# ADS Chapter 201

# Planning

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**Functional Series 200 – Programming Policy**
**ADS 201 – Planning**
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# ADS 201 – Planning

## 201.1 OVERVIEW

Effective Date: 07/22/2013

This chapter covers all aspects of planning involved with the Program Cycle – strategic planning, project design, and activity/mechanism selection and design. It also identifies how planning is integrated into other aspects of the Program Cycle, particularly Achieving (**ADS 202**), Assessing and Learning (**ADS 203**), **Environmental Procedures (ADS 204)**, Integrating Gender Equality and Female Empowerment in USAID's Program Cycle (**ADS 205**), and **Agency Acquisition and Assistance (A&A) Planning (ADS 300)**.

## 201.2 PRIMARY RESPONSIBLITIES

Effective Date: 07/02/2013

As of this revision, unless otherwise noted in **ADS 201**, guidance related to implementing the Program Cycle is required for Mission/field based programs only.

**a. USAID Missions and their Development Objective (DO)Teams** are responsible for:

- Planning bilateral strategies, projects and activities within their country;
- Allocating financial and human resources to carry out these plans;
- Monitoring and evaluating these strategies, projects and activities; and
- Incorporating learning and adapting approaches based on lessons learned and changing circumstances.

**b.** The **Mission Program Office** has the primary responsibility for overseeing the Program Cycle. While Program Offices may vary in terms of staffing and additional responsibilities, the core roles and responsibilities of all Program Offices are as follows:

- Coordinate strategic planning and execution;
- Oversee project planning and project design;
- Oversee the aligning of policies and strategies across the program cycle;
- Oversee portfolio implementation and monitoring;
- Budget cycle management;

- Partnership advocacy and coordination;
- Public outreach and communications;
- Ensure that the mandatory policies and procedures, as outlined in this chapter, **202** and **203**, are followed;
- Promote the use of good practices and lessons learned concerning the Program Cycle, as outlined in this ADS chapter and on ProgramNet;
- Provide intellectual leadership and rigor in terms of the overall development hypothesis of the Mission, and assist the Front Office to promote collaboration and integration across Development Objectives (DOs) and DO Teams;
- Manage the overall data collection, Monitoring and Evaluation (M&E), and learning functions of the Mission, linked as appropriate with DO and project level systems.

**c.** **Regional Bureaus** are responsible for providing guidance to field based programs on policies, regional priorities, funding parameters and other regional guidance. Regional Bureaus approve Mission and Regional Platform Strategies (Country Development Cooperation Strategy (CDCS), Regional Development Cooperation Strategy (RDCS)) and any other strategic plan authorized by this ADS chapter.

**d.** **Regional Platforms** are responsible for:

- Planning regional strategies, projects and activities;
- Allocating financial and human resources to carry out these plans,
- Monitoring and evaluating these strategies, projects and activities; and
- Incorporating learning and adapting approaches based on lessons learned and changing circumstances.

**e.** **Pillar Bureaus** provide technical leadership and field support, as requested, to Missions and DO Teams in support of the functions outlined in ADS 201, including requested support for assessments and the collection of other evidence needed in planning. (Unless otherwise noted, the Program Cycle policies and procedures outlined in **ADS 201** do not apply to Pillar Bureau programs).

**f.** The **Bureau for Management (M)** is responsible for policies and guidance related to contract and grant planning as it relates to the Program Cycle, as well as

guidance and procedures related to financial management, including the planning of government-to-government modalities (in cooperation with GC).

**g.** The **Policy, Planning, and Learning Bureau (PPL)** is responsible for guidance, policy, and procedures related to all aspects of planning related to the Program Cycle, especially strategic planning, project design and activity planning, as well as planning for monitoring and evaluation and learning. PPL provides final clearance, with BRM, of all CDCSs. PPL has primary responsibility for the promulgation of Agency policies and strategies which need to be addressed in planning throughout the Program Cycle.

**h.** The **Office of Budget and Resource Management (BRM)** guides the resource planning aspects of the CDCS process and provides clearance on all CDCSs.

**i.** The **Office of the General Counsel (GC)** and its **Regional Legal Advisors (RLA)** are responsible for providing legal and regulatory advice and guidance involving all aspects of the Program Cycle.

**j.** The **Center for Faith-Based and Community Initiatives (CFBCI)** is responsible for providing guidance and support as requested in the interaction of faith-based and community initiatives within the Program Cycle.

**k.** The **Office of Security (SEC)** is responsible for all issues related to security affecting strategic, project and activity plans.

**l.** **AID/W leadership** provides guidance and parameters which set expectations and priorities to inform the strategy development process.

**m.** The **Office of Human Resources (OHR)** is responsible for providing training, based on **ADS 201**, and assisting PPL in improving competencies related to ADS 201 requirements. OHR, in collaboration with relevant regional and backstop coordinators, is also responsible for adequate staffing to manage Mission and Regional development portfolios.

## 201.3 POLICY DIRECTIVES AND REQUIRED PROCEDURES

Effective Date: 07/02/2013

This chapter outlines the mandatory policies and required procedures that govern how USAID carries out strategic and project planning. It also identifies procedures and practices for both strategic and project planning that, while not mandatory, provide guidance on the current recommended approaches and best practices related to USAID planning. The non-mandatory procedures described in this chapter are intended to increase consistency and predictability of operations across Missions.

### 201.3.1 Mandatory and Non-Mandatory Guidance

Effective Date: 07/02/2013

The mandatory procedures in this chapter are identified by the words: “must,” “required,” or other clear designation.

Non-mandatory procedures represent best practices in development planning. These procedures are identified by the words: “should,” “recommend,” “may,” or other clear designation. USAID Missions should generally follow these procedures. However, they may choose to deviate from them or adapt them to particular situations, when such deviations promote core values, Agency operating principles, or increase cost-efficiency. USAID Missions do not have to document deviations from non-mandatory procedures; however they may wish to do so for purposes of Agency learning if the deviation represents a new best practice, and to ensure proper handover as staff move between posts.

**The following** programs are exempt from the mandatory procedures described in this chapter, including:

**(1)** Emergency disaster assistance under the International Disaster Assistance (IDA) account; and

**(2)** Emergency food aid authorized under Title II of the Food for Peace Act, as amended (Public Law 480).

## 201.3.2 Strategic Planning

### 201.3.2.1 Multi-Year Planning Requirements

Effective Date: 07/02/2013

A Country Development Cooperation Strategy (CDCS) is a five-year strategy (although it may be shorter for countries in transition that are developing a Transition Strategy/CDCS). All bilateral Missions and regional platforms are required to develop a CDCS or Regional Development Cooperation Strategy (RDCS) respectively, with the exception of those that are:

**(1)** Missions implementing a single sector program;

**(2)** Phasing-down or closing the Mission by FY 2014; and/or

**(3)** Special-purpose Missions, such as those in non-presence countries.

### 201.3.2.2 USAID Country Development Cooperation Strategy (CDCS)

Effective Date: 07/02/2013

A CDCS is the means by which USAID uses strategic planning to define development objectives and maximize the impact of development cooperation. The process of developing a CDCS implements the Quadrennial Diplomacy and Development Review

(QDDR) and the Presidential Policy Directive on Global Development (PPD-6), which states:

> "USAID will work in collaboration with other agencies to formulate country development cooperation strategies that are results-oriented, and will partner with partner countries to focus investment in key areas that shape countries' overall stability and prosperity."

The CDCS focuses on USAID-implemented resources while incorporating input from the State Department, partner country government and civil society, and other partners. The CDCS will inform the Integrated Country Strategy (ICS); the Development Objectives (DOs) contained in the CDCS become Mission Objectives of the Integrated Country Strategy (ICS).

USAID Missions must work closely with partner country governments and citizens, civil society organizations, the private sector, multi-lateral organizations, other donors, as well as the State Department, and other USG agencies to develop a CDCS that:

- Supports U.S. foreign policy priorities;
- Ensures strategic alignment with partner country development priorities and promotes mutual accountability;
- Takes into account the needs, rights, and interests of the partner country's citizens with special attention to marginalized or disadvantaged groups;
- Focuses on achieving development results that have clear and measurable outcomes;
- Incorporates USAID's Policy Framework, Agency-level policies and strategies, Presidential Initiatives, and USAID Forward;
- Communicates Mission needs, constraints, and opportunities;
- Defines a Goal, Development Objectives, Intermediate Results, and Performance Indicators through an evidence-based Results Framework;
- Defines associated resource priorities;
- Provides a selective and focused choice of Development Objectives;
- Serves as the basis for the annual Mission Resource Request (MRR), Congressional Budget Justification (CBJ), and other assistance planning, budgeting, and reporting processes; and

- Links policies and strategies to project design and implementation, monitoring and evaluation, learning, and resources.

### 201.3.2.3 Abbreviated Country Development Cooperation Strategy (CDCS)

Effective Date: 07/22/2013

A Mission, in consultation with the respective Regional Bureau, may undertake an abbreviated CDCS process if it has an annual allocation of under $20 million in USAID-managed resources based on the latest FY Congressional Budget Justification.

The abbreviated process still requires an evidence-based Results Framework, with performance indicators, and prioritized resource table(s). Yet, the abbreviated process allows for a shorter document and has a streamlined review and approval process. The two mandatory analyses are still required to be carried out for an abbreviated CDCS. See section **201.3.3** for specific guidance on the content and process for an abbreviated CDCS. See **ADS 204, Environmental Procedures** and **ADS 205, Integrating Gender Equality and Female Empowerment in USAID's Program Cycle** for guidance on the mandatory analyses for an abbreviated CDCS.

### 201.3.2.4 Transition Strategy/Country Development Cooperation Strategy (CDCS)

Effective Date: 07/02/2013

In consultation with the Regional Bureau, a Mission operating in a conflict-affected or fragile state (see USAID Fragile State Strategy at: http://pdf.usaid.gov/pdf_docs/pdaca999.pdf) in transition, from one set of circumstances to another, may choose to develop a Transition Strategy. A Transition Strategy will generally be implemented within 36 months or less. In certain instances, in which a specific region of a country is characterized by these circumstances, the Mission may propose a specific Transition Objective as part of a full Country Development Cooperation Strategy (CDCS).

A Transition Strategy should be developed if one or more of the following criteria apply:

**(1)** A five-year CDCS is not possible or does not make sense.

**(2)** A change in conditions or circumstances on the ground is needed to create an enabling environment for sustainable development; therefore, the strategy hinges on a transition from one set of conditions to another.

**(3)** The environment requires a blend of immediate relief and stabilization assistance in combination with medium-term support for institutional systems and human capacity development to lay the groundwork for sustainable development.

**(4)** The country context requires contingency or scenario planning due to the likelihood of a rapid change in the environment requiring resources to be redirected in response to new or renewed crisis, conflict, or rapid state deterioration or improvement.

When considering a Transition Strategy for complex environments, Missions must apply additional criteria. See section **201.3.3** for specific criteria and guidance relating to Transition Strategy content and process procedures.

A Transition Strategy will be effective in complex environments if the following conditions are present:

**(1)** The environment allows for USAID to have a mission presence on the ground;

**(2)** A strategic planning time horizon exists whereby a Transition Strategy can be implemented;

**(3)** There is evidence that a viable transition process, from one set of conditions to another, is underway or may be catalyzed by USAID assistance, and

**(4)** USG and international policy is defined and allows for USAID to proceed in developing a meaningful Transition Goal.

### 201.3.3 USAID Country Development Cooperation Strategy (CDCS) - Content

Effective Date: 07/02/2013

The CDCS must be clear and concise. Generally, a CDCS should be no more than 50 pages, including an Executive Summary, but not including annexes. The CDCS must include the following key sections, including the Executive Summary:

- Development Context, Challenges, and Opportunities;
- Development Hypothesis;
- The Results Framework – CDCS Goal, Development Objectives, Intermediate Results (IRs), sub-Intermediate Results (sub-IRs) (sub-IRs are optional for an abbreviated CDCS) and Performance Indicators;
- Monitoring, Evaluation, and Learning;
- Program Resources and Priorities (including budget table(s) as Annex 1 and Annex 2); and
- Management Requirements.

The content for an **abbreviated CDCS** outlines the most critical elements of the mandatory CDCS sections and annexes listed above, (PPL and the respective regional bureau can assist in identifying which sections are critical to the specific situation). An abbreviated CDCS should be no more than 20 pages, not including annexes and Executive Summary.

The **Transition Strategy/CDCS** should be no more than 50 pages, not including annexes. Its content and process is detailed in **Transition Strategy Guidance/CDCS**.

### 201.3.3.1 Development Context, Challenges, and Opportunities

Effective Date: 07/22/2013

This section describes the development context and overarching U.S. foreign policy and national security considerations. It explains the most important development challenges and opportunities facing the partner country and identifies those areas that the Mission proposes to address. The challenges and opportunities described must be based on evidence and analyses drawn from relevant studies and data such as:

- The country's poverty reduction strategy;
- World Bank and International Monetary Fund assessments;
- Geospatial analysis;
- Research, evaluations, and analysis commissioned by USAID, other USG agencies, other donors, joint assessments, the private sector, and independent policy research organizations. Research and analyses commissioned by USAID should utilize partner country research institutions, when feasible; and
- The relevant gender statistics and key gender gaps identified in the mandatory gender analysis (see **ADS 205**).

This section should:

- Cite economic, social, political, governance, natural resource, and demographic indices; and
- Identify important national and regional trends in security, economic development, political dynamics and special circumstances related to state fragility, conflict, or post-conflict transitions.

### 201.3.3.2 Development Hypothesis

Effective Date: 07/02/2013

The Country Development Cooperation Strategy (CDCS) is based upon a sound development hypothesis that describes the theory of change, logic, and causal relationships between the building blocks needed to achieve a long-term goal. The development hypothesis is a short narrative that explains the relationships between each layer of results (see **201.3.3.3**), upwards from the sub-Intermediate Results (sub-IRs), to the IRs, the Development Objectives (DOs), and the CDCS Goal, often through "if/then" statements that reference the evidence that supports the causal linkages. The development hypothesis:

- Is based on development theory, practice, literature, and experience;
- Is country-specific; and
- Explains why and how the proposed investments from USAID and others collectively lead to achieving the DOs and advancing the CDCS Goal.

After a CDCS has been approved, the components and logic of the development hypothesis should be examined and evaluated to assess, learn, and adapt throughout the CDCS implementation period.

### 201.3.3.3 Results Framework

Effective Date: 07/22/2013

The Results Framework (RF) is a graphical representation of the development hypothesis and includes the CDCS Goal, Development Objectives (DOs), Intermediate Results (IR), sub-IRs, and performance indicators. The RF should be presented based on the design format presented in **ADS 200.3.5.3** and should be supported by an accompanying development hypothesis narrative. The development hypothesis must explain both the theory of change the RF illustrates, as well as how the development hypothesis will be realized through USAID working closely with stakeholders to address the specific development challenges and opportunities identified by the Mission to achieve its DOs and CDCS Goal.

**(a) CDCS Goal:** The CDCS Goal is the highest-level result to be advanced or achieved by USAID, the partner country, civil society actors, and other development partners within the CDCS timeframe. The Mission contributes to the CDCS Goal by achieving the DOs. The CDCS Goal should strike a balance between being ambitious and realistic. A CDCS Goal that requires more than five years must have an indicator or indicators that demonstrate progress toward the Goal within the CDCS timeframe.

The CDCS Goal should reflect the cumulative result of the DOs and capture the RF's internal logic: if the DOs are accomplished, then progress will be made toward

achieving the CDCS Goal. The CDCS should specify all critical elements that are necessary to achieve the CDCS Goal such as:

- Partner country commitments,
- Results from other donors, and
- Factors outside of USAID's control.

The CDCS Goal should reflect the unique development challenges and opportunities of the country or region. The roles of USAID and its partners in helping to achieve the CDCS Goal must be described in the RF narrative, including the specific contributions of the partner country government, civil society, the private sector, State Department, other USG agencies, and other donors, as appropriate. Indicators should demonstrate that the CDCS Goal (or progress toward the CDCS Goal) is measurable and achievable. At the highest level, the CDCS narrative must discuss explicitly how the country strategy will contribute to the three outcomes specified in the **USAID Gender Equality and Female Empowerment Policy** (also, see **ADS 205**). All people-level indicators (e.g. youth) must be disaggregated by sex.

The RF narrative that describes the CDCS Goal and associated DOs should explain the expected progress toward the sustainability of programs and a reduction of future USAID support, as appropriate. There should be clear, causal linkages, with no redundancy, between the CDCS Goal and DOs.

The CDCS may also outline the longer-term vision of the program, the developmental trajectory anticipated over a longer timeframe (10-15 years, or longer), if this provides important context in understanding choices made, emphases given, and approaches undertaken during the five years of the CDCS.

**(b) Development Objectives (DOs) Intermediate Results (IRs) and Sub-IRs:** A DO is the most ambitious result that a Mission, together with its development partners, can materially affect or achieve, and for which USAID will be held accountable to demonstrate results.

IRs are results that, combined, are necessary and sufficient to achieve a DO. An IR can be the starting point for designing a "project," but the Mission may determine as part of the project design process that a project should be developed at a sub-IR or, infrequently, at a DO-level. See section **201.3.9.1** for additional information on the project design process.

Sub-IRs are the results necessary and sufficient for achieving an IR (i.e. results below the Intermediate Result level).

A CDCS must have no more than four DOs (no more than three DOs for an abbreviated CDCS). Missions must design DOs based on evidence that illustrates

how and why an investment of USAID resources will result in targeted, priority development outcomes. The DOs should be based on the strategic priorities defined by the Mission and not solely on the size of the supporting assistance programs. For example, democratic governance could be a critical national or regional issue and therefore a DO, even though the resources available for programming in this area may be relatively limited.

The typical time horizon for achieving the DO and IRs should be five years, coinciding with the lifetime of the CDCS.

Each DO should have a sufficient number of priority IRs and sub-IRs that describe the results necessary to achieve the intended outcomes at the DO and IR levels, respectively. The DOs should be part of the development hypothesis that articulates relating each IR causally to its associated DO. Sub-IRs must, except for in abbreviated CDCSs, also be included in the RF narrative (and included in the graphic if possible). Without sufficient detail below the IRs, it will be difficult to present a development hypothesis that gives a clear picture of what results can realistically be accomplished under the five year CDCS. Good practice shows that having a more detailed RF, which is summarized for the CDCS, can provide a useful base to design projects. Not having the detail behind the scenes not only limits the ability to fully describe the development hypothesis, but Missions may need to rethink their RF, and possibly even revise their CDCS in response to their project design.

In developing the DOs, with supporting IRs and sub-IRs, Missions should address and provide evidence to answer the following questions as part of the RF narrative:

- How does the DO contribute to the CDCS Goal? What are the plausible causal linkages?

- Is the DO based on a clear development hypothesis and strong evidence, including evaluations conducted by the Mission?

- What is the intended result of the DO? What magnitude of change is anticipated over the life of the CDCS as measured by indicators?

- Does the DO reduce gaps between the status of males and females, enhance the leadership and expertise of women and girls, and meet their needs? Does it contribute to the three outcomes identified as Agency priorities in the **USAID Gender Equality and Female Empowerment Policy**? (See **ADS 205** to reference requirements)

- Does the DO address identified sources of conflict, fragility, instability, or vulnerability?

- How does the DO direct USAID resources?

- Does the DO reflect USAID's comparative advantage in the country and a division of labor with other development partners, including the private sector?

- Does the DO take into account the political, economic, and social dynamics that influence development outcomes and results in the country or region?

- What are the roles of the partner country government, civil society, and private sector, and others, including other donors, to help achieve the DO?

- What USG diplomatic efforts or other interagency support are needed to achieve the DO?

- Does the DO consider sustainability and safeguarding of socio-environmental systems in achievement of Development Objectives?

- Does the DO consider the particular issues associated with youth, minority groups, persons with disabilities, and lesbian, gay, bisexual, and transgender communities?

- Is the magnitude/scope of the DO feasible when anticipated budgetary and staffing resource constraints are taken into account?

- Can the DO and IRs be feasibly operationalized into projects?

**Types of DOs and IRs:** DOs and/or IRs may be multi-sector or sector-based. In either case, all DOs and IRs should be designed to be mutually reinforcing, where possible. They should not solely reflect functional objectives as defined by the Office of the Director of Foreign Assistance's (F) Standardized Program Structure.

**Multi-sector DOs and IRs** integrate technical approaches, principles, and resources from various sectors and sources to achieve a **common objective** such as community-based stabilization, youth development and empowerment, improved economic governance or effective social service delivery. Such DOs and IRs lead to outcomes and results that result from integrating democratic governance, economic growth, natural resource management, health, education, agriculture, conflict resolution, and other possible sector-based or sub-sector technical approaches and principles into a unified programmatic approach.

**Sector-based DOs and IRs** focus on sectors such as health, education, agriculture, democracy and governance, and economic growth. This may be an effective approach to:

- Align the CDCS Goal and DOs with partner country or local stakeholder priorities,
- Build on past success,
- Bring programs to scale, or
- Structure a Mission implementing multiple sector-based initiatives.

Although focused on a particular sector, sector-based DOs and IRs should build synergies with other DOs and IRs to the maximum extent possible.

Results statements, at the DO, IR and sub-IR levels, should be uni-dimensional if possible; a DO, IR or subIR should not have multiple results.

All DOs and IRs should attempt to integrate issues such as gender gaps, youth, climate change and capacity building (See **Youth in Development, and CDCS Supplemental Guidance for Integrating Global Climate Change**).

**(c) Support Objective:** Regional Platforms may include a Support Objective for services provision, if appropriate. A Support Objective reflects the technical and management assistance that the Regional Platform may provide to Bilateral Missions and to non-presence programs within its region.

**(d) Transition Objective:** Bilateral or Regional Missions that have regions within their country or countries, respectively, which meet the constraints and risks outlined in the Transition Strategy/CDCS guidance (see **201.3.2.4** and **Transition Strategy Guidance**) can decide whether to have a Transition Objective alongside other Development Objectives within a full or abbreviated CDCS.

**Non-USAID Resources:** The Mission should collaborate with and leverage other development actors' resources and non-assistance tools, including those of partner country governments and citizens, civil society organizations, the private sector, multi-lateral organizations, other donors, the State Department, and other USG agencies, so that USAID can:

- Maximize the impact of its assistance,
- Better focus in areas where it has a comparative advantage,
- Rationalize resource allocations, and
- Bring successful programs to scale.

For each DO, the RF narrative should discuss the results to be achieved through non-USAID resources, including other USG agencies, the host country government, other

donors, multilateral development institutions, non-governmental organizations, and private sector organizations. These results, and also assumptions and achievement-constraints, should be integrated into the development hypothesis. The description should outline how efforts are coordinated to create a division of labor among development actors. The Mission may also include these results (achieved through non-USAID resources) graphically in the RF itself.

The Mission should consider the best way to collaborate with these non-USAID actors, to ensure close coordination during CDCS implementation.

**Critical Assumptions and Risks:** For each DO, the CDCS must explain relevant critical assumptions and "game changing" scenarios and assess risks associated with its successful achievement. A risk factor or critical assumption lies beyond USAID's control. For example, "Large-scale ethnic conflict surpassing the international community's current capacity to manage or contain the conflict" would be a risk factor. For each risk factor, the CDCS assesses the degree to which the country team can identify and control critical risks. The CDCS also explains how the identified assumptions and risks will be assessed periodically.

**Sustainability:** While sustainability analysis is mandatory under project design, sustainability issues should also be considered when making strategic choices in a CDCS. The USAID Policy Framework requires that sustainability be built into USAID programs, when planning from the start, as a core operational principle. An important aspect of sustainability is the involvement of the partner country government in the overall development strategy and implementation.

**Local Capacity Development:** A key strategic consideration is local capacity development. This includes both the use of partner country government systems and the constellation of local organizations in the country and their relationships with government, donors, one another, and the general population. An analysis of local public and private organizations (government, civil society and private sector entities), and how the Mission plans to support the capacity development of these entities should inform the CDCS.

As part of this analysis, the Mission should conduct the Public Financial Management Risk Assessment Framework (PFMRAF) Stage 1 analysis (See **ADS 220**). Capacity development and the qualities of USAID partnership with local entities should be considered at all stages of the Program Cycle.

In considering this option, the risks as well as advantages of supporting, mentoring, and funding local capacity should be reviewed. The relationship between USAID and the local entity may need to evolve over time, going from mentoring support, possibly in conjunction with a contract or grant from an international entity, and then transitioning into a different implementation mechanism.

The Mission should consider building the capacity of specific institutions and related

governance systems at the state (national), regional (sub-national), or local levels – or a combination of these – to achieve sustainable results. For example, the Mission may conclude through its analysis that the key obstacle to inclusive economic growth is non-transparent and inefficient financial management systems. The Mission may determine to work with the Ministry of Economy and Finance to improve its capacity for sound financial management at the national level, while working simultaneously with municipal governments to ensure equitable resource allocations and an independent anti-corruption commission.

**Focus and Selectivity:** As outlined in the USAID Policy Framework and the PPD-6, USAID must be selective about where it invests its resources to maximize the Agency's long-term impact. USAID must focus its invested resources to ensure they are large enough to have a meaningful, measurable, and lasting impact. In developing the CDCS, the Missions must focus strategically to maximize the results from USAID resources in partnership with various stakeholders. The CDCS must consider each of the following means of targeting and prioritizing USAID interventions, highlighting any trade-offs:

- **Geographically:** The Mission should determine whether interventions can be more effectively advanced by focusing resources geographically. Resources could be from within a specific sector or across sectors for a more integrated approach. Specific populations and beneficiaries within regions, such as economically vulnerable households or particular communities, should also be considered.

- **Sector and Sub-sector:** The Mission should determine which sectors (e.g., health, agriculture, education, governance) are its highest priority and most important to advancing the CDCS Goal. Lower priority sectors and related interventions should be reduced or phased-out, while support for higher priority sectors should be strengthened. Sector-based DOs and IRs should build synergies with other DOs and IRs.

**Agency-Wide Policies and Strategies:** In developing a CDCS, Missions must consider and reflect, as appropriate, the USAID Policy Framework and Agency-wide policies and strategies that have been approved by the Administrator (See **ADS 200.6**).

A list of current and future policies and strategies can also be found at: **http://www.programnet.usaid.gov/**. Relevant analysis and evidence contained in policies and strategies may be cited to help support the CDCS analytical sections and may help frame the development hypothesis. The Administrator's **Policy Directive on Agency-Wide Policy and Strategy Implementation** outlines the policy and strategy alignment and exceptions processes.

**Science and Technology:** In developing an RF and its supporting narrative, the Mission should demonstrate how it is advancing the use of science, technology, and innovation.

**Integrating Presidential Initiatives:** The CDCS integrates individual country-based Presidential Initiative plans and strategies to ensure that the investments being made under these Initiatives promote sustainable development outcomes. The CDCS should demonstrate how the country-level strategies developed for the Presidential Initiatives use causal logic, are integrated with the overarching (CDCS), and incorporate appropriate democratic governance and economic growth interventions. Missions have the flexibility to reflect country-team developed plans for the Global Health Initiative (GHI), Feed the Future (FTF), and Global Climate Change at the CDCS Goal, DO, or IR levels. Performance indicators that support Initiative-specific RFs should be included in the CDCS and Performance Management Plan.

**Note:** All Missions are required to fully consider climate change during the country-level strategic planning process. Therefore, this applies to all Missions, regardless of whether they are projected to receive funds or not. Please refer to additional requirements under **CDCS Supplemental Guidance for Integrating Global Climate Change** for Missions receiving Global Climate Change funding.

### 201.3.3.4 Monitoring and Evaluation (M&E)

Effective Date: 07/22/2013

**a. Monitoring:** Missions must monitor progress toward achieving or advancing the Country Development Cooperation Strategy (CDCS) Goal, Development Objectives (DOs), Intermediate Results (IRs), and sub-IRs based on the performance indicators included in the CDCS, or as revised. The CDCS must include at least one, but generally no more than three, performance indicators for the CDCS Goal and each DO and IR. Development of sub-IR indicators during CDCS development is optional, as they may be refined later by the project design process. These indicators can be shown in the narrative or shown on the Results Framework (RF) graphic. Note that sub-IRs are optional in an abbreviated CDCS. These indicators are an important means to measure the development outcomes of the CDCS and the progress toward achieving the results. As a group, the performance indicators should capture the intended results of the CDCS and how these results will be achieved. Any population-based indicators in the CDCS must be sex-disaggregated. Baseline values for these indicators should be included, if available. See **ADS 203.3.4** for detailed guidance on performance indicators.

It is important to note that performance indicators developed during the CDCS preliminary process must be further developed and refined; and baselines, targets, and disaggregation must be identified (where relevant/applicable), in the Mission's Performance Management Plan (PMP). The Mission-wide PMP must be developed subsequent to CDCS approval. No later than four-to-six months after CDCS approval is the appropriate time for Missions to begin to develop their PMPs by finalizing indicators and collecting baseline data and establishing targets for the highest levels of their Results Framework (Goal, DO and IR). See **ADS 203.3.4** for guidance on the formulation and utilization of performance indicators and PMPs.

**b. Evaluation:** Missions must explicitly address evaluation in the CDCS. The CDCS must identify:

- High priority evaluation questions for each DO. These questions should consider addressing:

  (1) The development hypotheses and key assumptions underlying the proposed programs,

  (2) Estimating program outcomes,

  (3) Policy approach in a specific sector, and/or

  (4) The efficiency of the USAID implementation approach (with attention to program costs).

  For an abbreviated CDCS, Missions must identify evaluation questions for each DO, but these questions do not need to address all issues (1) through (4).

- At least one opportunity for impact evaluation of a project or project component within each DO. Not every opportunity identified is expected to be evaluated, but the CDCS process provides a chance for Mission leadership and technical officers to consider impact evaluation opportunities that could be operationalized, if feasible, during project design. Mission's must incorporate USAID's Gender Equality/Female Empowerment Policy (see **ADS 205**) by asking relevant questions about whether reducing gaps between males and females contributes to project outcomes. Note that an abbreviated CDCS does not need to identify an opportunity for an impact evaluation.

See **ADS 203.3.1** for further information about evaluation.

### 201.3.3.5 Learning

Effective Date: 07/02/2013

As outlined in **ADS 200**, **ADS 202**, and **ADS 203**, learning is a core function underlying the entire Program Cycle. Learning links together strategic planning and project planning (See **201.3.3.5**), Achieving (See **ADS 202**) and Assessing and Learning (See **ADS 203**). Missions are encouraged to develop a learning approach that will permit the effective integration of all components of the Program Cycle in order to improve development impact. The learning approach should build on the Mission's Performance Management Plan (PMP), Portfolio Review(s), and other standard processes. It should be designed to improve coordination and collaboration with development partners, test promising new approaches, and build on what works and eliminate what does not

during Country Development Cooperation Strategy (CDCS) implementation. The learning approach is not mandatory and does not need to be presented in the CDCS. However, Missions should consider using such an approach as a key element of their internal CDCS implementation process (See **ADS 202**).

The learning approach provides a link between the CDCS and projects over the life of the CDCS. The learning approach should provide an analytic link between the CDCS Goal, DOs, and IRs, and a link between programs and projects that are developed to operationalize the CDCS. This will help ensure that the Mission addresses gaps that may exist in the evidence that underlies the DOs and development hypothesis over the course of the CDCS period. The learning approach provides for an iterative framework for reviewing the external changes and lessons learned from CDCS implementation and adapting programs and projects and, where relevant, the Results Framework in light of the external changes and/or lessons learned. Learning approaches, in terms of the CDCS, should provide for:

- Facilitating coordination, collaboration, and exchange of experiential knowledge internally and with external stakeholders;
- Testing development hypotheses, filling critical knowledge gaps, and addressing uncertainties in the hypotheses with new research or syntheses of existing analyses;
- Ensuring new learning, innovations and performance information, gained through monitoring and evaluation, inform strategy implementation; and
- Identifying and monitoring game changers – the broad conditions that are beyond the Mission's control but could evolve to impede strategy implementation – based on associated tripwires that may trigger programmatic and project contingencies or even changes in strategic direction.

One learning approach to consider is the Collaborating, Learning, and Adapting (CLA) model, developed by USAID/Uganda and now being adopted by several other Missions. The CLA model as well as additional good practices, recommendations, and advice about learning throughout the Program Cycle can be found in the **Learning Guide**, **Learning Lab**, and **ProgramNet**. In order to access **ProgramNet,** please visit: **http://www.programnet.usaid.gov/**.

### 201.3.3.6 Program Resources and Priorities

Effective Date: 07/02/2013

The Country Development Cooperation Strategy (CDCS) informs overall assistance planning and resource allocation. It must consider and demonstrate the relationship of planned resources to expected results. It must account for all projected program

resources that USAID plans to implement during the fiscal years covered by the CDCS. Resources must be allocated by DO, disaggregated by funding source and fiscal year, and cross-walked with the Foreign Assistance Framework's Standard Program Structure. Missions must complete the resource template (See **201.4.2**).

**Resource Scenarios:** Given the role of the CDCS process in Agency resource allocations as well as the uncertain fiscal environment over the next several years, Missions must consider two CDCS resource planning scenarios, unless directed otherwise. These scenarios encompass a strategic planning range of programmatic responses that demonstrate the sensitivity of strategy and results to additional (or reduced) resources and are not intended to represent Administration or Agency policy guidance. In either scenario, Missions have the flexibility to propose a reallocation of resources for priority projects, including for Presidential Initiatives, as long as they do not exceed the annual country totals, per resource guidance provided for CDCS development. Any such reallocations will be discussed and decided upon during the CDCS review and approval process.

Missions should use the CDCS budget figures in developing future year Mission Resource Requests (MRR). After consultation with the Office of Budget and Resource Management (BRM), the respective Regional Bureau could provide specific resource guidance to Missions as they launch their CDCS process.

**Prioritization:** Missions must prioritize results among DOs and within DOs. For each DO, the CDCS crosswalks and prioritizes all associated program areas (program elements for Health and Education) by rank order. The prioritization should be based on what is most important to achieve the CDCS Goal and priority DOs, not solely based on the levels of assistance. The priorities identified in the CDCS inform discussions between the Mission and Washington on how best to focus USAID investments and determine resource trade-offs during budget planning and allocation exercises.

### 201.3.3.7 Management Requirements

Effective Date: 07/02/2013

The Country Development Cooperation Strategy (CDCS) includes a brief description of the required management resources for each of the program resource level scenarios. This description should include:

- Anticipated overall Operating Expense (OE) requirements, keeping in mind that the OE of the current year will implement the program levels (pipeline) of the prior two years;

- Anticipated overall program-funded operational costs requirements, which would be included in the total program levels; and

- Anticipated staffing requirements over the life of the CDCS, including U.S. Direct Hire by backstop, as well as Personal Service Contractors and

Foreign Service Nationals needed to implement the Development Objectives (DOs) and supporting programs.

The Agency will use the CDCS process to help realign the world-wide workforce to support emerging priorities and initiatives, so Missions should consider their staffing needs carefully as they propose broadening or narrowing programs. Specific issues regarding the match between the staff skill set and the programmatic priorities should be noted. Particular focus should be placed on OE and staffing requirements that would be a change from current Mission OE requirements, including space and the current Mission staffing pattern of total positions (both filled and vacant). The staffing implications of the portfolio alignment process (**201.3.4.3**) and the Mission's learning approach (**201.3.3.5**) should be discussed in the CDCS. The Mission should also consider the skills and staffing structure needed to undertake the CDCS above and beyond program management, such as policy reform, negotiations and coordination related to government to government programs, and technical leadership.

The operational resources requested in the CDCS should link to the data collected through USAID's Budget Formulation and Execution Manager (BFEM) as part of the annual operating budget submission.

Missions should keep in mind that overall Agency OE resources and staffing levels are unlikely to continue to grow as they have in recent years. Missions should consult with their respective regional bureau, the M Bureau, and OHR on workforce and NSDD-38 issues, space, ICASS (International Cooperative Administrative Support Services), and other management issues as they prepare their CDCS. During Phase 1 of the CDCS development process, customized OE and staffing guidance for particular countries, such as those slated for graduation from development assistance, phase-down or close-out, may be discussed.

### 201.3.4 Country Development Cooperation Strategy (CDCS) Process

Effective Date: 07/02/2013

There are three phases to the CDCS process, which involve an iterative dialogue between Missions and Washington and include key check-in points:

- Phase 1 – Initial Consultations;
- Phase 2 – Results Framework Development; and
- Phase 3 – Full CDCS Preparation, Review, and Approval.

The process for an abbreviated CDCS includes two phases:

- Phase 1 – Initial Consultation (The same process as a full CDCS); and

- Phase 2 and 3 – Results Framework (RF) Paper/Abbreviated CDCS Development.

See 201.3.2.4 for the process for a Transition Strategy/CDCS.

### 201.3.4.1 Phase 1 – Initial Consultations

Effective Date: 07/22/2013

Phase 1 marks the start of the Country Development Cooperation Strategy (CDCS) process. This phase is estimated to take two to three weeks. Phase 1 includes a dialogue between Washington and the Mission to identify and discuss policy, strategy, and resource parameters as well as the types of analyses that will help Missions produce a strong CDCS grounded in realistic planning assumptions. The guiding question of the Consultation Phase is: "What does the Mission need to know in order to invest its time wisely to prepare the CDCS?"

During this phase, the Policy, Planning, and Learning Bureau (PPL), the Office of Budget and Resource Management (BRM), Regional Bureaus, Pillar Bureaus, and Independent Offices will review resource and policy considerations, including Presidential Initiatives, USAID Forward, and Congressional directives and interests to decide what Mission-specific resource guidance may be warranted. AID/W leadership is responsible for providing guidance and parameters which set expectations and priorities to inform the strategy development process. The Bureau for Management (M) and Office of Human Resources (OHR) may also issue Mission-specific guidance on operational and staffing requirements.

There are two deliverables under Phase 1. The first is a digital video conference (DVC). The second is a Consultation Note.

**(1)** The DVC is co-chaired by the Mission Director and the Regional Bureau Assistant Administrator (AA) or Deputy Assistant Administrator (DAA). It also has participation from PPL, BRM, and Pillar Bureaus. The Mission's presentation is the focus of the DVC. This presentation is informed by initial resource and policy guidance (see above), and includes the following key elements:

- Overarching U.S. foreign and national security policy considerations as appropriate;
- Economic, financial, social, political, governance, demographic, gender, and security indices that characterize the development context and identify conflict potential and other vulnerabilities;
- Country development challenges, priorities, and institutional strengths and weaknesses, including a brief overview of the

partner country strategy such as a National Development Plan or Poverty Reduction Strategy, and its strengths;

- Significant policy or resource considerations, such as planning levels, earmarks, directives, and Presidential Initiatives;
- A summary of the analyses, assessments, evaluations, and other evidence that will be used to inform the strategy process, including those that need to be initiated or completed;
- Possible opportunities to implement USAID Forward;
- Potential roles for partner country partners (governmental, civil society, private sector), USG agencies, and other donors;
- A proposed timeline for completing the CDCS, including assessments; and
- Requests for guidance and/or technical assistance from Washington.

During the DVC, representatives from USAID regional platforms and Washington Bureaus and Offices, including Initiative owners, are invited to comment on the presentation. They may raise issues for consideration such as alignment with an Agency policy or strategy, the need for specific assessments or evaluations, or additional resource guidance.

The Regional Bureau AA/DAA provides feedback and guides the discussion. Interagency input and participation is encouraged, as appropriate. The DVC discussion is intended to establish a common context and timeframe for developing and reviewing the draft Results Framework Paper (Phase 2) and full CDCS (Phase 3). Once established, the CDCS development timeline should vary as little as possible so that those involved in the process may plan work, travel, consultation, and A&A schedules accordingly.

**(2)** **Consultation Note**: The second deliverable of Phase I, in addition to the Mission DVC presentation, is a Consultation Note. The Consultation Note documents the DVC discussion, including the nature of the development context, applicability of Agency strategies or policies, required assessments, resource parameters, applicable key analyses, and the CDCS timeline. The Regional Bureau records the DVC dialogue and clears the resulting Consultation Note with the Mission and PPL. The Consultation Note is distributed to the field and Washington Bureaus and Offices, and sets the parameters and expectations for CDCS development.

**Analysis:** A CDCS must be grounded in evidence and analysis. During the Initial Consultations Phase, the Mission determines what research, assessments, and evaluations are needed to inform the CDCS process and what support is needed from Washington to complete the analyses, which should generally be completed during Phase 2 of CDCS development. Missions are encouraged to draw evidence from third-party assessments and/or evaluations, to complement Mission assessments, including from government sources, civil society, the private sector, and other donors. Missions are required to undertake gender (see **ADS 205**), tropical forestry, and bio-diversity analyses (as in FAA 118/119). Other possible analyses include:

- **Country wide:** conflict vulnerability; democracy and governance; economic constraints; political economy; institutional capacity; disaster risk; social soundness; and human capital.

- **Sector-specific or sub-sector:** democracy and governance; human rights; economic growth; financial markets; education; health; rule of law; climate change; and food security.

- **Demographic:** youth; vulnerable populations; marginalized populations; and persons with disabilities. Analyses should disaggregate these populations by sex.

- **Other:** sustainability, donor engagement; aid effectiveness; and private sector engagement, including the role of local as well as US-based entities.

**Abbreviated CDCS – Phase 1 - Initial Consultations:** Same process as described above.

**Transition Strategy/CDCS – Phase 1- Initial Consultations:** (refer to **201.3.2.4**).

### 201.3.4.2 Phase 2 – Results Framework Development

Effective Date: 07/22/2013

In Phase 2, the Mission completes key analyses and prepares the Results Framework (RF) Paper. The RF paper is based on consultations with a full range of stakeholders and the best available evidence and analysis. The analysis itself may need to be initiated early on in the strategic planning process, and should draw upon other analyses undertaken prior to the initiation of the Country Development Cooperation Strategy (CDCS) development process, or by other stakeholders. Phase 2 is estimated to take two to three months. This phase includes the key steps outlined below, many of which will continue into Phase 3 and through project design:

**(1)** **Conduct Analyses:** The Mission must review, analyze, and draw evidence-based conclusions from assessments and evaluations to produce the RF and full CDCS, including an analysis of what has worked or not worked in achieving results through past programs, projects, and activities. Completed assessments and analyses should not be reviewed in isolation, but rather should contribute to the overall picture of specific development constraints and opportunities at both the country and sector levels.

Based on the analyses, the Mission should consider the best way to address the identified development challenges and opportunities in a strategic and cost-effective manner. The completed assessments and evaluations provide the evidence and information needed to establish a development hypothesis that describes the causal linkages between the CDCS Goal, DOs, IRs, and sub-IRs. The completed analyses should help the Mission answer key questions in strategy development such as: What will happen if this investment is not made for each objective and all proposed CDCS interventions? They should also inform how the Development Hypothesis is formulated. The Mission must reference the assessments and evaluations used to reach significant conclusions in the CDCS.

**Specific guidance on required analyses**

**a)** **Country Tropical Forest and Biodiversity Analysis:** This country level analysis is required by Sections 118(e) and 119(d) of the **Foreign Assistance Act of 1961**, as amended, and may not be waived, modified, or eliminated. Incorporation of this country-level analysis into the USAID design and implementation process can enhance the resiliency of over-exploited natural resources, improve environmental health, and strengthen partner-country environmental governance essential to achieving Development Objectives. It is expected to complement more specific environmental impact analyses conducted at the project level via **22 CFR 216** (See **ADS 204**).

- **Biodiversity:** All country-level, long-term plans must include a summary of analyses of the following issues:

  (1) The actions necessary to conserve biological diversity, and

  (2) The extent to which the actions proposed meet the identified needs.

  This summary is based on a country level biodiversity analysis undertaken by the USAID Mission or Bureau/Independent Office (B/IO) prior to beginning its long-term plan. For additional information, contact the Regional Bureau Environmental Officer and the Biodiversity Team based in the Bureau for Economic Growth,

Education, and Energy (E3). Also see the **Tropical Forestry and Biodiversity (FAA 118 and 119) Analyses: Lessons Learned and Best Practices from Recent USAID Experience**.

- **Tropical Forests:** For country-level, long-term plans in countries that have any part of their territory within the tropics, each summary of country-level analysis must also include:

  (1) A summary of the actions necessary to achieve conservation and sustainable management of tropical forests, and

  (2) The extent to which the actions proposed meet the identified needs.

  This summary is based on a country level biodiversity or tropical forestry analysis undertaken by the USAID Mission prior to beginning its long-term country plan. For additional information, contact the Regional Bureau Environmental Officer and the Forestry Team based in the E3 Bureau. Also see the **Tropical Forestry and Biodiversity (FAA 118 and 119) Analyses: Lessons Learned and Best Practices from Recent USAID Experience**.

Given the interrelated character of environmental issues, USAID Missions could save time and increase results by conducting the Biodiversity and Tropical Forests, required by this section, as defined chapters within a broader environmental sector assessment. Such an assessment would fully integrate ongoing Congressional and Administration environmental priorities, such as climate change, water, and others.

These 118/119 biodiversity and tropical forest assessments must be completed prior to completing a CDCS so that their findings will appropriately inform strategic decisions and priorities.

**b) Country Gender Analysis:** Promoting gender equality and advancing the status of women and girls around the world remains as one of the greatest unmet challenges of our time, and one that is vital to achieving U.S. development objectives. In 2012, USAID adopted several comprehensive and interlinked policies and strategies to reduce gender inequality and to enable girls and women to realize their rights, determine their life outcomes, influence decision-making and be change agents in households, communities, and societies. Accordingly, USAID staff is required to conduct a gender analysis as part of the design of country strategies. The gender analysis must be completed prior to completing a CDCS so that its findings will appropriately inform strategic decisions about each development objective and intermediate result. Based on the gender analysis, all DO and IR narratives should identify

the specific gender gap relevant to that DO/IR and discuss how closing those gaps will be achieved. In addition, the monitoring and evaluation framework should include indicators that track the gender gap to be closed (see **ADS 205**). It is not sufficient for CDCS documents to represent gender as a "cross-cutting issue" that is described in a separate, single paragraph or section somewhere in the text of the CDCS.

**(2)** **Consult with Partners:** As outlined in the PPD-6, "development built on collaboration is more likely to engender the local leadership and ownership to turn good ideas into lasting results." The Mission must engage in regular discussions with partner country governments and citizens, civil society organizations, the private sector, multi-lateral organizations, other donors, the State Department, and other USG agencies to inform the development of the RF Paper and the full CDCS. In conducting consultations with non-governmental organizations, including commercial and other private sector organizations, the Mission should consult with the RLA and/or GC to avoid creating unfair competitive advantage.

- **Partner Country Stakeholders:** The Mission should apply Aid Effectiveness principles by linking CDCS Goals and DOs/IRs to partner country priorities, including its sector or regional plans. Partner country priorities, however, are not determined exclusively by the partner country government. The Mission should also consult with private sector actors, local communities, civil society organizations, as well as a range of political actors and government officials at the national, regional, and local levels. The national government should not be treated as a monolith; government actors from the executive, legislative, and judicial branches at various administrative levels should be consulted, as appropriate, as well as members of the political opposition or political organizations, as appropriate. Local stakeholder consultations should be referenced in the RF Paper and the CDCS.

- **USG Interagency Partners:** The Mission is required to work closely with the State Department and other USG interagency partners, including the Defense Department, where appropriate, to develop the RF Paper and the CDCS.

- **Other Donors:** In developing a CDCS, the Mission should work at the country or regional level to coordinate with other donors in order to develop a strategy that maximizes development assistance outcomes.

  The Mission should use partner country-led donor coordination structures as venues for coordination and rationalization to the extent feasible.

**(3)** **Develop the RF Paper:** The Mission develops a short RF Paper (estimated 10 pages, including the RF graphical representation) based on consultations with partners and on completed analyses. The RF paper, which may be in bullets, explains the proposed results to be achieved; the focus of the strategy; and the rationale for this focus based upon evidence. Specifically, the RF Paper must explain the development hypothesis that underlies the proposed CDCS Goal, DOs, and IRs. The RF paper must also have performance indicators at Goal, DO, and IR levels. The Mission is strongly encouraged, but not required, to include sub-IRs in the RF paper. Best practice is that additional depth can lead to a more effective, more implementable RF. The RF Paper must include critical assumptions and/or "game changers" and identify any additional analysis that is needed.

Although the Mission may further refine and even reshape the RF during Phase 3, based on continuing consultations and analysis, significant effort should be spent during Phase 2 to make the RF as concrete as possible. This will facilitate CDCS review and approval. Where possible, the Mission is encouraged to hold a CDCS retreat or workshop during Phase 2 to develop the RF, bringing appropriate Mission staff together to consider the evidence and completed analyses, determine the development hypothesis, and flesh-out the RF and areas for cross-sector integration.

**(4)** **Review the RF Paper:** The Mission submits the completed RF Paper to the Regional Bureau for review and distribution to appropriate Bureaus and Offices. The RF review provides an opportunity to analyze and discuss the CDCS's key components and logic prior to drafting the full CDCS. Bureaus and offices review the RF Paper and identify any significant issues, concerns, and points of clarification that need to be addressed before the CDCS ultimately can be approved. Specifically, reviewers consider the feasibility of the overarching CDCS Goal and address whether it is well supported by the DOs, and whether the DOs, IRs, and sub-IRs, if included, will lead to the intended outcomes. The RF should show a causal relationship that is well-focused and reflects Agency policies and strategies. All Bureaus should submit a unified and prioritized set of significant issues that reflect the Bureau's "corporate position" directly to the Regional Bureau, rather than providing individual reviewers input.

**(5)** **Summarize RF Issues:** Based on responses submitted by Bureaus and Offices, the Regional Bureau prepares and submits to the Mission a draft RF Issues Paper (cleared by PPL and BRM) that prioritizes and summarizes significant issues only. The Mission and Washington hold a DVC to be co-chaired by the Mission Director and Regional Bureau AA or DAA with participation from PPL, BRM, relevant Pillar Bureaus, and other offices to discuss the draft RF Issues Paper, including significant issues that need to be addressed and steps that need to be taken to finalize the Results Framework and prepare the full CDCS. Following the DVC, the Regional Bureau

prepares and transmits to the Mission a final RF Issues Paper (cleared by PPL and BRM) that defines the key issues, recommended solutions, and steps to finalize the RF and prepare the full CDCS.

**Phase 2 - RF Paper/Transition Strategy/CDCS:** As the abbreviated CDCS is an abbreviated process and includes only 2 phases (Phase 1 and Phase 2 or 3), the required elements of Phase 2 must be addressed during Phase 3, such as conducting analyses and consulting with partners (See **Transition Strategy Guidance**).

A Mission undertaking an abbreviated CDCS will conduct appropriate analyses and consult with partners as required in the standard CDCS Guidance. The final RF Paper, which serves as the abbreviated CDCS, should include the key content referenced above. This phase is estimated to take between two to three months.

The Mission submits the completed draft RF Paper, i.e. the abbreviated CDCS under Chief of Mission Authority, to the Regional Bureau for review and distribution to appropriate Bureaus and Offices. Based on responses submitted, the Regional Bureau prepares and submits to the Mission a draft Issues Paper (cleared by PPL and BRM) that prioritizes and summarizes significant issues only. The Mission and Washington hold a DVC co-chaired by the Mission Director and Regional Bureau AA or DAA, with participation from PPL, BRM, relevant Pillar Bureaus and other Offices to discuss the draft Issues Paper. Following the DVC, the Regional Bureau prepares and transmits to the Mission a final Issues Paper (cleared by PPL and BRM) to guide the Mission in finalizing the abbreviated CDCS.

After addressing the significant issues, the Mission submits the final abbreviated CDCS to the Regional Bureau for final approval and PPL clearance. Additional review meetings will be held with appropriate Bureaus and Offices on a case-by-case basis to ensure all the significant issues have been addressed adequately. After the abbreviated CDCS has been approved, the Regional Bureau prepares and transmits a cable that summarizes the approved CDCS as well as key issues resolved during the CDCS process. Once approved, the Mission prepares a public version consistent with section **201.4.4.3(e)**.

### 201.3.4.3 Results Alignment when developing the Results Framework (RF) during Phase II of the CDCS Development

Effective Date: 07/02/2013

During CDCS development, the Mission should identify how the results expected to be achieved by its current portfolio of activities align with the new RF. Based on an analysis of which results from its current portfolio are expected to be incorporated into the new RF, either without modification or with some modification, the Mission begins initial planning for the alignment of activities described in **201.3.12.3.** In conducting the analysis, the Mission should review and consider:

- The Administrator's **Policy Directive on Implementing Agency-wide Policies and Strategies** for guidance on initial alignment assessment;

- Possible implications for the USG's bilateral relationship and ongoing donor collaboration; and

- Possible implications for modification or termination of current acquisition and/or assistance awards and the associated financial impact, including the loss of any funds that may be deobligated.

The Mission must ensure that either the findings from the review of the Mission's results being supported through the existing portfolio of mechanisms are reflected in the final Results Framework or separately ensure that the rationale for why it determined that doing so is unnecessary is documented. In either case, the subsequent project design process must reflect existing work so that it can be quickly ended or aligned with the new CDCS and USAID policies and strategies.

### 201.3.4.4 Phase 3 - Full CDCS and Abbreviated CDCS Preparation, Review, and Approval

Effective Date: 07/02/2013

This phase is estimated to take two to three months. In Phase 3 of the CDCS Process, the Mission prepares a full or abbreviated Country Development Cooperation Strategy (CDCS) which includes the key steps outlined below.

**(1)** **Finalize Analysis and Consultations:** The Mission completes ongoing assessments, evaluations, and discussions with local stakeholders, the State Department and other USG agencies, other donors, and partners to inform the full CDCS. **For an abbreviated CDCS:** Missions must incorporate the required elements from Phase 2 such as conducting analyses and consulting with partners.

**(2)** **Draft Full CDCS:** The Mission drafts the full CDCS that expands upon the Results Framework (RF) paper, based on the final RF Issues Paper; and incorporates any additional analysis. **For an abbreviated CDCS:** this step is not applicable.

**(3)** **Submit and Review Draft CDCS:** The Mission Director submits the draft CDCS, under Chief of Mission authority, to the USAID Regional Bureau. Then the Regional Bureau AA or DAA and the Mission Director co-chair a formal CDCS Presentation Meeting where the Mission Director presents the draft CDCS. During and following the CDCS Presentation Meeting, Bureaus and Independent Offices provide comments to the Regional Bureau characterized as:

- Significant (must be addressed for strategy approval),
- Concerns (a change that will improve the quality of the strategy), or
- Clarification (a question or request for more information).

All Bureaus should submit one Bureau-approved prioritized Issues Matrix, rather than providing individual staff or office input directly to the Regional Bureau. Significant issues must include a recommended resolution. Bureaus should be prepared to define specific responses and support that can be offered, if relevant, to address any specific significant issue raised by the Bureau.

**For an abbreviated CDCS:** The Mission submits the completed draft abbreviated CDCS to the Regional Bureau for review and distribution to appropriate Bureaus and Offices. Based on responses submitted, the Regional Bureau prepares and submits to the Mission a draft Issues Paper (cleared by PPL and BRM) that prioritizes and summarizes significant issues only. The Mission and Washington hold a DVC co-chaired by the Mission Director and Regional Bureau AA or DAA, with participation from PPL, BRM, relevant Pillar Bureaus, and other Offices to discuss the draft Issues Paper.

**(4)** **Finalize and Approve CDCS:** The Regional Bureau prepares and submits to the Mission (with PPL clearance) a:

- CDCS Issues Paper, that prioritizes and summarizes any outstanding significant issues; and a
- CDCS Issues Matrix, that lists all comments raised by Bureaus and Offices together with recommended solutions.

The Mission makes any appropriate final changes and submits a final CDCS for PPL and BRM clearance and Regional Bureau AA approval. Once approved, the Regional Bureau prepares and transmits a cable that summarizes the approved CDCS, within which the Mission will plan and implement its programs, as well as key issues resolved during the CDCS process for USAID staff and the Interagency.

**For an abbreviated CDCS:** Following the DVC, the Regional Bureau prepares and transmits to the Mission a final Issues Paper (cleared by PPL and BRM) to guide the Mission in finalizing the abbreviated CDCS. After addressing the significant issues, the Mission submits the final abbreviated CDCS to the Regional Bureau for final approval and PPL and BRM clearance. Additional review meetings will be held with appropriate Bureaus and Offices on a case-by-case basis to ensure all the significant

issues have been addressed adequately. After the abbreviated CDCS has been approved, the Regional Bureau prepares and transmits a cable that summarizes the approved CDCS as well as key issues resolved during the CDCS process.

**(5)** **Disseminate Publicly:** Within two months of CDCS approval, the Mission must prepare a public version that removes all budget, procurement, and sensitive information (such information can be included in Sensitive But Unclassified sections of the CDCS or in a CDCS Annex). The Regional Bureau will post the public version of the CDCS on USAID's Website. The public version of the CDCS will be provided to Congress and should be made widely available to partner country partners. The Mission submits both the final internal and public versions to the Regional Bureau, PPL, and the Development Experience Clearinghouse. The public version also provides the basis for dialogue with partner country partners and other stakeholders in the private sector as the Mission moves forward in project design.

**Transition Strategy/CDCS – Phase 3:** Not applicable

### 201.3.5 Estimate of Required Resources

Effective Date: 07/02/2013

**Overall Budget Planning:** Although the CDCS is not a formal budget planning and authorization document, the Administrator's annual budget recommendations to the Secretary of State and Deputy Secretary are informed by the approved CDCS including required resources to the maximum extent possible.

Formal budget planning for foreign assistance begins roughly two years before funding is needed. For State Department and USAID foreign assistance accounts, the budget planning process is centralized in and coordinated by State Department's Office of U.S. Foreign Assistance Resources (State/F). An Operating Unit initiates its request for funding in the Mission Resource Request (MRR). Under the leadership of the Ambassador, all the USG agencies in-country receiving foreign affairs funding jointly request the initial country funding level. The Regional and Pillar Bureaus in USAID and State review and analyze this information to ensure the best fit of country requests with expected levels, earmarks, directives, and other considerations, including past performance and administration priorities, as well as strategic alignment, in terms of overall USG priorities. The resulting decisions coordinated by State/F on allocation of funds are sent to the Office of Management and Budget (OMB) for review, adjustments are made, and a reclama is submitted to OMB, if needed. Ultimately, the budget is formalized in the President's Budget and the Congressional Budget Justification (CBJ). Appropriations and final approval by Congress of Operating Unit allocations provide the basis for more detailed funding allocations and preparation of the following year's Operational Plan (OP).

In the OP, the Operating Unit provides specific information on how its' expected funding (from all accounts) will be allocated to achieve development objectives. In identifying specific resource needs and requesting adjustments to control levels if necessary, USAID Missions should consider issues such as:

- Status and timeliness of input mobilization (such as receipt of new funding, negotiations for new projects, and staff deployments);
- Progress in preparing Annual A&A Plans in accordance with ADS 300, including identification of specific A&A instruments that will be used;
- Pipeline levels and future resource requirements;
- Team effectiveness and adequacy of staffing;
- Opportunities to accelerate achievement of results or obtain greater impact from well-performing programs; and
- Funding available from sources such as public-private alliances, local currency availability from monetization programs, or cost sharing (see below).

### 201.3.6 Implementation of the Country Development Cooperation Strategy (CDCS)

Effective Date: 07/02/2013

Once approved, the CDCS:

- Becomes the basis for project design, the Performance Management Plan, and evaluation; and
- Serves as a tool for the Agency to weigh the relative development outcomes of different levels of investments in specific countries and regions.

### 201.3.7 Changes to the Country Development Cooperation Strategy (CDCS)

Effective Date: 07/02/2013

The Mission should encourage learning and adapting over the course of the five years of the CDCS. If changes to the CDCS require an amendment of the development hypothesis or the RF, the Mission must capture those changes within its own documentation to ensure that changes will be fully understood by incoming staff, auditors, other personnel, and new partners. Substantive changes at the DO or Goal level require the Mission to prepare and submit a short justification memorandum to Washington for Regional Bureau approval and PPL and BRM clearance. If the substantive changes at the DO or Goal level, have significant resource implications, in

addition to a short justification, the Mission must also submit an updated “Program resources and priorities” section, including updated budget scenarios.

Missions should consider the activity portfolio alignment ramifications for existing Strategic Objective Agreements (SOAGs, the term used prior to January 2012) as new Development Objective Agreements (DOAGs), which are developed following CDCS approval. DOAGs are legal agreements between two sovereign governments that define contributions, roles and responsibilities envisioned in implementing a common Development Objective, as defined in an approved CDCS and its Results Framework.

For USAID direct awards, the DO or project design team, working with its Contracting or Agreement Officer, must follow existing acquisition and assistance policy or procedures, including waiver and deviation authorities.

### 201.3.8 Obligation by Development Objective Agreement (DOAG)

Effective Date: 07/02/2013

In many Missions, USAID funds are obligated through a Development Objective Agreement (DOAG - formerly called a Strategic Objective Assistance Agreement, or SOAG). All pre-obligation requirements must be met prior to the obligation of USAID funds in a DOAG. Missions should also consider the activity portfolio alignment ramifications for existing SOAGs as new DOAGs are developed following CDCS approval.

In Missions obligating USAID funds in a DOAG, PADs define how funds will be sub-obligated through USAID-direct awards, agreements with partner country agreements (in the form of an Implementation Letter sub-obligation under a DO), or other instrument executed by USAID. PADs will define a total estimated budget for the project that will include all funds to be sub-obligated. That total amount will be stated in the Project Authorization, but is not recorded in the Agency accounting system since only obligations and their associated sub-obligations are recorded in the accounting system. Funds control is maintained at the DOAG level and the sub-obligation level. The funding level associated with an individual PAD/project will be tracked using, for example, OPs Master.

For Missions that do not obligate funds at the DOAG level, funds will be obligated at the instrument level, i.e. A&A awards, bilateral project agreements with partner countries, etc.

If obligating funds through DOAGs, a separate DOAG must be signed for each Development Objective. Funds for multiple DOs must not be obligated through a single agreement. This limitation will help ensure that funds are obligated and used for the purpose (DO) for which they are authorized and notified; facilitates proper accounting; helps ensure valid, binding obligations of funds; and facilitates completion of statutory pre-obligation planning requirements prior to the obligation of funds. See **201.3.9** below on pre-obligation requirements.

If obligating funds through DOAGs, a separate DOAG must be signed for each Development Objective. Funds for multiple DOs must not be obligated through a single agreement. This limitation will help ensure that funds are obligated and used for the purpose (DO) for which they are authorized and notified; facilitates proper accounting; helps ensure valid, binding obligations of funds; and facilitates completion of statutory pre-obligation planning requirements prior to the obligation of funds. See **201.3.13** below on pre-obligation requirements.

It is strongly recommended that DOAGs cover only one DO. Missions who believe they have a compelling reason for entering into an obligating agreement that includes more than one DO must consult with the cognizant Regional Assistant General Counsel and M/CFO prior to entering into negotiations with the partner country. Please be aware that in a DOAG Agreement if obligating funds to more than one Development Objective, funds must be obligated and recorded by each individual DO. There must be no Agreement "purpose" higher than the purposes of the separate DO's, nor funds that appear to be obligated above the level of the individual DO's. As part of the consultation process, the Mission must clearly document how it will comply with all pre-obligation requirements prior to signing the agreement, including those discussed in this chapter and **ADS 350** and specifically the following:

**a.** That funds are obligated and used only for the purpose (DO) for which they are authorized and notified,

**b.** Accounting and funds controls will be adequate (i.e. at the level of the individual DO's),

**c.** The agreement will constitute a valid and binding obligation of funds, and

**d.** All statutory pre-obligation planning requirements will be completed prior to the obligation of funds.

To be a valid, binding obligation of funds, a DOAG must clearly evidence a written, definite and legally binding commitment that requires an outlay of funds by USAID or creates a duty on the part of USAID that could mature into a legal liability by virtue of objective conditions and/or actions on the part of the other party that are beyond the control of the United States (See **ADS 220**, **350** and **621**).

These documents lay out conditions and requirements of both sides and can serve as a way to obligate funds at the DO level, providing Missions with a degree of adaptability to respond to changing circumstances without necessarily having to de-obligate funds. Where appropriate, the DOAG may outline all of the mechanisms and actions brought by either party, and by other donors and parties. While the binding elements of the DOAG do not affect funds not obligated in the DOAG, such additional detail can provide a useful explanation of the full panoply of activities needed to achieve the DO. Missions should consult the RLA and GC for advice and support on these issues.

Obligation by DOAG (obligation at the DO level) requires satisfaction of several types of statutory requirements:

**1. FAA section 611(a) pre-obligation adequate planning.**

FAA sec. 611(a) states that, "No agreement or grant which constitutes an obligation of the [USG][for assistance] in excess of $500,000…shall be made "if the agreement or grant… requires substantive technical or financial planning, until engineering, financial, and other plans necessary to carry out such assistance, and a reasonably firm estimate of the cost to the United States Government of providing such assistance, have been completed;…"

The amount and type of planning depends upon the type and purpose of the assistance – capital projects generally requiring the most. However, some pre-obligation planning is required for even broad, non-capital projects - the statute cannot be rendered meaningless by defining the DOAG scope broadly.

**Means of satisfying section 611(a):** Section 611(a) adequate planning requirements can be met in several different ways:

**(1)** Specific activities for the overall DO may be fully planned before funds are obligated into a DOAG.

**(2)** Obligation may be based on criteria and procedures for activity selection, together with illustrative activities and associated illustrative budgets.

For incrementally-funded activities, full planning may occur for specific activities for which funds are currently being obligated, with adequate planning requirements met for each subsequent incremental obligation as additional funds are being obligated. For instance, an initial obligation for technical assistance to design a large-scale intervention may require less planning, and can be used to complete planning for subsequent incremental obligations.

**<u>Illustrative</u> requirements for meeting 611(a):** Recognizing that the final judgment of what is needed to meet 611(a) requirements is case-specific, some or all of the following could be used as minimal factors demonstrating compliance:

**(1)** An analysis of **constraints and explanation of the development hypothesis required for CDCSs**;

**(2)** **Identification of specific activities** or **identification of criteria and procedures for activity selection**;

**(3)** **Identification of binding (critical) constraints to achievement of the purpose of the obligation**, together with an explanation of how it is reasonably expected that they will be addressed. Review of Results Framework and Logframe assumptions; proposed conditions precedent

and covenants; policy environment; and statutory checklists are particularly likely to identify these critical constraints, and thus it is recommended that they be reviewed pre-obligation. Where certain activities are key to achievement of the purpose of the obligation (DO), the binding constraints for those activities must be addressed. For other activities, it may be possible to substitute alternative activities if binding constraints emerge during the PAD process. It is recognized, of course, that not every one of the issues identified in these reviews reaches the critical level needing to be addressed pre-obligation; and

**(4)** **A reasonably firm estimate of the cost of accomplishing the specified or illustrative activities**, based on actual cost analyses, not merely the amount of available funds.

**Documentation:** While CDCSs are required to contain a thorough analysis of constraints and opportunities, and a robust development hypothesis, they are not required to identify specific or illustrative activities; reasonably firm cost estimates for them; or explain how binding constraints will be addressed. Thus, how the additional considerations are addressed should be documented in some place before obligation, through such approaches as:

**(i)** Sufficient detail in the CDCS;

**(ii)** Approval of a full PAD or key sections of the PAD before obligation into a DOAG;

**(iii)** Sufficient detail in the annual Operational Plan (OP) submitted to the Office of the Director of Foreign Assistance, together with underlying technical and cost analyses; or

**(iv)** An action memo for the DOAG obligation addressing additional considerations.

## 2. 31 USC 1501, Binding obligation

As required by 31 USC 1501 and amplified by the Government Accountability Office (GAO), to be a valid, binding obligation of funds, an agreement (e.g. DOAG) must clearly evidence a written, definite and legally binding commitment of the USG. See also **ADS 220**, **350** and **621**. DOAGs are not "parking lots" for funds or "agreements to agree." To ensure that DOAGs create valid, legally-binding obligations, the following requirements must be met:

**a.** **Specificity.** The DOAG must contain sufficient specificity of what it will fund. DOAGs that reflect FAA sec. 611(a) adequate planning requirements would typically meet the specificity requirement.

**b. Concurrence with USAID sub-obligations**. If, after granting funds to a Partner Government in a DOAG, USAID intends to then itself provide the funds to third parties for certain uses (e.g. acquisition and assistance awards), this must be concurred in by the Partner Government in some manner. This concurrence can be provided by whomever the Partner Government indicates for this purpose, and in whatever form and level of generality/detail is satisfactory to the Partner Government. For instance, the Partner Government could communicate its concurrence through an Implementation Letter approving a list of activities to be funded; in annex 1 of the DOAG; or otherwise.

**c. Objective conditions**. Conditions or reservations in the DOAG on USAID's obligation to disburse funds, whether as formal conditions precedent (CPs) or otherwise, must be objective and outside USAID's control, not "agreement by the Partner Government and USAID" on what needs to be done. For instance, a CP requiring the Partner Government's submission of an environmental remediation plan "in form and substance satisfactory to USAID," may be sufficiently objective, while a statement that "USAID and the Partner Government will agree on the activities to be implemented" may raise a question as to whether it constitutes an inappropriate "agreement to agree."

### 3. Other specific requirements

The following sections provide further information on pre-obligation requirements:

**a. Environmental Impact Assessment.** This is a legal requirement that may not be waived, modified, or eliminated. A Bureau Environmental Officer's authority and responsibility to approve decisions under this Federal Regulatory process may not be delegated to the field.

Federal Law mandates that an Initial Environmental Examination (IEE), Request for Categorical Exclusion (CE), Environmental Assessment (EA), or other appropriate action under the USAID Environmental Procedures promulgated in 22 CFR 216 must be completed for the DO or substantive project, or activity or amendment thereto and approved in writing by the relevant Bureau Environmental Officer before the obligation of funds. This includes G2G mechanisms. (For details, see **22 CFR 216** and **ADS 204**, and consult with the Regional Bureau Environmental Officer or the Agency Environmental Coordinator.)

Missions must ensure that USAID funds do not lead to environmentally unsustainable impacts by the end of the CDCS, or promote a trajectory which could reasonably be expected to lead to serious environmental impacts, otherwise mitigated under 22 CFR 216 if such funds were directly obligated. Consult with your Bureau Environmental Officer to create a practical approach to ensuring **22 CFR 216** compliance.

Missions must not enable environmentally hazardous decisions on the part of other partners, even if USAID dollars are not spent directly. For instance, if USAID teams up with another donor in an agricultural production project, who in turn is allocated responsibility for pesticide provision, an effort must be taken to ensure that USAID's support is not enabling activities which otherwise would be prohibited under **22 CFR 216**.

In addition to being a legal requirement, adequate review of environmental considerations optimizes development results, builds democracy, ensures wise investment of taxpayer money, and manages risk. It normally requires a relatively detailed description and analysis of planned interventions, recommended mitigative measures, and local public participation in the review process. DO Teams are responsible for planning adequate time and resources to complete this environmental impact assessment process prior to deadlines for obligating funds.

If DO or Project Teams find themselves in a position not of their own making where they are unable to undertake adequate environmental impact assessment prior to obligation of funds, they must, at minimum, request and receive from their Bureau Environmental Officer a written approval to defer 22 CFR 216 review and incorporate appropriate mandatory conditions prior to disbursement (or conditions precedent to disbursement in the case of a bilateral obligation). In such a case of temporary deferral, this approval will ensure proper environmental review before disbursement. DO or Project Teams must be prepared to modify and fully fund any revisions to the Assistance Agreement and its projects or activities, if necessary, in accordance with the outcome of the environmental impact assessment process when it is completed. This deferral option carries risk since an otherwise designed and even contracted/granted project could need to undergo significant redesign, rearrangement of funding, and renegotiating contracts or grants. As such it should be undertaken only as a last resort.

**b. Biosafety.** If projects or activities will potentially involve the procurement or use of genetically modified organisms in research, field trials, or dissemination, the Agency biosafety staff, in Washington, must review and approve it for compliance with applicable U.S. requirements before the obligation of funds and before the transfer, testing, or release of biotechnology products into the environment.

This biosafety review is limited to the safety aspects of the proposed activities and typically involves external scientific peer review or demonstration of comparable safety oversight by other expert U.S. Federal agencies. This biosafety determination is separate from, and must precede and inform, the **22 CFR 216** environmental impact assessment process. Because it precedes the 22 CFR 216 process, DO Teams should budget adequate time and funding in the design process for this review. It may be difficult to predict the amount of time needed, because reviews are highly dependent on

- The amount of analysis and information provided,
- Whether other expert Federal agency biosafety reviews have been completed,
- Whether additional information will be required, and
- Whether external peer reviews will be undertaken.

Such a review could take weeks or months depending on the state of the science that underlies the specific genetically modified organisms (GMO) being requested and the ability of the host country to control it. Therefore, it is important for a DO Team to contact USAID/Washington as early in a design process as possible to ensure timely handling and to enable sufficient time for the 22 CFR 216 environmental impact assessment process that will consider the biosafety review's findings as one input to its final analysis and decision.

The biosafety review cannot be waived or delegated to the field. Please consult directly with Agency biosafety staff, who are currently located in the International Research and Biotechnology Team in the E3 Bureau, and the Agency Environmental Coordinator. If there is a related GMO issue, the Senior Science Advisor for the Bureau for Global Health (GH) can be consulted.

**c. Country Prohibitions and Restrictions.** USAID must manage its programs and operations in compliance with applicable legal restrictions (statutory and regulatory).

Legal restrictions are expressed in a variety of ways, such as restricting assistance to a particular country, a category of countries (such as those that are in arrears in repayment of debt to the U.S. Government), or in terms of a particular type of assistance (such as police assistance). USAID Missions should use two types of checklists to assist in compliance with country restrictions: 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 checklist templates are updated annually by the Office of General Counsel (GC) to reflect changes in legal restrictions and are available from GC or Regional Legal Advisors (RLAs). (See **USAID Statutory Checklists**)

- **Country-Level Statutory Review ("Country Checklist").** A country checklist must be prepared and approved by the RLA for the country or countries for which the activity will provide assistance at the time of approval.

- **Obligation-Level Statutory Review ("Activity Checklist").** An activity checklist must be prepared by the DO team for each obligation and reviewed at the time of each sub-obligation to comply with applicable statutes.

These checklists do not contain the entire universe of legal restrictions that may be applicable in every instance. GC and 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 USAID Missions and B/IOs. Public-private alliances are not exempt from these regulations, and early consultation with GC and RLAs is advised for those projects.

**d. Other USAID Policy Requirements.** Prior to obligation or sub obligation, other USAID policy requirements may need to be met; for example, Justification and Approvals (J&A) or documentation of the use of notwithstanding authority.

**e. Approval by an Authorized Official.** An authorized official must approve the assistance, as described in **ADS 103.3.8**.

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

**g. Funds Availability.** Funds must be available before actual obligation and their availability formally shown on the record. (See the **Federal Anti-Deficiency Act – 31 U.S.C. Section 1341(a)(1)** and **FAA Section 634A, Foreign Operations Appropriations Act**)

### 201.3.9 Use of Checklists and Clearance Sheets

Effective Date: 07/02/2013

Some DO Teams, particularly those with highly focused programs and minimal staff, may rely heavily on documents from their files, such as the joint country assistance strategy and Operational Plans, Results Frameworks, detailed budget estimates, acquisition and assistance (A&A) requests, interagency agreements, and related documentation, to satisfy pre-obligation requirements. One difficulty with this approach is that all of the pre-obligation and project or activity planning requirements may not be adequately addressed on the record. To address this problem, some USAID Missions have adopted, as a best practice, a concise checklist of pre-obligation and activity planning requirements to confirm to the obligating official that the required documentation has been prepared and specify where it may be found. A copy of such a checklist is provided in **Model Checklist for Pre-Obligation Requirements**.

Some USAID Missions also use specific clearance requirements and clearance sheets to help ensure that all requirements are met before obligation and activity approval. Clearances by specified officers (such as the Program Officer, Controller, RLA,

Contracting Officer, and other DO Team members) are used to confirm to the obligating and approving officials and for the record that pre-obligation and project or activity planning 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 DOAG or other Bilateral Project Agreement.

### 201.3.10 Management and Organizational Considerations

Effective Date: 07/02/2013

It is recommended that DO Teams be established, and that the Mission Director designate a DO Team Leader. The structure and authorities of the DO Team are discussed in **ADS 202.3.3**.

Both the CDCS and the project design process require Missions to think strategically about the most appropriate management structure to achieve DOs and to implement projects. Many Missions will find it challenging to shift from managing solely by activities to an approach with Project and/or DO Managers. In some instances, staff resources will need to be reorganized. Mission leadership should carefully consider how to incentivize and motivate any management changes, and should also consider the assignment of project managers. Activity Managers may still be required to oversee specific contracts, cooperative agreements, and bilateral assistance agreements with partner governments, but Missions should also consider how to ensure that these separate activities will be managed effectively as part of a high-level Project or DO. Being a project manager is a complex undertaking; additional training and mentoring need to be considered when making the transition to projects.

The designation of Contracting Officer's Representative (COR) and Agreement Officer's Representative (AOR) by the appropriate Contracting Officer (CO)/Agreement Officer (AO) and the delegation of authorities and roles and responsibilities will need to be determined and assigned at the appropriate levels for projects and activities (see **ADS 302** and **303** for Agency policy regarding designating the COR and AOR, respectively). COR and AOR designations are linked to specific acquisition or assistance awards; activities may contain one or more mechanism.

### 201.3.11 Project Design

Effective Date: 07/02/2013

Project design and implementation is at the heart of the Program Cycle, framed by Agency policies and strategies, strategic planning, and monitoring and evaluation. All Program Cycle elements (policies, implementation of activities, monitoring and evaluation, learning and resources) should be in place for a project to succeed in achieving results:

- Agency or USG-wide policies and strategies set our broad development priorities;

- Sound strategic planning, undertaken in coordination with national development priorities and needs, tells us what development results should be achieved and why;

- The rigorous design and implementation of a project helps us identify and realize when and how best to achieve those results in the most effective manner; and

- Rigorous evaluation provides evidence as to whether and why our efforts had the intended outcomes, and if not, why not, thereby setting the stage for the next Program Cycle.

See **ADS 200.6** for terms that relate to the definition of a project. Key terms include Project, Activity and Program:

> A "project" is defined as a set of executed interventions, over an established timeline and budget intended to achieve a discrete development result through resolving an associated problem. It is linked to the CDCS Results Framework. More succinctly, a project is a collaborative undertaking with a beginning and end, designed to achieve a specific purpose.

The definition of "Program" is no longer used as it was previously defined within the ADS 200 Series. . "Program Assistance" is a term of art that includes Sector Assistance and Non-Project Assistance which are treated separately under the FAA. These refer to resource transfers to partner governments under terms and conditions described in a Government to Government (G2G) obligating agreement. A PAD is used to justify and assess the terms, conditions, and development outcomes of Program Assistance and may also include other related instruments such as technical assistance. However, USAID funds associated with Program Assistance must be obligated in a stand-alone program assistance agreement and may not be either a sub-obligation under a DOAG or include any other use of funds, such as a USAID-direct award.

"Activity" is a component of a project that contributes to a project purpose. It refers to an award using a specific implementing mechanism or a component of a project such as policy dialogue.

### 201.3.11.1 Link between the Results Framework and the Logical Framework (LogFrame)

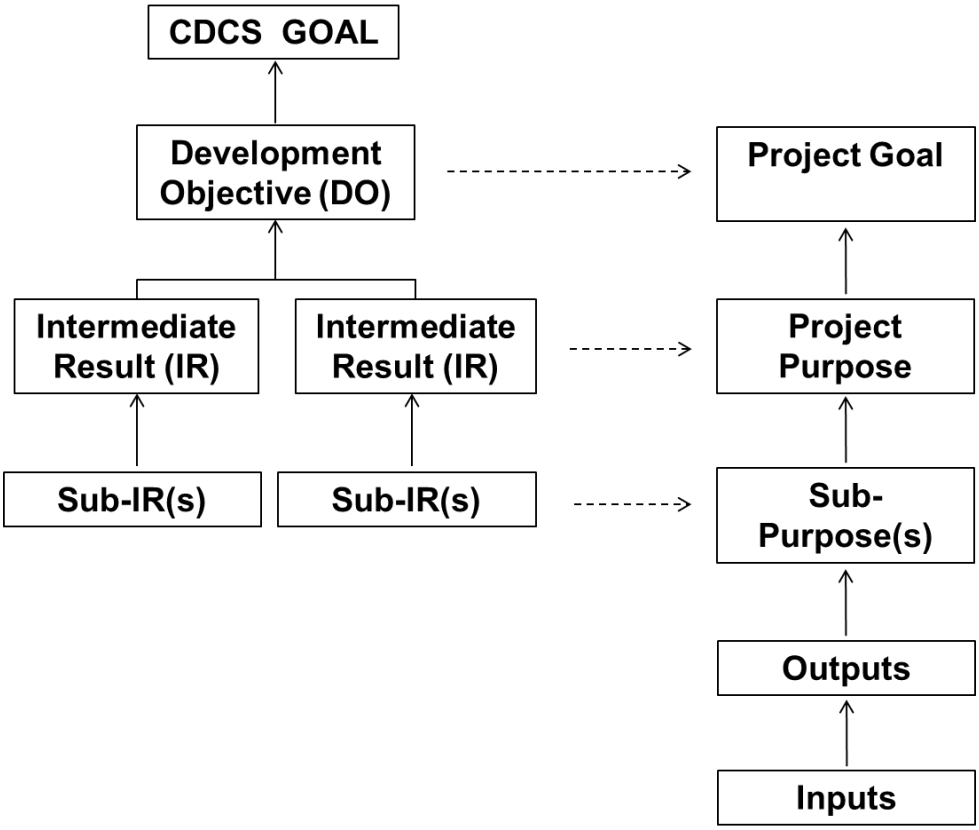
Effective Date: 07/02/2013

A project must fit within the approved Country Development Cooperation Strategy (CDCS). The Project's Logical Framework (LogFrame) should be linked to the Results Framework. The project design process is a continuum of activities and analyses that begins with the development of the CDCS to project design and concludes with the authorization of a project designed to achieve the results defined in the Results

Framework (RF) of the CDCS (as measured by performance indicators (See **ADS 203.3.4.1**).

A project is not a stand-alone effort. It must link with, and contribute to, the larger strategy, which in this case is the Results Framework (RF) as defined in the CDCS. The project, together with other projects (typically corresponding to other IRs in the RF), and other identified partner programs are deemed to be necessary and sufficient to achieve the CDCS Development Objective.

The Results Framework (RF) is a tool which helps Missions think through what results lead to other results. The LogFrame allows the Mission to define exactly what resources need to be allocated to achieve the results. As shown in the Diagram below, a Project Goal typically corresponds to a Development Objective, while the Project Purpose typically constitutes USAID's support for achieving an Intermediate Result (IR), as well as the support provided by partners that USAID influences.




### 201.3.11.2 The Logical Framework – the Analytic Tool for Project Design

Effective Date: 07/02/2013

The Logical Framework (LogFrame) is the tool that must be used as the basis for designing projects. The LogFrame complements the Results Framework in a CDCS by carrying the development hypothesis from the overall program to the supporting project

and its associated activities, in the form of the project hierarchy (also referred to as the project hypothesis). Its methodology is based on rigorous identification and analysis of the underlying problem. It presents a development project as an instrument of change and demonstrates that the project is the most effective approach to achieving a desired and beneficial result (i.e., that it resolves the underlying problem).

Its methodology is based on rigorous identification and analysis of the project components. Its end product is a framework for a measurable and monitorable project design in which:

- The purpose of the project is clearly stated in a form that can be measured,
- The project hypothesis is explicitly described, and
- Indicators of performance for each result in the project hierarchy are established.

When a Project Team properly uses the LogFrame, the logical discipline imposed by the methodology should yield a high quality project design because the LogFrame components will be detailed enough to provide specific and clear information for preparing project documentation, including a Project Appraisal Document (PAD).

The causal logic embodied in the LogFrame indicates that if the lower level is actualized, then the level above will be achieved. The LogFrame extends the causal relationships from the level of inputs and outputs to include the project purpose and goal.

**The LogFrame Matrix**

The key elements of the LogFrame Matrix include the narrative summary, the indicators and their data sources, and the assumptions.

a) **Narrative Summary:** The farthest column to the left is the narrative summary which succinctly states the project's causal logic, i.e., how the project moves from inputs to outputs to project purpose. It identifies the hierarchy of results in the development hypothesis, from lowest level result to highest level result, as well as the activities and other resources applied to achieve them. The outputs, sub-purposes, purpose, and goal must be stated as results.

   **Inputs** are the project activities and resources that the project expends in order to produce outputs—for example, technical assistance, training and commodities.

   **Outputs** are produced as the result of inputs. They are the tangible, immediate, and intended products or consequences of an activity within USAID's control or influence - the deliverables.

The **Purpose** is the key result to be achieved by the project. It provides the justification for the project. The Mission is accountable for achieving the Project Purpose. It is also possible to add levels of impact depending on the scope and complexity of the project, which would be included as Sub-Purposes, contributing to achievement of the Purpose.

**The Goal** is a higher-level result to which this project, along with other projects, will contribute. It is the strategic rationale for the project, and is also often the Development Objective (DO) of a Mission's Country Development Cooperation Strategy (CDCS).

**b)** **Indicators:** are performance measures for each result that tell us what to measure in order to determine that the result has been achieved.

**c)** **Data sources** specify exactly where the indicator data will come from, and when it will be collected.

**d)** **Assumptions** are the most critical uncertainties not amenable to Mission influence or control that could affect achievement of the project's planned results and have implications for the project's hypothesis. If the project team can influence or control an action, it should not be listed as an assumption but rather an input or output.

| Narrative Summary | Indicators | Data Sources | Assumptions |
|---|---|---|---|
| Goal | | | |
| Purpose | | | |
| Outputs | | | |
| Inputs | | | |

The Logical Framework Approach breaks a project down into separate and distinct levels of objectives, with a definite hierarchical order. It establishes a vertical logic that defines the series of causative linkages intended to transform project inputs into developmental changes. The hierarchy between levels can be tested by asking the question "how" when moving down the causal chain, and asking "why" when moving up the causal chain. The LogFrame demands logical causality to articulate the project hypothesis, and to evaluate its achievements. While the Logframe does not reflect the

sequencing of activities, it can inform the subsequent development of a critical path analysis, Gantt chart, work plan, or budget.

**Manageable Interest and Projects**

Manageable interest means the following:

> When an objective is within USAID's 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 to achieve the desired results within the planned timeframe. (See **ADS 200**)

This definition is valid for the entire Program Cycle, but needs to reflect the relative position of the actor – for the project, one's manageable interest is limited to all interventions (including those other projects and other donors may achieve) that are necessary and sufficient for achieving the project purpose. This includes those interventions that other projects and other donors may achieve that are still within the Project's influence, and therefore should be included in the Project LogFrame. Anything above the project Purpose is outside of the manageable interest of the Project Manager.

However, from the perspective of the Mission Director, the manageable interest of the Mission as a whole is considerably greater than that of any Project Manager. A DO is the most ambitious result that a Mission, together with its development partners, can materially affect, and for which USAID will be held accountable to demonstrate impact.

Being within a project's manageable interest helps define whether it is an assumption or not. Any activity or action outside of the Mission's control or influence should be listed as an assumption. If there are significant doubts as to the validity of the assumption, the entire project purpose, or even goal, may need to be re-examined.

### 201.3.12 Principles of Project Design

Effective Date: 07/02/2013

In addition to the application of the seven Operational Principles discussed in ADS **200.3.1**, there are a number of significant additional principles that apply specifically to the design process as follows:

a) **Apply analytic rigor and utilize the best available evidence:** There is always a dynamic tension between the pressure to obligate funds and the time needed for evidence-based project designs. Project designs should not short-change rigorous analysis, and the collection of evidence from development experience and lessons learned should be derived from well-documented, rigorous evaluations. In addition to USAID directly producing analytic studies, additional methods for obtaining needed information can be used. These methods include literature reviews, synthetic analysis of existing

knowledge, peer exchange of experimental knowledge, consultations with local thought leaders to elicit local knowledge, review of local databases, etc.

Methods and formats should be matched to available resources and to the knowledge being sought. They should be planned to optimize the analytic gain for the effort and funding available. While lengthy analytic studies may be necessary, sufficient analyses can often be conducted by using interactive formats ranging from face-to-face facilitated workshops to virtual discussions among development experts, and so on.

**b)** **Continuous Learning for Adaptive Management:** Regardless of the approach to analysis, the analytic basis for projects should be continually updated, tested, and upgraded. Project design should incorporate plans to reflect on the evidence underlying project design and assess the implications of divergence between anticipated and unanticipated outcomes during project implementation. If necessary, a Mission should undertake additional analytic work and make necessary adjustments to the project design as the project is implemented. A Mission that has included a focus or component in its CDCS or Project on collaborating, learning, and adapting should have a separate implementation plan for operationalizing this component across the Mission portfolio. It should ensure that project designs reflect the projects' relationships to the learning implementation plan.

**c)** **Implement review processes appropriate to a project's cost and complexity:** In addition to conducting analysis, project designs can also be improved through the use of peer input and peer review. This can take a variety of forms such as:

- Having USAID/Washington staff undertake an early knowledge management review to identify lessons from similar projects and programs;
- Having a panel of experts participate in a facilitated project design review session; or
- Seeking design and review participation from experts at partner country institutions, U.S. Government, other donor agencies, local regional and international think tanks, and universities.

In consulting outside USAID, judgment must be used to avoid potential conflicts of interest. At a minimum, all project Concept Papers and Project Appraisal Documents should undergo an internal multidisciplinary formal review prior to approval involving various Mission offices and functions chaired by the Mission Director, or the MD's Designee.

**d)** **Promote collaboration and mutual accountability among USAID, the partner government, and other key stakeholders:** In line with the principles of the Paris Declaration on Aid Effectiveness, the Accra Agenda for Action, and the principles of USAID Forward, the design process should include the active engagement of partner country governments and civil society. This may be accomplished through, for example, joint diagnostic problem or constraints analyses.

If the use of partner country systems is contemplated, an explicit assessment of the partner government's capacity and role with regard to project implementation and managing donor resources should also be carried out, including the Public Financial Management Risk Assessment Framework (PFMRAF) as required under **ADS 220**. Based on the outcome of these assessments, a decision should be made on the partner country's role in implementing the project and its contributions to the Project, including financial contributions, its role in ensuring sustainability of outcomes, and the degree of mutual accountability of USAID and the partner country for results.

Missions may also wish to consider the use of influence mapping or other methodologies, to identify the role of others in achieving outputs needed by the Project, and then allocate personnel to further those relationships. See **http://ProgramNet.usaid.gov** for more information.

**e)** **USAID staff must lead in the project design effort:** USAID staff must lead/and or carry out the major steps of the project design process. The designated USAID project design team must oversee the analysis, conceptualization, and detailed design aspects of the project. Collaboration, consultations, and peer reviews with experts should be used, but USAID staff must have a leading role. USAID staff must serve as the principal liaison with partner government officials and with other donors in establishing project priorities and broad design parameters. Where a Mission does not have appropriately skilled staff resources, they may be available from a servicing regional platform, USAID/Washington, including the Pillar Bureaus, Regional Bureaus, and PPL.

**f)** **Broaden the range of implementing options to be considered:** Use of partner country agreements and systems, local non-governmental and community-based organizations, agreements with Public International Organizations (PIO), agreements with other US government agencies, and pooled donor funding arrangements broaden the range of mechanisms beyond USAID-direct acquisition and assistance awards. Missions should also consider innovations being pioneered by USAID's Office of Innovation and Development Alliances (IDEA) and the use of Development Credit Authority (DCA), if appropriate. The choice of implementing mechanisms is a fundamental consideration during project design and has clear linkages to the

project's sustainability strategy. A comprehensive list of implementing mechanisms is presented in **Section 201.3.14**.

### 201.3.13 Alignment of Activities

Effective Date: 07/02/2013

The alignment of the Mission's existing portfolio of activities is best undertaken within the context of Project Planning (See **201.3.9**). As part of the design process, the Mission must align its existing activity portfolio and the results they would achieve as shown in the Logical Framework (LogFrame).

Once the Mission has determined whether results that would be achieved by their existing activities conform to the LogFrame, the Mission should take the following steps:

- Include consideration of existing activities whose results fully support the planned LogFrame in the project design process (See **201.3.3.3**). Activity Work Plan modifications should be required to harmonize coordination, collaboration, and reporting responsibilities within a new project's Management Plan and M&E/Learning Plan. However, such options must be discussed with the Contracting or Agreement Officer to determine the feasibility of modifying any existing awards.

- Some existing activities and their implementing mechanisms can be modified and continued under the approved CDCS. These activities must be incorporated into new projects to improve their relevance to achieving the results reflected in the Results Framework. There are significant issues under this option relating to the legal and regulatory flexibility of the implementing mechanisms that will need to be addressed and resolved. The Mission's Project Design Teams must consult all relevant offices (Program Office, Regional Legal Advisor, Contracting or Agreement Officer, Controller, and Executive Officer) to determine how to implement modifications to an existing activity.

- As new projects are designed, the Mission Director should determine what changes in existing activities are needed to phase them out or to ensure their maximum contribution to achieving the new project results.

- Existing activities and their implementing mechanisms should be considered for termination if their results do not logically integrate into and positively contribute to achieving the DO within the CDCS's Results Framework. In this case, the Mission (in consultation with the CO/AO) should address how best to ensure timely and orderly termination of these activities, the settlement costs associated with termination and the potential loss of obligated funds, and, as appropriate, take actions that ensure the sustainability of results achieved under these activities. Termination of these activities should occur as soon as practicable. Missions may need to consider the political ramifications of termination and examine if/how other donor organizations or other sources of funding might be

able to continue some or all of the to-be-terminated activities. In consultation with the CO/AO, Missions will need to ensure partners and stakeholders understand the rationale behind decisions to terminate activities and consider relevant contractual and legal issues.

- In some cases, the Mission will determine that an on-going activity may be continued if it is close to activity completion or is fully-funded. Since even fully-funded programs imply management time and costs, management burden also should be considered.

## 201.3.14 Project Design – Applicability and Organization

Effective Date: 07/02/2013

Until ADS Chapter 202 has been revised, Missions have the flexibility to organize the staff needed to carry out the Program Cycle, in particular with regard to project design and implementation. Each project should have a Project Manager who works in close coordination with a designated DO team and Team Leader.

### 201.3.14.1 Applicability of Project Design Guidance

Effective Date: 07/02/2013

Section **201.3.13**, Project Design Process, fully applies to all Missions with an approved Country Development Cooperation Strategy (CDCS). For Missions without an approved CDCS, Missions should apply the project design process incrementally, based on its draft Results Framework (RF). The process is sufficiently adaptable to permit greater or lesser degrees of full implementation to permit a Mission to determine what constitutes application of the process in each specific new project design.

It is no longer USAID policy to use an Activity Approval Document (AAD) for any new activity or procurement. Since a project will generally focus on the IR level (or a Development Objective (DO) if it is associated with relatively small levels of resources or is highly integrated) of an approved CDCS, it will normally incorporate a number of different activities or implementing mechanisms. For those countries without a CDCS, Missions must prepare a Project Appraisal Document (PAD) at a level of analysis considered to be appropriate by the Mission Director, as well as a Project Authorization.

It is understood that there is a need to approve small activities or other types of actions (such as contracting for a Mission or DO-wide M&E and Learning activity) that do not readily fit within a Project as defined in **201.3.9**. Small activities are defined as under $500,000 per year, or less than a total of $1.5 million in total USAID funding. For these actions, a Mission may use an Action Memorandum or similar approval document, to move forward.

At this time, Washington Operating Units may apply those elements of **201.3** that are relevant and helpful (such as the logical framework). However, this does not exempt Washington Operating Units from complying with other related requirements, including

Agency-wide policies and strategies such as the Evaluation Policy, applicable elements of USAID Forward, and mandatory analyses.

### 201.3.14.2 Concept Paper Peer Review

Effective Date: 07/02/2013

Washington staff may be included in a technical peer review of Concept Papers. The purpose of these reviews, which would be limited to five working days in duration, is for technical specialists to provide useful input to the Mission. This technical review is not a Washington approval process.

## 201.3.15 The Project Design Process

Effective Date: 07/02/2013

The project design process consists of three inter-related stages that refine a project from its strategic basis in a CDCS to a final authorized project. This iterative process will result in a project that is informed by evidence and supported by analytical rigor. The three stages of the design process are: Stage 1, Conceptual; Stage 2, Analytical; and Stage 3, Approval.

Project design must be documented at each of the three stages in the design process:

**(1)** The conceptual stage (resulting in a Concept Paper),

**(2)** The analytical stage (resulting in a Project Appraisal Document (PAD)), and

**(3)** The approval stage (resulting in a Project Authorization).

These are defined in detail below.

### 201.3.15.1 Stage 1: Process – Project Concept Stage

Effective Date: 07/02/2013

This stage is estimated to require three to four weeks to complete. During Stage 1, the basic parameters of the project are established using the CDCS or Feed The Future (FTF) focus strategy as the departure point. Among the activities that occur during Stage 1 of the project design process are:

**a)** **Define the Project Design Team:** The Mission Director or his/her designee in consultation with the DO Team Leader must designate the Project Design Team Lead. If someone from the Program Office is not designated as the Project Design Team Leader, the Office must be included in the Design Team to provide project design expertise. The DO Team Leader, in consultation with the project design team Leader, must decide who will participate in the Design Team (from the USAID Mission, the Country Team, the Regional Mission, AID/W, gender advisors, etc.); specify their roles and responsibilities;

and identify individuals assigned to complete the various parts of a Concept Paper and the timeframe for completing it. Project design team members outside the Mission, such as officials of the partner government and other key stakeholders, should also be identified.

For purposes of FAR Part 7 and ADS 300 – Agency A&A Planning, the Project Design Team Leader meets the requirements of a "planner," unless otherwise designated by the Mission Director.

**b)** **Define the Problem:** Beginning with the CDCS Results Framework, the project design team will review the development challenge addressed by the IR (or the high level result in the CDCS to which the project is linked) to ensure specific and accurate problem identification. The problem statement is usually directly linked to the Results Framework. This step is difficult to undertake rigorously, but is critically important. When the problem has been clearly identified, it should be restated as the project purpose.

**c)** **Develop the Preliminary Logical Framework:** Starting with the project purpose, an "if-then" objective tree analysis should be used as the basis for developing the summary narrative portion of the Logical Framework, covering outputs and inputs and key assumptions. Since detailed analyses have yet to be completed, outputs and inputs at this stage are illustrative and subject to clarification.

**d)** **Identify and Analyze the Stakeholders:** Key stakeholders in the project should be explicitly identified and the needs of relevant population groups (e.g., internally displaced persons) always be disaggregated by sex and age, disability status, ethnicity/race, lesbian/ gay/bisexual/transgender, etc., in order to increase the probability of project effectiveness and sustainability. Stakeholders may also include relevant institutions of the partner country government, civil society and private sector organizations, other donors, and universities where applicable.

**e)** **Review Available Knowledge (including research, evaluations, tacit knowledge and lessons-learned):** The design team should cast a broad net to bring into the design process relevant evaluations, assessments, studies, etc., that may inform the design process including project performance to date for ongoing projects. Where available, the design team should review and compare the unit cost of delivery with other comparable projects. The findings of this review will help define the specific analytical requirements that will need to be undertaken during the preparation of the PAD.

**f)** **Define Strategic Partners:** This analysis must identify the roles of potential partners who will be critical to the success of the project and its sustainability. It should build on those partners identified in the CDCS or Initiative strategy. A critical aspect of this analysis is to determine the degree of partner country

participation in project design and implementation, taking into consideration U.S. commitments to the Paris Declaration on Aid Effectiveness and the Accra Agenda for Action. At this point, the initial strategy for developing local capacity, using country government systems and/or partnering with the private sector, should be defined. Plans for ongoing engagement with these partners in terms of sharing knowledge and learning from each other as the design proceeds should be developed. In conducting consultations with non-governmental organizations and private sector entities, the Mission should avoid giving any person or organization an unfair competitive advantage for potential A&A actions.

**g)** **Consideration of Government-to-Government Systems:** A decision to consider direct assistance to partner country governments (G2G assistance) is a fundamental consideration to project design that needs to be factored into the cost and analysis needed during PAD preparation. This includes the assessment of financial risk, governance issues and technical capacity.

**h)** **Carry out a Public Financial Management Risk Assessment Framework (PFMRAF):** A decision to further assess the use of partner country government systems is fundamental to project design and needs to be factored into the definition and cost of project analysis. For that reason, it is recommended that whenever feasible, Missions should complete the first stage of the PFMRAF (as defined in **ADS 220**) prior to drafting any individual project Concept Paper. This stage of the PFMRAF is at the country level. The product of the PFMRAF Stage 1 Rapid Appraisal is a report which covers issues affecting country-level fiduciary and democratic accountability risk.

If use of partner country government systems is being considered in the project design process, Stage 2 of the PFMRAF as defined under **ADS 220** **must** be completed as part of the PAD and help inform a recommendation to use partner country systems. Risk-mitigating measures to permit use of partner country systems must also be defined and built into the project design, including possible technical assistance or other capacity-building measures to further strengthen partner country systems, as well as addressing any governance and political accountability issues.

### 201.3.15.2 Stage 1: Product - Concept Paper

Effective Date: 07/02/2013

The required product from Phase 1 is the Concept Paper. The purpose of the Concept Paper is to provide a summary of a proposed project that can be reviewed by Mission management to assess strategic fit, plausibility of success, underlying assumptions, and manageable interest, among other considerations. Concept Papers minimize the expenditure of resources on fully developed designs until it has been decided that such an effort should be undertaken.

**Concept Paper Content**

The Concept Paper should be approximately ten pages. The Concept Paper should define a clear road-map for completion of the project design and the Project Appraisal Document (PAD) and include cost estimates and timeframes for completing required analyses. The following is a suggested outline for the Concept Paper:

**(a)** **Problem Statement and Major Issues:** This section identifies and briefly describes the problem the project intends to address and the expected outcomes of the project. These outcomes should also be described in the preliminary LogFrame (See Section k), which must be included as an annex to the Concept Paper. The LogFrame analyzes and explains the scale of the project's expected accomplishments in relation to the scale of the problem being addressed. In addition, the major issues affecting the development problem are briefly addressed.

**(b)** **Relationship to the CDCS, Feed The Future (FTF) focus strategy, and applicable Agency Policies and Strategies:** This section presents a brief discussion of how the planned project will link with, and contribute to, achieving the DO and associated IR(s) in the CDCS (or the results in a separate FTF strategy where a CDCS does not exist) as supported by the CDCS development hypothesis. This section should also describe how the project will link with any other projects or activities carried out by the partner government or other donors that will make a contribution to the achievement of the project purpose. It should outline how the project demonstrates alignment with Agency-wide policies and strategies, noting if the Mission has received an exception in accordance with the Administrator's Directive on Policy and Strategy Implementation. (See **http://www.programnet.usaid.gov/**)

**(c)** **Illustrative Interventions/Results:** This section presents a preliminary list of possible activities and interventions that are expected to be used, along with corresponding anticipated results. It is based on the logical framework with causal linkages between activities and results defined.

**(d)** **Analytical/Consultation Requirements:** As a result of the initial problem analysis, this section outlines the type of analyses needed to complete the design of the project, based on the initial problem analysis. It discusses how the three mandatory analyses (gender, environmental, and sustainability) will be conducted. It also identifies the additional evidence from evaluations, research, or other sources that will be sought to inform the project design, as well as the analyses that have already been completed as part of the CDCS process or been conducted by other parties, including the private sector, think tanks, partner governments, other donors, and universities. This section will discuss whether and how cost-benefit and/or cost-effectiveness considerations will be addressed. Project design teams need to balance the benefits of an increased evidence-base with the costs in terms of time and

resources to conduct multiple analyses, particularly in transition settings where projects need to be designed and implemented quickly.

**(e)** **Monitoring, Evaluation, and Learning:** This section identifies one or two central questions likely to be evaluated over the course of project execution; those initially identified in the CDCS can be included, if desired. If the project is defined as a pilot project, a preliminary evaluation design should be defined. An impact evaluation method is also recommended. Preliminary indicators should be identified (and included in the Indicator column in the Logical Framework). For Missions that have a Mission-wide learning and adapting plans, the role that the project plays in the larger plan should also be discussed, along with plans at the project level to facilitate coordination, collaborative learning and continuous adaptation.

**(f)** **Sustainability Analysis:** The Concept Paper should include a paragraph that summarizes the elements of sustainability that are considered essential to achieve the project.

**(g)** **Stakeholder/Strategic Partner Ownership and Demand:** The principal stakeholders and potential partners who are critical to the project's success should be identified. An overview of their level of involvement and commitment, including the design phase and their interest in participating in the project should be discussed. See **ProgramNet** and **Learning Lab** for references to approaches for assessing and mapping stakeholders. In order to access **ProgramNet,** please visit: **http://programnet.usaid.gov/**.

**(h)** **Funding Requirements:** An initial overall estimate of the financial and in-kind resources that will be required to manage and achieve the objectives in the project's preliminary logical framework must be presented. This estimate should be based on the illustrative interventions (activities) identified in the logical framework and should include partner country as well as USAID resources.

**(i)** **Possible Use of Partner Country Government Systems:** The likelihood of using partner government systems or working with and through local organizations must be discussed. If partner government systems are identified, Stage One (Rapid Appraisal) of the "Public Financial Management Risk Assessment Framework" should be completed before the Concept Paper is approved, if possible. Steps required to complete the Stage Two assessment under **ADS 220** and the technical capacity and programmatic risk analysis required in the PAD should be described, if applicable.

**(j)** **Proposed Design Team, Process, Schedule, and Cost**: This should be a road map to completion of the PAD, including a preliminary time schedule for completing identified assessments and completing all components of the

PAD, including PFMRAF Stage 2 assessment, technical capacity assessment and the Approval of Use of Partner Country Systems (AUPCS), if applicable.

**(k)** **Preliminary Logical Framework:** A preliminary Logical Framework must be presented in the concept paper. The Concept Paper must review the analysis needed and any other information. The review should also identify next steps.

**Concept Paper Review**
Once the project design team finalizes the Concept Paper, it should be circulated widely within the Mission and reviewed in a Mission-wide meeting chaired by the Mission Director or her/his designee. The Program Office is responsible for organizing the meeting and preparing an Issues Paper that will serve as the agenda for the meeting. The Issues Paper should identify key problems or concerns to be discussed during the Mission review.

At the conclusion of the review, the Program Office will prepare an Action Memorandum for the Mission Director to approve or disapprove the Concept Paper. If approved, the Memorandum will provide guidance appropriate for the project design committee preparing the subsequent project design and approval documents.

### 201.3.15.3 Stage 2: Process - Analytical Stage

Effective Date: 07/22/2013

This stage should take approximately three to six months. Depending on the complexity of the project, the analytical stage of project design is likely to require the most effort by the project design team. Once the Concept Paper has been approved and the topics of required analyses have been identified, project design should proceed with problem and solution analysis. USAID should lead and manage this directly, with required analyses undertaken by USAID subject matter experts (including those from Washington or other Missions), local institutions, or local or expatriate contracted specialists as appropriate. USAID should also consider the inclusion of partner country government or other local actors in major design actions.

**Analysis**
Not every project will undergo the same breadth and depth of analysis. As outlined above in the Concept Paper, it will be up to the project design team, with input from the Mission Director, Program Office, and the DO Team Leader or his or her designee, to determine which analyses are required in addition to the three mandatory analyses. The Mission is not required to justify in the PAD why it did not undertake any additional analysis. Projects designed in highly dynamic environments may, for example, reduce the depth of some aspects of analysis at this stage of design and include them in early stages of project implementation. Some of these analyses include:

**a)** **Gender Analysis (Mandatory):** The project level gender analysis should be deeper than the gender analysis prepared for the CDCS and include more detail

on the relevant gaps in the status of males and females, including by age ethnicity, disability, location, etc.) that could hinder overall project outcomes and be reduced through project design. The gender analysis should also identify possible differential effects the project might have on men and women (see **ADS 205** for more detail). Similar to the CDCS, the findings of the gender analysis must be referenced throughout the Project Appraisal Document (PAD) or Action Memorandum (for small projects) and discussed specifically in the problem statement, activities, monitoring and evaluation plan, with appropriate indicators and sex-disaggregated data, and personnel requirements. The gender analysis must be included in an Appendix to the PAD.

Because projects include disparate activities, the gender analysis for the PAD may need to be supplemented for the design of each subordinate activity (IM). Further, if, in implementation, learning occurs that leads to a substantial revision of the project or activity, additional gender analysis may also be required. The responsibility for deciding whether additional gender analyses are required rests with the Program Office or project team, in consultation with the relevant Gender Advisor or Point of Contact.

**b) Environmental Analysis (Mandatory):** All projects must address relevant environmental safeguards and impact in a manner consistent with relevant findings of the mandatory, country-level Tropical Forest and Biodiversity analysis (as in FAA 118/119) developed to inform the CDCS (see 201.3.3) The Mission or Washington OU must also address environmental impact issues as a pre-obligation requirement per ADS 204 and codified under **22 CFR 216**. The project design team must develop activities to maximize positive environmental impacts and mitigate any potential negative environmental impacts that have been identified for incorporation into the design and implementation over the life of activity.

Programs funded by the International Disaster Assistance (IDA) account, are exempted under 22 CFR 216, with the exception of the procurement and/or use of pesticides. Instead, the standards of "**The Sphere Handbook: Humanitarian Charter and Minimum Standards in Humanitarian Response**," apply. (See **ADS 204.3**)

For additional guidance on integrating requirements of environmental analyses into projects and activity award documentation, see **ADS 204.5.2, Optional Language for Use in Solicitations and Awards**. For further information contact USAID Environmental Compliance Officers at the bilateral Mission, regional Mission, Bureau and/or Agency level.

**c) Sustainability Analysis (Mandatory):** Under most circumstances, project outcomes are expected to be sustainable, meaning they continue or evolve under their own momentum or actions, without continued donor intervention. Missions are asked to analyze key sustainability issues and considerations

around a host of issues including economic, financial, social soundness, cultural, institutional capacity, political economy, technical/sectoral, and/or environmental.

- Where appropriate, the analysis should discuss generally how localizing development through funding local actors and supporting government to government objectives could help achieve sustainability goals. For Presidential Initiative projects, this analysis should determine if/what democratic governance or economic growth interventions are necessary to promote sustainable outcomes.

- The sustainability analysis also should include a review of the financial implications of project sustainability. For any organization to be sustained following completion of the project (whether governmental or non-governmental), a recurrent cost analysis must be undertaken that estimates the costs of operations during the project and of continuing expected functions at the end of the project and estimated sources of revenue. The recurrent cost analysis should take into consideration maintenance capability and all other costs anticipated to implement the project activities, business operations or infrastructure on a continuing or recurring basis. For example, if USAID resources initially will be financing staff in an organization at the beginning of the project, the recurrent cost analysis should demonstrate when the assisted organization will assume the costs associated with that staff and what revenue (and from what sources) will be required.

- The source of future income or revenues should be identified and determined to be adequate to cover recurrent costs.

- Sustainability analysis also involves assessing the institutional capacity that should be in place or developed through the project, including systems, policies, and skills.

- In conflict situations, or other highly volatile environments, sustainability of project benefits may be unpredictable. In those cases, this section should describe what benefits may be sustainable and what may be left to future projects to achieve.

- Partner Government Programmatic or Technical Risk: If the use of partner government systems are included in the project the capacity of the partner country government also must be assessed to confirm that it can in fact provide the expected service delivery or other roles defined by the final project design. This would include institutional analysis of all entities to be involved or potentially

funded in the project, based in part on past performance as well as current capacity. As with fiduciary issues, risk factors and risk mitigation measures addressing technical/institutional capacity must be defined and built into the project design.

The analysis should reference the sustainability objectives of the project or project components (with the understanding that not all projects aim to be fully sustainable at their conclusion), and indicate how the project intends to meet these objectives. Missions should summarize this analysis in a short document to be included in the "Project Analyses" annex to the PAD.

d) **Economic and Financial Analysis:** Cost Benefit Analysis (CBA) is a decision-making approach used to determine if a proposed project is worth undertaking or to choose between several alternative ones. It involves comparing the total expected costs of each option against the total expected benefits, to see whether the benefits outweigh the costs, and by how much. CBA is composed of three types of analysis: beneficiary, financial, and economic.

- **Beneficiary Analysis** identifies the main beneficiaries of a project, classifying them according to broad income categories (poor, near poor, non-poor), gender, and on the likely effects of the proposed activities (direct, less direct, and indirect effects).

- **Financial Analysis** identifies the benefits and costs that will accrue to the beneficiaries, if a project is undertaken. Financial analysis is necessary to ensure that the potential beneficiaries will have an incentive to participate in the project. Additionally, financial analysis will quantify the financial costs that will have to be borne by the partner country government and/or civil society during the life of the activity and thereafter.

- **Economic Analysis** identifies the overall economic benefits and costs that will accrue to the partner country. It adjusts the financial costs to eliminate transfer payments, such as subsidies and taxes, and uses economic prices that reflect the opportunity cost of resources.

Beneficiary, financial, and economic analyses should be subjected to a risk analysis to determine how variations in the values of the key parameters affect the results. Risk analysis informs Monitoring and Evaluation (M&E), as it identifies those variables that have the greatest effect on the results (outcomes) of a project. If project monitoring indicates that some of the key variables are deviating from what was assumed during project design, corrective action can be undertaken. Drawing from the economic and financial analysis, estimates of unit cost should be possible and used to determine how best to contain or minimize unit costs.

**e) Social Soundness Analysis** has three distinct but related aspects:

**(1)** The compatibility of the project with the socio-cultural environment in which it is to be introduced (its socio-cultural feasibility);

**(2)** The likelihood that the new practices or institutions introduced to the initial project target population will be diffused among other groups (the spread effect); and

**(3)** The social impact or distribution of benefits and burdens among various groups, both within the initial project population and beyond (the incidence).

**f) Youth Analysis** will:

**(1)** Enable a better understanding of the country's youth profile, disaggregated by male and female, and inform program and project focus (by age cohort for example) and modality selection;

**(2)** Affirm the Agency's commitment to and create avenues for meaningful participation by youth in the design process, with potential for longer-term engagement;

**(3)** Underscore that youth are impacted by, and can have impact on, projects in all sectors, and that more youth-sensitive design can help achieve better overall project outcomes; and

**(4)** Elevate awareness of and advocate for opportunity and attention to youth among partner country and development stakeholders at large.

**g) Institutional Analysis:** Developing local capacity is a core policy objective of USAID. This analysis should include in-depth assessment of the local institutions (governmental and non-governmental) and systems most critical to the implementation and sustainability of the project's development interventions, including an assessment of the quality of their leadership, structure and staff, and identification of their administrative and financial management strengths and weaknesses. The institutional values, culture, and decision-making processes (their governance) should also be considered as these directly affect performance and relationships with USAID and other public, private sector, and civil society actors.

The analysis should develop a plan for project activities that are necessary and sufficient to bring these institutions up to the level of performance or

engagement as partners appropriate for their roles in the project's implementation and their eligibility for direct USAID funding.

The plan should include an appropriate sustainability strategy to ensure that the institution(s) will remain administratively and financially sustainable by the end of the project and equipped to continue to play their roles in local development.

Where capacity development in the public or private sector is a result to be achieved under the CDCS, or where local capacity is identified as an outcome likely to contribute to selected DOs or IRs, it should be explicitly included in one or more project designs. Capacity development is challenging and requires engagement with local partners beyond the formal requirements of individual awards or G2G agreements.

**h) Disability Analysis:** In accordance with the USAID Disability Policy, the following issues should be included in project design:

**(1)** Promoting the participation and equalization of opportunities of individuals (male and female) with disabilities in country and sector strategies, activity designs and implementation;

**(2)** Increasing awareness of issues of people with disabilities both within USAID programs and in partner countries;

**(3)** Engaging other U.S. government agencies, partner country counterparts, governments, implementing organizations and other donors in fostering a climate of nondiscrimination against people with disabilities; and

**(4)** Supporting international advocacy for people with disabilities. (See full text of the policy paper at: **http://pdf.dec.org/pdf_docs/PDABQ31.pdf**)

**i) Climate Change Vulnerability Analysis:** This analysis seeks to identify:

**(1)** Whether and how the project will affect, or be affected by, medium- and longer-term climate change impacts; and

**(2)** If the project's design should be adjusted in consideration of climate change vulnerabilities.

The basis of this analysis should be a review of a country's medium- to long-term climate change vulnerability forecast (i.e. how and where within a country will climate change vulnerability manifest itself). If the project is

expected to increase greenhouse gas emissions, then alternative lower-carbon development strategies should be considered.

j) **Conflict Analysis:** This analysis seeks to:

- Identify and prioritize the causes and consequences of violence and instability for males and females in a given country context,
- Understand how existing development programs interact with these factors, and
- Determine where development and humanitarian assistance can most effectively support local efforts to manage conflict and build peace. (This can be summarized from the Conflict Assessment Framework (CAF) from USAID's Office of Conflict Management and Mitigation if conducted by the Mission).

Such analysis serves as a foundation for more effective U.S. engagement in most countries where USAID is present, thus is generally undertaken in conjunction with strategic planning.

k) **Political Economy Analysis (PEA):** PEA is an approach that attempts to address the interrelated political and economic interests that underlie governance challenges and that either stand in the way or facilitate good development performance and successful achievement of the project purpose. PEA approaches are tools for examining the dynamic relationship between political, economic, and societal forces supporting and inhibiting sustainable change, based on an assessment of the underlying political dynamics of the society. This is an area of emerging Agency experience.

**Project Design Synthesis**

This step entails a review of the options and evidence, based on the above analyses, on how best to solve the identified problem. The Mission should explicitly identify a range of alternative solutions to the identified problem. Cost Benefit analysis can be helpful in carrying this out. Each of the various possible solutions will consist of a number of associated interventions that result in outputs that in turn lead to the achievement of the project purpose. The alternatives should be assessed in terms of how well they might resolve the development problem and achieve the project purpose considering cost and sustainability. The selected alternative set of interventions constitutes the project's technical approach.

This is also the time to ensure that USAID Forward and the Policy Framework operational principles have been considered, and where appropriate, factored into the final project design. For example, this is the stage of the process where an impact evaluation would be designed. This is the time and place to focus on sustainability, one of the most central of all the operational principles, and to consider direct partnerships

with partner country government institutions and/or local civil society and private sector organizations.

**Activity Portfolio Alignment at Project Design**
During project design, the Mission should validate the findings of the portfolio alignment review (**201.3.8**) with respect to those activities which are proposed to be continued under the project with or without modification. Project Design Teams should integrate ongoing activities into Concept Papers and Project Appraisal Documents (PADs) if they contribute to the Project's Purpose or will be modified to do so. During project design, the Mission should define how the on-going activities should be structured, managed, and staffed to best implement the project.

If financial and economic analyses are carried out during project design, they should be prepared with significant attention to cost effectiveness of existing mechanisms being folded in the project. The consideration of cost effectiveness by the Mission may include whether the continuation of the same or modified existing activities and mechanisms is more cost effective than the design of new activities and mechanisms, taking into consideration potential settlement costs for early termination or renegotiations in the case of modifications as well as loss of funds already obligated.

### 201.3.15.4 Stage 2: Product - Project Appraisal Document (PAD)

Effective Date: 07/02/2013

The required product for Stage 2 is a completed PAD, as outlined below. The PAD documents the complete project design and serves as the reference document for Project Authorization and subsequent implementation. As described below, the PAD must:

- Define the development problem to be addressed by the project;
- Provide a description of the technical approach to be followed during implementation;
- Define the expected results at the output, purpose, and goal level (as presented in the final logical framework including indicators);
- Outline the analytical and sustainability considerations;
- Present the financial plan and detailed budget;
- Present an overall project implementation plan; and
- Present the monitoring and evaluation plan.

The PAD synthesizes the various analyses that underlie and rationalize the project design, and assesses the overall feasibility of project success. It is also the baseline against which the project may be realigned during implementation, since the development process is dynamic and project activities may need adjustment, or aspects of the project Logical Framework may require reworking in light of unforeseen circumstances. Finally, the PAD provides a reference point for comparing the value of alternative investments for the purposes of resource allocations and budget justifications. In the event the financial plan and budget or the project implementation plan (including the A&A Strategy) is revised, the Project Design Team must modify the PAD to document the revision.

**PAD Content**

The length of the document, in part, is a function of the size and complexity of the project itself. The PAD should be between 20-25 pages, excluding annexes. In many cases, the PAD will update data included in the Concept Paper. The body of the PAD should briefly summarize data included in the appendices.

The basic sections of the document must include (executive summary optional):

**(a)** **Relationship to Mission CDCS and Other USG Programs:** This section should describe the relationship of the project to the CDCS (or Presidential Initiative Strategy) at the IR or DO level. Missions should identify and describe the development problem/hypothesis and the expected impact of the project in terms of the Results Framework. Relationships to other IRs or DOs, or to ongoing activities managed by the Mission, should be identified and described. Missions should ensure close coordination with other USG projects.

**(b)** **Relationship to Partner Country, Local Stakeholders, and Other Donor Programs:** USAID should determine its priorities based on understanding what's being done or planned by others and based on USAID's comparative advantage. The relationship of the project to Partner Country and citizens' planning priorities in the context of Aid Effectiveness Principles should be described, including level of Partner Country commitment to the purpose of the project and any identified division of labor to achieve project results. Other donor funding that will have a material effect in the success of the project should also be described.

**(c)** **Summary Project Description:** This section should begin with a summary presentation of the project Logical Framework, including key assumptions, relationship to the development hypothesis, geographic focus if applicable, and brief descriptions of the planned inputs, outputs, and purpose-level accomplishments and their specific linkages to the CDCS Results Framework. More detail is provided as a PAD attachment.

**(d)** **Implementation Plan:** This section should present and summarize the time-phased detailed implementation plan, defining important implementation actions, types of mechanisms and decision points by time over the life of the project. The plan should be more detailed in the first year. A sub-set of the overall implementation plan should be an A&A Strategy that identifies all significant USAID-direct A&A actions over the life of the project and their associated development, implementation, and close-out activities. See section below on the A&A Strategy

If partner country systems will be utilized for implementation of project activities, this section should outline the timing of partner country implementing actions and summarize the appropriate assessments that have been done to identify and, as appropriate, mitigate associated risks (fiduciary and programmatic). The planned methods of financing (e.g. Direct Reimbursement, etc.) for each G2G activity should also be presented.

Finally, the Mission's plan to manage the project, define office roles and responsibilities and staffing requirements, should be included. More detail can be provided as a PAD attachment.

**(e) Summary Financial Plan and Cost Estimate:** A summary budget for all contributions (funding sources) to the costs of the project should be included by year (including USAID, Partner Government, and other sources). The budget should be presented by input by implementing mechanism (contract, grant, cooperative agreement, partner country agreements, etc.). The financial plan will include USAID funding requirements by fiscal year and account for the life of the project, illustrating the link with the Logical Framework and the CDCS Results Framework, and outlining any other pertinent directives. ProgramNet, referenced in **201.5**, provides best practice guidance on form and content for the PAD Summary Financial Plan and Cost Estimate. One element of USAID costs is associated with facility, equipment, staff and contractor costs of security, particularly in high-threat environments. More detail can be provided as a PAD attachment. Another required element of cost relates to the provision of financial audit coverage of local partners in accordance with **ADS 591.3.2**.

**(f)** **Monitoring and Evaluation Plan and Learning Approach:** This section should summarize the plans for project monitoring and evaluation, indicating how the project is complying with ADS 203. The plan should clearly describe how the project will collect needed data from project inception (baseline data), and periodically over the life of the project for both monitoring and evaluation purposes. If an impact evaluation is planned, its design should be summarized in this section. Impact evaluation design requires that project implementation consistently respect the separation of the 'target' group from the 'control' group throughout the life of the project.

If a Mission has a learning or adapting approach and implementation plan, this section should indicate the project's role in implementation and how the Mission will utilize this approach to promote adaptive management during implementation. More detail can be provided as a PAD attachment.

**(g)** **Analytical and Sustainability Considerations:** This section should summarize underlying assumptions, the evidence that demonstrates that the project will succeed, and, where available, outline how it will be cost effective compared to similar projects and alternatives. This section should reference the various analyses done to support articulation of the final project design, and reference any key evaluations that influence project design. Specifically, this section should summarize the key findings of the Mission sustainability, gender, and environmental analyses. More detail can be provided as a PAD attachment.

**(h)** **Conditions, Covenants, and/or Other Required Actions:** This section should define:

- What actions the Partner Government needs to complete prior to initiating project activities; and/or

- Ongoing mutual agreements or actions (usually referred to as "covenants") that need to be specified as part of any subsequent bilateral project implementing communication (e.g. Implementation Letter) or agreement with the partner country.

Also, any waivers should be identified.

**(i)** **The following Annexes must be included:**

**(1)** Draft Project Authorization (including Approval of Use of Partner Country Government Systems, if appropriate)

**(2)** Logical Framework and CDCS Results Framework

**(3)** Concept Paper Approval Memorandum

**(4)** Expanded Project Description

**(5)** Financial Plan and Detailed Cost Estimates

**(6)** Implementation Plan and Schedule, including Mission Management Plan

**(7)** A&A Strategy

**(8)** Monitoring and Evaluation Plan, and Learning Approach

**(9)** Approval of Use of Partner Country Systems (if applicable) (See **ADS 220**)

**(10)** All the mandatory project analyses

**(11)** Environmental Threshold Decision (based on Initial Environmental Examination)

**(12)** Country and Assistance Checklists

**(13)** Waivers, Certifications, and Other Project-Specific Information

The following are additional descriptions of selected Annexes (2, 4, 5, 6, 7, 8, 10, 12, and 13):

- **Logical Framework:** A final version of the Logical Framework, as informed by the analysis and synthesis phases of the design process, is required in order to produce the PAD. Initial data sources should be identified, which will be finalized in the Project Monitoring and Evaluation Plan (see **ADS 203.3.4**).

- **Expanded Project Description:** Building upon the summary project description, the design team must describe the selected technical approach based on the synthesis of the analytical work undertaken or consulted during the design process. Significant differences between the technical approach described herein and the Concept Paper should be identified, as well as how any areas raised in the Issues Paper resulting from the Concept Paper review were resolved. If alternative technical approaches were considered during project design, this section should explain how the choice of the selected technical approach was made, based on the findings of the analyses that were undertaken for the project. Finally, identified major assumptions, risks, and contingencies should be assessed with an overall statement of project feasibility.

- **Financial Plan and Cost Estimate**: Missions must prepare a multi-year financial plan and project cost estimate that provides estimated project costs from all sources, including USAID. This plan should include M&E costs and will be the basis for Mission multi-year budget requests.

  - **Implementation Plan and Schedule:** The design team must develop a comprehensive set of implementation modalities, activities and outputs, including a preliminary life-of-project schedule and defined exit and/or sustainability strategy, outlining what happens after the end of the project. At a minimum, the PAD must describe and justify the type

of implementing mechanism selected (e.g. G2G, USAID direct award, PIO, etc.) The level of detail and specificity is meant to help the design team clarify and vet their understanding of the major activities, inputs, data requirements for monitoring and evaluation, implementation mechanism, and capacity development needs of prospective local partners. In the PAD, the greatest level of detail should:

- Focus on Year One of the project, with less specificity for the out-years.

- Outline how existing mechanisms which are being aligned under the Project will be integrated with any new mechanisms being designed in the PAD.

If partner country systems are part of the implementing mechanisms, the analysis required by **ADS 220** and those associated with technical capacity and programmatic risk must be completed and lead to a recommendation to use partner country systems. Risk-mitigating measures to permit initial or subsequent use of such systems must also be defined and be included as appropriate as conditions and covenants in G2G agreements.

- **The Acquisition and Assistance (A&A) Strategy:** should be a subset of the Implementation Plan. When direct A&A awards will be used for implementation, and as a component of the implementation plan, the A&A Strategy must be developed by the project design team in consultation with the Program Office, Contracting Officer, RLA, and Controller. The A&A Strategy must list all planned A&A actions for the entire period of the project covered in the PAD, with each actions:

  - Estimated start and end dates;

  - Estimated activity cost, consistent with the PAD financial plan and cost estimate; and

  - Designated planner as required in **ADS 300**.

If the PAD contains sufficient detail in the activity description, the project design team may recommend to the CO/AO and the CO/AO may determine the appropriate type of instrument for each activity in accordance with the principal purpose of the award as required by the **Federal Grant and Cooperative Agreement Act** (FGCAA) and **ADS 304**. If the choice of instrument is made at this stage, the CO/AO must prepare a separate written determination to document the selection of the implementing instrument (Acquisition or Assistance) as required in **ADS 304**.

If an assistance instrument is planned and sufficient information is available, it may be appropriate, at this stage, for the project design team to:

- Recommend whether the award should be a grant or a cooperative agreement. If the AO accepts the recommendation, the AO must document the determination in writing as required in **ADS 304**.

- Determine whether implementation of a specific activity should be limited to local organizations. This determination must be based on an analysis of the availability and capacity of local organizations. The design team leader or planner must prepare a justification to limit competition to local organizations. Where local competition for an assistance award is described in the PAD, a separate Justification for Exception to Competition (JEC) is not required (see **ADS 303.3.6.6(b)(2)**).

If contracts are planned (including IDIQs and Task Orders), the A&A Strategy must clearly identify the designated planners who will be responsible for preparing the written Individual Acquisition Plans (IAPs) to comply with the requirements in FAR Part 7 and **ADS 300**. The planner must also confirm that procurements above the simplified acquisition threshold comply with the requirements of the **OMB/OFPP Policy Letter 11-01, Performance of Inherently Governmental and Critical Functions,** as required in FAR Part 7 and **ADS 300**. For the purposes of FAR Part 7, the planner is also the "designated requirements official" and must comply with associated requirements.

The Mission's or Operating Units will use the A&A Strategy in the PAD to prepare their annual A&A Plans (**ADS 300**) for actions to be executed by a CO/AO during a given fiscal year. If any changes are made to the A&A Strategy, the project design team must document such changes in a revision to the PAD. All planned actions $150,000 and above from all funding sources (operating expense, program, etc.) must be on the A&A plan in order to be awarded.

When preparing the A&A Plan, the project design team must work closely with the CO/AO and RLA to determine the need for any special approvals such as the Board for Acquisition and Assistance review for actions meeting certain criteria, or waivers linked to the A&A process, such as for restricted commodities, source and nationality or limiting competition.

- **Monitoring and Evaluation Plan and Learning Approach:** The project Monitoring and Evaluation Plan is an essential step to managing the process of assessing and reporting progress towards achieving project

outputs and outcomes. The Monitoring and Evaluation (M&E) Plan also should identify what evaluation questions will be addressed through evaluation. The project M&E Plan assures that comparable data will be collected on a regular and timely basis. It also contributes to the Mission's Performance Management Plan (PMP). The PAD M&E plan should include:

**(1)** Performance measures to be used to monitor each level of the project results (Project Goal, Purpose, Outputs), and provide a precise definition for each indicator. The Project Goal and Purpose indicators should be consistent with those included in the CDCS. These should also be reflected in the indicators column of the LogFrame.

**(2)** Baselines and targets for Project Purpose indicators. Estimated values for indicators below the purpose level are permitted at the PAD stage but should be refined when implementing mechanisms are put into place;

**(3)** The frequency of data collection and the assigning of responsibilities;

**(4)** An estimated evaluation budget;

**(5)** Data sources and the methodologies of data collection. These also should be reflected in the Data Sources Column of the LogFrame;

**(6)** A plan for the collection of baseline, sex-disaggregated data at the beginning of project implementation, including methodology for that collection; and

**(7)** Identification of needed project or DO-level evaluations and suggestions of appropriate methods if external or impact evaluations are required. Some flexibility should be considered within the M&E plan.

The M&E Plan should identify what support is needed from USAID/Washington to implement the plan, if any.

The Project should also consider how the project design team will learn across activities and between projects. Missions should budget for learning approaches, incorporate learning into mechanisms, and gather data and information to allow for learning and adaptation of the project. If the Mission opts to include a Learning Plan, the Plan should:

- Explain how the assumptions in the Logical Framework will be monitored;

- Build in learning processes to identify and analyze the implications of unexpected outcomes, newly available knowledge, changes in country conditions, and/or other kinds of change that may occur;

- Describe how the results of this learning will be shared within USAID and with partners, partner government counterparts, other donors, and other stakeholders;

- Describe how contingency plans and adaptive mechanisms are incorporated into implementation of the project; and

- Outline how existing mechanisms which are being aligned under the project will be integrated with any new mechanisms being designed in the PAD.

- **Project Analysis:** The PAD should include the actual analyses conducted or used to design the project. In particular, this section should contain the three mandatory analyses and document all factors identified in Analysis section **201.3.12.3**.

  Where the project design team has used analyses carried out by other donors, research institutes, partner governments or other organizations that were not commissioned by USAID, the relevant findings and conclusions of these analyses should be summarized and the sources should be fully documented.

- **Country and Activity Checklists (See 201.3.8):** The Country Checklist, which is done annually before the initial obligation for the particular country involved, must be attached. (In many cases, it will be a DO Agreement or amendment.) Because facts that trigger restrictions may change during the fiscal year, and occasionally new restrictions are enacted, USAID Missions and B/IOs should ensure that additional legal restrictions have not been triggered before each additional obligation of funds for a given country (for example, indebtedness provisions).

The relevant DO team Mission staff must complete Activity Checklists before initiating obligation. The checklist must be completed once for the life of the DO unless substantial changes are made in the nature of the projects or activities being implemented under that objective. In the event of changes, the most recent checklist should be completed to confirm that legal restrictions do not apply. GC and/or the RLA may require USAID Missions to complete activity checklists more often to ensure compliance with recent legislation. USAID Missions should consult with GC or the RLA to find out if a new activity checklist should be

completed before each obligation. USAID Missions should consult with GC or RLAs for guidance if they are considering a waiver of any part of an activity checklist.

If the Activity Checklist has been prepared at the DO level, it must be attached. Where a new project is being designed, the Activity Checklist must be prepared and attached to the PAD in an Annex. The project design team should consult their RLA concerning contents of the Activity Checklist (For further information, see **201.3.14-16**).

- **Waivers, Certifications, and Other Project-Specific Information:** This Annex should contain any project-specific waivers, certifications, or other pertinent information. Examples include source and nationality waivers, special justifications for awards to Public International Organizations (PIOs) (responsibility determination), exceptions to competition requirements if available, Approval of Use of Partner Country Systems (AUPCS), use of partner Country-Owned Foreign Currency (**ADS 624** and **627**), etc.

**PAD Review**

The final Mission review of the PAD follows the same procedures used for the Concept Paper. The PAD should be circulated to all Mission offices and reviewed in a meeting chaired by the Mission Director. The Program Officer should be responsible for orchestrating the review meeting, including drafting an Issues Paper based on input from involved Mission offices. The Issues Paper should focus on:

- Major points of clarification,
- Areas that lack consensus,
- Extent and quality of gender integration,
- Extent of perceived risk, and
- Probability of success, etc.

Some adjustments may have to be made in the draft PAD as a result of the Mission review. Normally, it will be the role of the Program Office to make the required adjustments, finalize the PAD, and prepare for the final stage of project design – Project Authorization.

### 201.3.15.5 Stage 3: Process - Project Authorization (estimated 3 pages)

Effective Date: 07/22/2013

The Project Authorization gives substantive approval for a project to move from the planning stage to implementation. It does not reserve or commit funds. The Project Authorization:

**(1)** Approves the project design detailed in the PAD;

**(2)** Sets out the purpose of the project;

**(3)** Sets the duration (defines an end of project date);

**(4)** Defines fundamental terms and conditions of the assistance when partner country systems for implementation is anticipated;

**(5)** Approves an overall total budget level, subject to the availability of funds, for the project; and

**(6)** Approves waivers required for timely and proper project implementation. All waivers should be identified to the maximum extent practicable prior to authorization.

The Mission must prepare a Project Authorization for all new projects, regardless of the size or type of project or method of financing and obligation.

For projects that include use of partner country systems for implementation, the Project Authorization must include the Approval of Use of Partner Country Systems (AUPCS), as required by **ADS 220**. Since partner country government systems are used under a bilateral agreement with the partner country, the Project Authorization also may include the most critical terms and conditions required by USAID for the bilateral agreement or the need to be amplified by the sub-obligating Project Implementation Letter. To the maximum extent possible, the preference is that the DOAG (if used) include all relevant terms and conditions.

The Project Authorization must record final clearances from each Mission office with responsibility for project design and implementation and for Mission compliance with USAID policies and procedures. These offices must include the RLA, the Contracting/Agreement Officer (if A&A actions are contemplated), and the Controller. Others in the clearance process will include the involved technical office(s) and the Program Office. The Mission Director (or other official delegated the authority to approve the project) must sign the Authorization. The signed version of the Project Authorization must be included in the final PAD.

Project design teams must ensure that the conclusions of any gender analyses are documented in the relevant authorization document (e.g., PAD or Action Memorandum). If the project design team determines that gender is not an issue, as per the gender analysis, this must be stated in the authorization document (see **ADS 205**).

**Amendments to the PAD and Project Authorization**

The PAD and Project Authorization must be amended formally through an Action Memorandum approved by the Mission Director under the following circumstances:

- The amount of USAID funding for the projects is increased or decreased by more than10% of the initial project;

- The defined end date of the project requires an extension of more than six months; or

- The project purpose requires substantive modification (such as modifications in the Project Purpose, expected outputs and significant targets and benchmarks at the purpose level).

The rationale for these changes must be documented by an amendment to the PAD.

**Illustrative Draft Project Authorization Template**

**Name of Country:**
**Name of Project:**

**(1) Project Definition:**

- Pursuant to the Foreign Assistance Act of 1961, as amended, I hereby authorize the [title of project] involving planned total obligations not to exceed [total life-of-project funding provided under the FAA] over a [length of time usually expressed in years] from the date of authorization subject to the availability of funds and in accordance with the USAID appropriation and allotment process. Funds will be made available in United States dollars and local currency as deemed necessary and appropriate.

- The purpose of the project is to [briefly define the project purpose and project outputs].

**(2) Source and Nationality:**

- Per ADS 310 Source and Nationality Requirements for Procurement of Commodities and Services Financed by USAID and ADS 221 USAID's Procedures for Implementing International Agreements for Tied and Untied Aid a geographic code must be established for implementing mechanisms. (Provide the geographic code that is authorized and justification as necessary).

**(3) Approval of the Use of Partner Country Systems (AUPCS):** [If applicable] I hereby approve the use of the Government of [country] government systems to implement specific components of the Project based on the detailed financial and risk assessment and mitigating measures defined in the PAD and mutually agreed by the Government of [country]. The Project Agreement will further

specify the terms and conditions under which USAID funds will be provided to, and expended by, the Government of [country].

**(4) Condition Precedent to Disbursement of Project Funds to the Government of** [country] [if applicable]

**(5) Special Covenants** [for Use of Partner Country Systems – if applicable]

**(6) Definition of Use of Partner Country-Owned Local Currency** [if applicable]

**(7) Waivers** [such as Source and Nationality]

**(8) Special Justifications** [such as awards to PIOs (responsibility determinations)

Signed, Mission Director
Clearances:
Program Officer, Controller, Contracting Officer, Regional Legal Advisor, Etc.

For additional information, please refer to the following mandatory references:

- **Section 611(a) of the Foreign Assistance Act of 1961**, as amended
- **ADS 203, Assessing and Learning**
- **ADS 204, Environmental Procedures**
- **ADS 205, Integrating Gender Equality and Female Empowerment in USAID's Program Cycle**
- **ADS 220, Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance**
- **ADS 221, USAID's Procedures for Implementing International Agreements for Tied and Untied Aid**
- **ADS 300, Agency Acquisition and Assistance (A&A) Planning**
- **ADS 302, USAID Direct Contracting**
- **ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations**
- **ADS 304, Selecting Between Acquisition and Assistance (A&A) Implementing Instruments**
- **ADS 305, Host Country Contracts**

- **ADS 306, Interagency Agreements**
- **ADS 308, Awards to Public International Organizations**
- **ADS 310, Source and Nationality Requirements for Procurement of Commodities and Services Financed by USAID**
- **ADS 312, Eligibility of Commodities**
- **AIDAR**
- **22 CFR 226**
- **22 CFR 228**

For more information, also see **Model Checklist for Pre-Obligation Requirements**.

### 201.3.15.6 Stage 3: Process - Requirement to Post PAD on ProgramNet

Effective Date: 09/30/2013

Upon approval of the Project Authorization, Operating Units must post all PADs to the Project Design Working Group (PDWG) in ProgramNet: **https://programnet.usaid.gov/working-groups/project-design-working-group**. The PDWG maintains limited access consistent with the Principles Governing Release of Information. Operating Unit Points of Contact will be responsible for uploading PADs and sharing PAD content with other Operating Unit staff, when appropriate.

### 201.3.15.7 Stage 3: Result - Project Authorization to Implementation

Effective Date: 07/02/2013

Project implementation does not 'begin' with the signing of the Project Authorization. Implementation and Acquisition and Assistance (A&A) planning, definition of the roles and responsibilities of partner country government systems, and other steps must be completed. Analyses and documentation prepared during the design process should expedite initiation of A&A actions and obligation (or sub-obligation) of funds through government-to-government (G2G) agreements, agreements with PIO's, and agreements with other implementing partners as defined in the implementation plan.

During the design process, the choices of implementing and financing mechanisms should be made; basic statements of work/terms of reference and other key components of the solicitations as required in **ADS 300** should be drafted; and budgets should be allocated for each mechanism. This should significantly facilitate preparation of RFPs or RFAs for USAID-direct awards and negotiation of implementing mechanisms in the case of G2G projects or project activities.

Regarding Mission management, the project management plan developed in the PAD can immediately be implemented, with clear roles assigned to technical and other Mission offices. If the RLA, Controller, and Acquisition and Assistance staffs have been part of the design and approval process, they will be better able to focus on moving ahead with initial project implementation. Clear performance benchmarks are part of the implementation planning process, launching project monitoring from the start.

### 201.3.16 Key Implementing Mechanisms to be considered during the Project Design Process

Effective Date: 07/12/2013

During the project design process, one of the most critical choices the project design team must make is selecting the optimal mix of implementing mechanisms. What mechanisms are chosen will depend on many factors, including:

- Results defined in the LogFrame (at the input, output, and purpose level),
- Extent of proposed project sustainability,
- Level of knowledge and experience of the USAID Mission with similar projects or activities in the past,
- Nature of the relationship between USAID and a potential implementing partner,
- Suitability and potential for use of partner country government and private sector/NGO systems, and
- Risk assessment and mitigation strategies, etc.

Missions have the authority to decide at what level to obligate funds. Many Missions with an approved CDCS will opt to use Development Objective Agreements (DOAGs) with partner governments as the primary obligation. From that DOAG, USAID funds will be sub-obligated in a variety of implementing mechanisms as discussed below. In cases where Missions choose not to obligate funds in a bilateral DO Agreement (DOAG) the Mission may obligate funds directly into implementing instruments, including USAID contracts, grants, cooperative agreements, etc. In the case of G2G projects or programs, Missions may consider obligating funds via Bilateral Project (or Program) Agreements, as discussed in **ADS 220**.

The following briefly describes major categories of implementing mechanisms for USAID funds, but is not an exhaustive inventory of all possible mechanisms. The project design team should reference **ADS 220** and appropriate chapters in the **ADS 300 Series** to get a more complete understanding of all implementing mechanisms as well as consult with the Program Office, PDO, RLA, and CO/AO at Post. For acquisition and

assistance awards that are at or above $25 million in total estimated cost, a Washington review and approval process will also take place (see **ADS 300**).

Where capacity development is an anticipated outcome of an activity or project, this should inform the choice of implementing instruments, including the choice of instrument and the method of financing that will best serve achievement of the project purposes.

**a. Partner Country Government Systems: For project and program activities that are implemented by Partner Country Government Systems, the following financing mechanisms may be considered:**

**(1) Cost Reimbursement Activities:** For activities implemented by cost reimbursement, frequently referred to as input financing, USAID reimburses the partner country for allowable and documented costs for goods and services incurred in furtherance of the project. This could include salaries of personnel and consultants, training, construction, equipment, and any other cost incurred by the partner country government agreed to by USAID. Funds will be eligible for audit to end-use. Costs that cannot be documented under USAID standard procedures will not be allowed.

**(2) Fixed Amount Reimbursement (FAR):** See **ADS 220** and **ADS 317**.

**(3) Sector Program Assistance:** Unlike project activities, the obligation of funds under sector program assistance agreements is based on the resource needs of the partner country. The amount of USAID funds disbursed is based on the funding required to meet the partner country's sectoral objectives, as specified in the Program Agreement. These objectives may include the implementation of policies, the achievement of specific sectoral development results, or the successful implementation of specified development activities --- usually a combination of the above. The US dollar component of the assistance is normally disbursed periodically as specific results or reforms are achieved. In some cases, the dollars may be used for payment of partner country official debt, general foreign exchange requirements, or other purposes as defined during the project design process. In some cases, and subject to mutual agreement, partner country-owned local currency equivalent to the US dollar disbursement(s) may be deposited in a separate account and be jointly programmed at a level of budget specificity to be defined in the Agreement.

**(4) Balance of Payments/General Budget Support:** This type of program is generally funded using Economic Support Funds. These agreements are used to provide direct support either to meet a foreign exchange or current account deficit in the partner country. As in the case of sector support, general performance benchmarks may have to be met before disbursement

is made, and partner country-owned local currency may be generated for joint programming.

**(5) Host Country Contracting (HCC):** As defined in **ADS 305**, host country contracting permits USAID funding of contracts actions for goods or services using the rules and procedures defined in **ADS 305**. While the partner country is the entity procuring the goods or services, USAID approval at various stages of the procurement process is required under a detailed procurement system defined by USAID. Host country contracting is different from using partner country systems and therefore is not considered as the "use of partner country systems," as defined in ADS 220 or as described under USAID's IPR initiative. When in compliance with ADS 305, the pre-award assessment requirements of ADS 305 apply. Compliance with PFMRAF assessment requirements of **ADS 220** is not required. Instead, the certification in **ADS 301.3.2** applies.

**b. USAID-Direct Awards:** These are agreements/awards made under the authority of the Office of Acquisition and Assistance, executed by appropriately-warranted Contracting Officers or Agreement Officers. There are two broad categories of USAID-managed awards: assistance (grants and cooperative agreements) and acquisition (contracts). **ADS 304** helps define when it is appropriate to use either acquisition or assistance, with the final determination made by the Contracting or Agreement Officer. These instruments are defined in great detail in the ADS 300 series, particularly **ADS 302** and **ADS 303**.

**c. Delegated Cooperation:**

**(1) Public International Organizations (PIO):** Public International Organizations are those whose members are normally sovereign governments. USAID provides funding to PIOs under various types of arrangements. The term 'award' hereinafter used in this section is considered to include grants,contributions, and other types of assistance.

**ADS 308** defines various criteria for determining whether an organization qualifies as a PIO. The responsibility determination required under **ADS 308** should be included as an attachment to the PAD if the project design team concludes that working through a PIO is an appropriate mechanism for contributing to the attainment of the project purpose. In selecting the type of PIO award to use, the project design team, in consultation with the RLA, must document that choice in the PAD (**ADS 308.3.10**). The alternatives to be considered include: Cost-Type Grants; Program Contributions; and General Contributions.

**(2) Grants to Other Bilateral Donor Organizations:** This implementing mechanism is relatively new to USAID and highlights the Agency's

commitment to donor coordination and collaboration, consistent with and in furtherance of the spirit of the:

- Paris Declaration on Aid Effectiveness,
- Accra Agenda for Action,
- Busan Partnership Agreement,
- Presidential Policy Directive on Global Development, and
- Quadrennial Development and Diplomacy Review.

It promotes the practice of bilateral development partners taking the lead in implementing clearly defined project elements in close harmony with one another and in aligning with the partner country government's priorities. **ADS 351** sets guidance, policies, and procedures applicable in instances where grants to other bilateral donor organizations constitutes a sound and sensible approach for bilateral development partners to program their assistance. Agency staff should consider delegated cooperation, when appropriate.

**(3)** **Pooled Funding Arrangements:** Following a similar rationale for grants to multilateral organizations, pooled funding arrangements, including contributions to multi-donor trust funds, can increase the leverage associated with USAID's contribution to multi-donor development efforts in developing countries. Under these arrangements, USAID funds are 'pooled' with other donors and are not managed as separate or distinct from other resources in the pool. USAID must be satisfied that the fiduciary oversight of these funds ensures against any waste or fraud, and that funds are invested for the stated purpose of the joint donor fund. The project design team must carefully consult with the Program Office, the RLA, and Controller on a decision to use pooled funding arrangements.

**d.** **Other Implementing Mechanisms:** There are a number of other implementing mechanisms available to support achievement of a project purpose and achieve sustainable results depending on the specific context of the development problem the project seeks to resolve. These include:

**(1)** **Development Credit Authority (DCA):** DCA agreements can leverage significant credit resources to support capital flows to developing countries. Missions should consult the Office of Development Credit in the E3 Bureau.

**(2)** **Office of Innovation and Development Alliances (IDEA):** A number of innovative solutions and private sector partnership possibilities should be considered in the project design process as supported by IDEA.

**(3)** **Interagency Agreements with other U.S. Government organizations (ADS 306)**.

### 201.3.17 Use of Government to Government (G2G) Mechanisms and their Impact on Planning

Effective Date: 07/02/2013

The use of partner country systems is strongly encouraged and should be considered during project design (See **ADS 220** for guidance on design concepts as well as planning and implementation requirements for G2G Project activities). The DO Team leader is responsible for all planning. Specific approval and guidance from the Mission Director may be required.

### 201.3.18 Information Management Related to Planning Documents

Effective Date: 07/02/2013

USAID employees are often requested to provide various planning information to stakeholder, partner, customer organizations, and the general public. Staff also receives requests from other USAID Missions and B/IOs for planning documentation throughout the year. This section provides guidelines on what planning information can be released to whom and when it can be released.

#### 201.3.18.1 Principles Governing Release of Information

Effective Date: 07/02/2013

As a general policy, USAID encourages its staff to include stakeholders, partners, and customers in developing USAID DO plans and related activities. Nonetheless, at some stages of preparation, USAID is required to limit, temporarily, access to planning documents and their review. There are three basic reasons for such restrictions.

**(1)** In procurement, potential issues of organizational conflict of interest and unfair competitive advantage influence the degree to which current or potential partner organizations may be involved in project/activity design. For a full description of these restrictions, see **ADS 202.3.9** and **Legal and Policy Considerations when Involving Partners and Customers on SO Teams and Other Consultations**.

**(2)** Release of "budget information" is governed by Section 22 of **OMB Circular A-11**. It provides that the nature and amounts of the President's budget decisions and the underlying materials are confidential. It prohibits the release of the President's decisions outside of the Executive Branch until the budget

is transmitted to Congress. It prohibits the release of any materials underlying those decisions at any time, except in accordance with section 22.

Budget information is the Executive Branch communications that leads to the President's budget decisions. It includes agency justifications and any agency future year plans or long-range estimates provided to OMB. Do not release Agency justifications, Operational Plans, or other future year plans or long-range estimates provided to OMB to anyone outside the Executive Branch, except in accordance with this section.

"Budget information" does not include Agency planning documents, such as planning parameters and USAID Mission and B/IO plans in their early stages. The information in such documents is not definite enough to represent an Agency viewpoint. Operational Plans and documents that have been submitted for review by State/F are considered planning documents. Therefore, USAID Missions and B/IOs can share funding options and other information with partners and others as they are drafting such planning documents. Documents that have gone through the State/F review process and have been revised and adopted by the Agency as an Agency decision become budget information, unless the budget information is labeled as illustrative. Approved documents with illustrative budget information are considered planning documents.

**(3)** Foreign policy sensitivity concerns at the partner country level may at times affect release of country-level planning documentation to partner country partners and the partner country general public. Consult with Embassy representatives if you believe there may be sensitivity concerns.

### 201.3.18.2 Guidelines for Managing Access to Information

Effective Date: 07/02/2013

For USAID and other U.S. Government employees, there are no restrictions on accessing planning information. Many planning documents are included in the Development Experience Clearinghouse (DEC). For more information about accessing DEC, see **ADS 203.3.12**. Other documents are posted on the USAID internal or external Web sites (documents posted on these Web sites do not include budgetary information).

There are some restrictions about providing access to USAID planning documents to those who are not authorized to perform inherently governmental functions. For guidance, see ADS 300.

**ADS 220** recommends sharing fiduciary risk assessment information with the partner government where political considerations allow. Such sharing should be considered "best practice." Missions are encouraged to share PFMRAF reports with other donors

in the interest of "harmonization" as provided for in the Paris, Accra, and Busan agreements.

## 201.4 MANDATORY REFERENCES

### 201.4.1 External Mandatory References
Effective Date: 07/02/2013

**a. 11State00124737**

**b. 22 CFR 226**

**c. 22 CFR 228**

**d. 31 USC 1501**

**e. AIDAR**

**f. FAA Section 634A, Foreign Operations Appropriations Act**

**g. Federal Anti-Deficiency Act – 31 U.S.C. Section 1341(a)(1)**

**h. Presidential Policy Directive on Global Development (PPD-6)**

**i. Quadrennial Diplomacy and Development Review (QDDR)**

**j. Section 611(a) of the Foreign Assistance Act of 1961**

### 201.4.2 Internal Mandatory References
Effective Date: 07/22/2013

**a. ADS 103, Delegations of Authority**

**b. ADS 200, Introduction to Programming**

**c. ADS 200sar, Model Checklist for Pre-Obligation Requirements**

**d. ADS 202, Achieving**

**e. ADS 203, Assessing and Learning**

**f. ADS 204, Environmental Procedures**

**g. ADS 205, Integrating Gender Equality and Female Empowerment in USAID's Program Cycle**

h. ADS 220, Use of Reliable Partner Country Systems for Direct Management and Implementation of Assistance

i. ADS 300, Agency Acquisition and Assistance (A&A) Planning

j. ADS 302, USAID Direct Contracting

k. ADS 303, Grants and Cooperative Agreements to Non-Governmental Organizations

l. ADS 304, Selecting Between Acquisition and Assistance (A&A) Implementing Instruments

m. ADS 305, Host Country Contracts

n. ADS 306, Interagency Agreements

o. ADS 308, Awards to Public International Organizations

p. ADS 312, Eligibility of Commodities

q. ADS 317, Procurement Under Fixed Amount Reimbursement Activities

r. ADS 350, Grants to Foreign Governments

s. ADS 351, Agreements with Bilateral Donors

t. ADS 591, Financial Audits of USAID Contractors, Grantees, and Host Government Entities

u. ADS 621, Obligations

v. ADS 624, Host Country-Owned Foreign Currency

w. ADS 627, Local Currency Trust Fund Management

x. Mission Orders

y. Policy Directive on Agency-Wide Policy and Strategy Implementation

z. Transition Strategy Guidance/CDCS

aa. USAID Statutory Checklists

ab. Youth in Development, and CDCS Supplemental Guidance for Integrating Global Climate Change

## 201.5 ADDITIONAL HELP

Effective date: 07/22/2013

**a.** **ADS 201saf, Local Capacity Development, Suggested Approaches**

**b.** **Learning Guide**

**c.** **Learning Lab**

**d.** **ProgramNet**

## 201.6 DEFINITIONS

Effective Date: 07/02/2013

See comprehensive list contained in **ADS 200.6.**

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