific activities; or structure formal R4-like performance reporting. To help avoid potential confusion, it is strongly preferred to limit use of the term "objective" to refer to USAID Strategic or Special Objectives that play the functions described above, and use other terms, such as "goal," to refer to results described in planning frameworks.
- Bureaus developing such frameworks must consult with PPC/PC and M/B before Operating Units use them so that the framework's role in Agency Planning processes and documentation is clearly understood.

201.3.3.2 Establishment of Field Missions and Other Operating Units

Establishing field Missions and regional or Washington-based Operating Units is a decision that requires consultations at the highest Agency levels. These decisions imply a long-term commitment of allocation and use of staff and Operating Expense (OE) resources that reduce resource availability for other regions and programs. Bureaus take the lead in proposing changes in the configuration of their Operating Units and obtaining approvals that are appropriate in each case.

Establishment of a bilateral or regional field Mission is a significant foreign policy decision that involves many considerations and tradeoffs. Limitations on staff and OE constraints are primary considerations that drive decisions to open or close bilateral Mission programs. Ultimately, the decision to initiate USAID programming in a particular host country is based upon three main criteria – host country needs, host country commitment, and foreign policy priorities.

Regionally managed programs, based in a region or in Washington, permit delivery of some types of foreign assistance without resorting to full-time field presence. This is adequate when program complexity is low and the need for in-country decision-making is limited. For more complex programs where significant decision-making, coordination, funds control, and oversight are needed at a country level, field presence through U.S. Direct Hire (USDH) staff is considered essential. **(See ADS 202.3.6.2 and 202.3.7)**

Traditionally, the principal management model for delivering assistance to specific countries centered around the use of field Missions with their own strategies, budgets, and staff. However, with the shrinkage of USAID staff in the mid-1990s, models based on regional and global programming have evolved and are becoming increasingly common. Various alternative approaches are discussed in the following section.

201.3.3.3 Alternative Approaches to Country Programming

The purpose of this section is to help clarify how planning requirements described in this chapter can be adapted and used effectively at a country level with different program management approaches.

Closely related to the question of what types of Operating Units will be needed is the question of the USAID management intensity needed to oversee programs and activities undertaken at a host-country level. The term "management intensity" refers here to the degree of USAID staff oversight for planning and managing USAID-financed activities.

Some activities financed by USAID require relatively little USAID staff management oversight at a country level and can be successfully implemented through instruments issued by a Washington Operating Unit. Other activities are more complex or are subject to greater vulnerability. These require USAID staff in-country to reduce program vulnerability, ensure funds control, and exercise a number of inherently governmental functions that cannot be passed on to non-USAID entities. Inherently governmental functions include representing USAID in negotiations with host country institutions, formulating USAID policy on particular programs, and negotiating obligation agreements. Program vulnerability refers to the potential for fraud, mismanagement, waste, or an inability to meet USAID accountability standards. **(See 201.3.4.2 and ADS 202.3.6.2, 202.3.7.1, and 202.3.7.2 for more discussion on inherently governmental functions, funds control, conflict of interest, and program vulnerability)**

Each year when Bureaus prepare budget requests for the Bureau Program and Budget Submission, choices on management intensity are made based on program needs and staff and operating expense budget constraints. Reductions in Agency staffing and continuing demand for USAID programs have led to a situation where approximately 40 percent of countries assisted by USAID have no USDH staff presence. An equal portion of our field Missions are considered "small" and therefore do not benefit from a full complement of in-country technical and functional area experts (legal, contracts, etc). This situation sometimes leads to questions regarding the applicability of planning and performance reporting procedures in particular country programming situations.

The discussion contained in the remainder of this section (ADS 201.3.3.3) is not intended as mandatory guidance. Instead, it outlines considerations that should be taken into account when deciding on country-level program management approaches and on determining how to apply the planning tools described later in this chapter most effectively.

The following table illustrates five basic management scenarios or models for managing country-level activities. Each scenario illustrates a different level of management intensity reflected in the presence or absence of country-level objectives, a country operating year budget (OYB), and USDH field staff. Variants from the five main scenarios described here can and do exist, but these five are sufficient to illustrate the key decision points that Bureaus face when planning the appropriate management approach for particular country programs. These scenarios are not necessarily mutually exclusive. For example, it is not uncommon for scenarios A and E to be used simultaneously for managing different activities in the same country.

Table 201B, Illustrative USAID Country Program Management Approaches

Scenario	*Country Level Planning*	*Projected Country Level OYB*	*Country Specific USDH Staff*	*Applicable Planning / Reporting Tools*
A	No country Strategic Plan or SOs	No	No	Global or Regional Strategy, plus related R4, plus Activity Information Sheet **(See 201.3.6.4)**
B	Country planning framework with goals, but no country Strategic Plan or SOs	No	No	Country planning framework, plus G, BHR, and/or Regional Strategy with related R4 reports, and Activity Information Sheets
C	Country strategy with SOs	Yes	No	Country Strategic Plan, plus R4 (completed by Washington or regional Operating Unit)
D	May have country planning framework, but no country Strategic Plan or SO	No	Yes	Country planning framework if needed, plus G, BHR, and/or Regional Strategy with related R4 reports, and Activity Information Sheets
E	Country strategy with SOs	Yes	Yes	Country Strategic Plan, plus R4 (completed in field Mission)

Scenario A: This approach is used in a significant number of USAID-assisted countries (approximately 40 percent in 1999). Specific activities are implemented but are not governed by country-level SOs, or funded through a country-specific OYB notified in the CP, or managed by in-country USDH field staff. Instead, all

activities are governed by one or more regional or global Strategic Plans and their corresponding R4 report. Non-USDH USAID staff may or may not be present (such as Foreign Service Nationals [FSNs], U.S. Personal Service Contractors [USPSCs], and Third Country Nationals [TCNs]). This approach can be adequate when the nature and scope of activities are such that coordination and oversight requirements are limited. This approach is the lowest in USAID country-level management intensity. USAID has recently instituted the use of Activity Information Sheets and a corresponding database accessible on the USAID intranet to track such activities, help ensure compliance with legal prohibitions, and improve communications and reporting. **(See 201.3.6.4, Additional Planning Requirements for Activities Not Managed by Country-Based USDH Staff, for complete information on this procedure)**

Scenario B: This approach exists, for example, when a regional Bureau, in collaboration with G and/or BHR, determines that the scope and number of activities are such that coordination and effectiveness can be improved by defining a planning framework with country-level goals that are supported by activities. Establishing such goals can be very helpful in enabling improved coordination with the host country, implementing partners, and the U.S. State Department, as well as among USAID units. Because all activities are still managed in relation to their regional or global strategies, formal planning and reporting requirements do not apply. As noted in 201.3.3.1, the goals described in planning frameworks cannot be used for meeting pre-obligation requirements, planning budgets, notifying Congress, or requesting funds for activities. The initiating Bureau determines what level of country-level planning detail and reporting is useful to communicate effectively to interested parties. **(See 201.3.3.1)**

Scenario C: In this scenario, a country strategy, with one or more Strategic or Special Objectives and corresponding country OYB representing funding for the SOs, has been added. This provides another incremental increase in management intensity on the part of USAID. Existence of a separate OYB in the CP raises the visibility of the activities in that country, and formal R4 reporting is triggered by the existence of SOs. A Country Strategic Plan document and an annual R4 become the basis for requesting resources, notifying Congress, and reporting progress. Activities carried out in the country are developed and managed by staff in regional or USAID/W organizations rather than in-country, usually as part of regional or global programs. Activities funded through the country OYB are designed to support achievement of country-level SOs. Bureaus choose this approach when additional visibility and higher USAID management intensity are useful and when dedicated staff can be assigned to manage achievement of the SOs. With appropriate Bureau oversight, this approach works provided that the nature and scope of activities do not require full-time in-country USDH presence.

Scenario D: This represents a situation where full-time USAID staff are resident in-country to develop and manage country-level activities, but where there is no

country-level Strategic Plan or SOs or specific OYB allocation. This approach is used when the ability to carry out certain inherently governmental functions is essential, but where activities are limited in scope and can be managed through regional or global programs. The set of inherently governmental functions that are important considerations in such cases are representing the Agency, negotiating with host country governments and institutions, making commitments on behalf of USAID, and obligating funds. The latter two functions are limited to USDH employees. This approach typically does not require much in-country staff.

Scenario E: This model represents the traditional field Mission approach, where full-time, in-country staff carry out the full range of planning, achieving, and assessing and learning functions. This model is the most management intensive. It should be used whenever the nature and scope of activities to be undertaken are broad and complex enough to require extensive in-country decision-making and to manage significant accountability requirements at the input, output, and results level. Not all Missions benefit from the same staffing levels. Therefore Scenario E summarizes a range of possibilities, from a very small Mission with one or two USDHs and few FSN staff to a very large Mission with 150 or more USAID employees.

Each Bureau is responsible for ensuring that appropriate programming tools are utilized in each country, based on the vulnerabilities inherent in the type of activities implemented and the inherently governmental functions necessary to carry out a successful program. Careful monitoring of country programs will alert a Bureau when changes in USAID management intensity and corresponding changes in planning and reporting tools are appropriate. Certain trigger points may indicate that a change may be in order, such as changes in program funding levels, growth or shrinkage in number of activities, or changes in the ability of host country institutions to implement activities effectively (e.g., due to economic or political instability).

Bureaus periodically review the programming approach used and determine whether management intensity and oversight are appropriate. Such reviews directly feed into the annual Bureau Program and Budget Submission and review process, where Agency decisions on allocation of staff and OE resources across Bureaus, regions, and countries are made.

201.3.3.4 Country Prohibitions and Restrictions

There are a wide variety of legal restrictions (statutory and regulatory) on the provision of assistance and other aspects of USAID's operations. USAID is required to manage its programs and operations to comply with applicable legal restrictions.

Legal restrictions are expressed in a variety of ways, such as restricting assistance to a particular country, a category of countries [e.g., those more than one year in arrears in repayment of debt to the U.S. Government (USG)], or in terms of a particular type of

assistance (e.g., police assistance). The annual country and assistance statutory checklists contain the more common legal restrictions **(See ADS 200.5, Additional Help)**, but these checklists do not contain the entire universe of legal restrictions that may be applicable in every instance. GC and Regional Legal Advisors (RLAs) determine whether particular countries or activities are affected by legal restrictions and whether particular waiver authorities may be exercised, based on facts provided by operating units.

To assist in compliance with country restrictions, two types of checklists are used: the "country" checklist and the "assistance" checklist. Each checklist summarizes various legal restrictions and provides a simple way to confirm and document that USAID funded programs comply with restrictions. Both checklists are updated annually by GC to reflect changes in legal restrictions. They are available from your RLA or GC legal advisor. The requirements for each are as follows:

a. Country Checklist: Completion of a country checklist is required each fiscal year before the first provision of assistance for that country. For countries with programs managed by regional Bureaus and field Missions through a USAID country strategy, country checklists are prepared by the responsible Regional Bureau (typically by the Bureau country desk officer) and cleared by GC. Clearance by the State desk for the country is advisable and preferred but not mandatory. Note that other units, such as State and Financial Management (FM), make determinations or provide information used in addressing checklist items. For regional or global activities that are not managed as part of a USAID country-level strategy, the responsible SO Teams and Activity Managers must complete or update an Activity Information Sheet annually. **(See 201.3.6.4, Additional Planning Requirements for Activities Not Managed by Country-Based USDH Staff, for complete information on this procedure)** The Activity Information Sheet is cleared by GC.

Because facts which trigger restrictions may change during the fiscal year, and occasionally new restrictions are enacted, operating units are responsible for ensuring that additional legal restrictions have not been triggered before each additional obligation of funds for a given country (for example, indebtedness provisions).

b. Assistance Checklists: Assistance checklists must be completed by SO Teams and their Operating Units as part of the approval of individual activities. This is done once for the life of the activity, unless substantial changes are made in the nature of the activity. In the latter case, completion of the most recent assistance checklist is highly recommended to confirm that legal restrictions do not apply. **(See 201.3.6.3, Pre-Obligation Requirements)**

Several provisions of law allow a delegated (usually very senior) official to waive certain legal restrictions in specified circumstances. Exercise of available waiver authorities is discretionary, not mandatory, and may require Congressional consultation and/or

notification. Exercise of waiver authority is an extraordinary action, rather than a normal means of managing USAID's programs.

201.3.3.5 Parameter Setting

Parameter setting defines the boundaries within which individual Operating Unit Strategic Plans are developed. Bureaus develop planning parameters for Operating Units under their purview. The end product of the parameter setting process is a cable or formal memorandum from the Bureau to the Operating Unit. The Operating Unit is responsible for ensuring that the strategy proposal is responsive to the parameters. The parameter cable or memorandum is a mandatory annex to the Strategic Plan (a summary drafted by the Operating Unit may be used). Operating Units should actively engage in the parameter setting process before it is finalized. At minimum, this must involve review and clearance of the proposed draft parameters guidance. In some cases, Bureaus and Operating Units may choose to develop a concept paper and/or specific preliminary technical analyses in conjunction with the parameter setting exercise. This type of concept paper could propose the number and formulation of SOs and preliminary Results Framework.

Mandatory Requirements

Clarity in parameters can result in significant savings of OE and staff time and will avoid unnecessary delays in start-up of USAID programs. To help achieve these benefits, the following mandatory procedures apply:

- Each Bureau must provide an Operating Unit with planning parameters in writing prior to the development of a Strategic Plan. Normally, the Bureau will provide these parameters nine months prior to the strategy submission due date. In some situations, for example, when interim strategies are being planned for countries in crisis, less time may be available (see special exemptions below).
- The parameter setting process must provide opportunities for consultation with other Bureaus in the Agency, including specifically: PPC and M (for resource allocation levels in relation to Agency program priorities); GC (to flag possible country sanctions); BHR and G if the Operating Unit is in a Regional Bureau, or Regional Bureaus if the Operating Unit is within G or BHR (to identify potential technical issues or country/region needs that may influence choice of objectives). PPC/PC and M/B clearance on parameter messages is required. Bureaus are advised to obtain additional clearances from other Bureaus when appropriate. Contributions to parameter setting from those units that will be involved in the review of the subsequent strategy document help reduce uncertainty in the approval process and improve clarity in guiding the development of Operating Unit strategy.

Parameters must include the following information that is necessary for effective strategic planning:

- Include specification of the Strategic Plan period for which the strategy should be developed. **(See discussion in 201.3.4.8, End Dates for SOs and Obligating Instruments)**
- Include specific Agency goal areas for which SOs may be proposed (e.g., democracy, economic growth, human capacity development). To support improved results accountability, however, the decision as to how many SOs there should be left to the Operating Unit developing the strategy proposal.
- Include approximate staffing levels and expertise that the Bureau intends to make available to the Operating Unit to implement the strategy. This includes source and level of any external non-resident staff who will be made available to implement a program (e.g., Contracts Officer, Regional Legal Advisor, Controller, Executive Officer (EXO), Program Officers and technical specialists).
- Include approximate annual operating expense levels that should be anticipated.
- Include identification of program funding accounts and indicative levels over the expected strategy time frame.
- Include guidance on any earmarks or directives that may influence choice of objectives and activities.
- Include determination of whether a sustainable development strategy or an interim strategic plan is to be produced. **(See 201.3.4)**
- Include identification of any specific technical analysis or assessments that reviewers and the Operating Unit agree must be conducted to support or justify the choice of objectives (beyond those mandatory items identified in section 201.3.4.11) and the resources or staff that will be available to complete this analysis. **(See 201.3.4.11)**
- Include specific instructions waiving the requirement to carry out a conflict prevention analysis when approved by the Assistant Administrator (AA) of the responsible Bureau. **(See 201.3.4.11 paragraph b)**
- Include results of any GC review of potential legal prohibitions or legislative issues that must be taken into account in developing a program strategy.

Special Exemptions:

In special foreign policy situations where it is necessary to initiate activities prior to completion and approval of a Strategic Plan, a parameter setting message may be issued that temporarily exempts an Operating Unit from strategic planning requirements. This exemption may be exercised at the discretion of Bureau Assistant Administrators for a period not to exceed one year. **(See section 201.3.1 on procedures to follow if additional time or other exemptions are needed)** After this one year period, all on-going activities must be linked to and support an approved SO. This exemption is limited to strategic planning only. Activity planning requirements necessary to meet pre-obligation requirements as described in 201.3.6.3 cannot be exempted unless additional waivers or notwithstanding authority apply. **(See 201.3.6.3)**

Prior PPC/PC and M/B clearance is not required for E&E programs funded exclusively with Support for Eastern European Democracy (SEED) and Freedom Support Act (FSA) funding, provided that changes in OE or staffing levels have been adequately vetted in the most recent Bureau Program and Budget Submission.

Additional Topics to Consider

Beyond these mandatory items, parameter setting guidance prepared by the Bureau should consider the following non-mandatory items:

- Whether the Operating Unit should anticipate and plan for a phasing down or close out of USAID assistance at the end of the strategy period **(See ADS 202.3.8)**
- Special constraints on the use of implementation mechanisms that will affect strategy design (e.g., if there are limits on use of obligating agreements with the host government due to sanctions)
- Any special foreign policy interests or issues in the country to which the strategy must respond
- Additional guidance that would help small Missions manage and minimize the workload associated with strategy development (e.g., page length limits, use of regional strategies to support activities, additional staff support, etc.)

In cases where the Agency has a reasonable basis for anticipating a major change or fluctuation in staff and/or resource levels or country conditions during the strategy planning period due to events or decisions beyond its control, additional guidance on planning for different scenarios may be necessary. Examples of such situations include cases where the U.S. State Department, National Security Council, and/or Congress may decide to modify planned resource levels significantly or where there are political, economic, or natural disaster risks that could significantly affect programming priorities.

Management Letter

Each Bureau will be responsible for providing heads of new Operating Units with a management letter that provides Bureau guidance on the long-term strategic direction of

the program, key management or strategic issues, resource parameters, and any special foreign policy interests in the country. Use of such letters is optional. Management letters should not be used to substitute for, or substantially revise, instructions provided in parameter setting cables or messages unless they are subject to the same formal clearance requirements as parameter messages.

201.3.3.6 Program Development and Learning (PD&L) Objectives

Bureaus may create one or more Program Development and Learning (PD&L) objectives to finance program development costs and program assessments and learning efforts. The number of PD&L objectives per Bureau should be managed to minimize Congressional notification and other management burdens.

Operating Units and Bureau Offices that need to undertake analytical or evaluative work may create and fund such activities under their Bureau PD&L objective (i.e., there is no requirement to establish an Operating Unit or Office level PD&L objective in order to receive Bureau PD&L funding). The specific activity is managed by the requesting unit. One restriction must be followed:

- PD&L objectives must not be used to finance development programs or activities (SOs are used for this purpose.)
- PD&L objectives are solely intended to fund studies, analyses, and evaluative work for purposes of assessing on-going or completed SOs, designing new SOs and new activities under existing SOs, supporting the design of assessing and learning efforts under existing SOs, and other similar assessing and learning related work.

PD&L objectives are described in the CP along with SOs. The notification sets an overall obligation ceiling for each fiscal year. Operating Units must coordinate with their Bureaus to ensure that obligation of funds under the PD&L objective do not exceed the amounts notified.

Program resources allocated to a PD&L objective may be used to finance the full range of Acquisition and Assistance (A&A) instruments. This includes purchase orders, contracts, grants, cooperative agreements, task orders to existing contracts established under a PD&L objective, and task orders to contracts established under SOs that may have instruments designed to provide support to multiple SOs.

R4 reports are not required for PD&L objectives. However, Bureaus should prepare and maintain a list of work financed under their objective in each fiscal year and must maintain documentation necessary to establish an audit trail. **(See ADS 202.3.7, Managing Vulnerability)**

PD&L objectives are established through an Action Memorandum approved by the AA for the Bureau or a Deputy Assistant Administrator (DAA) or Office Director with delegated authority. The Action Memorandum must outline how the objective is to be managed. This includes assigning clear responsibilities for preparing notifications,

coordinating with Operating Units on source and amount of funding allocations, performing financial management, and maintaining information on the activities financed under the objective. An End Date need not be formally established for PD&L objectives. End Dates for instruments are established on a case by case basis.

201.3.4 Operating Unit Strategic Plan

201.3.4.1 Purpose of Operating Unit Strategic Plans

Operating Unit Strategic Plans help to

- Provide a rationale for the approval of Strategic and Special Objectives
- Define a Strategic Plan funding period during which new funds will be obligated to the Strategic and Special Objectives contained in the plan
- Provide a rationale for allocation of staff and OE resources
- Obtain a management agreement that provides the authority to implement activities to achieve approved Strategic and Special Objectives

Approved Operating Unit Strategic Plans represent an Agency-wide commitment to a set of objectives and Intermediate Results (IR) to be accomplished by an Operating Unit. Strategic and Special Objectives are the cornerstone of the USAID programming system and constitute the basic unit for requesting program funds, notifying Congress, organizing SO Teams, and reporting progress.

201.3.4.2 Role of Partners, Customers, and Stakeholders

Partners, customers, and stakeholders must be consulted and, where feasible, be actively engaged in the development, updating, and monitoring of Strategic Plans. SO Teams and Operating Units include the views of partners, customers, and stakeholders to help ensure that SOs address perceived development problems, are achievable, and produce sustainable benefits after termination of USAID funding. Involvement of partners, customers, and stakeholders can take place at both the strategic planning and activity development stage through

- Representation on SO Teams of potential partners, customers, and stakeholders on SO Teams from associations, governmental and non-governmental organizations, informal groups, or collections of individuals
- Eliciting information and feedback from customers and consulting with stakeholders through normally accepted means (e.g., focus groups, town meetings, formal and informal consultations, systematic formalized customer surveys or research, rapid appraisal methods that involve customers, etc.)

These forms of consultation are subject to Agency guidance on conflict of interest. **(See Additional Help document, Legal and Policy Considerations when Involving Partners and Customers on Strategic Objective Teams and Other Consultations)** This guidance provides details on how USAID staff may actively consult with development customers and partners and include them as SO Team members, while remaining within the statutory and regulatory requirements. It clarifies how SO Teams can involve outside organizations in discussing concepts, ideas, and strategies, as well as reviewing ongoing activities, without triggering organizational conflict of interest concerns. It also spells out alternative courses of action and safeguards to protect the interests of the Agency and its partners during the competitive procurement stage. The reference clarifies that federal regulations regarding organizational conflict of interest do not apply to assistance instruments (grants and cooperative agreements). Agency policy, consistent with the core value of empowering teams, allows SO Teams broad discretion in the handling of organizational conflict of interest situations when dealing with assistance instruments. (See ADS 202.3.7.2, and consult your legal advisor if specific questions arise.) **(See ADS 202.3.7.2)**

201.3.4.3 Types of Strategic Plans

The Agency uses two different standards for the scope and content of Strategic Plan documents. Bureaus specify which standard is to be used as part of the parameter setting process.

a. A "Sustainable Development" Strategic Plan is more comprehensive in terms of analysis and is the preferred document when conditions permit longer-term planning. Strategies for new or continuing programs in politically and economically stable countries and regions, as well as global programs in G and BHR, will typically use a sustainable development strategy. This type of strategy may cover a time frame of up to 10 years and may include both Strategic and Special Objectives.

b. A more abbreviated "Medium-term," "Transition," or "Interim" Strategic Plan is indicated when conditions preclude detailed analysis and longer-term planning. An Interim Strategic Plan is intended for countries that are thrown into a period of high uncertainty because of drastic political, military, and/or economic events and for where USAID is requested to develop a strategy in a crisis or immediately post-crisis situation. Interim Strategic Plans are characterized by

- Shorter time horizon than a Sustainable Development Strategy (up to three years),
- Difficulty in defining end results because of risks and uncertainty in the country situation,
- Justifiable need for very limited staff effort in the planning exercise, and

- Limited availability of data since the onset of the crisis. Furthermore, it may be difficult to retrieve or use previously existing baseline information or identify precise SO- and IR-level performance targets.

For these reasons, an Interim Strategic Plan is less analytically rigorous than a long-term development strategy. In many cases criteria for Strategic Objectives will be difficult to meet, or they will be achievable for only some objectives. **(See 201.3.4.5 and 201.3.4.6)** Interim Strategic Plans may consist of Special Objectives only. An Interim Strategic Plan should not exceed three years. It must be subject to a Washington review within two years of approval to determine if and when to extend the program through another phase of interim assistance or to develop a more rigorous Sustainable Development Strategy.

In addition, Interim Strategies should identify and define "trigger" points. Trigger points are predicted events that cause a special review of the program or a previously agreed upon change in program direction in reaction to evolving country scenarios. Designing multiple scenarios into the strategy helps deal with uncertainty. This could include, for example, war versus no war scenarios, alternative programs for different political outcomes, or improving and deteriorating scenarios versus a current set of conditions. In other cases, it may be appropriate to require high-, medium-, and low-budget options for unstable programs. The differences between the scenarios may include changes in the number and formulation of Objectives, changes in Results Frameworks, variation in staff mix and levels, changes in operating expense levels, changes in program funding accounts and levels, and strategic time frame. The strategy document should explain the kind of event that would trigger a change from one scenario or budget level to another and the way these key events will be monitored.

c. Special Cases: In very limited special cases, Bureaus may establish "stand-alone" Special Objectives to finance and report on activities initiated as a result of a legislative earmark or a special foreign policy interest where USAID involvement in planning and decision-making related to selection and design of activities is expected to be limited. Approval of such Special Objectives may take place through an action memo as part of meeting pre-obligation requirements for activities to be financed. In these cases, PPC/PC and M/B clearance of the action memo will be adequate to meet Agency review requirements. The action memo should summarize the rationale for establishing the Special Objective, describe the activities that will be financed and their cost, provide clarity on management and reporting responsibilities, and describe any staff or OE costs associated with the Special Objective.

201.3.4.4 Content of Strategic Plan Documents

Mandatory Requirements

In order to fulfill their functional purpose as described in 201.3.4.1 above, Strategic Plans must adequately discuss the following six content areas: **(See 201.3.4.1)**

a. Overall assistance environment

b. Rationale for choice of SOs and time frame

c. Results Frameworks and illustrative activities

d. Program management

e. Estimate of resources needed

f. Required annexes

The following sections of 201.3.4.4 (sections a-f) provide non-mandatory guidance for Operating Units on the level and detail of discussion that are considered useful in each content area. Some items apply to country strategies more than regional or global strategies. You can also find a checklist provided as a mandatory guide for drafters of the Strategic Plan in the Strategic Plan Checklist. **(See Mandatory Reference, Strategic Plan Checklist)** The scope and nature of the program and the planning parameters provided by the Bureau determine the substance of each Strategic Plan. Ultimately, the Washington reviewers of the Strategic Plan determine when the guidance provided in this section has been adequately met for a given program strategy. The parameter message should be used to clarify expectations. **(See 201.3.3.5)**

a. Overall Assistance Environment

- Summarize the analysis that underpins the proposed strategy, including how the country, target countries or Worldwide efforts are performing vis a vis relevant Agency goals and objectives.
- Assess the social, economic, and political environment, including the causes of any major social and/or political conflict, and the ways in which USAID and/or other actors can influence these factors.
- Identify the potential risks to socio-economic and political stability and the implications of such risks on USAID program objectives in the target country(ies).
- Present U.S. foreign policy interests along with the linkage between the strategy and relevant U.S. State Department Mission Performance Plans (for country and regional strategies).
- Address the implications of the focus, methods, and approximate levels of assistance expected from other major donors in areas relevant to the proposed program.
- Summarize prior experience in working with the country(ies), the quality of the development partnership in terms of host country policies and capacity, the likely impact from the strategy, and a brief review of any cross-cutting issues, such as gender or food security.

- Discuss previous USAID assistance and its impact. Those portions of prior plans that will be continued under a new strategy should receive particular attention.

b. Rationale for Choice of SOs and Time Frame

- Summarize principal parameters for the strategy (including guidance on significant policy issues and agreements reached on staffing and resource levels).
- Present a clear formulation of proposed SOs, their link to Agency Goals and Objectives, their link to any relevant framework goals, and a compelling rationale for their selection. **(See 201.3.2.1)**
- Identify, in cases where a new strategy overlaps with a prior one, those prior SOs and activities that will be continued into the new Strategic Plan period, and explain how they will be incorporated into the new strategy.
- Include a time frame appropriate for the strategy based on need, expected progress, the relative stability or instability of the political and economic context, and upcoming milestones (e.g., national elections, any USAID country close-out plans, etc.).
- Explain the implications for the strategic approach if a close out date of USAID assistance has been agreed to, and identify potential major partners and their interest in supporting the plan.
- Identify ultimate customers with a brief summary of the process that was used to obtain their input to the Strategic Plan.

c. Results Frameworks and Illustrative Activities

- Include Intermediate Results sufficient to achieve the objective, the development hypothesis that establishes a causal link between IRs and the SO, critical assumptions, and a clear statement of development impact expected for each objective by the end of the plan period.
- Identify any results to be achieved through other SOs that would significantly support achievement of IRs in the results framework.
- Propose major indicators for at least the SO level and, if feasible, for the IR level, along with baseline data and targets if possible.
- Justify the overall volume of activity based on the scale of resources available, geographic or other focus, and proposed assistance modes and expected results.
- Identify illustrative activities and general approaches to achieve results, including improving the sustainability of key institutions and processes that will be needed beyond the time frame of USAID assistance.
- Advise of any plans to establish acquisition and assistance instruments, bilateral agreements, or other implementing instruments that may be designed to provide support to multiple SOs.

- Identify fallback positions if any major potential vulnerabilities have been identified.
- Describe the program monitoring system, and, if necessary or desirable, define signals that would trigger a switch to a fallback strategy or other scenario.

d. Program Management

This section describes how the program will be managed by USAID. The description should be brief but complete enough to cover the following points:

- The Operating Units, regional Missions, and USAID/W organizations that will be directly involved in managing activities in support of the strategy. This is particularly important for strategies implemented by more than one Operating Unit. If several units will be involved, you must include a description of how coordination will take place among these units.
- For multi-country strategies, a discussion of any requirements for full-time USAID employee presence in target countries. This includes an indication of the type of employee needed (USDH, FSN, TCN, and/or USPSC), their reporting relationship to the Operating Unit with overall responsibility for strategy implementation, and an indication of any coordination role they may have with in-country U.S. State Department staff.
- Where support for key management functions will come from when qualified staff is not part of the Operating Units – specifically for Regional Contracting Officer (RCO), Regional Legal Advisor (RLA), FM, and Executive Officer (EXO) support.
- Any special support requirements that Washington Bureaus should anticipate and plan for in order to support the program. This is particularly important for small Missions that may require substantial technical and programmatic support from their regional or central Bureaus.
- Any special program management concerns or issues that need to be addressed as part of the strategy review can be included here.

e. Estimates of Resources Needed

- Present a detailed estimate of all resources needed for the plan by fiscal year, including program and operating expense funds, and staff resources. This will establish the Strategic Plan funding period during which Washington expects to make available new funds for obligation.
- Allow adequate time for design, procurement, mobilization, implementation, and close out or transition to a new follow-on phase of assistance.
- Take into account inflation, foreign exchange risk, and contributions of the host country and other partners. **(See 201.3.4.2)**

f. Required Annexes

- USAID/W Parameters Cable, or memorandum or summary of the planning parameters used by the Operating Unit in developing the plan
- Technical analyses required in parameter cable (to reduce length, this can be a summary of findings and conclusions based on technical analyses completed)
- Technical analyses required in 201.3.4.11, unless specifically superseded by the parameter cable. (These can also be summarized to reduce length.) **(See 201.3.4.11)**

201.3.4.5 Strategic Objectives

A Strategic Objective (SO) is defined as the most ambitious and significant result (intended measurable change) that a USAID Operating Unit, along with its partners, can materially affect and for which it is willing to be held accountable. **(See explanation of accountability for results in ADS 200.3.2.4)**

An Operating Unit must focus resources on achieving a limited number of SOs. However, there is no standard limit on the total number of SOs that an Operating Unit may identify for its portfolio. A somewhat greater number of smaller but better defined SOs is generally preferred over a smaller set of vaguely stated SOs that cover the same range of activities but complicate performance reporting and congressional notification.

An SO should

- Represent a developmentally significant result that is expected to affect ultimate customers.
- Form the results standard by which the Operating Unit is willing to be judged in terms of its effectiveness in managing for results. **(See ADS 200.3.2.1)**
- Be achievable in a foreseeable and limited time period (commonly three to eight years), using the resources provided directly to the Operating Unit and other resources that may be mobilized by development partners.
- Link to one principal Agency goal and one principal Agency Objective as defined in the most current ASP. An SO may be linked to other Agency goals and objectives on a secondary basis, if appropriate.
- Present a defined geographic focus and set the direction for the selection and design of the assistance activities carried out in the strategy during the time frame of the plan.
- Be expressed in terms of a result or impact that permits objective measurement and is clear and precise, minimizing overlap with other Operating Unit SOs.

SOs that represent more than one dimension in addressing a development problem are acceptable if the results of the SO are

- Implemented in an integrated manner (e.g., related results are achieved by the same activity that takes place in the same location).
- Achievable by a common set of Intermediate Results and causal linkages represented in the Results Framework.
- Inseparable and mutually reinforcing for component results. (Achievement of each facilitates the achievement of the other.) An example might be "Increased Use of Family Planning and Maternal and Child Health Services (MCH)," which combines family planning and MCH.

The degree of precision and objectivity of the end result of an SO will vary according to several factors, including

- Stability of country environment
- Knowledge available to planners
- Certainty of multi-year budget levels
- Extent to which USAID or local implementing partner(s) control outcomes, due to the many actors that affect a desired result

It is always preferable to define end results of SOs as objectively as possible, i.e., as measurable targets. However, if this is not possible, a clear statement of the SO, amplified by a quantitative or qualitative description of the kind of change sought, is acceptable. Most SOs are not achieved solely through USAID-funded activities; leveraging the work of others is an essential element of sound development. An SO and its supporting IRs can include significant investments from other donors, host countries, and other organizations. The tension between leveraging others and clearly explaining what USAID will achieve is a fundamental aspect of development planning and performance reporting, and it should be one of the key variables considered when defining and approving an SO. **(See ADS 203.3.2)**

To maintain clarity and transparency in reporting, USAID seeks to avoid duplication or overlap in its Operating Unit objectives. Each objective under a given goal should remain distinct and distinguishable in terms of the specific results it defines, the geographic area it affects, or the activities it carries out. However, common elements and linkages among SOs are encouraged, such as when crosscutting themes are addressed.

SOs can be designed for a central or regional Bureau or a field Mission to provide analytic, technical, logistical, or other types of support to the SOs of other Operating Units (whether bilateral, multi-country, or global in nature).

201.3.4.6 Special Objectives

A Special Objective (SO) must be used when the Agency is pursuing an objective that is more difficult to define and measure or that is not directly linked to an Agency Strategic Plan goal. Special Objectives may be justified when the objective sought meets at least one of the following criteria:

- Represents a response to a legislated earmark or special foreign policy interest beyond what is described in the Agency Strategic Plan or that does not contribute directly to an Operating Unit's Strategic Objectives
- Is exploratory or experimental in nature, such as development of a new program area
- Is research and contributes to the achievement of an Agency goal
- Responds to an emergency or short-term post-crisis stabilization effort, such as when a Medium-term or Interim Strategy is indicated
- Is to support achievement of multiple SOs, AND obtaining co-funding from multiple SOs as described in ADS 201.3.4.7 is demonstrated to be impractical or not cost effective. **(See ADS 201.3.4.7)**

Special Objectives are expected to be small in scope, relative to the total portfolio of any Bureau. The Operating Unit, as a part of its Strategic Plan, must outline the time frame for the Special Objective, expected results to be achieved, a proposal for evaluating results, and an estimated budget. Results of experimental or exploratory activities may have different criteria for success than other activities where USAID has more experience.

201.3.4.7 Note on Strategic Support Objectives (SSOs) and Instruments that Support More than One SO

There is no longer a separate definition of support strategy or Strategic Support Objective (SSO). Previously existing Strategic Support Objectives will be treated as SOs and are expected to be gradually replaced with SOs that meet the criteria described in this chapter as new Strategic Plans are developed. Any SO may be used to establish acquisition and assistance instruments, bilateral agreements, or other implementing instruments that accept funding from and support other SOs. The intention to establish such instruments should be signaled at the time of strategy review and approval. **(See further discussion in 201.3.6.2, Ten Steps in Activity Design, Step 6, and 201.3.4.8 below, End Dates for Instruments Financed by Several SOs)**

201.3.4.8 End Dates for SOs and Obligating Instruments

The pre-obligation requirements described in 201.3.6.3 include the need to specify End Dates for all obligating and sub-obligating instruments executed by USAID. **(See 201.3.6.3)** Pre-obligation requirements necessary for adequate planning link specific

instruments and activities to a specific SO that supplies the rationale for funding. The SO End Date is used to set an outer limit for the life of all implementing instruments financed by the SO. This section clarifies requirements and application of various End Dates as they affect funding of activities and obligating or sub-obligating instruments.

If a formal "start date" for an SO is needed, Operating Units should use the latter of the following two dates: the date that the management agreement concurring in creation of the SO is approved, or the first day of the fiscal year during which the first funds will be obligated for the SO.

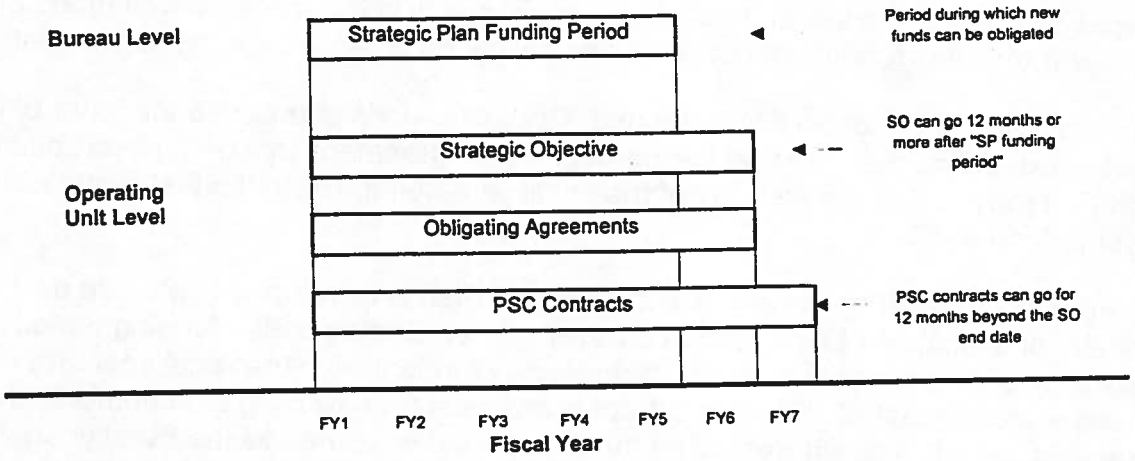
Strategic Plan Funding Period: Each Strategic Plan is developed to provide a rationale for allocation of new resources over a given Strategic Plan funding period. The resource requirement section of a Strategic Plan indicates the fiscal years for which resources are requested. This constitutes a proposal for new obligation authority during a specified period. The Strategic Plan funding period is defined as the fiscal years for which funds will be allocated to finance the SOs approved via the Strategic Plan document and related management agreement. The Strategic Plan funding period ends with the last fiscal year for which new funds are obligated to an SO established under a given Strategic Plan.

SO End Dates: Strategic Plan proposals may include specific End Dates for individual SOs in the strategy. The SO End Date may occur before or after the end of the Strategic Plan funding period. If no SO End Date is specified in the strategy document or management agreement, the effective End Date will be 12 months after the end of the Strategic Plan period. The SO End Date is the date by which it is estimated all activities financed under the SO will be completed. With the exceptions stated below, all funds obligated under a given SO should be expended by the SO End Date. Funds remaining unused after the SO End Date will be deobligated.

Special Exemption: Program-funded PSC contracts may terminate up to 12 months after the end of the SO that provided funding.

The following graph illustrates the relationship among various End Dates. The top bar represents the strategic plan funding period during which new funds are allocated to finance SOs established under a strategy. The next bar shows the possible earliest start date and latest End Date for SOs established under the strategy. The bar labeled "obligating instrument" shows the earliest start date and latest End Date possible for obligating and sub-obligating instruments funded by the SO. Finally, the last bar shows the earliest start date and latest End Date for a program-funded PSC contract funded by the SO.[Endnote 1]

Figure 201A, Relationship among End Dates



End Dates for Instruments Financed by Several SOs

Many acquisition and assistance instruments are designed to accept funding from more than one SO. This is the case with instruments such as task order contracts and leader/associate grants that are used for many regional and Global Bureau SOs. Use of instruments by multiple SOs can create a situation where the instrument's end date is extended beyond the "home" SO's end date (as shown in the example below).

The team for the "home" SO is the SO Team that, working with its Contracting/Agreement Officer, goes through the competitive process to award one or more instruments to implement its SO. Other SO Teams, both in Washington and overseas, may obtain services from these instruments through task orders, the preferred mechanism, or other mechanisms. These are referred to here as "funding" SOs. In these cases, each task order is considered to be a separate activity or subactivity under the funding SO.

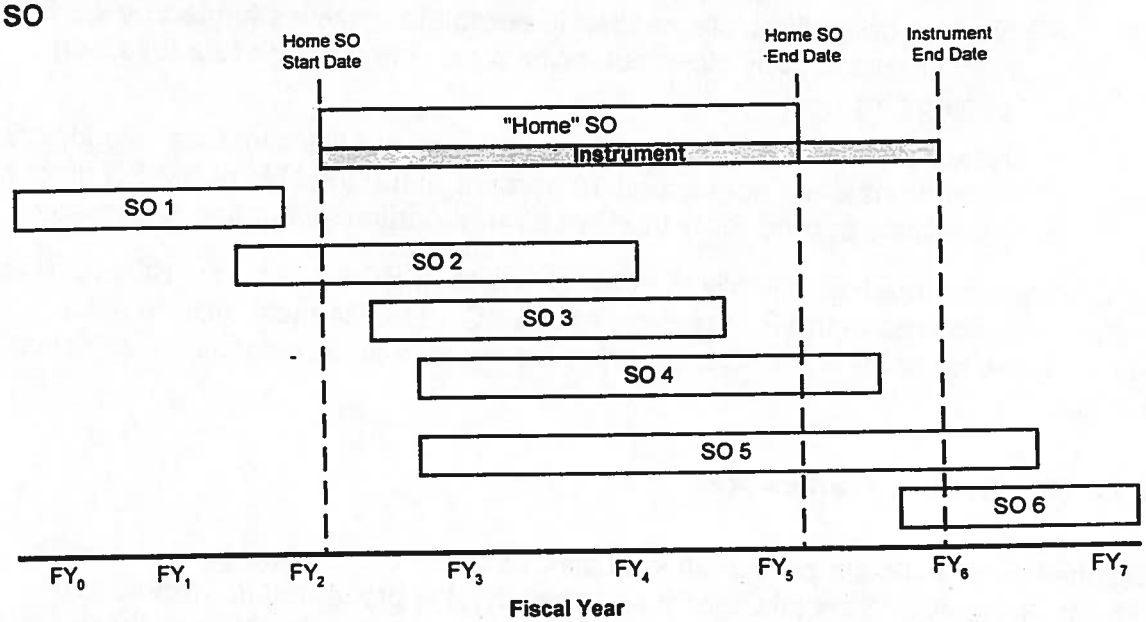
When "funding" SO Teams seek to use the home SO instrument, the following requirements apply:

- Obligating documents must be signed before the "home" SO's End Date.
- The End Date of any task order may not exceed the End Date that is specified in the basic instrument.
- The instrument(s) awarded under the home SO may be extended by the home SO Team to accommodate the needs of the funding SO if such extension is permitted under the specific instrument that the funding SO Team is using. Such extensions must also meet applicable Strategy/SO extension requirements. For example, a basic task order contract may permit optional years, and/or it may permit task order End Dates to go beyond the End Date of the basic instrument.
- The End Date of the funding SO Team's task order may be extended, provided that the home SO instrument(s) allows such amendments.

- No new task orders may be signed after the End Date of the "home" SO instrument.

The following graph illustrates how End Dates are established for instruments funded from more than one SO.[Endnote 2]

Figure 201B, End Dates for Instruments Funded from More than One SO



Notes on Diagram:

SOs 2, 3, 4, and 5 may obtain services from the home SO by "funding" the instrument. Specifically:

- SO 1 may not obtain services because it ends before the instrument begins.

- SO 2 may obtain services from the home SO instrument once the instrument starts.

- SO 4 may obtain services until its end date. After the home SO end date, SO 4 may extend existing task orders until the SO 4 end date, if permitted by the instrument.

- SO 5 may obtain services until the end date of the instrument, which may be extended if permitted by the instrument. After the home SO end date, SO 5 may extend existing task orders until the SO 5 end date, if permitte by the instrument.

- SO 6 may not obtain services because it begins after the end date of the home SO. New task orders are not permitted after the home SO end date.

201.3.4.9 Changing SO End Dates

There are two ways to modify SO End Dates:

a. Bureau approval to extend End Dates is required when the extension is needed to accommodate additional fiscal years of obligations beyond the originally approved strategic plan funding period. Bureaus may approve a change in the End Date of one or more SOs through a modification of the

management agreement. An Operating Unit should make the request to extend the SO during the annual R4 process (preferred) or through separate written request.

b. Operating Units may extend SO End Dates without prior Bureau approval when

- No new obligations are needed to complete activities funded by the SO, help ensure orderly close out, or help provide a bridge to a follow-on strategy; or
- New obligations are needed for the above, but the sum total of additional obligations does not exceed 10 percent of the total life of the SO amount previously agreed to by the Bureau and additional funding is available.

Annual R4 reports must specifically mention changes in SO End Dates. SO progress narratives are required in the R4 for every active SO. The R4 must include a final Results Review for completed SOs, covering the fiscal year during which completion took place.

201.3.4.10 Results Framework

A Results Framework is a presentation of an Operating Unit's strategy for achieving a particular Strategic or Special Objective. Typically, it is presented in graphic form supplemented by a narrative. A Results Framework includes the SO and those results (IRs), whether funded by USAID or its partners, necessary to achieve the objective.

A Results Framework represents the development hypothesis implicit in the strategy and the cause and effect linkages between the IR and the objective. The development hypothesis refers to the causal relationship, real and inferred, between various results that leads us to believe that the SO can be achieved if the Result Framework's Intermediate Results are obtained. Often, USAID's knowledge is imperfect, the variables outside of its control are substantial, and it is unclear if historic trends will continue. The development hypothesis is essentially a working model, one that may need to be adjusted as programs evolve.

The Results Framework narrative includes any critical assumptions that must hold in order for the development hypothesis to lead to the achievement of the relevant objective. A critical assumption is defined as a general condition under which the development hypothesis or strategy for achieving the objective will hold true. Critical assumptions are outside the control or influence of USAID and its partners (i.e., they are not results), but they reflect conditions that are likely to affect the achievement of results in the Results Framework.

Differentiating Outputs from Results

In considering potential IRs for inclusion in a Results Framework, it is important to understand the difference between outputs and results. The creation of outputs is

generally under the direct control of an implementing entity (grantee or contract institution) using resources provided. For example, deliverables under a contract are outputs. In differentiating outputs from results, it can be useful to think of results as developmentally significant events that may impact on customers, while outputs are lower-level steps that are not developmentally significant in themselves but are essential in achieving results. Outputs may affect ultimate customers but in a much more limited way than IRs. There should always be a direct link between outputs and IRs. However, it may take many outputs from several activities over a period of time to create measurable impact at an IR or SO level.

a. Function of a Results Framework

A Results Framework serves as both a planning and a management tool. The Results Framework is central to the Strategic Plan and provides a program-level framework for managers to gauge progress toward the achievement of results and to make appropriate adjustments to relevant programs and activities. In addition, the design of a Results Framework provides an important opportunity for an Operating Unit to work with its development partners and customers to build consensus and ownership around shared objectives and the approaches to meeting those objectives. Results Frameworks also function as effective communication tools because they succinctly capture the key elements of a strategy for achieving an objective (i.e., program intent and content). Finally, as management tools, Results Frameworks are the foundation for several critical programmatic events and processes:

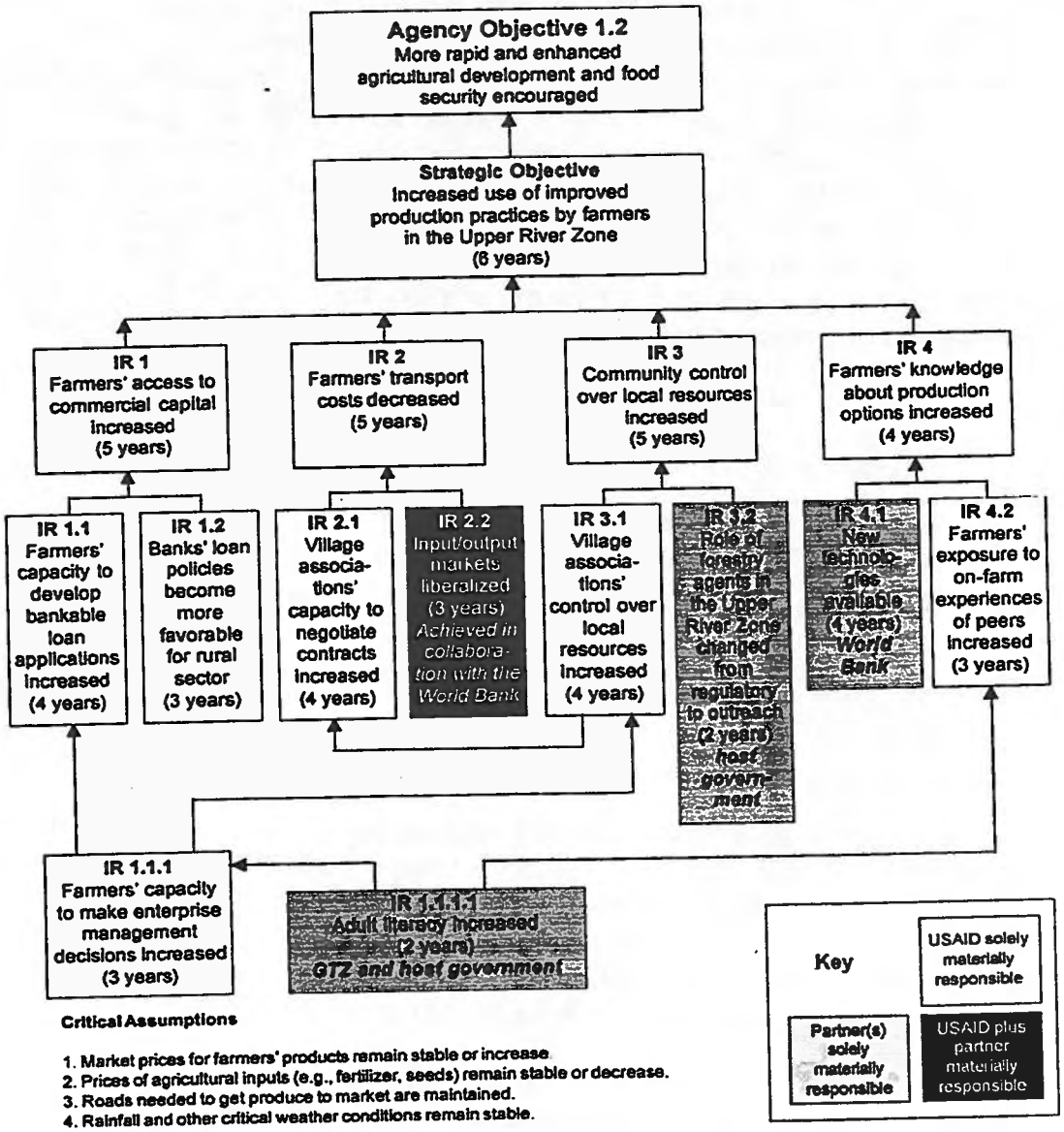
- Reaching agreement both within the Operating Unit and between the Operating Unit and relevant USAID/Washington Bureaus on expected results and required resources
- Identifying and designing activities
- Selecting appropriate indicators for each USAID-supported result and developing the Operating Unit's performance monitoring and evaluation systems
- Using performance information to alter program management decisions (e.g., adjusting specific program activities)
- Analyzing and reporting on performance through the R4 process

The Results Framework (RF) is also a communication tool, so at the time of the strategy submission, the Operating Unit should submit a Results Framework that provides sufficient detail and layers to diagram the development hypothesis (usually three layers). This will help reviewers understand the strategy without unduly limiting Operating Unit authority to make subsequent adjustments. **(See Additional Help document, TIPS 13, Building a Results Framework)**

The following figure illustrates a sample Results Framework. It includes more boxes than are typically seen in a strategy document in order to illustrate several possibilities. It also shows a level of detail that may be used by an SO Team to

plan specific activities. An Agency objective is included in this diagram to show the linkage between the SO and that Agency objective. If a program framework goal was used to guide SO planning, it could be added between the Agency Goal and the SO. Shaded boxes indicate Intermediate Results that are either co-funded with other partners or exclusively funded by them. Shaded boxes could also be used to identify results pursued through other USAID funded SOs. Causal links may connect IRs either vertically or horizontally. Finally, critical assumptions are listed at the bottom.[Endnote 3]

Figure 201-C, Illustrative Results Framework



Critical Assumptions

1. Market prices for farmers' products remain stable or increase.
2. Prices of agricultural inputs (e.g., fertilizer, seeds) remain stable or decrease.
3. Roads needed to get produce to market are maintained.
4. Rainfall and other critical weather conditions remain stable.

b. Changing a Results Framework

A Results Framework should be kept current. During the development of the Results Framework, the SO Team should also begin identifying performance measures and formulating activities required to achieve those Intermediate Results for which the Operating Unit is taking responsibility. The next steps for the team include developing a complete set of performance indicators, establishing related baselines and targets, and developing a Performance Monitoring Plan. During activity planning, teams should identify causal links between activities and results in the Results Framework that they support. At this planning stage, teams may find it helpful to add more detail to the RF in order to make the link between the activities (i.e., operational level) and the results (i.e., strategic level) more evident. **(See activity planning discussion in 201.3.6)** The time frame for IRs need not be the full length of time frame for the relevant SO. Check that the results contained in the Results Framework are stated clearly and that they are measurable and feasible with anticipated USAID and partner resource levels. Results Frameworks should be revisited and/or revised when

- Results are not achieved as expected
- Critical assumptions prove to be invalid
- The underlying development hypothesis is wrong
- Critical policy, operational, or resource constraints are not adequately recognized

See 201.3.4.17 for requirements related to changes in Results Frameworks. **(See 201.3.4.17)**

201.3.4.11 Technical Analysis for Strategic Plans

a. Background

Analysis enables Operating Units and SO Teams to examine the feasibility of various aspects of proposed Strategic Plans. It helps planners determine whether the objectives and intended results are appropriate, whether the tactics to achieve objectives and results are the most suitable and cost effective, and whether the plan can be implemented in the time frame proposed and with the available resources. Analysis provides the basis for defining the development hypothesis represented in Results Frameworks as well as critical assumptions that are beyond USAID or partner control. Evidence of sound analysis will be a factor in plan approval.

Analysis helps to define what needs to be done, when, how, and by whom. It tests the feasibility of proposed plans against a number of criteria and confirms whether USAID-funded activities can be developed to achieve the results proposed in a Results Framework. For this reason, analysis of critical factors is

conducted for the most part before or during the development of the strategy rather than as a separate task after the planning process is complete.

Agency staff are encouraged to review past Agency and development partner experience, including alternative development approaches, results frameworks, best practices, evaluations, and other development literature in preparing strategic plans. Agency staff can obtain access to this information by requesting an information search from the Research and Reference Service of the Center for Development Information and Evaluation (CDIE) that will provide the requester with a synthesis and selected experiential information appropriate to the user's need. USAID development experience, evaluations, performance measurement tips, best practices information, and USAID-assisted country development trends data are also directly accessible as an Agency desktop information tool through USAID's PPC/CDIE OnLine web site , at http://cdie.usaid.gov. **(See http://cdie.usaid.gov)**

b. Requirements

The following mandatory technical analysis requirements apply to development of Strategic Plans:

- **Environmental Analysis:** The following is required by Sections 118(e) and 119(d) of the Foreign Assistance Act and cannot be waived. All country level Operating Unit Strategic Plans must include a summary of their analyses of the following issues: (1) the actions necessary to conserve biological diversity, and (2) the extent to which the actions proposed meet the needs thus identified. For country level Strategic Plans that cover countries that have any part of their territory within the tropics, each Strategic Plan shall also include (1) a summary of their analyses of the actions necessary to achieve conservation and sustainable management of tropical forests and (2) the extent to which the actions proposed meet the needs thus identified. **(See Mandatory Reference, FAA sections 118(e) and 119(d); see also special exemption below for regional and global programs)**

  While not required, given the interrelated character of environmental issues, an Operating Unit can save time and be more efficient by including all aspects of environment when undertaking the mandatory biodiversity and tropical forestry work. **(See 201.3.6.3 paragraph b, Environmental Review)**

- **Conflict Prevention Analysis:** As part of preparing a new USAID country strategy, Operating Units must (1) prepare an appropriate vulnerability analysis that addresses the potential for conflict; (2) summarize the findings of such analyses in the strategy document; and (3) specifically indicate when and how these findings affect the proposed strategy. This requirement applies only to situations where clear potential

for conflict exists. It is not intended for resolving, mitigating, or planning the recovery from current or past conflicts. At this point, there is no standard scope or methodology for the type of analysis that is most appropriate. In general, you should seek to make maximum use of existing country team assessments of perceived economic, political, civil-military, or social tensions that could lead to violent conflict, including regional concerns if they exist. In preparation of an amended USAID strategy, Operating Units should consider conducting an appropriate conflict prevention analysis and determine whether the scope of the strategy amendment in question warrants such analysis. **(See Mandatory Reference, Conflict Prevention Guidance for Strategic Planning)**

- **Gender Analysis:** Strategic Plans must reflect attention to gender concerns. Unlike other technical analyses described in this section, gender is not a separate topic to be analyzed and reported on in isolation. Instead, USAID's gender mainstreaming approach requires that appropriate gender analysis be applied to the range of technical issues that are considered in the development of a given Strategic Plan. Analytical work performed in the planning and development of Results Frameworks should address at least two questions: (1) how will gender relations affect the achievement of sustainable results; and (2) how will proposed results affect the relative status of women. Addressing these questions involves taking into account not only the different roles of men and women, but also the relationship and balance between them and the institutional structures that support them. For technical assistance and additional guidance, consult your Operating Unit or Bureau gender specialist or the USAID Guide to Gender Integration and Analysis. **(See Additional Help document, Guide to Gender Integration and Analysis - RESERVED)**
- **Other Analyses:** Operating Units must carry out other analyses that are specifically requested in the parameters message.
- **Summary of Analyses:** A summary of all relevant analyses must be included in the strategy document. This summary, which may be included in the main text or in an annex to the strategy document, must cover analyses conducted by the Operating Unit for purposes of strategy development, as well as completed technical analyses conducted previously by USAID or other organizations. This summary should be limited to a brief overview of the analysis, a description of the methodology used to conduct the analysis, and the conclusions drawn. The analytical material included in the strategy must permit the reader to form an independent judgment regarding the adequacy of the analysis, as well as the validity and relevance of the conclusions to the strategy or plan. Operating Units are encouraged to include as annexed references to the strategy document the full range of analyses that were conducted (or referred to) during preparation of the Strategic Plan.

Special Exemptions and Waivers:

Conflict prevention and FAA section 118e and 119d environmental analyses are not mandatory for global or regional strategies that cover multiple countries (though in many cases they may be desirable).

Except for the biodiversity and tropical forestry section, these requirements may be modified or eliminated by a formal parameter setting message approved by the AA of the responsible Bureau. **(See 201.3.3.5)**

c. Optional Technical Analyses

Aside from the mandatory requirements described above, Operating Units and SO Teams are encouraged to undertake technical analysis where appropriate and to the maximum extent practicable in the course of developing a strategy or activity proposal.

Sector assessments are encouraged for any new sector where USAID will work and for each affected sector where conditions have changed significantly since the last sector assessment. Operating Units are encouraged to refer to sector assessments funded by other (non-USAID) organizations to meet these requirements if, in the judgment of the Operating Unit, the quality of the assessment is adequate to support USAID decision-making.

Very often a careful review of the available literature on a topic of interest will reveal high quality, already-completed analyses. For example, World Bank macroeconomic analysis and sector assessments are often readily available and may be used as references or in lieu of new USAID-funded analysis. In addition, many donors post their country development strategies on the Internet, thus providing a valuable resource during donor coordination planning.

The Operating Unit and relevant Bureaus are responsible for verifying that sufficient technical analysis has been completed and is referenced in the strategy document to support the proposed strategy. The issuance of a management agreement confirms that the proposed strategy meets the analytical requirements.

Common to each specialized analysis is the need to determine at the outset what kind of information is needed and in what detail, keeping in mind costs and the time required. Analyses are often interdependent. For example, an agricultural sector analysis may also include gender as well as environmental analysis, thus approaching the sector from a more holistic point of view.

Additional technical analysis may be needed for the purpose of designing and approving specific activities. To the maximum extent practicable, technical analysis conducted as part of strategy development should also provide the analytical basis for subsequent approval of activities by the Operating Units. **(See 201.3.6, Activity Planning)**

d. Types of Analysis

The following is an illustrative list of optional analyses that may be employed by an Operating Unit during the preparation of the strategy:

- **Donor Coordination Analysis:** A donor strategy analyzes the donor community as a whole to help guide USAID decision-making in a particular country or sector. A donor strategy identifies the obstacles and opportunities presented by other donors for each Operating Unit SO and decides which of the SOs merit an investment of Operating Unit, time and resources. **(See Additional Help document, Donor Coordination Strategies)**
- **Economic Analysis:** Economic analysis determines whether a particular development program or activity is a worthwhile investment for the country. **(See Additional Help document, Economic Analysis of Assistance Activities)**
- **Financial Analysis:** Financial analysis determines the adequacy of the funds to provide sufficient input to ascertain whether monetary benefits are larger or smaller than the activity costs. It can be used to judge whether activity results will be produced at the lowest practicable costs, and whether potential activities are financially sustainable. Financial Analysis determines if there are adequate funds to achieve results at the lowest practical costs. **(See Additional Help document, Guidelines for Financial Analysis of Activities)**
- **Humanitarian Relief/Food Aid Assessments:** In planning food aid and/or humanitarian relief strategies or activities a number of references are useful. **(See http://www.usaid.gov/hum_response/ofda/)**
  - ADS 200.4 references the following documents:
    - **(See Mandatory Reference, OFDA Disaster Mitigation Practitioner's Handbook)**
    - **(See Mandatory Reference, OFDA Field Operations Guide for Disaster Assessment and Response)**
    - **(See Mandatory Reference, OFDA Guidelines for Grant Proposals and Reporting)**
  - The Office of Transition Initiatives (OTI) will post their recently completed manual, **Transition Assessments,** on its web page at http://www.usaid.gov/hum_response/oti. **(See http://www.usaid.gov/hum_response/oti)** If you cannot access

the web, please contact the

Office of Transition Initiatives
Bureau for Humanitarian Response
Ronald Reagan Building, 2.09-B
1300 Pennsylvania Avenue, N.W.
Washington, DC 20523-8602

- **Macroeconomic Analysis:** Macroeconomic analysis examines overall trends in a nation's economy. Macroeconomic policies influence significantly the likelihood for the overall success of development strategies and the kinds of development programs that are likely to work well or poorly. This analysis includes summary measures of economic activity (such as the gross national product, the saving rate, or the consumer price index) and examines monetary policies, fiscal/budget policies, the exchange rate regime, inflationary pressures, major shifts in external economic relations, balance of payments problems, etc. This analysis, which is often available from the International Monetary Fund (IMF), World Bank, or other donor and private-sector organizations, provides a big picture look at the dominant changes in the economy rather than at the particular influences on individual parts of the economy. **(See Additional Help document, Economic Analysis of Assistance Activities)**
- **Overall Environment for Assistance:** Any assistance strategy must make judgments about the kind of economic, social, and political context in which the particular aid program will operate. A broad, disciplined, and detailed (where appropriate) overview analysis establishes the development context for an assistance strategy. **(See 201.3.4.4 for a more detailed description of what may be included in this "Overall Environment for Assistance" section of the Operating Unit strategy)**
- **Sector Assessments:** Substantial gaps could exist in the analytical process between broad assistance environment analysis and more discrete activity analysis. Sector or subsector analysis is therefore often used to help link broad national-level aggregate analysis and analysis for separate activities. Examples of sector assessments include agricultural sector analysis, food security analysis, health sector analysis, population sector analysis, education sector analysis, democracy sector analysis, environmental sector analysis, etc. See the following documents in ADS 200.5:
  - **(See Mandatory Reference, Conducting a DG Assessment: A Framework for Strategy Development)**
  - **(See Mandatory Reference, Guidance for Preparation of Background Assessments on Biological Diversity and Tropical Forest for Use in Country Strategic and Similar Plans)**

- **(See Mandatory Reference, PD#6, Environmental and Natural Resources Aspects of Development Assistance)**
- **(See Mandatory Reference, Guidance on the Definition and Use of the Child Survival and Disease Program Funds)**
- **(See Mandatory Reference, Conflict Prevention Guidance for Strategic Planning)**
- **(See Additional Help document, Introduction to Food Security Analysis)**
- **(See Additional Help document, Agricultural Sector Assessments)**
- **(See Additional Help document, Education Sector Assessment, Volume 5: Strategy Development and Project Design)**
- **(See Additional Help document, Population Assistance)**

- **Social Analysis:** Social analysis helps determine the compatibility of a strategy or activity with the socio-cultural environment, and the anticipated impact on different groups of persons. **(See Mandatory References, Institutional Development and Social Soundness Analysis)**
- **Political Analysis:** Broad political issues are typically summarized in the Overview section. In some cases it may be worthwhile to develop a stand-alone political analysis.
- **Other Useful Guidance for Strategic Analysis:** Other documents to which Operating Units may refer contain many suggestions on the appropriate kinds of levels of technical analysis. These include
  - The most recent USAID Agency Strategic Plan **(See Mandatory Reference, USAID's Strategic Plan)**
  - USAID Strategy for Sustainable Development: An Overview, dated March 1999 (46 pages) **(See Mandatory Reference, USAID Strategy for Sustainable Development: An Overview)**
  - USAID Guidelines for Strategic Plans, dated February 1995 (96 pages) in the Additional Help references **(See Additional Help document, USAID Guidelines for Strategic Plans)**

201.3.4.12 Identification of Illustrative Activities

The Operating Unit must identify illustrative activities that are likely to be used in achieving the results outlined in the Results Framework. Illustrative activities demonstrate the feasibility of achieving selected SOs and serve as the basis for estimating resource needs and establishing performance targets (or magnitude of impact) for each SO. An Operating Unit has the authority to adjust activities without further Bureau-level review to achieve the SO.

201.3.4.13 Planning for Performance Management

Performance management requires access to useful and timely information on a broad range of factors throughout the life of an SO. Without planning how and when this information is to be obtained, it will be difficult or impossible, once activities start, to put systems in place to ensure adequate information flow to affect on-going decision-making and meet annual performance reporting requirements. The SO Team and their operating unit must take adequate steps to plan and institutionalize a process for collecting performance information as part of everyday work. This section describes how to carry out this planning. **(See ADS 203.3.2, Conceptual Framework, for a fuller discussion of the context within which assessing and learning takes place)**

a. The Performance Monitoring Plan

A Performance Monitoring Plan (PMP) is a tool to support results-focused program management. A written PMP document must be in place for each SO within one year of strategy approval unless otherwise prescribed by the respective Bureau in the strategy review reporting cable. The PMP must be reviewed and approved by the Head of the Operating Unit. Although SO Teams are not required to submit PMPs to Washington for approval, sharing PMPs with technical and program specialists is encouraged. There is no one standard format for a PMP. Operating Units should use a format that best fits actual needs.

The PMP serves to

- Define specific performance indicators for each SO and IR, determining baselines and setting targets
- Plan and manage the R4 data collection process to meet quality standards for R4 reporting. This includes incorporating relevant data collection requirements into activities and obligation agreements
- Plan potential related evaluative work to supplement R4 Indicator data
- Estimate costs related to data collection and planning how these will be financed
- Communicate performance expectations to partner institutions that will produce the specific outputs that are intended to cause measurable changes in performance indicators

PMP Contents

At a minimum, PMPs must

- Provide a detailed description of the performance indicators to be tracked
- Specify the source, method, and schedule for data collection and assign responsibility for data collection to a specific office, team, or individual

- Describe the known data limitations, discuss the significance of the limitations for judging the extent to which goals have been achieved, and describe completed or planned actions to address these limitations
- Describe the quality assessment procedures that will be used to verify and validate the measured values of actual performance

Although not required to do so, Performance Monitoring Plans will be more useful to the Operating Unit if they

- Provide an explanation or justification for the selection of each particular indicator
- Describe plans for data analysis, reporting, review, and use
- Identify possible evaluation efforts to complement the performance management effort and identify circumstances requiring evaluations or other special studies
- Estimate the costs of collecting, analyzing, and reporting performance data
- Incorporate the use of actual versus planned expenditures as an indicator to track the relationship between inputs and outcomes
- Discuss plans for monitoring the underlying hypothesis, critical assumptions, and context affecting the Results Framework

Although there is no standard format specified for PMPs, it may be helpful to incorporate the format of the R4 performance data tables. **(See Additional Help document, TIPS No. 7, Preparing a PMP)**

PMP Preparation

During the strategic plan preparation phase, the SO Team will find it helpful to begin planning for performance management. Well-designed results frameworks reflect careful advance consideration of performance indicators, baselines, targets, and data quality issues.

In some instances, completion of the PMP may take place in stages if all interventions cannot be precisely defined early on. For example, if an implementing partner is tasked with developing major portions of a program (such as selecting types of interventions, local community partners, and areas of concentration), PMP completion will have to wait until the implementing partner has established a country presence and has had time to develop performance monitoring instruments and select specific sites. In such cases, the SO Team must prepare a preliminary PMP. In addition to including information on areas that can be adequately defined, the PMP can be used to establish milestones for accomplishing these preliminary mobilization tasks.

SO Teams should review and update their PMPs at least annually as part of the Portfolio Review and R4 preparation. **(See ADS 203.3.3, Portfolio Review, and ADS 203.3.6, R4)**

b. Performance Indicators

How Many Performance Indicators Should an SO Team Have?

Operating Units may have as many indicators in their Performance Monitoring Plan as are necessary and cost effective for management purposes. As a rule of thumb, two or three indicators per strategic element (i.e., per SO and IR) should be sufficient to assess performance if they generally meet the criteria described in section 203.3.6.5, Quality Standards for R4 Indicators. **(See ADS 203.3.6.5)** If the strategic element is narrowly defined, a single indicator may be adequate. Too many indicators can be worse than too few if they require more work (and money) to collect, analyze, report, and use. An SO Team will need enough indicators to meet R4 reporting requirements over the life of the SO. **(See ADS 203.3.6 and Additional Help documents TIPS No. 6, Selecting Performance Indicators, and TIPS No. 12, Guidelines for Indicator and Data Quality)**

Can an SO Team Use Qualitative Indicators?

SO Teams may use qualitative indicators if they are the most appropriate and effective way of measuring an intended result. To ensure that indicators are comparable over time, SO Teams should clearly define and document qualitative indicators so as to permit regular, systematic, and relatively objective judgment regarding their change in value or status.

One useful type of qualitative indicator is a milestone, or milestone scale. To develop a meaningful set of milestone indicators, the SO Team looks at their Results Framework across the life of the SO and determines the significant events that will tell them they are achieving results. Very often, milestones are used for policy activities; for example, the establishment of an electoral commission or the revision of voter rolls is often used as an important milestone towards "free and fair elections." Milestones can also be helpful in interim PMPs during start-up or close out of activities.

Do SO Teams Have to Use Common Indicators?

The Agency made an effort to identify and use indicators that would be common for programs in each goal area. Because of the wide variation in country situation and types of programs, this approach turned out to be ineffective. The common indicators were either not useful for management or were still not amenable to aggregation at regional or Bureau levels. Clearly, there is variability between different Agency goal areas. For example, it is often easier to use common or similar indicators in Population and Child Survival than it is in Democracy and Governance.

As a result, SO Teams do not have to use common indicators. However, when identifying performance indicators, it is helpful to consider indicators that are derived from Agency experience and best practices within each sector. Country programs with a similar development context that face similar development policies are encouraged to use similar indicators. The Agency's Annual Performance Plan (APP) is a useful source of information on indicators that have been found useful at aggregating performance information across a particular program area. The Bureau for Policy and Program Coordination, Center for Development Information and Evaluation (PPC/CDIE) and Operating Units in the Bureau for Global Programs, Field Support, and Research (G) maintain current information on the status and availability of common performance indicators. Contact PPC and G for indicators that may be usable in your program area.

Can SO Teams and Operating Units Change Performance Indicators?

It is preferable to use the same set of indicators across the life of an SO whenever possible. In many cases, however, this is not possible, and SO Teams and Operating Units should change the indicators they use when it is determined that these are not useful or practical.

In some situations, an Operating Unit will find that initial indicators do not work out as well as had been anticipated. For example, good quality data may not be available or may be prohibitively expensive to collect. Sometimes, an indicator is very important at one phase of an activity (e.g., teacher training) but is not as important later (e.g., when classroom performance and student achievement may be the desired outcome).

In situations where indicators change, a brief discussion of the reasons for the change should be appended to the PMP. For changing indicators that are used for annual R4 reporting see section 203.3.6.4 for additional guidance. **(See ADS 203.6.4)**

How Must Indicators and Evaluations Reflect Gender Considerations?

Men and women have different access to development programs and are affected differently by USAID activities. USAID seeks to understand these differences, both to improve the overall impact of its programs and to ensure that women, who traditionally have less access to loans and other economic goods than do men, can obtain the resources they need to improve their lives.

One way to understand the effect of gender on our development efforts would be to disaggregate performance information by sex. In practice, however, this is not always feasible or cost effective. The following requirement has been developed to ensure due consideration in assessing the relationship between gender and our development efforts:

> Performance management systems and evaluations at the SO and IR levels must include gender-sensitive indicators and sex-disaggregated

data when the technical analyses conducted during the strategic planning stage demonstrates that

- The activity or its anticipated results involve or affect women and men differently
- This difference is potentially significant for managing towards sustainable program impact

Such activities include, but are not limited to, humanitarian programs, micro-enterprise grants, and training programs. Where the people targeted by the activity cannot be easily identified (e.g., people who attend mass meetings, people who buy from social marketing program vendors, etc.), it may be too difficult to track and report sex-disaggregated data. In these cases, SO Teams are encouraged to refer to the "USAID Guide to Gender Analysis and Integration" for contextual indicators that may help them to assess gender impact indirectly.

It is highly recommended that SO Teams be aware that their activities may have significant differential effects by social group and watch to ensure that neither women nor men are disproportionately affected. For example, in a region where 8 of 10 farmers are women and there are certain social norms governing social relations between the sexes, the SO Team should weigh the benefits of using male versus female agricultural extension agents. Similarly, policy changes can often affect men and women differently, and SO Teams should look for unexpected effects that may need to be addressed.

When gender technical expertise is not present in an Operating Unit, technical assistance is available from the Global Bureau's Office of Women in Development. **(See Additional Help document, USAID Guide to Gender Integration and Analysis - RESERVED)**

c. Performance Baselines and Targets

PMP indicators selected to report progress in the R4 must be identified, including their baseline and targets, at least one year in advance in the preceding R4. **(See ADS 203.3.6)**

- **Performance baselines** reflect, as closely as possible, the value of each performance indicator at the start of USAID-supported activities that contribute to the achievement of the relevant strategic element. The baseline of a milestone indicator describes the status at the start of the intervention.
- **Performance targets** identify the specific, planned level of result to be achieved within an explicit time frame.

It is highly recommended that SO Teams establish baselines and targets for all other indicators in the PMP that may not be used for the current R4 reporting.

d. Budgeting for Performance Management

Sufficient funding and personnel resources must be made available for performance management work. The Agency recommends that 3 to 10 percent of total program resources be allocated for this purpose. Obviously, factors unique to each activity or strategic element influence this decision.

Performance management and evaluation must be cost-effective. If anticipated costs appear prohibitive, the SO Team should consider modifying

- Performance indicators to permit less expensive approaches to regular data collection
- Approach or design of evaluations, considering rapid, low-cost alternatives
- Relevant SO or Intermediate Result, since it is not possible otherwise to judge progress at reasonable costs

In some situations, expensive technical analysis or studies, such as the Demographic and Health Surveys (DHS), are vital to managing performance and are important ingredients of the development activity itself.

201.3.4.14 Estimated Resource Requirements

a. Costs to USAID

Each Strategic Plan must include an estimate of the total resource requirements of Operating Unit strategy, disaggregated by SOs, proposed funding source, and fiscal year. All USAID resources must be included in this cost estimate, including program resources of all types, staff, and operating expenses. The estimate must make clear the total cost of achieving each planned objective.

Resource estimates are a key component of the management agreement that ratifies the intent of the Agency to make these resources available. The estimates should include the costs of evaluations, data collection, monitoring systems, and audits. It must take into account staff time required for activity design, procurement, and activity start-up, as well as the time required to pipeline and complete close out activities in preparation for the End Date of the each objective.

The costs of establishing a field office, upgrading security, and hiring of OE funded PSC staff should also be identified. Staffing estimates should be disaggregated by source of funding and staffing category [USDH, Foreign Service National Direct Hire (FSNDH), Foreign Service National Personal Services Contractor (FSNPSC), United States Personal Services Contractor (USPSC), TCN, etc.].

Estimates must take into account likely U.S. and host country inflation rates and the best information available on future changes in foreign exchange rates. Initial estimates are refined and hardened through the annual R4 process.

b. Costs to Partners

The plan for each objective must include the best available estimate of resources that are expected to be provided by other parties (e.g., the host government, other donors, NGOs, the private sector, etc.) to help achieve the desired results. You should discuss counterpart contributions required by policy or law (e.g., the 25 percent host country contribution for sustainable development accounts) and any planned cash or in-kind contributions from U.S. private voluntary organizations (PVOs). According to the USAID-U.S. PVO Partnership Paper, cost-sharing on the part of PVOs and NGOs is applied in a flexible way on a case-by-case basis. **(See Additional Help document, AID Partnership in International Development with PVOs)**

201.3.4.15 Procedures for Approving Strategic Plans

a. Review Process

The relevant regional Bureaus, G and BHR, have primary responsibility for guiding, reviewing and approving country, multi-country, and global Strategic Plans for operating units within their purview with the concurrence of PPC and M. The Assistant Administrator or his or her designee provides the formal approval.

Reviews should be a collaborative process that elicits Agency-wide participation. They should provide a forum for the Agency to agree on the Strategic Plan and to make final decisions on the program. PPC, M, BHR (as appropriate), G, GC, and regional Bureaus must review Strategic Plans for bilateral, regional, and global programs. The review process for Global, BHR, or regional Strategic Plans must include a mechanism to allow for input by affected field missions.

The Strategic Plan will guide resource allocation decisions and performance monitoring over the time frame of the plan. Procedures for reviews will be developed and organized by the responsible regional or central Bureau.

b. Roles in the Review Process

Each USAID/W Bureau reviews Strategic Plans in light of their respective roles with a special emphasis to seek consistency with the following:

Table 201C, Review Process

Bureau	Special Emphasis
Cognizant Bureau	Agency Strategic Plan and APP, Bureau Planning Frameworks, geopolitical considerations unique to the region, inter-Agency concerns, financial and human resource constraints, and technical soundness.
PPC	Agency-wide priorities, adequacy of plans for measuring performance and documenting impact, consistency with Agency programming policy.
M	Availability of Program, OE, and staff resources
G	Technical soundness of the plan with respect to regional Bureau programs.
BHR	Humanitarian assistance, food aid, transition from relief to development, and related resources
GC	Legal permissibility and related requirements
Regional Bureaus	Assess impact and appropriateness of planned activity based on needs within the region

c. Revising Strategic Plan Documents

Missions are encouraged to revise their Strategic Plans to incorporate any changes that might be made during the review and approval process. If the Plan is revised, the Operating Unit must submit a copy of the revised Plan to the Center for Development Information and Evaluation/Development Experience Clearinghouse (CDIE/DEC), with the Plan clearly labeled as incorporating approved changes.

201.3.4.16 Management Agreement

Management contracts are now known as management agreements. The approval of all Operating Unit Strategic Plans must result in the establishment of a management agreement between that unit and Agency management. The agreement will consist of the Strategic Plan, together with an official record of the guidance emerging from the review of the plan. This guidance is intended to accomplish the following:

- Summarize the agreement on a set of strategic and other objectives that will be pursued by that Operating Unit over the agreed Strategic Plan period.
- Provide Bureau guidance on the long-term strategic direction of the program, key management or strategic issues, results expected, budget, staff and OE resource parameters, and any special foreign policy interests in the country.

- Provide confirmation of estimated resources that will be made available over the strategy period pending the availability of U.S. funds, and how they relate to Agency goals and program clusters.
- Provide appropriate delegations of authority that allow the Operating Unit to proceed with implementation. These authorities remain in effect unless and until amended.
- Establish an effective start date for new Strategic or Special Objectives that are created with approval of the plan. The effective start date is the date that the cognizant Assistant Administrator approves the management agreement.
- Outline any special conditions precedent, covenants, and/or management concerns that require further action by either party (e.g., a field Mission might note that a certain change in funding necessitates a change in the strategy, or USAID/W might specify covenants to a related SO).

The management agreement is a living document that is composed of the original document with subsequent modifications. Results, program, staff and OE resources are linked. When one of these variables changes, the others can be redefined in the context of the R4 process. Modifications will include, at a minimum, cables or memoranda documenting annual budget decisions and the decisions reached at R4 and other program reviews. You should document all subsequent modifications to the original management agreement. These documents must be retained in accessible files in the Operating Unit and in the cognizant Bureau as required in the record-keeping requirements sections of ADS 202 and in ADS 502, the USAID Records Management Program. **(See ADS 202 and ADS 502)**

All parties, including the Operating Unit and Bureaus participating in the review process, agree to the text of the management agreement. The cable or memorandum that documents the management agreement confirms this. In cases where the agreement is issued without Operating Unit clearance, it is presumed that it is agreed to if the Operating Unit does not request a modification within 60 days of receipt. The management agreement serves as a delegation of authority for the Operating Unit to proceed in implementing SOs that have been agreed to. It is presumed that the agreement has been reconfirmed following the annual R4 review unless the responsible Bureau specifically issues a change or update.

201.3.4.17 Changes to Strategic Plans, Objectives, and Results Frameworks

a. Strategic Plans

The Strategic Plan (at the SO-level) represents the Agency strategy for a particular time frame. SOs are expected to remain relatively stable over the Strategic Plan period. Each program must be formally reviewed Agency-wide at least every three years.

Formal amendment to Strategic Plans should only be developed when new SOs are being proposed for Bureau-level approval (as opposed to amendments to existing SOs

which is discussed below). A formal parameter message from the Bureau is needed to initiate the process. **(See 201.3.3.5)** A Strategic Plan Amendment document should build on the prior Strategic Plan submission and be limited to that additional information needed to support a Bureau decision making process. Review and approval requirements are the same as for full Strategic Plans. **(See 201.3.4.15)** Contact your Bureau, if necessary, to confirm particular submission requirements that may apply in your case.

b. Strategic and Special Objectives

Changes to SOs must be based on evidence that the direction of the program must be modified. This includes

- Dramatic changes in country or other conditions external to the program
- Achievement of an SO on an accelerated basis
- Evidence that an SO is impractical
- Major shift in Agency or U.S. policy or resource availability

Significant changes at the SO level require approval by the AA with concurrence from PPC, M, GC, BHR (as appropriate), G (for non-G Strategic Plans), and regional Bureaus (for central operating Bureau Strategic Plans). If in doubt, the Operating Unit should consult with its parent Bureau to determine whether the changes being considered require Bureau approval. The R4 cover memo is used to propose significant changes in SOs or to communicate changes made at the Operating Unit level. **(See ADS 203.3.6)** The respective Bureau will advise operating units on procedures for review and approval of significant changes to strategic or special objectives.

c. Results Frameworks

Changes to Results Frameworks below the SO level should be made when necessary by SO Teams and Operating Units. Bureau or Washington level approval is not normally required. Operating Units communicate changes in results framework through the annual R4 submission. **(See ADS 203.3.6)** In some cases, Bureaus may request that decisions on changes in results frameworks be taken in consultation with Bureau staff or following a program review or other review.

201.3.5 Establishment of SO Teams

USAID policy requires the head of each Operating Unit to establish an SO Team to plan and manage activities aimed at achieving each approved SO. Use of SO Teams is desirable but optional for strategic planning. SO Teams are mandatory for activity planning, achieving, and assessing and learning. This section describes five actions that are considered adequate for meeting this requirement. **(See ADS 200.3.4 for rationale on use of teams and general responsibilities of SO Teams)**

Establishing an SO Team means at minimum

Step 1. Appointing an SO Team Leader

Step 2. Identifying and recruiting core members of the SO Team

Step 3. Delegating appropriate authorities to core members

Step 4. Identifying and recruiting other SO Team members

Step 5. Documenting the establishment of SO Teams

All SO Team members share a common responsibility for managing to achieve the SO and should be selected on the basis of the value-added skills, expertise, and authorities that are needed for managing the type of activities planned.

201.3.5.1 Appointing an SO Team Leader

The role of the SO Team Leader is to provide overall guidance and direction to the SO Team and to manage relationships between the SO Team and other organizational units. Individuals selected to be SO Team leaders are core members of their SO Team and must be able to carry out inherently governmental functions. **(See 201.3.5.2)** The Team Leader may have specific delegation of authority related to action and decisions necessary for planning and achieving from the head of the Operating Unit. **(See 201.3.5.3)**

The SO Team Leader may or may not be a formal supervisor of USAID team members. Team leadership may be shared between two or more team members provided the lines of authority, responsibility, and accountability are made clear. When SO Team members report to a formal supervisor who is outside the team, this supervisor should obtain and use substantive feedback on the team member's performance from the Team Leader and other team members to complete 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.

201.3.5.2 Identifying and Recruiting Core Members of the SO Team

Some members of the SO Team must be designated as core members such as, in particular, Activity Managers and Cognizant Technical Officers (CTO). **(See ADS 202.3.1.2)** Core members are those individuals on the team who will hold responsibility for carrying out "inherently governmental" functions. Not all USAID staff on an SO Team needs to be designated as a core member. **(See 201.3.5.4)** Inherently governmental functions generally include

- Representing the Agency in negotiations with other organizations
- Formulating policy

- Negotiating acquisition and assistance instruments and ensuring procurement integrity
- Obligating or sub-obligating funds

(See Mandatory References, ADS Series 400, Interim Update 3, item 5a, Office of Federal Procurement Policy (OFPP) Policy Letter 92-1, Inherently Governmental Functions as defined by OMB, for a description of inherently governmental functions)

Designation as core member must be restricted to those individuals who have the authority to carry out inherently governmental functions. This includes the following:

- USAID Direct Hire employees (including USDH and FSNDH)
- Personal Services Contractors (PSCs), including U.S., FSN, and TCN PSCs
- U.S. Government Direct Hires from other agencies recruited as TAACS (Technical Advisors in AIDS and Child Survival) and Fellows **(See Mandatory References, ADS Series 400, Interim Update #2, section 10, Appropriate Use and Funding of USAID's Non-Direct Hire Workforce, and ADS Series 400, Interim Update #3, Implementation of Policy Guidance Concerning Fellows)**
- PASAs and RSSAs for whom the standard restriction contained in Section 1l of ADS 306 PASA/RSSA Standard Provisions has been waived in writing **(See Mandatory Reference, ADS Series 400, Interim Update #2, section 10, Appropriate Use and Funding of USAID's Non-Direct Hire Workforce, and ADS 306, Section 1l)**
- Other TAACS (subject to conflict of interest restrictions on those employed by PVOs **(See Mandatory Reference, ADS Series 400, Interim Update #2, section 10, Appropriate Use and Funding of USAID's Non-Direct Hire Workforce)**

Consult your legal advisor for specific questions on this topic.

201.3.5.3 Delegating Appropriate Authorities to Core Members

The Head of the Operating Unit must provide a clear written delegation of authority for SO Teams and SO Team members in his/her Operating Unit consistent with the authorities provided to him or her by the Bureau Assistant Administrator.

This delegation of authority will address the range of approval and clearance requirements needed for the most common implementation and approval documents that are expected for a given SO. The internal delegation of authority must specify who in the SO Team or Operating Unit has the authority to formally approve any new activities or changes to existing activities that may be developed during the life of the SO. **(See 201.3.6.3 paragraph e)** One internal delegation of authority document may be created to cover all SO Teams in an Operating Unit.

USG employees who are not USDHs (e.g., PSCs and some PASA/RSSA Employees) may be delegated a full range of authority (including Team Leader, Activity Manager, and CTO authority), except for those authorities contained in ADS 103.3.1.1. **(See ADS 103.3.1.1)** Consult your legal advisor for specific questions.

201.3.5.4 Identifying and Recruiting Other SO Team Members

Other SO Team members include USAID staff who will support SO Team activities without necessarily carrying out inherently governmental functions related to that SO. Other members also include staff or representatives from partner organizations who share an interest and commitment to achieving the SO.

These team members should be selected on the basis of the skills, expertise, and institutional representation they bring to the SO Team. They are expected to strengthen the team's overall capacity to manage for results. They help to assess the impact of ongoing activities, identify important changes in the operating environment, recommend alternative courses of action, and coordinate with other partner, stakeholder, and customer organizations that are not part of the SO Team. The opportunity to incorporate non-USAID staff on SO Teams is particularly useful for small Missions that may need additional expertise to support the SO Team. **(See 202.3.6.2 for additional guidance on SO Teams)**

201.3.5.5 Documenting the Establishment of SO Teams

There is no one prescribed format for documenting the establishment of SO Teams. At a minimum, documentation must include

- Identification of the SO for which the Team is being established
- The name of the SO Team Leader
- The names of the initial set of core members
- The names of other team members

Commonly used and acceptable formats include

- A management agreement between the Operating Unit and SO Team
- An action memorandum approved by the head of the Operating Unit
- A team charter
- A delegation of authority notice, if the notice includes information showing that the SO Team(s) was established

(See ADS 200.3.4, ADS 202.3.1, and Additional Help documents, SO Team Formation (Unit 1, Lesson 5) and SO Team Management (Unit 2, Lesson 2) lessons in the MFR course materials for additional information on SO Teams.)

201.3.6 Activity Planning

An activity is a set of actions through which inputs such as commodities, technical assistance, and training are mobilized to produce specific outputs (e.g., number of vaccinations given, schools built, micro-enterprise loans issued, etc.).

All program-funded activities must be documented in writing through an acceptable activity approval document. An authorized Agency official must approve each activity. The approval document ensures that appropriate planning for the activity has been completed and that pre-obligation requirements have been met. Program funded activities are carried out by implementing partners (e.g., contractors and grantees), who receive USAID funding support through one or more formal instruments. The outputs to be produced by an activity are grouped by the formal instruments used to fund it. A program-funded activity covers a range of outputs and can encompass one or more instruments.

In the case of regional programs that operate across several countries, the term activity may also be used to refer to a sub-group of outputs that are aimed at providing assistance to a specific country. For example, a regional program may involve a grant to provide immunizations in several countries. The sum total of outputs described in the grant could be described as an activity for purposes of the responsible Operating Unit, and each sub-group of outputs that are produced in and for individual countries could be described as a country-level activity under that agreement. Task orders to existing contracts are considered separate activities.

Sections 201.3.6.1 through 201.3.6.4 cover the following:

- Principles of activity planning
- Ten steps in activity design
- Pre-obligation requirements
- Additional planning requirements for activities not managed by country-based USDH staff

201.3.6.1 Principles of Activity Planning

The Agency programming approach to activity planning is based on several principles intended to promote flexible and speedy responses while minimizing internal processes and reducing cost. They are summarized as follows:

- **Activities achieve approved objectives.** The purpose and justification of any activity is to achieve defined results at the IR or SO level. SOs provide the rationale for activities and trigger the processes to support them. The processes for requesting funds, notifying Congress, and reporting on progress are centered on approved objectives. SO Teams should question and refrain from activities with little tangible impact on intended results.

- **Bureaus approve strategies and Operating Units, and their SO Teams approve activities.** This approach focuses program accountability on results (not just inputs and outputs) and gives SO Teams the flexibility needed to adjust to changing circumstances. SO Teams should adjust tactics, approaches, and activities as long as it improves the probability of achieving agreed upon SOs. Some activities or portions of activities may need approval at higher levels than the Operating Unit due to special concerns or when special waiver authorities are needed.
- **Simplicity and low management cost are vitally important.** Activity design should seek to group activities into the fewest number of management units possible and delegate appropriate decision-making to implementing partners. This serves to lower USAID management and procurement burdens, reduce overhead costs, and allow staff to focus on development issues rather than internal processes.
- **Documentation flexibility is key.** Operating Units and SO Teams are given flexibility to determine the documentation necessary to support approval of activities and establish an audit trail. An audit trail is documentation demonstrating the processes used to arrive at decisions and confirming whether authorized officials made decisions. This flexibility is provided to reduce cost and improve efficiency. Guidance on acceptable standards is provided in ADS 201.3.6.2.

201.3.6.2 Ten Steps in Activity Design

The process of developing activities necessary to achieve an SO and meet pre-obligation requirements can be complex. The intent of this section is to provide additional **non-mandatory** guidance on design of activities. Operating Units and SO Teams are encouraged to use this guidance as a starting point when designing activities.

The SO Team leads the design process and consults with its Legal Advisor, Contracting Officer, Controller, and Program Officers to determine the best approaches to use in particular cases. Early consultations with all these experts are important to ensure that pre-obligation requirements are met with minimal delays. Whenever possible, these specialists should be incorporated in the SO Team.

The following provides an outline of key steps in the process of activity design that are applicable to a broad range of situations. Not all steps will be taken in all cases. While described in a step-by-step fashion for clarity of presentation, steps are revisited several times as the process moves along. Preliminary work on a number of these steps provides the basis for a description of illustrative activities in Strategic Plan submissions. The 10 steps are as follows:

Table 201D, Ten Steps in Activity Design

Steps	Ten Steps In Activity Design
1	Develop an Operationally Useful Results Framework
2	Clarify Role of Other Institutions In Achieving Intermediate Results
3	Determine the Major Outputs Necessary to Achieve Each Intermediate Result
4	Identify Implementing Institutions and Determine Their Capacity
5	Formulate Initial Cost Estimate and Develop Financial Plan
6	Develop Acquisition and Assistance (Procurement) Plan
7	Determine and Meet Remaining Pre-Obligation Requirements
8	Determine Appropriate SO Team Management Structure
9	Prepare Activity Approval Documentation
10	Obtain Formal Approvals

Step 1. Develop an Operationally Useful Results Framework

Results Frameworks submitted for Bureau approval are typically summaries of a more complex set of results necessary to achieve an SO within its planned lifetime. If the SO Team does not have a sufficiently fleshed out Results Framework for purposes of activity planning, it can develop one by thinking through what other Intermediate Results or "Sub-intermediate Results" are needed to achieve those already in the framework. This typically requires tracing the causality of the Results Framework three or more levels below the SO level and identifying the categories of ultimate customers to be affected by each IR.

Step 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 SOs. Host country governments, other donors, and private parties play central, if not leading, roles. If USAID is not solely responsible for the results being achieved, an Operating Unit includes and labels IRs necessary for meeting the SO in the RF, even when these are not financed by USAID. **(See 201.3.4.10, Results Framework)** To the extent that USAID's success is linked to that of others, it is vital to consider 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 ongoing effort throughout the life of the SO. The SO Team needs to ensure that 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.

Step 3. Determine the Major Outputs Necessary to Achieve Each Intermediate Result

The major categories of USAID-financed outputs needed to achieve each Intermediate Result or group of Intermediate Results are identified along with a time frame for completion. This information will be incorporated later into various acquisition and assistance instruments. Each output should be necessary to achieve the IR or group of IRs.

Various technical analyses may be necessary to make informed choices on the most desirable outputs. A major focus of this analytical work is obtaining feedback and participation on the part of ultimate customers. Topics of analysis may include economic, social soundness, environmental, technical, administrative, institutional, and cost-benefit issues. Each type of analysis should specifically and appropriately address relevant gender issues. **(See Additional Help document, Guide to Gender Integration and Analysis - RESERVED)** SO Teams and the approving official determine the type and level of analysis needed. Much of the needed analytical work is normally carried out as part of the preparation of the Strategic Plan. **(See ADS 201.3.4.11)** On complex activities, additional, more detailed analytical work may be needed to meet pre-obligation requirements. Consideration of Agency policy guidance may also affect choice of outputs. **(See ADS 200.4)**

Agency staff are encouraged to review past Agency and development partner experience, including alternative development approaches, best practices, evaluations, and other development literature in designing activities. Agency staff can obtain access to this information by requesting an information search from CDIE's Research and Reference Service, which will provide the requester with a synthesis and selected experiential information appropriate to the user's need. USAID development experience, evaluations, and best practices information is also directly accessible as an Agency desktop information tool through PPC/CDIE OnLine at http://cdie.usaid.org. **(See http://cdie.usaid.gov)**

Step 4. Identify Implementing Institutions and Determine Their Capacity

Two related but different capacities are important: the ability to produce the desired outputs and the ability to meet USAID financial accountability requirements. The selection process is complex when there are many potential choices. Implementing institutions may include

- Host government ministries and agencies
- Local governments in the host country
- Local, U.S., or third country educational institutions
- Local, U.S., or third country institutional contractors
- Local, U.S., or third country non-governmental organizations

- International organizations
- U.S. Government entities

In a host country setting, host governments will often have major involvement in activity planning decisions, particularly when use of expatriate technical assistance or local non-governmental organizations is considered. A key issue is the capacity of host country institutions to reach and be influenced by ultimate customers over the long term. Capacity to meet USAID financial accountability requirements is equally critical. A USAID controller must provide this certification prior to transferring funds.

External technical assistance is commonly used to strengthen existing host country 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 informed 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, taking into account an institution's particular capabilities.

Step 5. Formulate Initial Cost Estimate and Develop Financial Plan

Determine the specific inputs required by each institution in order to produce desired outputs, estimate the cost of these inputs, and decide on the source and method of financing. **(See ADS 202.3.6.1)** Since USAID funds are provided on a fiscal year basis, budgets should be broken down by fiscal year, based on planned completion time estimates.

USAID policy requires that grant recipients co-finance part of the costs of each activity. This is referred to as a "counterpart contribution." For grants to host governments, other donors may provide the required counterpart financing.

Some policies and regulations limit the type of costs that USAID may finance. Salaries of government officials, non-U.S. vehicle procurements, and maintenance of infrastructure are examples of costs that USAID prefers to avoid. **(See Additional Help document, Criteria for Payment of Salary Supplements for Host Government Employees [State 119780])** Where possible, these are funded from counterpart funds. In addition, regulations related to source, origin, and nationality of goods and services financed with USAID funds will affect the financial plan and, at times, the type of institution selected as part of step 4. **(See ADS 310 and 22 CFR 228 regarding source, origin, and nationality)**

Choose an appropriate source of funding for each program component. Most dollar funds are tied to specific earmarks and directives that may limit their use to specific types of activities. Unrestricted funds (i.e., those not subject to such limitations) are generally in short supply. Activities that only qualify for unrestricted funds will be more at risk if there are future budget shortfalls. In addition to USAID dollar contributions and host country counterpart contributions,

in-kind resources provided through P.L. 480 Titles II and III and host country-owned local currency (generated by food aid, commodity import programs, and cash transfers) that are jointly programmed by USAID and the host country may sometimes be available to support certain activities. **(See Mandatory References, Cash Transfer and Interest Earnings [State reftel 205189], ESF Cash Transfer Assistance [State reftel 325792], Financial Management Guidance on Dollar Separate Accounts for ESF [State reftel 194322], and Supplemental Guidance on Programming and Managing Host Country-Owned Local Currency [State reftel 204855])**

Step 6. Develop Acquisition and Assistance (Procurement) Plan

USAID uses formal instruments or agreements to provide funds to its implementing partners. Some will serve as obligating instruments that legally bind USAID to a particular course of action. Others will be subsidiary to a higher-level obligation instrument. Use of acquisition and assistance instruments is highly regulated and requires legal or contract officer expertise. The range of instruments and consideration for selecting among them is discussed in the "Implementing Instruments" lesson of the MFR course material (Unit 2, lesson 3). **(See Additional Help document, MFR course material, Unit 2, lesson 3)**

More complex situations involve transfer of USAID funds through several entities in succession (e.g., from a Finance Ministry to a Health Ministry to local governments to local contractors 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 the financial accountability requirements that apply at each level. Some type of formal instrument will be used whenever funds are transferred between institutions following either USAID regulations or local laws. At the time of planning instruments, full consideration should be given to using instruments previously established under the SOs that have been designed to support other SOs or to establishing new instruments that have this capability. Use of such instruments can dramatically shorten the time to complete A&A processes and initiate activities. The objective of the SO Team is to structure the formal relationship between all involved partners to

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

The end result of this step is an acquisition and assistance plan that

- Identifies the obligating or sub-obligating instruments that will be used and with which parties they will be used
- Defines how competition requirements will be met

- Identifies any waivers of competition or source and origin requirements that may be sought
- Outlines a timeline for completion of acquisition and assistance processes and the specific steps needed in each case

(See 201.3.6.5 on choosing among contracts, grants, and cooperative agreements; Additional Help document, Unit 2, Lessons 4 and 5 of the MFR course material; and ADS Series 300)

Step 7. Determine and Meet Remaining Pre-Obligation Requirements

By completing steps 1 through 6 above, you will meet most or all of the pre-obligation requirements related to adequate planning that are described in 201.3.6.3. **(See 201.3.6.3)** At this point, remaining pre-obligation requirements should be reviewed in detail based on knowledge that is now available on the scope and nature of planned activities, the entities involved, and their proposed relationship with USAID. This will make it possible to meet the requirements related to environmental reviews, statutory reviews, and Congressional notification.

If an activity is planned to take place in one or more host countries but will not be managed by country-based USDH staff and captured in country-level R4 reporting, the requirements described in ADS 201.3.6.4 apply. **(See 201.3.6.4)**

Step 8. Determine Appropriate SO Team Management Structure

A key part of activity planning is determining how USAID will manage it. SO Teams are the responsible management unit. Decisions on management capacity needed by the SO Team start with a consideration of the tasks that will be involved in achieving it. ADS 202 provides an overview of these tasks. **(See ADS 202)** The particular skills and level of effort that are needed will vary according to the nature of the activities. The SO Team may choose either to recruit additional members for this purpose and/or modify its organizational structure and authorities.

To help carry out activity management functions, SO Teams may recruit Personal Services Contract (PSC) staff (Foreign Service Nationals, U.S. or Third Country Nationals, subject to applicable nationality requirements) using program funds. When such recruitment is planned and financed with program funds, it effectively becomes an additional activity under the SO that has to be planned, budgeted for, and approved. PSCs are considered employees of USAID for purposes of program management and can function as core members of the SO Team. **(See 201.3.5.2 and 201.3.5.3)**

The other option for providing management support is recruiting additional non-USAID staff. 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.

When seeking approval for activities, it is important to be able to describe who will manage these activities and how the team will be structured to manage them. Team Charters and SO Team Management Contracts should be adequate for this purpose. 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.

(See Additional Help documents, Lesson 5, Unit 1 SO Team Formation, and Lesson 2, Unit 2 Working in Teams, of the MFR course materials on how SO Teams can structure themselves to manage planning, achieving, and assessing functions.)

Step 9. Prepare Activity Approval Documentation

This involves consulting with the approving official and reaching agreement within the SO Team and Operating Unit on the particular documentation to be used for meeting the documentation requirements outlined in 201.3.6.3 paragraph h and preparing this documentation. **(See 201.3.6.3 paragraph h)** The Model Checklist for Pre-obligation Requirements contained in the Mandatory Reference section can be very useful in this regard, particularly when the obligating official is different from the approving official. **(See Mandatory Reference, Model Checklist for Pre-obligation Requirements)**

Step 10. Obtain Formal Approvals

Delegations of authority contained in Mission Orders and their Washington equivalents specify who may approve activities and who must clear approval requests. If in doubt as to who is authorized to approve, consult your legal advisor. **(See 201.3.5.3 and ADS 103.3.8)**

201.3.6.3 Pre-Obligation Requirements

Since USAID-program funded activities involve transfer of U.S. taxpayer resources to other governments and organizations, the process of developing and approving activities is very regulated and at times complex. This section summarizes the major legal and policy requirements that must be met before USAID-appropriated funds are obligated. It is important that these requirements be adequately documented. Item "h" describes documentation requirements and options.

Many, although not all, of the pre-obligation requirements are based on statute or regulation. One of the statutory pre-obligation requirements is FAA Section 611(a), which requires that there be adequate technical and financial planning for all obligations in excess of $500,000. The essence of sec. 611(a) is that before obligation there are adequate plans, both financial and technical, for carrying out the assistance. Thus, the

amount of planning necessary can depend upon the nature of the assistance. For instance, an obligation to construct one complex infrastructure installation may require more detailed planning than an obligation to construct a flexible number of small structures or accomplish a result that can be achieved in a number of different ways that are easily adjustable during the course of implementation.

Section 611(a)'s requirement for adequate planning before obligation may be met in several ways:

- An activity may be fully planned at the time of obligation. Traditionally, USAID's predominant practice has been to complete adequate planning for activities before obligation.
- In some cases, the planning done at the strategic plan stage may also contain enough detail to statisfy the preobligation requirements.
- In some cases, sec. 611(a) requirements may be met by establishing, before obligation, criteria and procedures for sub-activity selection, together with a list of illustrative activities with estimated budgets. The key is to establish, at the time of obligation, the feasibility of achieving the result for which obligation is made. In this case, the detailed activity planning requirements must be met at the time of approval of each specific subactivity.

The requirements are as follows:

a. Adequate Planning. The activity must be adequately planned and described. **(See Mandatory Reference, Section 611(a) of the Foreign Assistance Act of 1961, as amended)**

The degree of planning required prior to obligation for a given activity varies depending on the nature of the activity and the nature of the obligating instrument to be used. The following minimum mandatory requirements are designed to ensure that Operating Units adequately plan all activities before obligation:

- **Link to Approved Strategic Plan.** Planning documentation must indicate how the activity will use Agency resources to support achievement of SOs in an approved Strategic Plan.
- **Link to Results Framework.** Planning documentation must show how the activity is linked to a result or results specified in an approved Results Framework and how it will achieve intended results. (The latter requirement normally includes describing linkages between implementing institutions and ultimate customers, use of USAID and partner personnel, and definition of overall responsibilities and authorities.)
- **Illustrative Budget.** Planning for the activity must include an illustrative budget that provides a reasonably firm estimate of the cost of the activity to the U.S. Government.
- **Plan for Monitoring Performance.** Planning for the activity must include a plan for monitoring adequacy of outputs and their effectiveness in

achieving intended results. Activity level performance monitoring should be part of the larger performance management effort of the Operating Unit. **(See Mandatory References FAR, AIDAR, and 22 CFR 228 and see ADS 203, ADS 303, and ADS 312)**

- **Analyses.** Analyses necessary to support the approval of an activity must be prepared and may include economic analysis, social analysis, gender analysis, administrative analysis, technical analysis, institutional analysis, cost-benefit analyses, sector assessments, etc.. This is a highly flexible requirement. Operating Units and SO Teams are responsible for determining which analyses are needed to support approval of a given activity and how to document such analyses. Section 201.3.4.11 lists various types of analyses that Operating Units should consider, and it references several papers that describe the methodologies used to conduct such analyses. **(See 201.3.4.11)** Given the close linkage between Strategic Plans and activities, analyses performed during the initial design of a Strategic Plan will generally contribute to satisfying requirements for analyses. **(See 201.3.6.2, Step 3)**

- **Gender.** Activities designed following approval of the Strategic Plan must address gender issues in a manner consistent with the findings of the analytical work performed during strategy development. **(See 201.3.4.11 paragraph b, Gender Analysis)** Findings from gender analysis will help to determine how gender needs to be addressed in the activity. SO Teams should ensure that capacity of recipients to address the gender concerns identified during strategic and activity planning is duly considered before funds are obligated. For contracts and grants/cooperative agreements that are issued following a competitive process, this is accomplished by signaling in solicitation documents USAID's expectations regarding gender expertise and capacity, tasking offerors with proposing meaningful approaches to address identified gender issues, and placing appropriate emphasis on gender-related elements of technical evaluation criteria. The following steps must be completed to address this requirement:

  (1) For each activity subject to approval, the SO Team must, in one page or less, outline the most significant gender issues that need to be considered during activity implementation. These issues should reflect consideration of the following two questions:

    (a) Are women and men involved or affected differently by the context or work to be undertaken?

    (b) If so, is this difference potentially significant for managing toward sustainable program impact?

  The statement must describe how these concerns will be addressed in any competitive solicitations financed under the activity (i.e. Request for Proposal (RFP) for acquisition and Request for Assistance (RFA) or Annual Program Statement (APS).

Note that procurements for goods and commodities are excluded from this requirement.) The text of this gender statement is included in the Activity Approval Document.

(2) If the SO Team determines that there are no significant gender issues, it must provide a brief rationale to that effect in place of the gender statement in the Activity Approval Document.

(3) The Approving Official for the activity is responsible for ensuring that the gender statement adequately responds to item #1 in this list. In cases where no gender statement is made (see #2), (s)he must ensure as part of approving the activity that the rationale is adequate.

(4) Before issuing or approving an RFP, RFA, or APS, the Contract or Agreement Officer will

(a) Confirm that either the gender statement is incorporated into the resulting RFA, RFP, or APS requirements or that the rationale (#2) has been completed as part of activity approval; and

(b) Work with the SO Team so that the relative significance of gender technical capacity to the Statement of Work or Program Description is appropriately reflected in the technical evaluation criteria.

- **Additional Planning Considerations.** There are numerous additional implementation details that are normally considered and documented at the activity planning stage. While these issues must normally be addressed as practical and legal matters at the outset of activity implementation, the Agency does not rigidly require you to document the process of consideration at the planning stage. As such, internal documentation methods vary significantly among Operating Units, depending on the structure and nature of the activities and the "comfort-level" of decision-making officials.

  Additional planning considerations include

  - Consistency with applicable Agency operational and development policy; **(See ADS 200.4)**
  - Selection of appropriate tactics from a variety of alternatives;
  - Selection of an appropriate obligating instrument and appropriate sub-obligating instruments, if sub-obligations are planned;
  - Identification of appropriate implementing organizations or types of organizations;
  - Acquisition and assistance plans, including plans for competition or for waivers of competition, source and origin requirements, or

waivers of those requirements; **(See ADS 304, Competition in Contracting Act, Federal Grants and Cooperative Agreements Act, and Mandatory Reference, FAA Section 604)**

- Selection of method of financing if there is a departure from preferred methods; **(See ADS 202.3.6.1)**
- The capacity of implementing entities to carry out planned functions, including, but not limited to, their capacity for financial management, procurement, and personnel management;
- Implementation of the organizational commitment and ability to satisfy any counterpart funding requirements, as well as related waivers, if necessary and authorized; **(See Mandatory Reference, FAA Section 110)**
- Identification of authorized signatories on obligating documents who have with the capacity to bind the parties;
- Implementation of a time frame that should include expected completion dates (all formats for implementing instruments [e.g., Strategic Object Agreements (SOAGs), grants, cooperative agreements, and contracts] should include requirements for estimated completion dates); and **(See Mandatory References, FAR and AIDAR and see relevant sections of ADS Series 300)**
- Assurance that procedures are in place for obtaining specific clearances required for activities in host countries that are not covered by country-level R4 reporting. **(See 201.3.6.4, Additional Planning Requirements for Activities Not Managed by Country-Based USDH Staff)**

b. Environmental Review. An Initial Environmental Examination (IEE), Request for Categorical Exclusion (CE), Environmental Assessment (EA), or other appropriate action under the USAID Environmental Procedure must be completed for the program, activity, or substantive amendment and approved by the relevant Bureau Environmental Officer prior to obligation of funds. **(See Mandatory Reference, 22, CFR 216 and see ADS 204.)**

Adequate review of environmental considerations normally requires a relatively detailed description and analysis of planned interventions; recommended, mitigative measures; and local public participation in the review process. If Operating Units do not allocate resources and define such details at the pre-obligation planning stage, they must, at minimum, ensure proper environmental review prior to disbursement and be prepared to modify activities if necessary, in accordance with the USAID Environmental Procedure.

Biosafety. If an activity will potentially involve the use of genetically modified organisms in research, field trials, or dissemination, the activity must be reviewed and approved for compliance with applicable U.S. requirements by the Agency

Biosafety Officer in Washington prior to obligation of funds and prior to the transfer, testing, or release of biotechnology products into the environment. This review and approval is limited to the safety aspects of the proposed activity and may involve external peer review or demonstration of comparable safety oversight by other expert U.S. federal agencies. Therefore, adequate time should be budgeted for this approval process. This biosafety determination is separate from, and precedes and informs, the 22 CFR 216 environmental impact assessment determination. Since it precedes the 22 CFR 216 process, Operating Units and Strategic Objective Teams are responsible for budgeting adequate time in the design process for this review. It is difficult to predict the amount of time needed, since reviews are highly dependent on the amount of analysis and information provided, whether other expert Federal Agency biosafety reviews have been completed, and whether additional information will be required, and whether external peer reviews will be undertaken. Therefore, it is important for an Operating Unit or SO Team to contact USAID/Washington as early in a design process as possible to ensure timely handling.

Biosafety review can not be waived or delegated to the field.

Additional ADS guidance on compliance with this requirement is in development and will be posted as it becomes available. Until this occurs, please consult directly with Agency biosafety staff who are based in G in the Center for Population, Health and Nutrition (G/PHN) and in the Center for Economic Growth and Agricultural Development, Office of Agriculture and Food Security (G/EGAD/AFS) or the Agency Environmental Coordinator if there is a potential for the use of genetically modified organisms.

c. Country-Level Statutory Review. A country checklist must be prepared for the country or countries for which the activity will provide assistance. (See ADS 201.3.6.4 for procedure that applies when planned activities will not be managed by USDH staff residing in host countries. **(ADS 201.3.6.4)**)

d. Activity-Level Statutory Review. An assistance checklist must be prepared for the activity. This provides information on the activity compliance with applicable statutes.

e. Approval by an Authorized Official. An authorized official must approve the activity. **(See 201.3.5.3 and ADS 103.3.8)**

f. Congressional Notification. Congress must be notified and there must be no outstanding Congressional objection. **(See Mandatory Reference, FAA Section 634A, Foreign Operations Appropriations Act provisions for relevant fiscal year)**

g. Funds Availability. Funds must be available prior to actual obligation and their availability formally shown on the record. **(See Mandatory Reference, Federal Anti-Deficiency Act – 31 USC Section 1341(a)(1))**

h. Documentation Requirements. An Activity Approval Document must be prepared for each activity or set of activities financed by USAID. Agency policy does not specify a required standard format for documenting approval decisions at the activity level. Different types of documentation will be used in different situations. These are referred to generically as "Activity Approval Documents." SO Teams and obligating officials are responsible for exercising proper judgment in determining when planning is adequate and sufficiently documented to support a proposed obligation. Activity Approval Documents at a minimum must be sufficient to

- Describe briefly the activity or activities including planned inputs and outputs as well as the Intermediate Results and Strategic or Special Objective that are intended to be achieved with the activity(ies)
- Demonstrate that pre-obligation requirements have been met or, in the case of congressional notification and funds availability, that no obligation will be incurred before these requirements are met
- Record approval of any waivers of policy or regulations if these apply
- Clarify who is responsible for management of the activity inside and outside USAID

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

- An Action Memo encompassing one or more activities and including descriptive documentation that meets the minimum requirements above;
- A Modified Acquisition and Assistance Request Document (MAARD) signed by an authorized official with supporting annexes that meet minimum documentation requirements. Annexes could include an offeror's proposal, waivers, and additional documentation prepared by the SO Team;
- A Cable authorized by the approving official that provides approval for specific activities with the minimum documentation specifically referenced in the cable;
- 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. If not explicitly referenced, a separate action memo should be used;
- An Implementation Letter under a bilateral obligating agreement (SOAG) when minimum documentation is annexed or explicitly referenced and the letter is signed by a USAID official authorized to approve the activity.

Economy in documentation obviates the need for repetitive approvals to meet the same pre-obligation requirements and leaves clear audit documentation. For this reason it is often useful to cover as many activities as possible under one approval document.

Some Operating Units have used the term "results package document" to refer to activity approval documentation. This term was used in earlier ADS guidance but was not intended to describe an approval document. As such the term has not been used consistently across Operating Units. To reduce confusion the term "results package" has been dropped.

Use of Checklists and Clearance Sheets

Some Operating Units, particularly those with highly focused programs and few staff, rely heavily on their Strategic Plans and Results Frameworks, together with MAARDs, acquisition and assistance (A&A) requests, inter-Agency agreements and related documentation, to satisfy pre-obligation requirements. One difficulty with this approach is that all of the pre-obligation requirements may not be adequately addressed on the record. To address this problem, some Operating Units have adopted as a best practice, a concise checklist of pre-obligation requirements. This confirms to the obligating official that the required documentation has been prepared and specifies where it may be found. A checklist would normally be prepared for each award. A copy of such a checklist is provided in the Model Checklist for Pre-obligation Requirements. **(See Mandatory Reference, Model Checklist for Pre-obligation Requirements)**

Some Operating Units, particularly field Missions, also use special clearance requirements and clearance sheets for obligating instruments to help ensure that all requirements are met prior to obligation. Clearances by specified officers (such as the Program Officer, Controller, Legal Officer, Contracting Officer, and other SO Team members) are used to confirm to the obligating official and for the record that pre-obligation requirements have been met and that obligating instruments contain all necessary clauses consistent with law, regulation, and policy, including counterpart funding requirements. Such clearances may accompany a bilateral SOAG or be shown on the facesheet or cover sheet of a MAARD.

201.3.6.4 Additional Planning Requirements for Activities Not Managed by Country-Based USDH Staff

The special mandatory requirements described in this section apply to regional and global programs, including food aid and research, that undertake activities in countries when these activities will not be captured by country-level Strategic Plans and R4 reporting. The purpose of these procedures is to ensure that information on all activities undertaken in a country is readily available for management and reporting purposes and

that the activities are legally permissible. **(See Mandatory Reference, Series 400 Interim Update #8, Non Presence Programming Procedures)**

Prior to initiating an activity that is not covered by a country strategy/R4, whether in a presence or non-presence country, a standard one-page Activity Information Sheet must be prepared by the activity manager that documents the following:

- The approved regional or global Strategic Plan that the activity supports (SO or IR) **(See also 201.3.4.3 paragraph c, Special Cases)**
- The Operating Unit responsible for funding and managing the activity (in most cases, the Operating Unit managing the activity will be the Operating Unit required to complete the Activity Information Sheet)
- A brief rationale for why the activity should take place in that country
- A brief description of the activity (including, when known, expected coordination with the U.S. Embassy, estimated funding level by fiscal year, source of funding, planned duration, implementing institution(s), and host country counterpart institution(s))

Some USAID implementing instruments [grants to Public International Organizations (PIOs, 632a allocation, etc.] may require a variation from the specific requirements described here. Please contact your Bureau Non-Presence Coordinator for guidance if you have questions about when and how to apply this guidance to your activity.

A blank template for the Activity Information Sheet is available on the USAID intranet at http://cdie.usaid.gov/npc/ or via e-mail sent to npctemplate@dec.cdie.org. **(See http://cdie.usaid.gov/npc/)** The appropriate regional Bureau and GC must clear the Activity Information Sheet. Submit the Activity Information Sheet to PPC by sending electronic copies directly to npctemplate@dec.cdie.org when initiating a new activity. GC clearance indicates that the activity has been reviewed and determined to be legally permissible.

Regional Bureau clearance indicates that the regional Bureau is aware of the activity and is not aware of any coordination issues.

When an activity is to be implemented in a USAID presence country, the regional Bureau will provide the documentation to the Mission Director. Regional Bureaus will determine when to seek inputs or clearance from field Missions.

The implementing Bureau must provide electronic copies of cleared activity information sheets to the relevant regional Bureau and to PPC (at npctemplate@dec.cdie.org). **(See npctemplate@dec.cdie.org)** PPC will post this documentation on the widely accessible R-4 web site at http://cdie.usaid.gov/pmdb/npc_form.cfm. **(See http://cdie.usaid.gov/pmdb/npc_form.cfm)** This web site allows anyone to retrieve information on all USAID activities in a given country for reporting or briefing purposes.

The Activity Information Sheets must be reviewed and updated annually.

Special Exemption: The only exceptions to the procedures described above are for the Office of Foreign Disaster Assistance (OFDA) and Emergency Food Aid activities. These can be initiated without prior GC and regional Bureau clearance, but an activity information sheet must be submitted to the PPC-managed database after programming decisions are made.

201.3.6.5 Choosing Among Implementing Instruments

The instruments most frequently used for achieving objectives are USAID direct contracts, cooperative agreements, and grants. The following guidance is provided to assist in choosing appropriately among these three instruments.

Choosing an instrument type is not an exact science, and there is no single factor that determines which of these three types of agreements is the most appropriate for the implementation of an activity. Rather, the SO Team must carefully and thoroughly analyze these approaches and their implications for activity management in a given case. The SO Team should work closely with the Contracting or Agreement Officer, who makes the final decision as to the actual type of instrument. **(See ADS 304, Choice of Implementation Instrument)** The following factors may aid in the decision-making process:

Nature of the Activity: There are no clear categories of activities that are better suited for one type of instrument over the other, except that a contract must be used when the principal purpose of the instrument is the acquisition of goods or services for the direct benefit of USAID or other U.S. government agency. In fact, at the very earliest stages of activity planning, the design usually can be tailored toward the use of either type of instrument. Acquisition and assistance instruments allow strategic partners to do almost anything except for inherently governmental functions, as defined by Agency regulations and policy.

Type of Implementing Organization: There are no general restrictions with respect to what type of organization (e.g., PVO, profit-making firms, or non-profit organizations) may receive an acquisition or assistance award. Normally, most profit-making firms seek and propose for acquisition awards (contracts), while most non-profit organizations and universities seek assistance awards (grants or cooperative agreements). Some programs are limited to particular types of organizations.

Role of USAID: The role USAID expects to play in activity implementation is a key consideration in selecting instrument type.

With an acquisition instrument (contract), USAID states what goods/services/results it wants to buy and then monitors and evaluates the Contractor's performance in providing these goods/services/results. USAID decides on the requirements and standards and, depending on the type of contract, may provide significant technical direction during contract implementation.

By contrast, USAID has more limited management control when an activity is implemented through assistance awards (grants or cooperative agreements), because the nature of these instruments prohibits USAID from exerting day-to-day operational control over the recipient. The program remains largely the recipient's, with USAID ensuring (prior to award) that the proposed program supports an SO.

In the case of cooperative agreements, USAID can exercise "substantial involvement" in prescribed areas. This provides some additional management control as opposed to a straight grant. Unless a deviation is approved in accordance with ADS 303.5.3 and ADS 303.5.11, substantial involvement is limited to

- Approval of the recipient's implementation plan
- Approval of specified key personnel
- Agency and recipient collaboration or joint participation
- Agency authority to halt a construction activity immediately

(See ADS 303, Grants and Cooperative Agreements, for further information on substantial involvement)

The choice of implementing instrument draws the line that distinguishes the role of the U.S. Government from the role of its implementing partners working on a specific activity. Written instruments, such as contracts, grants, or interagency agreements, legally formalize the relationship between USAID and its implementing partners. Once the achieving phase begins, the SO Team must manage the relationship with the individual implementing partner according to the rules established by the specific instrument that was awarded.

(See Mandatory Reference, Series 300 Interim Update #17 "Choosing Between Acquisition and Assistance Instruments" and Additional Help document, MFR training, Unit 2, Lesson 3) You can find additional information on A&A instruments in ADS Series 300.

Other instruments are also used for achieving objectives such as inter-agency agreements, grants to public international organizations, fixed amount reimbursement and host country contracting commitments, loans and loan guarantees, and endowments. The SO Team should work closely with its regional legal advisor or GC and other team members in selecting among other implementing instruments.

201.3.7 Procedures for Managing Public Release of Planning Documents

USAID employees are often requested to provide various planning information to stakeholder, partner, and customer organizations as well as the general public. Staff also receive requests from other Agency units for planning documentation throughout the year. This section describes the Agency service provided by PPC/CDIE to facilitate

handling of these requests and provides guidelines on what planning information can be released to whom and when it can be released.

a. Document Management Service

To help manage and reduce the costs of responding to requests for planning documentation from both within and outside the Agency, PPC/CDIE provides an Agency-wide document service through the Development Experience Clearinghouse (DEC). For this service to function effectively in reducing response costs for Bureaus and Operating Units, basic planning documentation must be provided DEC. Procedures to submit documents are as follows:

Once prepared in final, one electronic and one hard copy of the USAID planning documents listed below must be submitted to PPC/CDIE's Development Experience Clearinghouse (DEC). The DEC will make these documents available to the general public according to the restrictions described in Table 201E.

Electronic submissions to the DEC can be made at docsubmit@dec.cdie.org. The DEC mailing address is

PPC/CDIE/DIO
Document Acquisitions
Room 6.7-140, RRB
Washington, D.C. 20523-6701

The following documents should be provided to the DEC:

- Agency Strategic Plan
- Annual Performance Plan
- Agency Performance Report
- Congressional Presentation (Budget Justification)
- Regional Bureau Planning Framework (if prepared)
- Operating Unit Strategic Plans
- Management Agreements and their Amendments and Supplements
- Results Review and Resource Request (R4)
- Activity Information Sheets (prepared per 201.3.6.4) **(See 201.3.6.4)**

b. Principles Governing the Release of USAID Information

As a general policy, USAID encourages its staff to include stakeholders, partners, and customers in all aspects of planning USAID objectives and activities. Nonetheless, at some stages of preparation, USAID is required to limit

access to planning documents and their review temporarily. There are three basic reasons for such restrictions:

- In procurement, issues of organizational conflict of interest and unfair competitive advantage influence the degree to which partner organizations may be involved in activity design. **(See ADS 202.3.7.2 and Additional Help document, Legal and Policy Considerations when Involving Partners for a full description of these restrictions)**
- Every U.S. Government Agency budget request is a subset of the President's budget. The nature and amounts of the President's budget decisions are considered confidential and must not be released until the budget for the fiscal year in question is formally transmitted to Congress in the Congressional Presentation (Budget Justification). This restriction applies to Agency Budget Justifications provided to OMB and future year plans or long-range estimates. **(See Mandatory Reference, OMB Circular A-11)** Until such time, all Agency budget information is considered "pre-decisional" and not for public scrutiny. USAID employees should be sensitive to this fact when including partners and other non-U.S. Government employees in reviews, such as for R4s and Strategic Plans, and when releasing USAID documents. Attendance by contractor and recipient personnel at budget planning meetings, or premature sharing of documents, could result in violations of this restriction. **(See Mandatory Reference, General Notice, Confidentiality of USAID Budgetary Information)**
- Foreign policy sensitivity concerns at the host country level may at times affect release of country-level planning documentation to host country partners and the host country general public. Consult with Embassy representatives if you suspect there may be sensitivities.

c. Guidelines for Managing Access to Planning Information

For USAID and other U.S. Government employees, there are no restrictions on access to planning information. CDIE will provide any planning document (paper copy or e-mail attachment) to any USDH employee, upon request. Electronic copies of planning documents are posted on the USAID intranet and Internet sites, excluding budgetary information, because the intranet is accessible to contract employees. You can request documents by writing to CDIE's international email address, docorder@dec.cdie.org.

For individuals other than USDH staff, the following table clarifies to whom and when access to Agency information can be given.

Table 201E, Guidelines for Managing Access to Planning Information

Planning Document	*Drafting Stage*	*Review Stage*	*Final Document Release*
Agency Strategic Plan (ASP)	Operating Units are authorized to distribute draft documents to individuals who are a necessary part of the drafting process.	PPC is authorized to distribute near-final drafts to the USAID partner community for discussion and comment.	No restrictions.
Annual Performance Plan (APP)	Operating Units are authorized to distribute draft frameworks and related documents to individuals who are a necessary part of the drafting and review process.		May be released to external community in final form (February of each year).
Agency Performance Report (APR)	Operating Units are authorized to distribute draft frameworks and related documents to individuals who are a necessary part of the drafting and review process.		May be released to external community in final form (March of each year).
Congressional Presentation (or Agency Budget Justification)	Operating Units are authorized to distribute draft documents to individuals who are a necessary part of the drafting and review process.		May be released to external community once it has gone to Congress.
Regional Bureau Planning Framework (if prepared)	Operating Units are authorized to distribute draft frameworks and related documents to individuals who are a necessary part of the drafting and review process.		May be released when approved.
Parameter-Setting Message	Operating Units are authorized to distribute draft documents to individuals who are a necessary part of the drafting process.	Paying particular attention to the sensitivity of releasing pre-decisional information, Operating Units (OUs) should discuss message contents with host country counterparts and individuals that are a necessary part of Strategy development.	Operating Units should take into consideration foreign policy sensitivities when deciding on document release.

Planning Document	Drafting Stage	Review Stage	Final Document Release
Operating Unit Strategic Plans	Operating Units in Missions are encouraged to discuss Strategic Plan direction and content with host country counterparts early and often to confirm host country support and sense of ownership. All Operating Units are authorized to distribute draft Strategic Plans and related documents to SO Team members and other individuals who are a necessary part of the drafting process or otherwise have "a need to know," e.g., using Strategic Plans to prepare other Agency documents such as the Annual Performance Report or the R4. Operating Units should be sensitive, however, to issues of Organizational Conflict of Interest. **(See Additional Help document, Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations)**	Attendance at USAID/W Strategic Plan reviews, either as a participant or observer, is restricted to executive branch personnel (including PSCs) and "necessary" non-executive branch personnel, e.g., contractors, TAACs, fellows, and non-U.S. Government (USG) Participating Agency Service Agreement (PASA) and Resources Support Services Agreement (RSSA) personnel. A "necessary" non-employee is one used to facilitate review, provide logistical support, or provide a technical capability that is necessary for the review. Strategic Plans may require revisions subsequent to review. The official version of a Strategic Plan is the final version reflecting those changes. The official version must be sent to CDIE's document management service **(See 201.3.7 paragraph a)** so that the correct copy will be released (see the next column).	1. A Strategic Plan may be released outside the executive branch and within a partner country after the earlier of the release date specified in 2.C. below. 2. OUs must include on the cover page of every Strategic Plan the following: A. "This Strategic Plan for [country or Operating Unit] was assembled by [USAID/Operating Unit]. This Strategic Plan is a 'pre-decisional' USAID document and does not reflect results of USG budgetary review." B. "Additional information on the attached can be obtained from [contact person and office]." C. "Release Date: [30 days from the date the official version of the Strategic Plan is submitted to the document management service]." 3. Operating Unit Strategic Plans will be available in hard copy or electronically (including on the web) 30 days after the Agency receipt of the official version of the plan containing any changes made subsequent to review.
Management Agreements and their Amendments and Supplements	Operating Units are authorized to distribute draft documents to individuals who are a necessary part of the drafting process.	Operating Units are authorized to distribute to individuals who are authorized to perform inherently governmental functions. **(See ADS 201.3.5.2)**	May be released when approved subject to the guidance pertaining to organizational conflict of interest and unfair competitive advantage.

Planning Document	Drafting Stage	Review Stage	Final Document Release
Activity Approval Document	**(See 201.3.6.3 paragraph h for types of Activity Approval Documents)** Operating Units in the field may involve host country counterparts in preparation of Activity Approval Documentation. The SO Team designs the activity. Core team members and Operating Units should be sensitive, however, to issues of Organizational Conflict of Interest **(See Additional Help document "Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations")**	Activity Approval Documents are reviewed at the SO Team and Operating Unit level. Operating Units should be sensitive, however, to issues of Organizational Conflict of Interest **(See Additional Help document "Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations")**	Activity Approval Documents may be released to the public, including bidders, provided that budgetary information that would allow the USG's cost estimate for a particular grant, contract, or cooperative agreement to be ascertained is deleted. **(See Additional Help document "Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations")** Once all competitive grants and contract actions are completed, the full document may be released to the public.
Non-Presence Country Activity Information Sheets (AIS)	Operating Units are authorized to distribute draft AIS to individuals who are a necessary part of the drafting and review process.		Documents are available for immediate release except in cases where pre-decisional budget data is involved, in which case they are available the year following the last year of budget data contained in the document.
Results Review and Resource Requests (R4)	Operating units are authorized to distribute draft results review narratives to individuals who are a necessary part of the drafting process or otherwise have "a need to know." Controlling R4 access, either by Sensitive but Unclassified (SBU) designation or higher classification, is strongly discouraged and requires prior Bureau concurrence. Operating Units who wish to communicate sensitive information are encouraged to use separate cable channels.	Attendance at USAID/W R4 reviews, either as a participant or observer, is restricted to executive branch personnel (including PSCs) and "necessary" non-executive Branch personnel, e.g. contractors, non-USG PASA and RSSA personnel, TAACS and Fellows. A "necessary" non-employee is one used to facilitate review, provide logistical support, or provide a technical capability that is necessary for the review.	The R4 may be separated into three components: a Cover Memo, a results review portion and a resource request portion. The results review portion of R4 may be made available outside of USAID, and will be available in hard copy and electronically (including on the web), on July 1 of the year in which the R4 is submitted. The full R4 is available the year following the last year of budget data in the R4.
Cover Memo to R4	Access to the Cover Memo should be restricted to USDHs and others who are authorized to carry out inherently governmental functions. However, the Cover Memo is not to be used as a substitute for classified and/or manager-to-manager communications.	To the extent that the Cover Memo is used to identify management or resource issues needing specific USAID/W action/resolution, personnel who are necessary for R4 reviews will have access to the Cover Memo.	The Cover Memo is not for public scrutiny. Operating Units are encouraged to include sensitive performance narrative in the Cover Memo and out of the results review portion of the R4.

Planning Document	Drafting Stage	Review Stage	Final Document Release
Bureau Program and Budget Submissions	Operating Units are authorized to distribute draft documents to individuals who are a necessary part of the drafting and review process.		Full BPBS documents are available the year following the last year of budget data.
Agency Budget Request (to OMB)	Operating Units are authorized to distribute draft documents to individuals who are a necessary part of the drafting and review process.		The full Budget Request may be available the year following the last year of budget data.

201.4 MANDATORY REFERENCES

(See comprehensive list contained in ADS 200.4)

201.4.1 External Mandatory References

(See comprehensive list contained in ADS 200.4.1)

201.4.2 Internal Mandatory References

(See comprehensive list contained in ADS 200.4.2)

201.5 ADDITIONAL HELP

(See comprehensive list contained in ADS 200.5)

201.6 DEFINITIONS

(See comprehensive list contained in ADS 200.6)

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Endnote 1 Figure 201A, Relationship among End Dates – This graphic uses horizontal bars on a time scale to illustrate the relationship among various end dates. The graphic portrays a Strategic Plan Funding Period lasting five years as an example of the period during which new funds can be obligated. The graphic explains that Strategic Objectives and obligating agreements can go 12 months or more after the Strategic Plan funding period. PSC contracts can go for 12 months beyond the Strategic Objective end date.

Endnote 2 Figure 201B, End Dates for Instruments Funded from More than One SO – This graphic utilizes horizontal bars on a time scale to illustrate the possible relationships between an instrument, its "home" SO, and various other funding SOs.

The example instrument start date is the same as the example home SO start date. The instrument end date occurs after the home SO end date.

Example SO 1 may not obtain services because it ends before the instrument begins.

Example SO 2 begins before the home SO and instrument start date and ends before the home SO end date. Therefore, SO 2 may obtain services from the home SO instrument once the instrument starts.

Example SO 3 begins after the home SO and instrument start date and ends before the home SO end date. Therefore, SO 3 may also obtain services from the home SO instrument.

Example SO 4 begins after the home SO and instrument start date and ends after the home SO end date, but before the instrument end date. Therefore, SO 4 may obtain services until its own end date. After the home SO end date, SO 4 may extend existing task orders until the SO 4 end date, if permitted by the instrument.

Example SO 5 begins after the home SO and instrument start date and ends after the home SO and instrument end dates. Therefore, SO 5 may obtain services until the end date of the instrument, which may be extended if permitted by the instrument. After the home SO end date, SO 5 may extend existing task orders until the SO 5 end date, if permitted by the instrument.

Example SO 6 begins after the home SO end date, but before the instrument end date. New task orders are not permitted after the home SO end date. Therefore, SO 6 may not obtain services because it begins after the end date of the home SO.

Endnote 3 Figure 201C, Illustrative Results Framework (for Upper River Zone) – This graphic depicts a flowchart that represents a sample USAID Results Framework. Results Framework depicts a typical agriculture program, where USAID supports a series of results that provide a foundation promoting innovation by small farmers. Such results include providing credit, improving the ability of farmers to access credit, and developing bankable initiatives. Another set of results addresses the strengthening of farmer associations, another the development and spread of innovative technologies, and yet another improvements to the overall policy environment. The results framework provides more detail than might be shown at the time of formal approval, but illustrates how a Results Framework can be operationally detailed enough for implementation purposes. It also illustrates how a Results Framework can identify results partially or entirely funded by donors other than USAID.

Four major levels are shown: the Agency Objective level, the Strategic Objective level, the Intermediate Result level, and the sub-Intermediate Result level.

The flowchart portrays the Agency Objective (in this case, "More rapid and enhanced agricultural development and food security encouraged") as the first box on the top of the page. Below this is a box for the Strategic Objective ("Increased use of improved production practices by farmers in the Upper River Zone (6 years)"), with an arrow flowing upwards into the Agency Objective box.

The next level in the flowchart depicts boxes for the IR-level results, with arrows flowing upwards into the Strategic Objective box. The four IRs shown are: (1) IR 1: "Farmers' access to commercial capital increased (5 years)"; (2) IR 2: "Farmers' transport costs decreased (5 years)"; (3) IR 3: "Community control over local resources increased (5 years)"; and (4) IR 4: "Farmer's knowledge about production options increased (4 years)."

The next level in the flowchart depicts boxes for sub-IRs. IR 1 has two sub-IRs: (1) IR 1.1: "Farmers' capacity to develop bankable loan applications increased (4 years)"; and (2) IR 1.2: "Banks' loan policies

become more favorable for rural sector (3 years)." These two sub-IR boxes have arrows flowing upwards into the IR 1 box.

IR 2 has two sub-IRs: (1) IR 2.1: "Village associations' capacity to negotiate contracts increased (4 years)"; and (2) IR 2.2: "Input/output markets liberalized (3 years) *Achieved in collaboration with the World Bank.*" These two sub-IR boxes have arrows flowing upwards into the IR 2 box.

IR 3 has two sub-IRs: (1) IR 3.1: "Village associations' control over local resources increased (4 years)"; and (2) IR 3.2: "Role of forestry agents in the Upper River Zone changed from regulatory to outreach (2 years) *host government.*" These two sub-IR boxes have arrows flowing upwards into the IR 3 box. IR 3.1 also has an arrow flowing into the IR 2.1 box.

IR 4 has two sub-IRs: (1) IR 4.1: "New technologies available (4 years) *World Bank*"; and (2) IR 4.2: "Farmers' exposure to on-farm experiences of peers increased (3 years)." These two sub-IR boxes have arrows flowing upwards into the IR 4 box.

Two final sub-IR boxes are shown: IR 1.1.1 and IR 1.1.1.1. IR 1.1.1 ("Farmers' capacity to make enterprise management decisions increased (3 years)") has one arrow flowing upwards into the IR 1.1 box and one arrow flowing upwards into the IR 3.1 box. IR 1.1.1.1 ("Adult literacy increased (2 years) *GTZ and host government*") has one arrow flowing into the IR 1.1.1 box and one arrows flowing upwards into the IR 4.2 box.

The flowchart explains that partner(s) are solely materially responsible for IR 3.2, IR 4.1, and IR 1.1.1.1. USAID plus partners are materially responsible for IR 2.2. USAID is solely materially responsible for all the remaining boxes.

Finally, several critical assumptions are listed: (1) market prices for farmers' products remain stable or increase; (2) prices of agricultural inputs (e.g., fertilizer, seeds) remain stable or decrease; (3) roads needed to get produce to market are maintained; and (4) rainfall and other critical weather conditions remain stable.

ADS SERIES 202

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ADS 202 – Achieving

202.1 OVERVIEW

This chapter outlines the basic policies and procedures used in achieving Strategic and Special Objectives with USAID-managed program resources. Operating Units apply these policies and procedures to help ensure that the development results that USAID seeks are obtained in a cost-effective and timely manner, consistent with applicable regulatory and accountability requirements. Achieving begins after objectives and activities are planned and approved using procedures described in ADS 201, Planning. It starts with the execution of acquisition and assistance agreements with implementing institutions and ends with the completion or termination of the objective. Assessing impact and learning from experience takes place concurrently with achieving. New planning may take place when new or modified activities are decided upon in the course of achieving. Details on these processes are covered in ADS 201, Planning, and ADS 203, Assessing and Learning. Achieving includes the following steps or tasks:

- Structuring Strategic Objective (SO) Teams for activity implementation
- Mobilizing inputs
- Supporting implementing partners to achieve results
- Monitoring quality and timeliness of key outputs
- Managing USAID program resources and requesting funds
- Performing funds control, payment, and obligations management
- Managing vulnerability
- Closing out SOs and obligating instruments

202.2 PRIMARY RESPONSIBILITIES

All units who provide support services to SO Teams share responsibility with the SO Teams in achieving results included under their approved objective. Operating Units and their Bureaus have particular responsibilities to ensure that SO Teams function effectively.

a. SO Teams have two principal responsibilities related to achieving: (1) organizing and managing resources to achieve tangible development results; and (2) ensuring that all accountability requirements related to use of USAID resources are identified, met, and adequately documented.

b. Operating Units are responsible for establishing functional SO Teams that have the capacity to manage for achievement of SOs. This includes ensuring that SO Teams have the necessary expertise, authorities, resources, and support. The head of an Operating Unit determines the specific authorities delegated to SO Teams. He or she is responsible for ensuring that authorities

delegated are commensurate with the capacity to exercise them. Operating Units are responsible for ensuring that support and services needed by SO Teams, but not provided by SO Team members, are adequately provided by other units.

c. **Bureaus** are responsible for ensuring that individual Operating Units under their jurisdiction have levels of staffing, Operating Expense (OE) resources, and support services that are in balance with the scope and complexity of approved strategies. Bureaus also provide key services to Operating Units, such as coordination with other Bureaus, partners, and customers and providing short-term staff support and assistance.

d. **Washington and Regional Organizations** that provide any type of technical expertise, procurement, management, information, budget coordination, public relations, or financial management services to SO Teams and their Operating Units are responsible for ensuring that such services are provided in the most useful and cost-effective manner possible. For these units, implementing core values means seeing SO Teams as a principal internal customer and soliciting feedback on a regular basis on the quality and utility of services provided.

202.3 POLICY AND PROCEDURES

Mandatory and Non-Mandatory Guidance

The following sections of this ADS chapter describe both mandatory and non-mandatory procedures and practices used for achieving. Mandatory procedures are identified with use of the words "must," "required," or other clear designation.

Special exemptions from some mandatory procedures are noted in the text. You must obtain approval in writing for any additional exemptions beyond those specifically mentioned in this chapter. Many of the mandatory procedures described in this chapter are based on externally required procedures and cannot be waived. Consult with your legal advisor to determine the possibility of exceptions in specific cases and procedures for obtaining them.

Special Exemptions: Certain programs are exempted from the mandatory procedures described in this chapter, including (1) emergency disaster assistance; and (2) emergency food aid authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480).

The non-mandatory procedures described in this chapter are intended to increase consistency and predictability of operations. Non-mandatory procedures are identified with use of the words "should," "recommended," "may," or other clear designation. Although you should generally follow these procedures, you may choose to deviate from them or adapt them to particular situations, especially when such deviations promote core values and increase cost-efficiency. You do not have to document deviations from non-mandatory procedures.

202.3.1 Structuring SO Teams for Activity Implementation

Requirements for establishing SO Teams are described in ADS 201.3.5. **(See ADS 201.3.5)** When a program begins the achieving phase and formal obligating and sub-obligating agreements are under preparation, SO Teams must take some additional steps to prepare themselves for activity implementation. SO Team Leaders and the head of the responsible Operating Unit are jointly responsible for ensuring that these requirements are met. The three basic requirements are to

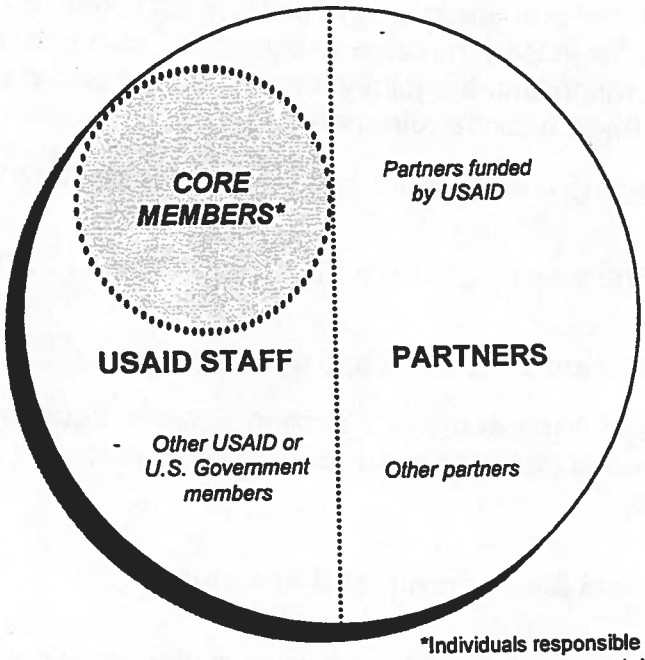
- Review team membership and structure and make any adjustments needed for achieving
- Identify Activity Managers and Cognizant Technical Officers (CTOs) and clarify their respective roles
- Support effective SO Team functioning and decision-making

Each of these requirements is discussed in this section. These requirements should be reviewed periodically as needed during the course of implementation. **(See ADS 203.3.3, Portfolio Reviews)**

202.3.1.1 Reviewing Team Membership and Structure

As SO Teams move from the activity planning stage to implementation, changes in membership should be considered to provide the skills and expertise necessary for achieving. Teams will require continued expertise from functional specialists in USAID (e.g., financial management, contracts, legal, and program), but the level and scope of expertise needed may change significantly from what it was in the planning stage. Teams may decide to recruit additional USAID staff to provide additional technical expertise and management support. **(See ADS 201.3.5.2 and 201.3.5.4)** As agreements are established with partner institutions, SO Teams will invite some individuals from these institutions to participate as members of the SO Team. In all cases, the idea is to recruit new members based on their value added and the needs of the SO Team. The following diagram illustrates SO Team membership in the achieving phase:[Endnote 1]

Figure 202A, SO Team Membership



*Individuals responsible for carrying out inherently governmental functions related to the achievement of the SO

If several activities are underway, the SO Team may need to adjust its structure. One or more sub-teams may be established to focus on specific sets of activities. No single standard approach to structuring teams during activity implementation exists. However, 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 increase the quality of decisions

On large programs, entire sub-teams may be created to manage specific sets of activities. The lesson on Team Formation in the Managing for Results (MFR) training course materials provides a useful discussion of approaches to team structuring. **(See Additional Help document, MFR training, Unit 1, Lesson 5)**

For small Missions with few USAID employees, SO Teams are a mechanism for bringing additional expertise and support to assist in overseeing activities. Some small

Missions have been very successful at incorporating partners in a way that effectively compensates for limited USAID technical staff. In the case of inherently governmental functions that can only be carried out by USAID employees, small Missions can formalize virtual SO Team membership roles with staff located in supporting regional or Washington units. This can help obtain necessary commitments and support.

202.3.1.2 Identifying Activity Managers and Cognizant Technical Officers

a. Summary of Requirements

- **Cognizant Technical Officers (CTOs):** Any SO Team responsible for managing acquisition and/or assistance instruments awarded by a USAID Contracting/Agreement Officer must have a formally designated CTO for each active award. Only core members of an SO Team can be designated as CTO. **(See ADS 201.3.5.2)** The Contracting/Agreement Officer responsible for the award formally designates the CTO. CTOs can only be designated after an award is made.
- **Activity Managers:** SO Teams may, at any time, designate one or more core team members "USAID Activity Manager." The title implies to external organizations that the individual will represent the Agency at some level. Therefore, to remain consistent with limitations related to inherently governmental functions, the formal title of "USAID Activity Manager" must be limited to core SO Team members. **(See ADS 201.3.5.2 for a discussion of inherently governmental functions.)**

Special Exemption: A CTO is not used for agreements with host-country government entities or for Personal Services Contracts (PSCs).

b. Differentiating and Clarifying Activity Manager and CTO Roles

The CTO function is designed to help manage the formal relationship between USAID and the awardee institution, and to perform certain administrative actions required in the award. For contracts, the award itself and the Contracting Officer's memorandum formally designating the CTO together spell out the CTO's administrative responsibilities and limitations. For assistance awards, ADS 303, Grants and Cooperative Agreements, outlines CTO responsibilities and limitations. **(See ADS 303)** CTO responsibilities for both acquisition and assistance instruments are specific to a particular award. These responsibilities begin with the formal designation by the Contracting/Agreement Officer and end with the award closeout process.

In contrast to the required but narrow role of CTO, SO Teams may designate a USAID Activity Manager at any time for any type of activity to manage a broad range of relationships between USAID and partner organizations.

Example 1: For smaller SO Teams with few agreements to manage, the simplest possible arrangement may be to merge the roles of SO Team Leader, Activity Manager, and Cognizant Technical Officer (CTO), and make the Team Leader formally

responsible for all three functions. Other team members would then take on specialized responsibilities that support these and other team functions.

Example 2: When programs are more complex, involving several activities or many partner institutions and customers, it may be essential to differentiate these three roles explicitly and assign them to different members of the SO Team in order to distribute and manage workload. SO Teams may, in this case, choose to designate one or more core members of the SO Team as Activity Managers for different activities. When a specific acquisition or assistance award triggers the requirement to designate a CTO, the Activity Manager could be nominated to be the CTO as well. The SO Team Leader, in this example, would not take on additional roles.

Example 3: In the most complex situations (involving, for example, a Strategic Objective Agreement (SOAG) with several distinct activities, each of which involves large or multiple acquisition or assistance awards), several CTOs and Activity Managers could be appointed, and each Activity Manager could coach or help manage the work of one or more CTOs in coordination with the Contracting/Agreement Officer. The Activity Managers would address management and coordination issues that go beyond the prescribed role of the CTO(s). This can be useful, for example, when several acquisition and assistance instruments are funded under one SOAG and it is necessary to coordinate and negotiate current and expected future awards with one or more host country Ministries and other entities.

These three examples covering a range of program complexity demonstrate that there is considerable flexibility in structuring these key roles among core members of an SO Team. It is important for all involved to understand clearly the scope and limitations of the particular role they are asked to play and to consult with the Contracting/Agreement Officer on potential arrangements.

c. Nominating and Designating the Cognizant Technical Officer (CTO)

If the activity uses an acquisition (contract) instrument for implementation, the SO Team is responsible for nominating to the Contracting Officer a qualified team member to be the CTO. The Contracting Officer is then responsible for designating this individual in writing as the Cognizant Technical Officer (CTO). Once the team member has been designated as the CTO, he or she can perform certain contract administration functions, such as reviewing and approving the contractor's invoices and issuing written interpretation of contract technical requirements.

If the activity uses an assistance (grant/cooperative agreement) instrument for implementation, the SO Team is still responsible for designating a qualified team member to be the CTO. However, the Agreement Officer in this case names the nominated candidate in the award itself and may or may not issue a designation memorandum to the CTO that discusses the responsibilities of this role. Once the award is effective, he or she can perform certain assistance administration functions, as described in more detail in ADS 303. **(See ADS 303)**

The task of managing a group of activities under an SO can be complex, particularly when acquisition and assistance instruments are awarded under higher-level agreements with a host country (such as a SOAG), or when the skills and expertise needed for effective management go beyond those held by any one member of the SO Team. Consequently, other team members often work with the CTO to carry out the various tasks related to activity management. Having a qualified individual as CTO helps to clarify formal roles and responsibilities; simplify communication between the Contracting/Agreement Officer, SO Teams, recipients, and contractors; and reduce the potential for disputes arising from conflicting signals.

There may be situations where it is necessary to nominate an individual to be designated as CTO who does not have the mandatory certification required by Office of Federal Procurement Policy (OFPP) Policy Letter 97-1, based on competencies that the Agency requires. In these cases, the Operating Unit will develop a written plan that allows the individual to receive the necessary training as quickly as possible in order to obtain these competencies and subsequent certification. You will find a detailed discussion of CTO responsibilities in MFR training, Unit 2, Lessons 5 and 7, and Contract Information Bulletins (CIBs) at the web site of the USAID Office of Procurement, http://inside.usaid.gov/M/OP or http://www.usaid.gov/procurement_bus_opp/procurement. **(See Additional Help document, MFR training, Unit 2, Lessons 5 and 7, Mandatory Reference, OFPP Policy Letter 97-1, and CIBs)**

202.3.1.3 Supporting Effective Team Functioning and Decision-Making

Effective functioning teams have proven to be more cost-effective than other types of organizational units. **(See discussion on SO Teams in ADS 200.3.4)** Creating teams that work well requires some level of investment in terms of management attention and team building. This investment pays off in the development results that SO Teams ultimately achieve.

Directors of field Missions and USAID/W organizations who manage SO Teams must take appropriate and sufficient steps to ensure that SO Teams have the capacity to function effectively during the life of the SO. No single prescribed set of interventions to meet this requirement exists. Rather, each Operating Unit is expected to develop its own set of interventions based on good management sense, availability of resources, and the particular situation faced by individual SO Teams. We have found the following team building efforts to be particularly useful in USAID:

- **Clarifying roles and authorities:** Assigning clear roles and responsibilities to individual team members is necessary for effective teamwork. Members need to understand what is expected of them and how to perform their roles. Lack of clear roles will cause a team to fail. Team leaders in particular need to understand that their roles are different, and at times more complex, than simply being a "boss" to full-time employees. Part-time members who have other formal

supervisors as well as non-USAID members of teams may not respond well to a team leader who acts more like a "supervisor" than a coach.

- **Clarifying decision-making processes:** Group consensus decision-making can either be the best or the worst way to make a decision, depending on the circumstances. To function effectively, teams need a variety of decision-making approaches, from "top-down" to full consensus, that can be applied to different decision-making situations and needs. The team leader plays a key role in determining how decisions should be made. The types and level of involvement of various team members in team decision-making should vary according to the type of decision made, the speed with which it needs to be made, and the relative importance of consensus around that particular decision. Lack of understanding of different team decision-making approaches can hamper teams from functioning effectively. **(See the amplified discussion on team decision-making in Additional Help document, MFR training, Unit 1, Lesson 5)**
- **Brokering agreements with organizations that support SO Teams:** Expert staff in USAID may provide important services to SO Teams without necessarily being members of the team. This can be the case when regional Missions or Washington Bureaus and organizations provide services on a part-time basis from another country (e.g., legal, contract, financial management, and technical development expertise). Encouraging these units to view SO Teams as key internal customers and working out effective support agreements is very important for enabling SO Teams.
- **Developing team membership and management skills:** This includes providing training and reference materials, helping teams assess strengths and weaknesses and identifying means of improvement (with or without external consultants), and encouraging productive feedback and conflict resolution among team members.
- **Assisting SO Teams in managing team boundaries:** This refers to situations where significant decision-making takes place outside of the SO Team in areas considered by members to be part of their responsibility and authority. Given that SO Teams function in the context of an administrative hierarchy, this issue will come up. Prior agreement and clarity on decisions that require higher-level consultations, initiative, or authority above the SO Team will help avoid potential problems. Due consideration and recognition by higher level decision makers on the role of SO Teams is equally important.

See the MFR training course materials on teams for additional information on these topics. **(See Additional Help documents, MFR training, Unit 1, Lesson 5, and Unit 2, Lesson 2)**

202.3.2 Mobilizing Inputs

In the early stages of achieving, mobilizing inputs absorbs the majority of SO Team members' time and effort, as well as that of partners receiving USAID funds. Many processes are involved, including

- Preparing documentation that forms the basis of the obligating agreements, and the obligating agreements themselves (Scopes of Work [SOWs], Requests for Application [RFAs], Requests for Proposal [RFPs], SOAGs, contracts, grants, etc.)
- Negotiating these instruments with the parties involved
- Recruiting new personnel financed through agreements
- Moving personnel and commodities to activity sites in host countries
- Facilitating various administrative approvals and logistical back-stopping in host countries
- Coordinating USAID-funded inputs with those provided by other partners
- Providing guidance to staff of new partner organizations on program results and approaches
- Starting work related to creation of outputs

In order to create and establish each type of obligating instrument, particular processes and procedures must be followed. Obligating instruments establish the legally binding roles and responsibilities of each party and provide a formal structure for the relationship. This makes the transfer of U.S. Government funds to non-U.S. Government entities possible. ADS Functional Series 300 provides extensive guidance on mandatory procedures for establishing various instruments. **(See Additional Help document, MFR training, Unit 2, for additional information on the range of instruments used; for financing and mobilization inputs, see ADS Functional Series 300; and see ADS 621 for details on the obligations process)**

202.3.3 Supporting Implementing Partners to Achieve Results

202.3.3.1 Providing Information on Program Objectives

If partner staff remain unaware of the desired results, we may lose valuable opportunities for creating synergy. We must therefore ensure that our implementing partners have complete information on the objectives and Intermediate Results (IRs) to which their activities are expected to contribute. Ideally, this is done by including relevant Results Frameworks in the background information section of SOWs and program descriptions (RFPs and RFAs). Briefing new partner teams is also very helpful. Finally, SO Teams are strongly encouraged to share annual R4 document and

other planning documentation with partners within the guidelines and restrictions established in ADS 201.3.7. **(See ADS 201.3.7)**

202.3.3.2 Providing Services Efficiently

Recipients and contractors will at times require certain services from USAID staff in order to carry out their work. This can include, for example, processing documentation to secure duty free customs release of equipment and commodities in a host country, or providing adequate information on USAID regulations and procedures that partners will need to follow. When we provide any type of service to an implementing partner, we must view the partner as an intermediate customer and seek to provide the service efficiently and effectively. Obtaining feedback from intermediate customers is extremely helpful and encouraged.

SO Teams must make every effort to ensure that partners working overseas receive the logistical support agreed to in their acquisition or assistance instrument. Before finalizing logistical support terms and conditions for an award, SO Teams based in USAID/W Operating Units must coordinate the details of this support with any USAID Missions, or, if appropriate, the U.S. Embassy in non-presence countries, where performance under the award is likely to occur. This is to ensure that the Mission or Embassy can provide the support proposed in the draft award document and arrange for any payments due through International Cooperative Administrative Support Services (ICASS) arrangements. **(See ADS 527, Functions of the Mission Executive Office)** For example, The SO Team should confirm the contractor or grantee's eligibility for expected tax and duty exemptions and any procedures that must be followed in the host country to ensure that such exemptions are honored in practice.

202.3.3.3 Supporting Coordination and Collaboration with Partners, Host Country Entities, Other Donors, and Customers

USAID plays a critical coordination role with respect to our partners and host country governments. SO Team Leaders and Activity Managers in particular are considered official U.S. Government (USG) representatives and, can open lines of communication with host country governments. The extent or level at which this takes place depends on delegations of authority and Embassy rules on speaking to the press.

We encourage SO Teams to establish periodic meetings with broader partner groups to share information and to elicit feedback. Normally accepted means include focus groups, town meetings, formal and informal consultations, systematic formalized customer surveys or research, rapid appraisal methods that involve customers, or other means that the SO Team may decide upon as a productive way of acquiring partner and customer input.

202.3.4 Monitoring Quality and Timeliness of Key Outputs

A major task of CTOs and SO Teams generally includes monitoring the quality and timeliness of outputs produced by implementing partners. Outputs are specifically described in SOWs and grant agreement program descriptions. Their production and use are critical to achieving results. Delays in completing outputs, or problems in output quality, provide an early warning that results may not be achieved as planned. This information may affect results-level performance targets that the SO Team presents in the R4 document. **(See ADS 203)** Early action in response to problems is essential in managing for results.

Monitoring compliance with 22 CFR 216 environmental determinations is part of this task. Environmental reviews are actively managed throughout the life of the SO and to ensure environmental soundness of activities. **(See ADS 204.3 and ADS 204.5.4 for additional guidance and see Mandatory Reference 22 CFR 216)**

202.3.4.1 Assessing Performance of Contractors and Recipients

Assessing performance in the achieving stage normally refers to whether the outputs produced by the contractor or grantee are timely and of acceptable quality. Performance in terms of higher-level development results (as opposed to outputs) is discussed more broadly in ADS 203. **(See ADS 203)**

When it chooses a contract as the implementing instrument, the SO Team initially develops a Contract Monitoring Plan. Once the contract is awarded, the SO Team and the contractor "fine-tune" the Contract Monitoring Plan to ensure that its elements are accurate and appropriate. The CTO uses it to ensure that the contractor is performing in accordance with the terms contained in the contract. CTO responsibilities for monitoring contractor performance include

- Reviewing and approving deliverables and performance reports
- Maintaining a CTO work file
- Reporting variations, proposed substitutions, and problems
- Recommending modifications
- Analyzing financial reports
- Approving interim payments
- Preparing annual Contractor Performance Reports for contracts that have a value of more than $100,000, and submitting them to the Contracting Officer

When the implementing instrument is a grant or cooperative agreement, the role of the U.S. Government in day-to-day assessment of grantee performance is generally limited to certain fiscal oversight responsibilities, such as obtaining quarterly reports and other

minimal management areas as described in 22 CFR 226. **(See Mandatory Reference 22 CFR 226)** Ultimately, as part of assessing the effectiveness of activities in achieving results (as discussed in ADS 203), the SO Team will form an opinion about whether or not to issue further grants to a particular grantee.

SO Team members and CTOs must immediately notify the Contracting Officer of any suspected procurement fraud, bribery, conflict of interest, or other improper conduct, and then report these promptly and directly to the Inspector General.

Additional information concerning performance issues can be found in Additional Help in the *Technical Officer's Guide for Evaluating Contractor Performance.* Also see the MFR Training, Unit 2, Lesson 5, for additional information on monitoring contractor/recipient performance. **(See Additional Help documents, MFR training, Unit 2, Lesson 5 and Technical Officer's Guide for Evaluating Contractor Performance [part of the Past Performance Handbook - Contractor Performance Report Cards])**

202.3.4.2 Using Customer Feedback

Use of customer feedback is essential for assessing the adequacy of outputs delivered. Teams will need to develop mechanisms to help ensure that implementing partners share the Agency's commitment to customer focus and that an effective feedback loop exists to bring customer information into results and activity management decisions. Customer participation can take place in several ways, including

- Involving customer representatives from associations, non-governmental organizations, informal groups, and/or collections of individuals on other SO Teams as members of the SO Team
- Making sure all acquisition and assistance instruments identify the intended customers for the results the parties are agreeing to achieve when they sign the agreement
- Developing an iterative process whereby feedback is elicited from customers and stakeholders through normally accepted means (e.g., focus groups, town meetings, formal and informal consultations, systematic formalized customer surveys or research, and rapid appraisal methods that involve customers) and communicating feedback to ultimate customers with an explanation of how their recommendations have been incorporated into our programming
- Recognizing the roles and responsibilities of the full range of customers, including both women and men

(See ADS 203 for further guidance on participatory techniques for assessing progress.)

202.3.4.3 Making Necessary Adjustments

You must make adjustments in tactics when conditions warrant. This may include developing an entirely new activity and instrument, or it may simply mean modifying and changing existing activities. In either case, you must involve your Contracting/Agreement Officer early in the process.

Changing activities and instruments in mid-stream can create legal problems as well as disrupt implementation. Consequently, the risk of such changes must be balanced prudently with the intended benefit. Nevertheless, we must always remember that once a plan is finalized and implementation begins, we continue to learn. In some cases, we might learn that our original plan needs to be modified or that the instrument or entity implementing under the instrument is not appropriate for the job. The SO Team must consult the Contracting Officer and, if appropriate, the legal advisor as soon as possible when it is considering any change that would affect a legal agreement. The SO Team must also determine whether and when it is appropriate to consult with Operating Unit management and host government/country partners when it contemplates such changes.

202.3.5 Managing USAID Program Resources and Requesting Funds

The Operating Unit and each SO Team are responsible for managing the resources made available to them so that planned outputs and results are achieved in a cost-effective and timely manner, in accordance with applicable regulatory requirements. These resources include program and OE funds, staffing, and, where appropriate, in-kind and local currency resources. Sections 202.3.5.1 through 202.3.5.4 below focus on the management of program resources.

Financial management responsibilities can be grouped into three interrelated categories:

- Financial planning, monitoring, and budgeting for results (covered in 202.3.5.1 through 202.3.5.4) **(See 202.3.5.1)**
- Funds control, obligation management, and ensuring that payments are in accordance with terms and conditions of agreements (bilateral SOAGs as well as acquisition and assistance instruments) from a performance perspective (covered in 202.3.6) **(See 202.3.6)**
- Minimization of financial vulnerability and support for financial and other audits related to the use of government resources (covered in 202.3.7) **(See 202.3.7)**

202.3.5.1 Financial Planning, Monitoring, and Budgeting for Results

SO Teams must prudently plan, monitor, and manage financial aspects of their program throughout the life of the SO. This responsibility, in fact, can extend beyond the life of

the SO when issues involving the SO remain unresolved, e.g., a lingering contractor dispute.

The financial position of an SO and its activities is critically important to achieving desired results. An SO's financial position can be planned and measured by projecting and analyzing trends and relationships of several key sets of budget and financial data such as

- Life-of-SO funding
- Life-of-Activity funding
- Mortgage
- Obligations, sub-obligations, and deobligations
- Accruals
- Disbursements
- Expenditures and expenditure rate ("burn rate")
- Unliquidated obligations
- Expenditure pipeline

Some of this data is generated in standard financial reports produced by the Bureau for Management, Office of Financial Management (M/FM) and/or the Controller's Office as agreements are executed, contracts are let, and payments are made. But the SO Team, as in the case of accruals and projected expenditures, generates some important financial management information and uses this information to manage for results. It is therefore important to understand the definition of these terms as USAID applies them.

The following financial management concepts and terms used in the achieving phase are provided for SO Team members. For a more technical and authoritative description, refer to ADS Series 600. **(See additional guidance in ADS 601, 602, 621 and 631)**

Accruals: Accruals refer to the estimated cost of goods and/or services or other performance received but not yet paid for by the Agency. Accruals are calculated for specific agreements and help provide current information on the financial status of an activity (or group of activities), agreement, or program.

Disbursements: Disbursements refer to the actual payment by the Agency for goods and services or other performance under an agreement/instrument.

Expenditures: Expenditures (also called accrued expenditures) refer to the total of goods and services or other performance received whether paid for or not.

Accruals + Disbursements = Expenditures

Expenditures are estimates of the total costs incurred by the Agency for a given activity (or group of activities), agreement, or program. As such, expenditures

offer a valuable indicator of progress in monetary terms of an activity, agreement, or program, e.g., SO. Analyzing planned against actual expenditures gives the SO Team a valuable management tool.

Unliquidated Obligation: An unliquidated obligation refers to the difference between the total amount that has been obligated in an agreement and the total amount that has been disbursed.

Pipeline: The pipeline refers to the difference between the total amount that has been obligated in an agreement and the total amount that has been expended.

Deobligation: Deobligation refers to the process of removing unneeded funds from an obligating instrument. This step is typically done upon completion of activities when unliquidated obligations might have become excessive or might no longer be needed for their original purpose.

202.3.5.2 Determining Accrued Expenditures

SO Teams must use an Accrued Expenditures system of financial management and reporting at the SO and agreement/instrument level. **(See ADS 631)** Obtaining accurate estimates of expenditures is important from a program management perspective and is necessary for overall cash management by USAID and the U.S. Government generally.

In projecting expenditures Operating Unit and SO Team estimates should project total multi-year costs even if the agreement or instrument is being incrementally funded over several years. Only through this all-inclusive approach will the full picture of expected expenditures be considered in making decisions. The SO Team has primary responsibility for developing these projections. Expenditure projections are generally updated quarterly in order to help ensure that program and financial management staff will be able to make sure funds are available when needed.

Some basic common standards for calculating accruals for various types of program inputs are as follows:

Services/Technical Assistance: Accruals occur as services are provided and include the fully loaded program costs of the services, e.g., contractor overhead, fee, etc. Repatriation and similar costs should be accrued as soon as the service provider enters on duty overseas and our obligation to pay those costs becomes irreversible. Usually, these estimates are fairly straightforward. For example, if an advisor will be in country for 12 months, we would accrue 25 percent of the salary and related costs like overhead for each quarter. Additionally, in the first quarter we would accrue the costs of getting the advisor to post and home again, together with any up-front commitments such as education or medical/evacuation insurance.

Training: Accruals generally are recorded as training occurs. Repatriation costs for overseas training should be included as soon as training begins. Again, these estimates are relatively straightforward. For example, if a trainee goes to the U.S. for a three to six month program, we would choose to accrue all expenditures in the first quarter since most program costs would be locked in at that time. On the other hand, if the program were for one year, we would probably want to spread the costs over that time period with the first quarter receiving a larger allocation as in the case of services expenditure projections.

Equipment/Commodities: The accrual for equipment and commodities occurs when title or ownership is transferred to the recipient. This generally occurs when the transport "carrier" takes possession of the items – freight along side (FAS) or freight-on-board (FOB). The receipt of shipping documents, either directly or through the contractor or host country partner, will usually inform the team when this occurs.

Construction: Accruals are generally based on the percentage of completion of a construction activity as determined by a qualified engineer. Estimates here can be quite complicated for large construction activities and often involve a mix of equipment, services, training, and construction. Multiple instruments are frequently employed. SO Teams may need to seek qualified advice when making projections on construction activities.

Cash Transfers: The accrual should occur when a formal communications from an authorized USAID official is executed notifying the recipient that all conditions prior to disbursement have been met and that disbursement is ***approved***. Conditions for disbursement vary widely depending on circumstances and activity design. Sometimes, USAID disburses partially for partial fulfillment of performance/conditions, and other times, USAID will not disburse until all conditions are met – full performance. To project expenditures with accuracy, a clear description of the conditionality must be in the agreement and understood by its parties. The team must also make an estimate of the point in time that it thinks the conditionality will be legally satisfied. This can be difficult in some circumstances.

In cases where an Operating Unit directly manages grant or contract instruments and information on disbursements to contractors and grantees is readily available, the process of determining disbursements and accruals is relatively straightforward. In some cases, however, information is not readily available. This occurs, for example, when Operating Units acquire services through contracts managed by other units or, in some cases, when Letters of Commitment are used to finance a grantee's work in several countries and it is difficult to obtain timely information on disbursements made for the SO Team. When disbursement information cannot be confirmed, accruals should be made based on estimates of costs incurred. This will permit an estimate of actual expenditures.

Making as accurate an estimate of accrued expenditures as possible is important to avoid a situation where funding pipelines erroneously appear to be growing. When this happens, requests for new funding may be denied if it appears that the pipeline exceeds forward funding guidelines. This could cause an unintended slow down in activities if funds are insufficient to finance costs until the next time that new funds are available. **(See ADS 601, 602, and 603 for forward funding information)**

202.3.5.3 Comparing Planned Versus Actual Expenditures

A comparison of planned versus actual expenditures is a valuable means of tracking the progress of an instrument or Strategic Objective. Variations between the planned and actual expenditures may mean that there is a potential overrun, that time has slipped and target dates may not be met, or that planned outputs and possibly SO results may have to be modified. In the case of inputs that are interrelated, as in the case of a construction activity that must be completed before certain equipment should be delivered, this analysis might indicate that action is needed to defer the delivery of the equipment. In order to prepare periodic accruals, the SO Team must have access to information that reflects actual costs incurred for each agreement/instrument.

Given the nature of development assistance and the complex environments in which USAID operates, delays may occur because of natural and man-made disasters of many types and can occur for reasons that are beyond SO Team control. Host governments that do not live up to their obligations, technicians who cannot be recruited, strikes, and political disturbances that disrupt scheduled commodity deliveries are just a few of the hazards that a development activity faces.

When SO Teams determine accrued expenses, or when they compare actual to planned expenditures, they should also note whether the unliquidated obligations balance has become excessive or is no longer needed for its original purpose. If this is the case, then the team should deobligate the funds. **(See ADS 621.3.13)**

202.3.5.4 Formulating the Annual Resource Request – The R4

The Operating Unit and SO Teams make their annual request for resources when they submit their Results Review and Resource Request document (R4). This is the time in the budget process when the SO Team can update and modify the more general multi-year resource requirements plan that was approved in the Management Agreement. Projected pipeline and expenditures are critical to this exercise. **(See ADS 621.3.14)**

During planning, SO Teams make initial projections of obligations and expenditures for the SO and its activities. This information, updated in the R4, will help determine and justify annual budget requests. Requests for new funds are based on projected expenditures, existing pipeline, and forward funding guidelines. USAID's forward funding policy for program funds is described in ADS 602, Forward Funding for Program Funds. **(See ADS 602)** In general, it states that current pipelines and new obligations should be adequate to finance 12 to 24 months of planned expenditures. This policy

encourages Operating Units and SO Teams to manage resource flows prudently so that scarce resources are optimally used throughout the Agency. By setting a limit on advance financing, it establishes an upper level for new resource requests. If pipelines at the end of a fiscal year are not adequate to finance the next fiscal year's projected expenditures, there is a risk that new funds will not be available on time to avoid a curtailing or even a shut down of activity implementation. It is therefore critical that SO Teams make carefully thought out projections and monitor them closely so adequate resources are available when needed.

The process of calculating accruals, estimating future expenditures, and calculating a budget that meets forward funding guidelines can be simple or complex, depending on the nature of the activity. Consult your program officer and controller for tools and approaches that are useful in your specific case.

202.3.6 Performing Funds Control, Payment, and Obligations Management

The mechanism and schedule for making payments under various instruments are usually established at the activity planning stage. Although both can be amended during implementation, mechanisms, once established, are not easily changed. The SO Teams, in collaboration with M/FM and/or the Controller's Office and the Contracting Officer, should therefore complete careful, up-front planning.

202.3.6.1 Payment Mechanisms

USAID generally reserves approval rights before payment can be made, whether the agreement is a SOAG, Implementation Letter, Memorandum of Understanding, Host Country Contract, or a USAID direct contract, cooperative agreement, or grant. The agreement can govern payment for activities ranging from services and construction to equipment and cash transfers for policy reform, performance, and capitalization of endowments.

The mechanisms, schedule, and conditions (e.g., performance) for payment under various instruments are usually established in the SO/activity planning stage. Although these can be amended during implementation, this can result in confusion, additional work, and potential legal problems. Thus, it is important to consider the payment option carefully during planning.

USAID can finance activities using several different ways. Common USAID payment mechanisms include making direct payments to grantees and contractors, Direct Letters of Commitment, and Letters of Credit. We can in certain cases also make advances, periodic advances, and mobilization payments. In rare cases, USAID may use a special letter of credit for financing commodities and commodity related services through commercial banks.

Activity approval documents should include a description of the methods of implementation and financing selected. **(See ADS 201.3.6.3)** A justification should be

included in those documents if the operating unit proposes to depart from USAID's general policies of using

a. **Methods of finance** as described in the preobligation requirements **(See ADS 201.3.6.3)**

b. **Fixed amount reimbursement** (or modified fixed amount reimbursement) as the preferred method in financing multiple unit construction

c. **Letter of credit** procedure for non-profit organizations

d. **Direct reimbursement** procedures (reimbursing the host country, contractors, and others) instead of methods of payment that entail USAID financial credit instruments, such as bank letters of commitment

e. **Direct letters of commitment** instead of bank letters of commitment, except for commodity import programs and activity commodity financing for which the Mission expects a proliferation of invoices

USAID experience indicates that greater accountability is achieved when certain methods of financing are selected, which is one reason for the preference for the specific modes of payment listed above. Another reason is cash management policies that aim to minimize advances and defer payment until all work is completed or goods and services delivered. Programming considerations sometimes dictate methods of financing that are less preferable from a vulnerability or cash management standpoint, so the full range of methods are available. However, a decision to utilize other methods must be fully justified.

A description of the methods of financing follows:

- **Direct Letter of Commitment:** USAID may issue direct letters of commitment to host country suppliers and contractors and make payment to them upon receipt of invoices and supporting documentation. The direct letter of commitment can be assigned to a bank and used as collateral against a loan. All USAID Controllers have been delegated authority to issue direct letters of commitment.
- **Direct Reimbursement for Goods or Services:** USAID reimburses the grantee/contractor or host country for eligible expenditures that are incurred and paid. This method of payment may be used with any USAID grant or contract.
- **Bank Letters of Commitment:** A bank letter of commitment is a financial arrangement between USAID and a U.S. Bank under which the bank is authorized to make payments to contractors or suppliers for eligible commodities or services. Under this payment method, the approved applicant may request the letter of commitment bank to issue commercial letters of credit to suppliers or contractors financed under the letter of credit. Commercial banks in the host country may also be allowed to issue commercial letters of credit and have them confirmed by the letter of commitment bank. The authority to issue bank letters of credit is held by M/FM and the Mission Controller in Cairo.

- **Letters of Credit:** A Letter of Credit (LOC) is authorized for non-profit organizations as a means of timely drawing advances under grants and cooperative agreements. USAID's LOC process has been transferred to the Department of Health and Human Services (DHHS) based on a cross servicing policy established by the Chief Financial Officer (CFO) Council.
- **Fixed Amount Reimbursement:** Fixed Amount Reimbursement (FAR) is a method of financing under which the amount of reimbursement is fixed in advance based upon cost estimates reviewed and approved by USAID. Reimbursement is made upon the physical completion of an activity, a sub-activity, or a quantifiable element within an activity. The emphasis is on reimbursement based on outputs rather than inputs or costs.
- **Special Letter of Credit:** The special letter of credit (SLC) is an alternative to financing commodities and commodity related services under a letter of commitment. The SLC becomes a foreign exchange asset for the host country with an immediate impact on foreign exchange reserves. When the SLC is used as a means for financing local costs, the Bureau Assistant Administrator must approve the justification for its use.
- **Advances:** Advances are usually only available to non-profit organizations or host governments, unless approved by the Agency Procurement Executive. An advance is given to a partner or vendor (e.g., a firm, non-governmental organization (NGO), international or government agency, or individual) before delivery of goods or services. Advances, for example, can be justified where an NGO has demonstrated working capital problems or when a commercial or non-commercial entity has specified mobilization or start-up costs. The latter could be expected with major construction activities.

202.3.6.2 Role of the SO Team in Making Payment

During implementation of activities, SO Teams must ensure maintenance of what the U.S. Government generally calls "funds control" (sometimes called financial accountability). **This requirement applies to all agreements or instruments.** The term "funds control" refers to management control over the use of fund authorizations to insure that

- Funds are used only for authorized purposes;
- Funds are economically and efficiently used;
- Obligations and expenditures do not exceed the amounts authorized;
- Obligation or expenditure of amounts authorized is not reserved or otherwise deferred without Congressional knowledge and approval; and
- Legal requirements are met to avoid spending money not appropriated (called an anti-deficiency violation). There are a multitude of conditions that would constitute Anti-Deficiency Act violations. See OMB Circular A-34, section 22 for

more information on specific conditions resulting in violations. **(See Mandatory Reference, OMB Circular A-34, section 22)**

A central SO Team responsibility with regard to funds control relates to its approvals for obligations or sub-obligations of funds and ultimate approval for USAID payment against the obligation. **(See ADS 201.3.5.2 and 201.3.5.3)**

The SO Team must take necessary steps to determine that work has been completed in accordance with the terms and conditions of obligation or sub-obligation instruments. This determination must be made in a timely manner to authorize payment or reconcile any disputed costs previously paid and, if payment is approved, it must be made to the recipient as prescribed in the Federal Prompt Payment Act, generally within 30 days from the time an invoice or bill is submitted to USAID for payment.

For payments governed by Federal Acquisition Regulations where USAID is a direct party to the obligating or sub-obligating agreement (i.e., a direct contract), the person most knowledgeable about the activities – in most cases the Cognizant Technical Officer (CTO) – is responsible for providing "Administrative Approvals" for payment based on knowledge gained through providing management oversight, e.g., contractor reports, site visits, etc.

In other cases (e.g., policy or performance based disbursements or host country contracts), approvals for payment are made in accordance with Operating Unit delegations of authority and generally involve the SO Team Leader or the Activity Manager.

202.3.6.3 Obligations Management

In addition to managing expenditures of funds and approving payments, SO Teams also manage obligations. SO Teams should ensure that obligations are sufficient and adequate to cover the forward funding needs of their activities. Most importantly, funds that are no longer needed should be deobligated regardless of whether the agreement is completed or activated.

Periodically, the SO Team, along with the Controller's Office, should review the status of all obligated funds and make any necessary adjustments to ensure that these funds are used in a timely manner or are deobligated if no longer needed. The team should identify obligations with (1) unneeded balances (funds remaining after all goods and services have been delivered or completed and paid for); and (2) excessive balances (balances that exceed forward funding guidelines). Deobligation allows these funds to be used for other purposes. **(See ADS 621, Obligations, for official policies)**

202.3.7 Managing Vulnerability

Vulnerability refers to a circumstance or set of circumstances that could result in fraud, mismanagement, waste, and/or an inability to meet funds control and accountability

standards. Vulnerabilities can be placed in two categories: (1) those that deal with activities, including issues over resources, inputs, and outputs; and (2) those involving higher-level results and concern overall performance. **(See ADS 203 for a discussion of this latter category)**

In considering activities, a vulnerability occurs when USAID does not take systematic and proactive measures to

- Develop and implement appropriate, cost-effective management controls for results-oriented management
- Evaluate its management controls of activities (including funds control)
- Take corrective action when needed

Operating Units and SO Team members can minimize vulnerability by periodically reviewing and, where appropriate, documenting SO/activity implementation status and problems. Specific questions to address include

- Is the design of the program activity (or group of activities) – from resources to inputs to outputs – still valid? For example, are outputs being produced as planned and are they consistent with their costs (the resource-to-output link)?
- Do the outputs of the activity (or group of activities) contribute in a cost-effective manner to the achievement of the desired results (the output-to-result link)?
- Are U.S. Government personnel carrying out inherently governmental functions, e.g., representation of the Agency in negotiations with other organizations, policy formulation, negotiation of agreements, contracts, grants, and other functions specified in legislation or regulation as inherently governmental? This is done by exercising Agency responsibilities consistent with the delegations of authority to individual or classes of team members, e.g., U.S. direct hires (USDHs), FSNs, PSCs, and others.
- Are official documents and other information being systematically maintained on current plans, status of activities (including planned and actual financial inputs and outputs), and results?
- Does the SO Team create, modify, and disband activities in a timely and cost-effective manner?
- Are the Operating Unit and its teams managing their resources in accordance with sound management principles, such as forward funding, timely deobligation or reprogramming of unneeded or excess balances, and minimization of aged pipelines?
- Are activity and Strategic Objective close out reports being prepared, as necessary, to summarize the results attained, the resources expended, the lessons learned, the benefits or processes expected to be sustainable beyond the period of USAID funding (where relevant), how such sustainability will be monitored, and the time period involved?

202.3.7.1 Working Within the Delegation of Authority (DOA)

USAID has a very defined system for delegating authority, which, among other purposes, helps to minimize the Agency's vulnerabilities and maintain accountability standards.

A delegation of authority occurs when an official, vested with certain authorities, extends that authority to an individual within a chain of command. The official retains the oversight responsibility over the individual and retains concurrent authority to exercise the authorities delegated. **(See ADS 103.3.1 paragraph c)** The empowered staff member, in accepting the authority, agrees to exercise the delegation in a responsible manner, i.e., they are willing to be held accountable.

USAID's delegations of authority 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 re-delegates some of these authorities (through the Assistant Administrator for Management, AA/M) 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, Delegations of Authority. **(See ADS 103)** In addition, the Management Agreement, issued upon approval of the Operating Unit's strategic plan, will contain authorities for implementing the Operating Unit's program.

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 personal contracting warrants that cannot be 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).

Operating Unit management decisions concerning the mix of authorities that are delegated to teams and individuals must 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 must not delegate authority to individuals who have insufficient skills or knowledge to fulfill their duties.

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.

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

consultation with and approval from his or her 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 202.3.1.2)**

It is critical that all staff are aware of the specific authorities they do or do not have, and avoid creating audit risk by attempting to exercise authorities that they do not possess. Operating Units normally have a Mission Order or Notice that specifies what specific authorities are vested in which individuals and that covers common approvals on various internal documentation and actions. *If you do not have clear, specified authorities, do not sign any instrument or modification to an instrument or direct any implementing organization to take an action that is not within the scope of the instrument and your authority. Always seek the advice of a USAID legal advisor if you have questions over authorities to take particular actions on behalf of USAID.*

202.3.7.2 Avoiding Conflict of Interest, Ensuring Procurement Integrity, and Complying With Ethics Rules

USAID believes that development results can be most effectively achieved with the full and active participation of a broad range of partners. This is Agency policy and embedded in the Agency's Core Values, as discussed in ADS 200. **(See ADS 200)** We seek the engagement of partners during planning, achieving, and assessing and learning phases of our programs. This policy must, however, be practiced within the boundaries of U.S. Government laws and regulations, especially those governing conflict of interest and procurement integrity.

a. Organizational Conflict of Interest

Organizational Conflict of Interest (OCI) occurs when an individual or organization is unable, or potentially unable, to provide USAID with impartial assistance or advice due to their involvement in other activities or relationships. OCI also exists when an individual or organization's objectivity in performing contract work is, or might be otherwise impaired, or when a person or organization has an unfair competitive advantage. OCI can apply to either for-profit or non-profit organizations under either contract or grant instruments. For contracts, applicable OCI standards are described in the Federal Acquisition Regulations (FAR). **(See Mandatory Reference, FAR 9.501)** OCI is less likely to arise under assistance instruments. It is in the Agency's interest to avoid conflicts of interest. Therefore, OCI should always be addressed no matter what instrument is used.

An organizational conflict of interest may develop when the nature of the work to be performed under an active contract creates an actual or potential conflict of interest on a future contract. In such cases, some restrictions on future activities of a contractor may be required. In assessing an OCI, the Contracting Officer

(CO) should identify and evaluate potential causes as early in the acquisition process as possible. The Contracting Officer should avoid, neutralize, or mitigate significant potential conflicts before contract award. This will often require advice of counsel and the assistance of appropriate technical specialists.

The CO must prevent the existence of conflicting roles that might bias a contractor's judgement or create unfair competitive advantage.

b. OCI Standards

The following OCI standards are summarized from the FAR. **(See Mandatory Reference, FAR 9.505)**

Bias exists when an organization that has designed an activity that will be implemented by contract, or contribute to the development of the Statement of Work (SOW) for a contract, also seeks to implement the contract in question. Under these circumstances, the organization that has the OCI is precluded from receiving the contract award.

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 proposal that the organization has preeminent capability to implement.

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.

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

If a contractor is awarded a contract to design an activity and if, as a condition of award, the contractor's eligibility for future prime contract or subcontract awards will be restricted or the contractor must agree to some other restraint, the solicitation shall contain a proposed clause that specifies both the nature and duration of the proposed restraint.

Unfair competitive advantage: An unfair competitive advantage occurs where a contractor competing for award possesses

- Proprietary information that was obtained from a Government official without proper authorization; or
- Source selection information that is relevant to the contract but is not available to all competitors, and such information would assist that contractor in obtaining the contract

Mitigating unfair competitive advantage involves

- Identifying competitively useful information held by one potential offeror
- Sharing that information with all other potential offerors

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

The agency head or designee may waive any general rule or procedure of OCI by determining that its application in a particular situation would not be in the Government's interest. Any request for waiver must be in writing, shall set forth the extent of the conflict, and requires approval by the agency head or a designee. See your legal advisor for more information on OCI waivers.

c. Procurement Integrity and Ethics

In the SO Team context, the procurement integrity and ethics rules are identical to those applicable in other U.S. Government 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.

By criminal statute, a Federal employee generally cannot participate "personally" and "substantially" on a matter that has a "direct" and "predictable" effect on the employee's financial interests. Another criminal statute also prohibits certain post-employment activities after one ceases to be a government employee. 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.

Procurement integrity rules include

- Limiting 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 **(See Mandatory Reference, FAR 3.104-3)**
- Requiring USAID employees involved in a procurement exceeding the Simplified Acquisition Threshold to report to their supervisor and Agency Ethics/Administration Official in the Office of General Counsel (GC/EA) any contact about future business or employment with a bidder or offeror during the course of that procurement
- Containing certain post-employment restrictions applicable to USAID employees for specified time frames

For more specific guidance on working with partners, SO Teams and their members must consult the guidance created especially for SO Teams, *"Legal*

and policy considerations when involving partners and customers on strategic objective teams and other consultations." **(See Additional Help document, Legal and policy considerations when involving partners and customers on strategic objective teams and other consultations)** You should direct specific questions or concerns to your regional legal advisor or general counsel.

202.3.7.3 Conducting Audits

Periodically (often annually for financial audits), the USAID Office of the Inspector General (IG) audits or oversees audits of the results, agreements, accounts, and/or actions tied to a Strategic Objective and its activities. The two basic categories of audits are

- Financial audits
- Performance audits

These categories are closely related. Financial audits examine how the Operating Unit and SO Teams maintain accountability over USAID resources, primarily through audits of contractor or grantee financial statements and agreement implementation. Performance audits focus more on the output and results aspects of our programs, including monitoring and measurement systems, management structure for producing results, etc. The scope of audits can be very broad, extending from questions of government regulation compliance to management systems. Either (a) the IG and its field offices or (b) private audit firms, host country Supreme Audit Institutions, or the Defense Contract Audit Agency (DCAA), working with IG oversight or review, can carry out audits of USAID programs, grantees, and contractors.

The IG conducts audits to assist USAID management by providing insight into how well the Agency is operating, making recommendations for improvement when problems are found, and acknowledging when a USAID activity is doing well. The IG maximizes audit coverage by developing its own audit strategy and an annual plan. Operating Units and SO Teams should be aware of these plans and of the schedule of recipient-contracted financial audits of grantees and contractors. Operating Units and SO Teams may use Certified Public Accountant (CPA) firms for consulting services, such as financial services reviews and evaluations, when such services are outside the scope of formal audits.

202.3.7.4 Maintaining Official SO Team Files

SO Teams must ensure that they have adequate official documentation on agreements used to implement USAID-funded activities, resources expended, issues identified, and corrective action taken.

Operating Units and their SO Teams must maintain the following list of standard documentation for the duration specified by Agency rules on document retention, as

stipulated in Appendix 6D, ADS 502 Mandatory Reference. **(See "Records Disposition Schedule – Agency-Wide (USAID/W and USAIDs")**

- Strategic Plan
- Management Agreement (formerly Management Contract)
- Performance Monitoring Plan and supporting documents, updates, and amendments
- Statutory checklists
- Assistance checklists
- Country checklists
- SO Team delegations and membership lists (including sub-team information, as appropriate)
- Activity approval documents
- Environmental reviews (including 22 CFR 216 documentation)
- Waivers
- Congressional notifications
- Bilateral obligation documents (grant and loan agreements)
- Non-bilateral obligation documents (contracts, grants, purchase orders, inter-agency agreements, participating agency service agreements [PASAs], and Resources Support Services Agreements [RSSAs])
- Non-obligating agreements (memoranda of understanding)
- Procurement Requests, Commitment/Obligation Records
- Implementation letters
- Official correspondence
- Audit reports
- Results Review and Resource Request (R4)
- Evaluations
- Close out reports

202.3.7.5 Using the Annual Internal Control Assessment

Annually, each Operating Unit conducts an internal control assessment to comply with the Federal Managers Financial Integrity Act (FMFIA). This Agency-wide assessment is completed to identify potential problems and vulnerabilities, and to develop, implement, and report on corrective actions being taken. Subject matter for the assessment is wide-ranging, covering all areas where accountability might be at risk. Where there is a common pattern of vulnerability across the Agency, it is brought to the attention of senior management for attention. Problems reported by the responsible Assistant

Administrator are brought to the attention of the Agency's Management Control Review Committee (MCRC), which is chaired by the Deputy Administrator. The AA determines whether problems reported by operating units either individually or collectively are significant enough to be reported to the MCRC. ADS 596, Management Accountability and Control, details official Agency policies. **(See ADS 596, Management Accountability and Control)** Operating Units and SO Teams should use this annual exercise to highlight and address vulnerability issues.

202.3.8 Closing Out SOs, Activities, and Obligating Instruments

When a Strategic or Special Objective or instrument comes to an end, USAID Operating Units or SO Teams, as appropriate, must execute formal close out procedures.

The purpose of close out reporting is to

- Record, in a summary form, implementation experiences, including the achievement of planned outputs and results
- Highlight any lessons learned that the Operating Unit or SO Team finds useful for others
- Document final accounting of resources obligated and disbursed (including reconciliation of financial accounts and payment to contractors and other implementation partners)
- Demonstrate that required reporting has been completed

Country and SO close out reporting focuses more on programs, while instrument close out reporting is more oriented towards transactions and outputs. Close out reports allow the Agency to "close the file" officially on an SO or instrument from a procurement and financial sense. **(See ADS 203 for more information on close out reports)**

202.3.8.1 Closing Out Instruments Governed by FAR

Close out of direct USAID contract and grant instruments, in addition to recording major programmatic and performance issues affecting performance, must comply with close out procedures either in the Federal Acquisition Regulations (FAR) or as issued by the Office of Procurement for both USAID/W and overseas' issued instruments. **(See Mandatory References FAR 4.804 and 22 CFR 226.71 and http://www.usaid.gov/procurement_bus_opp/procurement/)** All of these are accessible through the USAID Office of Procurement's intranet web site, http://inside.usaid.gov/M/OP. The Contracting/Agreement Officer is responsible for closing out these instruments and will provide guidance to CTOs and SO Teams on their roles in the instrument close out process, which may include

- Submitting all required reporting
- Adjusting the Federal government's share of the cost of instrument, e.g., host country contributions

- Reporting the disposition of all acquired property and equipment over which the recipient has a custodial relationship
- Reconciling accounts and settling any cash advances
- Resolving any residual, recipient, patent, copyright, or restricted rights data obtained under an award

Even though the Contracting/Agreement Officer handles a close out for direct USAID contracts and grants, the CTO, supported as needed by the SO Team, plays an important role in closing out the files.

202.3.8.2 Closing Out Activities, SOs, and Field Missions

There are no additional close out reporting requirements for activities beyond the instrument close out procedures described above. **(See 202.3.8.1)**

Close out reporting for SOs takes place through the R4 process or as described in ADS 203.3.7. **(See ADS 203.3.7)**

For guidance on closing field Missions, see the following guidance. **(See Supplementary Reference for ADS 527, Closing of Mission Checklists for Normal Closeout)**

202.4 MANDATORY REFERENCES

(See comprehensive list contained in ADS 200.4)

202.4.1 External Mandatory References

(See comprehensive list contained in ADS 200.4.1)

202.4.2 Internal Mandatory References

(See comprehensive list contained in ADS 200.4.2)

202.5 ADDITIONAL HELP

(See comprehensive list contained in ADS 200.5)

202.6 DEFINITIONS

(See comprehensive list contained in ADS 200.6)

Endnote 1 Figure 202A, SO Team Membership – This graphic illustrates membership in an SO Team, showing that the SO Team includes both USAID staff and those partners involved with achieving the SO. IT also shows that USAID employees who carry out governmental functions are "core members" of the SO Team, but are not separate from, or more important than, the other members of the Team. The graphic shows a circle representing the structure of SO Team membership, with a dotted line dividing the circle in half. The left half of the circle represents USAID staff, and the right half represents partners.

In the left half of the circle, core members are highlighted in a shaded circle; the graphic explains core members are "individuals responsible for carrying out inherently governmental functions related to the achievement of the SO." The left half of the circle also includes "other USAID or U.S. Government members."

In the right half of the circle, partners are listed as "partners funded by USAID" and "other partners."

ADS SERIES 203

Functional Series 200 – Programming Policy
ADS 203 – Assessing and Learning

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ADS 203 – Assessing and Learning

203.1 OVERVIEW

This chapter defines Agency practices and standards for assessing and learning from program performance at the Strategic Objective (SO) Team and Operating Unit levels. It provides a conceptual framework for assessing and learning and describes how SO Teams collect and use both quantitative and qualitative performance information gathered from various sources to manage for, and report on, results. It outlines data quality standards for performance reporting and describes tools to promote learning and strengthen future performance. A brief description of assessing and learning processes at the Bureau and Agency level is also included to show how information reported by Operating Units contributes to higher-level performance analysis and learning.

This chapter includes guidance on how to

- Conduct portfolio reviews to apply performance information in making program management decisions
- Plan and carry out program evaluations
- Identify and use other sources of information
- Assess performance data against quality standards
- Report on and share performance information

203.2 PRIMARY RESPONSIBILITIES

a. SO Teams are responsible for all aspects of assessing and learning for the results and activities justified and funded through their SO. They establish, use, and critically assess performance management tools to collect and analyze data on performance. They ensure that all activities contribute to achievement of results agreed upon in approved strategies. Finally, SO Teams use performance information and assessments for the annual Results Review and Resource Request (R4) report.

b. Operating Units support SO Teams in assessing and learning and are responsible for preparing and submitting R4 reports to their Bureau.

c. Regional and Central Bureaus ensure that Operating Units under their purview have the capacity and support needed to establish appropriate performance management systems and are able to meet R4 reporting requirements. Bureaus conduct annual reviews of SO level performance and use performance information in the process of determining budget allocations and summarizing progress for Agency level reporting.

d. Bureau for Global Programs, Field Support and Research (G) Operating Units have a dual role. As Operating Units managing SOs, they fall under the discussion

above for Operating Units and SO Teams (items a and b above). In addition, they play a lead role for the Agency in developing effective approaches and techniques for performance measurement in their goal area, such as establishing lists of useful indicators for use in performance reporting and evaluative tools and methods particular to the goal area. G Operating Units also contribute significantly to annual assessments of progress across all SOs in a given goal area, for purposes of internal management decision-making and external reporting.

e. **The Bureau for Policy and Program Coordination (PPC)** coordinates assessing and learning efforts at the Agency level and provides guidance on assessing and learning standards, tools, and procedures. It maintains web sites that make this information available to individuals inside and outside the Agency. **(See ADS 200.5)** PPC also maintains R4 and other evaluative reports and documentation on Agency programs and makes them available for Agency-wide use. PPC is responsible for reviewing the quality of each Bureau's performance information and providing written feedback annually to the respective Assistant Administrators (AAs). PPC also prepares an annual agenda of and carries out Agency-wide evaluations on the effectiveness of programs and operations. PPC reports on Agency performance to the Office of Management and Budget (OMB) and to Congress.

f. **The Bureau for Management (M)** is responsible for ensuring that budget requests and budget allocation decisions at the Agency level take into account relevant and appropriate performance information.

g. **The Office of General Counsel (GC)** provides legal interpretation of legislation and other federal guidance pertaining to performance management and reporting.

203.3 POLICY AND PROCEDURES

203.3.1 Mandatory and Non-Mandatory Guidance

The following sections of this ADS chapter describe both mandatory and non-mandatory procedures and practices used for assessing and learning. Mandatory procedures are identified with use of the words "must," "required," or other clear designation. Consider any procedures not specifically identified as mandatory to be non-mandatory.

Special exemptions from some mandatory procedures are noted in the text. You must obtain approval in writing from the Assistant Administrator responsible for your Bureau for any additional exemptions beyond those specifically mentioned in this chapter. Request for additional exemptions must be written as an action memorandum and cleared by the Bureau for Policy and Program Coordination, Office of Program Coordination (PPC/PC) and by the Bureau for Management, Office of Budget (M/B) before approval.

Special Exemptions: Certain programs are exempted from the mandatory procedures described in this chapter, including (1) emergency disaster assistance; and (2) emergency food aid authorized under Title II of the Agricultural Trade Development and Assistance Act of 1954, as amended (P.L. 480).

The non-mandatory procedures described in this chapter are intended to increase consistency and predictability of operations. Non-mandatory procedures are identified with use of the words "should," "recommended," "may," or other clear designation. Although you should generally follow these procedures, you may choose to deviate from them or adapt them to particular situations, especially when such deviations promote core values and increase cost-efficiency. You do not have to document deviations from non-mandatory procedures.

203.3.2 Conceptual Framework

203.3.2.1 Introduction

Managing for results requires making decisions and taking actions to steer a set of activities to achieve intended results. Managers seek to combine feedback on past efforts with insights, hypotheses, other knowledge, and experience to make professional judgments about the most useful course of action to take. Assessing and learning is the process of systematically collecting information about the progress of development work, analyzing it so it can be used for management decisions, and reporting so the rest of the Agency can profit from the lessons learned.

Managers cannot know if they are on the road to achieving their goals unless they have ways to track progress. There are two steps in this process: (1) performance of on-going activities must be assessed by collecting and analyzing qualitative and quantitative information about what activities are achieving; and (2) the data from these assessments must be reviewed in the context of a broader analytical framework to make judgments about overall progress and learn how to improve performance. This is not simple. Like other organizations whose mission is to produce sustainable changes in the conditions of people's lives, USAID faces a complex problem when it comes to assessing results and reporting progress. Four main issues contribute to this complexity:

- **Attribution:** USAID does not work alone. Our activities enable host country institutions to meet social needs. This is often in collaboration with other donors. As we do this, we need to define results that both represent significant change and reflect the aspirations and desires of others. We must then work in partnership with individuals and institutions to collaboratively co-produce these development results. We rarely, if ever, have complete control over outcomes, and we can rarely, if ever, claim results solely as our own. In this setting it is difficult to measure the relative impact of our specific contributions to the development results we seek to achieve.

- **Data Availability:** We typically work in data poor environments. This stems in part from limitations in resources and institutional capacity in host countries. It can be very difficult to find reliable and practical indicators that measure incremental progress or final outcomes. This often means that we need to establish simple, low-maintenance data collection and analysis systems rather than rely on existing ones. Limitations in our own resources often preclude us, however, from completely filling existing gaps.
- **Unstable Environments:** We often work in unstable environments. Conditions constantly change due to events at a local, national, and even international level. Our programming system helps us stay flexible and adjust to change. It is important that our performance measurement systems be flexible enough to remain useful when changes occur.
- **Delayed Impact:** Finally, when we are most successful, the full development impact of our work is not realized immediately. Sometimes full impact is not felt until years after our investments were made and activities completed. This means that complete information on the positive impact of activities is typically not available at the time that management decisions on these activities have to be made. It also means that the best learning may not take place without monitoring and review of activities and SOs even after they are completed. Nonetheless, while final impact data may be hard to attain, one can monitor other information about progress using intermediate outcome data.

The process of assessing and learning requires that we go beyond meeting specific requirements that can be spelled out in a few pages of guidance. We must also demonstrate a broader commitment to some basic principles and practices and encourage our partners to do the same. By demonstrating these principles and practices as a regular part of our assessing and learning efforts, we gain credibility and obtain the confidence of those who support and finance our work.

203.3.2.2 Principles of Assessing and Learning

The following overarching principles guide the Agency's work in assessing and learning. These principles guide our plans, actions, and decisions as we assess our programs and report on progress:

a. Self-assessment: SO Teams and other management units are responsible for actively and systematically assessing their contribution to program results and taking corrective action when necessary, within the scope of their authority and responsibility. They encourage partner organizations to do likewise.

b. Performance-informed decision-making: We seek to ensure that management decisions at all levels are informed by the best available performance information. In planning performance measurement, we seek to anticipate information needs for future decisions and put in place the mechanisms to obtain the best, most timely information from a variety of sources. Timeliness of the data depends upon the decisions to be made and the events

measured. Daily data may be needed in the case of humanitarian interventions. Other data may only be needed or obtainable at multi-year intervals, e.g., participation rates in elections.

c. Candor and transparency in reporting: We strive for candor and transparency when reporting our progress. This involves three interrelated actions: (1) assessing the quality of data we use to report progress and stating known limitations; (2) conveying clearly and accurately the problems that impede progress and our efforts to address them; and (3) avoiding the appearance of claiming those results achieved with or by others as our own.

d. Information Sharing: Each SO Team learns best practices, approaches, and techniques when it implements a strategy. If teams make available the most important and useful insights and knowledge from experience, others will be able to apply them to improve success elsewhere. Dissemination of R4s, evaluations, and SO close out reports through the Bureau for Policy and Program Coordination, Center for Development Information and Evaluation (PPC/CDIE) and provision of related program information and experience on external and internal USAID web pages are ways to promote learning.

e. Economy of Effort: Data collection and reporting should be limited to what is most directly useful for managing performance at the Operating Unit level. More data is not necessarily more useful than less because it markedly increases the management burden and cost to collect and analyze. When partner organizations work with several Operating Units on the same activity, reporting burdens should be minimized by coordinating and agreeing on a manageable and reasonable set of reporting information.

f. Participation: We seek to involve our customers, partners, and stakeholders in our assessing and learning processes in order to improve the likelihood of obtaining useful information and strengthen overall assessing and learning processes. This contributes to achieving sustainable development impact. To promote participation in assessing and learning, we seek to

- Include customers, partners, and stakeholders when developing Performance Monitoring Plans (PMPs) and when collecting, interpreting, and sharing performance information and experience
- Integrate our performance management efforts with similar processes of our partners
- Include ultimate customers and partners in planning and conducting evaluations
- Assist partners in developing their own performance management and evaluation capacity
- Consider the financial and technical assistance resources needed to ensure stakeholder participation in performance management and evaluation

203.3.2.3 Analytical Approach

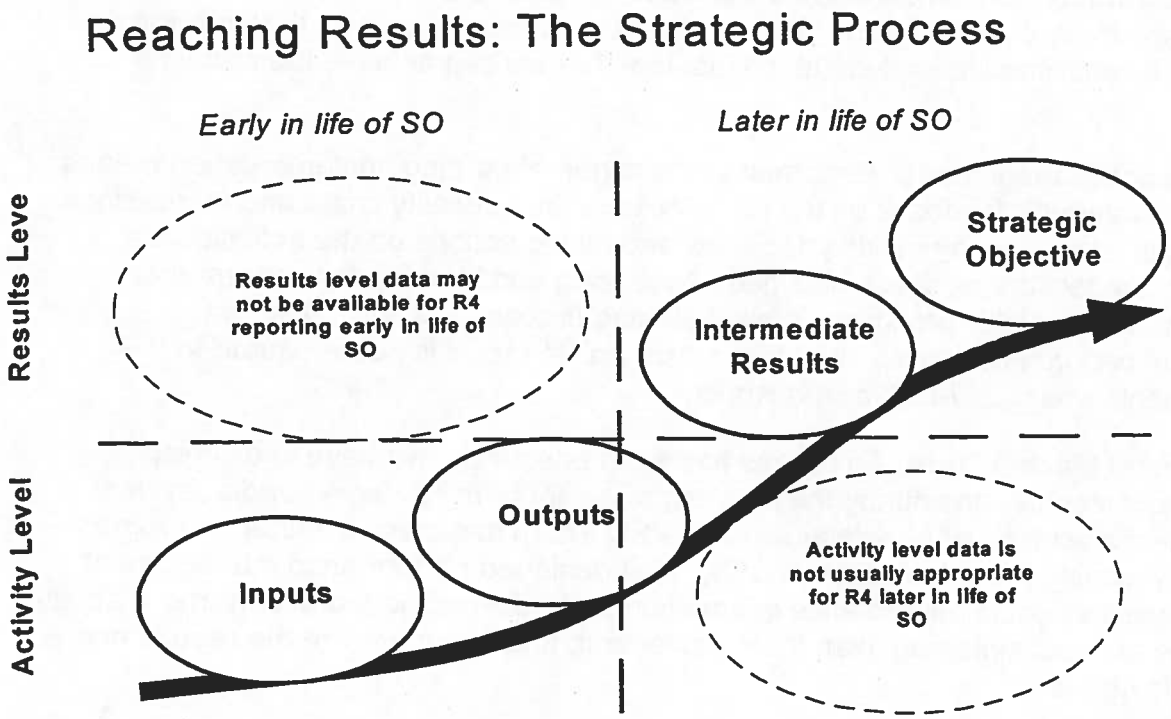
The type of performance information that managers use at an Operating Unit and SO Team level varies over the life of an SO as activities are initiated, outputs produced, and results achieved. This section describes the basic analytic approach the Agency uses to conduct assessing and learning efforts as development programs unfold.

Causal Pathway for Results. Performance management begins during strategic planning when a Results Framework is developed. While planning, the team develops a development hypothesis that documents causal linkages between USAID actions and the intended strategic objective. Strategic Plans focus on defining an ultimate objective (SO) and describing the Intermediate Results (IRs) that will lead to its achievement. The Performance Management Plan (PMP) for the Results Framework completes strategic planning by including definitions of the indicators, baselines, and targets to be achieved. The Strategy provides examples of illustrative activities to indicate that the means for achieving the IRs exist.

At the activity planning stage, SO Teams plan specific outputs to achieve each IR. Outputs are in turn produced with inputs, and inputs are financed with USAID and partner resources. It is most important to track whether the outputs lead to IRs and ultimately to the SO. It is not sufficient, for example, to train teachers in better teaching methods without also determining (1) whether they actually use the methods in the classroom; and (2) whether their students learn more effectively.

Therefore, when activity planning is completed, a complete causal pathway is developed linking inputs and outputs (activities) to IRs and the SO (results). This relationship is shown graphically in Figure 203A.[Endnote 1]

Figure 203A, Managing for Results Achievement



The dark arrow represents the causality chain linking inputs to SOs. At the early stages of implementation when activities are being established, measurable and attributable impact at the results level will be very limited and perhaps non-existent. Using results-level data at that stage is not very useful for performance management and reporting. At later stages, if the causal chain is adequate, the cumulative effect of activities becomes tangible, and results-level data will be measurable and attributable to USAID effort. At that point, activity-level data may no longer be appropriate for performance reporting though they may still be relevant for program management.

While the actual process of managing development programs is never as clean as is shown in the diagram, this provides a useful framework for thinking about the relationship between indicators of progress, activities, and results.

USAID Control Over Results. USAID has the most management control over results achievement at the activity level. Inputs and outputs are planned by SO Teams and achieved by implementing partners who receive USAID funds for this purpose. The legal agreements that form the basis for funding define the specific control that SO Teams exercise over activities. At the results stage, it is rarely the case that USAID activities so dominate that there is "firm" management control on the results. The results we seek typically involve many actors who influence final outcomes, sometimes

more so than USAID. While we still have a manageable interest in the outcome and the Operating Unit and SO Team have accepted responsibility for results achievement, the degree of management control is much less than at the activity level. **(See discussion on accountability for results in ADS 200.3.2.1)** Therefore it is particularly important that we take every opportunity to influence others to pursue objectives that support and leverage the activities we implement, so that together we can achieve the results sought.

Performance Management. Performance management during implementation means obtaining systematic feedback on the robustness of the causality chain and increasing its "strength" over time, by making decisions and taking actions on the activities we control that reflect the feedback obtained. Assessing and learning for performance management is a highly proactive, forward looking process. Simply taking an occasional performance "snap-shot" to produce an R4 report is not adequate in the environments where USAID typically works.

Assessment Mechanisms. To assess and learn effectively, we have to develop assessment mechanisms during the planning stage for both strategies and activities. These mechanisms must be adequate for the SO Team to assess whether its program is actually leading towards desired results. Well-designed performance management systems yield valuable performance information that will help the team learn more about what they are accomplishing, plan for improvement, and communicate the results and lessons to others.

Performance Monitoring Plan (PMP). The cornerstone of the SO Team's performance management system is its PMP. **(See ADS 201.3.4.13)** An effective PMP guides the SO Team in its assessing and learning and supports continuous performance improvement. Well-designed PMPs enable timely and consistent collection of comparable performance data that can help the team manage for results and "tell its story better."

Using a Variety of Performance Indicators. It is rare that one can actually measure progress toward achieving an SO by directly measuring the objective itself. Instead, SO Teams develop and use a variety of performance indicators to monitor performance. During different phases of strategy implementation, SO Teams may find that different indicators are appropriate. At the beginning, it is important to measure progress in mobilizing inputs and the processes that transform inputs into outputs. If the SO Team has problems early in implementation, results may not be achieved as planned without a change of course. Within a short time (one to two years for a new SO, or less for follow-on SOs), the effectiveness of outputs in creating IRs needs to be assessed along with the degree to which measurable results are being achieved. Maintaining the focus exclusively on inputs and outputs at that stage is inappropriate and will distract the team from the ultimate purpose of performance monitoring, which is to measure progress towards a result.

Results measurement indicators must be developed early, as must the means to collect and analyze indicator data. R4 reporting requires that indicators, baselines, and targets

be set at least one year before their actual measure is reported. **(See ADS 201.3.4.13)** Whether the indicators are in the form of measuring the final result itself, tracking milestones, or tracking different aspects of implementation that are important at different times, the team must have systems that provide performance information for management decision-making and reporting. The best approach is to incorporate data collection mechanisms directly into the activities as these are designed. It can be very costly in terms of both financial and staff resources for both USAID and partners to 'graft' indicator data collection late in the implementation process.

The SO Team needs additional management tools to help them integrate performance information generated from PMP indicators with other management information, assess the data, reach judgments, and make decisions about further implementation. The portfolio review process described in ADS 203.3.3 is one of these tools. **(See 203.3.3)** SO Teams take time once or twice over the course of a year to review what has happened in light of what was planned. As part of these reviews, the SO Team reviews what is accomplished at each level of the Results Framework, as well as the causal linkages between inputs, outputs, IRs, and the SO in order to learn and take action for performance improvement.

For example, a review may focus on the activity level *processes* by which inputs produce outputs. Are these processes efficient, effective, and results-oriented? What changes in activities are needed? The SO Team can assess the link between outputs and IRs by considering whether activity-level outputs are having the intended effects. Are outputs reaching the right customers? Should outputs be increased, decreased, or redesigned? Finally, the team will want to assess the causal assumptions inherent in the development hypothesis. Does satisfactory performance at the IR level result in expected SO level achievement? Should the PMP be updated? This review, particularly if there are unexpected developments, can result in decisions to carry out evaluations or special studies to gather additional performance information and inform future management decisions.

Summary. A results-oriented approach to performance management goes much beyond collecting performance information and reporting to Washington. SO Teams should put performance information to work by using data continuously to inform key management decisions, improve tactics and organizational processes, identify performance gaps, and set goals for improvements. By assessing and learning in this way, SO Teams are better able to deliver sustainable development results that will have lasting impact. The rest of this chapter discusses the tools and methods that are used for performance management.

203.3.2.4 Assessing and Learning Tools

The process of assessing and learning uses a variety of tools to (1) gather information about what is happening and why (assessing); and (2) use this information to make management decisions and communicate experiences (learning). The tools that Operating Units and SO Team must use include the following:

- Performance Monitoring Plans (PMPs)
- Portfolio reviews
- Evaluations
- Results Review and Resource Requests (R4s)
- SO close out reports
- In addition, teams may find special studies and data from outside sources to be useful or even essential to managing for results.

The PMP is discussed in ADS 201.3.4.13. **(See ADS 201.3.4.13)** The following sections discuss other tools for assessing and learning in detail.

203.3.3 Portfolio Reviews

A portfolio review is a required systematic analysis of the progress of an SO by the SO Team and its Operating Unit. It focuses on both strategic and operational issues and examines the robustness of the underlying development hypothesis and the impact of activities on results. It is intended to bring together various expertise and points of view to arrive at a conclusion as to whether the program is "on track" or if new actions are needed to improve the chances of achieving results. A portfolio review will often lead to decisions on whether and when to conduct evaluations or special studies to inform future decision-making. **(See 203.3.4 on evaluations and see 203.3.5.1 on special studies)**

There is no one prescribed structure or process for conducting portfolio reviews. Typically, designated staff analyze a variety of program-related information and prepare issues for discussion in a larger group forum that may include both the SO Team and members of the Operating Unit. Operating Units may choose to define standard procedures that are judged useful for their program. It is highly recommended that documents produced for portfolio reviews, including summaries of issues discussed and decisions made, be maintained as part of the SO Team files. **(See ADS 202.3.7.4)** Many units will find it particularly useful to conduct a portfolio review as part of the preparation process for the annual R4 report. **(See 203.3.6)** When an SO Team identifies significant deficiencies or problems, it may need to alter, increase, or discontinue activities and rethink the logic behind the original expectations.

Operating Units and SO Teams **must** examine the following items during the course of a fiscal year as part of their portfolio review process:

- Progress towards the achievement of SOs during the past year, and expectations regarding future results achievement
- Evidence that outputs of activities are adequately supporting the relevant Intermediate Result(s) and ultimately contributing to the achievement of the SO
- Adequacy of inputs for producing activity outputs and efficiency of processes leading to outputs

- Status and timeliness of input mobilization efforts (such as receipt of new funding, procurement processes, agreement negotiations, staff deployments, etc.) **(See ADS 202.3.2)**
- Status of critical assumptions (i.e., whether they continue to hold) and causal relationships defined in the Results Framework, along with the related implications for performance towards SOs and IRs
- Status of related partner efforts that contribute to the achievement of IRs and SOs
- Status of the Operating Unit's management agreement and the need for any changes to the approved Strategic Plan **(See ADS 201.3.4.16 and 201.3.4.17)**
- Pipeline levels and future resource requirements **(See ADS 202.3.5)**
- SO Team effectiveness and adequacy of staffing
- Vulnerability issues and related corrective efforts **(See ADS 202.3.7)**

The following tables provide a list of questions that cover these items and may be used to plan and carry out portfolio reviews. Other questions may be relevant and useful to address. For those questions answered in the negative, the SO Team must seek to understand the reason behind the answer and what corrective actions, if any, might be necessary.

Table 203A, Strategy and Activity Issues to Address During Portfolio Reviews

Areas of Concern	*Suggested Questions*
Results	• Are the desired results being achieved? • Are the results within USAID's manageable interest? • Will planned targets set in the previous R4 be met? • Is the performance management system in place adequate to capture data on the achievement of results?
Outputs	• Are planned outputs being completed on schedule? • Are the outputs leading to the achievement of the desired results as anticipated?
Inputs	• Are the necessary inputs being provided on schedule by USAID and/or its customers/partners? • Are inputs effective in producing the desired outputs? • Are funding pipelines adequate to finance activities until new funds become available for obligation? • If there are significant differences between planned and actual expenditures, do these point to potentially problematic delays or cost overruns?
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?
Critical assumptions inherent in Results Framework	• Do the assumptions stated in the Results Framework still hold true? • If not, what effect does this have on the SO activities and expected results?
Non-USAID circumstances	• Are situations or circumstances beyond USAID 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?
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?

Table 203B, Process Issues to Address During Portfolio Reviews

Areas of Concern	*Suggested Questions*
Indicators and targets	• Are the performance indicators appropriate for management needs? • Are the established indicators being monitored regularly? • Will USAID be able to attribute progress in the indicator to USAID? • Were the set targets realistic? • If not, what targets are more appropriate? • Do performance data meet quality standards for reporting?
Evaluations	• Have any evaluations been completed to fill performance information gaps? • Is the information from prior evaluations informing decisions and action on relevant activities? • Are new evaluations needed to inform future decisions?
Teamwork	• Do team members have clear roles and responsibilities and adequate authority for implementing activities? • Is the team receiving adequate support from other organizational units? • Is the team regularly involving non-USAID 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 (if there are any) functioning adequately?
Customer/partner perceptions	• Are customer/partner expectations and needs being regularly assessed? • Are customers/partners involved in performance management and assessing effort? • Are gender concerns being addressed, and are there new gender issues that the SO Team needs to take into account? • What opportunities do customers have to obtain information and to provide ongoing feedback to USAID on priorities and activity implementation?

Table 203C, Vulnerability Issues to Address During Portfolio Reviews

Areas of Concern	*Suggested Questions*
Financial vulnerability	• Do recipient institutions meet financial management and accountability standards? • Are the funds received from USAID being handled properly? • Are previously identified financial problem areas being corrected?
Other vulnerability	• Are activities in compliance with any applicable legal or legislative restrictions? • Are potential conflict of interest or procurement integrity issues being adequately managed? • Are activities in compliance with the environmental impact mitigation provisions of the 22 CFR 216 environmental determination? **(See ADS 204 and ADS 201.3.4.11 paragraph b)**
Audit readiness	• Are filing systems and documentation adequate to establish an audit trail? • Are approval authorities and procedures clear and being followed? • Has the necessary post-obligation documentation been developed (e.g., financial and substantive tracking)? • Do the performance indicators supported by documentation that show reported data accurately represent real progress?

203.3.4 Evaluations

An evaluation is a relatively structured, analytical effort undertaken to answer specific program management questions. An evaluation can provide a systematic way to gain insights and reach judgments about the effectiveness of specific activities, the validity of a development hypothesis, the utility of performance monitoring efforts, or the impact of other changes in the development setting on achievement of results. These insights and judgments help provide a clearer context within which other program information (such as data from performance indicators) is interpreted and help an SO Team and Operating Unit manage towards results achievement.

There is no standardized typology for evaluations of USAID programs. Rather, the type used is determined by the questions to be answered and the methodology used. SO Teams have the lead role in determining when and if an evaluation is needed to support management decision-making. The decision to carry out an evaluation will often be made during a portfolio review. The head of an Operating Unit or a Bureau should request that an evaluation of a particular program area be carried out.

The scope and level of effort of an evaluation varies according to management needs and resources available. It may be conducted by specially contracted external experts, SO Team members, or members of partner organizations. Finally, evaluations may directly involve ultimate customers in data collection and analysis.

There is no mandatory requirement that applies to evaluations other than that completed evaluation reports must be provided to USAID's Development Experience Clearinghouse (DEC), where they are made accessible for use in planning and

assessing other SOs. **(See 203.3.9)** While there is no requirement that evaluations be conducted, the Agency recommends that SO Teams conduct at least one evaluation aimed at assessing results achievement during the life of the SO. Some key elements of such an SO-level evaluation include the impact of activities and IRs on the SO, the degree to which results were achieved, and the prospects for sustainability of results.

203.3.4.1 When Is an Evaluation Appropriate?

In consultation with partners and customers, SO Teams and Operating Units should consider conducting an evaluation when there is a distinct and clear management need to address an issue. Situations that may require an evaluation include ones in which

- A key management decision must be made, and there is inadequate information.
- Performance information indicates an unexpected result (positive or negative) that should be explained (e.g., gender differential results).
- Customer, partner, or other informed feedback suggests that there are implementation problems, unmet needs, or unintended consequences or impacts.
- Issues of sustainability, cost-effectiveness, or relevance arise.
- The validity of Results Framework hypotheses or critical assumptions is questioned.
- Periodic portfolio reviews have identified key questions that need to be answered or that need consensus.
- Extracting lessons is important for the benefit of other Operating Units or future programming.

Central and Regional Bureaus may require their Operating Units to conduct evaluations. For example, additional analytical work, including an evaluation, may be necessary to support continued funding for a particular SO. The Operating Unit Washington program review may also identify issues that need to be addressed through an evaluation. **(See 203.3.6)**

203.3.4.2 Planning Evaluations

A good evaluation design is needed to ensure that key questions can be effectively addressed and answered. Depending on the scope and purpose of the evaluation, the design and the types of methodology used may be relatively simple or more complex.

Some Operating Units make very effective use of small, rapid appraisal type evaluations. These are conducted by SO Team members during very short periods of two to three days. This provides very timely, inexpensive information that can be sufficient for many management needs. Participatory appraisal methods are used to engage ultimate customers directly in the evaluation process.

In a more complex situation, more definitive and detailed information may be needed. The tasks involved – measuring outcomes, ensuring the consistency and quality of data collected, establishing the causal connection between activities and outcomes, and separating out the influence of extraneous factors – raise technical or logistical problems that are not easy to resolve. Such evaluations can take several weeks or months to carry out, which could make them less useful than rapid appraisals for near term management decision-making.

Regardless of an evaluation's scope, the planning process involves the following steps:

a. Clarify the evaluation purpose (including what is to be evaluated, who wants the information, what they want to know, and how the information will be used)

b. Identify and frame a small number of key questions and specific issues answerable with empirical evidence

c. Consider asking PPC/CDIE Research and Reference Service to obtain past experience on similar USAID and external evaluation reports

d. Select appropriate evaluation methods **(See 203.3.4.3)**

e. Prepare and plan for data collection and analysis

f. Form an evaluation team with the necessary skills and composition

g. Plan procedures (e.g., schedule, logistics, reporting needs, and budget)

For an evaluation that is to be contracted out to an external entity, a scope of work will be needed that provides the framework for the evaluation and communicates the research questions. SO Teams should be aware that the Contracting Officer may have to place restrictions on an evaluation contractor's future work. **(See the USAID intranet web site of the USAID Office of Procurement, http://inside.usaid.gov/M/OP)** A well-written scope of work

- Identifies the activity, program, or strategy to be evaluated
- Provides a brief background on implementation
- Identifies existing performance information sources
- States the purpose of, audience for, and use of the evaluation
- Clarifies the evaluation questions
- Identifies the evaluation methods
- Discusses evaluation team composition and participation of customers and partners
- Covers procedures such as scheduling and logistics

- Clarifies requirements for reporting and dissemination
- Includes a budget

(See ADS 200.5 and Additional Help document, TIPS No. 3, Preparing an Evaluation Scope of Work)

203.3.4.3 Evaluation Methodologies

SO Teams can choose from several evaluation methods, including

- Short workshops to reflect on whether the development hypothesis is valid
- Community interviews or customer focus groups
- Large-scale surveys
- Rapid appraisal or participatory techniques
- Traditional, formal impact evaluations

When selecting among evaluation methods, SO Teams should consider the following factors:

- Nature of the information, analysis, or feedback needed
- Cost-effectiveness
- Cultural considerations
- Time frame of the management need for information
- Time and resources available
- Level of accuracy required

In planning an evaluation, the SO Team must consider the management value of the expected information and justify the expected evaluation cost. In some situations, an expensive survey or other research is essential. However, if the information an evaluation is intended to produce is not critical, an expensive evaluation is not justified. In such cases, the SO Team should consider alternatives, such as using low-cost rapid appraisal methods by SO Team members themselves or narrowing the scope.

For Additional Help documents on evaluation methodologies, see the following:

- TIPS No. 1, Conducting a Participatory Evaluation **(See TIPS No. 1)**
- TIPS No. 2, Conducting Key Informant Interviews **(See TIPS No. 2)**
- TIPS No. 4, Using Direct Observation Techniques **(See TIPS No. 4)**
- TIPS No. 5, Using Rapid Appraisal Methods **(See TIPS No. 5)**
- TIPS No.10, Conducting Focus Group Interviews **(See TIPS No. 10)**

203.3.4.4 Participation in Evaluations

SO Teams are strongly encouraged to include customers and partners in planning and conducting evaluations. It is also preferable to include USAID staff directly when conducting evaluations in order to maximize Agency learning. Operating Units should take cultural considerations into account when choosing evaluation methodologies and data collection methods.

Operating Units can conduct an evaluation from a variety of perspectives, as illustrated below. Operating Units are strongly encouraged to use more collaborative and participatory approaches to evaluation.

Table 203D, Types of Evaluations and Who Conducts Them

Type of Evaluation	*Conducted By*
Internal, or Self-Evaluations	SO Team or partner implementing the activity being assessed.
External Evaluations	Independent unit or experts not directly associated with the activity or program.
Collaborative Evaluations	More than one agency or partner in joint collaboration.
Participatory	Multiple stakeholders. Representatives of customers, partners, sponsoring donor agencies, and other stakeholders participate actively in all phases of the evaluation, including planning, data collection, analysis, reporting, dissemination, and follow-up activities.

(See Additional Help document, TIPS No. 11, The Role of Evaluation in USAID, to ascertain the strengths and limitations of each type)

203.3.4.5 Documenting Evaluations

At the conclusion of any evaluation, evaluators must prepare appropriate documentation. The nature of the documentation will vary depending on the formality, importance, scope, breadth, and resources committed to the evaluation. At a minimum, documentation must highlight the following:

- Scope and methodology used
- Important findings (empirical facts collected by evaluators)
- Conclusions (evaluators' interpretations and judgments based on the findings)
- Recommendations (proposed actions for management based on the conclusions)

- Lessons learned (implications for future designs and for others to incorporate into similar programs in other countries)

Evaluation reports must be useful and readily understood. They must identify key points clearly, distinctly, and succinctly. Longer reports must include an executive summary that presents a concise and accurate summary of the most critical elements of the larger report.

203.3.4.6 Responding to Evaluation Findings

SO Teams are responsible for addressing findings and recommendations of evaluations that relate to their specific activities and Results Framework. To help ensure that institutional learning takes place, SO Teams must take the following basic steps upon completion of the evaluation:

- Review the key findings, conclusions, and recommendations systematically.
- Determine whether the team accepts/supports each finding, conclusion, or recommendation.
- Identify the management or program actions to take and assign clear responsibility for each.
- Determine whether any revision is necessary in the strategy, Results Framework, or activity, given all information available.
- Share and openly discuss evaluation findings, conclusions, and recommendations with relevant customers, partners, other donors, and stakeholders, unless there are unusual and compelling reasons not to do so. If key counterparts or stakeholders do not speak English, SO Teams and Operating Units should consider translating at least the executive summary into the local written language.

203.3.4.7 Sharing Evaluations to Enhance Agency Learning

To support broader Agency learning processes, Operating Units must send a full evaluation report, including executive summary, in electronic form to DEC in PPC/CDIE. If the evaluation is not "finalized," the last draft received by the Mission must be submitted. If it is appropriate and useful, the OU may submit the response of the SO Team, OU, and/or counterpart agency.

(See 203.3.9, Sharing Agency Experience to Enhance Agency Learning, for mailing and distribution instructions)

203.3.5 Other Sources of Performance Information

In many cases, SO Teams need different information than that produced by performance management systems or evaluations. Information is often available from

other sources, either inside or outside the Agency. If the World Bank, for example, has recently concluded a study of the financial sector of a country where an SO Team is working, the team may use these findings for understanding, management, and reporting. In other situations, special studies need to be conducted by USAID, either alone or in coordination with other entities.

203.3.5.1 Special Studies

Operating Units may, on occasion, need to conduct special studies that go beyond the scope of program monitoring or evaluation. One example is the Demographic and Health Surveys (DHS) that are conducted approximately every five years to track the impact of health sector programming.

Special surveys or other types of data collection can be very important during the achieving phase to determine the current status of a sector and better understand the context, role, and potential impact of USAID programs. An important role of special studies is to examine whether the needs of vulnerable groups are being met. It is difficult to distinguish special studies from evaluations clearly, since the types of questions addressed can blend into one another, but both are important parts of an Operating Unit's analytic agenda. Special studies need to be designed with the same care as the evaluations described above. When an Operating Unit collects data to be analyzed statistically, particular care needs to be taken in the study design and implementation to minimize error and ensure good data quality. These quality control mechanisms must be incorporated into the scope of work used by the implementing agency.

Special studies that meet the criteria for Program Development and Learning (PD&L) Objectives may be financed with funds allocated to these objectives. **(See ADS 201.3.3.6)**

203.3.5.2 Sources of Information Outside USAID

Good planning and management require that SO Teams be as informed as possible. If relevant to the particular management setting, it is important to obtain and use this additional information for planning and management decisions as well as for performance management and evaluation. These sources include work done by other donors, partner agencies, and academics, among others. Databases are often maintained by United Nation (UN) agencies, the World Bank, the International Monetary Fund (IMF), other U.S. Government agencies (such as the Census Bureau), and host countries. Many of these sources are now accessible through the Internet. The Research and Reference Service in PPC/CDIE can help identify what sources are most likely to be helpful. **(See Additional Help document, USAID and Other Web Sites Providing Helpful References and Other Information)**

203.3.6 Results Review and Resource Request (R4)

The R4 is the Agency's principal tool for assessing program progress on an annual basis and communicating progress information to higher management levels. The Resource Request portion of the R4 is the standard mechanism used by Operating Units to request annual funding increments. In addition, R4 reports provide core information for Agency reporting to Congress, OMB, and the broader public. The Results Review portion of the R4 is used to prepare the annual Congressional Presentation document, which justifies annual Agency budget requests.

R4s are used to satisfy information needs at several levels:

- Operating Units use them to determine if programs and resources need adjustment to maximize impact
- Regional Bureaus use them to allocate resources across countries to meet development and foreign policy goals
- Regional and Central Bureaus use them for external Agency reporting and budget preparation

All Operating Units are **required** to submit R4s annually until all SOs are either completed or terminated. Each Operating Unit submits one R4 covering all SOs in its portfolio. If no new program and/or operating expense funding is needed, only the Results Review portion of the R4 needs to be submitted.

The R4 is prepared using two main sources of information: (1) SO and IR performance indicator data, and (2) the portfolio review process described in ADS 203.3.3. **(See 203.3.3)** In preparing R4s, it is particularly important that the principles of assessing and learning discussed in ADS 203.3.2.2 are fully applied. **(See 203.3.2.2)** Adhering to these principles will help ensure that R4s, which represent the Agency's self-assessment of progress on individual SOs, are credible and engender confidence that programs are being appropriately managed. Specific requirements apply with respect to selection of indicators and the quality of data reported for selected indicators. These are discussed in sections 203.3.6.1 through 203.3.6.5.

(For guidance on limitations and procedures regarding public release of R4 documents, see ADS 201.3.7)

203.3.6.1 R4 Report Content

Each year, PPC, in consultation with other Bureaus, issues an R4 guidance cable that provides specific information and instructions necessary to address particular topic areas for a given reporting year. The cable also provides more details on requirements for each section of the R4 and provides parameters for developing the resource request. The annual guidance cable is considered mandatory guidance that must be followed when preparing R4s.

For each SO discussed in the R4 report, the Operating Unit must make an explicit statement placing the SO in one of three possible performance categories: "on track," "exceeding expectations," or "not meeting expectations." Bureaus and the Agency as a whole use these standard categories to assess problems and progress across goal areas and regions. These categories represent the Operating Unit's summary self-assessment of progress for a given SO. Any apparent inconsistency between the category selected and the performance data provided needs to be clarified in the text narrative.

The R4 includes the following sections:

- **Cover Memo:** The cover memo is used to address critical issues or changing circumstances that may alter the management agreement. The cover memo may also be used to describe changes to performance indicators and targets. (1-2 pp.)
- **Overview and Factors Affecting Program Performance:** This includes a summary statement on progress in implementing the current strategic plan, significant changes that might result in a change in the plan, significant program achievements, and overall prospects for progress through the budget year. (2-3 pp.)
- **Results Review by SO:** This includes the Operating Unit's overall assessment of the SO (as described by one of three possible summary statements, "on track," "exceeding expectations," or "not meeting expectations"), a brief summary of the SO, a description of performance during the past year relative to the plan, and a sense of USAID's relative role and contribution to overall performance. The role of other donors and partners in contributing to results achievement must be clearly stated here.

  A high quality narrative report is important to complement information in the performance data tables. It provides an opportunity to impart information not contained in the indicators, thereby providing a more comprehensive understanding of the SO and its progress. The narrative section is also critical to highlight important crosscutting issues, as well as instructive success stories and lessons learned. All significant evaluation findings, positive and negative, must be referenced in the narrative.

  This section also includes performance data tables for three to four indicators. Indicators reported in these data tables are subject to the indicator selection and data quality criteria. (2-3 pp. of text, and 3-4 data tables per Results Framework) Any data quality limitations must be noted in either the text or in the 'notes' section of the data table.
- **Resource Request:** This provides a brief rationale for requested program resource levels and SO allocations, a discussion of how performance influenced resource decisions, and the relationship between the program request and Operating Expenses (OE) and staffing requirements. Any inconsistencies with forward funding guidelines must be noted. **(See ADS 202.3.5.4)** G Bureau field support tables are included here.

- **Workforce and OE:** This shows the workforce by SO and by management categories. Operating expenses show the proposed use of OE and trust fund resources. Trust funds and controller operations are included here.
- **Supplemental Information Annexes:** The annual R4 guidance cable identifies additional information requests that are to be addressed through separate annexes. Some annexes are mandatory, while others are optional. SO close out reports are included as annexes to the final R4 for that SO. **(See 203.3.7)**

203.3.6.2 Environmental Requirements and R4 Reporting

Environmental soundness is an important criterion for all Agency programs. As part of meeting pre-obligation requirements, the potential environmental impact of programs is reviewed. **(See ADS 204 and Mandatory Reference 22 CFR 216)** In some cases, this review results in identification of environmental impact mitigation measures that must be followed during implementation. If activities implemented to support an SO do not adequately address required mitigation measures, the program is likely to be out of compliance with environmental regulations. If a program is not in compliance with regulations, the Operating Unit must document this in the R4 and identify steps needed to ensure compliance. Problems or delays in ensuring compliance must be considered when making an overall judgment as to whether an SO is meeting expectations.

203.3.6.3 Selection of Performance Indicators for R4 Reporting

This section summarizes all of the mandatory requirements that apply to performance indicators used for R4 reporting. They apply specifically to indicators used for the data tables that support performance narratives for each SO. These requirements are intended to support the principles of assessing and learning. **(See 203.3.2.2)**

For each SO included in the R4, the SO Team, in consultation with the Operating Unit, **must** select no more than three to four performance indicators that give the best overall sense of progress in achieving the SO over the previous year. These indicators will be selected from those identified in the PMP developed for this purpose. **(See ADS 201.3.4.13)** PMP indicators may be quantitative or qualitative.

It is preferable to minimize changes in the indicators used from year to year to improve comparability and consistency of data over several years of reporting. However, this will not always be possible, particularly when the intent is to select those indicators that best reflect progress over the preceding year. As discussed in ADS 201.3.4.13, new indicators may be added to the PMP when they are found to have better qualities than ones previously used. **(See 201.3.4.13)**

The following criteria and procedures **must** be used to select specific indicators for use in R4 data tables:

- **Useful for Management:** Indicators should be useful for managing at the Operating Unit and SO Team level. Avoid collecting and reporting information

that is not used to support Operating Unit level program management decisions. This criterion is intended to reduce the cost of reporting by encouraging units to limit reporting to data needed to manage for results.

- **Level of results achievement:** Indicators should reflect progress at the IR and SO level. However, when useful data at these levels is limited in quality, or unavailable, output-level indicators may be used. This may be the case early in the life of an SO when outputs are beginning to be produced but little measurable change is observable at the IR and SO levels. Any output-level indicators should be replaced with IR and SO indicators by the third year of the life of the SO.

- **Attribution:** Indicators selected for R4 reporting must measure change that is clearly and reasonably attributable, at least in part, to USAID efforts. Attribution exists when the links between the outputs produced by USAID's financed activities and the results being measured are clear and significant. Attribution can be based upon a solid and credible development hypothesis that is reflected in the results framework and combined with a strong causal link between outputs of activities and the intermediate results measured.

  For example, an indicator measuring acres of tropical forest cover under improved management can be reasonably attributed to USAID effort if (1) our activities involve management of forests; and (2) the activity's impact is significant enough to contribute to a measurable change in the indicator. Attribution may be less direct, but still meaningful, if USAID's financed activity involves policy dialogue to establish new incentives for sustainable forest management. However, if these incentives are not yet in place, and there is no other USAID activity, then a change in this indicator would not be attributable to USAID effort. A simple way to assess attribution is to ask the question, "If there had been no USAID activity, would the result have been different?" If the answer is "no," then there is likely to be an attribution issue and a more suitable indicator must be sought.

  Some indicators may be useful for describing the development context but are not adequate to meet the attribution requirement. Such indicators are considered "contextual" indicators. They may be used in R4 narrative to describe the development environment, but they should not be used in R4 data tables to describe the effects or impacts of USAID programs. In the example above, the policy indicator may be useful as a contextual indicator in the early years of an SO. Later on, as the impact of USAID efforts becomes clear and significant, a change in this indicator may be significantly attributable to USAID efforts, and the indicator could then meet the attribution criteria for R4 reporting.

- **Period covered:** The R4 Results Review is intended to cover progress during a one-year period. Since the Agency reports on a U.S. fiscal year basis, it is desirable to use data that matches the U.S. fiscal year whenever possible and to avoid using data that covers progress prior to the U.S. fiscal year. However, in many countries, performance information for certain indicators may not be available on a U.S. fiscal year basis. Indicator performance data may cover a

one-year period that varies from the U.S. fiscal year, such as a calendar year or other fiscal year used by partner or host country institutions. In all cases, the preference is to use the most current data available. The actual period covered **must** be made clear in the R4 data table.

- **Milestone Indicators:** Milestones refer to explicitly setting performance targets that measure progress towards the desired outcome that may not change incrementally. Milestones are often qualitative indicators. For example, in a policy reform activity, the first milestone may be passage of a law; a second may be the establishment of an oversight agency; and a third, equitable implementation of the policy. Milestones may be used in conjunction with other types of indicators to measure progress towards a goal. If a Milestone plan is to be used the PMP must lay out the development hypothesis and provide the Milestones for measuring progress along the timeline when they are expected to be accomplished.
- **Indicator Quality Standard:** To the extent possible, indicators used in R4 reporting must meet the quality standards described in section 203.3.6.5. **(See 203.3.6.5)** SO Teams must periodically assess the quality of the indicators they use, following guidance provided in section 203.3.6.5. **(See 203.3.6.5)** Whenever these quality standards cannot be met, known weaknesses must be identified in the comment section of the data table used for reporting. In addition, specific steps for correcting or overcoming these weaknesses must be discussed as well.

  By reporting data shortcomings and efforts to address them, R4 reports gain credibility and the confidence of the Agency's stakeholders. Awareness of data limitations is also important in ensuring the quality of management decision-making by Operating Units and their SO Teams.

203.3.6.4 Changing R4 Indicators

Operating Units may notify Washington of their interest to change R4 indicators using the R4 cover memo, the R4 performance narrative, the relevant data table, or a special annex to the R4 report. As part of preparing an R4 report, an SO Team must determine which performance indicators it will use in the following year's report and provide the baseline and target information for that indicator. If the same (new) indicator is to be used over two or more years, the baseline and targets for future years is simply shown on the data table for the current year. If it is anticipated that a different indicator will be more appropriate in the next year's report, it must be identified along with its baseline and target in the current R4.

In some situations, an Operating Unit may discover that it cannot report against the previously planned and identified indicator for reasons beyond its control. In this case, the reasons must be stated in the R4 cover memo.

203.3.6.5 Quality Standards for R4 Indicators

No data collection and maintenance process is free of error. However, SO Teams, Operating Units, and others will want to know how much confidence they can have in performance indicators and the data they use when making management decisions. In particular, SO Teams will want to be aware of any significant data limitations or errors that could lead to an inaccurate assessment and reporting of results achievement and subsequent audit exposure. SO Teams must understand data limitations, correct limitations when this is cost-effective, and be able to manage for results when data are known to be imperfect.

Since no data are perfect, the most important principle for assessing and reporting on indicator quality is that operating units must be aware of and transparently report known data limitations. Since data quality assessments can be difficult – although operating units should make every effort to reduce the cost of such assessments – data quality standards described in this section only apply to data that are used to (1) report progress in the annual R4 report; and (2) meet any additional data requests for inclusion in special reports to Congress or other oversight agencies, such as the annual HIV/AIDS or micro-enterprise reports. However, whenever operating units are collecting and using data for internal management reasons, prudence dictates that managers be fully aware of the strengths and weaknesses of the data they use. This is particularly the case when a particular indicator may not be relevant at the beginning of an SO; but, because of its managerial usefulness, it is used for reporting towards the end.

There are two dimensions to indicator quality:

- Characteristics of the indicators
- Quality of the data reported for a given indicator

The following two sections describe each of these dimensions. **(See Additional Help documents, TIPS No. 6, Selecting Performance Indicators, and TIPS No. 12, Guidelines for Indicator and Data Quality)**

a. Characteristics of Effective Performance Indicators

Operating Units and SO Teams use performance indicators to measure and track the progress of activities, IRs, or SOs toward achieving expected results. Although there are no "perfect" indicators, performance indicators should be consistent and comparable over time and in different settings. Performance indicators that are reported in the R4 report should be

- **Direct:** An indicator should closely track 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.

- **Objective:** An indicator should be unambiguous about (1) what is being measured; and (2) what data are being collected. Objective indicators are uni-dimensional and operationally precise.
- **Practical:** An indicator is practical if data can be obtained in a timely way and at reasonable cost.
- **Adequate:** Taken as a group, a performance indicator and its companion indicators should be the minimum necessary to ensure that progress toward the given result is sufficiently captured. An indicator only indicates progress; it is not a full description of everything achieved.

When the SO Team is satisfied that its performance indicators meet the characteristics above, it must consider the quality of its performance data -- the actual measured value collected for each indicator.

b. Data Quality Standards

Performance data reported in the R4 should be as complete, accurate, and consistent as management needs and resources permit. In addition, to be useful in managing for results and credible for reporting, R4 performance data should meet reasonable standards of validity, reliability, timeliness, precision, and integrity:

- **Data Validity:** Data are valid to the extent that they clearly, directly, and adequately represent the result that was intended to be measured. Measurement errors, unrepresentative sampling, and simple transcription errors may adversely affect data validity.
- **Data Reliability:** Data should reflect stable and consistent data collection processes and analysis methods from over time. Managers should be confident that progress toward performance targets reflects real changes rather than variations in data collection methods. When data collection methods change, these must be documented in the R4 and updated in the PMP. One of the most important tests of reliability is whether another researcher can go back to the same raw data set and come up with the same answer that was reported before.
- **Data Timeliness:** Data should be available with enough frequency and should be sufficiently current to inform management decision-making at the appropriate levels. Effective management decisions depend upon regular collection of up-to-date performance information.

  Because data are sometimes not available when SO Teams would like it for reporting purposes, it is tempting to make an extrapolation from prior years to create a 'projected actual' data point. Unfortunately, since this is not based on current information, it is not useful for either management or annual reporting. Unless current information is available to support their validity, such data cannot be used in the R4 report as performance indicators.

- **Data Precision:** Data should be sufficiently accurate to present a fair picture of performance and enable the SO Team to make confident management decisions. Normally a measure falls into a range -- the "margin of error" -- around the real value. There are two issues that affect how precisely values must be measured:

  1. Typically, data reported in international databases, such as those from the UN, World Bank, or even in special studies such as the DHS, are reported to be within a +/- 10 percent accuracy range. Getting data more precise than this, such as +/- 1 percent, for example, comes at an enormous cost and would not be more useful.
  2. The change being measured should be greater than the margin of error. If the margin of error is 10 percent, and the data show a change of 5 percent, it is difficult to determine whether the change was due to the USAID activity, or whether it occurred by chance.

  If it is too costly to get sufficiently precise data to measure progress, the SO Team should seek other indicators to measure progress towards achieving the SO.

- **Data Integrity:** Data that are collected, analyzed, and reported should have established mechanisms in place to reduce the possibility that they are manipulated for political or personal reasons. This is one of the most difficult things to assess. It remains extremely important, however, because if data are altered for any reason, they are no longer useful for performance management. Although data integrity is at greatest risk of being compromised during collection and analysis, one of the most important quality controls is for Operating Units to ensure that data are accurately transcribed from the source to reporting in the R4.

There is always a trade-off between the cost and the quality of data. Although precise guidance cannot be given, SO Teams should balance these two factors to ensure that the data used are of sufficiently high quality to support management decisions. At the same time, the team must not expend so many resources that the achievement of SOs is impaired. In many cases, it is helpful to update the appropriate sections of the PMP to reflect such decisions in order to inform future implementation.

c. Quality Standards for Qualitative Data

In principle, the same quality standards for quantitative data apply to qualitative data. Some of the most salient points are

- **Objective:** The indicators must be sufficiently defined in advance that an unbiased observer can understand what is being measured. For some milestone indicators, for example, passing a particular law, this is easy. For others, such as polling experts about the impact of a particular activity,

it is much more difficult to ensure that similar experts will be polled about exactly the same issues.

- **Direct:** Qualitative indicators sometimes do not measure what an activity is trying to achieve. Customer satisfaction with a micro-enterprise program should identify what aspects of satisfaction are being measured and who is being surveyed. Careful definition of the indicators will help ensure that they are direct.
- **Valid:** Qualitative date must be valid in that they clearly, directly, and adequately represent the intended result. A particular validity issue is that since qualitative data are frequently based on small-scale surveys or expert opinions or case studies, care must be taken to ensure that information is representative and unbiased. Surveying project managers or satisfied customers may not be the best way to measure accomplishments. These should be balanced by surveying outside observers and dissatisfied customers. Ensuring the validity of qualitative data can be very difficult.
- **Reliable:** Data needs to be reliable in that different observers of an activity would come to the same conclusion. This requires careful attention to the definition of the indicator. For example, the scope of work of a case study should be sufficiently rigorous so different groups of experts would come to similar conclusions if they followed the same methodology.

Other data quality characteristics, with the exception of "precision," are largely the same for both quantitative and qualitative data.

203.3.6.6 Assessing the Quality of Performance Data

Operating Units assess data quality when establishing the performance indicators and when choosing data collection sources and methods. For each indicator reported in the R4 performance data tables, data quality must be reassessed as needed, but no less than once every three years. These assessments are intended to ensure that performance information is sufficiently complete, accurate, and consistent and meet the indicator quality requirements described in ADS 203.3.6.3. **(See 203.3.6.3)**

Meeting requirements for data quality assessments need not be excessively onerous. For example, an Operating Unit may review reports from a partner and determine that they are sufficiently consistent to be considered reliable. Site visits with appropriate reports can also serve to spot check reliability. In some instances, holding discussions with data source agencies about their quality assurance procedures and confirming these with other data users may suffice, provided that these discussions are sufficiently detailed, cross checked, and well documented. In all cases, the goal is to ensure that the SO Team is aware of data strengths and weaknesses, and the extent to which it can be trusted when making management decisions.

When conducting data quality assessments, Operating Units must

- Verify and validate performance information to ensure that data are of reasonable quality based on criteria in ADS 203.3.6.3. (See 203.3.6.3)
- Review data collection, maintenance, and processing procedures to ensure that they are consistently applied and continue to be adequate.
- Document the assessment in the "Comment" section of the appropriate R4 performance data table.
- Retain documentation of the assessment in the SO Team's performance management files. Such documentation may be as simple as memoranda of conversations with data sources and other informed officials.

SO Teams use many sources of data, some of which are more reliable than others. The rigor of the required data quality assessment will differ for each source category. The three source categories are

- Implementing partners
- Secondary sources
- USAID as primary data source

a. Assessing Data from Implementing Partners and Secondary Data Sources

SO Teams often rely on data collected by implementing partners and secondary sources. When using such data for R4 reporting, SO Teams must perform assessments to determine how much confidence they can have that the data are usable for management and reporting purposes.

Implementing partner data often comes from management information such as periodic reports, service statistics, etc. In this case, SO Teams review the data to ensure that what is being reported is accurate. Generally, this is done in regular meetings with the implementing partners. To assess accuracy, field visits should include a comparison between central office records and the records kept at the field site. It is better to visit more sites than fewer, but the point is to be reasonably confidant that the partner reports accurately reflect what occurs in the field.

Secondary sources, including government ministries, the United Nations, and international agencies, are usually not under USAID control. This means that USAID does not have the right to audit the data or investigate data quality in depth. To assess these data, the SO Team should arrange to be briefed on the data collection and analysis procedures, including procedures to reduce error. The SO Team should review the data with other development partners to gain an appreciation of how accurate the data are and how much credence can be placed in the figures cited. In some situations, USAID provides assistance to government ministries to improve their data collection and analysis processes. In

this situation, the SO Team may be in a very good position to assess the quality of the data.

In some cases, secondary source data are very accurate. In other cases, they represent little more than a guess or a figure created to meet political needs. It is very important to know which situation applies before using the data for reporting and management decisions. If an SO Team knows that data are not reliable, but chooses to report them anyway, they must disclose this in the "Comments" section of the R4 and should provide other information that confirms the data.

In all situations, the data quality assessment report must be retained in the SO Team's PMP files and updated at least every three years.

b. USAID as Primary Data Source

Occasionally, SO Teams use primary data collected on their own or through independent entities contracted for this purpose. Quality assessments must ascertain whether the data meets quality standards in ADS 203.3.6.5 **(See 203.3.6.5)** and whether the collection process addresses the following issues:

- Data are collected using methods to address and minimize sampling and non-sampling errors.
- Written procedures are in place for data collection.
- Data are collected by qualified personnel and personnel are properly supervised.
- Data are collected using a consistent collection process from year to year.
- Safeguards are in place to prevent unauthorized changes to the data.
- Source documents are maintained and readily available.
- Duplicate data are detected.

If an independent entity collected data for the Operating Unit, this internal control would be the joint responsibility of the Operating Unit and that entity. In most cases, the scope of work for the data collection contract must require that these issues be addressed. **(See Additional Help document, TIPS No. 12, Guidelines for Indicator and Data Quality, and GAO, The Results Act: An Evaluator's Guide to Assessing Annual Performance Plans)**

203.3.7 Strategic and Special Objective Close Out Report

SO Teams must produce a brief "close out" report for each SO when the SO is either completed or terminated. Termination includes situations where some of the IRs and related activities are continued under a new SO as part of a follow-on Strategic Plan, but where the original SO is no longer being pursued and funded. It does not include situations where an SO is simply being amended and continues to be funded. Consult

your Bureau program office to determine what situation applies in a specific case if this is unclear.

The SO close out report is included as a special annex to the R4 report that includes the last performance narrative for the SO. Alternatively, if the close out report is not available at the time of R4 submission, the R4 cover memo must provide an alternate target date for its submission. Unlike the R4 performance narrative, which covers only the preceding year, the close out report covers the life of the SO.

The intended audience for the close out report includes development professionals in USAID and partner organizations that seek to learn from broader Agency experience and apply this experience in planning or assessing other development efforts. The SO close out report must summarize overall experience in achieving intended results as well as provide references to related materials and sources of information. The most useful format to use is a brief text of about 5 to 10 pages, followed by supplemental annexes with more detailed information or references.

While the following list is not mandatory, SO close out reports should cover the following topic areas:

- Basic identifying information, such as SO name, number, approval date, and geographic area (country[ies] and region[s] assisted)
- Total cost of the SO by USAID funding account, actual or estimated counterpart contributions, and the best available estimate of other partner resources that contributed to results achievement
- Principle implementing partners (including those with whom USAID obligated or sub-obligated funds and those who may have received funding from other sources)
- Summary of overall impact at SO level and IR level in relation to what was originally planned
- Significant changes in the Results Framework during the life of the SO
- Summary of activities used to achieve the SO and their major outputs
- Prospects for long-term sustainability of impact and principal threats to sustainability
- Lessons learned for application to other SOs, including follow-on SOs in the same country or sector and similar SOs in other countries or sectors
- Summary of performance indicators used and an assessment of their relative usefulness for performance management and reporting
- List of evaluations and special studies conducted during the life of the SO, including R4 reports that provide annual assessments
- List of instrument close out reports prepared per ADS 202.3.8 for contracts, grants, and cooperative agreements **(See ADS 202.3.8)**

- Names and contact point of individuals who were directly involved in various phases of the SO (planning, achieving, and assessing and learning), and who would be good sources of additional information

In order to share learning with the rest of the Agency and partner organizations, the SO Team must send a copy of the close out report, including any evaluation reports not previously provided, in electronic form to the DEC in PPC/CDIE's Development Information Division. **(See the DEC mailing and e-mail addresses in 203.3.9)**

203.3.8 Assessing and Learning at Bureau and Agency Levels

As part of the annual budget preparation process, every Bureau reviews the performance of Strategic and Special Objectives under its purview. This review provides a basis for budget and staffing decisions that are made over the course of the year. Based largely upon R4 reports submitted by Operating Units, these reviews

- Assess progress towards the achievement of SOs
- Examine areas where expected results are not being met and whether course corrections or other explanations are adequately addressed
- Consider modifications to the management agreement and the need for any changes or refinements to the approved Strategic Plan
- Review future resource requirements for each SO

Intensity of reviews will vary from year to year and may range from a simple review of the R4 documents to a much more intensive "program week" review that includes presentations by Operating Unit staff to a broader audience, including representatives from regional bureaus, PPC, M, G and the Bureau for Humanitarian Response (BHR). It is expected that the more intensive reviews will be held no less than once every three years. Special circumstances and rapidly changing situations may require that intensive reviews be held more frequently. Reviews need not be linked to R4 submission.

Bureau-level R4 reviews contribute directly to the annual Bureau Program and Budget Submission (BPBS) process. This process is the equivalent of an Operating Unit portfolio review at the Agency level. The BPBS process is jointly managed by PPC and M/B and involves preparation of BPBS documents by individual Bureaus. These documents are analyzed and reviewed, and discussions are held to arrive at broader Agency programming and budget allocation decisions. Program performance information is one of three factors that contribute to resource priority-setting. Other factors include development needs in host countries and foreign policy concerns.

G plays a special role in assessing and learning in each of the Agency's five main goal areas. The various G Operating Units assess SOs Agency-wide that correspond to their technical or Agency goal area or cross-cutting concerns, provide periodic guidance on "best practices" or "the state of the art," and communicate these findings and recommendations to other Operating Units. The Bureau for Humanitarian Assistance plays this role for humanitarian assistance programs.

As part of its broader role in planning for Agency learning and assessing, PPC prepares an annual agenda of priority topics to evaluate the effectiveness of Agency-wide programs and operations. PPC/CDIE has the responsibility to conduct these evaluations to extract crosscutting lessons from operating unit experience, assist operating units to improve strategies and activities in particular goal areas, inform the development of policy guidance, and determine the need for modifications in the Agency strategic framework.

PPC, in collaboration with other Bureaus, assesses overall Agency performance by tracking, analyzing, and reporting on progress towards the goals and objectives within the Agency Strategic Plan (ASP). An Annual Performance Report (APR) covering the Agency's performance in a given fiscal year is prepared by PPC and provided to Congress and the President in accordance with the Government Performance and Results Act (GPRA) and related additional legislation and guidance.

The Agency also uses performance information, as necessary, in the annual Congressional Presentation and in response to other Agency reporting requirements. Where appropriate, USAID also uses this information to inform relevant Agency stakeholders. The APR, as well as related Agency reports, is published in hard copy as well as on the intranet and external web pages.

203.3.9 Sharing Agency Experience to Enhance Agency Learning

To support broader Agency learning, and respond to requests for evaluation and performance reporting documentation from both within and outside the Agency, PPC/CDIE provides an Agency-wide document service, including management of document submissions, storage and dissemination through the DEC. The DEC mailing address is

PPC/CDIE/DIO
Document Acquisitions
Room 6.7-140, RRB
Washington, DC 20523-6701

To support the broader Agency learning process, Operating Units must submit one copy of the following documents in electronic form to CDIE's Development Experience Clearinghouse (DEC) at docsubmit@dec.cdie.org. Alternatively a paper copy of these reports can be mailed to the address above.

- Agency Strategic Plan (ASP)
- Annual Performance Plan (APP)
- Agency Performance Report (APR)
- Congressional Presentation (or Budget Justification)
- Planning Frameworks (if prepared)

- Operating Unit/Country Program Strategic Plan including revisions
- Management Agreements, their Amendments and Supplements
- Performance Monitoring Plans (PMP)
- Full Results Review and Resource Request (R4), including Cover Memo, Annexes
- Final R4 Cables sent to the field establishing agreements with Mission
- Activity Information Sheets (prepared per ADS 201.3.6.4) **(See ADS 201.3.6.4)**
- Bureau Program and Budget Submissions
- Evaluation Reports, Program Assessments and Studies
- Contractor/Grantee Technical Reports, Publications, Final Reports **(See Mandatory Reference AIDAR 752.7005)**
- USAID-funded Conference/Workshop Proceedings and Reports
- Strategic Objective Close Out Reports
- Mission Closeout Reports

203.4 MANDATORY REFERENCES

(See comprehensive list contained in ADS 200.4)

203.4.1 External Mandatory References

(See comprehensive list contained in ADS 200.4.1)

203.4.2 Internal Mandatory References

(See comprehensive list contained in ADS 200.4.2)

203.5 ADDITIONAL HELP

(See comprehensive list contained in ADS 200.5)

203.6 DEFINITIONS

(See comprehensive list contained in ADS 200.6)

Endnote I Figure 203A, Managing for Results Achievement – This graphic illustrates a causal pathway linking inputs, outputs, Intermediate Results, and the Strategic Objective over time. The graphic explains, "Results level data may not be available for R4 reporting early in life of SO." The graphic also explains, "Activity level data is not usually appropriate for R4 later in life of SO."